BORALEX

2023

Annual Report

Agility, Discipline and Sustainable Growth

OUR **BUSINESS MODEL**

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

OUR **VALUE CHAIN**

Prospection and development
- Feasability studies
- Consultations
- Regulatory studies and authorizations
- Potential customers and partnerships

Financing
- Criteria
- Agreements and partnerships

Construction and acquisition
- Design and engineering
- Project management
- Asset integration

Operation
- Maintenance of facilities
- Relations with communities and territories
- Protection of the environment

Commercialization
- Marketing
- Corporate power purchase agreements
- Customer service

End-of-life of assets
- Dismantling
- Repowering

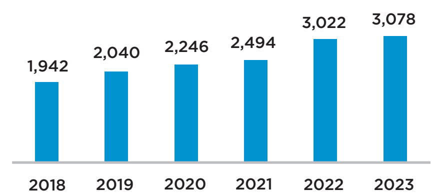
ANOTHER YEAR GUIDED BY **DISCIPLINED GROWTH**

In recent years, the teams at Boralex have had to operate under economic conditions characterized by rising inflation, mounting interest rates and supply chain disruptions. Although the situation improved slightly in some respects during the year, particularly as inflation eased, the environment remained complex and tenuous.

Through it all, we have focused even more sharply on disciplined growth, optimizing our projects, capitalizing on economies of scale and cultivating close ties with key suppliers and financial partners. As a result in 2023, we saw ongoing growth in our financial performance while continuing to demonstrate the financial flexibility and agility we needed to bring new renewable energy projects to the markets we serve, accelerate our development efforts — specifically those related to energy storage projects, and generate high returns for our shareholders.

We have the methodical implementation of our strategic plan to thank for the company's enviable results and financial position, which will be vital to achieving the targets set for 2025.

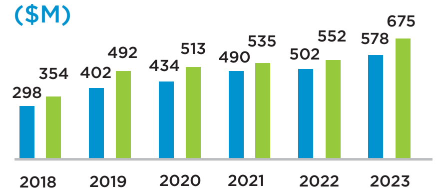
Installed Capacity (MW)



↑58%

(+10% CAGR)

Consolidated EBITDA(A) ■ Combined EBITDA(A) ■ ($M)



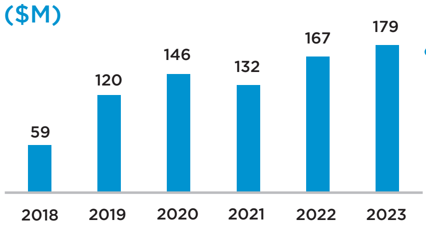
↑94%

(+14% CAGR)

↑91%

(+14% CAGR)

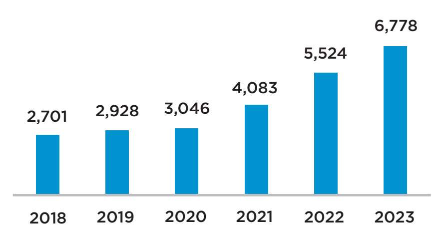
Discretionary Cash Flows ($M)



↑203%

(+25% CAGR)

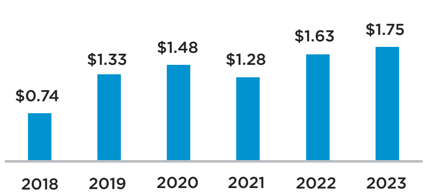
Project Portfolio (MW)



↑151%

(+20% CAGR)

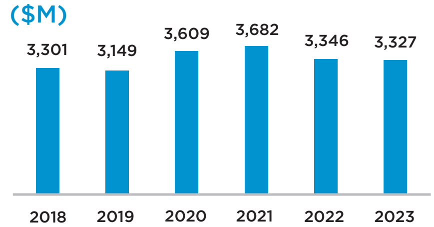
Discretionary Cash Flows Per Share



↑136%

(+19% CAGR)

Debt - Principal balance ($M)



↑1%

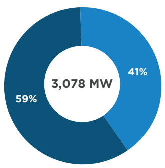
(+0% CAGR)

BORALEX AT A GLANCE

As of December 31, 2023

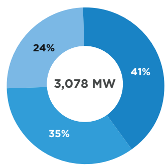
TOTAL INSTALLED CAPACITY
3,078 MW

SEGMENT BREAKDOWN



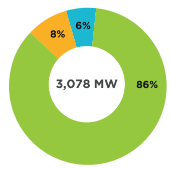
1,819 MW NORTH AMERICA
1,259 MW EUROPE

GEOGRAPHIC BREAKDOWN



1,259 MW FRANCE
1,085 MW CANADA
734 MW UNITED STATES

TECHNOLOGICAL BREAKDOWN



2,640 MW WIND
255 MW SOLAR
178 MW HYDRO
5 MW STORAGE

PROJETS IN DEVELOPMENT AND CONSTRUCTION
6,778 MW

				TOTAL	
Canada	1,324	30	1,055	2,409	36%
France	1,334	786	18	2,138	32%
United States	-	1,493	92	1,585	23%
United Kingdom	311	170	165	646	9%
TOTAL	2,969 44%	2,479 36%	1,330 20%	6,778	

TOTAL INSTALLED CAPACITY

CANADA
Leader in onshore wind with strong presence in Quebec

			TOTAL
TOTAL CAPACITY (MW)	985	100	1,085
SITES IN OPERATION	23	9	32
AVERAGE CAPACITY PER SITE (MW)	43	11	34

FRANCE
Largest independent producer of onshore wind

				TOTAL
TOTAL CAPACITY (MW)	1,208	46	5	1,259
SITES IN OPERATION	72	5	2	79
AVERAGE CAPACITY PER SITE (MW)	17	9	3	16

UNITED STATES
Quickly developing solar in New York, Illinois and Pennsylvania

				TOTAL
TOTAL CAPACITY (MW)	447	209	78	734
SITES IN OPERATION	5	7	6	18
AVERAGE CAPACITY PER SITE (MW)	89	30	13	41

FINANCIAL **HIGHLIGHTS**

For years ended December 31

(In millions of canadian dollars, unless otherwise specified)	CONSOLIDATED 2023	CONSOLIDATED 2022	COMBINED[1] 2023	COMBINED[1] 2022
Power production (GWh)[2]	**5,973**	5,617	**8,020**	6,300
Revenues from energy sales and feed-in premium	**994**	818	**1,104**	893
Operating income	**226**	112	**306**	147
EBITDA(A)[3]	**578**	502	**675**	552
Net earnings	**115**	8	**115**	8
Net earnings attributable to shareholders of boralex	**78**	30	**78**	30
Per share (basic and diluted)	**$0.76**	$0.30	**$0.76**	$0.30
Net cash flows related to operating activities	**496**	513	**-**	-
Cash flows from operations[1]	**445**	403	**-**	-
Discretionary cash flows[1]	**179**	167	**-**	-
Total assets	**6,574**	6,539	**7,304**	7,188
Debt — principal balance	**3,327**	3,346	**3,764**	3,674
Total project debt	**2,844**	3,007	**3,281**	3,335
Total corporate debt	**483**	339	**483**	339

[1] The terms Combined, Cash flow from operations and Discretionary cash flow 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 "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 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 "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

IMPLEMENTING OUR STRATEGIC PLAN: **AMBITIOUS TARGETS FOR 2025 WITHIN REACH**

Throughout 2023, the teams at Boralex were as disciplined and rigorous as ever in carrying out our strategic plan. We continued to actively expand our project portfolio, which now boasts a number of future assets at various stages of development. We also made meaningful headway in the battery storage market, taking advantage of a sharp drop in the costs associated with this technology. This represents a promising avenue for diversifying our assets and aligning energy production and demand. Amid challenging market circumstances, we generated significant discretionary cash flows and maintained a strong balance sheet, which we have utilized to support our growth. We deployed commercial teams in France and the United States to serve a wider customer base, sign additional power purchase agreements (PPAs) with electricity-consuming companies and provide complementary services to energy transmission networks and large-scale electricity consumers. Overall, our efforts during the year were successful, allowing us to make progress toward the targets outlined in our strategic plan.

