MOVING FORWARD TOGETHER

BORALEX

2022 Annual Report

BORALEX

OUR PURPOSE

On our planet where electricity
is central to fighting climate change,
we have a responsibility to produce
it sustainably for future generations.

MISSION and VISION

At Boralex, we provide renewable and affordable energy for all, creating value to share with our partners.

To achieve our mission, we rely on the best of our strengths.

Thanks to our fearlessness, our discipline, our expertise, and our diversity, we continue to be an industry leader.

And we do it with pleasure.

OUR VALUES

CREATIVITY
Go further with resourcefulness and ingenuity

TEAM SPIRIT
Build on each other's differences to succeed together

RESPECT
Act ethically and with a sense of duty

ENTREPRENEURSHIP
Decide with agility and courage

COMMUNICATION
Cultivate the exchange of ideas to create an open and lasting dialogue

Beyond
RENEWABLE ENERGY

Our corporate social responsibility and strategic directions **guide our business decisions** and **set us apart in the industry.**

STRATEGIC DIRECTIONS

GROWTH	Grow our **project pipeline** and **create value** that **we share** with all our partners and communities.
DIVERSIFICATION	Accelerate the development of our **skills** to produce electricity as markets and technologies **evolve.**
CUSTOMERS	Develop **business practices** that are aligned with the needs of customers interested in improving their **climate footprint.**
OPTIMIZATION	**Refine** our **practices** to maximize the performance and profitability of our assets and services.

CORPORATE SOCIAL RESPONSIBILITIES

E ENVIRONNEMENT
- Responsible use of resources
- Biodiversity
- Adaptation to climate change
- Greenhouse gas emissions (Scope 1 and 2)

S SOCIETY
- Inclusion, diversity, and equal opportunity
- Health and safety
- Community consultation and involvement

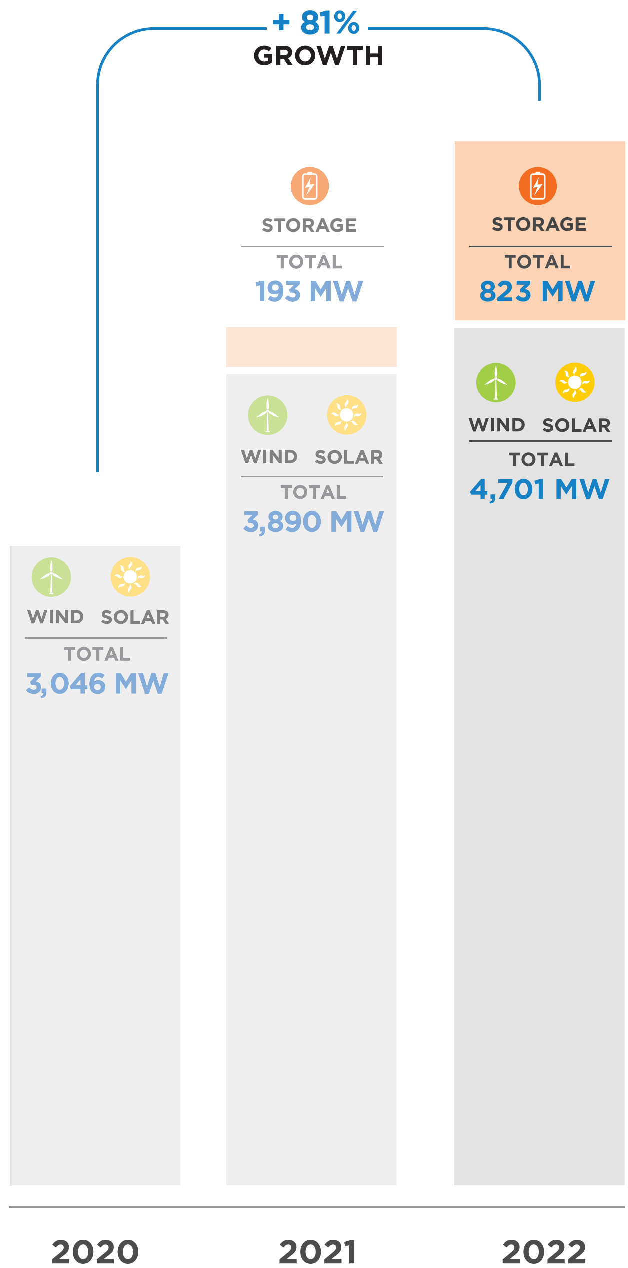
G GOVERNANCE
- Responsible corporate governance
- Ethics in business and behaviour
- Sustainable procurement

A STRONG GROWTH TRAJECTORY, POSITIONING US FAVOURABLY TO REACH OUR 2025 GOALS

In 2022, against the backdrop of the global energy crisis, governments around the world committed to taking steps to accelerate renewable energy development. This shift created a highly favourable operating environment for Boralex. Backed by 30 years of experience — a notable head start in the renewable energy sector — we are indisputably well placed to take advantage of the numerous opportunities for growth. As such, the past year saw us step up the pace of execution for our strategic plan.

PROJECT PIPELINE AND GROWTH PATH

BECAUSE OUR PEOPLE HAVE PULLED OUT ALL THE STOPS IN THE PAST TWO YEARS, WE'VE BEEN ABLE TO ADD 2,478 MW TO OUR PROJECT PORTFOLIO AND GROWTH PATH, WHICH HAS GROWN BY 81%.



As part of this accelerated phase, our teams successfully advanced several development projects while continuing to add a significant number of wind, solar and storage projects to our pipeline. We celebrated other important achievements during the year as well, including a major financial partnership in France, important project development in Quebec, a significant expansion in the United States and the acquisition of a company in the United Kingdom.

In the fall, in order to build on this impetus with even greater agility, we adopted a new geographic management model. We also added the role of Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility, to the Executive Committee to better integrate environmental and social issues into overall risk management and thus become more resilient. We also added a formal strategy function to further improve our agility in the deployment of our strategic plan.

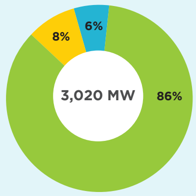
BORALEX AT A GLANCE

As of December 31, 2022

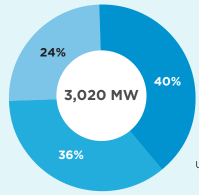
TOTAL INSTALLED CAPACITY
3,020 MW

WIND	2,584 MW
SOLAR	255 MW
HYDRO	181 MW
STORAGE	2 MW

BREAKDOWN BY SEGMENT



BREAKDOWN BY REGION

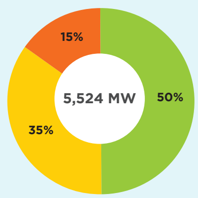


FRANCE	1,198 MW
CANADA	1,085 MW
UNITED STATES	737 MW

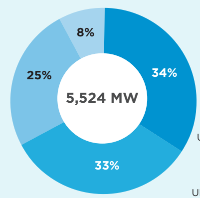
PROJECTS IN DEVELOPMENT AND UNDER CONSTRUCTION
5,524 MW

WIND	2,772 MW
SOLAR	1,929 MW
STORAGE	823 MW

BREAKDOWN BY SEGMENT



BREAKDOWN BY REGION



CANADA	1,900 MW
FRANCE	1,814 MW
UNITED STATES	1,362 MW
UNITED KINGDOM	448 MW

CANADA
Leader in onshore wind with strong presence in Quebec.

	Wind	Solar	Hydro	TOTAL	Storage
TOTAL CAPACITY (MW)	985	-	100	1,085	
SITES IN OPERATION	23	-	9	32	
AVERAGE CAPACITY PER SITE (MW)	43	-	11	34	
PROJECTS IN DEVELOPMENT AND UNDER CONSTRUCTION (MW)	1,225	75	0	1,300	600

UNITED KINGDOM
Accelerating development of wind, solar and storage.

	Wind	Solar	TOTAL	Storage
PROJECTS IN DEVELOPMENT AND UNDER CONSTRUCTION (MW)	320	63	383	65

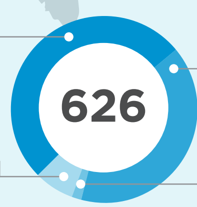
UNITED STATES
Quickly developing solar in NY, Illinois and Pennsylvania.

	Wind	Solar	Hydro	TOTAL	Storage
TOTAL CAPACITY (MW)	447	209	81	737	
SITES IN OPERATION	5	7	7	19	
AVERAGE CAPACITY PER SITE (MW)	89	30	12	39	
PROJECTS IN DEVELOPMENT AND UNDER CONSTRUCTION (MW)	-	1,225	-	1,225	137

FRANCE
Largest independent producer of onshore wind.

	Wind	Solar	TOTAL	Storage
TOTAL CAPACITY (MW)	1,152	46	1,198	2
SITES IN OPERATION	68	5	73	1
AVERAGE CAPACITY PER SITE (MW)	17	9	16	2
PROJECTS IN DEVELOPMENT AND UNDER CONSTRUCTION (MW)	1,227	566	1,793	21

NUMBER OF EMPLOYEES



Canada	322	51%
France	251	40%
United States	43	7%
United Kingdom	10	2%

FINANCIAL HIGHLIGHTS

For years ended December 31

(IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE SPECIFIED)	CONSOLIDATED 2022	CONSOLIDATED 2021	COMBINED[1] 2022	COMBINED[1] 2021
POWER PRODUCTION (GWH)[2]	5,617	5,552	6,300	6,215
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM	818	671	893	743
OPERATING INCOME	112	182	147	219
EBITDA(A)[3]	502	490	552	535
NET EARNINGS	8	26	8	30
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	30	17	30	21
PER SHARE (BASIC AND DILUTED)	$0.30	$0.16	$0.30	$0.21
NET CASH FLOW RELATED TO OPERATING ACTIVITIES	513	345	-	-
CASH FLOW FROM OPERATIONS[1]	403	363	-	-
DISCRETIONARY CASH FLOW[1]	167	132	-	-
TOTAL ASSETS	6,539	5,751	7,188	6,162
DEBT — PRINCIPAL BALANCE	3,346	3,682	3,674	4,030
PROJECT DEBT	3,007	3,141	3,335	3,489
CORPORATE DEBT	339	541	339	541

1- Combined, Cash flow from operations and Discretionary cash flow are non-GAAP financial measures and do not have a standardized definition under IFRS. Therefore, these measures may not be comparable to similar measures used by other companies. For more details, see "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

2- Power production includes production for which Boralex receives financial compensation following power generation limitations imposed by its customers, since management uses this measure to evaluate the company's performance. This adjustment makes it possible to correlate power production, revenues from energy sales and feed-in premium.

3- EBITDA(A) is a total of segment measures. For more details, see "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

FULLY INTEGRATED AND FOCUSED ON RENEWABLE ENERGY

DEVELOPER	CONSTRUCTION MANAGER	OPERATOR AND OPTIMIZATION EXPERT	SPECIALIST IN DIRECT-TO-CUSTOMER ENERGY SALES
Actively develop wind, solar, hydroelectric and storage projects in multifaceted, high-potential markets.	Manage all phases of construction, from financing to design optimization to commissioning.	Run facilities and optimize maintenance, repair and repowering operations.	Sell green energy to public utility companies and private businesses under short-, medium- and long-term power purchase agreements (PPAs), or directly on markets.

OUR COMPETITIVE EDGE

DEVELOPMENT AND ACQUISITION OF WORLD-CLASS PROJECTS

- Considerable expertise in selecting markets and networks, as well as in negotiating favourable supply agreement terms.
- Extensive experience in developing new facilities and undertaking mergers and acquisitions in markets with barriers to entry and a high potential for growth.

PROVEN TRACK RECORD IN COLLABORATIVE DEVELOPMENT

- Strong relationships with host communities, guided by our focus on community engagement and social acceptance.
- Trusted partner for governments and other stakeholders, with many robust partnerships established to date.

VAST OPERATIONAL AND COMMERCIAL EXPERTISE

- Ongoing commitment to upgrading and repowering facilities, including adjustments to ensure optimal production.
- Proven capabilities in asset maintenance, resulting in longer asset life.
- Fast-growing commercial expertise, with a dedicated team that determines optimal business mix (short-, medium- and long-term PPAs with public utility companies and private businesses, sales at market price).

FINANCIAL EXPERTISE

- Expertise in financing and project refinancing.
- Disciplined approach to capital allocation and required returns for development projects and acquisitions.
- Growing discretionary cash flows with a target growth reinvestment ratio between 50% to 70%.
- Strong balance sheet with a net debt to total capitalization ratio of 40% as at December 31 2022.

OUR STRATEGIC PLAN : AMBITIOUS TARGETS WITHIN REACH

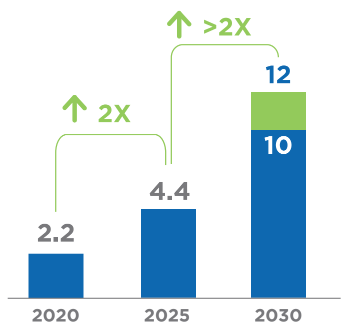
BUSINESS TARGETS 2025

Our strategic plan sets targets for 2025, including extra-financial goals that will allow us to stand out in terms of our CSR performance.

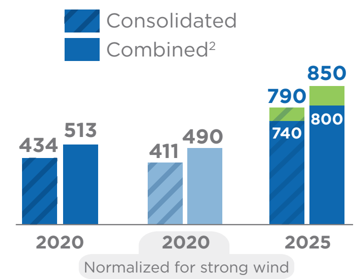
Thanks to the exceptional efforts of our teams, we are well on our way to meeting these ambitious targets.

2025 TARGETS

Installed capacity
(GW)

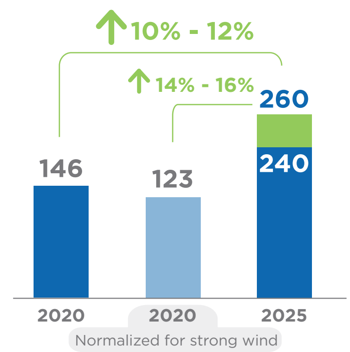


EBIDTA(A)[1]
($ million)



	2020-2025	2020 Normalized-2025
Consolidated	↑ 11%-13%	↑ 12%-14%
Combined[2]	↑ 9%-11%	↑ 10%-12%

Consolidated discretionary[2] cash flow
(AFFO) ($ million)



Reinvest between 50% and 70%
of discretionary cash flows[2] in growth

Set the CSR benchmark
for our partners as we go beyond renewable energy

Increase the proportion of corporate financing and strive to achieve an
Investment Grade[3] credit rating

[1] EBITDA(A) is a total of segment measures. For more details, see "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

[2] Combined and Discretionary cash flow are non-GAAP financial measures and do not have a standardized definition under IFRS. Therefore, these measures may not be comparable to similarly named measures used by other companies. For more details, see "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

[3] Minimum corporate credit rating of BBB-.

METHODICALLY EXECUTING OUR STRATEGIC PLAN IN A FAVOURABLE MARKET ENVIRONMENT

The past year was marked by skyrocketing inflation, a global energy crisis and growing political leadership in support of the energy transition. It became more evident than ever that transitioning to renewable energy is a must, not only to fight climate change but also to ensure energy sovereignty and security of supply.

A NUMBER OF GOVERNMENTS MADE COMMITMENTS IN THIS RESPECT:

United States

The Inflation Reduction Act (IRA) was passed by the U.S. government in 2022, providing US$369 billion in grants and tax incentives, and increasing investments in renewable energy, electrification and onshore clean energy manufacturing, in an effort to counter inflationary pressures. The IRA offers roughly US$30 billion in tax credits to accelerate production of solar panels, wind turbines and batteries, and to support the processing of critical minerals.

Canada

The 2022 Canadian federal budget set aside the funds required to achieve the government's Emissions Reduction Plan, published in March. The overall goal of the plan is to cut GHG emissions by 40% between now and 2030. In Quebec, the government and Hydro-Québec are continuing to focus on wind power to meet the province's future energy needs, estimated to grow to 100 TWh by 2050. In Ontario, the IESO has issued requests for proposals, with more to follow in 2023, to procure up to 4,000 MW of capacity.

France and other countries in the European Union

The geopolitical context in Europe has emphasized the need to shore up energy security and energy sovereignty. In France, the government has adopted an energy strategy to achieve carbon neutrality by 2050 and be the first major country in the world to become independent of fossil fuels. This strategy is based on three pillars: energy conservation, further nuclear power development and a massive push on renewable energy. Various measures outlined in the country's renewable energy plan, released in June, have been green-lit by the government and others are currently being discussed.

United Kingdom

The environment in the United Kingdom is conducive to developing renewable energy. In England, the focus is on solar power and new opportunities for onshore wind farms. Scotland focuses mostly on onshore wind power. It has released an Onshore Wind Policy Statement at the end of 2022 in which the Scottish Government sets an onshore wind capacity target of at least 20 GW by 2030. This will represent an additional 11 GW of capacity by the end of the decade, as Scotland currently has about 9 GW of operational onshore wind.

Consumers' growing interest in socially responsible corporations, combined with increases in energy prices, has created a strong demand for power purchase agreements (PPAs). This has driven more and more businesses to consider PPAs in order to secure competitive prices for sustainable electricity.

It is clear that the current market conditions offer an unprecedented number of business opportunities. With more than 30 years of experience in the renewable energy market, Boralex is uniquely poised to seize these opportunities, especially since solar and wind power are now the least expensive sources of energy, and energy storage makes it possible to increase deployment while managing challenges associated with intermittent supply. As a result, our teams put their expertise to work during the year to carry out a number of large-scale transactions, step up development activities and bring several projects to the commissioning stage.

MAJOR ACHIEVEMENTS

Significant expansion in the United States:

- Boralex acquired EDF Renewables North America's 50% stake in five wind farms in Texas and New Mexico commissioned between 2014 and 2016, with a total installed capacity of 447 MW attributed to Boralex.
- Five Boralex solar projects, with a total of 540 MW capacity and 77 MW storage, were selected by the New York State Energy Research and Development Authority (NYSERDA) as part of a call for proposals.

Diversification and growth in Europe:

- Boralex established its presence in the United Kingdom with the acquisition and integration of Infinergy, a renewable energy company with which Boralex has been working for five years and whose portfolio includes 338 MW of wind, solar and energy storage projects.
- The Limekiln wind project (106 MW) in Scotland advanced to the ready-to-build stage.
- Six wind projects (Remise de Réclainville, Evits et Josaphat, Bois des Fontaines, Mont de Bézard II, Bougainville and Moulins du Lohan) and one solar project (Grange du Causse) was commissioned in France with a total addition of installed capacity of 128 MW.
- Six Boralex wind projects with a total installed capacity of 104 MW were selected via tender in France.

Continued growth in Canada:

- An agreement was reached with Hydro-Québec and Énergir to develop the Des Neiges wind farm, which comprises three 400 MW projects on Seigneurie de Beaupré lands in Quebec.
- Boralex received approval to begin construction on the Apuiat project (200 MW total, 100 MW for Boralex), developed in Quebec as part of a joint venture with the Innu Nation.
- Storage projects were added to the pipeline in preparation for an upcoming request for proposals in Ontario.

Closing of a long-term partnership with Energy Infrastructure Partners:

A financial partnership was entered into with Energy Infrastructure Partners, a global investment firm whose invaluable expertise and long-term vision will allow us to expand our operations in France. In addition to creating significant value for our shareholders, this investment speaks to the quality of the work done by our teams in France and Canada, and has allowed us to leverage the unique portfolio that we have been developing in France for more than 20 years.

Disciplined execution of our CSR strategy, with the following results:

- Our organization was named one of Canada's Best Corporate Citizens by the sustainable economy magazine Corporate Knights.
- EcoVadis, a global sustainability and CSR rating organization, awarded Boralex a gold medal for sustainability performance.
- Our S&P Global Corporate Sustainability Assessment (CSA) score increased from 38/100 in 2021 to 51/100 in 2022, much higher than the industry average of 34/100.
- CSR indicators were incorporated into the short-term incentive compensation plan for senior executives.

Lastly, in order to better address needs in the jurisdictions where we operate, we adopted a geographic management model composed of two main regional business units: one in Europe and one in North America. We also created the role of Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility, in order to better support Boralex's continued growth and resilience.

MESSAGE FROM THE

CHAIR OF THE BOARD

ACCELERATED GROWTH

The current environment in the renewable energy sector is one of both unprecedented upheaval and unprecedented opportunity. On the one hand, the global energy crisis has been compounded by a highly imbalanced labour market, skyrocketing inflation and extreme climate change events. On the other hand, government measures to counter these problems have been accompanied by increases in energy prices and a growing demand for renewable energy. Against this backdrop, there are more possibilities open to us than ever, and we managed to capitalize of this momentum in 2022.

We accelerated our development pipeline throughout the year in our capacity as a fully integrated renewable energy company. While the growth targets set in our strategic plan as revised in 2021 were quite ambitious, we handily surpassed them in 2022, thanks in part to several carefully planned and executed acquisitions.

DELIVERING ON OUR AMBITIONS

At Boralex, we have what it takes to reach our goals. Thanks to the forward-looking partnership that we entered into in 2022 with the world-class investment firm Energy Infrastructure Partners (EIP), which acquired a stake in our assets in France, we have significantly increased our financial flexibility. EIP's confidence in our ability to make things happen has enabled us to broaden and diversify our shareholder base. Additionally, our structure and practices have evolved organically over time, giving us the agility needed to seize opportunities in a greater number of markets — and the results we are seeing confirm just that.

The future looks bright for Boralex. We continue to stand out from the crowd thanks to our proven strengths and competitive advantages, as well as the unparalleled expertise, commitment and adaptability of our teams.

DIVERSE AND ACCOUNTABLE BOARD LEADERSHIP

The Board of Directors, which guides and supports our management in creating value for our stakeholders, grew stronger and more diverse in 2022. The arrival of our newest board member, Ines Kolmsee from Germany, has increased board diversity in terms of gender, geographical representation, nationality and market expertise.

The Board actively supports Boralex's commitment to corporate social responsibility (CSR). In 2022, the Board oversaw the merger of the risk management and CSR teams, and broadened its own mandate by assuming responsibility for the development and implementation of the CSR strategy.

MEMBERS OF THE BOARD OF DIRECTORS

EXPERIENCED LEADERS

Finally, the Board endorsed management's initiative to revise Boralex's business model with a view to enabling the company to seize opportunities in target regions in an agile but responsible manner.

Now, more than ever before, Boralex is in a position to grow at an accelerated pace and play a leading role in the energy transition — and that is a win for all our stakeholders.

ALAIN RHÉAUME
Chairman of the Board of Directors

Alain Rhéaume
Chairman of the Board Boralex Inc.
Corporate Director

(1) Member of the Audit Committee

(2) Member of the Governance, Environmental, Health and Safety Committee

(3) Member of the Human Resources Committee

(4) Member of the Investment and Risk Management Committee

André Courville (1) (4)
Corporate Director

Ghyslain Deschamps (3) (4)
Corporate Director

Lise Croteau (1) (4)
Corporate Director

Patrick Decostre
President and Chief Executive Officer

Patrick Lemaire
Corporate Director

Zin Smati (2) (3) (4)
Corporate Director

Marie Giguère (2) (3)
Corporate Director

Dany St-Pierre (1) (2)
President Cleantech Expansion LLC

Inès Kolmsee (1) (2)
Managing Partner of Matterwave Ventures and Corporate Director

Marie-Claude Dumas (3) (4)
President and Chief Executive Officer, WSP Canada

See the Boralex website for bios of our board members.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

AGILITY: WHAT SETS US APART

The circumstances we encountered in 2022 were dramatic, yet largely favourable to our business. The world witnessed an energy crisis, the likes of which has not been seen since the late 1970s. The crisis was exacerbated throughout Europe by the war in Ukraine, putting upward pressure on prices in many markets, including those in North America. The situation was even more dire in France, where nuclear energy production has plummeted 26% since 2015. At the same time, successive climate disasters served as a stark reminder of the importance of the energy transition. There is, at long last, a general consensus that sustainable development is not only crucial for the climate, but also a must for global security, growth and resilience going forward. Accordingly, several governments around the world, including those of the United States, France, the United Kingdom and Canada, introduced plans to accelerate renewable energy development during the year.

A PURPOSE-DRIVEN, SUSTAINABILITY-FOCUSED COMPANY

For the renewable energy sector, this situation presents a wealth of opportunities. The energy transition is underway, market prices are high, and customers are increasingly aware of the likelihood of widespread power disruptions. Therefore, despite measures taken by governments to limit inflation in the short term — in keeping with the unpredictable nature of the year — the current environment is exceptionally favourable for Boralex. Our 30 years of experience in the development and production of renewable energy is a rare asset in this relatively new market. Our top-notch team gives us an undeniable competitive advantage when it comes to contributing actively to the energy transition and attracting new customers who wish to lessen their carbon footprint while securing their energy needs through long-term power purchase agreements.

AMBITIOUS ACHIEVEMENTS FOR AN EXPERIENCED PLAYER

In a year marked by high inflation and rising interest rates, Boralex performed remarkably well. We accelerated our development activities during the year, entered into a promising long-term partnership in Europe with investment firm Energy Infrastructure Partners (EIP), established a foothold in the United Kingdom with the acquisition and integration of Infinergy and the start of construction on a project in Scotland, and concluded a major transaction with the purchase of a 50% share in five wind farms in Texas and New Mexico with a total installed capacity of 894 MW. Additionally, we completed the construction and commissioning of six wind farms and one solar power station in France, signed an agreement with Hydro-Québec and Énergir to develop three 400 MW projects on Seigneurie de Beaupré lands, obtained the approvals needed to break ground on the Apuiat project (developed in Quebec in partnership with the Innu Nation) and were chosen by the State of New York to develop five solar and storage projects.

We have thus entered an accelerated execution phase of our strategic plan. We decided to review our management model as a result, with a view to optimizing our growth, achieving our objectives and better addressing the needs of the jurisdictions where we operate. We also merged the risk management and CSR teams under the leadership of the newly created position of Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility. We believe that this new model will give us even greater agility in moving forward with business opportunities in the coming years.

A MORE DIVERSE SHAREHOLDER BASE

We took steps to attract new investors to our company in 2022. Our meetings with a number of prospects in Europe resulted in several new shareholders coming on board. We began similar efforts in the United States, where Boralex is not as well known, and will continue to do so in 2023 in order to build our brand in this market, in which we foresee considerable opportunities for growth.

A BRIGHT FUTURE

The outlook for the renewable energy sector has never been so positive. Governments are seeking to accelerate the energy transition to curb greenhouse gas emissions and reduce dependence on fossil fuels. At the same time, high energy prices are driving an increasing number of customers to secure their energy supply by signing long-term power purchase agreements. And energy needs are only continuing to increase, especially as modes of transport and entire economies become electrified. For example, in Quebec, where electricity is generated exclusively from sustainable sources, the government estimates that another 100 TWh will be needed to achieve carbon neutrality by 2050; this represents an increase of 50% compared to current production capacity. Regions that are more populous than Quebec, where green energy represents only a small share of the energy mix, are also trying to achieve carbon neutrality. To do so, their governments will have to make enormous investments. At Boralex, our decades-long experience in developing wind and solar projects means that opportunities have never been greater, especially since these two sources of renewable energy are the least costly to produce and the fastest to develop.

I am therefore convinced that we will be able to achieve the objectives of our strategic plan by 2025. Our outstanding team, whose expertise is vital to Boralex's success, and who has been expertly navigating the most unpredictable environment we have ever known, will get us there. For several years now, due to the pandemic and the ever-changing nature of the renewable energy sector, our people have had to adapt and adjust like never before. I am very grateful to each and every one of them for their hard work and dedication in these uncertain times. I would also like to commend our Board of Directors for their unwavering support. Their astute and perceptive insights, their wide-ranging and complementary expertise, and their combined wealth of experience are all incredible advantages in leading our company to success.

Lastly, I would like to thank our shareholders, our customers and our business partners for their renewed trust, year after year. On our planet where electricity is central to fighting climate change, we have a responsibility to produce it sustainably for future generations. That is our stated purpose, and we stand by it. We do our utmost to deliver on this promise each and every day, by going beyond renewable energy and incorporating our CSR focus into everything we think and everything we do.

OUR EXECUTIVE COMMITTEE

OUR EXPERIENCED AND DEDICATED MANAGERS

Patrick Decoste
President and Chief Executive Officer

Bruno Guilmette
Executive Vice President and Chief Financial

Pascal Hurtubise
Executive Vice President and Chief Legal Officer

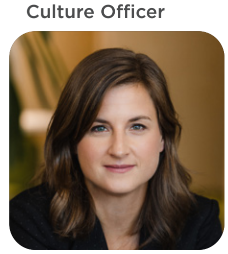
Marie-Josée Arsenault Executive Vice President and Chief People and Culture Officer

Hugues Girardin
Executive Vice President and General Manager, North America

Nicolas Wolff
Executive Vice President and General Manager, Europe

Julie Cussom
Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility

Pascal Laprise-Demers
Senior Vice President, Corporate Strategy and Business Performance



Isabelle Fontaine
Senior Vice President, Corporate Public Affairs and Communications

Nicolas Mabboux
Senior Vice President, IT and Digital Transformation

Management's Discussion and Analysis

As at December 31, 2022

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Highlights

Three-month periods ended December 31

(in millions of Canadian dollars, unless otherwise specified)	Consolidated 2022	Consolidated 2021	Combined[1] 2022	Combined[1] 2021
Power production (GWh)[2]	1,619	1,492	1,814	1,661
Revenues from energy sales and feed-in premiums	322	192	344	211
Operating income (loss)	7	74	14	82
EBITDA(A)[3]	158	152	173	163
Net earnings (loss)	(7)	20	(7)	20
Net earnings attributable to the shareholders of Boralex	14	17	14	17
Per share (basic and diluted)	$0.14	$0.17	$0.14	$0.17
Net cash flows related to operating activities	189	81	—	—
Cash flows from operations[1]	141	116	—	—
Discretionary cash flows[1]	77	58	—	—

Years ended December 31

(in millions of Canadian dollars, unless otherwise specified)	Consolidated 2022	Consolidated 2021	Combined[1] 2022	Combined[1] 2021
Power production (GWh)[2]	5,617	5,552	6,300	6,215
Revenues from energy sales and feed-in premiums	818	671	893	743
Operating income	112	182	147	219
EBITDA(A)[3]	502	490	552	535
Net earnings	8	26	8	30
Net earnings attributable to the shareholders of Boralex	30	17	30	21
Per share (basic and diluted)	$0.30	$0.16	$0.30	$0.21
Net cash flows related to operating activities	513	345	—	—
Cash flows from operations[1]	403	363	—	—
Discretionary cash flows[1]	167	132	—	—
	As at Dec. 31	**As at Dec. 31**	**As at Dec. 31**	**As at Dec. 31**
Total assets	6,539	5,751	7,188	6,162
Debt - Principal balance	3,346	3,682	3,674	4,030
Total project debt	3,007	3,141	3,335	3,489
Total corporate debt	339	541	339	541

(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 by commercial and industrial corporations
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
EIP	Energy Infrastructure Partners
ERCOT	Electric Reliability Council of Texas
FiP	Feed-in premium
GAAP	Generally accepted accounting principles
GW	Gigawatt
GWh	Gigawatt-hour
HQ	Hydro-Québec
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
Interests	Interests in joint ventures and associates
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
NYSERDA	New York State Energy Research and Development Authority
PPA	Power purchase agreement
RECs	Renewable Energy Certificates
REPowerEU	Joint European action for more affordable, secure and sustainable energy
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
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.

Repowering

Increase in installed capacity through equipment replacement.

Corporate PPA with additionality

A corporate PPA with additionality is a power purchase agreement by commercial and industrial companies that contributes to the development of new renewable electricity generation capacity. The signing of such an agreement makes it possible to secure the investment necessary for the construction and commissioning of an asset.

Introductory comments

General

This Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and twelve-month periods ended December 31, 2022, compared with the corresponding periods of 2021, as well as the Corporation's financial position as at December 31, 2022, compared to December 31, 2021. This report should be read in conjunction with the audited consolidated financial statements and related notes found in the present Annual Report for the fiscal year ended December 31, 2022.

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 23, 2023, 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 2021.

As discussed under the *Non-IFRS and other financial measures* section, this MD&A includes asset and segment performance assessment measures consisting of non-IFRS measures. These 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, 2022, with the exception of the number of sites, which is as of February 23, 2023. Installed capacity is presented as at December 31, 2022, and February 23, 2023.