Major wind power projects in Quebec and significant inroads made into the energy storage market in Ontario

- We **kicked off construction and closed $608 million in financing** for the **Apuiat wind farm** in Quebec.
  The financing comprises:
  - A $465 million construction loan, which will be converted to a term loan after the start of commercial operation
  - Short-term facilities totalling $143 million to be used to finance certain costs incurred during construction that are reimbursable by Hydro-Québec and to issue various letters of credit
  - An ESG swap, including a cash back, to cover the interest rate risk of the debt and reward the achievement of ESG key performance indicators.
- Development efforts have been ongoing with partners Hydro-Québec and Énergir on **three Des Neiges wind projects of 400 MW each** in Quebec. The first part of the undertaking should reach the ready-to-build phase in 2024.
- **Two wind power projects totalling 315 MW** were selected through a call for tenders issued by Hydro-Québec on March 31, 2023. Both projects will be covered by a 30-year contract. The first is expected to become operational in 2027, and the second in 2029.
- **Boralex was the leading awardee** of the expedited long-term request for proposals issued by Ontario's Independent Electricity System Operator (IESO).
  The IESO selected **two storage projects totalling 380 MW**, both of which are expected to be online at the end of 2025, for 22-year capacity contracts:
  - The **Hagersville project** is being developed in partnership with **Six Nations of the Grand River** and will be able to store 300 MW for four hours at a time
  - The **Tilbury project** is an 80 MW, four-hour duration storage project being developed in partnership with the **Walpole Island First Nation**.
- In the **United States**, we joined forces with Northern Power & Light and the City of Glens Falls, New York, on a **community-distributed generation (CDG) project** to provide renewable, locally sourced electricity under the Community Hydro program extending into New York State.

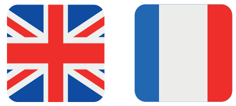
200 MW
APUIAT

3 x 400 MW
Des Neiges

380 MW
Hagersville and Tilbury

Apuiat : Boralex holds 50% of the shares of the 200 MW wind power project but does not have control over it.

Des Neiges : Boralex holds 50% of the shares in the three Des Neiges wind farms of 400 MW each but does not have control over it.
A minority shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33 %.



56 MW

4 projects commissioned in France

106 MW

Project Limekiln under construction

First construction project in the United Kingdom

We **broke ground on the Limekiln wind farm** after securing a 15-year contract for difference (CfD) at a level of £52.29/MWh in 2012 prices (equivalent to £72.35/MWh in July 2023 prices), awarded by the UK Department for Energy Security and Net Zero. This CfD ensures a stable source of revenue and will be helpful in obtaining financing for the **106 MW project** near Thurso, in northern Scotland. Its commissioning is scheduled for late 2024.

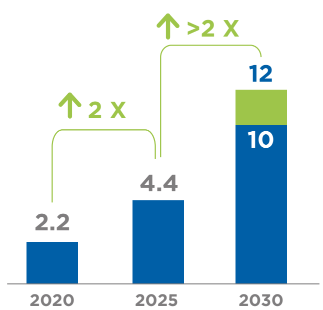
Continued growth in France

- **Three wind power projects totalling 50 MW were selected through a call for proposals** issued by the Ministère de la Transition écologique et solidaire. With these projects, which have received administrative approvals, Boralex will benefit from a feed-in premium contract over a 20-year period starting on their respective commercial commissioning dates.
- We **commissioned four wind farms with 20-year contracts** during the year, **in conjunction with EDF**:
  - **Préveranges** with an installed capacity of **12 MW**
  - **Caumont-Chériennes** with an installed capacity of **17 MW**
  - **Bois Ricart** with an installed capacity of **14 MW**
  - **Marcillé** with an installed capacity of **13 MW.**
- We strengthened our **partnership with Auchan Retail France** with a three-year extension of the PPA signed in 2020 and a new 20-year PPA to finance and build the Moulin Blanc wind farm in the Somme department. This facility will generate 60 GWh of green energy annually starting in 2025.

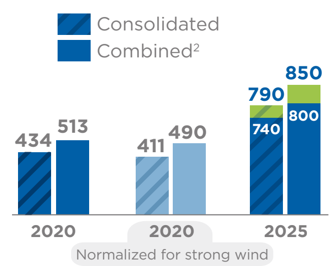
Auchan RETAIL FRANCE

2025 TARGETS

Installed Capacity
(GW)

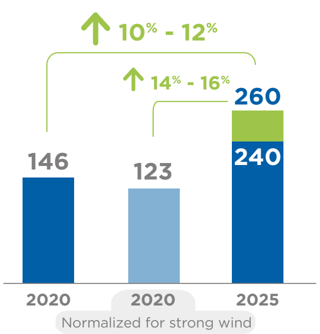


EBITDA(A)[1]
(M$)



	2020 - 2025	2020 Normalized - 2025
Consolidated	↑ 11% - 13%	↑ 12% - 14%
Combined[1]	↑ 9% - 11%	↑ 10% - 12%

Discretionary Cash Flows[2] Consolidated
(AFFO) (M$)



Reinvest 50 to 70%
of discretionary cash flows[2]
towards our growth

To be a CSR reference
for our partners
by going beyond renewable energy

Increase the proportion of corporate financing, including sustainable financing and
obtain 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] The terms combined and 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 "Non-IFRS and Other Financial Measures" in the MD&A section of this report.

[3] Minimum corporate credit rating of BBB-.

HIGH DEMAND FOR RENEWABLE ENERGY IN ALL OUR TARGET MARKETS

Against the global backdrop of climate change and the necessary energy transition, Boralex's target markets are exhibiting a strong demand for renewable energy, which will only accelerate in the years to come. This bodes well for the company's future. Not only can we draw on 30 years of experience in the field, but we can also offer a number of competitive advantages, including:

- A fully integrated business model focused entirely on renewable energy
  - Development of wind, solar, hydroelectric and storage projects
  - Management of the entire construction cycle for each of these projects
  - Operation, optimization and maintenance of energy production sites
  - Sale of green energy to public utility companies and private businesses and directly to markets
- Capacity to develop and acquire world-class projects
- Proven track record in collaborative development
- Vast operational and commercial expertise
- Financing know-how
- Enterprise risk management and corporate social responsibility.

As a result, Boralex is very well poised to act on promising opportunities as they emerge in target markets in Europe and North America.

PROJECTED DEMAND FOR RENEWABLE ENERGY IN OUR TARGET MARKETS

FRANCE

X 1.5

21 GW → 35 GW

X 3.5

16 GW → 60 GW

2022 — 2030

SCOTLAND

X 2

9 GW → 20 GW

2022 — 2030

QUEBEC CANADA

X 2.5

4 GW → 10 GW

2022 — 2030

NEW YORK STATE UNITED STATES

X 4

6.5 GW → 26 GW

2022 — 2030

Message from the Chair of the Board

ROBUST GROWTH AND SIGNIFICANT PROGRESS ON THE CSR FRONT

This past year was marked by strong, disciplined and profitable growth for our company, amid difficult economic conditions.

In keeping with the goals of our strategic plan, we considerably built up Boralex's project portfolio, while operating assets continued to deliver high returns and increased diversification in terms of technology, customer base and partnership.

Boralex's approach to development is widely respected for its sensible risk management, its financial robustness supported by a healthy balance sheet that leads to attractive financing opportunities, and the agility and precision that are the hallmarks of our project execution. Once again this year, we were successful in yielding results that exceeded the already high expectations of all our stakeholders.

We also made substantial strides in our corporate social responsibility (CSR) initiatives, which have been an integral part of our corporate culture for many years now. At Boralex, we don't view CSR as a constraint but rather an opportunity to fortify the foundations upon which our future success will be built.

An even stronger and more diverse leadership

The Board of Directors continue to support Boralex's executives in setting strategic goals and do its part to help the organization grow confidently, profitably and sustainably.

With the recent arrival of a new director, Dominique Minière, our Board boasts an even broader spectrum of insight and experience.

On behalf of my fellow board members, I would also like to thank outgoing director Ghyslain Deschamps for all his contributions to our organization.

Among the tangible steps forward made in corporate governance during the year that I would like to highlight were the formalization of the structure of the business units in order to increase accountability, the introduction of a new enterprise risk management framework under the direct oversight of the Board, the revamping of the Code of Ethics and rollout of an accompanying training program for all employees, the progress made toward leadership diversity targets, efforts to further improve workplace health, safety and wellness across the organization and the proportional increase in executive incentive pay for meeting designated ESG goals.

As a result, we are in a position of strength to successfully navigate the challenges of the current economic climate and fully leverage our leadership in the renewable energy sector. Our competitive edge and state-of-the-art expertise will continue to give us a leg up as we move ahead in the energy transition and government administrations seek to develop new projects to bring more green energy into their respective grids. We will accomplish this by maintaining an unwavering focus on responsibility and accountability, and by ensuring the interests of all stakeholders continue to be served.

Alain Rhéaume
Chair of the Board of Directors

OUR
BOARD OF DIRECTORS

Alain Rhéaume
Chairman of the Board, Boralex Inc.
Corporate Director

André Courville (1) (4)
Corporate Director

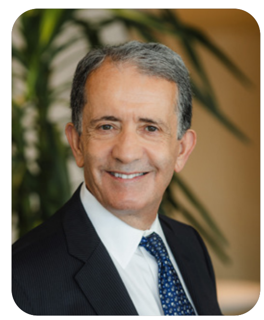
Marie Giguère (2) (3)
Corporate Director

45%
women
as of February 29, 2024

Marie-Claude Dumas (3) (4)
President and CEO, WSP Canada

Patrick Decostre
President and Chief Executive Officer, Boralex inc.

Patrick Lemaire
Corporate Director



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

Dominique Minière
Corporate Director

Lise Croteau (1) (4)
Corporate Director

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

Inès Kolmsee (1) (2)
Managing Partner, Matterwave Ventures and 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

See the Boralex website for bios of our board members.

Message from the President and Chief Executive Officer

PURSUING OUR AMBITIONS AND CREATING VALUE

The context in 2023 was unique in that it was both challenging to our operations and conducive to our growth. From an economic standpoint, inflation continued to rise and interest rates remained high, and supply chain disruptions were an ongoing concern. At the same time, climate change provided a stark reminder of the urgent need to reduce greenhouse gas emissions and transition to alternative forms of energy, with multiple weather-related disasters being reported around the planet. Data from the European Union's Copernicus Earth observation program confirmed that 2023 earned the dubious distinction of being the hottest year on record.

Bearing this in mind, governments and authorities in the various jurisdictions where we operate renewed or strengthened their commitment to renewable energy. In Canada, for example, Hydro-Québec announced its intention to triple wind production between now and 2035, and Ontario adopted a plan focusing on non-emitting energy generation, combined with storage and other solutions aimed at ensuring maximum flexibility. In Europe, the French government raised the energy transition budget and the United Kingdom increased the maximum price of CfDs for wind and solar generation. And in the United States, various financing deals, programs and incentives have been introduced in recent years to accelerate the energy transition.

The opportunities for Boralex are therefore manifold. And our financial discipline along with the expertise and agility of our teams are the key to turning these opportunities into lucrative projects for our shareholders. As a result, we continued to grow in 2023, in keeping with the goals set forth in our strategic plan, and created value for our shareholders and our host communities.

Higher returns and exceptional financial strength

Seven of the projects put forward by Boralex in 2023 in response to various requests for proposals were green-lit: four in Canada (two storage sites in Ontario and two wind farms in Quebec), two wind farms in France and one major wind farm project in Scotland. These are in addition to the assets in our project portfolio that are at various stages of their development. Despite the above-mentioned economic challenges, we have been successful in our efforts to improve the returns of our existing projects for our shareholders. This is due in part to the increasing demand for renewable energy, which is driving prices upward. But there's more than that at play here: the skill and talent of the teams who manage our projects and deliver results with impressive efficiency also factor into the formula. The success of our operating assets is also attributable to this same commitment to excellence.

And because financing is another important piece of the puzzle, I'd be remiss if I didn't point out our achievements in this regard in 2023, especially given the challenging credit market conditions. We leveraged our strong balance sheet to close a major long-term financing deal for the Apuiat project in Quebec, which is owned 50-50 by Boralex and the Innu Nation. This speaks to both the quality of the project and our leadership within the industry.

A strong CSR track record

Corporate social responsibility is embedded in Boralex's business strategy. Once again this year, we have published a CSR report outlining the progress we have made in our environmental, social and governance commitments. These stand side by side with our fiscal performance. CSR is an integral part of our practices, which is why this message assigns equal importance to both our financial and our extra-financial results. I am very proud of our many CSR-related accomplishments. Our renewable energy production operations have propelled us past the mark of 1 million tonnes of CO_2 emissions avoided[1]. We also introduced a consolidated framework to manage occupational health and safety during the year and launched several initiatives in this regard. We deployed a new company-wide strategy to promote mental health and wellness in the workplace, which is applicable to all of our teams around the world. Not only that, but we successfully increased the diversity of our staff and management, specifically by onboarding more women and helping them advance in their careers at Boralex. Going forward, we will build on our achievements in recent years to shift our focus to unconscious bias, which all too often undermines our efforts to empower women to excel within our organization. This will be an important CSR goal for 2024.

[1] *Based on in-house calculations using criteria developed by subject-matter experts.*

We will also continue to adhere to newly enacted legislation in the different jurisdictions where we operate and update our practices accordingly. This year marks the first time we will be filing a formal report on forced and child labour, following the adoption of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* in Canada.

An ambitious outlook for the future, and the means to achieve it

The impacts of climate change in recent years have been a constant reminder that the status quo is no longer an option. The need to migrate toward renewable, low-carbon energy sources is an urgent one. Government administrations in our target markets have heeded this call and invested heavily in plans to achieve this energy transition. This is happening at the same time as efforts are being made to electrify our transportation systems and economies, and our energy needs continue to grow, putting upward pressure on prices.

For Boralex, this situation has meant additional opportunities for growth and new projects, as well as attractive prices that will help us cover rising costs. As a result, we will be able to keep building assets conducive to the energy transition at the best possible price in the economies where we operate, while still generating strong returns for our shareholders.

Last but not least, we have worked to enhance our governance processes and strengthen our management model in recent years. This, combined with the methodical, disciplined approach that underpins all our achievements in 2023, means that we now have the organization and resources in place to deliver on our ambitions for the future. I would like to recognize the outstanding work done by our teams in a year that has been anything but routine. I said it last year and I'm happy to repeat it here: the adaptability shown by our people has been nothing less than remarkable. I am tremendously grateful to each and every one of you.

I would also like to underscore the vital role played by the members of our Board of Directors. Their vision, their expertise and the mix of complementary experience they bring to the table are vital to the quality of our governance and the success of our organization. Finally, my sincere thanks go out to our shareholders, our customers and our business partners for their renewed trust, year after year. Without all this support, we would not be able to remain focused on our mission to produce electricity sustainably for future generations, something that is central to fighting climate change on our planet.

Patrick Decostre
President and Chief Executive Officer

OUR EXECUTIVE COMMITTEE

Patrick Decoste
President and Chief Executive Officer

Bruno Guilmette
Executive Vice President and Chief Financial Officer

36%
women
as of February 29, 2024

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

Julie Cusson
Senior Vice President, Synergies and Special Projects

Mihaela Stefanov
Senior Vice President, Enterprise Risk Management and Corporate Social Responsibility

Pascal Hurtubise
Executive Vice President and Chief Legal Officer

Nicolas Wolff
Executive Vice President and General Manager, Europe

Hugues Girardin
Executive Vice President and General Manager, North America

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

Isabelle Fontaine
Senior Vice President, Marketing, Public Affairs & Corporate Communications

Nicolas Mabboux
Senior Vice President, IT and Digital Transformation

Management’s Discussion and Analysis

As at December 31, 2023

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Highlights

Three-month periods ended December 31

(in millions of Canadian dollars, unless otherwise specified)	Consolidated 2023	Consolidated 2022	Combined[1] 2023	Combined[1] 2022
Power production (GWh)[2]	1,814	1,619	2,351	1,814
Revenues from energy sales and feed-in premiums	315	322	345	344
Operating income	98	7	119	14
EBITDA(A)[3]	202	158	229	173
Net earnings (loss)	58	(7)	58	(7)
Net earnings attributable to the shareholders of Boralex	37	14	37	14
Per share (basic and diluted)	$0.36	$0.14	$0.36	$0.14
Net cash flows related to operating activities	107	189	—	—
Cash flows from operations[1]	161	141	—	—
Discretionary cash flows[1]	90	77	—	—

Years ended December 31

(in millions of Canadian dollars, unless otherwise specified)	Consolidated 2023	Consolidated 2022	Combined[1] 2023	Combined[1] 2022
Power production (GWh)[2]	5,973	5,617	8,020	6,300
Revenues from energy sales and feed-in premiums	994	818	1,104	893
Operating income	226	112	306	147
EBITDA(A)[3]	578	502	675	552
Net earnings	115	8	115	8
Net earnings attributable to the shareholders of Boralex	78	30	78	30
Per share (basic and diluted)	$0.76	$0.30	$0.76	$0.30
Net cash flows related to operating activities	496	513	—	—
Cash flows from operations[1]	445	403	—	—
Discretionary cash flows[1]	179	167	—	—
	As at Dec. 31	**As at Dec. 31**	**As at Dec. 31**	**As at Dec. 31**
Total assets	6,574	6,539	7,304	7,188
Debt - Principal balance	3,327	3,346	3,764	3,674
Total project debt	2,844	3,007	3,281	3,335
Total corporate debt	483	339	483	339