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 table 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	2022	2021
USD	1.3554	1.2637
EUR	1.4506	1.4373
GBP	1.6395	1.7107

	Average rate[2]			
	Three-month periods ended December 31		Years ended December 31	
Currency	2022	2021	2022	2021
USD	1.3578	1.2603	1.3013	1.2535
EUR	1.3862	1.4408	1.3696	1.4828
GBP	1.5950	1.6990	1.6076	1.7246

[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. These forward-looking statements are typically identified by such words 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," "target," "objective," "initiative" or similar words or the negative thereof or other comparable terminology are used to identify such statements. In particular, this report includes forward-looking statements about the Corporation's strategic directions, priorities and objectives (including its ambition to be the Corporate Social Responsibility (CSR) reference for our partners), the strategic plan, business model, growth prospects, CSR targets and initiatives (including women's representation on the board and in management, targets for geographic and technological distribution of installed capacity, CO_2 emissions avoided, greenhouse gas (GHG) emissions reduced, and hiring women for new positions) and renewable energy generation projects in the portfolio. Actual events or results may differ materially from those expressed in such forward-looking statements. They are based on Boralex management's expectations, estimates and assumptions as at February 23, 2023.

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, payment of the quarterly dividend, the objectives related to CSR), the objectives of the Corporation, the partnership with Énergir and Hydro-Québec for the elaboration of three projects of 400 MW each of which the development will depend on Hydro-Québec's changing needs, 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, anticipated 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 Boralex'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. In particular, CSR targets are based on a number of assumptions, including, but not limited to, the following key assumptions: implementation of various corporate and business initiatives to reduce direct and indirect GHG emissions; availability of technologies to achieve targets; absence of new business initiatives or acquisitions of companies or technologies that would significantly increase the expected level of performance; no negative impact resulting from clarifications or amendments to international standards or the methodology used to calculate our CSR performance and disclosure; sufficient participation and collaboration of our suppliers in setting their own targets in line with Boralex's CSR initiatives; the ability to find diverse and competent talent; education and organizational engagement to help achieve our CSR targets. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

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(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) Anticipated 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.

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 this report include, but are not limited to, performance of power stations and sites, compliance by Boralex's partners with their contractual commitments, personnel accidents and health and safety, disasters and force majeure, personnel recruitment and retention, regulations governing Boralex's industry and amendments thereto, CSR regulations and amendments thereto, loss of reputation, pandemics and certain other factors discussed in the *Risk factors* and *Factors of uncertainty* sections in Boralex's MD&A for the year ended December 31, 2022. 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, cybersecurity risks, competition, changes in general market conditions, the regulations governing the industry and amendments thereto, particularly the legislation, regulations and emergency measures that could be implemented for time to time to address high energy prices in Europe, raw material price increases and availability, litigation and other regulatory issues related to projects in operation or under development, as well as certain other factors described in the documents filed by the Corporation with the different securities commissions.

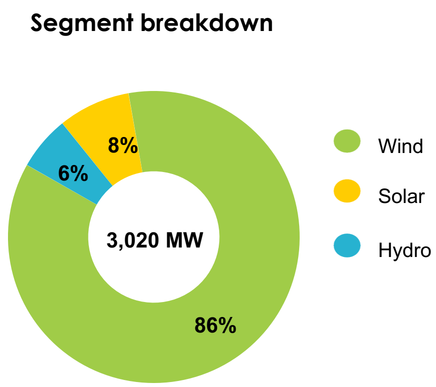
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, management of Boralex does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

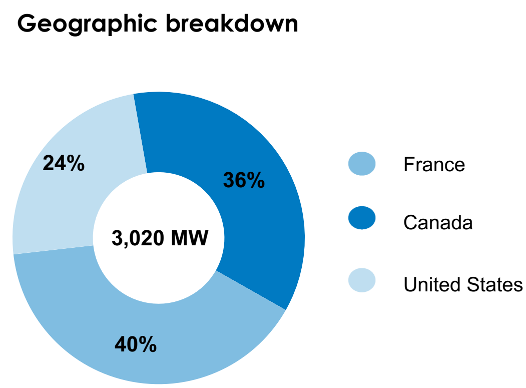
Description of business

Boralex is a Canadian corporation operating in the renewable energy segment for over 30 years. It draws on a workforce of 626 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 3,020 MW as at December 31, 2022. The Corporation is developing a portfolio equivalent to more than 4 GW of wind and solar projects and more than 800 MW of storage projects, guided by its values and its corporate social responsibility (CSR) approach. Projects under construction or ready to build represent an additional 346 MW, to be commissioned by the end of 2024, while the pipeline of secured projects amounts to 272 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

As at December 31, 2022, Boralex was active in three complementary power generation segments: wind, solar and hydroelectric. As at February 23, 2023, the installed capacity is 3,020 MW. The majority of Boralex's installed capacity originates from the wind power segment. The following table provides information about the makeup of the Corporation's operating portfolio as at February 23, 2023.





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 farms[3]	985	23	1,152	68	447	5	2,584	96
Solar power stations	—	—	46	5	209	7	255	12
Hydroelectric power stations	100	9	—	—	81	7	181	16
	1,085	32	1,198	73	737	19	3,020	124

(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 addition, the Corporation acquired a 50% interest in five solar power stations in the United States with a total installed capacity of 894 MW, for which Boralex's share is 447 MW.

(2) First energy storage asset commissioned on March 1, 2020, with an installed capacity of 2 MW on an existing wind farm in France. This asset was covered by an initial two-year contract that was extended by 12 months. Storage asset capacity is not included in Boralex's aggregate installed capacity.

(3) Installed capacity comprises 100% of the additional capacity due to the repowering of the Mont de Bézard 2 wind farm and the total capacity of the Moulins du Lohan wind farm. As at December 31, 2022, according to the percentage of completion, these wind farms were operating at 84% and 77%, respectively, of their total capacity.

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

The energy market in Europe has been hit by a number of disruptions. France is currently in the grips of an energy crisis owing mainly to the historically low production of nuclear power, which has led to an increase in electricity prices. Certain feed-in premium contracts of the Corporation contained clauses which resulted in the Corporation benefiting from higher energy selling prices. However, the French government enacted a new law under which these higher revenues will have to be paid back to the French government.

In this context, Boralex exercised its right to terminate power purchase agreements in France which had original expiry dates between 2022 and 2026. Also, the Corporation leveraged the emergency measures announced by the French government to accelerate renewable energy production. See below for more details on these items that have allowed or will allow Boralex to optimize its revenues in the current context in France.

Changes to feed-in premium contracts

On August 16, 2022, the French government enacted the 2022 Supplementary Budget Act. A section of this act sets out changes to feed-in premium contracts retroactive to January 1, 2022, which provides for a sharing of revenues between the French government and renewable energy producers based on a price threshold to be determined annually by ministerial order. On December 28, 2022, the order was published setting the price threshold at €44.78/MWh for 2022, which is lower than the contractual prices under the Corporation's feed-in premium contracts, and therefore the Corporation will have to remit to the French government the full amount for the difference between the selling price for electricity and the contractual prices as of January 1, 2022. As at December 31, 2022, the Corporation recorded a provision to reflect the impact of this act, for a total amount of $82 million (€57 million).

Early termination of power purchase agreements

During the third quarter of 2022, the Corporation exercised its right to terminate some power purchase agreements in France, which were expiring between 2022 and 2026. These contracts represented nearly 25% of Boralex's electricity production in France. New contracts were signed and came into force from the start of the fourth quarter for most of the related production capacity.

Emergency measures to accelerate renewable energy production

The French government has announced and implemented new emergency measures to help accelerate renewable energy development. Under these measures, all renewable energy producers are authorized to sell the power generated by their newly commissioned facilities on the energy market for a minimum period of 18 months prior to activating their FiP contracts. The Corporation currently has 106 MW of projects under construction or ready-to-build in France that will benefit from these measures. In 2022, the Corporation was able to benefit from this measure for the power stations that were newly commissioned during the year.

Furthermore, two other measures were also announced: a mechanism to protect against inflation between the time of submitting a project for RFP and the start of construction work as well as the possibility to increase installed capacity by up to 40%.

Inframarginal rent contribution on electricity production

Reacting to the difficulties faced by consumers due to the elevated price of electricity, in September 2022, the European Union announced and then implemented an emergency measure consisting of a contribution on the revenues of power producers. On December 30, 2022, the French government enacted the *2023 Budget Act*, transposing the measure into French law. The act introduces a tax calculated at 90% of revenues in excess of a price threshold, which varies by technology. The price threshold was set at €100/MWh for solar power stations and wind farms and applies to energy sold directly to the market, after the expiry of power purchase agreements as well as to wind farms having exercised their right to terminate previous power purchase agreements. The price threshold represents the French government's estimate of reasonable profitability for each production technology. Facilities that have a feed-in premium contract are exempt from this tax even if the contract is not yet activated due to the permissible postponement mentioned above. As at December 31, 2022, the Corporation recorded a provision to reflect the impact of this new act, for a total amount of $110 million (€76 million).

The Corporation's profile

As at December 31, 2022, **88%**[1] of Boralex's installed capacity was covered by indexed, fixed-price energy sales contracts or feed-in premium contracts in effect. Following the early termination of power purchase agreements with EDF in France, a high proportion of the Corporation's installed capacity will continue to be covered by set prices through its fixed price options.

Corporate PPAs

Existing assets:

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

The weighted average remaining term[2] of these contracts is **11 years** - 12 years in Canada and in the United States and 10 years in France. The breakdown of remaining terms of the Corporation's contracts are provided in the table below.

Breakdown of installed capacity based on remaining term of contracts as at December 31, 2022 (in MW)

	≤ 5 years	6 to 10 years	11 to 15 years	> 15 years
Canada and United States	114	533	750	279
France and other	430	342	85	319
Total	544	875	835	598

[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. Newly commissioned sites whose feed-in premium contracts are not yet in effect are considered as not being subject to fixed-price contracts. If these contracts were to be activated, the proportion of installed capacity subject to set prices would increase to 94%.

[2] The average remaining term includes feed-in premium contracts that are not yet in effect for newly commissioned facilities.

Selected financial information: A growth company

Since December 31, 2017, Boralex's share price and market capitalization have increased at compound annual growth rates[1] of 11% and of 18%, respectively. Boralex's operating income has grown at compound annual growth rates of 3% (3% on a Combined[2] basis). For EBITDA(A), the rate is 13% (12% on a Combined basis).

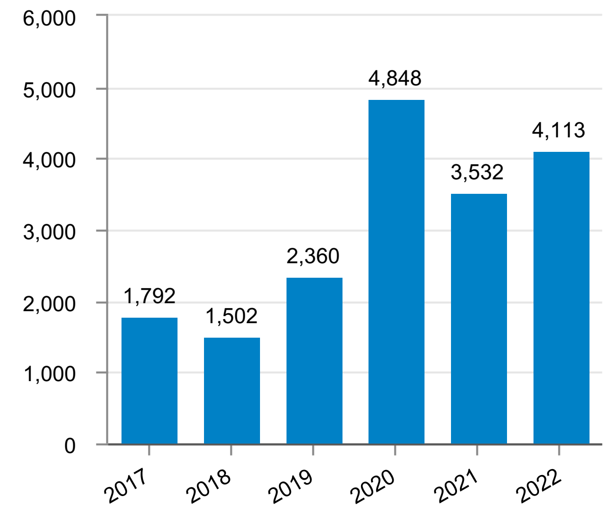
Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at December 31, 2022, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 12.5% of Boralex's outstanding shares.

Share price

(Monthly closing price in Canadian dollars)
Compound annual growth rate:[1] 11%
(Toronto Stock Exchange under the ticker BLX)

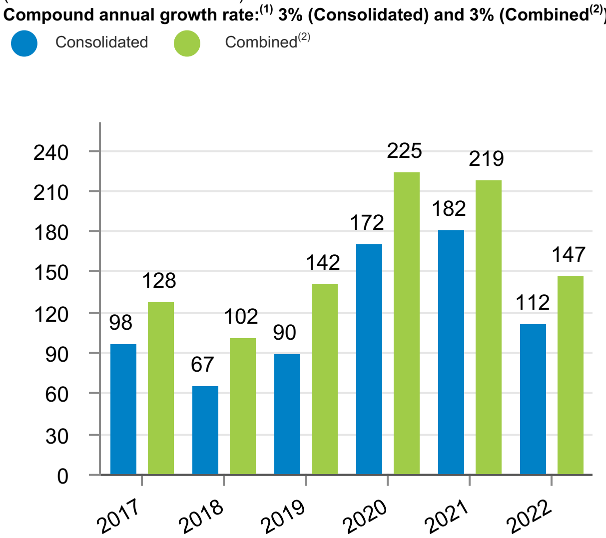
Market capitalization

(in millions of Canadian dollars)
Compound annual growth rate:[1] 18%



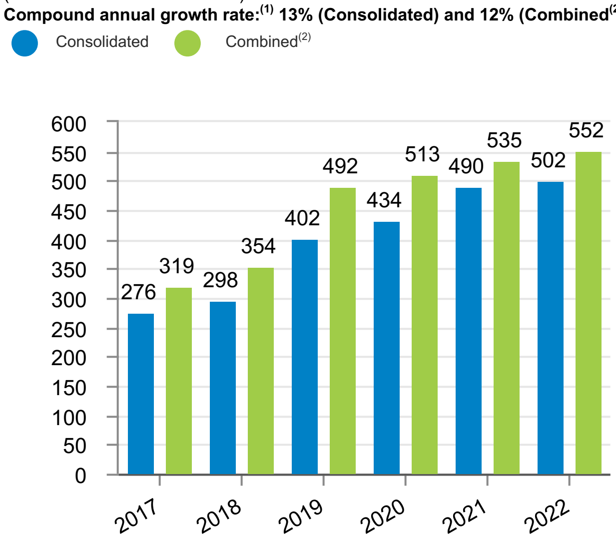
Operating income

(in millions of Canadian dollars)
Compound annual growth rate:[1] 3% (Consolidated) and 3% (Combined[2])



EBITDA(A)[3]

(in millions of Canadian dollars)
Compound annual growth rate:[1] 13% (Consolidated) and 12% (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 (%)	
	2022	2021	2020	2022 vs 2021	2021 vs 2020
Power production (GWh)[1]	5,617	5,552	4,727	1	17
Revenues from energy sales and feed-in premiums	818	671	619	22	8
Operating income	112	182	172	(39)	7
EBITDA(A)[2]	502	490	434	3	13
Net earnings	8	26	61	(66)	(57)
Net earnings attributable to the shareholders of Boralex	30	17	55	82	(69)
Net earnings (loss) per share attributable to the shareholders of Boralex - basic and diluted	$0.30	$0.16	$0.55	82	(71)
Net cash flows related to operating activities	513	345	362	49	(5)
Cash flows from operations[3]	403	363	338	11	7
Dividends paid - common shares	68	68	66	—	3
Dividends paid per common share	$0.66	$0.66	$0.66	—	—
Weighted average number of shares outstanding – basic	102,726,063	102,618,657	98,547,826	—	4

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at December 31			Change (%)	
	2022	2021	2020	2022 vs 2021	2021 vs 2020
Total cash, including restricted cash	374	259	277	45	(7)
Property, plant and equipment	3,335	3,227	3,112	3	4
Total assets	6,539	5,751	5,314	14	8
Debt - principal balance	3,346	3,682	3,609	(9)	2
Total liabilities	4,513	4,540	4,323	(1)	5
Total equity	2,026	1,211	991	67	22
Net debt to market capitalization ratio[4] (%)	40%	48%	41%	(8)	7

(1) Includes compensation following electricity production limitations imposed by customers.
(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 operating portfolio

Project name	Type of transaction	Total capacity (MW)	Effective date	Segment / Country	Energy contract term / Client	Ownership (%)
Santerre	Commissioning	15	August 1	Wind/France	20 yrs/EDF/FiP	100
Blanches Fosses	Commissioning	11	November 1	Wind/France	20 yrs/EDF/FiP	100
LP I, DM I and II	Acquisition	145	December 1	Wind/Canada	12.5/HQ(1)	100(1)
Cham Longe I Repowering	Commissioning	17	December 1	Wind/France	20 yrs/EDF/FiP-RfP	100
Extension Seuil de Bapaume	Commissioning	17	December 1	Wind/France	20 yrs/EDF/FiP-RfP	100
2020		**+ 205 MW**			Installed capacity: **2,246 MW(2)**	
Solar power stations portfolio - Boralex US Solar	Acquisition	209	January 29	Solar/United States	21.5 yrs(3) / Corporate PPA	50-100(3)
Blendecques	Disposal	-12	May 1	Thermal/France	N/A	100
Bazougeais	Commissioning	12	May 1	Wind/France	20 yrs/EDF/FiP	100
Oldman	Disposal	-4	July 9	Wind/Canada	N/A	100
Extension Plaine d'Escrebieux	Commissioning	14	August 1	Wind/France	20 yrs/EDF/FiP-RfP	100
La Grande Borne	Commissioning	9	December 1	Wind/France	20 yrs / EDF / FiP	100
Peyrolles	Commissioning	12	December 14	Solar/France	20 yrs/EDF/FiP-RfP	100
La Clé des Champs	Commissioning	9	December 23	Solar/France	20 yrs/EDF/FiP-RfP	60
2021		**+ 249 MW**			Installed capacity: **2,492 MW(2)**	
Senneterre	Disposal	-35	April 1	Thermal | Canada	N/A	100
Bouleste	Disposal	-10	April 27	Wind/France	N/A	100
Remise de Réclainville Repowering	Commissioning	3	May 9	Wind/France	20 yrs/EDF/FiP	100
Bois des Fontaines	Commissioning	25	May 12	Wind/France	20 yrs/EDF/FiP-RfP	100
Evits & Josaphat Repowering	Commissioning	3	June 24	Wind/France	20 yrs/EDF/FiP	100
Bougainville Repowering	Commissioning	6	September 12	Wind/France	20 yrs/EDF/FiP	100
Vaughn	Disposal	-1	October 24	Solar/Canada	N/A	100
Grange du Causse	Commissioning	12	December 16	Solar/France	20 yrs/corporate PPA	100
Mont de Bézard 2 Repowering(4)	Commissioning	13	December 22	Wind/France	20 yrs/EDF/FiP-RfP	100
Moulins du Lohan(4)	Commissioning	65	December 28	Wind/France	20 yrs/EDF/FiP-RfP	100
Wind portfolio - Boralex US Wind	Acquisition	447	December 29	Wind/United States	10 yrs/various and market(5)	50(5)
2022		**+ 528 MW**			Installed capacity: **3,020 MW**	

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

(2) During fiscal 2020, capacity increases totaling 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.

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

(4) The installed capacity comprises 100% of the total capacity of the Moulins du Lohan wind power station and of the increased capacity of the Mont de Bézard 2 wind power station in France following repowering. As of December 31, 2022, following the degree of completion of the construction work, the wind power stations were operational at 84% and 77% of their total capacity, respectively. On February 23, 2023, after completion of the construction work, the wind power stations were operating at their total installed capacity.

(5) Boralex holds a 50% interest in the five wind farms over which it has joint control. Three farms have a long-term power purchase agreement with Exelon, the towns of Georgetown and Garland in Texas and with Southwestern Public Service Company (SPS), which will expire between 2026 and 2035 with a weighted average remaining term of nearly 10 years as at the date of acquisition. Two farms sell all their power to the ERCOT and SPP markets.

2022

Acquisitions, commissioning and disposals

In December 2022, the Corporation acquired a 50% interest in five wind farms with a total installed capacity of 894 MW in the United States. Boralex's interest represents a net installed capacity of 447 MW and resulted in a total cash outflow of $370 million (US$273 million).

On July 4, 2022, Boralex acquired 100% of Infinergy Ltd.'s interests in the U.K., comprising a portfolio of wind and solar power and energy storage projects.

The Corporation added 127 MW to its installed capacity with the commissioning of six wind farms and one solar power station in France. Boralex also sold a 10 MW wind farm in France, and a 35 MW thermal power station In Canada, thereby shedding its last biomass energy production asset from its portfolio.

Financial transactions

In April 2022, the Corporation announced the closing of an agreement for an investment by Energy Infrastructure Partners (“EIP”), a Switzerland-based global investment manager with a focus on the energy sector, in a 30% stake of Boralex’s operating portfolio of 1.1 GW and development projects of 1.5 GW in France. The amounts received from EIP under this transaction were partly used to optimize the Corporation’s financing structure, including the repayment of the revolving credit facility for an amount of $272 million, on May 5, 2022 and the early repayment of a $98 million project loan on June 9, 2022. Also, the Corporation repaid the U.S. note in the amount of $35 million (US$27 million) on July 15, 2022.

In October 2022, the Corporation closed a one-year extension of its revolving credit facility and credit letter facilities amounting to $525 million until September 2027. The credit facility again qualified as a sustainable loan with annual CSR objectives.

Results

In 2022, the Corporation generated 5,617 GWh of electricity, a result comparable to the prior fiscal year. *Revenues from energy sales and feed-in premiums* reached $818 million, a 22% increase due to the increase in electricity prices and the implementation of new contracts following the early termination of certain power purchase agreements in France. *Operating income* was $112 million, a 39% decrease taking into account the new revenue tax in France and the impairment of $81 million recorded due to the increase in the cost of capital in the United States. EBITDA(A) reached $502 million, an increase of 3%.

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 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.

Financial 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. During the fourth quarter, the credit facility qualified as a sustainable loan for which annual CSR objectives must be met. This was 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, that the Corporation had given for its equity interest in FWRN LP, 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 represented 145 MW of additional net installed capacity.

Financial transactions

In January 2020, Boralex closed a revolving credit facility amounting to $182 million (€125 million).

In August 2020, Boralex concluded a $806 million refinancing over 16-year term for its 230 MW NRWF wind farm, located in Ontario. Boralex is the wind farm operator and owns a 50% in this facility. 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.

Growth strategy and development outlook

Strategic plan and financial objectives for 2025

In June 2021, Boralex's management announced its updated strategic plan. The Corporation builds on the four key strategic directions and its corporate social responsibility (CSR) strategy in order to achieve the six new corporate objectives by 2025. To successfully implement its plan, the Corporation relies on its solid expertise and long track record in project development. See below a summary of the strategic plan and an update of the fiscal 2022 achievements related to the plan in the following pages. To learn more, see the 2021 Annual Report.

UPDATED STRATEGIC DIRECTIONS AND INTEGRATION OF CSR STRATEGY

GROWTH

- **Accelerate our organic growth** to maximize future value creation across our markets
- **Make the US one of our priority markets and diversify our European presence** by targeting a few additional growth markets
- **Take charge of our growth through M&A** and structure our activities to achieve it

DIVERSIFICATION

- **Grow our presence** in the **solar energy sector** and take part in the development of the storage market
- **Anticipate market / technology developments and accelerate the development of our energy marketing skills** in order to optimize our contract portfolio

CUSTOMERS

- **Develop and expand our current customer base** in order to directly supply **electricity-consuming industries** interested in improving their climate footprint
- **Modify our business practices** to focus on customer needs, which vary by territory

OPTIMIZATION

- **Optimize our assets and develop the sustainable performance culture** of our organization
- **Increase the efficiency of corporate services** through simplification, digitization, and automation
- **Use corporate financing and asset management** as integral tools **of our growth**

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility weaves through all of our strategic directions. It aligns our non-financial performance with ESG criteria and guides our everyday business decisions.

It is a true strategic differentiator to:

- Strengthen trust with our stakeholders
- Promote the well-being of our employees and partners
- Consolidate our social license to operate
- Access new markets and clients
- Strengthen the resilience of our business model in the face of non-financial risks
- Capitalize on opportunities arising from the energy transition
- Enhance our corporate reputation

Ultimately, it allows us to have a strategic plan that goes **beyond renewable energy**.

Growth prospects by territory

The Corporation will continue growing in high-potential markets in Canada, United States, France, United Kingdom, 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. A yearly update of key developments in these countries is provided below.

United States

The United States in 2022 enacted the *Inflation Reduction Act* (IRA). The act includes $369 billion in grants and tax incentives and aims to increase investments in renewable energy, electrification of the economy and clean energy generation in the United States to help reduce inflationary pressures.

The IRA is designed to foster US manufacturing by providing tax credits at every stage of the clean energy supply chain. The IRA includes an estimated $30 billion in production tax credits to accelerate manufacturing of solar panels, wind turbines, batteries and for the processing of critical minerals. The law also offers an investment tax credit to companies that build factories that produce electric vehicles, wind turbines and solar panels. The tax credits contained in the IRA, and uncertainty regarding tariffs are facilitating growth in the US domestic clean energy supply chain.

While the *Inflation Reduction Act* has spurred new investment, it has also raised tensions between the US and its traditional trading partners. Lawmakers and administrations from both parties have long sought to boost a domestic solar manufacturing industry, including by imposing tariffs and other restrictions on imported solar panels. Recently, the US Federal government has adjusted its short-term trade policy because domestic production could not match domestic demand, but long-term growth of US manufacturing could lead to the adoption of additional protectionist measures.

Canada

In its 2022 budget, the Canadian government provided the amounts required to implement its plan, released in March, to reduce GHG emissions to 40% below the 2005 level by 2030. The plan includes reduction targets by industry sector, about $9 billion in new investments, and specific measures for electrification, power sector decarbonization, and the transition to renewable energy and storage.

At the launch of its fall economic statement, the government of Canada released the details of the incentives announced in the 2022 Budget. The key measure outlined in the document is the creation of a refundable investment tax credit of 30% for investments in renewable energy production and storage systems. The tax credit will be available from the tabling of the 2023 Budget until 2034. The 2022 fall economic statement confirms without a doubt that “in light of the U.S. *Inflation Reduction Act*, significant steps will need to be taken to ensure that Canada remains competitive” and that “significant additional actions will be announced in Budget 2023”.

In Québec, the government and Hydro-Québec continue to focus on wind power to meet future energy needs of 100 TWh by 2050.

In Ontario, the *Independent Electricity System Operator* (IESO) will be called upon to develop procurement mechanisms to meet the new needs for power confirmed for the years from 2025 onwards. RFPs are ongoing and others are expected to be launched during 2023, through the IESO to secure up to 4,000 MW of power.

France and other European Union countries

In Europe, the geopolitical context reinforces the need to ensure security of energy supply and sovereignty. This trend is favourable to renewable energy development. In 2022, this resulted in the European Commission releasing the REPowerEU plan: this plan aims to make Europe independent from Russian fossil fuels, starting with gas. It rests on three pillars: diversification of oil and gas procurement sources, energy efficiency and accelerated development of renewable energy. Measures were also taken to deal with the high price of energy in Europe, protect consumers and replenish gas reserves for 2022-2023.

In France, the government’s energy strategy to reach carbon neutrality by 2050 and become the first major country to free itself from fossil fuel dependency rests on three pillars: moderate energy consumption, nuclear development and massive development in renewable energies. Under the renewable energy plan launched in June, Parliament adopted or is still discussing various measures aimed at accelerating development. Reactive measures to the strong increase in energy prices were also adopted and their impact on the Corporation is discussed in the *Description of Business* section of this report.

United Kingdom

In the United Kingdom, the energy policy is focused on decarbonizing of the electricity mix by 2035 and the desire to resolve the energy crisis. The conditions are conducive to developing renewable energies: England focuses mostly solar and new outlooks for onshore wind farms; Scotland has released an Onshore Wind Policy Statement in which the Scottish Government sets an onshore wind capacity target of at least 20 GW by 2030. This will represent an additional 11 GW of capacity by the end of the decade, as Scotland currently has about 9 GW of operational onshore wind.

Despite the uncertainty, management's opinion is that the context is very favourable to the massive development of renewable energies in the targeted territories and that its ambitious strategy will enable it to take advantage of the policies and strategic measures put in place by the governments.

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. Main progress made in fiscal 2022 is presented below.

Growth

- Acquisition of an interest in five wind farms in the United States representing a net installed capacity of 447 MW.
- Commissioning of six wind farms, which added 115 MW of installed capacity.
- Wind power projects totalling 300 MW moved forward and are now included under the ready-to-build phase with commissioning slated for 2023 and 2024.
- Partnership with Énergir and Hydro-Québec to develop three wind power projects of 400 MW each.
- Addition of wind power projects totalling 113 MW to the early stage project pipeline.
- Addition of wind power projects totalling 82 MW to the European project pipeline following the acquisition of Infinergy in July 2022.
- Three wind power projects totalling 42 MW were selected under the first technology-neutral RFP in France.

Diversification

- Commissioning of a solar power station, which added 12 MW.
- A 13 MW solar power project moved forward and is now included under the ready-to-build phase.
- Addition of solar power projects totalling 206 MW and storage projects totalling 600 MW to the early stage project pipeline.
- Addition of solar power projects totalling 24 MW and storage projects totalling 26 MW to the project pipeline in Europe following the acquisition of Infinergy in July 2022.
- Five solar projects submitted by Boralex totalling 540 MW of power production and 77 MW of storage capacity were selected under an RFP in the State of New York.

Customers

- Corporate PPA and market/hedging strategy enables Boralex to capitalize on market opportunities.
- Early termination of power purchase agreements amounting to nearly 25% of Boralex's electricity production in France and signing of new contracts.
- Increase in demand from potential European customers of the Corporation owing to the rise in energy prices.
- Discussions underway to enter into Corporate PPAs in France and the United Kingdom

Optimization

- Partnership with EIP, which acquired a 30% stake in the Corporation’s operating portfolio and development projects in France.
- Optimization of the Corporation's financing structure following the repayment of the revolving facility, the early repayment of a $98 million project loan and the U.S. note in the amount of $35 million (US$27 million) with a portion of funds coming from EIP's investment.
- Optimization of service and maintenance for Canadian and French wind farms with a total net installed capacity of 140 MW.
- Sale of dismantled assets covering a portion of repowering costs.
- Commissioning of four wind farms with new 20-year contracts following repowering work during the year.

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. It has a portfolio of projects at various stages of development, according to clearly identified criteria. It is also seeking to complement organic growth with targeted acquisitions.

In April 2022, Boralex announced the conclusion of a partnership with Hydro-Québec and Énergir to develop three wind power projects of 400 MW each on the territory of Seigneurie de Beaupré. Under the agreement, Boralex, Énergir and Hydro-Québec have equal interests in these projects and the power generated will be purchased by Hydro-Québec under three power purchase agreements. The decision to proceed with each of the projects will depend on the evolution of Hydro-Québec's needs.

On July 4, 2022, Boralex announced the closing of the acquisition of 100% of Infinergy Ltd.'s interests in the U.K., comprising a 338 MW portfolio of wind and solar power and energy storage projects, of which 232 MW were previously held under a partnership with Boralex, and 106 MW were held directly by Infinergy. Note that the development projects of this partnership were already consolidated by Boralex since it controlled the operations. The acquisition will give Boralex access to 100% of the partnership's cash flows. The transaction also includes the integration within Boralex of Infinergy's team, which will accelerate project development, particularly those under prospection in the high potential U.K. market.

On December 20, 2022, the Corporation announced that three of its wind power projects totalling 42 MW were selected under the first technology-neutral RFP combining wind, solar and hydroelectric power issued by the Ministère de la Transition écologique et solidaire in France. With these projects, which have received administrative approvals, Boralex will benefit from a feed-in premium contract over a 20-year period starting on the commercial commissioning date.

On December 29, 2022, the Corporation acquired EDF Renewables North America's interest in five wind farms in operation with a total installed capacity of 894 MW located in Texas and New Mexico for a consideration of $370 million (US$273 million) subject to certain post-closing adjustments. The acquired interest represents 447 MW of installed capacity. The portfolio includes two projects with 13-year busbar PPAs and one project with a three-year hub-settled PPA. The average remaining term of these contracts is 10 years. The portfolio also includes two projects for which all of the energy produced is sold on the market. With this acquisition, the Corporation is able to expand and diversify its presence in the country by entering the ERCOT (Electric Reliability Council of Texas) and SPP (Southwest Power Pool) markets.

Changes in the project portfolio

The pipeline comprises projects for 4,083 MW, up 155 MW from the end of the third quarter of 2022. The **wind** power segment remains the Corporation's main driver of growth, with a project pipeline totaling 2,367 MW, up 70 MW from the previous quarter. The **solar** power segment pipeline comprises projects totaling 1,716 MW, up 85 MW from the previous quarter. This segment offers high growth potential in Europe and North America. As for the storage segment, its project portfolio amounts to 820 MW, up 28 MW from the previous quarter.

The project portfolio increased by 840 MW since 2021, up 398 MW for the **wind** power segment and up 442 MW for the **solar** power segment. For the storage segment, the project portfolio increased by 630 MW compared with fiscal 2021.

BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

PIPELINE

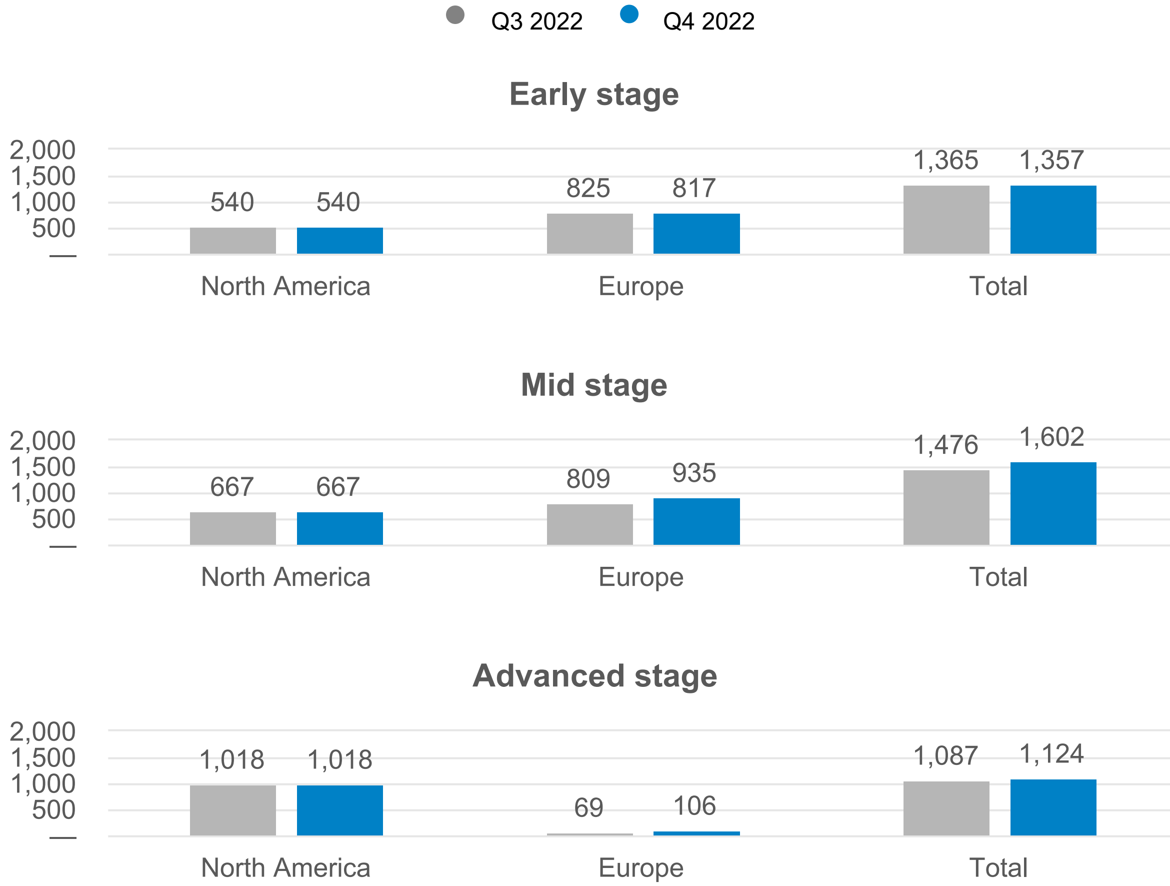
TOTAL
4,083 MW

STORAGE
820 MW

			CANADA AND UNITED STATES	FRANCE AND OTHER	TOTAL BORALEX
EARLY STAGE					
	• Real estate secured • Interconnection available • Confirmation of the project by local communities and regulatory risks		265 MW	439 MW	**704 MW**
			275 MW	378 MW	**653 MW**
		PRODUCTION CAPACITY	**540 MW**	**817 MW**	**1,357 MW**
		STORAGE	**660 MW**	**83 MW**	**743 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		667 MW	707 MW	**1,374 MW**
			-	228 MW	**228 MW**
		PRODUCTION CAPACITY	**667 MW**	**935 MW**	**1,602 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)		193 MW	96 MW	**289 MW**
			825 MW	10 MW	**835 MW**
		PRODUCTION CAPACITY	**1,018 MW**	**106 MW**	**1,124 MW**
		STORAGE	**77 MW**	-	**77 MW**
TOTAL			**1,125 MW**	**1,242 MW**	**2,367 MW**
			1,100 MW	**616 MW**	**1,716 MW**
		PRODUCTION CAPACITY	**2,225 MW**	**1,858 MW**	**4,083 MW**
		STORAGE	**737 MW**	**83 MW**	**820 MW**

(1) or actively looking for a partner for the Corporate PPA projects

Movements between the development stages in the project portfolio since the last quarter are provided below:



Early stage

The 8 MW decrease in the early stage was due to:

- Addition of four new wind project and ten new solar projects totalling 137 MW in Europe;
- Changes to the expected capacity of nine wind power projects and six solar projects in Europe, for an addition of 18 MW;
- Progression of four wind and four solar power projects in Europe to the mid-stage phase, for a reduction of 163 MW.

Mid stage

The 126 MW change in the mid stage was due to:

- Progression of four wind and four solar power projects in Europe to the mid stage phase, adding 163 MW;
- Progression of three wind power projects in Europe to the advanced stage phase, for a reduction of 37 MW.

Advanced stage

The 37 MW increase resulted from the inclusion in Europe of three wind power projects under the advanced stage.

Changes to the Growth path

The *Growth path* totalled 618 MW.

The **wind** power segment remains the Corporation's main segment with projects in the secured or in the construction or ready-to-build phases totalling 405 MW, down 66 MW from the previous quarter. The **solar** power segment includes projects secured, under construction or ready to build for a total of 213 MW, down 12 MW from the previous quarter.

The growth path decreased by 29 MW since 2021, down 17 MW for the **wind** power segment and 12 MW for the **solar** power segment. For the storage segment, the growth path remained steady.

GROWTH PATH

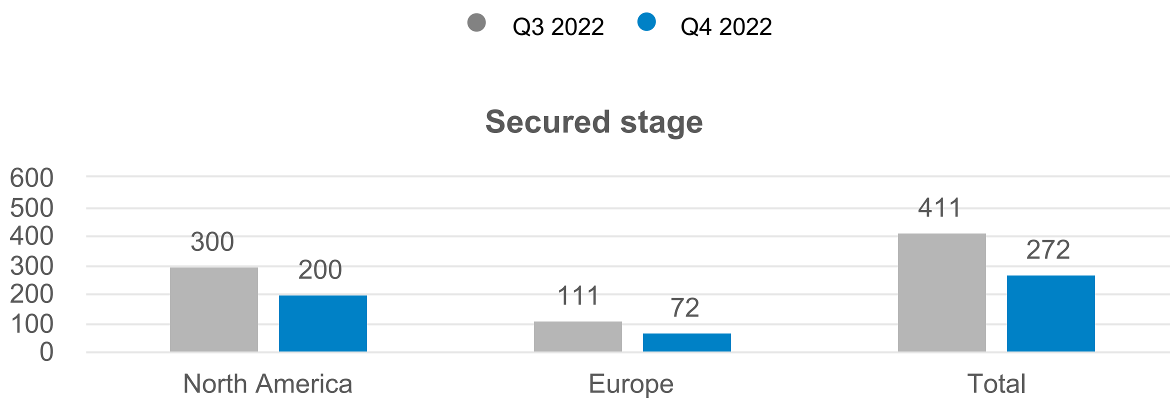
TOTAL **618 MW**

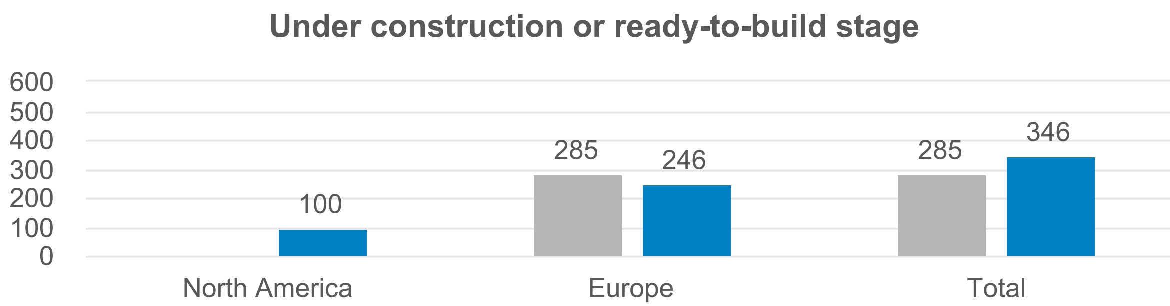
STORAGE **3 MW**

		CANADA AND UNITED STATES	FRANCE AND OTHERS	TOTAL BORALEX
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)	Wind	-	72 MW	72 MW
	Solar	200 MW	-	200 MW
	PRODUCTION CAPACITY	200 MW	72 MW	272 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	Wind	100 MW	233 MW	333 MW
	Solar	-	13 MW	13 MW
	PRODUCTION CAPACITY	100 MW	246 MW	346 MW
	STORAGE	-	3 MW	3 MW
TOTAL	Wind	100 MW	305 MW	405 MW
	Solar	200 MW	13 MW	213 MW
	PRODUCTION CAPACITY	300 MW	318 MW	618 MW
	STORAGE	-	3 MW	3 MW

CURRENTLY IN OPERATION 3,020 MW

As at December 31, 2022 and February 23, 2023.





The **secured phase**'s expected capacity decreased from 411 MW as at September 30, 2022 to 272 MW as at December 31, 2022. This 139 MW decrease was driven by:

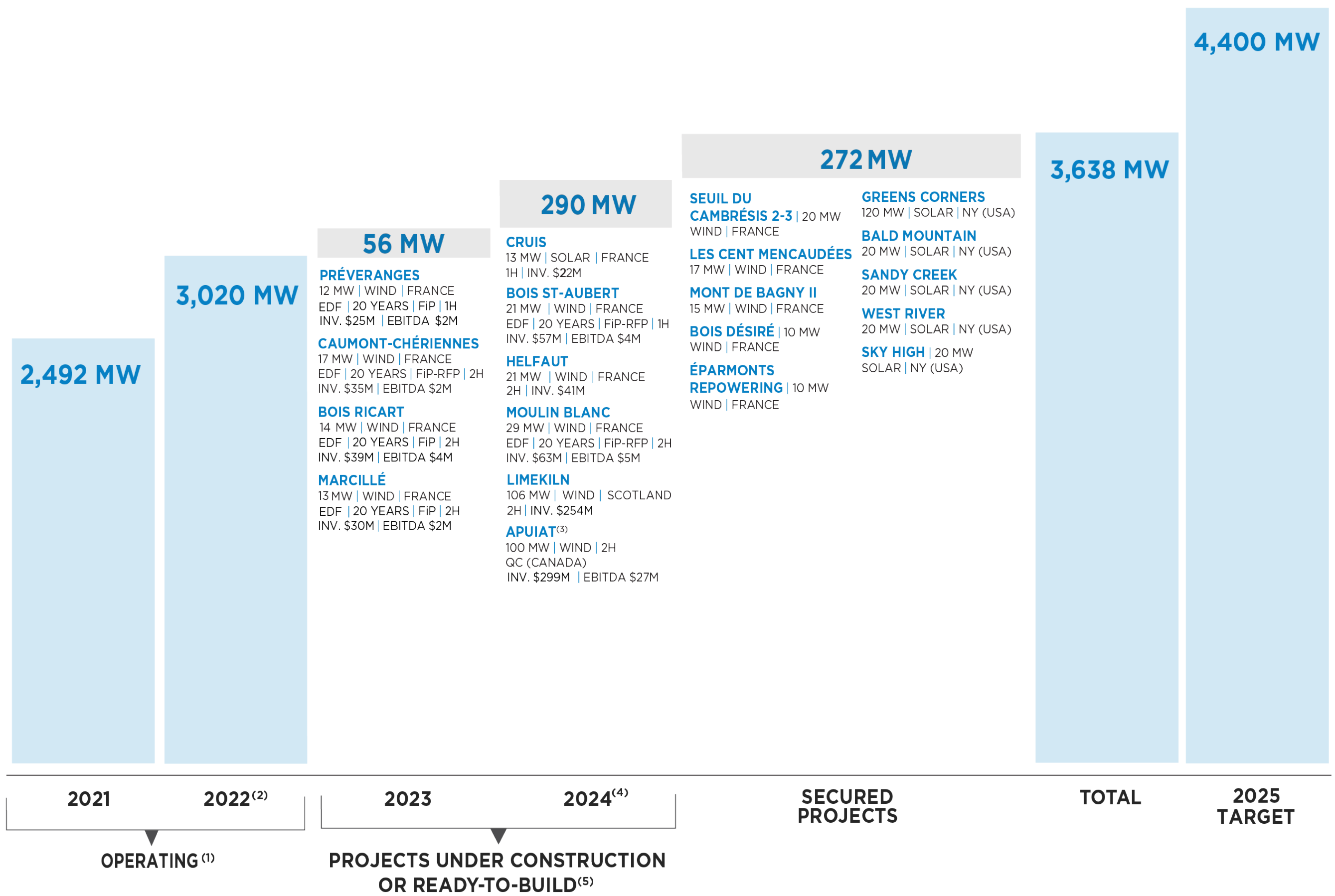
- Inclusion of a wind power project in North America and two wind power projects in Europe totaling 150 MW under the construction or ready-to-build phase;
- Changes to the expected capacity of three wind power projects in Europe.

Projects under construction or ready to build's expected capacity has increased from 285 MW as at September 30, 2022 to 346 MW as at December 31, 2022. The 61 MW increase was due to:

- Inclusion of one wind power project in North America and two wind power projects in Europe totaling 150 MW under the construction or ready-to-build phase;
- Commissioning of of two wind farms and one solar power station in Europe that were part of the Growth path as at September 30, 2022.
- Changes to the expected capacity of a wind power project in Europe.

As shown in the *Growth path*, the Corporation had assets in operation with 3,020 MW of installed capacity as at December 31, 2022, up 536 MW from September 30, 2022, following the acquisition of a 50% interest in five wind farms in the United States and the commissioning of three facilities in December 2022. Commissioning of secured facilities and projects under construction is expected to bring Boralex's installed capacity to 3,638 MW.

Growth path



(1) Installed capacity of production, excluding the installed capacity of energy storage projects.
(2) As at December 31, 2022 and February 23, 2023.
(3) The Corporation holds 50% of the shares of the 200 MW wind power project but does not have control over it.
(4) Some items, such as EBITDA of projects expected for commissioning in 2024, will be provided at a later date since measures are still underway to further optimize these projects.
(5) Total project investment and estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on December 31, 2022.

Eight wind power projects, one solar power project and one energy storage project in Europe as well as a wind power project in North America are under construction or have completed all preliminary stages and obtained pre-construction approvals. The wind and solar power projects are all subject to power purchase agreements, long-term feed-in premium contracts which benefit from a fixed price, or power purchase agreements with commercial and industrial corporations. These projects will contribute to the Corporation's results when commissioned in 2023 and 2024 as indicated in the *Growth path*.

Overall, the EBITDA contribution of projects under construction or ready-to-build is estimated at $80 million, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. The completion of these projects is expected to require total planned investments[1] of about $865 million and planned financing[1] of up to $619 million. As at December 31, 2022, the funds invested[1] in these projects totalled $130 million.

(1) Total planned investments, planned financing and funds invested are supplementary financial measures. For more details, see the Non-IFRS and other financial measures section in this report.

Diversification, Customers and Optimization

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 1,716 MW.

On June 2, 2022, Boralex announced that five solar power projects amounting to 540 MW of installed capacity and 77 MW of energy storage had been selected by NYSERDA under its 2021 commercial renewable energy credit RFP.

Boralex is continuing its efforts to gradually deploy a battery-based energy **storage** service, leveraging the significant cost reduction associated with this technology. Its energy storage project portfolio reached 820 MW at the end of 2022, following sustained efforts towards their development.

The Corporation remains on the lookout for new opportunities and continues to perform analyses and market studies to develop its activities in target countries outside France, which in particular led to the recent acquisition of Infinergy.

The Corporation has deployed sales 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. Discussions are underway for entering into Corporate PPAs, mainly in France and the U.K.

In 2022, the Corporation exercised its right to early terminate power purchase agreements in France expiring between 2022 and 2026. New contracts were signed starting October 1, 2022, for most of the related production capacity. During the fourth quarter of 2022, the Corporation recorded a significant increase in revenue related to these new contracts. However these revenues were subject to the contribution on inframarginal rent enacted by the 2023 *Budget Act* in France, i.e., a tax amounting to 90% of revenues in excess of a threshold price of €100/MWh.

With agile management of its asset portfolio, the Corporation ensures long-term security as well as flexibility enabling it to benefit from current energy market conditions using the corporate PPA and market/hedging strategy.

During the year, Boralex continued its initiatives for the **optimization** of current assets by taking concrete actions to increase performance and reduce both operating and financing costs.

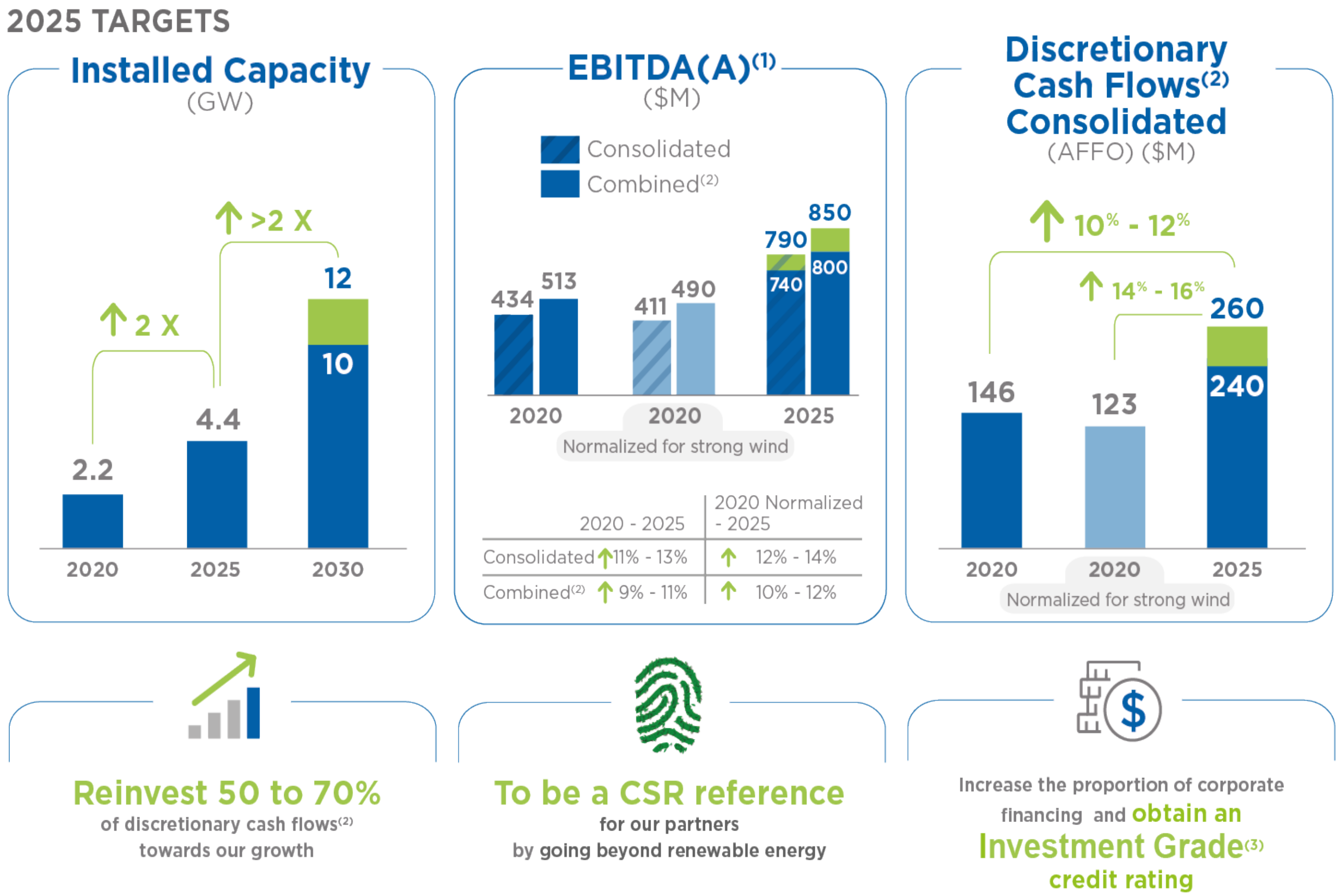
In April, the Corporation announced the closing of an agreement for an investment by EIP, a Switzerland-based global investment manager with a focus on the energy sector, in a 30% stake of Boralex's portfolio of assets in operation of 1.1 GW and development projects of 1.5 GW in France. With a 70% interest, the Corporation remains the majority shareholder of its activities and the manager of all of its operating assets and projects under development or under construction in France. The amounts received from EIP under this transaction were partly used to optimize the Corporation's financing structure, including the repayment of the revolving credit facility, the early repayment of a $98 million project loan on June 9, 2022, and the U.S. note in the amount of $35 million (US$27 million) on July 15, 2022. This optimization will allow Boralex to sustain growth using the cash resources and availability of the revolving credit facility.

Other initiatives include repowering projects for certain wind farms in France. Four wind farms were commissioned following repowering work during fiscal 2022 for a total installed capacity of 73 MW, representing an increase in installed capacity of 25 MW, compared to the capacity prior to repowering, as shown below. These projects benefit from more high-performance equipment and a new 20-year feed-in premium contract. Also, Boralex financed part of the repowering cost by selling dismantled assets.

Boralex intends to optimize service and maintenance work for its assets. The Corporation tries to internalize maintenance activities when appropriate, but also uses external suppliers under existing or newly negociated contracts where appropriate. Also, in 2022, the Corporation repatriated service and maintenance work in-house for assets with a total installed capacity of 140 MW in Canada and France.

Strategic plan follow up

The Corporation's *Strategic plan* is also built around six corporate objectives for 2025. Refer to the 2021 Annual Report for additional information. These objectives are summarized below.



(1) EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report. See also the *Notice concerning forward-looking statements* section.
(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. See also the *Notice concerning forward-looking statements* section.
(3) Minimum corporate credit rating of BBB-.

Current status

To ensure that the implementation of the strategic plan results in disciplined growth while creating shareholder value, Boralex's management monitors the progress made toward achieving the corporate objectives for 2025.

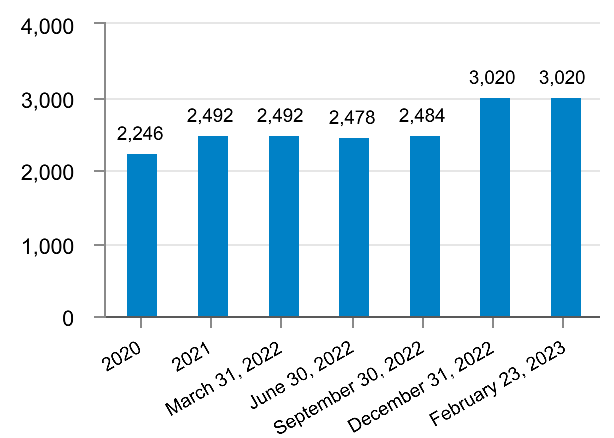
1. Double installed capacity between 2020 and 2025

Boralex's installed capacity increased from 2,492 MW as at December 31, 2021 to 3,020 MW as at December 31, 2022.

In April 2022, the Corporation disposed of the Senneterre thermal power station with an installed capacity of 35 MW as well as the 10 MW La Bouleste wind farm in France and during the last quarter disposed of its 1 MW solar power facility in Canada. Wind farms with a total of 127 MW were commissioned since the beginning of the year. Lastly, on December 29, 2022, the Corporation acquired an interest in five wind farms in operation with a total installed capacity of 894 MW. Boralex's acquired interest represents 447 MW of net installed capacity.

As at February 23, 2023, the Corporation's installed capacity is the same as the installed capacity as at December 31, 2022.

Installed capacity
(in MW)

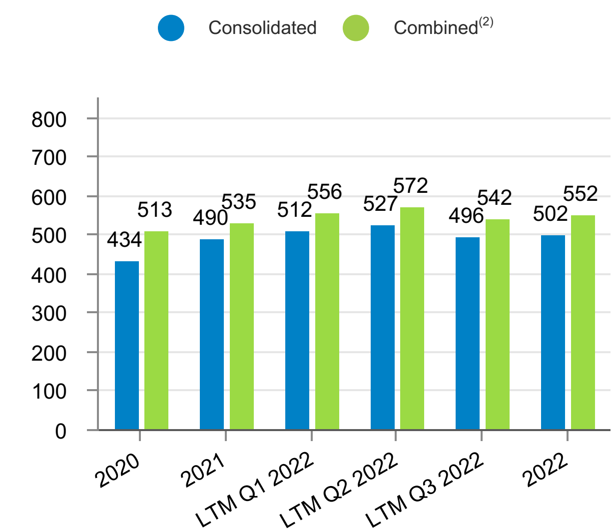


2. Achieve $740 million to $790 million of consolidated EBITDA(A), or $800 million to $850 million of EBITDA(A) on a Combined basis, by 2025

EBITDA(A) amounted to $158 million on a Consolidated basis and $173 million on a Combined basis for the three-month period ended December 31, 2022, compared with $152 million and $163 million, respectively, for the corresponding quarter of 2021.

For the year ended December 31, 2022, EBITDA(A) amounted to $502 million on a Consolidated basis and $552 million on a Combined basis compared with $490 million and $535 million, respectively, for fiscal year 2021. This increase was mainly due to the commissioning of wind and solar power facilities and income growth of the facilities that sell at market prices.

EBITDA(A)[1]
(in millions of Canadian dollars)



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

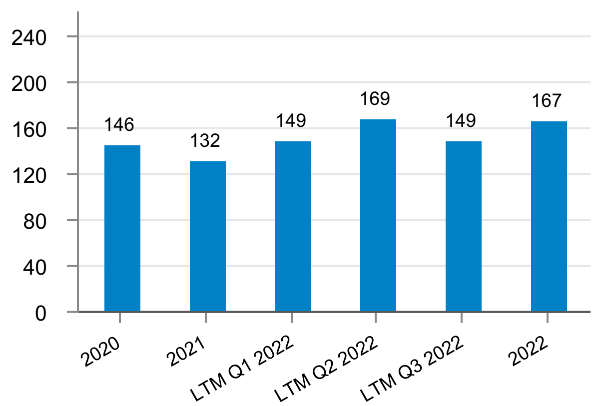
Discretionary cash flows amounted to $77 million for the three-month period ended December 31, 2022, compared with $58 million for the corresponding quarter of fiscal 2021.

This $19 million change is mainly due to the EBITDA(A) increase and the decrease in interest paid by the Corporation following the prepayments during the year.

For the year ended December 31, 2022, discretionary cash flows amounted to $167 million compared with $132 million for the year ended December 31, 2021. This $35 million increase is explained by the same factors described for the three month period above.

Discretionary cash flows(1)

(in millions of Canadian dollars)

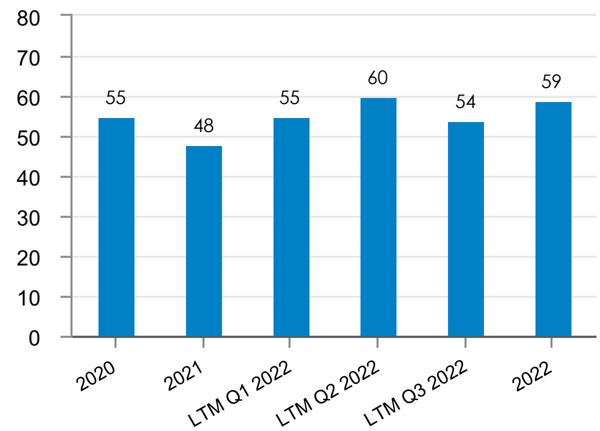


4. Reinvest 50% to 70% of discretionary cash flows in growth

For the year ended December 31, 2022, the reinvestment ratio[2] stood at 59%, which is within the target range of 50% to 70%.

Reinvestment ratio(2)

(as a %)



(1) Cash flow from operations 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.

(2) Reinvestment 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.

5. Be the leading CSR reference for our partners

Boralex released its second separate Corporate Social Responsibility (CSR) report in February 2023, which included more extensive disclosure of its key indicators, its policies and its business processes. The main achievements of fiscal year 2022 are discussed below.

E ENVIRONMENT

Grow in a sustainable and resilient manner

Rolled out several awareness-raising events for employees, such as the celebration of Earth Day, La Fresque du Climat workshops in France, and on-site and in-office waste reduction initiatives.

Completed the assessment of physical risks of climate change according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Provided two CSR training sessions, including one on the TCFD framework, to the Executive Committee and the Board of Directors.

Updated and published Boralex' Environmental Mission reflecting the changes in the company's ambitions concerning the environment. (Q4)

Joined the Science Based Targets initiative (SBTi), thereby confirming to setting long-term, science-based greenhouse gas reduction targets. (Q4)

Adopted the COP27 Action Declaration on Climate Policy Engagement, thereby confirming Boralex's commitment to promoting Paris Accord targets in dealings with governments and industry associations. (Q4)

S SOCIETY

Respect the living

Published the commitments made as part of the Equal by 30 campaign to increase the participation of women in our industry.

Added a diversity target regarding the proportion of women in management positions, as well as a health and safety target, to senior executives' variable compensation.

Offered training on diversity, inclusion and unconscious bias to all employees.

Gave 13 female employees the opportunity to participate in The A Effect's Ambition Challenge for the first time.

Held an awareness-raising workshop for North American employees as part of National Truth and Reconciliation Day on September 30.

Updated Boralex's commitment in the area of health and safety.

Increased the target for female representation on the Board of Directors from a minimum of 30% to a minimum of 40%; women currently make up 45% of Board members. (Q4)

G GOVERNANCE

Make exemplary management a shared value

Published Boralex's second stand-alone CSR report in February 2022.

Participated in several external rating assessments, including those of the CSA, CDP, EcoVadis and Corporate Knights.

Published and implemented the Sustainable Procurement Charter, along with EcoVadis assessments for our strategic suppliers.

Formalized CSR accountability for the entire Board of Directors and included these targets in the mandates of the various committees.

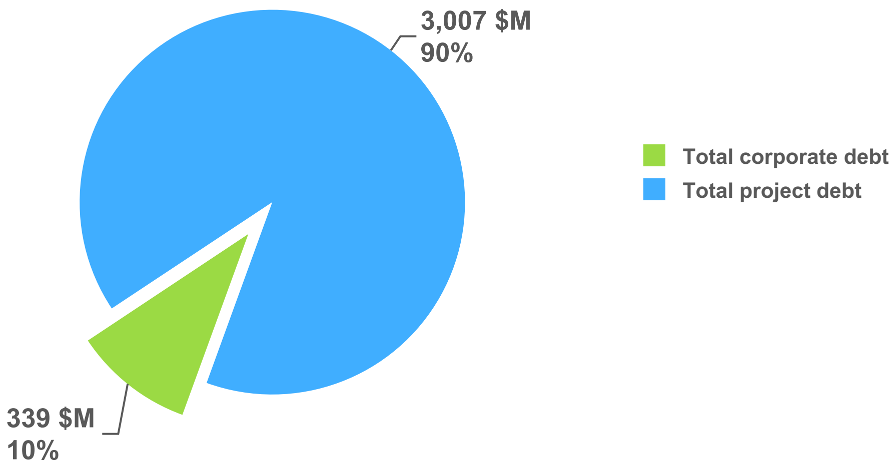
Created the position of Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility, with the aim of incorporating environmental and social issues in corporate risk management. (Q4)

Revised the Code of Ethics, which will be deployed in 2023, to reflect our growth ambitions and our commitment to producing renewable energy in a sustainable manner for future generations. (Q4)

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 an investment grade credit rating from at least one recognized credit rating agency.

Breakdown of borrowings - principal balance - $3.3 billion
As of December 31, 2022



On April 29, 2022, the Corporation announced the closing of an agreement for an investment by EIP in a 30% stake of Boralex's portfolio of assets in operation and development projects in France. The amounts received from EIP under this transaction were partly used to optimize the Corporation's financing structure. The Corporation repaid the revolving credit facility for an amount of $272 million, on May 5, 2022 and made the early repayment of a $98 million project loan, on June 9, 2022, and repaid the U.S. note in the amount of $35 million (US$27 million) on July 15, 2022. Accordingly, the revolving credit facility represents corporate financing available to fund the growth strategy in line with this corporate objective. Through the repayment of the previously mentioned loans, the Corporation was able to generate savings in discretionary cash flows in the second half of fiscal 2022.

Available cash resources and authorized financing

(in millions of Canadian dollars) (unaudited)	As at December 31, 2022	As at December 31, 2021
Credit facilities of the parent company		
Authorized credit facility[(1)]	450	450
Amounts drawn under the authorized credit facility[(2)]	(61)	(258)
Unused tranche of the parent company's credit facility	389	192
Unused tranche of the construction facility	35	147
Credit facilities available to fund growth[(3)]	**424**	**339**
Available cash and cash equivalents[(4)]	70	58
Available cash resources and authorized financing[(4)]	**494**	**397**

(1) Excluding the accordion clause of $150 million.
(2) As at December 31, 2022, this amount included $22 million of letters of credit ($17 million as at December 31, 2021).
(3) The credit facilities available to fund growth are a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.
(4) Available cash and cash equivalents and available cash resources and authorized financing facilities 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.

As shown in the table above, the Corporation has the financial flexibility to support its growth. Available cash resources and authorized financing facilities will allow Boralex to invest in its current projects, finance the development of new projects to achieve its growth objectives and continue to implement its strategic plan.

Analysis of results, cash flows and financial position - Consolidated

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

	Three-month periods ended December 31				Years ended December 31			
	2022	2021	Change		2022	2021	Change	
(in millions of Canadian dollars, unless otherwise specified)			GWh or $	%			GWh ou $	%
POWER PRODUCTION (GWh)[1]	**1,619**	**1,492**	**127**	**9**	**5,617**	**5,552**	**65**	**1**
Wind power stations	1,355	1,168	187	16	4,289	4,135	154	4
Canada	620	555	65	12	2,127	1,987	140	7
France	735	613	122	20	2,162	2,148	14	1
Hydroelectric power stations	175	223	(48)	(21)	752	789	(37)	(5)
Canada	92	91	1	1	401	382	19	5
United States	83	132	(49)	(37)	351	407	(56)	(14)
Solar power stations	89	81	8	10	536	483	53	11
United States	81	76	5	6	478	461	17	4
France	8	5	3	90	58	22	36	>100
Thermal power stations[2]	—	20	(20)	(100)	40	145	(105)	(73)
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUMS	**322**	**192**	**130**	**68**	**818**	**671**	**147**	**22**
Wind power stations	295	164	131	79	681	542	139	26
Canada	83	72	11	14	283	259	24	9
France	212	92	120	>100	398	283	115	41
Hydroelectric power stations	18	18	—	—	71	64	7	12
Canada	10	9	1	12	38	36	2	7
United States	8	9	(1)	(10)	33	28	5	18
Solar power stations	9	7	2	40	60	44	16	37
United States	7	6	1	32	42	39	3	10
France	2	1	1	78	18	5	13	>100
Thermal power stations[2]	—	3	(3)	(100)	6	21	(15)	(71)
EBITDA(A)[3]	**158**	**152**	**6**	**4**	**502**	**490**	**12**	**3**
Wind power stations	173	152	21	14	508	475	33	7
Canada	82	71	11	16	270	248	22	9
France	91	81	10	13	238	227	11	5
Hydroelectric power stations	12	13	(1)	(6)	51	47	4	9
Canada	6	6	—	6	28	27	1	3
United States	6	7	(1)	(18)	23	20	3	16
Solar power stations	3	5	(2)	(46)	46	37	9	25
United States	1	4	(3)	(74)	29	33	(4)	(8)
France	2	1	1	70	17	4	13	>100
Thermal power stations[2]	—	—	—	—	2	4	(2)	(59)
Corporate and eliminations	(30)	(18)	(12)	(62)	(105)	(73)	(32)	(44)

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

(2) On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset. On April 1, 2022, the Corporation disposed of the Senneterre power station, its last biomass-based energy production asset in its portfolio.

(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, 2022

Decrease of 91% in operating income due to impairment charge and increase of 4% in consolidated EBITDA(A)[1] for the three-month period ended December 31, 2022, mainly attributable to commissioning of new facilities, high electricity prices and new power purchase agreements.

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

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Three-month period ended December 31, 2021	1,492	192	152
Commissioning and temporary shutdowns[2]	39	8	8
Disposal[2]	(20)	(3)	—
Pricing (power purchase agreements and FiP)	—	111	111
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Volume	108	16	16
Foreign exchange effect	—	(1)	(1)
Other	—	(1)	(18)
Three-month period ended December 31, 2022	**1,619**	**322**	**158**
Wind power stations			
Three-month period ended December 31, 2021	1,168	164	152
Commissioning and temporary shutdowns[2]	35	7	7
Pricing (power purchase agreements and FiP)	—	108	108
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Volume	152	18	18
Foreign exchange effect	—	(2)	(2)
Three-month period ended December 31, 2022	**1,355**	**295**	**173**
Hydroelectric power stations			
Three-month period ended December 31, 2021	223	18	13
Volume	(48)	(2)	(2)
Pricing	—	2	2
Foreign exchange effect	—	1	1
Other	—	(1)	(2)
Three-month period ended December 31, 2022	**175**	**18**	**12**
Solar power stations			
Three-month period ended December 31, 2021	81	7	5
Commissioning[2]	4	1	1
Volume	4	—	—
Pricing	—	1	1
Other	—	—	(4)
Three-month period ended December 31, 2022	**89**	**9**	**3**
Thermal power stations			
Three-month period ended December 31, 2021	20	3	—
Disposal[2]	(20)	(3)	—
Three-month period ended December 31, 2022	**—**	**—**	**—**
Corporate and eliminations			
Three-month period ended December 31, 2021			(18)
Other			(12)
Three-month period ended December 31, 2022			**(30)**

(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 operating portfolio* table.

Acquisitions, commissioning and disposals

The **wind** power segment in **France** benefited from the contribution of new facilities commissioned since the fourth quarter of 2021 (see *Changes in the operating portfolio* table) and the resumption of operations at facilities shut down temporarily owing to repowering work, which added 35 GWh to production and $7 million to revenues from energy sales and FiP, and EBITDA(A). Due to emergency measures put in place by the French Government in order to accelerate the development of renewable energies, facilities commissioned in France in 2022 benefited from sales at market price following the postponement of the activation of their feed-in premium agreement.

In the **solar** power segment, commissioning of facilities in **France** in 2022 added 4 GWh to production and $1 million for both revenues from energy sales and FiP, and EBITDA(A).

In the **thermal** power segment, the disposal of the Senneterre power station gave rise to decreases of 20 GWh in production and $3 million in revenues from energy sales and FiP.

Volume

In both France and in Canada, the **wind** power segment benefited from more favourable wind conditions than in the fourth quarter of 2021. As a result, comparable assets recorded an increase of 152 GWh, leading to a favourable difference of $18 million for both revenues from energy sales and FiP, and EBITDA(A).

In the **hydroelectric** power segment, Canadian power stations recorded a production volume of 92 GWh, a result comparable to the fourth quarter of 2021, while U.S. power stations reported a 37% decrease in volume to 83 GWh, owing to less favourable conditions. As a result, the segment shows a global unfavourable difference of 48 GWh for production and $2 million for both revenues from energy sales and FiP, and EBITDA(A).

Pricing (power purchase agreements and FiP)

Revenues from energy sales and feed-in premium and EBITDA(A) were up $111 million compared with the fourth quarter of 2021. This favourable change was mainly explained by:

- The early termination of power purchase agreements in France during the third quarter of 2022, followed by the implementation of new contracts with high electricity prices for an impact of $117 million;
- The increase in market price in the United States for hydroelectric power stations for an additional impact of $2 million;
- Application of price escalation clauses on power purchase agreements and other items for an impact of $2 million.

These favourable impacts totalling $121 million were offset by an amount of $10 million due to the amendment to the feed-in premium contracts following the adoption of the *Supplementary Budget Act* in August 2022, which is retroactive to January 1, 2022. Before the adoption of this law, when the sale price of energy was higher than the reference tariff, a negative FiP was recorded up to the sums received since the start of the contract under the FiP for each contract. Therefore, as some facilities had fully repaid the amount collected, they were able to keep the excess amount received of $10 million in 2021. Since the adoption of the new law, which is retroactive to January 1, 2022, the Corporation now has a legal obligation to pay negative FiP.

Inframarginal rent contribution on electricity production - tax in France - enacted 2022

In September 2022, the Council of the European Union (EU) announced and then adopted an emergency measure to respond to the difficulties for consumers caused by high electricity prices. On December 30, 2022, the French government adopted the *2023 Budget Ac*t, which includes the transposition of this measure into French law. This new tax provides for a contribution calculated at 90% of revenues in excess of a threshold of €100/MWh from July 1, 2022, and applies to all of the Corporation's sites in operation, except those benefiting from a feed-in premium contract, even if its effective date has been postponed due to the emergency measures. The provision recorded in relation to this new law amounts to $110 million (€76 million).

Other

The $18 million change was primarily due to an increase of total payroll and professional fees for $8 million, driven mainly by the Corporation's growth and development costs of $4 million.

Reconciliation between EBITDA(A) and operating income

For the three-month period ended December 31, 2022, the Corporation recorded an operating loss of $7 million, compared with operating income of $74 million for the corresponding period of 2021, a decrease of $67 million, primarily attributable to the $81 million impairment in solar power assets recorded in the fourth quarter of 2022. Excluding the impairment, the operating result would be $14 million higher compared to 2021. EBITDA(A) grew by 4% or $6 million from $152 million to $158 million.

The impairment of solar assets arose due to a sudden and marked raise in interest rates in the United States, which resulted in a decrease of the recoverable value due to the higher discount rate applied to future cash flows. The total impairment recognized is $81 million, and the portion attributable to the shareholders of Boralex is $46 million. Considering that Boralex contracted a swap to hedge against increases in interest rates, and that this swap has a fair value of $36 million, the net effect on the equity attributable to the shareholders of Boralex is $10 million. These elements have no impact on the cash flows for the three-month period ended December 31, 2022. Also, the items mentioned above will not impact the future performance of these assets. In addition, most of the impairment can be reversed in future periods if the cost of capital decreases.

Relationship between revenues and operating expenses

Excluding the acquisitions, the disposals, the facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP grew by 67% in the fourth quarter of 2022 compared with a year earlier while operating expenses increased more than fourfold, mainly due to the recording of a $110 million provision for the inframarginal rent contribution on electricity production and an increase in payroll expenses. Excluding the inframarginal rent contribution on electricity production, operating expenses have increased by 10%. The differences in electricity production (volume) and prices discussed above explain the change in revenues from energy sales and FiP, which has no direct effect on operating expenses.

Net earnings

Overall, for the three-month period ended December 31, 2022, Boralex recognized a net loss of $7 million, compared with a net earnings of $20 million for the same period of 2021.

As shown in the table below, Boralex reported net earnings attributable to shareholders of Boralex of $14 million or $0.14 per share (basic and diluted) for the fourth quarter of 2022, compared with net earnings of $17 million or $0.17 per share (basic and diluted) for the corresponding period of 2021.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)

Net earnings for the three-month period ended December 31, 2021	17
EBITDA(A)[1]	6
Change in fair value of a derivative included in the share of joint ventures	10
Amortization	8
Impairment	(80)
Acquisition costs	1
Financing costs	6
Income taxes	7
Non-controlling interests	24
Other gains	(1)
Other	16
Change	(3)
Net earnings for the three-month period ended December 31, 2022	14

[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 $3 million unfavourable difference resulted mainly from:

- An $80 million increase in impairment, mainly relating to the solar power stations in the United States, recorded in the fourth quarter of 2022 due to the increase of the cost of capital since their acquisition.

Offset almost entirely by:

- A $6 million increase in EBITDA(A);
- A $10 million increase in the fair value of a derivative related to a power purchase agreement included in the share of earnings from joint ventures;
- An $8 million decrease in the amortization expense resulting from the disposal of assets and repowering projects in the wind power segment in France as well as favourable fluctuations in exchange rates.
- A $7 million decrease in the income tax expense stemming from lower income for the three-month period;
- A net loss attributable to non-controlling shareholders, for a favourable difference of $24 million of which $35 million is related to the portion attributable to non-controlling shareholders of the impairment recorded for property, plant and equipment and intangible assets of solar power stations in the United States in which the Corporation holds interests of 50% to 100%.
- A $16 million increase in other items, related primarily to the change in fair value of financial instruments and an increase in foreign exchange gain.

Analysis of consolidated operating results for the year ended December 31, 2022

Decrease of 39% in consolidated operating income attributable to the impairment charge and 3% increase in EBITDA(A)[(1)] mainly attributable to the commissioning of facilities and high electricity prices.

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[(1)]
Consolidated			
Year ended December 31, 2021	5,552	671	490
Acquisitions[(2)]	17	2	2
Commissioning and temporary shutdowns[(2)]	89	28	28
Volume	64	18	18
Disposal[(2)]	(105)	(15)	(2)
Pricing (power purchase agreements and FiP)	—	130	130
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Foreign exchange effect	—	(16)	(10)
Payroll	—	—	(16)
Other	—	—	(28)
Year ended December 31, 2022	**5,617**	**818**	**502**
Wind power stations			
Year ended December 31, 2021	4,135	542	475
Commissioning and temporary shutdowns[(2)]	54	15	15
Volume	100	19	19
Pricing (power purchase agreements and FiP)	—	124	124
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Foreign exchange effect	—	(18)	(14)
Other	—	(1)	(1)
Year ended December 31, 2022	**4,289**	**681**	**508**
Hydroelectric power stations			
Year ended December 31, 2021	789	64	47
Volume	(37)	—	—
Pricing	—	5	5
Other	—	2	(1)
Year ended December 31, 2022	**752**	**71**	**51**
Solar power stations			
Year ended December 31, 2021	483	44	37
Acquisitions[(2)]	17	2	2
Commissioning[(2)]	35	13	13
Other	1	1	(6)
Year ended December 31, 2022	**536**	**60**	**46**
Thermal power stations			
Year ended December 31, 2021	145	21	4
Disposal[(2)]	(105)	(15)	(2)
Year ended December 31, 2022	**40**	**6**	**2**
Corporate and eliminations			
Year ended December 31, 2021			(73)
Foreign exchange effect			2
Payroll			(16)
Other			(18)
Year ended December 31, 2022			**(105)**

(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 operating portfolio* table.

Acquisitions, commissioning and disposals

The **wind** power segment in **France** benefited from the contribution of new facilities commissioned (see *Changes in the operating portfolio* table) which were able to sell the electricity produced on the market due to the emergency measures put in place by the French government, allowing energy sales on the market for 18 months pending activation of the FiP contracts. Also, taking into account the impact of temporary shutdowns resulting from repowering work, production and revenues from energy sales and FiP, and EBITDA(A) were up by 54 GWh and $15 million compared with fiscal 2021.

In the **solar** power segment, the acquisition of interests in facilities in the **United States** in the first quarter of 2021 and the commissioning of new facilities in **France** at the end of 2021 and 2022 added 52 GWh to production and $15 million to both revenues from energy sales and FiP, and to EBITDA(A).

In the **thermal** power segment, the disposal of Blendecques and Senneterre power stations gave rise to decreases of 105 GWh in production, $15 million in revenues from energy sales and FiP, and $2 million in EBITDA(A).

Volume

In Canada, the **wind** power segment benefited from more favourable wind conditions compared with fiscal 2021, which led to a 140 GWh rise in production of comparable assets, and increases of $20 million in revenues from energy sales and, and EBITDA(A). In France, wind conditions were slightly less favourable than in the previous year, resulting in a 40 GWh decrease in production of comparable assets and a $1 million decrease in both revenues from energy sales and FiP, and in EBIDTA(A). Overall, comparable wind power assets recorded a 100 GWh increase in production and a $19 million increase in both revenues from energy sales and FiP, and in EBIDTA(A).

Pricing (power purchase agreements and FiP)

In fiscal 2022, a favourable difference of $130 million was recorded for both revenues from energy sales and EBITDA(A) when compared to fiscal 2021. This difference was mainly attributable to the following:

- The early termination of purchase agreements in France during the third quarter of 2022, followed by the implementation of new contracts in line with high electricity prices for an impact of $122 million;
- The increase in market prices for hydroelectric power stations in the United States for an impact of $5 million;
- The expected indexation included in power purchase agreements and other items for an impact of $13 million.

These favourable impacts totalling $140 million were reduced by an amount of $10 million related to the amendment to the feed-in premium contracts as explained in the *Analysis of consolidated operating results for the three-month period ended December 31, 2022* section.

Inframarginal rent contribution on electricity production - tax in France - enacted in 2022

The provision recorded with respect to this new law amounted to $110 million (€76 million) as explained in the *Analysis of consolidated operating results for the three-month period ended December 31, 2022* section.

Foreign exchange effect

For fiscal 2022 as a whole, fluctuations in the euro and US dollars resulted in decreases in revenues from energy sales and FiP of $16 million and EBITDA(A) of $10 million.

Payroll

The higher payroll in fiscal 2022, mostly attributable to the increase in the workforce driven by the Corporation's growth, resulted in an unfavourable difference of $16 million in EBITDA(A).

Reconciliation between EBITDA(A) and operating income

During the year ended December 31, 2022, the Corporation recorded operating income of $112 million, compared to $182 million for the corresponding period of 2021, a decrease of $70 million or 39% mainly due to the impairment of solar assets recognized during the fourth quarter of 2022 for $81 million. Excluding this impairment, operating income would have been up $11 million compared to 2021. EBITDA(A) went from $490 million to $502 million, an increase of $12 million or 3%.

The impairment of solar assets was recorded following an increase in the cost of capital in the United States, as explained in the Analysis of consolidated operating results section for the three-month period ended December 31, 2022.

Relationship between revenues and operating expenses

Excluding the acquisitions, the disposals, the facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP were up by 22% in 2022 compared with 2021 while operating expenses increased by about 94%. The difference in costs and revenue resulted mainly for the increase in the payroll driven by growth and the provision recorded for the inframarginal rent contribution on electricity production, as explained previously. The differences in electricity production (volume) and prices discussed above explain the change in revenues from energy sales and feed-in premiums, which has no direct effect on operating expenses.

Other

The $28 million change is mainly due to an increase in development costs of $10 million and professional fees of $8 million.

Net earnings

For the year ended December 31, 2022, Boralex recognized net earnings of $8 million, compared with $26 million for fiscal 2021.

As shown in the table below, the Corporation reported net earnings attributable to shareholders of Boralex of $30 million or $0.30 per share (basic and diluted) for fiscal 2022, compared with net earnings attributable to shareholders of Boralex of $17 million or $0.16 per share (basic and diluted) for 2021.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)

Net earnings for the year ended December 31, 2021	17
EBITDA(A)[1]	12
Excess of the interest over the net assets of joint venture SDB I	6
Change in fair value of a derivative included in the share of earnings from joint ventures	23
Amortization	2
Impairment	(81)
Financing costs	14
Non-controlling interests	31
Other gains	(4)
Other	2
Change	13
Net earnings for the year ended December 31, 2022	30

[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 $13 million favourable difference resulted mainly from:

- A $12 million increase in EBITDA(A);
- A $23 million increase in fair value of a derivative included in the power purchase agreement related to the share of joint ventures;
- A $6 million increase resulting from the excess of the interest over the net assets of joint venture SDB I;
- A $14 million decrease in financial expenses following the repayment of the revolving credit facility, early repayment of project debt and interest income on available cash resources;
- A net loss attributable to non-controlling interests, for a favourable difference of $31 million, of which $35 million is related to the portion attributable to non-controlling interests of the impairment charged for property, plant and equipment and intangible assets of solar power stations in the United States in which the Corporation holds 50% to 100% of shares.
- An $8 million decrease in the income tax expense stemming from lower income for the year.

Partly offset by:

- The impairment loss recorded in the fourth quarter as explained previously, which resulted in an unfavourable difference of $81 million compared with the amount recorded in 2021.

Cash flows

Cash flows for fiscal 2022 reflects the expansion of Boralex's operating base over the past year, better weather conditions and high electricity prices in France.

	Three-month periods ended December 31		Years ended December 31,	
(in millions of Canadian dollars)	2022	2021	2022	2021
Net cash flows related to operating activities	189	81	513	345
Net cash flows related to investing activities	(487)	(60)	(684)	(433)
Net cash flows related to financing activities	16	(14)	261	75
Translation adjustment on cash and cash equivalents	2	1	3	(6)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(280)	8	93	(19)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	629	248	256	275
CASH AND CASH EQUIVALENTS – END OF PERIOD	349	256	349	256

The following table shows the details of cash and cash equivalents:

	Three-month periods ended December 31		Years ended December 31,	
(in millions of Canadian dollars)	2022	2021	2022	2021
Cash and cash equivalents	361	256	361	256
Bank overdraft	(12)	—	(12)	—
	349	256	349	256

For the three-month period ended December 31, 2022

Operating activities

For the three-month period ended December 31, 2022, Boralex reported $141 million in cash flows from operations, compared with $116 million for the same period last year. This $25 million increase was mainly driven by $6 million growth in EBITDA(A) as discussed previously, and an $8 million decrease in *Interest paid* mainly attributable to not using the revolving credit facility and the early repayment of project debt in recent quarters.

The change in non-cash operating items in the fourth quarter of 2022 generated funds in the amount of $48 million. This change is mainly attributable to the recognition of a provision for amounts payable to the French government under *Trade and other accounts payable* to reflect the impact of the *2022 Supplementary Budget Act* on feed-in premiums and the *2023 Budget Act* related to the contribution on inframarginal rent for electricity producers, since the terms of application and payment for these two elements had not yet been specified as at December 31, 2022.

Operating activities generated net cash flows totalling $189 million in the fourth quarter of 2022, compared with $81 million for the same period a year earlier.

Investing activities

Net cash flows related to investing activities represented a cash outflow of $487 million for the fourth quarter of 2022 compared with $60 million for the same period of 2021. The Corporation invested $74 million in new property, plant and equipment, and in advance payments for assets under construction, including $68 million in the wind power segment and $4 million in the solar power segment in France. In addition, the acquisition of a 50% interest in five wind power stations in the United States required an investment of $364 million as well as $18 million for production tax credits receivable and an advance receivable. The Corporation also invested $18 million in joint ventures and associates for the Apuiat project and paid the amount due of $18 million following the initial recognition of its interest in the project. Boralex also paid $2 million, mainly as additional consideration for the Moulin Blanc wind project.

In the fourth quarter of 2021, Boralex invested $32 million for additions to property, plant and equipment, including $15 million in the wind power segment and $14 million in the solar power segment, in France. The Corporation also made advance payments of $61 million for sites under construction and 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

Financing activities for the three-month period ended December 31, 2022 resulted in net cash outflows of $16 million.

During the quarter, the Corporation drew down $39 million from its credit facility while non-current debt increased by $44 million, including $30 million drawn from the Boralex Energy Investments portfolio construction facility, $9 million for the financing of the Les Moulins du Lohan wind farm and $5 million for the financing of the Grange du Causse solar power station. At the same time, the Corporation repaid non-current debts (projects), mainly related to operating facilities, for a total of $47 million. The Corporation also paid $4 million in lease liabilities, as well as dividends of $17 million to the shareholders of Boralex.

Net change in cash and cash equivalents

Total cash movements in the fourth quarter of 2022 resulted in a $280 million decrease, bringing *Cash and cash equivalents* to $349 million as at December 31, 2022.

For the year ended December 31, 2022

Operating activities

For the year ended December 31, 2022, Boralex reported $403 million in cash flows from operations, compared with $363 million for the previous year. This $40 million increase was mainly driven by $12 million growth in EBITDA(A) as discussed previously and an $18 million decrease in *Interest paid* mainly attributable to a lower amount drawn under the revolving credit facility due to net cash inflows and the early repayment of project debt and a $7 million decrease in *Income taxes* paid.

The change in non-cash operating items as at December 31, 2022 generated funds in the amount of $110 million. This change is mainly attributable to the recognition of a provision for amounts payable to the French government under *Trade and other accounts payable* to reflect the impact of the *2022 Supplementary Budget Act* on feed-in premiums and the *2023 Budget Act* related to the contribution on inframarginal rent for electricity producers, since the terms of application and payment for these two elements had not yet been specified as at December 31, 2022.

Operating activities generated net cash flows totalling $513 million for fiscal 2022, compared with $345 million for 2021.

Investing activities

Net cash flows related to investing activities represented a cash outflow of $684 million for fiscal 2022 compared with $433 million for 2021. In particular, the Corporation invested $135 million in additions to property, plant and equipment and paid $111 million in deposits for construction sites as broken down below.

Segment and geographic breakdown of disbursements related to additions to property, plant and equipment and deposits

(in millions of Canadian dollars)	Canada	Europe	United States	Total
Wind				
Construction[1]	—	210	—	**210**
In operation	2	3	—	**5**
Wind - total	**2**	**213**	**—**	**215**
Hydroelectric				
In operation	4	—	3	**7**
Hydroelectric - total	**4**	**—**	**3**	**7**
Solar				
Construction[1]	—	19	—	**19**
Solar - total	**—**	**19**	**—**	**19**
Storage	**—**	**1**	**—**	**1**
Corporate	**2**	**2**	**—**	**4**
Total	**8**	**235**	**3**	**246**

[1] See the *Changes in the operating portfolio* table.

In addition, the acquisition of the 50% interest in five wind farms in the United States required an investment of $364 million plus $18 million for production tax credits receivable and for an advance receivable, while the acquisition of the interest in Infinergy's portfolio of projects under development required an investment of $8 million, net of cash acquired. The Corporation also invested $18 million in joint ventures and associates for the Apuiat project and paid the amount due of $18 million following recognition of its interest in the project. In addition, the Corporation paid $10 million mainly as additional consideration for the Bois St-Aubert and the Moulins Blanc projects.

In 2021, Boralex invested $167 million in additions to property, plant and equipment and made advance payments, of which $125 million were for the wind power segment and $35 million for the solar power segment mainly in France. The Corporation had also paid $274 million, net of cash acquired, to acquire interests in seven solar power stations in the United States and $6 million to increase its interest in joint ventures and associates for the Apuiat project. In addition, the Corporation paid the amount of $12 million, mainly as additional consideration, and received the entire amount due and interest on the advance to a non-controlling shareholder for a total amount of $31 million.

Financing activities

Financing activities for the year ended December 31, 2022 resulted in net cash inflows of $261 million.

New financing arrangements and repayments on existing debt

This resulted primarily from the EIP investment, which generated a net cash inflow of $755 million, as shown in the following table:

Net cash flow related to the transaction with EIP	
Transaction with a non-controlling interest	660
Contribution by non-controlling interest	22
Transaction costs	(10)
Change in amounts received from non-controlling interest	43
Settlement of financial instruments	40
Total	**755**

Using financial instruments, the Corporation was able to maximize the cash received from this transaction through sound risk management that neutralized the impact of the weakening in the euro. In fiscal 2022, the Corporation also repaid its revolving credit facility, which generated a net change of $202 million, as well as a project loan in the amount of $98 million and a U.S. note amounting to $35 million. Boralex also made repayments totalling $212 million on non-current debt and tax equity liabilities, mainly related to facilities in operation.

Non-current debt increased by $184 million, owing mainly to drawdowns under the Boralex Energy Investments portfolio construction facility for an amount of $107 million and an amount of $63 million for the financing of the Les Moulins du Lohan wind farm and $14 million in new financing for the Grange du Causse solar power station. The Corporation also paid $15 million in lease liabilities, as well as $25 million in distributions to non-controlling shareholders.

Dividends and other items

In fiscal 2021 as well as in fiscal 2022, the Corporation paid dividends to shareholders totalling $68 million. Dividends paid were equivalent to $0.1650 per share per quarter.

Net change in cash and cash equivalents

Total cash movements for fiscal 2022 resulted in a $93 million increase, bringing *Cash and cash equivalents* to $349 million as at December 31, 2022.

Financial position

Overview of the consolidated condensed statements of financial position

(in millions of Canadian dollars)	As at December 31, 2022	As at December 31, 2021	Change ($)
ASSETS			
Cash and cash equivalents	361	256	105
Restricted cash	13	3	10
Other current assets	264	201	63
CURRENT ASSETS	638	460	178
Property, plant and equipment	3,335	3,227	108
Right-of-use assets	340	407	(67)
Intangible assets	1,059	1,147	(88)
Goodwill	233	218	15
Interests in joint ventures and associates	536	107	429
Other non-current assets	398	185	213
NON-CURRENT ASSETS	5,901	5,291	610
TOTAL ASSETS	6,539	5,751	788
LIABILITIES			
CURRENT LIABILITIES	821	395	426
Debt	2,873	3,383	(510)
Lease liabilities	300	290	10
Other non-current liabilities	519	472	47
NON-CURRENT LIABILITIES	3,692	4,145	(453)
TOTAL LIABILITIES	4,513	4,540	(27)
EQUITY			
TOTAL EQUITY	2,026	1,211	815
TOTAL LIABILITIES AND EQUITY	6,539	5,751	788

Highlights

Assets

As at December 31, 2022, Boralex's total assets amounted to $6,539 million, up $788 million from total assets of $5,751 million as at December 31, 2021. This difference resulted from increases of $178 million in *Current assets* and $610 million in *Non-currents assets.*

The $178 million change in *Current assets* was partly attributable to the $105 million increase in *Cash and cash equivalents* as discussed previously in the *Cash flows* section and the $63 million increase in *Other current assets* due mainly to *Trade and other receivables*.

Non-current assets were up $610 million due primarily to the following:

- A $108 million increase in *Property, plant and equipment* (net of amortization for the period), which breaks down as follows:
  - Additions of the period for an amount of $267 million mainly related to projects under construction;
  - A $51 million increase related to exchange rate fluctuations;
  - A $172 million decrease related to amortization of assets in operation;
  - A $49 million decrease attributable to the impairment of U.S. solar power stations recognized during the fourth quarter.
- An $88 million decrease in *Intangible assets* primarily due to a $29 million impairment of U.S. solar power stations and the $99 million amortization expense for facilities in operation, partly offset by a $25 million increase related to the payment of additional consideration for wind projects under development in France as well as $10 million in capitalized development costs in the United States.

- A $429 million increase in *Interests in joint ventures and associates* due to:
  - Acquisition of the 50% interest in five wind farms in the United States, for a favourable difference of $364 million, as well as an $18 million increase related to the Apuiat wind farm;
  - $37 million share in net earnings, which includes the gain of $25 million on the embedded derivative in the power purchase agreement of the **Apuiat** project given the increase in long-term interest rates;
  - A $21 million share in other comprehensive income.
  - A decrease resulting from $17 million in distributions.
- A $213 million favourable difference in *Other non-current assets*, owing to an increase in *Other non-current financial assets* resulting from changes in the fair value of financial instruments given higher long-term interest rates.

Current liabilities

*Current liabilities a*s at December 31, 2022, amounted to $821 million compared with $395 million recognized as at December 31, 2021. The $426 million increase was driven primarily by the following:

- A $232 million increase in *Trade and other payables* resulting mainly from the recognition of a provision for amounts payable to the French government to reflect the impact of the *2022 Supplementary Budget Act* on feed-in premiums and the inframarginal rent contribution for electricity producers as well as the recognition of an additional consideration payable for two wind projects in France.
- A $184 million increase in the *Current portion of debt* owing mainly to an amount payable in the coming twelve months under the construction facility related to wind farms commissioned in December 2021 and during fiscal 2022 and reclassification of the $58 million CDPQ Fixed Income Inc. term loan given that the Corporation is committed to repay it in January 2023. The amount of $120 million related to the construction facility of the Boralex Energy Investments portfolio will be refinanced with a term loan.

Working capital[1]

As at December 31, 2022, the Corporation had negative working capital of $183 million for a working capital ratio[1] of 0.78:1, compared with positive working capital of $65 million and a ratio of 1.16:1 as at December 31, 2021, mainly driven by the current portion of long-term debt. As at December 31, 2022, an amount of $120 million of the construction facility of the Boralex Energy Investment portfolio was presented in current liabilities as the Corporation must repay the amounts drawn within 18 months following project commissioning. Management intents to refinance these projects with a long-term debt over the next fiscal year. Also, the Corporation would be able to draw down the unused portion of the revolving credit facility of the parent company for an amount of $389 million as at December 31, 2022, as discussed in the *Growth strategy and development outlook* section, as well as cash generated from its operating activities within the upcoming year in order to meet its other financial obligations.

Non-current liabilities

Total *Non-current liabilities* decreased $453 million to $3,692 million as at December 31, 2022.

This decline was mainly due to the $510 million decrease in *Non-current debt* which resulted mainly from:

- A $202 million decrease resulting from the repayment of the revolving credit facility;
- A $29 million increase in value resulting from exchange rate fluctuations;
- A $349 million decrease following the early repayment of project loans in the amount of $133 million and payments totalling $212 million on non-current debt;
- A $184 million increase mainly due to the financing of the Les Moulins du Lohan wind farm, the Grange du Causse solar power station and projects of the Boralex Energy Investments portfolio in France.
- A $178 million decrease resulting from the reclassification of the CPDQ Fixed Income Inc. as well as the construction facility of the Boralex Energy Investments portfolio to the current portion of debt as described above.

Also, *Other non-current liabilities* increased by $47 million, owing mainly to a $93 million increase in *Deferred income tax liabilities*, partly offset by the decrease of $62 million in *Decommissioning liability*, mainly due to the annual review of inflation and discount rates for site restoration costs.