(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 customers 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 and Definitions

CDPQ	Caisse de dépôt et placement du Québec
CODM	Chief operating decision maker
Corporate PPA / CPPA	Power purchase agreement concluded by commercial and industrial corporations
CSR	Corporate social responsibility
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
EDC	Export Development Canada
EDF	Électricité de France
EIP	Energy Infrastructure Partners
ERCOT	Electric Reliability Council of Texas
FiP	Feed-in premium
GAAP	Generally accepted accounting principles
GHG	Greenhouse gases
GW	Gigawatt
GWh	Gigawatt-hour
HQ	Hydro-Québec
ICFR	Internal control over financial reporting
IESO	Independent Electricity System Operator
IFRS	International Financial Reporting Standards
Interests	Interests in joint ventures and associates
ITC	Investment tax credit
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

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

Repowering
Equipment replacement with new components to increase installed capacity.

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.

Installed capacity
The installed capacity represents the electrical generation capacity or electrical storage of a piece of equipment. It is expressed in Megawatts, or even Gigawatts.

Contract for Difference
The contract for difference was introduced in the UK in 2014 as a market support mechanism for low carbon energy projects. It was designed to encourage the development of large-scale renewable energy infrastructure at the lowest cost to the consumer, while limiting market volatility. It consists of a contract with the British government to guarantee a stable income for renewable energy producers.

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, 2023, compared with the corresponding periods of 2022, as well as the Corporation's financial position as at December 31, 2023, compared to December 31, 2022. 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, 2023.

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.sedarplus.ca) 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 29, 2024, 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 2022.

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 a 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, 2023, unless otherwise specified.

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 provides 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	2023	2022
USD	1.3243	1.3554
EUR	1.4606	1.4506
GBP	1.6871	1.6395

	Average rate[2]			
	Three-month periods ended December 31		Years ended December 31	
Currency	2023	2022	2023	2022
USD	1.3624	1.3578	1.3497	1.3013
EUR	1.4660	1.3862	1.4597	1.3696
GBP	1.6913	1.5950	1.6784	1.6076

[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, results and performance for future periods, targets for installed capacity and growth in the number of megawatts, EBITDA(A)[1] and EBITDA(A) margins and discretionary cash flows,[2] organic growth and growth through mergers and acquisitions, obtaining an "investment grade" credit rating, targets for discretionary cash flow reinvestment ratio in growth, the renewable energy production projects in the pipeline or on the Corporation's *Growth path* and their expected performance, the expected timing of project commissioning, anticipated production,[3] capital expenditure and investment programs, access to credit facilities and financing, the amount of distributions and dividends to be paid to shareholders, as well as the anticipated payout 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 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. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

[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] Payout 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.

Notice concerning forward-looking statements (cont'd)

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, the risks of strategic positioning and mergers and acquisitions, the risk of not renewing PPAs or being unable to sign new corporate PPA, the risk of not being able to capture the US or Canadian investment tax credit, counterparty risk, 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, particularly legislation, regulations and emergency measures that could be implemented from time to time to address high energy prices in Europe, CSR regulations and amendments thereto, loss of reputation, pandemics, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, interest rate fluctuations, the Corporation’s financing capacity, cybersecurity risks, competition, changes in general market conditions, raw material availability and price increases, litigation and other regulatory issues related to projects in operation or under development, as well as certain other factors discussed in the sections on risk factors and factors of uncertainty in Boralex’s Management’s Discussion and Analysis for the year ended December 31, 2023.

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.

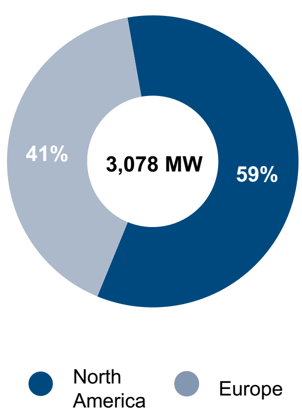
Description of business

Boralex is a Canadian corporation operating in the renewable energy segment for over 30 years. It draws on a workforce of 753 people to develop, build and operate power generating and storage 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 3,078 MW as at December 31, 2023. The Corporation is developing a portfolio equivalent to nearly 6 GW of wind and solar power as well as energy storage, guided by its values and its corporate social responsibility (CSR) approach. Projects under construction or ready to build represent an additional 319 MW, to be commissioned in 2024 and 2025, while the pipeline of secured projects amounts to 587 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.

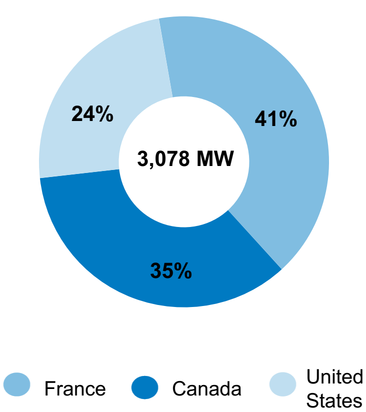
Segment,[1] geographic and technological breakdown

As at December 31, 2023, Boralex was active in the production of three complementary types of renewable energy: wind, solar and hydroelectric, along with energy storage. As at February 29, 2024, the installed capacity is 3,078 MW. The major part of Boralex's installed capacity is accounted for by wind energy. The following illustration provides information about the makeup of the Corporation's operating portfolio.

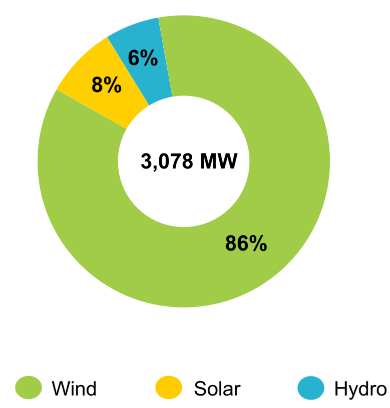
Segment breakdown



Geographic breakdown



Technological breakdown



Installed capacity[2]

	Wind farms		Solar power stations		Hydroelectric power stations		Storage units		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	Installed capacity (MW)	Number of sites
North America	1,432	28	209	7	178	15	—	—	1,819	50
Europe	1,208	72	46	5	—	—	5	2	1,259	79
	2,640	100	255	12	178	15	5	2	3,078	129

(1) See the *Changes to the management model* section.

(2) 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 the financial statements, consisting of 170 MW for 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 wind farms in the United States with a total installed capacity of 894 MW, for which Boralex's share is 447 MW.

The Corporation's profile

As at December 31, 2023, 93%[1] of Boralex's installed capacity was covered by fixed-price and indexed energy sales contracts or feed-in premium contracts in effect with public utilities. Over the past few years, Boralex has been able to diversify its customer base by signing corporate PPAs with major companies in Europe.

Corporate PPAs - France	Start	End
• 5-year term - Orange;	2020	2025
• 5-year term - IBM;	2021	2026
• 3-year term - L'Oréal;	2021	2023
• 3-year term - Auchan;	2024	2026
• 20-year term - Auchan;	2024	2044
• 20-year term - METRO France.	2024	2043

The weighted average remaining term[2] of these contracts is **11 years** (12 years in North America and 9 years in Europe). The breakdown of the 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, 2023 (in MW)

	≤ 5 years	6 to 10 years	11 to 15 years	> 15 years	Total
North America	143	609	645	279	1,676
Europe	417	387	18	365	1,187
Total	560	996	663	644	2,863

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

Changes to feed-in premium contracts

On October 26, 2023, the French Constitutional Council declared Article 38 of the *2022 Supplementary Budget Act* (the "2022 Act") unconstitutional. Consequently, the ministerial order that set the threshold prices (the "Threshold price order") has no legal foundation since October 27, 2023 since it had been enacted under the delegated authority of Article 38 of the 2022 Act. Following the adoption of the 2022 Act and the Threshold price order, the Corporation's FiP contracts had been unilaterally modified by the government, such that all the difference between the selling price of energy and the FiP contractual price had to be remitted to the government. In February 2024, the Administrative Supreme Court confirmed the withdrawal of the Threshold price order.