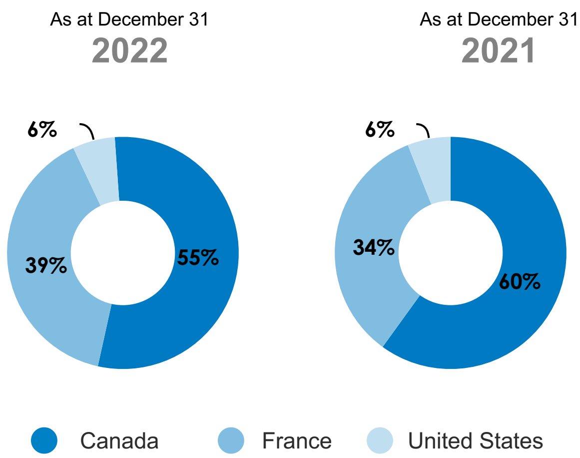
[1] Working capital and working capital ratio are supplementary financial measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

As at December 31, 2022, Boralex had $424 million in credit facilities available to fund growth[1] and an amount of $494 million of available cash resources and authorized financing facilities.[2] For further information, see the *Strategic plan follow up - current status* section.

The Corporation also has a $150 million accordion clause which will allow Boralex to have access in the future to an additional sum under certain conditions, as well as a letter of credit facility guaranteed by EDC for a total amount of $75 million. The debts include letter of credit facilities with a total authorized amount of $219 million as at December 31, 2022 ($304 million in 2021). As at December 31, 2022, $178 million ($152 million in 2021) was drawn down to issue letters of credit, of which $47 million ($16 million in 2021) under the letter of credit facility guaranteed by EDC, $22 million ($17 million in 2021) under the revolving credit facility and $109 million ($119 million in 2021) related to project debt.

Geographic breakdown of

Debt - principal balance



Equity

Total *Equity* increased $815 million during fiscal 2022 to $2,026 million as at December 31, 2022. This increase was largely attributable to the transaction between Boralex and EIP as a $114 million contribution from a non-controlling interest was recorded in addition to the $515 million increase in equity attributable to Boralex's shareholders, net of taxes, as well as the $22 million contribution of a non-controlling interest. The increase was also attributable to net income of $8 million as well as a $258 million increase in *Other comprehensive income*, mainly related to the change in the fair value of financial instruments following the increase in interest rates. The above items were partially offset by the $68 million paid in dividends to Boralex's shareholders, the repurchase of a $15 million non-controlling interest related to the acquisition of 100% of Infinergy Ltd.'s interest in the U.K as well as $26 million in distributions to non-controlling shareholders .

Debt ratios[3]

Net debt[3] amounted to $2,984 million as at December 31, 2022 compared with $3,423 million as at December 31, 2021.

As a result, the net debt to market capitalization ratio decreased from 48% as at December 31, 2021 to 40% as at December 31, 2022.

Boralex's share price was $40.02 per share as at December 31, 2022, compared with $34.42 per share as at December 31, 2021.

Information about the Corporation's equity

As at December 31, 2022, Boralex's capital stock consisted of 102,762,850 Class A shares issued and outstanding (102,618,702 as at December 31, 2021) due to the issuance of 144,148 shares following the exercise of stock options held by management and key employees.

As at December 31, 2022, there were 220,860 outstanding stock options, 109,548 of which were exercisable.

From January 1 to February 23, 2023, 3,254 shares were issued on exercise of stock options.

[1] Debt contracted for construction projects and credit facilities available for growth are supplementary financial measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] Available cash resources and authorized financing facilities is a non-GAAP financial measure and do not have a standardized definition under IFRS. Therefore, this measure may not be comparable to similar measures used by other companies. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

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

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. Since Mr. Lemaire disposed of his investment on December 20, 2022, this company is no longer considered a related party as of this date. For the twelve-month periods ended December 31, 2022 and 2021, management fees were not material.

The Corporation has a $250 million financing arrangement with a subsidiary of the CDPQ in the form of an unsecured term loan with a 10-year maturity as well as a $58 million (€40 million) term loan maturing in five years with repayment of the full amount of both loans on the maturity date. For the twelve-month period ended December 31, 2022, the interest related to these loans amounted to $16 million ($17 million in 2021). As at December 31, 2022, the CDPQ, one of Canada's largest institutional investors, held 12.5% of Boralex's outstanding shares.

The CDPQ holds a majority stake in Énergir. The Corporation is developing, in partnership with Énergir, some wind power projects located on the Seigneurie de Beaupré site.

In April 2022, Boralex announced the conclusion of a partnership with Hydro-Québec and Énergir, to develop three wind power projects of 400 MW each on the territory of Seigneurie de Beaupré. Under the agreement, Boralex, Énergir and Hydro-Québec have equal interests in these projects and the power generated will be purchased by Hydro-Québec under three power purchase agreements. The decision to proceed with each of the projects will depend on the evolution of Hydro-Québec's needs.

The Corporation charges management fees and maintenance costs to certain joint ventures for services rendered. The related revenues for the twelve-month period ended December 31, 2022 amounted to $15 million ($18 million in 2021).

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 due to a joint venture following recognition of its interest in the project. As at December 31, 2022, the amount due to the joint venture was repaid.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	March 31, 2021	June 30, 2021	Sept 30, 2021	Dec 31, 2021	March 31, 2022	June 30, 2022	Sept 30, 2022	Dec 31, 2022
POWER PRODUCTION (GWh)								
Wind power stations	1,312	940	716	1,168	1,337	894	703	1,355
Hydroelectric power stations	171	190	205	223	189	229	160	175
Solar power stations	77	176	150	81	115	175	156	89
Thermal power stations(1)	70	17	37	20	40	—	—	—
	1,630	1,323	1,108	1,492	1,681	1,298	1,019	1,619
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	171	115	92	164	192	128	66	295
Hydroelectric power stations	15	14	17	18	18	21	14	18
Solar power stations	7	16	14	7	11	19	21	9
Thermal power stations(1)	13	2	3	3	6	—	—	—
	206	147	126	192	227	168	101	322
OPERATING INCOME	77	24	7	74	91	45	(31)	7
EBITDA(A)(2)								
Wind power stations	148	101	75	152	170	117	48	173
Hydroelectric power stations	10	11	13	13	13	15	10	12
Solar power stations	6	13	12	5	9	16	19	3
Thermal power stations(1)	5	(1)	—	—	2	—	—	—
	169	124	100	170	194	148	77	188
Corporate and eliminations	(18)	(18)	(19)	(18)	(21)	(27)	(27)	(30)
	151	106	81	152	173	121	50	158
NET EARNINGS (LOSS)	40	(12)	(22)	20	57	14	(56)	(7)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	36	(16)	(20)	17	50	10	(44)	14
Per share (basic and diluted)	$0.34	($0.16)	($0.20)	$0.17	$0.49	$0.10	($0.44)	$0.14
CASH FLOWS FROM OPERATIONS(3)	115	66	66	116	136	86	40	141

(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. On April 1, 2022, the Corporation closed the sale of the Senneterre power station, the last biomass energy production asset in its portfolio.
(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.

	Installed capacity (MW)(2)	Power production average of the past five years(1)			
		Q1	Q2	Q3	Q4
Wind	2,584	32%	20%	17%	31%
Solar	255	20%	32%	32%	16%
Hydroelectric	181	24%	30%	20%	26%
Total power production(3)	3,020	31%	22%	17%	30%

(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 23, 2023.
(3) The calculation of the power production average of the past five years includes the production of the thermal sector.

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 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.

As at December 31, 2022, the majority of the power stations have long-term energy sales contracts with fixed prices of which the vast majority are subject to partial or full indexation clauses tied to inflation or feed-in premiums at partially indexed 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 variable price contracts. In France, since 2022, the Corporation can sell the power generated from newly commissioned facilities at market prices for an 18-month period before activating the feed-in premium agreement. This allows the Corporation to benefit from high market prices while remaining covered by a feed-in premium agreement over the long term. As at December 31, 2022, about 5% of the Corporation's power production was sold at market prices without feed-in premiums or under variable prices contracts and an additional 4% is sold on the market for facilities that benefit from a postponement of their feed-in premium contract.

Interest rate risk

As at December 31, 2022, about 84% of term loans - projects bore interest at variable rates,[1] exposing the Corporation to fluctuations in the loan amounts. Due to the anticipated rate increases and to mitigate this risk, the Corporation has entered into interest rate swaps in addition to traditional swaps to lock in loan interest rates, thereby reducing its exposure to 10% of total debt.[1]

The following table summarizes the Corporation's hedging relationships as at December 31, 2022:

(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	368	(16)	(16)
Foreign exchange forward contracts (USD for CAD)	Cash flows / Net investment in United States	Foreign currency risk	USD for CAD	69	88	(2)	(2)
Interest rate swaps	Cash flows / Term borrowings in EUR	Interest rate risk	EUR	644	934	89	130
Interest rate swaps	Cash flows / Term borrowings in USD	Interest rate risk	USD	135	183	27	36
Interest rate swaps	Cash flows / Term borrowings in CAD	Interest rate risk	CAD	1,037	1,037	125	125

[1] Favourable and 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 substitutes 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 joint ventures and associates, Share in earnings (losses) of joint ventures and associates and Distributions received from 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
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 - cont'd			
Specific financial measure	***Use***	***Composition***	***Most directly comparable IFRS measure***
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
Available cash and cash equivalents	To assess the cash and cash equivalents available, as at the balance sheet date, to fund the Corporation's growth.	Represents cash and cash equivalents, as stated on the balance sheet, from which known short-term cash requirements are excluded.	Cash and cash equivalents
Available cash resources and authorized financing facilities	To assess the total cash resources available, as at the balance sheet date, to fund the Corporation's growth.	Results from the combination of credit facilities available to fund growth and the available cash and cash equivalents.	Cash and cash equivalents

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

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 2018 to 2022.
Total planned investments	Total planned investments represent the sums that will need to be invested to complete the projects up to commissioning.
Credit facilities available for growth	The credit facilities available for growth include the unused tranche of the parent company's credit facility, apart from the accordion clause, as well as the unused tranche of the construction facility.
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.
Anticipated production	For older sites, anticipated 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:

	2022			2021		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended December 31:						
Power production (GWh)[2]	1,619	195	1,814	1,492	169	1,661
Revenues from energy sales and feed-in premiums	322	22	344	192	19	211
Operating income	7	7	14	74	8	82
EBITDA(A)	158	15	173	152	11	163
Net earnings (loss)	(7)	—	(7)	20	—	20
Years ended December 31:						
Power production (GWh)[2]	5,617	683	6,300	5,552	663	6,215
Revenues from energy sales and feed-in premiums	818	75	893	671	72	743
Operating income	112	35	147	182	37	219
EBITDA(A)	502	50	552	490	45	535
Net earnings	8	—	8	26	4	30
As at December 31:						
Total assets	6,539	649	7,188	5,751	411	6,162
Debt - Principal balance	3,346	328	3,674	3,682	348	4,030

[1] Includes the respective contribution of joint ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS.
[2] Includes compensation following electricity production limitations imposed by clients.

Wind

	2022			2021		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended December 31:						
Power production (GWh)[2]	1,355	195	1,550	1,168	169	1,337
Revenues from energy sales and feed-in premiums	295	22	317	164	19	183
EBITDA(A)	173	11	184	152	11	163
Years ended December 31:						
Power production (GWh)[2]	4,289	683	4,972	4,135	663	4,798
Revenues from energy sales and feed-in premiums	681	75	756	542	72	614
EBITDA(A)	508	43	551	475	42	517

[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 segment financial measures and represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude other items such as acquisition costs, other loss (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:

	2022			2021			Change 2022 vs 2021	
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined	Consolidated	Combined
Three-month periods ended December 31:								
Operating income	7	7	14	74	8	82	(67)	(68)
Amortization	67	6	73	75	6	81	(8)	(8)
Impairment	82	4	86	2	—	2	80	84
Share in earnings (loss) of joint ventures and associates	6	(6)	—	(4)	4	—	10	—
Change in fair value of a derivative included in the share of joint ventures	(4)	4	—	6	(6)	—	(10)	—
Other gains	—	—	—	(1)	(1)	(2)	1	2
EBITDA(A)	158	15	173	152	11	163	6	10
Years ended December 31:								
Operating income	112	35	147	182	37	219	(70)	(72)
Amortization	295	24	319	297	23	320	(2)	(1)
Impairment	85	5	90	4	—	4	81	86
Share in earnings of joint ventures and associates	37	(37)	—	9	(9)	—	28	—
Excess of the interest over the net assets of joint venture SDB I	—	—	—	6	(6)	—	(6)	—
Change in fair value of a derivative included in the share of joint ventures	(25)	25	—	(2)	2	—	(23)	—
Other gains	(2)	(2)	(4)	(6)	(2)	(8)	4	4
EBITDA(A)	502	50	552	490	45	535	12	17

[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)	2022	2021	2022	2021
Debt	2,873	3,383	3,171	3,700
Current portion of debt	404	220	425	240
Transaction costs, net of accumulated amortization	69	79	78	90
Debt - Principal balance	3,346	3,682	3,674	4,030
Less:				
Cash and cash equivalents	361	256	381	271
Restricted cash	13	3	14	3
Bank overdraft	(12)	—	(12)	—
Net debt	2,984	3,423	3,291	3,756

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)	2022	2021	2022	2021
Number of outstanding shares (in thousands)	102,763	102,619	102,763	102,619
Share market price (in $ per share)	40.02	34.42	40.02	34.42
Market value of equity attributable to shareholders	4,113	3,532	4,113	3,532
Non-controlling shareholders	345	210	345	210
Net debt	2,984	3,423	3,291	3,756
Total market capitalization	7,442	7,165	7,749	7,498

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)	2022	2021	2022	2021
Net debt	2,984	3,423	3,291	3,756
Total market capitalization	7,442	7,165	7,749	7,498
NET DEBT RATIO, market capitalization	40%	48%	42%	50%

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,		Twelve-month periods ended December 31,	
(in millions of Canadian dollars, unless otherwise specified)	2022	2021	2022	2021
Net cash flows related to operating activities	**189**	**81**	**513**	**345**
Change in non-cash items relating to operating activities	(48)	35	(110)	18
Cash flows from operations	**141**	**116**	**403**	**363**
Repayments on non-current debt (projects)(1)	(47)	(50)	(212)	(222)
Adjustment for non-operational items(2)	(1)	—	7	8
	93	66	198	149
Principal payments related to lease liabilities	(4)	(4)	(15)	(13)
Distributions paid to non-controlling shareholders(3)	(19)	(7)	(37)	(20)
Additions to property, plant and equipment (maintenance of operations)	(2)	(3)	(12)	(8)
Development costs (from statement of earnings)	9	6	33	24
Discretionary cash flows	**77**	**58**	**167**	**132**
Dividends paid to shareholders	17	17	68	68
Weighted average number of outstanding shares – basic (in thousands)	102,763	102,619	102,726	102,619
Discretionary cash flows – per share	$0.75	$0.56	$1.63	$1.28
Dividends paid to shareholders – per share	$0.1650	$0.1650	$0.6600	$0.6600
Payout ratio			41%	52%
Reinvestment ratio			59%	48%

(1) Excluding VAT bridge financing and early debt repayments.
(2) For the three-month period ended December 31, 2022, adjustment of $1 million consisting mainly of transaction and acquisition costs. For the year ended December 31, 2022, favourable adjustment of $7 million consisting mainly of acquisition and transaction costs. 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.
(3) Comprises distributions paid to non-controlling shareholders as well as the portion of discretionary cash flows attributable to the non-controlling shareholder of Boralex Europe Sàrl.

Available cash and cash equivalents and available cash resources and authorized financing facilities

The Corporation defines available cash and cash equivalents as well as available cash and authorized financing facilities as follows:

	Consolidated	
	As at December 31,	
(in millions of Canadian dollars)	2022	2021
Cash and cash equivalents	361	256
Cash and cash equivalents available under project financing	(279)	(198)
Bank overdraft	(12)	—
Cash and cash equivalents earmarked for known short-term requirements	—	—
Available cash and cash equivalents	**70**	**58**
Credit facilities available to fund growth	424	339
Available cash resources and authorized financing	**494**	**397**

Analysis of operating results - Combined

The combined information ("Combined") in this MD&A resulted 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 further information, see section III - *Non-IFRS and other financial measures* in this MD&A.

Interests in joint ventures and associates

The analysis of results on a Combined basis takes into account the operating *joint ventures and associates* of the Corporation. The data is shown as a percentage of interests held by Boralex. The main *joint ventures and associates* are:

				Boralex % of interests		Installed capacity	
	Sector	Country	Status	As at December 31, 2022	As at December 31, 2021	Total (MW)	Net (MW)
SDB I and II	Wind	Canada	Operating	50.00%	50.00%	340	170
Roosevelt[1]	Wind	United-States	Operating	50.00%	—%	250	125
Hereford[1]	Wind	United-States	Operating	50.00%	—%	200	100
Longhorn[1]	Wind	United-States	Operating	50.00%	—%	200	100
Spinning Spur[1]	Wind	United-States	Operating	50.00%	—%	194	97
Roncevaux	Wind	Canada	Operating	50.00%	50.00%	75	37
Milo[1]	Wind	United-States	Operating	50.00%	—%	50	25
LP II	Wind	Canada	Operating	59.96%	59.96%	21	13
Apuiat	Wind	Canada	Construction	50.00%	50.00%	200	100

[1] On December 29, 2022, the Corporation acquired a 50% joint controlling interest in five wind farms in the United States.

Highlights - Combined[1]

	SDB I and II[2]		Combined[1]		Change Combined[1] 2022 vs 2021	
(in millions of Canadian dollars, unless otherwise specified)	2022	2021	2022	2021	GWh or $	%
Three-month periods ended December 31:						
Wind power production (GWh)	154	132	1,814	1,661	153	9
Revenues from energy sales and feed-in premium	17	15	344	211	133	63
Operating income	11	8	14	82	(68)	(82)
EBITDA(A)[3]	15	11	173	163	10	6
Net earnings (loss)	7	4	(7)	20	(27)	>(100)
Years ended December 31:						
Wind power production (GWh)	531	517	6,300	6,215	85	1
Revenues from energy sales and feed-in premium	60	58	893	743	150	20
Operating income	38	34	147	219	(72)	(33)
EBITDA(A)[3]	53	47	552	535	17	3
Net earnings	21	17	8	30	(22)	(71)
Total assets	332	342	7,188	6,162	1,026	17
Debt - Principal balance	252	270	3,674	4,030	(356)	(9)

[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 joint ventures material 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 combined operating results for the three-month period ended December 31, 2022

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Three-month period ended December 31, 2021	1,492	192	152
Commissioning and temporary shutdown[2]	39	8	8
Disposal[2]	(20)	(3)	—
Pricing (power purchase agreements and FiP)	—	111	111
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Volume	108	16	16
Foreign exchange effect	—	(1)	(1)
Other	—	(1)	(18)
Three-month period ended December 31, 2022	**1,619**	**322**	**158**
Impact of joint ventures, associates and eliminations			
Three-month period ended December 31, 2021	169	19	11
Volume	26	3	3
Other	—	—	1
Three-month period ended December 31, 2022	**195**	**22**	**15**
Combined[3]			
Three-month period ended December 31, 2021	1,661	211	163
Commissioning and temporary shutdowns[2]	39	8	8
Disposal[2]	(20)	(3)	—
Pricing (power purchase agreements and FiP)	—	111	111
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Volume	134	19	19
Foreign exchange effect	—	(1)	(1)
Other	—	(1)	(17)
Three-month period ended December 31, 2022	**1,814**	**344**	**173**

(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.
(3) 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.

On a Combined basis, power production amounted to 1,814 GWh for the fourth quarter of 2022, up 9% or 153 GWh compared with the corresponding period of 2021. Revenues from energy sales and FiP were up 63% and EBITDA(A) was up 6% to reach $344 million and $173 million, respectively.

Compared to the fourth quarter of 2021, the facilities of the joint ventures and associates show increases of 15% in their contributions to production volume, 17% to revenues from energy sales and FiP and 25% to EBITDA(A).

Analysis of combined operating results for the year ended December 31, 2022

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[(1)]
Consolidated			
Year ended December 31, 2021	5,552	671	490
Acquisitions[(2)]	17	2	2
Commissioning and temporary shutdowns[(2)]	89	28	28
Volume	64	18	18
Disposal[(2)]	(105)	(15)	(2)
Pricing (power purchase agreements and FiP)	—	130	130
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Foreign exchange effect	—	(16)	(10)
Payroll	—	—	(16)
Other	—	—	(28)
Year ended December 31, 2022	**5,617**	**818**	**502**
Impact of joint ventures, associates and eliminations			
Year ended December 31, 2021	663	72	45
Volume	20	3	3
Other	—	—	2
Year ended December 31, 2022	**683**	**75**	**50**
Combined[(3)]			
Year ended December 31, 2021	6,215	743	535
Acquisitions[(2)]	17	2	2
Commissioning and temporary shutdowns[(2)]	89	28	28
Volume	84	21	21
Disposal[(2)]	(105)	(15)	(2)
Pricing (power purchase agreements and FiP)	—	130	130
Inframarginal rent contribution on electricity production - tax	—	—	(110)
Foreign exchange effect	—	(16)	(10)
Payroll	—	—	(16)
Other	—	—	(26)
Year ended December 31, 2022	**6,300**	**893**	**552**

(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.
(3) 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.

On a Combined basis, power production amounted to 6,300 GWh for the year ended December 31, 2022, up 85 GWh compared with 2021. Revenues from energy sales and FIP were up by 20% and EBITDA(A) was up by 3% to reach $893 million and $552 million, respectively. These increases resulted mostly from the contribution of commissioned facilities, more favourable wind conditions for comparable wind power assets in Canada and high market prices in France, which was partially offset by foreign exchange differences, increase in total payroll and the disposal of the Blendecques and Senneterre power stations.

Compared to fiscal 2021, the facilities of the joint ventures and associates show increases of 3% in the contribution to production volume, 4% to revenues from energy sales and FiP and 9% to EBITDA(A).

Commitments and contingencies

(in millions of Canadian dollars)	Note	Payments Current portion	 From 1 to 5 years	 Over 5 years	Total
Purchase and construction contracts	a)	299	5	—	304
Maintenance contracts	b)	28	113	226	367
Other	c)	4	8	14	26
		331	126	240	697

(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) Other commitments

The Corporation is bound by royalty agreements with First Nations 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 table of commitments above does not include these amounts.

Commitment to joint venture

The Corporation provided a payment guarantee to a supplier in connection with a contract to purchase turbines for a joint venture for a total amount of $144 million.

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	2023 - 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

Situation in Ukraine and sanctions against Russia

The situation in Ukraine and the sanctions against Russia in 2022 had no negative identified and measured impact on the Corporation at the closing date. The Corporation has no assets in operation or under development in Russia or in Ukraine and has no business relationships in that country.

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 SAS ("Innovent") had filed a $359 million (€250 million) claim against Boralex at the Tribunal de Commerce de Paris (the "December 2021 Lawsuit"). This lawsuit was brought further to the May 17, 2021 judgement of the Tribunal de Commerce de Lille which ordered Innovent to pay Boralex $72.7 million (€50.6 million) for breach of contractual obligations (the "May 2021 Judgement"). In the December 2021 Lawsuit, Innovent alleged that the May 2021 Judgement was based on false representations by Boralex and its experts at trial and that, as a consequence of the May 2021 Judgement, Innovent could not proceed with a going public transaction. On September 27, 2022, the Tribunal de Commerce de Paris dismissed Innovent's claim and the December 2021 Lawsuit. Innovent has appealed this judgment.

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.

Risk factors

The Corporation's Board of Directors approved a risk management policy in August 2019, which was updated in 2022. The Corporation's risk management framework follows the guidance of COSO's Enterprise Risk Management — Integrated Framework. The purpose of the Corporation's risk management framework is to identify, assess and mitigate the key categories of risks managed by the Corporation, namely strategic, operational, financial and corporate 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. The risks discussed below are not an exhaustive list of all the exposures to which Boralex is or could be faced with. Moreover, there can be no assurance that the Corporation's risk management activities can identify, assess and mitigate all 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.

1. Strategic risks

Strategic positioning

Definition: 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.

Context: 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 its corporate social responsibility (CSR) objectives, based on environmental, social and governance criteria.

Deployment of the strategic plan

Definition: 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.

Context: The Corporation currently operates in the renewable energy segment mainly in Canada, France, United Kingdom and the United States. This area of operation is affected by competition from large utilities or other 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.

Internal risk factors such as the lack of expertise or mismatch between the available human resources and the Corporation's needs in this area to support its growth, or the lack of technological resources, for example, could limit the achievement of the Corporation's objectives.

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, business operations and its operations results, and prospects.

2. Operational risks

Uneconomic projects

Definition: 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.

The contextual information discussed below should be considered.

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 be conducive for generating the expected project profitability. The impact of global geopolitical conditions may also influence the supply chains of products and services required by the Corporation. 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 and regulatory 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 governmental authorities, 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 risks

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

The contextual element described below are to be consider.

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, the availability of financing or availability of qualified personnel. 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. Also, 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

Definition: There can be no assurance that the Corporation will be able to win power purchase agreements or renew such contracts under equivalent terms. Significant legislative changes could impact existing contracts.

Context: 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. Governments could make legislative changes in the energy sector that may have negative or positive effects on existing power purchase agreements with Crown corporations or those under government control.

Sales at market prices

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

The contextual information discussed below should be considered.

Price risks

In the 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 544 MW (18% of installed capacity) covered by contracts expiring over the next five years 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, the geopolitical context, grid transmission and distribution capacity 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. In such case, 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

Definition: 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.

The contextual information discussed below should be considered.

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, Indigenous peoples 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 customers with long-standing credit histories or investment grade ratings. However, the inability of one or more of these customers to meet their commitments under their respective contracts could result in revenue losses.

Where a customer does not have a public credit rating, the Corporation minimizes this risk through the use of standard trading contracts and guarantee requirements that allows it to diversify counterparties. Regular monitoring of their credit risk exposure and changes in their financial position is also carried out.

Low production volumes

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

Context: 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

Definition: 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.

The contextual information discussed below should be considered.

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, or to extreme weather. 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 and the importance of regions where it operates its assets, the Corporation could, however, be exposed to significant financial consequences in the event of under-performance of a region or a substantial downturn in its wind power segment in particular.

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 and distribution systems in each jurisdiction in which it operates. The failure of existing transmission or distribution 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, 2022, 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, de la Faune et des Parcs*, 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 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 and 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

Definition: The Corporation might be unable to ensure its employees' occupational psychological 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.

Context: 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 licenses, 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

Definition: 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 increase the frequency or magnitude of natural disasters.

Context: the Corporation's power generation facilities and operations are exposed to damage and/or destruction resulting from natural disasters (for example, floods, drought, high winds, freezing rain, fires and earthquakes) that could lead to equipment failure and the like. Climate change could increase the frequency or magnitude of natural disasters. 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

Definition: Pandemics can impact the health of the employees of the Corporation, its suppliers and its other business partners, thereby slowing down operations, the availability of products and services, increase prices and the achievement of strategic objectives.

Context: A 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. A pandemic could impact procurement of equipment and spare parts. Construction, operation and maintenance of the Corporation's assets may be halted or delayed. A 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.

Litigation and breach of contract

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

Context: 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.

3. Financial risks

Limited access to financing

Definition: The ability to finance the Corporation's operations is subject to various risks related to financial market conditions. Our financing is subject to restrictions that may not be met.

The contextual information discussed below should be considered.

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, 2022, excluding the revolving credit and term loan, and given the effect of the interest rate swaps in force, only about 10% and 9% of the total debt was exposed to interest rate fluctuations on a Consolidated and a Combined basis, respectively.

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

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

The contextual information discussed below should be considered.

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 and the United Kingdom 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

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

Context: 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.

4. Corporate risks

Adverse political or governmental decisions

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

Context: The Corporation currently operates in the renewable energy segment mainly in Canada, France, United Kingdom 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, energy prices, sales taxes, income taxes, royalties, duties and repatriation of earnings, sourcing from countries subject to sanctions 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

Definition: Failure to comply with environmental, societal and governance regulations can result in impacts on communities, biodiversity and the environment, as well as penalties and even the loss of permits and licenses, the interdiction of a certain type of equipment, doing business with certain suppliers of goods or services or participating in private or public tenders. Amendments to such regulations could result in additional costs.

Context: 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, social and governance 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

Definition: A failure of computer systems related to a malfunction, a physical breakdown of equipment, an external event (e.g. fire) may result in a slowdown or even a shutdown of the Corporation's activities. Security breaches could also harm or bring to a halt the Corporation's business and compromise confidential and strategic information, as well as personal data.

Context: 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 or any other type of misuse of technological systems 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 critical infrastructure and data protection regulations. Attacks on the Corporation's computer or operational 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. Incidents affecting technological systems could therefore have a material adverse effect on the Corporation's business, financial condition and operating results.

Talent attraction, retention and succession

Definition: 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 or specialized expertise.

Context: 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 their skills, experience and efforts. 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 for supporting its business strategy. Accordingly, the Corporation is dependent on the competitive nature of the job market

Risk of malfeasance

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

Context: Despite having implemented policies and procedures to prevent and detect such incidents, including a code of ethics, 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

Definition: The Corporation's reputation with stakeholders could be damaged as a result of business decisions made by management, or by association with business partners. All of the risks mentioned in this section (**Risk factors**) may also have an impact on the Corporation’s reputation.

Context: The Corporation's reputation with stakeholders, political leaders, the media or other interested parties could be damaged as a result of business decisions made by management, or events or changes, notwithstanding all internal measures implemented 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 or result in material financial impacts.

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, 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 23 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 acquired and liabilities assumed 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 as well as goodwill 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. When the acquisition includes a portfolio of projects, management assesses whether it has acquired a process that allows it to complete the development of the acquired projects.

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.

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, 2022, 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, 2022, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.

Consolidated financial statements

Management's report

The consolidated financial statements and other financial information included in this Annual Report are the responsibility of, and have been prepared by, the management of Boralex Inc. within reasonable limits of materiality. To fulfil this responsibility, management maintains appropriate systems of internal control, policies and procedures. These systems of internal control, policies and procedures help ensure that the Corporation's reporting practices as well as accounting and administrative procedures provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with proper authorization. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are summarized in the consolidated financial statements. Where appropriate, these consolidated financial statements reflect estimates based on management's best judgment. Financial information presented elsewhere in this Annual Report is consistent, where applicable, with that reported in the accompanying consolidated financial statements.

The audited consolidated financial statements have been reviewed by the Board of Directors and by its Audit Committee. The Audit Committee consists exclusively of independent directors and meets periodically during the year with the independent auditor. The independent auditor has full access to and meets with the Audit Committee both in the presence and absence of management.

PricewaterhouseCoopers LLP has audited the consolidated financial statements of Boralex Inc. The independent auditor's responsibility is to express a professional opinion on the fairness of the consolidated financial statement presentation. The Independent Auditor's Report outlines the scope of its audits and sets forth its opinion on the consolidated financial statements.

(s) Patrick Decostre

Patrick Decostre

President and Chief Executive Officer

(s) Bruno Guilmette

Bruno Guilmette

Vice-President and Chief Financial Officer

Montreal, Canada

February 23, 2023

Independent auditor’s report

To the Shareholders of Boralex Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Boralex inc. and its subsidiaries (together, the Corporation) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation’s consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of indefinite life water rights and goodwill of the Wind power Canada, Wind power United Kingdom, Hydroelectric Canada and United States and Solar power United States groups of CGUs *Refer to Note 3 – Significant accounting policies, Note 4 – Main sources of uncertainty, Note 6 – Property, plant and equipment and Note 8 – Intangible assets and goodwill to the consolidated financial statements.* As at December 31, 2022, the Corporation had $38 million of indefinite life water rights and goodwill consisting, among others, of the following CGUs: $84 million for Wind power Canada, $18 million for Wind power United Kingdom, $40 million for Hydroelectric Canada and United States and $4 million for Solar power United States. Every year, 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 useful lives and goodwill. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. Recoverable amounts are determined using the fair value less costs of disposal method using discounted cash flow models. Critical assumptions used when estimating recoverable amounts included anticipated production, selling prices, costs and discount rates. As at December 31, 2022, the Corporation recorded an impairment loss of $81 million (US$60 million) for the Solar power United States group of CGUs. The carrying value of this group of CGUs exceeded its recoverable value by $438 million (US$323 million) and, as a result, an impairment loss was recorded for property, plant and equipment of $48 million (US$36 million), $29 million (US$21 million) for intangible assets, and $4 million (US$3 million) for goodwill. We considered this a key audit matter due to the significant judgment applied by management in estimating the recoverable amounts of the CGU or groups of CGUs, including the use of critical assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the recoverable amounts determined by management. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the CGU or groups of CGUs, which included the following: – Tested the mathematical accuracy and the underlying data used in discounted cash flow models. – Tested the reasonableness of the anticipated production and costs used in the discounted cash flow models by considering the current and past performance of the CGU and groups of CGUs and whether they were aligned with evidence obtained in other areas of the audit. – Evaluated the reasonableness of selling prices used in the discounted cash flow models by considering the power purchase agreements and third party industry forecasts. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of the fair value less costs of disposal method and discounted cash flow models and the reasonableness of the discount rates applied by management.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yves Bonin.