Following the French Constitutional Council's decision, the French National Assembly and Senate enacted, on December 29, 2023, the *2024 Budget Act*, which includes an article retroactive to January 1, 2022 stipulating that for all FiP contracts, when the selling price of energy is greater than the FiP contractual price, the difference shall be remitted to the government.

These two legislative developments on FiP contracts had no impact on the Corporation's consolidated financial statements for the year ended December 31, 2023, since the Corporation was already recognizing amounts owed to the government as a result of the amendments to FiP contracts adopted in 2022.

Inframarginal rent contribution on electricity production

The 2024 Finance Act, which was adopted by the French National Assembly and the Senate in December 2023 included the extension of the inframarginal rent contribution on electricity production until December 31, 2024, including certain application modifications. The new act introduces a tax calculated at 50% (previously 90%) of revenues in excess of a threshold price, which varies by technology. The threshold price was set at €105/MWh (previously €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.

[1] The percentage of installed capacity covered by energy sales contracts or feed-in premium contracts is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.
[2] The average remaining term includes feed-in premium contracts that are not yet in effect for newly commissioned facilities.

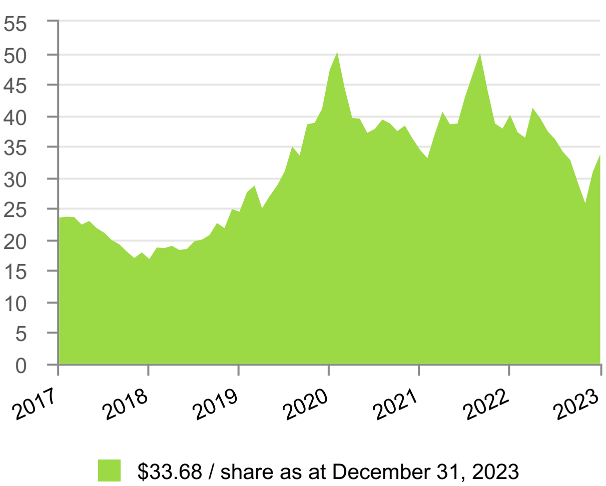
Selected financial information: A growth company

Since December 31, 2017, Boralex's share price and market capitalization have increased at compound annual growth rates[1] of 6% and of 12%, respectively. Boralex's operating income was up 15% (16% increase on a Combined[2] basis). For EBITDA(A), the compound annual growth rate is 13% (13% on a Combined basis).

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at December 31, 2023, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 15.3% of Boralex's outstanding shares.

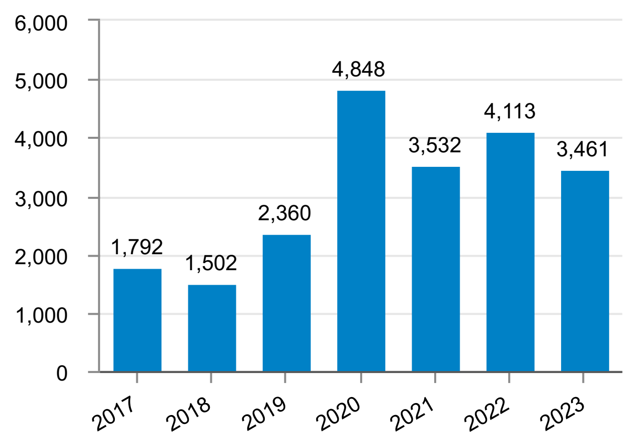
Share price

(Monthly closing price in Canadian dollars)
Compound annual growth rate:[1] 6%
(Toronto Stock Exchange under the ticker BLX)



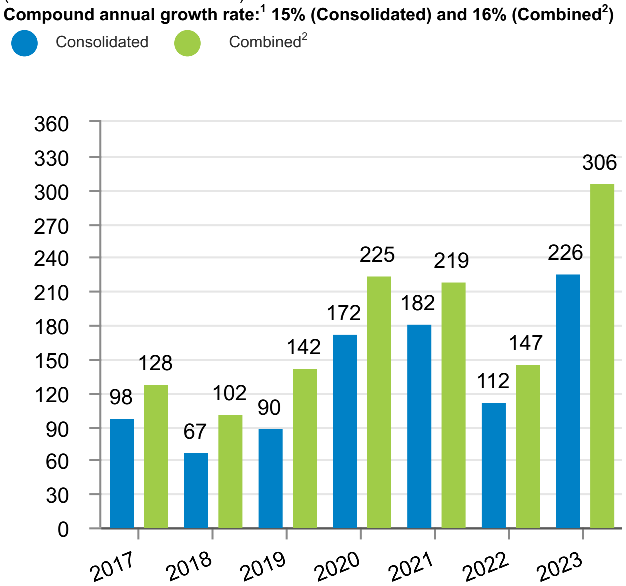
Market capitalization

(in millions of Canadian dollars)
Compound annual growth rate:[1] 12%



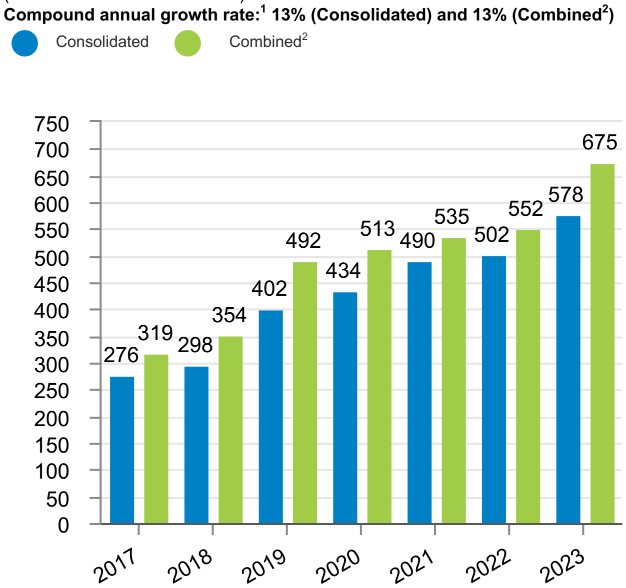
Operating income

(in millions of Canadian dollars)
Compound annual growth rate:[1] 15% (Consolidated) and 16% (Combined[2])



EBITDA(A)[3]

(in millions of Canadian dollars)
Compound annual growth rate:[1] 13% (Consolidated) and 13% (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 (%)	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Power production (GWh)[1]	5,973	5,617	5,552	6	1
Revenues from energy sales and feed-in premiums	994	818	671	21	22
Operating income	226	112	182	>100	(39)
EBITDA(A)[2]	578	502	490	15	3
Net earnings	115	8	26	>100	(66)
Net earnings attributable to the shareholders of Boralex	78	30	17	>100	81
Net earnings per share attributable to the shareholders of Boralex - basic and diluted	$0.76	$0.30	$0.16	>100	92
Net cash flows related to operating activities	496	513	345	(3)	49
Cash flows from operations[3]	445	403	363	10	11
Dividends paid - common shares	68	68	68	—	—
Dividends paid per common share	$0.66	$0.66	$0.66	—	—
Weighted average number of shares outstanding – basic	102,765,694	102,726,063	102,618,657	—	—

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at December 31			Change (%)	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Total cash, including restricted cash	500	374	259	34	45
Property, plant and equipment	3,355	3,335	3,227	1	3
Total assets	6,574	6,539	5,751	1	14
Debt - principal balance	3,327	3,346	3,682	(1)	(9)
Total liabilities	4,550	4,513	4,540	1	(1)
Total equity	2,024	2,026	1,211	—	67
Net debt to market capitalization ratio[4] (%)	42%	40%	48%	2	(8)

(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 portfolio in operation

Project name	Type of transaction	Total capacity (MW)	Effective date	Technology | Country	Energy contract : Term | Client | Type	Investment type
Solar power stations portfolio - Boralex US Solar	Acquisition	209	January 29	Solar | United States	21.5 yrs[(1)] | Various	Subsidiary[(1)]
Blendecques	Disposal	-12	May 1	Thermal |France	N/A	Subsidiary
Bazougeais	Commissioning	12	May 1	Wind | France	20 yrs | EDF | FiP	Subsidiary
Oldman	Disposal	-4	July 9	Wind | Canada	N/A	Subsidiary
Extension Plaine d'Escrebieux	Commissioning	14	August 1	Wind | France	20 yrs | EDF | FiP-RfP	Subsidiary
La Grande Borne	Commissioning	9	December 1	Wind | France	20 yrs | EDF | FiP	Subsidiary
Peyrolles	Commissioning	12	December 14	Solar | France	20 yrs | EDF | FiP-RfP	Subsidiary
La Clé des Champs	Commissioning	9	December 23	Solar | France	20 yrs | EDF | FiP-RfP	Subsidiary
2021		**+ 249 MW**			Installed capacity: 2,494 MW[(2)]	
Senneterre	Disposal	-35	April 1	Thermal | Canada	N/A	Subsidiary
La Bouleste	Disposal	-10	April 27	Wind | France	N/A	Subsidiary
Remise de Reclainville Repowering	Commissioning	3	May 9	Wind | France	20 yrs | EDF | FiP	Subsidiary
Bois des Fontaines	Commissioning	25	May 12	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
Evits & Josaphat Repowering	Commissioning	3	June 24	Wind | France	20 yrs | EDF | FiP	Subsidiary
Bougainville Repowering	Commissioning	6	September 12	Wind | France	20 yrs | EDF | FiP	Subsidiary
Vaughn	Disposal	-1	October 24	Solar | Canada	N/A	Subsidiary
Grange du Causse	Commissioning	12	December 16	Solar | France	20 yrs | Corporate PPA	Subsidiary
Mont de Bézard 2 Repowering	Commissioning	13	December 22	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
Moulins du Lohan	Commissioning	65	December 28	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
Wind farm portfolio - Boralex US Wind	Acquisition	447	December 29	Wind | United States	10 yrs | Various and market[(3)]	Joint venture 50%[(3)]
2022		**+ 528 MW**			Installed capacity: 3,022 MW[(2)]	
Fourth Branch	End of operations	-3	March 23	Hydroelectric | United States	N/A	Subsidiary
Plouguin	Commissioning	3	April 5	Storage | France	Market	Subsidiary
Préveranges	Commissioning	12	June 14	Wind | France	20 yrs | EDF | FiP	Subsidiary
Caumont-Chériennes	Commissioning	17	June 26	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
Bois Ricart[(4)]	Commissioning	14	December 11	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
Marcillé [(4)]	Commissioning	13	December 28	Wind | France	20 yrs | EDF | FiP-RFP	Subsidiary
2023		**+ 56 MW**			Installed capacity: 3,078 MW	

(1) 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.

(2) During fiscal 2023, installed capacity was increased to include the installed capacity of 2 MW of an energy storage unit commissioned on March 1, 2020, on an existing wind farm in France.

(3) 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.

(4) Installed capacity includes 100% of the total capacity of the Marcillé and Bois Ricart wind farms. As at December 31, 2023, according to the percentage of completion, these wind farms were operating at 33% and 20%, respectively, of their total capacity. On February 29, 2024, after completion of the construction work, the wind farms were operating at their total installed capacity.

2023

Commissioning

The Corporation added 59 MW to its net installed capacity with the commissioning of four wind farms and one energy storage unit on a wind farm site in France.

A 3 MW decrease in its installed capacity in March 2023, was related to the termination of the operations of a hydroelectric power station in the United States following the expiry of its operating agreement.

Financial transactions

In April 2023, Boralex's letter of credit facility guaranteed by Export Development Canada was increased by $125 million, bringing its total authorized amount to $200 million.

In July 2023, Boralex closed two incremental tranches totalling $194 million (€133 million) under the term loans of the Boralex Production and Saint-Christine portfolios of wind farms and projects.

In September 2023, the joint venture Parc éolien Apuiat SEC, in which Boralex holds a 50% interest, closed the financing of $608 million for the construction of the Apuiat wind power project including short-term facilities. Following the financing, the joint venture returned capital in the amount of $61 million to Boralex, allowing to optimize the overall capital structure.

In October 2023, Boralex closed a two-year short term credit facility in France in the amount of $14 million (€10 million).

In December 2023, Boralex obtained an increase in its revolving credit facility of $100 million and its credit facility guaranteed by EDC by $150 million, bringing the authorized amounts to $550 million and $350 million, respectively. The Corporation also obtained a one-year extension of the term of its facilities until December 2028. The credit facility again qualified as a sustainable loan with annual CSR objectives. Boralex also secured a 15-year financing for a solar power project totalling $17 million (€11 million).

Results

In 2023, the Corporation generated 5,973 GWh of electricity, up 6% from the prior fiscal year. This increase was mainly attributable to wind farms in France, which benefited from better wind conditions, the contribution of new facilities commissioned and the resumption of operations at facilities shut down temporarily owing to repowering work.

Revenues from energy sales and feed-in premiums reached $994 million, a 21% increase due to the implementation of new contracts in line with higher electricity prices and better wind conditions in France.

Operating income was $226 million, an increase of $114 million considering the previous explanations related to the increases in production and revenues from energy sales, the acquisition in the United States and a lower impairment loss in 2023 compared to the previous year. In 2023, the Corporation recorded an impairment of $19 million for solar power projects in the United States since the recoverable amount of some of these projects was lower than their book value. *EBITDA(A)* reached $578 million, an increase of 15%.

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.

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.

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 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 quarterly achievements related to the plan in the following pages. To learn more about the updated strategic plan, see the *Strategic plan and financial objectives for 2025* section in 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 region

The Corporation continues its growth 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

In 2023, the *Inflation Reduction Act* (IRA) has ignited an expansion of United States domestic renewable energy manufacturing by providing tax credits at every stage of the clean energy supply chain. Simultaneously, numerous Federal Agencies and Commissions have advanced policies to increase the deployment of renewable energy or regulate traditional forms of energy.

While the *Inflation Reduction Act* has spurred new investment, it has also raised tensions between the US and its traditional trading partners. Clean energy manufacturers have committed to investments of over US$70 billion in manufacturing, including more than 40 initiatives in the US solar energy supply chain valued at more than US$13 billion. Increasing local manufacturing could reduce the cost of materials and help reduce uncertainty in the supply chain.

In the State of New York, following the New York State Public Service Commission's decision to deny industry requests for formula-based inflation adjustment for 90 renewable energy projects, the New York Energy Research Development Authority (NYSERDA) launched an expedited RFP to help recontract many of the projects, reiterating at the same time its commitment to achieving the target of 70% renewable energy by 2030.

In California, the state has adopted a slate of bills into law to establish a new centralized procurement system for clean energy resources, putting the state on a path towards its 25 GW offshore wind goal, reform the interconnection process and review grid planning.

In Texas, after concerns were raised over the adoption of a performance credit mechanism (PCM), the legislature and the Governor agreed to adopt measures intended to address the current energy market. The legislation will establish a low-interest loan and grant program of US$7.2 billion and place restrictions on PCM. Most notably, the legislation provides that the net cost of the PCM to the market cannot exceed US$1 billion annually.

Canada

Contained within the 2023 federal government budget, was a pledge to adopt a series of measures to advance the green economy including the adoption of a 30% Investment Tax Credit (ITC) for capital expenditures related to renewable energy production, energy storage and clean technologies sector. After conducting consultations, the Government advanced to the second reading the of Clean Technology ITC draft resolution.

In August, the Government released the draft of the Clean Electricity Regulations (CER), which would establish performance standards to reduce GHG emissions from fossil-fuel-generated electricity, starting in 2025. The regulations are intended to guide the Canadian grid to a net-zero path by 2035. The electricity sector currently makes up 9% of Canada's total emissions with around 84% of Canada's electricity already coming from non-emitting sources. However, four of the 10 provinces still rely on fossil fuels for much of their power generation and the planned electrification in the industrial and transportation sectors will lead to a significant increase in the demand for renewable electricity.

In Quebec, the government and Hydro-Québec continue to focus on wind power to meet future energy needs. Hydro-Québec recently announced the results of a tender call for 1,500 MW of wind power, which is part of a larger plan to meet the growing energy demand by tripling wind production to more than 10,000 MW by 2035, as well as by adding 3,800 to 4,200 MW of hydropower generation capacity. The Québec government will also present a bill in winter 2024 to modernize energy sector regulations and promote the development of clean energy to better meet the significant increase in electricity demand expected in the coming decades.

In Ontario, the Independent Electricity System Operator (IESO) has announced that it expects to procure up to 5,000 MW of new capacity by 2035 from non-emitting sources of supply, including wind, solar, biofuel and hydroelectric assets. The procurements will be distributed in blocks, with the first 2,000 MW of new-build resources RFP to be launched in 2025 and the facilities are expected to be in service by 2030. Subsequent procurements will launch in 2027 and 2029 for an additional 1,500 MW to be in service by 2032 and 2034, respectively. This procurement is in response to the Ontario's Ministry of Energy issuance of a report stating that due to economic growth, electrification and population growth, Ontario could be required to more than double its generating capacity from 42,000 to 88,000 megawatts by 2050.