(s) PricewaterhouseCoopers LLP[1]

Montréal (Québec)

February 23, 2023

1 FCPA auditor, public accountancy permit No. A110416

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Consolidated statements of financial position

(in millions of Canadian dollars)	Note	As at December 31, 2022	As at December 31, 2021
ASSETS			
Cash and cash equivalents		361	256
Restricted cash		13	3
Trade and other receivables		234	148
Other current financial assets	23	—	3
Other current assets		30	50
CURRENT ASSETS		638	460
Property, plant and equipment	6	3,335	3,227
Right-of-use assets	7	340	407
Intangible assets	8	1,059	1,147
Goodwill	8	233	218
Interests in joint ventures and associates	9	536	107
Other non-current financial assets	23	320	95
Other non-current assets		78	90
NON-CURRENT ASSETS		5,901	5,291
TOTAL ASSETS		6,539	5,751
LIABILITIES			
Bank overdraft		12	—
Trade and other payables	10	377	145
Current portion of debt	11	404	220
Current portion of lease liabilities		18	16
Other current financial liabilities	23	10	14
CURRENT LIABILITIES		821	395
Debt	11	2,873	3,383
Lease liabilities		300	290
Deferred income tax liability	12	267	174
Decommissioning liability	13	129	191
Other non-current financial liabilities	23	97	76
Other non-current liabilities		26	31
NON-CURRENT LIABILITIES		3,692	4,145
TOTAL LIABILITIES		4,513	4,540
EQUITY			
Equity attributable to shareholders		1,681	1,001
Non-controlling interests	17	345	210
TOTAL EQUITY		2,026	1,211
TOTAL LIABILITIES AND EQUITY		6,539	5,751

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

The Board of Directors approved these audited consolidated financial statements on February 23, 2023.

(s) Alain Rhéaume

Alain Rhéaume, Director

(s) Lise Croteau

Lise Croteau, Director

Consolidated statements of earnings

(in millions of Canadian dollars, unless otherwise specified)	Note	2022	2021
REVENUES			
Revenues from energy sales		923	679
Feed-in premiums	18	(105)	(8)
Revenues from energy sales and feed-in premiums		818	671
Other revenues		18	20
		836	691
EXPENSES AND OTHER			
Operating	19	258	153
Administrative	19	55	37
Development		33	24
Amortization		295	297
Impairment		85	4
Other gains		(2)	(6)
		724	509
OPERATING INCOME		112	182
Acquisition costs	5	4	4
Financing costs	20	130	144
Share in earnings of joint ventures and associates		(37)	(9)
Other		(3)	(1)
EARNINGS BEFORE INCOME TAXES		18	44
Income tax expense	12	10	18
NET EARNINGS		8	26
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		30	17
Non-controlling interests		(22)	9
NET EARNINGS		8	26
NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	21	$0.30	$0.16

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

Consolidated statements of comprehensive income

(in millions of Canadian dollars)	2022	2021
NET EARNINGS	8	26
Other comprehensive income (loss) to be subsequently reclassified to net earnings when certain conditions are met		
Translation adjustments:		
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	35	(40)
Net investment hedge:		
Change in fair value	(3)	32
Income taxes	—	(3)
Cash flow hedges - financial swaps:		
Change in fair value	270	51
Hedging items realized and recognized in net earnings	11	36
Income taxes	(71)	(24)
Share in other comprehensive income of joint ventures and associates:		
Change in fair value	15	7
Hedging items realized and recognized in net earnings	6	7
Income taxes	(5)	(4)
Total other comprehensive income	258	62
COMPREHENSIVE INCOME	266	88
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of Boralex	242	79
Non-controlling interests	24	9
COMPREHENSIVE INCOME	266	88

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

Consolidated statements of changes in equity

2022

(in millions of Canadian dollars)	Equity attributable to shareholders						
	Capital stock (note 14)	Contributed surplus	Retained earnings (Deficit)	Accumulated other comprehensive income (loss) (note 16)	Total	Non-controlling interests	Total equity
BALANCE AS AT JANUARY 1, 2022	1,320	9	(299)	(29)	1,001	210	1,211
Net earnings (loss)	—	—	30	—	30	(22)	8
Other comprehensive income	—	—	—	212	212	46	258
COMPREHENSIVE INCOME	—	—	30	212	242	24	266
Dividends (note 14)	—	—	(68)	—	(68)	—	(68)
Exercise of options (note 15)	3	—	—	—	3	—	3
Transaction with non-controlling interest (note 17)	—	—	524	(9)	515	114	629
Repurchase of non-controlling interest (note 5)	—	—	(15)	—	(15)	—	(15)
Contribution by non-controlling interest (note 17)	—	—	—	—	—	22	22
Non-controlling interest resulting from a business combination (note 5)	—	—	—	—	—	2	2
Distributions to non-controlling interests	—	—	—	—	—	(26)	(26)
Other	—	1	2	—	3	(1)	2
BALANCE AS AT DECEMBER 31, 2022	1,323	10	174	174	1,681	345	2,026

2021

(in millions of Canadian dollars)	Equity attributable to shareholders						
	Capital stock	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss (note 16)	Total	Non-controlling interests	Total equity
BALANCE AS AT JANUARY 1, 2021	1,320	9	(249)	(91)	989	2	991
Net earnings	—	—	17	—	17	9	26
Other comprehensive income	—	—	—	62	62	—	62
COMPREHENSIVE INCOME	—	—	17	62	79	9	88
Dividends (note 14)	—	—	(68)	—	(68)	—	(68)
Non-controlling interest resulting from a business combination (note 5)	—	—	—	—	—	218	218
Distributions to non-controlling interests	—	—	—	—	—	(20)	(20)
Other	—	—	1	—	1	1	2
BALANCE AS AT DECEMBER 31, 2021	1,320	9	(299)	(29)	1,001	210	1,211

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

Consolidated statements of cash flows

(in millions of Canadian dollars)	Note	2022	2021
Net earnings		8	26
Distributions received from joint ventures and associates	9	17	20
Financing costs		130	144
Interest paid		(105)	(123)
Income tax expense		10	18
Income taxes paid		(7)	(14)
Non-cash items included in earnings:			
Amortization		295	297
Share in earnings of joint ventures and associates		(37)	(9)
Impairment		85	4
Other		7	—
Change in non-cash items related to operating activities	22	110	(18)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		513	345
Business combination, net of cash acquired	5	(8)	(274)
Increase in interests in joint ventures and associates		(401)	(6)
Additions to property, plant and equipment		(135)	(106)
Prepayments for property, plant and equipment		(111)	(61)
Acquisition of energy sales contracts and other rights		(10)	(12)
Change in restricted cash		(8)	(1)
Repayment of advance to a non-controlling shareholder		—	31
Other investing activities	9	(18)	—
Other		7	(4)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(684)	(433)
Net change in revolving credit facility	22	(202)	124
Increase in debt	22	184	292
Repayments of debt	22	(349)	(240)
Principal payments relating to lease liabilities	22	(15)	(13)
Contribution by non-controlling interest	17	22	—
Distributions paid to non-controlling interests		(25)	(20)
Dividends paid to shareholders	14	(68)	(68)
Transaction costs		(12)	(4)
Transaction with non-controlling interest	17	660	—
Change in amounts due from non-controlling interest	17	43	—
Repurchase of a non-controlling interest	5	(12)	—
Settlement of a non-current liability	5	(6)	—
Settlement of financial instruments	22	37	5
Other		4	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		261	75
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		3	(6)
NET CHANGE IN CASH AND CASH EQUIVALENTS		93	(19)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		256	275
CASH AND CASH EQUIVALENTS – END OF YEAR	22	349	256

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

Notes to consolidated financial statements

As at December 31, 2022

(in millions of Canadian dollars, unless otherwise specified)

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its joint ventures and associates (“Boralex” or the “Corporation”) are dedicated to the development, construction and operation of renewable energy power facilities. As at December 31, 2022, Boralex had interests in 96 wind farms, 16 hydroelectric power stations and 12 solar power stations, representing an asset base with an installed capacity totalling 3,020 megawatts (“MW”). In addition, Boralex currently has projects under construction or ready-to-build, representing an additional 346 MW of power and a portfolio of secured projects amounting to 272 MW. Revenues from energy sales are generated mainly in Canada, France and the United States.

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

Note 2. Basis of presentation

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and set out in the *CPA Canada Handbook*. The Corporation has consistently applied the same accounting policies for all of the periods presented except for the new standards adopted during the year.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation’s accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Note 3. Significant accounting policies

The significant accounting policies used to prepare these audited consolidated financial statements are as follows:

Measurement basis

The consolidated financial statements have been prepared on a going concern basis, under the historical cost method, except for certain financial assets and financial liabilities that are remeasured at fair value.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation comprising:

Subsidiaries

The subsidiaries are entities over which the Corporation exercises control. The Corporation controls an entity when it has power to direct the relevant activities, when it is exposed, or has rights to variable returns, and when it has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date the Corporation acquires control and are deconsolidated on the date control ends. Intercompany transactions and balances as well as unrealized gains and losses on transactions between these entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group and comparability of financial information.

As at December 31, 2022, the Corporation's main subsidiaries were as follows:

Name of subsidiary	Voting rights held	Location
Boralex Europe Sàrl	70%	Luxembourg
Boralex Energie France S.A.S.	70%	France
Boralex Sainte Christine S.A.S.	70%	France
Boralex Production S.A.S.	70%	France
Boralex Ontario Energy Holdings L.P.	100%	Canada
Boralex Ontario Energy Holdings 2 L.P.	100%	Canada
Éoliennes Témiscouata II L.P.	100%	Canada
Boralex Power Limited Partnership	100%	Canada
FWRN LP	50%	Canada
NR Capital General Partnership	100%	Canada
Des Moulins Wind Power L.P. ("DM I and II")	100%	Canada
Le Plateau Wind Power L.P. ("LP I")	100%	Canada
Boralex US Solar CIA LLC	100%	United States

Joint ventures and associates

A joint venture is a joint arrangement in which the parties are bound by a contractual agreement that gives them joint control over the entity. The decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties that exercise joint control.

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor a joint venture. The Corporation's interests in joint ventures and associates ("Interests") are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and the carrying amount is adjusted thereafter to include the Corporation's pro rata share of post-acquisition earnings or losses of the investee in profit or loss and the Corporation's share of changes in other comprehensive income. Dividends received or receivable from associates and joint ventures reduce the carrying amount of the investment. The Corporation's *Share in earnings of joint ventures and associates* is recorded as a separate line item in the consolidated statement of earnings. Unrealized gains and losses on transactions between the Corporation and jointly controlled or significantly influenced entities are eliminated to the extent of the Corporation's interest in those entities. If an intercompany transaction provides evidence of an impairment of the asset transferred, the related unrealized loss would not be eliminated. Accounting policies of joint ventures and associates have been modified where necessary to ensure consistency with the policies adopted by the group and comparability of financial information.

If an interest in a joint venture or an associate becomes negative, the carrying amount of such interest is reduced to zero and the adjustment is recognized under *Excess of the interest over the net assets of joint venture*. If the carrying amount of the interest in a joint venture or an associate becomes positive during a subsequent period, Boralex will reverse such adjustment up to the accumulated amount previously recorded. The carrying amount of interests is tested for impairment in accordance with the policy described in the *Impairment of assets* section of this note.

Non-controlling interests

Non-controlling interests consist of interests held by third parties in the Corporation's subsidiaries. The net assets of the subsidiary attributable to non-controlling shareholders are reported as a component of equity. Their share in net earnings and comprehensive income is recognized directly in equity. Any change in the Corporation's interest in a subsidiary that does not result in an acquisition or a loss of control is accounted for as an equity transaction.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the fair values of assets transferred, liabilities assumed and the equity instruments issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed to earnings as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (gain on a bargain purchase) is recognized through earnings immediately. If the business combination is achieved in stages, the acquisition-date carrying amount of the acquirer's previously held interest in the acquiree is remeasured at its acquisition-date fair value with any resulting gain or loss recognized in net earnings (loss).

Foreign currency translation

Functional and reporting currency

Items included in the financial statements of each of the Corporation’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars, which is Boralex’s functional currency.

The financial statements of entities with a different functional currency from that of Boralex (foreign companies) are translated into Canadian dollars as follows: the assets and liabilities are translated at the prevailing year-end exchange rate. Revenues and expenses are translated at the average exchange rate for each period. Translation gains or losses are included in *Other comprehensive income (loss)* and deferred through *Accumulated other comprehensive income (loss).* When a foreign company is disposed of, translation gains or losses accumulated in *Accumulated other comprehensive income (loss)* are maintained in comprehensive income until the Corporation’s net investment in that country has been entirely sold. Where applicable, translation gains or losses are recognized under *Foreign exchange gain or loss*, which is included in *Other*. *Goodwill* and fair value adjustments arising on the acquisition of a net investment in a self-sustaining foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Exchange differences resulting from transactions are recognized under *Foreign exchange gain (loss)* in net earnings which is included in *Other* except for those relating to qualifying cash flow hedges, which are deferred under *Accumulated other comprehensive income (loss)* in equity.

Financial instruments

Classification

The Corporation determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”));
- Those to be measured at amortized cost.

The classification of financial instruments is driven by the Corporation’s business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVPL. For other equity instruments, on the day of acquisition, the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Corporation has opted to measure them at FVPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Measurement

Financial instruments at amortized cost
Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Currently, the Corporation classifies cash and cash equivalents, restricted cash, trade and other receivables and reserve funds as financial assets measured at amortized cost, and bank overdraft, trade and other payables, amount due to a joint venture, amount due to a non-controlling shareholder, tax equity liabilities, debt and lease liabilities as financial liabilities measured at amortized cost.

Financial instruments at fair value
Financial instruments are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net earnings (loss). The effective portion of gains and losses on financial instruments designated as hedges is included in the consolidated statements of comprehensive income (loss) in the period in which they arise. Where management has opted to recognize a financial liability at FVPL, any changes associated with the Corporation's own credit risk will be recognized in *Other comprehensive income (loss)*.

Currently, the Corporation classifies other non-current financial assets (excluding reserve funds) as financial assets measured at fair value, and other current financial liabilities and other non-current financial liabilities (excluding the amount due to a joint venture, amount due to a non-controlling shareholder and tax equity liabilities) as financial liabilities measured at fair value.

Impairment

The Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost or at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the receivables.

Derecognition

Financial assets
The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of earnings (loss).

Financial liabilities
The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of earnings (loss).

Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivatives are designated as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedges).

The Corporation documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The full fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining life of the hedged item is more than 12 months and as a current asset or liability when the remaining life of the hedged item is less than 12 months. Held-for-trading derivative financial instruments are classified as current assets or liabilities.

Cash flow hedges

In a cash flow hedge relationship, the change in value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income (loss)*. The gain or loss relating to the ineffective portion is recognized immediately in the statement of earnings under *Net gain or loss on financial instruments*, which is included in *Other.*

Amounts accumulated in equity are reclassified to net earnings (loss) in the periods in which the hedged item affects net earnings (loss) (for example, when a forecasted interest expense that is hedged occurs). The effective portion of the hedging derivative is recognized in the statement of earnings under *Financing costs*. The ineffective portion is recognized in the statement of earnings under *Net gain or loss on financial instruments,* which is included in *Other.* However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, *Property, plant and equipment*), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset. The deferred amounts are recognized as amortization of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognized when the forecasted transaction affects earnings (loss). When a forecasted transaction does not occur, the cumulative gain or loss that was reported in equity is immediately classified to the statement of earnings under *Net gain or loss on financial instruments,* which is included in *Other*.

Hedge of a net investment in self-sustaining foreign operations

The Corporation designates its foreign exchange forward contracts and cross-currency swaps as hedges of a net investment in self-sustaining foreign operations in a foreign currency. In this hedge relationship of a net investment in foreign currency, the change in value of the effective portion of the derivative financial instrument is recognized in *Accumulated other comprehensive income (loss)* and the change in the ineffective portion is recorded in the statement of earnings, under *Net gain or loss on financial instruments,* which is included in *Other*.

Cash and cash equivalents

Cash includes cash on hand and bank balances. Cash equivalents are short-term investments that mature within three months and comprise bankers' acceptances or deposit certificates guaranteed by banks. These instruments include highly liquid instruments that are readily convertible into known amounts of cash and subject to non-significant risk of changes in value.

Restricted cash

Restricted cash comprises mainly highly liquid investments designated as reserve to finance capital expenditures and funds held in trust for the purpose of meeting the requirements of certain debt agreements within a one-year period following each year-end.

Other current assets

Other current assets comprise inventory, prepaid expenses, deposits and assets held for sale. Inventories mainly consist of replacement parts. Assets held for sale are measured at the lower of fair value less costs to sell and their carrying amounts, and are not amortized as long as they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment, consisting mainly of power stations, are recorded at cost, including borrowing costs incurred during the construction period of new power stations, less accumulated amortization and impairment losses. Amortization begins on the date the assets are commissioned using the following methods:

Type of property, plant and equipment	Method of amortization	Useful life
Wind power stations	By component using the straight-line method	5 to 30 years
Hydroelectric power stations	By component using the straight-line method	20 to 40 years
Thermal power stations	By component using the straight-line method	20 to 25 years
Solar power stations	By component using the straight-line method	20 to 35 years
Major maintenance	Straight-line method over the scheduled maintenance frequency	3 to 5 years

Useful lives, residual values and amortization methods are reviewed every year according to asset type, expected usage and changes in technology. Impairment losses and reversals, if any, are recognized in net earnings under *Impairment*.

Other intangible assets

Energy sales contracts and other contractual rights

Acquisition costs for energy sales contracts, feed-in premium agreements, and other contractual rights are amortized on a straight-line basis over the shorter of the contractual term, including one renewal period, as applicable, and the economic useful life, which ranges from 15 to 40 years.

Water rights

Water rights with finite lives are amortized on a straight-line basis over the contractual terms, including one renewal period, which ranges from 20 to 30 years. Water rights with indefinite lives are not amortized.

Development projects

Project development costs include design and acquisition costs related to new projects. These costs are deferred until construction begins on the new power station or expansion of an existing power station, at which time they are transferred to property, plant and equipment or intangible assets, as appropriate. The Corporation defers costs for projects when it believes they are more likely than not to be completed, that is, secured projects in its portfolio of projects. These costs are transferred to property, plant and equipment at the beginning of construction. Where it is no longer probable that a project will be carried out, the costs deferred to that date are expensed.

Goodwill

Goodwill, representing the excess of the consideration paid for entities acquired over the net amount allocated to assets acquired and liabilities assumed, is not amortized. *Goodwill* is tested for impairment annually. Tests are also carried out when there are indicators of impairment. Any impairment loss is charged to net earnings (loss) in the period in which it arises.

Other non-current financial assets - Reserve funds

Reserve funds represent funds held in trust for the purpose of meeting the requirements of certain non-current debt agreements including reserves for debt servicing and for maintenance of property, plant and equipment. The reserve funds consist of deposit certificates and are valued at amortized cost.

Other non-current assets

Other non-current assets consist mainly of prepayments to suppliers relating to wind turbine supply agreements and construction contracts.

Borrowing costs

The Corporation capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying assets during their active construction. Borrowing costs that are directly attributable to the acquisition, construction or production of an eligible asset are capitalized over the period of time necessary to complete and prepare the asset for the intended use or sale. Eligible assets are assets that necessarily take a substantial period of time to prepare for the intended use or sale. Other borrowing costs are expensed during the period in which they are incurred.

Leases

The Corporation has chosen to account for each lease component and any non-lease components as a single lease component when disaggregated information is not readily available. The Corporation recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

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

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

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

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

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

Remeasurement

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

Impairment of assets

Non-current assets with indefinite useful lives, specifically *Goodwill* and water rights of the Buckingham power station, as well as intangible assets that are not yet ready for use, are tested for impairment annually. These assets, as well as non-current assets with a definite useful life, are also tested for impairment when particular events or changes in circumstances indicate that their carrying amount might not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount.

At the end of each reporting period, if there is any indication of an impairment loss recognized in a prior period that no longer exists or has decreased, the loss is reversed up to its recoverable amount. The carrying amount following the reversal must not be higher than the carrying amount that would have prevailed (net of amortization) had the original impairment not been recognized in prior periods. *Goodwill* impairment charges cannot be reversed.

Impairment testing of assets is conducted at the level of the cash-generating units ("CGUs"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Corporation's assets are monitored separately by site, which corresponds to the CGUs of the smallest identifiable group.

The recoverable amount of an asset, a CGU or a combination of CGUs is the higher of its fair value less costs of disposal and its value in use. To calculate value in use, estimated future cash flows are discounted to their present value using a rate that reflects changes in the time value of money and the risks specific to the asset or the CGU. When determining fair value less costs of disposal, the Corporation considers whether there is a current market price for the asset. The income approach is based on the present value of future cash flows generated by an asset, a CGU or a combination of CGUs. The discounted cash flow method consists of projecting cash flows and converting them into present values by applying discount rates.

Provisions

A provision is recognized in the statement of financial position when the Corporation has a legal or constructive obligation as a result of a past event and it is probable that the settlement of the obligation will require a payment or cause a financial loss, and a reliable estimate can be made of the amount of the obligation. Provisions are measured using the Corporation's management's best estimate as to the outcome based on known facts as at the reporting date.

Contingent consideration

Contingent consideration accounted for upon asset acquisitions or business combinations consists of a contingent compensation agreement between the parties to the share or asset purchase agreements. Under the terms of the agreements, the Corporation could have future amounts payable to the seller based on the achievement of certain criteria.

Contingent consideration relating to business combinations is measured at fair value at the acquisition date. Changes in fair value are recognized in net earnings (loss). Contingent consideration relating to the asset acquisitions is capitalized to property, plant and equipment or intangible assets when incurred.

Litigation provisions

Litigation is regularly monitored on a case-by-case basis by the legal department of the Corporation with the assistance of external legal advisors for major and complex litigation. A provision is recognized as soon as it becomes likely that a current obligation resulting from a past event will require a settlement of which the amount can be reliably estimated.

Decommissioning liability

A decommissioning liability is recognized at fair value in the period during which a legal or constructive obligation is incurred, when the amount of liability can be reliably estimated and it is probable that the settlement of the obligation will require a financial payment. Decommissioning costs are capitalized into the value of the related asset and are amortized over the asset's remaining useful life. The liability is discounted using a pre-tax interest rate that reflects the assessment of the risks specific to the liability. Revisions to estimated amounts or the timing of undiscounted cash flows or changes in the discount rate are accounted for as part of the carrying amount of the related long-lived assets.

For wind farms, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as revegetation.

The Corporation has no obligation to decommission hydroelectric power stations located on public land. Under facility leases, these power stations must be handed back to the lessor at the end of the lease term without any decommissioning. For the other hydroelectric power stations located on private properties belonging to Boralex, the likelihood of such an obligation arising is low since the decommissioning of such facilities would have significant consequences on the ecosystem and economic life in surrounding areas. It is usually more beneficial for the environment, local residents and companies to keep the dam. Given this low likelihood, no provision has been recognized.

Lastly, the Corporation has a contractual or legal obligation to decommission its solar power stations at the end of their commercial operations. These costs would be mostly related to the removal, transportation and disposal of inverters, modules and supports, as well as revegetation.

Tax equity liabilities

The Corporation has entered into partnerships with tax equity investors (TEI) in the United States. The partnership agreements apportion the cash flows generated by the partnerships as well as the related taxable income or losses and the investment tax credits between the TEI and the project sponsors (sponsors are usually the Corporation as well as non-controlling shareholders). Typically, tax equity structures grant the TEI the majority of the projects' taxable income and renewable tax incentives, along with a smaller portion of the projects' cash flows, until a contractually determined point at which the allocations are adjusted (the ''flip point''). The flip point dates can be either fixed, or they can depend on the achievement of certain pre-determined conditions. Subsequent to the flip point, the majority of the projects' cash flows, taxable income and renewable tax incentives are allocated to the project sponsors.

At all times, both before and after the projects' flip point, the Corporation retains control over the projects with tax equity structures and therefore consolidates the project entities. When a tax equity partnership is formed or acquired, the Corporation assesses whether the project entity should be consolidated based on the Corporation's right to variable returns and its ability to influence financial and operational decisions impacting those returns. Due to the operational and financial nature of the projects, and the protective nature of the rights normally given to TEI, the Corporation typically has the influence necessary to consolidate the entity.

The TEI's interests in the partnerships represent financial liabilities and are recorded in the Consolidated Statements of financial position in *Other current financial liabilities* and *Other non-current financial liabilities*. The tax equity liabilities are initially recorded at fair value when the initial contribution is received, or as part of a business combination, and are subsequently recorded at amortized cost. This liability is reduced by the value of tax benefits provided and cash distributions made to the TEI and is increased by the value of tax income allocated and interest expense that is recorded using the effective interest rate method. The Corporation records the value of the tax benefits or tax income allocated to the tax equity investors in *Other*.

In addition to the above, the Corporation has options to repurchase the TEIs' interests during a defined period following the flip points, which are recorded at fair value under *Other current financial liabilities* and *Other non-current financial liabilities* in the consolidated statement of financial position.

Income taxes

The Corporation accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is charged to earnings (loss). Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws for each jurisdiction that are expected to apply to taxable income for the periods in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are reported under non-current assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends to settle on a net basis or realize the asset and recognize the liability simultaneously.

The tax expense includes current and deferred taxes. This expense is recognized in net earnings, except for income taxes related to the components of *Accumulated other comprehensive income (loss)* or in equity, in which case the tax expense is recognized in *Accumulated other comprehensive income (loss)* or in equity, respectively.

Current income tax assets or liabilities are obligations or claims for the current and prior periods to be recovered from (or paid to) taxation authorities that are still outstanding at the end of the reporting period and included under current assets or liabilities. Current tax is payable on taxable profit, which differs from net earnings (loss). This calculation is made using tax rates and laws enacted for each jurisdiction at the end of the reporting period.

The Corporation recognizes a deferred income tax asset or liability for all temporary differences generated by interests in subsidiaries and in joint ventures, except where it is likely that the temporary difference will not reverse in the foreseeable future and the Corporation is able to control the date of the reversal of the temporary difference.

The Corporation has elected to recognize initial future income taxes on temporary differences between the carrying amount and the tax basis resulting from the acquisition of transparent companies. As a result, the consideration has been added to the cost of the acquired interests for interests accounted for under the equity method.

Equity

Capital stock is presented at the value at which the shares were issued. Costs related to the issuance of stock, subscription receipts or stock options are presented in equity, net of taxes, as a deduction from issuance proceeds.

Stock-based compensation

Stock options granted to senior management are measured at fair value. This fair value is then recognized in net earnings (loss) over the vesting period based on service conditions for senior management with an offsetting increase in *Contributed surplus*. Fair value is determined using the Black-Scholes option pricing model, which was designed to estimate the fair value of exchange-traded options that have no restrictions as to vesting and are entirely transferable. Some of the outstanding options carry restrictions but, in the Corporation's opinion, the Black-Scholes model provides an appropriate estimate of fair value in these cases. Any consideration paid by employees on the exercise of stock options is credited to *Capital stock*.

Stock option expense is recorded under *Administrative* and the cumulative value of unexercised options outstanding is included under *Contributed surplus*.

Revenue recognition

The Corporation recognizes its revenue under the following policies:

Revenues from energy sales and feed-in premiums

The Corporation recognizes its revenues, which consist of energy sales, when the energy is delivered to the buyer's substation, and there is no unfulfilled obligation that could affect the buyer's acceptance of energy.

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. Before the 2022 *Supplementary Budget Act* was passed (see note 18), when the energy sales prices were higher than the contractual price, a negative FiP was recorded up to the FiP generated since the beginning of the FiP contract. As the Corporation had no legal or constructive obligation to pay the excess negative FiP over and above the FiP received, the excess amounts were not recorded. Following the enactment of the 2022 *Supplementary Budget Act*, the Corporation now has a legal obligation to repay the excess negative FiP and the amounts to be repaid are recorded under *Feed-in premiums*.

Variable consideration

Penalties for non-production of electricity are recorded at the time when it is highly probable that the amount will be payable as a reduction of revenues over the remaining term of the energy sales contract.

The Corporation defers a portion of the revenues received by French wind farms whose energy selling prices vary according to the achievement of predetermined production levels under the tariff order. The estimate is reviewed annually. The deferred revenue is included in *Other non-current liabilities*.

Other income

Other income mainly comprises management fee revenues from joint ventures and associates, and is recognized when the service is provided.

Net earnings per share

Net earnings per share (basic and diluted) is determined based on the weighted average number of Class A shares outstanding during the year. The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments, i.e., stock options, on the theoretical number of shares. Diluted earnings (loss) per share is calculated using the treasury stock method to determine the dilutive effect of the stock options. For options that have a dilutive effect, i.e., when the average share price for the period is higher than the exercise price of the options, these methods assume that the options have been exercised at the beginning of the period and that the resulting proceeds have been used to buy back common shares of the Corporation at their average price during the period.

Change in accounting estimates

Change in useful life of energy sales contracts and other contractual rights

Management has reassessed the useful life of intangible assets related to the other contractual rights. Effective October 1, 2022, the useful life of other contractual rights is 15 to 30 years, which is the same useful life as the property, plant and equipment and leases the contractual rights relate to. This change in amortization period reflects the best estimate of the Corporation's management regarding the useful life of other contractual rights. This prospective change in accounting estimate resulted in a decrease in the amortization expense of $2 million, resulting in an increase of $2 million in net earnings before taxes for the year ended December 31, 2022.

In 2023, the reduction in amortization expense and the impact on net earnings before taxes will be approximately $8 million.

Note 4. Main sources of uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect revenues, expenses, comprehensive income, assets and liabilities, and the information reported in the consolidated financial statements.

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, 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 anticipated 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: for wind power, past wind and weather conditions and turbine technology; for hydroelectric power, historical water flow and head height, technology used and aesthetic and ecological instream flows; for solar power, 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 23 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 acquired and liabilities assumed in a business combination. Fair values of property, plant and equipment as well as intangible assets 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 fair value of 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

Asset impairment indicators

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment, intangible assets and goodwill 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 for a project acquisition 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. When the acquisition includes a portfolio of projects, management assesses whether it has acquired a process that allows it to complete the development of the acquired projects.

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.

Note 5. Business combination

2022

Acquisition of Infinergy

On July 4, 2022, the Corporation closed the acquisition of all the shares of WW Holdco Ltd ("Infinergy"), a renewable energy development company based in the U.K., for a total consideration of $36 million (£22 million). This transaction included the acquisition of 50% of Infinergy's interest in projects that were part of a joint venture with Boralex established in 2017 of which the Corporation already had control prior to this transaction, a portfolio of projects in development, the integration of Infinergy's team and an established development platform. With this transaction, the Corporation will be able to accelerate its growth in the U.K leveraging Infinergy's development platform and fully benefit from revenues and cash flows generated by the future operations of wind farms under development or ready-to-build, particularly the Limekiln farm.

Given the pre-existing relationships between the Corporation and Infinergy, the transaction price was subject to an allocation among the business combination, the repurchase of a non-controlling interest, and the settlement of advances payable that were previously reported in the consolidated statement of financial position.

The consideration transferred is detailed as follows:

(in millions)	(in $)	(in £)
Cash consideration transferred	27	17
Non-cash consideration - settlement of current assets	9	5
Total consideration for the transaction	**36**	**22**
Less:		
Allocation to items excluded from the business combination:		
Repurchase of a non-controlling interest	12	7
Settlement of a non-current liability	6	4
Consideration allocated to the business combination	**18**	**11**

The repurchase of a non-controlling shareholder in projects already controlled by Boralex resulted in a decrease in equity of $15 million (£10 million). Prior to this transaction, the non-controlling shareholder's interest was recognized in *Other non-current liabilities* due to the presence of a put option. This option was cancelled following the transaction.

Boralex and Infinergy were counterparties to long-term advances under the joint venture agreement established in 2017, which were recorded in *Other non-current liabilities*. An amount of $6 million (£4 million) of the transaction price was allocated to settle these advances.

The following table shows the preliminary purchase price allocation:

	Preliminary allocation	
(in millions)	(in $)	(in £)
Cash and cash equivalents	1	1
Current assets	9	5
Goodwill	17	11
Current liabilities	(7)	(5)
Non-controlling interests	(2)	(1)
Net assets acquired	**18**	**11**

Goodwill relates mainly to development projects and to Infinergy employees' know-how and technical skills. Recognized goodwill is not tax deductible.

The preliminary purchase price allocation was established based on the fair value of the assets acquired and liabilities assumed as at the acquisition date.

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

As at December 31, 2022, $2 million (£1 million) of transaction costs were incurred, and recorded under *Acquisition costs*.

Since the acquisition date, the acquired entities recorded a net loss of $2 million (£1 million). If the acquisition had taken place on January 1, 2022, management estimates that net earnings would have been lower by $7 million (£4 million). These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2022.

2021

Acquisition of interests in solar power stations in the United States

On January 29, 2021, Boralex completed the acquisition, announced in December 2020, of the majority interests of Centaurus Renewable Energy LLC ("CRE") in a portfolio of seven solar power stations in the United States for a consideration of $275 million (US$214 million), including adjustments provided for in the acquisition agreements. Boralex holds interests of 50% to 100% with other investors retaining minority interests in the assets. For three of the seven projects, there are tax equity investors. The total installed capacity of these power stations is 209 MWac, while the interests acquired represent a net installed capacity of 118 MWac for Boralex. Five of the solar power stations are located in California, one in Alabama and the other in Indiana. They were commissioned between 2014 and 2017 and are covered by long-term power purchase agreements ("PPAs") expiring between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years. As at December 31, 2021, transaction costs amounted to $6 million including $3 million incurred in 2020.

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

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

	Final allocation	
(in millions)	(in $)	(in US$)
Cash and cash equivalents	3	2
Trade and other receivables, and other current assets	3	2
Property, plant and equipment	314	244
Right-of-use assets	24	19
Intangible assets (energy sales contracts)	220	171
Goodwill	3	3
Current liabilities	(2)	(2)
Assumed liabilities (TEI)	(30)	(23)
Lease liabilities	(24)	(19)
Decommissioning liability	(18)	(14)
Non-controlling interests	(218)	(169)
Net assets acquired	**275**	**214**
Less: Cash and cash equivalents	(3)	(2)
Plus: Post closing adjustments receivable	2	1
Net cash consideration paid for the acquisition	**274**	**213**

The final allocation of the purchase price was established based on fair values of assets acquired and liabilities assumed as at acquisition date. *Trade and other receivables* acquired as part of the acquisition has a fair value of $3 million and the entire amount has been collected during 2021. Boralex recognized the share of non-controlling shareholders according to the non-controlling share in identifiable net assets in the acquired entity.

The entity acquired, on January 29, 2021, contributed in 2021 $38 million (US$31 million) to revenues from energy sales and generated net income of $1 million (US$1 million). If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenues from energy sales and feed-in premium for the period ended December 31, 2021, would have increased by $2 million (US$1 million) to $673 million and net earnings would have amounted to $26 million. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2021.

Note 6. Property, plant and equipment

(in millions of Canadian dollars)	Wind power stations	Hydroelectric power stations	Thermal power stations	Solar power stations	Corporate	**Total**
Year ended December 31, 2021:						
Balance – beginning of year	2,691	351	12	35	23	3,112
Translation adjustment	(99)	(1)	—	(11)	(1)	(112)
Additions	74	4	—	38	2	118
Additions through business combinations (note 5)	—	—	—	314	—	314
Disposals	(3)	—	(6)	—	—	(9)
Amortization	(153)	(14)	(2)	(11)	(3)	(183)
Impairment	(2)	—	—	—	—	(2)
Other	(6)	—	(4)	1	(2)	(11)
Balance – end of year	2,502	340	—	366	19	3,227
As at December 31, 2021:						
Cost	3,548	458	—	392	40	4,438
Accumulated amortization	(1,046)	(118)	—	(26)	(21)	(1,211)
Net carrying amount	2,502	340	—	366	19	3,227
Year ended December 31, 2022						
Balance – beginning of year	2,502	340	—	366	19	3,227
Translation adjustment	21	6	—	24	—	51
Additions	237	9	—	18	3	267
Transfer of assets from development projects	14	—	—	—	—	14
Amortization	(139)	(14)	—	(15)	(3)	(171)
Impairment	—	—	—	(48)	(1)	(49)
Other	(2)	—	—	(3)	1	(4)
Balance – end of year	2,633	341	—	342	19	3,335
As at December 31, 2022:						
Cost	3,770	476	—	433	40	4,719
Accumulated amortization	(1,137)	(135)	—	(91)	(21)	(1,384)
Net carrying amount	2,633	341	—	342	19	3,335

Property, plant and equipment includes facilities under construction in an amount of $178 million ($44 million as at December 31, 2021).

An amount of $16 million ($13 million in 2021) relating to unpaid additions to property, plant and equipment as at December 31, 2022 was included under *Trade and other payables*.

Impairment

As at December 31, 2022, following the increase in the cost of capital in the United States, the Corporation recorded an impairment loss of $81 million (US$60 million) on property, plant and equipment and intangible assets, as well as goodwill relating to the seven solar power stations acquired in the United States in 2021.

The recoverable amount was determined using an approach based on fair value less costs of disposal, based on management's forecast of future cash flows, which takes into account past performance as well as anticipated cost increases related to the expected inflation for the next few years. The carrying value of these CGUs exceeded their recoverable amount of $438 million (US$323 million) and, as a result, impairment losses were recorded for property, plant and equipment ($48 million (US$36 million)), for intangible assets ($29 million (US$21 million)), and for goodwill ($4 million (US$3 million)).

The recoverable value is classified at level 3 of the fair value hierarchy, and the key assumption is the discount rate, which has been established between 5.6% and 7.0% for each of the CGUs.

Note 7. Leases

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

(in millions of Canadian dollars)	Note	Land[1]	Buildings	Other	**Total**
Year ended December 31, 2021:					
Balance – beginning of year		291	16	9	316
Translation adjustment		(10)	(1)	(1)	(12)
Revised cash flow estimates		57	—	—	57
Additions		43	1	3	47
Additions through business combinations		24	—	—	24
Amortization		(18)	(2)	(2)	(22)
Other		(2)	—	(1)	(3)
Balance – end of year		385	14	8	407
As at December 31, 2021:					
Cost		445	20	11	476
Accumulated amortization		(60)	(6)	(3)	(69)
Net carrying amount		385	14	8	407
Year ended December 31, 2022					
Balance – beginning of year		385	14	8	407
Translation adjustment		6	—	—	6
Revised cash flow estimates	13, (a)	(80)	—	—	(80)
Additions		24	2	6	32
Amortization		(21)	(2)	(2)	(25)
Balance – end of year		314	14	12	340
As at December 31, 2022:					
Cost		392	21	16	429
Accumulated amortization		(78)	(7)	(4)	(89)
Net carrying amount		314	14	12	340

[1] Includes the net carrying amount of land restoration costs of $52 million as at December 31, 2022 ($126 million as at December 31, 2021).

(a) Management performed its annual review of inflation and discount rates for site restoration costs. Following the revision of these assumptions, *Right-of-use assets* and *Decommissioning liability* decreased by $80 million.

As at December 31, 2022, cash flows were discounted using pre-tax interest rates that reflect the assessment of the risks specific to the lease agreement, ranging from 0.05% to 5.94% (0.05% to 5.50% in 2021) to determine the right-of-use asset and liability.

Cash outflows related to lease liabilities totalled $25 million in 2022 ($23 million in 2021).

Note 8. Intangible assets and Goodwill

(in millions of Canadian dollars)	Other intangible assets: Energy sales contracts and other rights	Water rights	Development projects	Other intangible assets	Total	Goodwill
Year ended December 31, 2021:						
Balance – beginning of year	920	86	11	10	1,027	222
Translation adjustment	(30)	—	—	—	(30)	(7)
Additions through business combinations	220	—	—	—	220	3
Additions	12	—	9	3	24	—
Amortization	(88)	(3)	—	(1)	(92)	—
Other	(1)	—	(1)	—	(2)	—
Balance – end of year	1,033	83	19	12	1,147	218
As at December 31, 2021:						
Cost	1,407	117	19	18	1,561	218
Accumulated amortization	(374)	(34)	—	(6)	(414)	—
Net carrying amount	1,033	83	19	12	1,147	218
Year ended December 31, 2022:						
Balance – beginning of year	1,033	83	19	12	1,147	218
Translation adjustment	16	—	(1)	—	15	2
Additions through business combinations (note 5)	—	—	—	—	—	17
Additions	25	—	10	2	37	—
Transfer to property, plant and equipment	—	—	(14)	—	(14)	—
Amortization	(93)	(4)	—	(2)	(99)	—
Impairment (note 6)	(29)	—	—	—	(29)	(4)
Other	—	—	2	—	2	—
Balance – end of year	952	79	16	12	1,059	233
As at December 31, 2022:						
Cost	1,392	117	16	29	1,554	233
Accumulated amortization	(440)	(38)	—	(17)	(495)	—
Net carrying amount	952	79	16	12	1,059	233

The weighted average amortization period of intangible assets with finite useful lives is as follows:

Energy sales contracts and other rights	19 years
Water rights	26 years

Water rights of the Buckingham hydroelectric power station, which amounted to $38 million in 2022 and 2021, are not amortized given their indefinite useful life. *Development projects* consist primarily of solar power projects in North America and wind power projects in Europe. *Other intangible assets* consist primarily of an enterprise resource planning system and licenses for wind power projects under development.

The following table shows the allocation of *Goodwill* by groups of CGUs:

(in millions of Canadian dollars)	As at December 31, **2022**	As at December 31, **2021**
Wind power Canada	84	84
Wind power France	91	90
Wind power United Kingdom	18	—
Hydroelectric North America	40	40
Solar power United States	—	4
	233	218

As at August 31, 2022, the annual impairment tests were performed for Wind power Canada, Wind power France and Hydroelectric North America goodwill and water rights with indefinite useful life relating to the Buckingham power station. As at December 31, 2022, goodwill for Wind power United Kingdom and Solar power United States was tested for impairment. For all tests except Solar power United States (refer to Note 6), the recoverable amounts of the CGUs determined using the fair value less costs of disposal method exceeded their carrying amounts. The price of the transaction with a non-controlling shareholder was used to determine the recoverable amount for Wind Power France whereas discounted cash flow models were used for the other tests, which included projected cash flows for periods ranging from 25 to 40 years, and a discount rate ranging from 5.51% to 6.99% (3.18% to 4.38% in 2021).

Note 9. Interests in joint ventures and associates

As at December 31, the Corporation's main joint ventures and associate were as follows:

Name of entity	Type of joint arrangement	% Boralex		Location
		2022	2021	
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("SDB I")	Joint venture	50.00%	50.00%	Canada
Seigneurie de Beaupré Wind Farm 4 General Partnership ("SDB II")	Joint venture	50.00%	50.00%	Canada
Le Plateau Community Wind Power L.P. ("LP II")	Joint venture	59.96%	59.96%	Canada
Parc éolien Apuiat Inc.	Joint venture	50.00%	50.00%	Canada
TX Hereford Wind Holdings, LLC	Joint venture	50.00%	—	United-States
LongSpur Wind Holdings, LLC	Joint venture	50.00%	—	United-States
Roosevelt HoldCo, LLC	Joint venture	50.00%	—	United-States
Roncevaux Wind Power L.P.("Roncevaux")	Associate	50.00%	50.00%	Canada

Acquisition

On December 29, 2022, the Corporation completed the acquisition of a 50% interest in three partnerships in the United States holding five operating wind farms, located in Texas and New Mexico, for a consideration of $370 million (US$ 273 million) subject to post-closing adjustments, including $16 million (US$12 million) for production tax credits receivable and $2 million (US$1 million) for an advance receivable, both of which were recorded separately from the interest in the statement of financial position. The Corporation's interest in these joint ventures is accounted for using the equity method. The transaction gave rise to acquisition costs of $12 million (US$9 million), which were added to the cost of the interest in the statement of financial position.

Project name	PPA expiry	Installed capacity (MWac)	Boralex's share of installed capacity (MWac)
Hereford	—	200	100
Longhorn	2026	200	100
Spinning Spur 3	2035	194	97
Milo	—	50	25
Roosevelt	2035	250	125
		894	447

The table below presents the changes in *Interests in joint ventures and associates*:

(In millions of Canadian dollars)	As at December 31, 2022	As at December 31, 2021
Balance as at January 1	107	74
Acquisition of interests	386	28
Share in net earnings	39	17
Share in other comprehensive income	21	14
Distributions	(17)	(20)
Excess of the interest over the net assets	—	(6)
Balance as at December 31	536	107

Note 10. Trade and other payables

	Note	As at December 31, 2022	As at December 31, 2021
Trade payables		57	45
Feed-in premium contracts	18	83	—
Inframarginal rent contribution on electricity production	19	110	—
Other accrued liabilities		75	56
Interest payable		11	8
Sales tax payable		6	5
Other payables		35	31
		377	145

Note 11. Debt

(in millions of Canadian dollars, unless otherwise specified)	Note	Maturity	Rate[(1)]	Currency of origin[(2)]	As at December 31, 2022	As at December 31, 2021
Corporate debt						
Canada						
Revolving credit facility	(a)	2027	1.90		39	241
Term loan (CDPQ/FSTQ)		2028	5.64		300	300
Total corporate debt					**339**	**541**
Project debt						
Canada						
Term loans:						
Thames River wind farms		2031	7.05		94	103
Témiscouata I wind farm		2032	5.35		34	37
LP I wind farm		2032	3.92		148	162
Témiscouata II wind farm	(b)	—	5.62		—	98
DM I and II wind farms		2033	6.00		226	239
Port Ryerse wind farm		2034	3.84		23	24
Frampton wind farm		2035	4.22		53	56
Côte-de-Beaupré wind farm		2035	4.29		46	49
Niagara Region Wind Farm (“NRWF”)		2036	2.91		693	726
Moose Lake wind farm		2044	4.87		45	46
Jamie Creek hydroelectric power station		2054	5.42		55	55
Yellow Falls hydroelectric power station		2056	4.94		70	71
Other debt		—	—		1	1
					1,488	**1,667**
France						
Construction facility:						
Boralex Energy Investments projects portfolio	(c)	2024	1.86	101	146	33
Term loans:						
CDPQ Fixed Income Inc.	(d)	2023	4.05	40	58	57
Boralex Production portfolio of wind farms and projects		2030	1.00	82	118	158
Val aux Moines wind farm		2034	1.34	12	17	19
Boralex Énergie France portfolio of wind farms and projects		2036	1.63	172	249	276
Sainte-Christine portfolio of wind farms and projects		2041	1.79	449	651	702
Les Moulins du Lohan wind farm	(e)	2043	2.03	44	64	—
Grange du Causse solar power station	(f)	2044	3.00	9	13	—
Other debt		—	—	3	5	4
				912	**1,321**	**1,249**
United States						
Senior secured U.S. note	(b)	—	1.76	—	—	38
Term loan:						
Boralex US Solar portfolio of solar power stations		2028	2.95	146	198	187
				146	**198**	**225**
Total project debt					**3,007**	**3,141**
Debt - Principal balance			**3.24**		**3,346**	**3,682**
Current portion of debt					(404)	(220)
Transaction costs, net of accumulated amortization					(69)	(79)
					2,873	**3,383**

(1) Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.
(2) Currencies of origin are EUR (France) and USD (United States).

(a) Refinancing of the revolving credit facility

In October 2022, the Corporation obtained a one-year extension to its revolving credit facility and letter of credit facilities amounting to $525 million until September 2027. The credit facility has again qualified as a sustainability linked loan with annual ESG objectives.

(b) Prepayments

On June 9 and July 15, 2022, the term loan of Témiscouata II and the senior U.S. note were repaid in advance of their original term.

(c) Construction facility - Boralex Energy Investments projects portfolio

The construction facility for projects in the Boralex Energy Investments portfolio represents a bridge financing facility for projects under construction and must be repaid within 18 months of project commissioning. Management's intention is to refinance these projects as term loans at maturity.

(d) Prepayment of term loan - CDPQ Fixed Income Inc.

On January 30, 2023, the CDPQ Fixed Income Inc. term loan was repaid in advance of its original term. As at December 31, 2022, the loan was presented in current portion of debt since the Corporation had irrevocably committed to making the early repayment.

(e) Les Moulins du Lohan wind farm financing

On March 29, 2022, the Corporation closed the financing for the Les Moulins du Lohan wind power project located in France. Repayable on a quarterly basis, this $97 million (€70 million) financing facility comprised a $3 million (€2 million) letter of credit facility for debt service, a $9 million (€7 million) value added tax bridge financing facility and an $85 million (€61 million) construction facility. The loan has a variable interest rate based on EURIBOR, plus a margin, and will be amortized over a period of 20 years. In order to reduce exposure to interest rate changes, interest rate swaps were entered into to cover 90% of the total long-term debt, as required by the credit agreement.

(f) Grange du Causse solar power station financing

In August 2022, Boralex completed the financing of the Grange du Causse solar power project in France. Repayable on a quarterly basis, this $17 million (€13 million) financing facility is comprised of a $1 million (€1 million) letter of credit facility for debt service, a $3 million (€2 million) value added tax bridge financing facility and a $13 million (€10 million) construction facility. The loan has a variable interest rate based on EURIBOR, plus a margin, and will be amortized over a period of 20 years. In order to reduce exposure to interest rate changes, interest rate swaps were entered into to cover 90% of the total long-term debt, as required by the credit agreement.

Current portion of debt

(in millions of Canadian dollars)	Note	As at December 31, 2022	As at December 31, 2021
Term loans – projects		225	220
Construction facility - Boralex Energy Investments projects portfolio	(c)	120	—
Term loan - CDPQ Fixed Income Inc.	(d)	58	—
Value added tax bridge financing facility[1]		1	—
		404	220

[1] Temporary financing for value added tax (VAT) paid for construction sites in France.

Financial ratios and guarantees

The debt agreements include certain covenants restricting the use of cash resources of the Corporation's subsidiaries. As at December 31, 2022, cash of $279 million ($198 million as at December 31, 2021) is subject to these restrictions. Certain financial ratios, such as debt service coverage ratios and debt/equity ratio, must be met on a quarterly, semi-annual or annual basis.

The debt agreements include letter of credit facilities with a total authorized amount of $219 million as at December 31, 2022 ($304 million in 2021). As at December 31, 2022, $178 million was drawn down to issue letters of credit ($152 million in 2021).

As at December 31, 2022, the carrying amount of assets pledged to secure loans was $3,695 million ($3,607 million as at December 31, 2021). Project term loans are non-recourse to the parent company.

As at December 31, 2022 and 2021, management considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

Note 12. Income taxes

The breakdown of income tax expense is as follows:

(in millions of Canadian dollars)	2022	2021
Current taxes:		
Current income tax expense	17	9
	17	9
Deferred taxes:		
Differences between the current tax rate and deferred income tax rates	(1)	—
Deferred tax expense (recovery) relating to temporary differences	(6)	7
Valuation allowance	1	2
Income tax recovery for prior years	(1)	—
	(7)	9
Income tax expense	10	18

The reconciliation of income tax expense, calculated using the statutory income tax rates prevailing in Canada, with the income tax expense reported in the financial statements is as follows:

(in millions of Canadian dollars, unless otherwise specified)	2022	2021
Earnings before income taxes	18	44
Combined basic Canadian and provincial income tax rate	26.59%	26.59%
Income tax expense at the statutory rate	5	12
Increase (decrease) in income taxes arising from the following:		
Non-deductible (non-taxable) items	(1)	5
Difference in foreign operations' statutory income tax rates	5	1
Differences between the current tax rate and deferred income tax rates	(3)	(1)
Income tax recovery for prior years	(1)	—
Income taxes allocated to minority interests	4	(2)
Other items and valuation allowance	1	3
Effective income tax expense	10	18

(in millions of Canadian dollars)	2022	2021
Deferred income tax liability	(267)	(174)

The changes in deferred taxes by nature are as follows:

(in millions of Canadian dollars)	As at January 1, 2022	Recorded in comprehensive income	Recorded in net earnings	Recorded in equity	As at December 31, 2022
Deferred income tax asset related to loss carryforwards	159	—	35	(21)	173
Financial instruments	(8)	(71)	11	—	(68)
Provisions	9	—	(1)	—	8
Interests in joint ventures and associates	(76)	(5)	2	—	(79)
Temporary differences between accounting and tax amortization	(254)	—	(36)	—	(290)
Translation adjustments	3	(3)	(3)	—	(3)
Financing and other costs	(7)	—	(1)	—	(8)
Total deferred income tax liabilities	(174)	(79)	7	(21)	(267)

(in millions of Canadian dollars)	As at January 1, 2021	Recorded in comprehensive income	Recorded in net earnings (loss)	As at December 31, 2021
Deferred income tax asset related to loss carryforwards	181	—	(22)	159
Financial instruments	20	(27)	(1)	(8)
Provisions	7	—	2	9
Interests in joint ventures and associates	(70)	(4)	(2)	(76)
Temporary differences between accounting and tax amortization	(262)	—	8	(254)
Translation adjustments	(2)	3	2	3
Financing and other costs	(11)	—	4	(7)
Total deferred income tax liabilities	(137)	(28)	(9)	(174)

Given that future taxable income is expected to be sufficient, deductible temporary differences, unused loss carryforwards and tax credits have been recorded in the statement of financial position.

Note 13. Decommissioning liability

As at December 31, 2022 cash flows were discounted using pre-tax interest rates that reflect the assessment of the risks specific to the liability, ranging from 3.97% to 5.25% (0.70% and 3.46% as at December 31, 2021) to determine the non-current decommissioning liability.

The following table shows the changes related to the decommissioning liability:

(in millions of Canadian dollars)	Note	2022	2021
Balance as at January 1		191	128
Translation adjustment		3	(7)
Liability assumed as part of a business combination	5	—	18
Revised cash flow estimates	7	(80)	47
New obligations		11	8
Accretion expense included in financing costs		4	3
Other		—	(1)
Balance as at December 31		129	196
Current portion of decommissioning liability[1]		—	(5)
		129	191

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

Note 14. Capital stock, contributed surplus and dividends

Boralex's capital stock is composed of an unlimited number of Class A common shares and an unlimited number of preferred shares. The Class A shares have no par value and confer on each shareholder the right to vote at any meeting of shareholders, receive any dividends declared by the Corporation thereon and share in the residual property upon dissolution of the Corporation. The preferred shares have no par value and were created to provide the Corporation with additional flexibility with respect to future financing, strategic acquisitions and other transactions. The preferred shares are issuable in series with the number of shares in each series to be determined by the Board of Directors prior to issuance. No preferred shares were outstanding as at December 31, 2021 and 2022.

The Corporation's contributed surplus is equal to the cumulative value of unexercised stock options granted to members of management and to key employees.

The following changes occurred in the Corporation's capital stock between December 31, 2021 and 2022:

		Capital stock	
(in millions of Canadian dollars, unless otherwise specified)	Note	Number of shares	Amount
Balance as at January 1, 2021		102,616,653	1,320
Exercise of options	15	2,049	—
Balance as at December 31, 2021		102,618,702	1,320
Exercise of options	15	144,148	3
Balance as at December 31, 2022		102,762,850	1,323

Dividends paid

On March 15, June 15, September 16, and December 15, 2022, the Corporation paid dividends totalling $68 million ($68 million in 2021).

On February 13, 2023, a dividend of $0.1650 per common share was declared and will be paid on March 15, 2023 to shareholders of record at the market close on February 28, 2023.

Note 15. Stock-based compensation

The Corporation has a long-term incentive plan under which stock options are issuable to members of management and certain key employees of the Corporation. Under this plan, 4,500,000 Class A shares have been reserved for issuance. The exercise price of the options granted prior to March 2, 2017 is equal to the closing listed market price of the Class A shares on the day preceding the option grant date, whereas the exercise price for options granted on or after March 2, 2017 is equal to the average listed market price of Class A shares for the five days preceding the option grant date. Options vest at the rate of 25% per year beginning the year after they are granted. All of the options have a ten-year term. This plan has been determined to be equity settled.

The stock options are as follows for the years ended December 31:

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of year	322,946	21.29	277,705	18.78
Granted	52,086	37.16	49,535	35.64
Exercised	(144,148)	16.48	(2,049)	16.65
Cancelled	(10,024)	30.85	(2,245)	32.80
Outstanding - end of year	220,860	27.73	322,946	21.29
Options exercisable - end of year	109,548	21.62	210,816	17.21

The following options were outstanding as at December 31, 2022:

	Options outstanding		Options exercisable		
Granted in	Number of options	Exercise price	Number of options	Exercise price	Year of expiry
2015	8,671	13.87	8,671	13.87	2025
2016	15,764	16.65	15,764	16.65	2026
2017	8,321	22.00	8,321	22.00	2027
2018	16,108	18.84	16,108	18.84	2028
2019	43,157	18.44	32,370	18.44	2029
2020	33,779	29.41	17,142	29.41	2030
2021	43,986	35.64	11,172	35.64	2031
2022	51,074	37.16	—	37.16	2032
	220,860	27.73	109,548	21.62	

The fair value of each option granted was determined using the Black-Scholes model. The assumptions used to calculate the fair values of options are detailed below:

	2022	2021
Share price on grant date	37.19	35.05
Exercise price	37.16	35.64
Expected annual dividend rate	1.79%	2.68%
Expected term	6 years	6 years
Expected volatility	28.97%	29.08%
Risk-free interest rate	1.60%	1.52%
Fair value per option	9.12	8.01

Determination of the volatility assumption is based on a historic volatility analysis over a period equal to the options' expected term.

Note 16. Accumulated other comprehensive income

2022

(in millions of Canadian dollars)	Attributable to the Shareholders of Boralex: Translation adjustment	Net investment hedge	Cash flow hedges: Financial swaps	Cash flow hedges: Share of joint ventures and associates	Total	Non-controlling interests	Total
Balance as at January 1	(2)	13	(30)	(10)	(29)	(4)	(33)
Change in fair value	8	(3)	248	15	268	49	317
Reclassification to net earnings	—	—	10	5	15	2	17
Transaction with non-controlling interest	11	(11)	(9)	—	(9)	9	—
Income taxes	—	—	(66)	(5)	(71)	(5)	(76)
Balance as at December 31	17	(1)	153	5	174	51	225

2021

(in millions of Canadian dollars)	Attributable to the Shareholders of Boralex: Translation adjustment	Net investment hedge	Cash flow hedges: Financial swaps	Cash flow hedges: Share of joint ventures and associates	Total	Non-controlling interests	Total
Balance as at January 1	36	(16)	(91)	(20)	(91)	(4)	(95)
Change in fair value	(38)	32	50	7	51	(1)	50
Reclassification to net earnings	—	—	35	7	42	1	43
Income taxes	—	(3)	(24)	(4)	(31)	—	(31)
Balance as at December 31	(2)	13	(30)	(10)	(29)	(4)	(33)

Note 17. Non-controlling interests

Investment by Energy Infrastructure Partners ("EIP")

On April 29, 2022, Boralex announced it had closed an agreement for an investment by Energy Infrastructure Partners ("EIP"), a Switzerland-based global investment manager with a focus on the energy sector, in a 30% stake in Boralex Europe Sàrl, a subsidiary holding a portfolio of operating assets and development projects in France.

The amounts received from EIP following this transaction total $725 million (€532 million), comprising $660 million (€483 million) for its 30% equity investment in the Corporation's activities in France, a shareholder loan of $43 million (€32 million) bearing interest at 3% without repayment terms and a simultaneous capital injection prorated to its percentage ownership of $22 million (€17 million) related to the development of the project portfolio in France. The Corporation collected an additional $5 million (€4 million) recorded as at the transaction closing date relating to an adjustment to the purchase price following approval of the closing accounts. Following this transaction, the Corporation retains control of its operations in France and also remains the manager of all its operating assets and projects under development or construction in France.

In connection with this transaction, the Corporation recorded an amount of $114 million (€74 million) under *Non-controlling interests*, an amount received from a non-controlling interest of $43 million (€32 million) in *Other non-current financial liabilities*, and a gain on a transaction with a non-controlling interest of $515 million under *Equity attributable to shareholders*. Income taxes of $21 million related to the transaction was recognized directly in *Equity*.

As at December 31, 2022, the transaction costs amounted to $10 million (€7 million) included in *Equity*.

The impact on *Equity attributable to shareholders of Boralex* during the period is summarized as follows:

(in millions of Canadian dollars)	
Total consideration	660
Transaction costs	(10)
Total consideration, net of transaction costs	650
Book value of the investment sold	114
Increase in equity attributable to shareholders of Boralex	536
Tax impact of the transaction	(21)
Increase in equity attributable to shareholders of Boralex, net of tax	515

The following table shows the summarized consolidated financial information of Boralex Europe Sàrl (before eliminations):

(in millions of Canadian dollars)	As at December 31, **2022**
Current assets	450
Non-current assets	2,089
Current liabilities	650
Non-current liabilities	1,382
Net assets	507

(in millions of Canadian dollars)	**2022**
Revenues	418
Net earnings	34
Other comprehensive income	100
Comprehensive income	134
Net cash flows related to operating activities	319
Net cash flows related to investing activities	(191)
Net cash flows related to financing activities	39
Net change in cash and cash equivalents	167

Net earnings attributable to the non-controlling interest was ($1 million) and other comprehensive income attributable to the non-controlling interest was $26 million for the eight-month period ended December 31, 2022. The balance of the non-controlling interest for Boralex Europe Sàrl was $162 million at December 31, 2022.

Note 18. Feed-in premiums

On August 16, 2022, the French government enacted the *2022 Supplementary Budget Act*, which contains amendments to the French Energy Code that provide a framework for feed-in premium ("FiP") contracts. The act is retroactive to January 1, 2022, and provides for a sharing of revenues between the French government and energy producers based on a price threshold that will be determined annually by ministerial order. The ministerial order setting threshold prices for the years 2022 to 2042 was issued in December 2022. Prior to the enactment of this act, the Corporation fully benefited from the difference between the selling price of energy and the FiP contractual price for certain contracts when such difference exceeded the amounts received since the beginning of the contract. As at December 31, 2022, the Corporation recorded a provision to reflect the impact of this act, for a total amount of $83 million (€57 million).

Note 19. Expenses by nature

Operating and administrative

(in millions of Canadian dollars)	2022	2021
Raw material and consumables	7	13
Maintenance and repairs	52	58
Employee salaries and benefits	74	59
Rental expenses and permits	11	10
Taxes	24	25
Inframarginal rent contribution on electricity production	110	—
Professional fees	17	9
Other expenses	18	16
	313	190

Inframarginal rent contribution on electricity production

On December 30, 2022, the *2023 Budget Act* was enacted by the French government. This act contains a new provision concerning the inframarginal rent contribution on electricity production from July 31, 2022 to December 31, 2023, which requires energy producers to pay a tax amounting to 90% of revenues generated in excess of a threshold set for each technology, which is €100/MWh for solar and wind power technologies. The Corporation recorded a tax payable of $110 million (€76 million) in connection with this new provision for the 2022 power production, included in *Operating* in the statement of earnings.

Note 20. Financing costs

(in millions of Canadian dollars)	Note	2022	2021
Interest on debt, net of the impact of interest rate swaps		111	116
Interest on lease liabilities		8	8
Amortization of transaction costs		13	14
Other		—	7
		132	145
Interest capitalized to qualifying assets	(a)	(2)	(1)
		130	144

(a) The weighted average annual capitalization rate on borrowed funds included in the cost of qualifying assets is 1.94% (1.76% in 2021).

Note 21. Net earnings per share

(a) Basic net earnings per share

(in millions of Canadian dollars, unless otherwise specified)	2022	2021
Net earnings attributable to the shareholders of Boralex	30	17
Weighted average number of shares - basic	102,726,063	102,618,657
Net earnings per share attributable to the shareholders of Boralex - basic	$0.30	$0.16

(b) Diluted net earnings per share

(in millions of Canadian dollars, unless otherwise specified)	2022	2021
Net earnings attributable to the shareholders of Boralex	30	17
Weighted average number of shares - basic	102,726,063	102,618,657
Dilutive effect of stock options	66,930	155,999
Weighted average number of shares - diluted	102,792,993	102,774,656
Net earnings per share attributable to the shareholders of Boralex - diluted	$0.30	$0.16

Note 22. Additional information on the consolidated statements of cash flows

(a) Change in non-cash items related to operating activities

(in millions of Canadian dollars)	2022	2021
Increase in:		
Trade and other receivables	(83)	(7)
Other current assets	(1)	(6)
Increase (decrease) in:		
Trade and other payables	194	(5)
	110	(18)

(b) Changes in liabilities arising from financing activities

			Non-cash items					As at December 31, 2022
(in millions of Canadian dollars)	Balance – beginning of year	Cash	Additions	Translation adjustment	Amortization	Accretion	Other items[2]	Balance – end of year
Debt[1]	3,603	(362)	—	29	12	—	(5)	3,277
Lease liabilities[1]	306	(15)	21	6		—	—	318
Amount due to non-controlling shareholders	6	43	—	3	—	—	1	53
Derivative financial instruments	(28)	37	—	(11)	—	—	(271)	(273)
Tax equity liabilities and options to repurchase TEI interests[1]	25	(7)	—	2	—	2	3	25

			Non-cash items						As at December 31, 2021
(in millions of Canadian dollars)	Balance – beginning of year	Cash	Business acquisitions (note 5)	Additions	Translation adjustment	Amortization	Accretion	Other items[2]	Balance – end of year
Debt[1]	3,516	180	—	—	(102)	13	—	(4)	3,603
Lease liabilities[1]	256	(13)	24	49	(7)	—	—	(3)	306
Amount due to non-controlling shareholders	6	—	—	—	—	—	—	—	6
Derivative financial instruments	83	5	—	—	(3)	—	—	(113)	(28)
Tax equity liabilities and options to repurchase TEI interests[1]	—	(7)	30	—	(1)	—	1	2	25

[1] Including current and non-current portions.

[2] Mainly including changes in fair value of derivative financial instruments.

c) Cash and cash equivalents

Reconciliation of cash and cash equivalents is as follows:

(in millions of Canadian dollars)	2022	2021
Cash and cash equivalents	361	256
Bank overdraft	(12)	—
	349	256

Note 23. Financial instruments

Classification of financial instruments

The tables below detail the classification of financial instruments, their respective carrying amount and fair value hierarchy level when measured and accounted for at fair value in the financial statements. It excludes cash, restricted cash, trade and other receivables, the bank overdraft, and trade and other payables, because their fair values approximate their carrying amounts due to their short-term maturities or high liquidity and they are recorded at amortized cost.

					As at December 31, 2022
		Carrying value			
(in millions of Canadian dollars)	Level [1]	Amortized cost	FVOCI	FVPL	Total
OTHER NON-CURRENT FINANCIAL ASSETS					
Reserve funds		29	—	—	**29**
Interest rate swaps	2	—	291	—	**291**
		29	291	—	**320**
OTHER CURRENT FINANCIAL LIABILITIES					
Tax equity liabilities and options to repurchase TEI	3	4	—	5	**9**
Amount due to a joint venture		1	—	—	**1**
		5	—	5	**10**
DEBT [2]		3,277	—	—	**3,277**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Cross currency swaps	2	—	16	—	**16**
Amount due to non-controlling shareholders		53	—	—	**53**
Tax equity liabilities and options to repurchase TEI	3	6	—	10	**16**
Contingent consideration	3	—	—	4	**4**
Other	2	—	2	6	**8**
		59	18	20	**97**

					As at December 31, 2021
		Carrying value			
(in millions of Canadian dollars)	Level [1]	Amortized cost	FVOCI	FVPL	Total
OTHER CURRENT FINANCIAL ASSETS					
Other	2	—	—	3	**3**
OTHER NON-CURRENT FINANCIAL ASSETS					
Reserve funds		33	—	—	**33**
Interest rate swaps	2	—	37	—	**37**
Cross-currency swaps	2	—	25	—	**25**
		33	62	—	**95**
OTHER CURRENT FINANCIAL LIABILITIES					
Cross-currency swaps	2	—	—	3	**3**
Tax equity liabilities and options to repurchase TEI	3	4	—	4	**8**
Other	2	—	—	3	**3**
		4	—	10	**14**
DEBT [2]		3,603	—	—	**3,603**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Interest rate swaps	2	—	31	—	**31**
Due to a non-controlling shareholder		6	—	—	**6**
Tax equity liabilities and options to repurchase TEI	3	8	—	9	**17**
Contingent consideration	3	—	—	4	**4**
Due to a joint venture		18	—	—	**18**
		32	31	13	**76**

[1] Hierarchy levels of financial instruments recognized at fair value (note 4).
[2] Includes *Debt* and *Current portion of debt.*

Fair value of financial instruments

The carrying value of all the Corporation's financial instruments approximates their fair value due to their short-term maturity or high liquidity with the exception of Debt for which the fair value was $3,207 million as at December 31, 2022 ($3,749 million as at December 31, 2021).

The following valuation assumptions were used to estimate the fair value of financial instruments:

– The fair value of derivative instruments is determined using valuation techniques and is calculated based on the present value of estimated projected cash flows, using appropriate interest rates curves and foreign exchange rates as well as contract prices quoted on futures markets. Assumptions are based on market conditions at each reporting date.

– The fair values of tax equity investor (TEI) liabilities, debt, amount due to a non-controlling shareholder, contingent consideration and amounts due to a joint venture are essentially based on discounted cash flows. Discount rates, ranging from 4.06% to 6.97% (0.41% to 4.54% as at December 31, 2021), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions.

– The fair value of the options to repurchase TEI interests is established using discounted cash flows at a rate of 7.50% (7.50% as at December 31, 2021), which is the rate representing the expected rate of return on this type of instrument.

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

(in millions of Canadian dollars)	Contingent consideration	Options to repurchase TEI interests
Balance as at January 1, 2021	4	—
Business combinations	—	12
Change in fair value	—	1
Balance as at December 31, 2021	4	13
Change in fair value	—	2
Balance as at December 31, 2022	**4**	**15**

Note 24. Financial risks

The Corporation is exposed in the normal course of business to various financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices (foreign exchange rates, energy market prices and interest rates) will cause volatility in the Corporation's net earnings or the value of its financial instruments. To mitigate the various market risks to which it is exposed, the Corporation employs several strategies, including the use of derivative instruments and natural hedge management techniques.

Foreign exchange risk

Foreign exchange risk is the Corporation's exposure to a decrease or increase in the value of its financial instruments as a result of fluctuations in foreign exchange rates. The Corporation operates internationally and is subject to risks related to exchange rate fluctuations on its investments in foreign operations, primarily in France, the United Kingdom, and the United States, whose functional currencies are not the Canadian dollar. In addition, the Corporation is exposed to foreign exchange risk from certain significant future disbursements (turbines and solar panels) and debts denominated in foreign currencies.

The Corporation employs various strategies to mitigate foreign exchange risk. These strategies include the use of natural risk hedge management techniques as revenues, expenses and financing are in local currencies, the contracting of debt denominated in foreign currencies and derivative financial instruments, including foreign exchange forward contracts and cross-currency swaps.

The following tables summarize the Corporation's cross-currency swaps:

As at December 31, 2022	Exchange rate	Rate payer/ receiver	Maturity	Current notional (in millions CAD)	Fair value (in millions CAD)
EUR for CAD	1.3919 to 1.3932	1-month EURIBOR/CDOR	April 2027	368	(16)

As at December 31, 2021	Exchange rate	Rate payer/ receiver	Maturity	Current notional (in millions CAD)	Fair value (in millions CAD)
EUR for CAD	1.5320 to 1.5335	1-month EURIBOR/CDOR	April 2023	405	25
USD for CAD	1.2935	1-month CDOR/US LIBOR	January 2022	130	(3)

The following table shows the foreign exchange forward contract that the Corporation entered into in 2022 :

As at December 31, 2022	Exchange rate	Rate payer/ receiver	Maturity	Current notional (in millions CAD)	Fair value (in millions CAD)
USD for CAD	1.2820 to 1.2822	1-month CDOR/US LIBOR	April 2027	88	(2)

Sensitivity analysis

Assuming that all other variables remain the same, a 5% decrease in the Canadian dollar against the Euro, the Pound sterling or the U.S. dollar would have affected *Net earnings* and *Accumulated other comprehensive income (loss)* of the Corporation as shown in the table below:

	Net earnings		Accumulated other comprehensive income (loss)	
(in millions of Canadian dollars)	As at December 31, 2022	As at December 31, 2021	As at December 31, 2022	As at December 31, 2021
EUR	(1)	(1)	(9)	(5)
USD	3	—	(23)	(9)
GBP	—	—	(2)	—

Price risk – revenues from energy sales

Energy sales price risk is the risk that future cash flows will fluctuate due to changes in market energy prices, which in turn vary according to supply, demand and certain external factors, including weather conditions, and the price of energy from other sources. As at December 31, 2022, the majority of the power stations have long-term energy sales contracts, most of which are subject to partial or full price escalation clauses tied to inflation, or feed-in premium agreements with fixed prices and partial price escalation. When power production is sold at market prices or under short-term contracts, the Corporation is exposed to the risk of fluctuations in energy prices. In France, since 2022, the Corporation has been able to sell energy from certain newly commissioned wind farms and solar power stations at market prices for a period of 18 months before activating its feed-in premium contract. This allows the Corporation to benefit from high market prices, while remaining protected in the long term due to the feed-in premium contracts. As at December 31, 2022, about 5% of the Corporation's revenues from energy sales were made at market prices without a feed-in premium agreement or under variable price contracts while an additional 4% of revenues from energy sales generated by facilities that benefit from a postponement of the activation of their feed-in premium contract were sold at market prices.

Interest rate risk

Interest rate risk is the Corporation's exposure to an increase or a decrease in the value of its financial instruments as a result of fluctuations in interest rates. A large portion of the Corporation's debt bears interest at variable rates. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to fix the interest rate on the corresponding variable rate debt and applies hedge accounting for these items.

The following tables summarize the Corporation's interest rate swaps:

As at December 31,

2022	Fixed-rate payer	Floating-rate receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR	-0.16% to 1.88%	3-month EURIBOR	2030-2044	934	130
USD	1.42% to 1.43%	3-month US LIBOR	2028	183	36
CAD	1.12% to 2.68%	3-month CDOR	2025-2044	1,037	125

As at December 31,

2021	Fixed-rate payer	Floating-rate receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR	-0.16% to 1.79%	3-month EURIBOR	2030-2041	1,029	(20)
USD	1.42% to 1.43%	3-month USD LIBOR	2028	172	4
CAD	1.12% to 2.68%	3-month CDOR	2025-2043	1,002	22

Sensitivity analysis

Assuming that all other variables remain the same, a 0.25% increase in interest rates would have reduced net earnings by $1 million in 2022 and 2021 and increased *Accumulated other comprehensive income* by approximately $24 million in 2022 ($27 million in 2021).

Managing interest rate benchmark reform and associated risks

The Corporation has exposures to interbank offered rates ("IBORs") on its derivative and non-derivative financial instruments indexed to CDOR, EURIBOR and US LIBOR rates. While EURIBOR rates are expected, for now, to remain in effect following the reform, US LIBOR and CDOR's alternative reference rates will be the risk-free secured overnight financing rate (SOFR) and the Canadian Overnight Repo Rate Average (CORRA), respectively.

The Corporation's exposure to different IBORs are broken down as follows:

Debt indexed to the benchmark rate	Maturity	Outstanding variable debt (in millions CAD)	Swap notional (in millions CAD)	Transition – derivative and non-derivative financial instruments
N/A	N/A	N/A	368	EURIBOR maintained after the reform and CDOR expected to transition on June 28, 2024.
Term loans and construction facility:				
3-month EURIBOR	2024-2044	1,242	934	3-month EURIBOR maintained after the reform
3-month US LIBOR	2028	198	183	Expected to transition to SOFR on June 30, 2023.
3-month CDOR	2027-2044	1,087	1,037	Expected to transition to CORRA on June 28, 2024.

As at December 31, 2022, only derivative and non-derivative financial instruments indexed to US LIBOR and CDOR will require reform-related changes in the coming year(s). The Corporation's exposure to risk due to these contracts is low given their number for the financial instruments indexed to LIBOR as well as the transition timings for the financial instruments indexed to CDOR. Also, as the financial instruments indexed to US LIBOR were contracted recently, the agreements provide for fallback provisions to manage the transition to the benchmark rate when it becomes applicable. The Corporation expects to transition all the agreements (debts and interest rate swaps) for a single hedge relationship at the same time to match transition timing. The Corporation is continuously monitoring its transition to alternative interest rates and is keeping abreast of the latest developments in Canada, France and the United States.

Credit risk

Credit risk stems primarily from the potential inability of clients or other counterparties to financial instruments to meet their obligations. The maximum exposure to credit risk is the carrying amount of the Corporation's financial assets. As at December 31, 2022, the Corporation had not recorded any impairment losses on its financial assets.

Accounts receivable - Given the nature of the Corporation's business, the number of clients is limited. In addition, their credit rating is generally high. The electricity markets in Canada and France is comprised of very large corporations or monopolies while the U.S. market is more deregulated. In the U.S. market, the Corporation can also negotiate private agreements directly with electricity distributors, usually large corporations which typically have investment grade credit ratings. The Corporation regularly monitors the financial position of its clients.

Derivatives - The Corporation's counterparties for derivative financial instruments, as well as for cash and cash equivalents and restricted cash, consist mainly of large corporations. Prior to entering into a derivative transaction, the Corporation analyzes the counterparty's credit rating and assesses the overall risk based on the counterparty's relative weight in the Corporation's portfolio. When these analyses produce unfavourable results because the counterparty's credit rating has changed significantly or its weight in the portfolio has become too high, the Corporation does not pursue the transaction. Furthermore, if a company does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

Liquidity risk

Liquidity risk is the risk that the Corporation will experience difficulty meeting its obligations as they fall due. The Corporation has a centralized treasury department in charge, among other things, of ensuring sound management of available cash resources, of securing financing and meeting maturity obligations for all of the Corporation's activities. With senior management oversight, the treasury department manages the Corporation's cash resources based on financial forecasts and expected cash flows.

The contractual maturities of the Corporation's non-derivative financial liabilities and derivative financial instruments are detailed in the following tables:

As at December 31, **2022** (in millions of Canadian dollars)	Carrying amount	Undiscounted cash flows (principal and interest) Year 1	Year 2	Years 3 to 5	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	377	377	—	—	—	**377**
Amounts due to non-controlling shareholders	53	1	7	4	46	**58**
Contingent consideration	4	—	4	—	—	**4**
Tax equity liabilities and options to repurchase TEI	25	10	4	18	—	**32**
Debt	3,277	534	329	890	2,358	**4,111**
Lease liabilities	318	29	28	86	385	**528**
Derivative financial instruments:						
Cross-currency swaps (EUR for CAD)	16					
Disbursements		20	21	440	—	**481**
(Receipts)		(25)	(22)	(412)	—	**(459)**
Forward exchange contract (CAD for USD)	2					
Disbursements		—	—	91	—	**91**
(Receipts)		—	—	(88)	—	**(88)**
	4,072	**946**	**371**	**1,029**	**2,789**	**5,135**

As at December 31, **2021** (in millions of Canadian dollars)	Carrying amount	Undiscounted cash flows (principal and interest) Year 1	Year 2	Years 3 to 5	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	145	145	—	—	—	145
Amounts due to a non-controlling shareholder	6	—	—	6	—	6
Contingent consideration	4	—	4	—	—	4
Tax equity liabilities and options to repurchase TEI	25	8	7	12	—	27
Debt	3,603	559	361	1,006	2,646	4,572
Amounts due to a joint venture	18	18	—	—	—	18
Lease liabilities	306	22	21	63	296	402
Derivative financial instruments:						
Interest rate swaps	(6)	17	4	(2)	(29)	(10)
Cross-currency swaps (EUR for CAD)	(25)					
Disbursements		6	390	—	—	396
(Receipts)		(12)	(409)	—	—	(421)
Cross-currency swaps (CAD for USD)	3					
Disbursements		130	—	—	—	130
(Receipts)		(127)	—	—	—	(127)
	4,079	766	378	1,085	2,913	5,142

Undiscounted cash flows of non-derivative financial liabilities are determined using principal repayments and interest rates for variable-rate debt prevailing at the reporting date. Undiscounted contractual cash flows of derivatives are determined using the values of underlying indices at the reporting date. Since these indices are highly volatile, the undiscounted cash flows presented could vary significantly until realized. These derivative instruments held for risk management purposes are not generally settled before the contractual maturity.

Note 25. Capital management

The Corporation's objectives when managing capital are as follows:

- Safeguard the Corporation's ability to pursue its operations and development;
- Maintain financial flexibility to enable the Corporation to seize opportunities when they arise;
- Safeguard the Corporation's financial flexibility with a view to offset the seasonal nature of its operations primarily for the cyclical variations in hydroelectric and wind power generation;
- Maximize the terms of borrowings in line with the useful lives of its assets or underlying contracts;
- Ensure continuous access to capital markets; and
- Diversify its financing sources to optimize its capital cost.

The Corporation manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain its capital structure, the Corporation prioritizes the use of less costly financing sources, such as cash flows from operations, borrowings, hybrid instruments such as convertible debentures, equity issuance and, as a last resort, the sale of assets. In managing liquidity, the Corporation's policy is to earmark in priority its available cash resources for (i) growth projects and (ii) the payment of a quarterly dividend. Generally, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows (defined as "net cash flows related to operating activities" before changes in "non-cash items related to operating activities," less (i) distributions paid to non-controlling shareholders, (ii) additions to property, plant and equipment (maintaining operations), (iii) repayments on non-current debt (projects) and repayments to tax equity investors; (iv) principal payments made related to lease liabilities, (v) adjustments for non-operational items; plus (vi) development costs (from the statement of earnings).

The Corporation's investment policy governing cash resources is limited to investments with maturities of less than one year that are guaranteed by financial institutions. For instance, bankers' acceptances guaranteed by a Canadian chartered bank meet these criteria. The Corporation deems its current financing sources to be sufficient to support its plans and its operating activities.

The Corporation monitors its capital on a quarterly and annual basis based on various financial ratios and non-financial performance indicators. It is also required to meet certain ratios under its non-current financial commitments. More specifically, the Corporation must meet ratios pertaining to debt coverage, debt service and interest coverage in relation to the measures specified in the respective credit agreements.

As at December 31, 2022 and 2021, management considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

The Corporation's capital management objectives have remained unchanged from the previous year. The Corporation relies mainly on the net debt ratio for capital management purposes. Cash and cash equivalents available are also a key factor in capital management, as the Corporation must retain sufficient flexibility to seize potential growth opportunities. To achieve this objective, the Corporation establishes long-term financial forecasts to determine future financing requirements in line with its strategic business development plans.

For calculation purposes, net debt is defined as follows:

(in millions of Canadian dollars)	As at December 31, 2022	As at December 31, 2021
Debt	2,873	3,383
Current portion of debt	404	220
Borrowing transaction costs, net of accumulated amortization	69	79
Less:		
Cash and cash equivalents	361	256
Restricted cash	13	3
Bank overdraft	(12)	—
Net debt	2,984	3,423

The Corporation defines total market capitalization as follows:

(in millions of Canadian dollars, unless otherwise specified)	As at December 31, 2022	As at December 31, 2021
Number of outstanding shares (in thousands)	102,763	102,619
Share market price (in $ per share)	40.02	34.42
Market value of equity attributable to shareholders	4,113	3,532
Non-controlling shareholders	345	210
Net debt	2,984	3,423
Total market capitalization	7,442	7,165

The Corporation computes the net debt to market capitalization ratio as follows:

(in millions of Canadian dollars, unless otherwise specified)	As at December 31, 2022	As at December 31, 2021
Net debt	2,984	3,423
Total market capitalization	7,442	7,165
NET DEBT RATIO (market capitalization)	40%	48%

At present, the net debt to capitalization ratio is currently at 40% and the Corporation wishes to maintain this ratio below 65%. It is important to specify that the Corporation uses a project-based financing approach whereby each project leverage is maximized up to nearly 80% of amounts invested. However, those financing arrangements are generally repayable over the life of the contract. Consequently, as other projects or large projects are added, the debt level could exceed this target, but the Corporation will ensure the ratio is brought back below the set threshold within a reasonable timeframe. In keeping with its corporate objectives announced in the 2025 strategic plan, the Corporation aims to increase the proportion of corporate financing over the next few years to benefit from certain advantages of this type of financing. Although the terms are shorter, corporate financing generally costs less and does not require principal repayments before maturity.

Note 26. Commitments and contingencies

(in millions of Canadian dollars)	Note	Less than one year	Between one and five years	More than five years	Total
Purchase and construction contracts	(a)	299	5	—	304
Maintenance contracts	(b)	28	113	226	367
Other	(c)	4	8	14	26
		331	126	240	697

(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 3 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) 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.

Commitments to a joint venture

The Corporation has provided security for payments up to $144 million to a supplier for a joint venture's turbine supply agreement.

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	2023 - 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

Situation in Ukraine and sanctions against Russia

The situation in Ukraine and the sanctions against Russia in 2022 had no negative identified and measured impact on the Corporation at the closing date. The Corporation has no assets in operation or under development in Russia or in Ukraine and has no business relationships in that country.

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 SAS (“Innovent”) had filed a $359 million (€250 million) claim against Boralex at the Tribunal de Commerce de Paris (the “December 2021 Lawsuit”). This lawsuit was brought further to the May 17, 2021 judgement of the Tribunal de Commerce de Lille which ordered Innovent to pay Boralex $72.7 million (€50.6 million) for breach of contractual obligations (the “May 2021 Judgement”). In the December 2021 Lawsuit, Innovent alleged that the May 2021 Judgement was based on false representations by Boralex and its experts at trial and that, as a consequence of the May 2021 Judgement, Innovent could not proceed with a going public transaction. On September 27, 2022, the Tribunal de Commerce de Paris dismissed Innovent's claim and the December 2021 Lawsuit. Innovent has appealed this judgment.

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.

Note 27. Related party transactions

Related parties include the Corporation's subsidiaries, affiliates, Joint Ventures, key management personal and principal shareholders. Related party transactions were as follows:

(in millions of Canadian dollars)	2022	2021
OTHER REVENUES		
R.S.P. Énergie Inc. – Entity for which one of three shareholders is a director of the Corporation[(1)]	1	1
Joint Ventures (“SDB I” and “SDB II”)	12	15
Joint Ventures (“LP II” and “Roncevaux”)	3	2
INTEREST EXPENSE		
CDPQ – Shareholder of the Corporation	16	17
RENTAL EXPENSE		
Ivanhoé Cambridge – Subsidiary of CDPQ	—	1

(1) R.S.P Énergie for which one of the directors held shares, was disposed of by the director in December 2022 and is no longer considered as a related party.

These transactions were made on terms equivalent to those that prevail under normal terms in arm's length transactions.

Balance sheet amounts comprising transactions between related parties are as follows:

(in millions of Canadian dollars)	As at December 31, 2022	As at December 31, 2021
RELATED PARTY ACCOUNTS RECEIVABLE		
Joint Ventures (“SDB I and SDB II)	5	6
Joint Ventures and associates (“LP II” and “Roncevaux”)	1	1
RELATED PARTY OTHER LIABILITIES		
Joint Ventures ("Apuiat")	—	18
CDPQ – Main shareholder of the Corporation – Contingent consideration	4	4
CDPQ – Shareholder of the Corporation - Loan	308	307

The CDPQ holds a majority stake in Énergir. The Corporation is developing, in partnership with Énergir, some wind power projects located on the Seigneurie de Beaupré site.

In April 2022, Boralex announced the conclusion of a partnership with Hydro-Québec and Énergir, to develop three wind power projects of 400 MW each on the territory of Seigneurie de Beaupré.

Executive compensation

Compensation allocated to senior executives and to members of the Board of Directors is detailed in the following table:

(in millions of Canadian dollars)	2022	2021
Current salaries and benefits	3	3
Other long-term benefits	4	3
	7	6

Note 28. Segmented information

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

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

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

A reconciliation of IFRS based data with data compiled on a Combined basis is also presented where the results of the *Interests in joint ventures and associates* ("Interests") are accounted for according to the ownership interest. Management considers this information to be useful information for investors, as it is used to assess the Corporation's performance. For more details, see the *Interests in joint ventures and associates* section in note 3. *Significant accounting policies* of the annual financial statements.

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

	2022			2021		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Operating income	112	35	147	182	37	219
Amortization	295	24	319	297	23	320
Impairment	85	5	90	4	—	4
Share in earnings of joint ventures and associates	37	(37)	—	9	(9)	—
Excess of the interest over the net assets of joint venture SDB I	—	—	—	6	(6)	—
Change in fair value of a derivative included in the share of the joint ventures	(25)	25	—	(2)	2	—
Other gains	(2)	(2)	(4)	(6)	(2)	(8)
EBITDA(A)	502	50	552	490	45	535

(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

Information on major customers

Revenues are allocated according to the customer's country of domicile. In 2022 and 2021, the Corporation had respectively four and three customers accounting for 10% or more of its revenues.

The tables below show the respective percentage of consolidated revenues from each of these customers as well as the segments in which they operate:

2022		2021	
% of sales attributable to one customer	Segments	% of sales attributable to one customer	Segments
32	Wind and solar		
18	Wind and solar	30	Wind, thermal and solar
18	Wind, hydroelectric and thermal	24	Wind, hydroelectric and thermal
12	Wind, hydroelectric and solar	15	Wind, hydroelectric and solar

A portion of the energy produced by Boralex is sold at market prices, which are volatile, that is, the energy produced by five hydroelectric power stations and two wind power stations in the United States and some wind and solar farms in France which benefit from a deferred activation of their feed-in premium agreement. These facilities represent 12% of Boralex's installed capacity. If the feed-in premium agreements mentioned above were to be activated, the portion of the installed capacity subject to fixed price would increase to 94%. For the year ended December 31, 2022, revenues from energy sales at market prices amounted to $58 million ($9 million for the same period of 2021), of which $36 million was generated by facilities covered by feed-in premium agreements whose activation is pending.

	2022				2021			
(in millions of Canadian dollars)	Canada	France and other[(1)]	United States	Total	Canada	France and other[(1)]	United States	Total
Power production (GWh)[(2)]								
Wind power stations	2,127	2,162	—	4,289	1,987	2,148	—	4,135
Hydroelectric power stations	401	—	351	752	382	—	407	789
Solar power stations	—	58	478	536	—	22	461	483
Thermal power stations[(3)]	40	—	—	40	126	19	—	145
	2,568	2,220	829	5,617	2,495	2,189	868	5,552
Revenues from energy sales and feed-in premiums								
Wind power stations	283	398	—	681	259	283	—	542
Hydroelectric power stations	38	—	33	71	36	—	28	64
Solar power stations	—	18	42	60	—	5	39	44
Thermal power stations[(3)]	6	—	—	6	14	7	—	21
	327	416	75	818	309	295	67	671
EBITDA(A)								
Wind power stations	270	238	—	508	248	227	—	475
Hydroelectric power stations	28	—	23	51	27	—	20	47
Solar power stations	—	17	29	46	—	4	33	37
Thermal power stations[(3)]	2	—	—	2	2	2	—	4
Corporate and eliminations	(51)	(40)	(14)	(105)	(29)	(35)	(9)	(73)
	249	215	38	502	248	198	44	490
Cash outflows related to additions and prepayments for property, plant and equipment								
Wind power stations	2	213	—	215	1	124	—	125
Hydroelectric power stations	4	—	3	7	3	—	1	4
Solar power stations	—	19	—	19	—	29	6	35
Storage	—	1	—	1	—	—	—	—
Corporate	2	2	—	4	1	2	—	3
	8	235	3	246	5	155	7	167

(1) United Kingdom.

(2) Includes compensation for power limitations imposed by clients.

(3) On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil-fuel power generating asset. On April 1, 2022, the Corporation disposed of the Senneterre power station, the last remaining biomass power generation asset in its portfolio.

(in millions of Canadian dollars)	As at December 31, 2022 Canada	France and other(1)	United States	Total	As at December 31, 2021 Canada	France and other(1)	United States	Total
Total assets								
Wind power stations	2,392	2,377	382	5,151	2,368	1,983	—	4,351
Hydroelectric power stations	409	—	153	562	410	—	147	557
Solar power stations	1	90	529	620	1	70	592	663
Thermal power stations(2)	—	—	—	—	12	—	—	12
Corporate	49	142	15	206	84	50	34	168
	2,851	2,609	1,079	6,539	2,875	2,103	773	5,751
Non-current assets(3)								
Wind power stations	2,119	2,015	10	4,144	2,158	1,765	—	3,923
Hydroelectric power stations	387	—	144	531	397	—	142	539
Solar power stations	—	82	515	597	1	65	570	636
Corporate	39	45	9	93	52	18	16	86
	2,545	2,142	678	5,365	2,608	1,848	728	5,184
Total liabilities								
Wind power stations	1,751	1,610	—	3,361	1,919	1,446	—	3,365
Hydroelectric power stations	130	—	61	191	130	—	87	217
Solar power stations	—	32	263	295	—	14	275	289
Thermal power stations(2)	1	—	—	1	5	—	—	5
Corporate	386	283	(4)	665	529	126	9	664
	2,268	1,925	320	4,513	2,583	1,586	371	4,540

(1) United Kingdom.
(2) On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil-fuel power generating asset. On April 1, 2022, the Corporation disposed of the Senneterre power station, the last remaining biomass power generation asset in its portfolio.
(3) Excludes *Interests in joint ventures and associates.*

Reconciliation

(in millions of Canadian dollars)	2022 Consolidated	Reconciliation(1)	Combined	2021 Consolidated	Reconciliation(1)	Combined
Power production (GWh)(2)	5,617	683	6,300	5,552	663	6,215
Wind power stations(2)	4,289	683	4,972	4,135	663	4,798
Solar power stations(2)	536	—	536	483	—	483
Revenues from energy sales and feed-in premium	818	75	893	671	72	743
Wind power stations	681	75	756	542	72	614
Solar power stations	60	—	60	44	—	44
EBITDA(A)	502	50	552	490	45	535
Wind power stations	508	43	551	475	42	517
Solar power stations	46	5	51	37	—	37
Operating income	112	35	147	182	37	219
Wind power stations	256	41	297	223	37	260
Solar power stations	(59)	(6)	(65)	13	—	13
Cash outflows related to additions to property, plant and equipment and prepayments	246	17	263	167	1	168
Wind power stations	215	17	232	125	1	126
Solar power stations	19	—	19	35	—	35

(1) Includes the respective contributions of joint ventures and associates as a percentage of Boralex's interest, less adjustments to reverse recognition of these interests under IFRS.
(2) Includes compensation for power limitations imposed by clients.

Financial and Market Highlights

For the years ended December 31

(in millions of Canadian dollars unless otherwise stated)	Consolidated 2022	2021	2020	Combined[1] 2022	2021	2020
RESULTS						
Power production (GWh)	5,617	5,552	4,727	6,300	6,215	5,834
Revenues from energy sales and feed-in premium						
Wind power stations	681	542	526	756	614	645
Hydroelectric power stations	71	64	63	71	64	63
Thermal power stations	60	44	5	60	44	5
Solar power stations	6	21	25	6	21	25
Total	**818**	**671**	**619**	**893**	**743**	**738**
EBITDA(A)[2]						
Wind power stations	508	475	464	551	517	541
Hydroelectric power stations	51	47	45	51	47	45
Solar power stations	46	37	3	51	37	2
Thermal power stations	2	4	2	2	4	3
Corporate and eliminations	(105)	(73)	(80)	(103)	(70)	(78)
Total	**502**	**490**	**434**	**552**	**535**	**513**
Operating income	112	182	172	147	219	225
Net earnings (loss)	8	26	61	8	30	56
Net earnings (loss) attributable to shareholders of Boralex	30	17	55	30	21	50
per share	0.30	0.16	0.55	0.30	0.21	0.51
CASH FLOW						
Net cash flows related to operating activities	513	345	362			
Cash flows from operations[1]	403	363	338			
Discretionary cash flows[1]	167	132	146			
Business acquisitions, net of cash acquired	8	274	98			
Increase in the interests in Joint Ventures and associate	401	6	-			
Addition to property, plant and equipment	135	106	145	137	107	145
Acquisition of energy sales contracts	10	12	11			
FINANCIAL POSITION						
Total assets	6,539	5,751	5,314	7,188	6,162	5,753
Debt - Principal balance	3,346	3,682	3,609	3,674	4,030	3,976
CLASS A SHARES INFORMATION (as of December 31)						
Stock price	$40.02	$34.42	$47.24	$40.02	$34.42	$47.24
Return	16%	(27%)	93%	16%	(27%)	93%
Market capitalization (in billions)	4.1	3.5	4.8	4.1	3.5	4.8
Shares outstanding (in thousands)	102,763	102,619	102,617	40	102,619	102,617
Average shares outstanding (in thousands)	102,726	102,619	98,548	102,726	102,619	98,548
Dividends	68	68	66	68	68	66
per share	$0.66	$0.66	$0.66	$0.66	$0.66	$0.66
Dividend yield	1.9%	1.4%	2.7%	1.9%	1.4%	2.7%
Reinvestment ratio[3]	59%	48%	55%			
Total return	18%	(26%)	96%	18%	(26%)	96%
KEY RATIOS						
Net debt to market capitalization ratio [4]	40%	48%	41%	42%	50%	43%

[1] Combined, Cash flows from operations 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 financial measures and other financial measures* section in this report.

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

[3] 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 financial measures and other financial measures* section in this report.

[4] Net debt ratio is a capital management measure. For more details, see the *Non-IFRS financial measures and other financial measures* section in this report.

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

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

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SHAREHOLDER INFORMATION

Virtual meeting via live audio webcast at **https://meetnow.global/MUMJA7C**, on May 10, 2023 at 11 a.m. Shareholders will not be able to attend the meeting in person. Information on how to participate and vote in this webcast can be found in the Proxy Circular.

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