France and United Kingdom

In Europe, implementation of the REPowerEU plan continued in 2023 to make Europe independent from Russian fossil fuels and strengthen the commitment to increase renewable energy targets for 2030. The amended Renewable Energy Directive was adopted in October with the aim to achieve the reduction of CO_2 emissions by 55% by 2030 (Fit for 55) and to raise targets from 32% to 42.5%.

Furthermore, discussions were held throughout the year in response to the US IRA, in connection with the European Green Deal, aimed at developing the European industry of carbon neutral technologies, rare metals and critical materials. The goal is to adopt these regulations by mid-2024, before the European elections in June.

Similarly, discussions on electricity market reform will continue at the beginning of 2024, to encourage PPAs, flexibility mechanisms and contracts for difference as one of the tools to be used to support nuclear and renewable power generation capacities.

In France, the objective of energy policy is to achieve carbon neutrality and free the country from fossil fuels, through energy efficiency, revive nuclear power and develop renewable energies. The year 2023 was thus marked by the publication in March of the law on accelerating renewables production, followed by work on its implementation regulations, which will continue in 2024.

The government has also been very active in strengthening industrialization: the Green Industry Law adopted in October will make it easier to set up plants and develop green industry upstream of the supply chain (hydrogen, batteries, photovoltaic panels, wind turbines, etc.) It was supplemented in December by the *2024 Finance Act*, which introduced a tax credit for this type of investment. The *Finance Act* also introduced reactive measures to the strong increase in energy prices, to protect consumers and finance an extension of the energy price cap: their impact on the Corporation is discussed in the *Description of business* section of this Management's Discussion and Analysis.

Finally, this year saw the preparation of the energy planning update, which will culminate with the adoption of a new Multiannual Energy Plan. A number of RFPs, for wind and for solar, are planned throughout 2024 to support the development of new renewable generation capacity.

United Kingdom

In the United Kingdom, the energy policy is characterized by a general drive to decarbonize the energy mix (Net Zero) by strengthening the industry and carbon-neutral technologies. As a pre-election year, 2023 has shown that energy will be at the centre of discussions. Developing renewable energies is a key objective for ensuring the country's energy supply and energy transition.

England is targeting solar and discussions are underway to expand onshore wind power while Scotland is continuing to work toward achieving its ambitious targets announced at the end of 2022 (20 GW of onshore wind power by 2030).

Lastly, at year-end, new measures were adopted to accelerate the connection of renewable capacity to the grid, and it was announced that an RFP (CfD) will take place in 2024 to support the development of new generation capacity.

Development outlook by strategic direction

Boralex continues to develop according 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 2023 is presented below.

Growth

- Commissioning of four wind farms in Europe, which added 56 MW of installed capacity.
- Progression of two wind power projects of 29 MW to the ready-to-build phase and a 133 MW project to the secured stage.
- Addition of wind power projects totalling 429 MW to the early stage and 265 MW of a wind power project at the mid stage of the project pipeline.
- Three wind power projects totalling 50 MW submitted in the onshore wind call for tenders in France were selected.
- Obtained a contract for difference (CfD) for the Limekiln wind power project under a tender in the United Kingdom.
- Two wind power projects in North America were selected under Hydro-Québec's call for tenders for a total of 315 MW.

Diversification

- Commissioning of the second energy storage unit in Europe.
- Addition of solar power and storage projects totalling 1,106 MW to the early stage.
- Selection of two storage projects for the equivalent of 380 MW under the IESO ELT1 Ontario call for tenders and signing of supply agreements for these two secured projects.
- Two storage projects in North America were tendered for a total of 525 MW.
- Submission of five solar power projects in January 2024 under NYSERDA's expedited RFP process for a total of 240 MW.

Customers

- Signature of a 20-year corporate PPA with the Auchan Retail France group that will allow the financing and construction of a wind farm in Hauts-de-France.
- Extension for 3 years of the corporate PPA signed in 2020 with Auchan Retail France.
- Discussions underway to enter into Corporate PPAs in France.
- Distributed Generation Partnership (DGP) between Boralex, Northern Power & Light and the Town of Glens Falls for local and renewable electricity support under the Community Hydro program extending into New York State.

Optimization

- Integration of interests acquired in five wind farms in the United States with a net capacity of 447 MW, with future optimization potential.
- Optimization of the service and maintenance of French and Canadian wind farms as well as U.S. solar farms for a total installed capacity of 240 MW.
- Enhancement of the credit facility arrangement guaranteed by EDC for a first tranche of $125 million in the second quarter and a second tranche of $150 million in the fourth quarter, bringing the total authorized amount to $350 million. Increase in its revolving credit facility of $100 million, bringing the total authorized amount to $550 million.
- Financing of $608 million for the Apuiat wind farm, including short-term facilities to optimize Boralex's overall capital structure.
- Additional financing of an incremental tranche under the term loans of the Boralex Production and Sainte-Christine portfolio of wind farms and projects for a total of $192 million (€133 million), including letter of credit facilities for $11 million (€8 million).

Growth

The Corporation intends to accelerate organic growth to maximize 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 December 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. The acquired interest represents 447 MW of net installed capacity. Three of the wind farms are covered by structured long-term PPAs entered into with established purchasers while the other two sell all of their energy at market prices.

On May 17, 2023, Boralex announced that two storage projects, for a total installed nameplate capacity of 380 MW, had been selected by Ontario’s Independent Electricity System Operator (IESO) as part of its Expedited Long-Term Request for Proposals. One of these projects is the largest in terms of nameplate capacity to have been selected by the IESO. Once commissioned, the projects will be Boralex’s first storage facilities in North America.

On September 8, 2023, the Corporation announced that it had been awarded a contract for difference (CfD) for the Limekiln wind power project in Scotland. The UK’s Department for Energy Security and Net Zero granted a 15-year CfD to the 106 MW wind power project. Preparatory work has already been completed and the turbine supply agreement with Vestas was signed. In addition to obtaining the CfD, construction of the substation and connection to the grid on the site are underway.

In France, the Corporation has the necessary strengths to capitalize on development opportunities when they arise due to its long-standing presence and in-depth market knowledge. Building on these achievements, Boralex is actively participating in the tendering process for the construction of wind farms in France. Three of its projects totalling 50 MW have been selected under RFPs for onshore wind power. These projects have received the necessary administrative authorizations and will allow Boralex to benefit from a feed-in premium contract for 20 years as of the start of commercial operations.

For the 2021-2024 period, the RFP process in France aims to award all feed-in premium contracts in tranches of 925 MW each, twice a year. The Corporation has the necessary strengths to capitalize on development opportunities when they arise due to its long-standing presence and in-depth market knowledge.

Changes in the project portfolio

The Corporation’s pipeline of projects totals 5,872 MW, up 262 MW from the end of the third quarter of 2023. The solar portfolio contributes to the Corporation's growth, with a total of 2,466 MW, up 68 MW from the previous quarter. Solar power has high development potential in both Europe and North America. The wind portfolio comprises projects totalling 2,456 MW, up 69 MW from the previous quarter. The energy storage portfolio amounted to 950 MW, up 125 MW from the previous quarter.

The project portfolio increased by 969 MW since 2022, increases of 89 MW and 750 MW in the wind and solar power project portfolios, respectively. The energy storage portfolio also increased by 130 MW compared to 2022.

BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

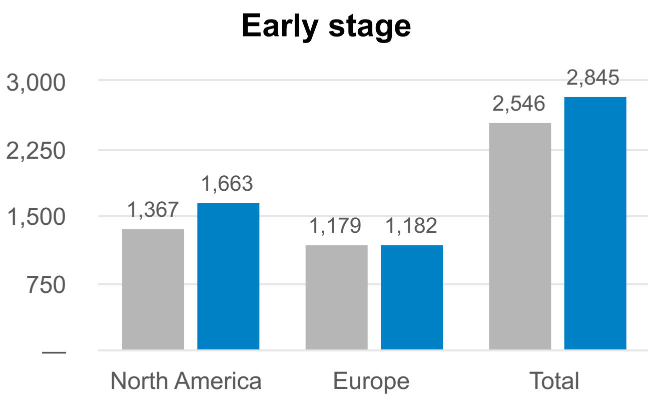
PIPELINE

TOTAL **5,872 MW**

		NORTH AMERICA	EUROPE	TOTAL BORALEX
EARLY STAGE				
• Real estate secured • Interconnection available • Review of regulatory risks • Assessment of local community acceptability (Europe)		450 MW	452 MW	**902 MW**
		523 MW	605 MW	**1,128 MW**
		690 MW	125 MW	**815 MW**
	TOTAL CAPACITY	**1,663 MW**	**1,182 MW**	**2,845 MW**
MID STAGE				
• Preliminary design for a bid • Assessment of required permits and local community acceptability (North America) • Requests for permits and administrative authorizations made and final assessment of environmental risks completed (Europe)		-	625 MW	**625 MW**
		-	316 MW	**316 MW**
		-	40 MW	**40 MW**
	TOTAL CAPACITY	**-**	**981 MW**	**981 MW**
ADVANCED STAGE				
• Project submitted under a request for proposals or actively looking for a Corporate PPA • Final assessment of environmental risks completed (North America) • Project authorized by regulatory authorities (France)		641 MW	288 MW	**929 MW**
		1,000 MW	22 MW	**1,022 MW**
		77 MW	18 MW	**95 MW**
	TOTAL CAPACITY	**1,718 MW**	**328 MW**	**2,046 MW**
TOTAL		**1,091 MW**	**1,365 MW**	**2,456 MW**
		1,523 MW	**943 MW**	**2,466 MW**
		767 MW	**183 MW**	**950 MW**
	TOTAL CAPACITY	**3,381 MW**	**2,491 MW**	**5,872 MW**

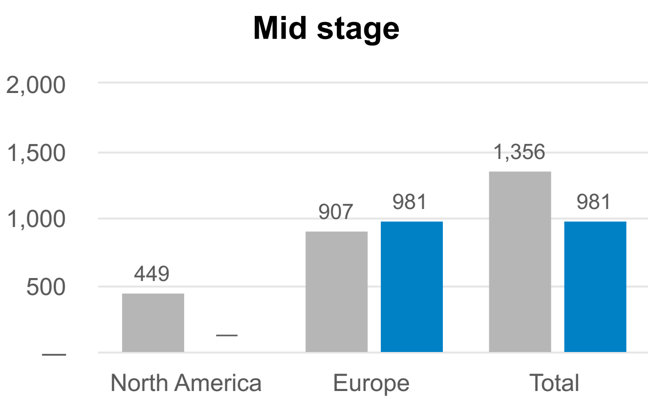
Movements between the development stages in the project portfolio since the last quarter are provided below (in MW):

Q3 2023 Q4 2023



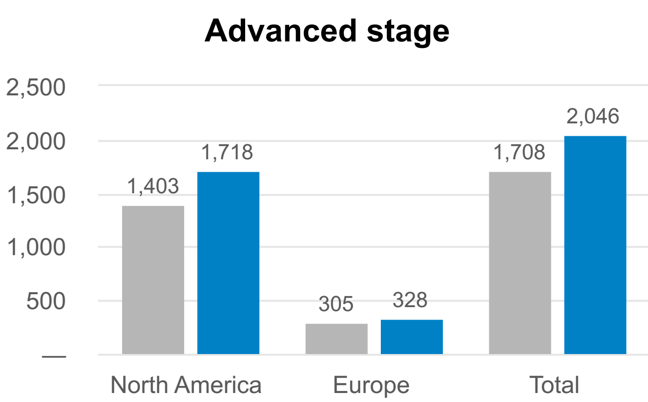
The 299 MW increase was mainly due to:

- The addition of one new wind power project and one storage project in North America, as well as two wind power projects and five solar power projects in Europe, for an increase of 454 MW;
- Transition to the mid-stage phase of five wind power projects and five solar power projects in Europe, for a reduction of 126 MW.



The 375 MW change was mainly due to:

- Transition to the mid-stage phase of five wind power projects and five solar power projects in Europe for an increase of 126 MW;
- Transition to the advanced phase of three wind power projects in North America, and three wind power projects and two solar power projects in Europe, for a reduction of 500 MW.



The 338 MW increase was mainly due to:

- Transition to the advanced phase of three wind power projects in North America, as well as three wind power projects and two solar power projects in Europe, for an increase of 500 MW;
- Transition to the secured phase of one wind power project in North America for a reduction of 133 MW;
- Inclusion of two wind power projects in Europe under the construction or ready-to-build stage for a reduction of 29 MW.

Changes to the Growth path

The *Growth path* represents a capacity of 906 MW for the fourth quarter of 2023 compared to 771 MW for the previous quarter.

Wind energy remains the primary source of power production with secured, under construction or ready-to-build projects totalling 513 MW, up 135 MW from the previous quarter. For solar power, secured, under construction or ready-to-build projects totalled 13 MW, the same as for the previous quarter. Lastly, for energy storage, secured projects remained stable at 380 MW. Projects under construction or ready-to-build continue to make progress towards their commissioning according to the planned timelines.

The *Growth path* increased by 285 MW since 2022, with an additional 108 MW in wind energy and a decrease of 200 MW in solar energy. For energy storage, the *Growth path* increased by 377 MW.

GROWTH PATH

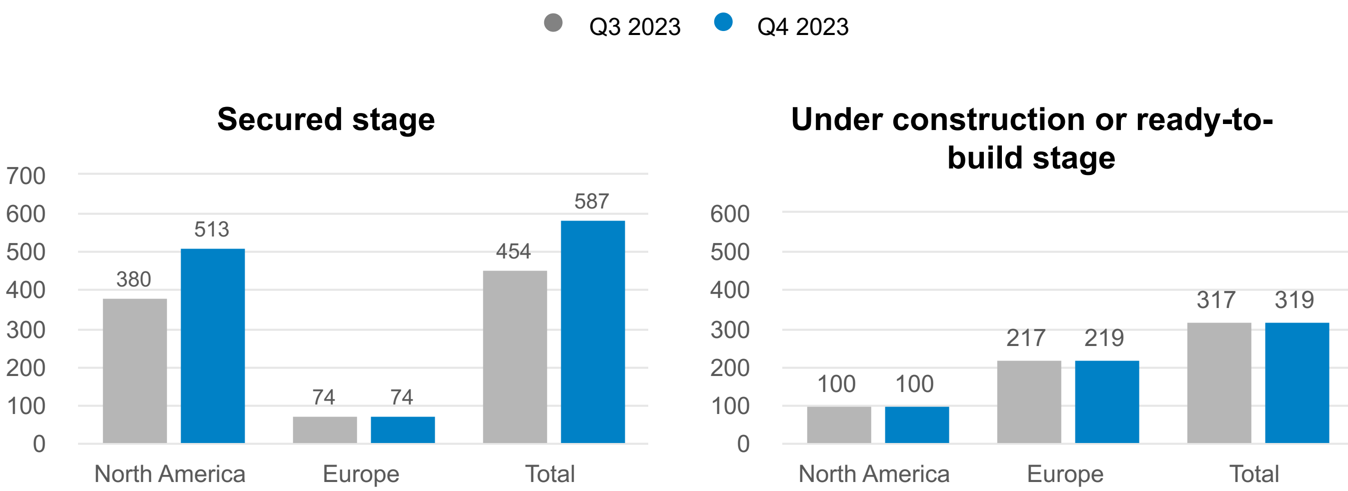
TOTAL
906 MW

		NORTH AMERICA	EUROPE	TOTAL BORALEX
SECURED STAGE				
• Contract win (REC or PPA) and • Interconnection submitted (United States) • Interconnection secured (Canada) • Interconnection secured and • Project cleared of any claims (France) • Project authorized by regulatory authorities (Scotland)		133 MW	74 MW	207 MW
		-	-	-
		380 MW	-	380 MW
	TOTAL CAPACITY	513 MW	74 MW	587 MW
UNDER CONSTRUCTION OR READY-TO-BUILD				
• Permits obtained • Financing underway • Commissioning date determined • Pricing strategy defined		100 MW	206 MW	306 MW
		-	13 MW	13 MW
		-	-	-
	TOTAL CAPACITY	100 MW	219 MW	319 MW
TOTAL		233 MW	280 MW	513 MW
		-	13 MW	13 MW
		380 MW	-	380 MW
	TOTAL CAPACITY	613 MW	293 MW	906 MW

CURRENTLY IN OPERATION 3,078 MW

As at December 31, 2023 and February 29, 2024.

Movements between the development stages in the *Growth path* since the last quarter are provided below (in MW):



The **secured stage**'s expected capacity increased from 454 MW as at September 30, 2023 to 587 MW as at December 31, 2023. The increase was due to:

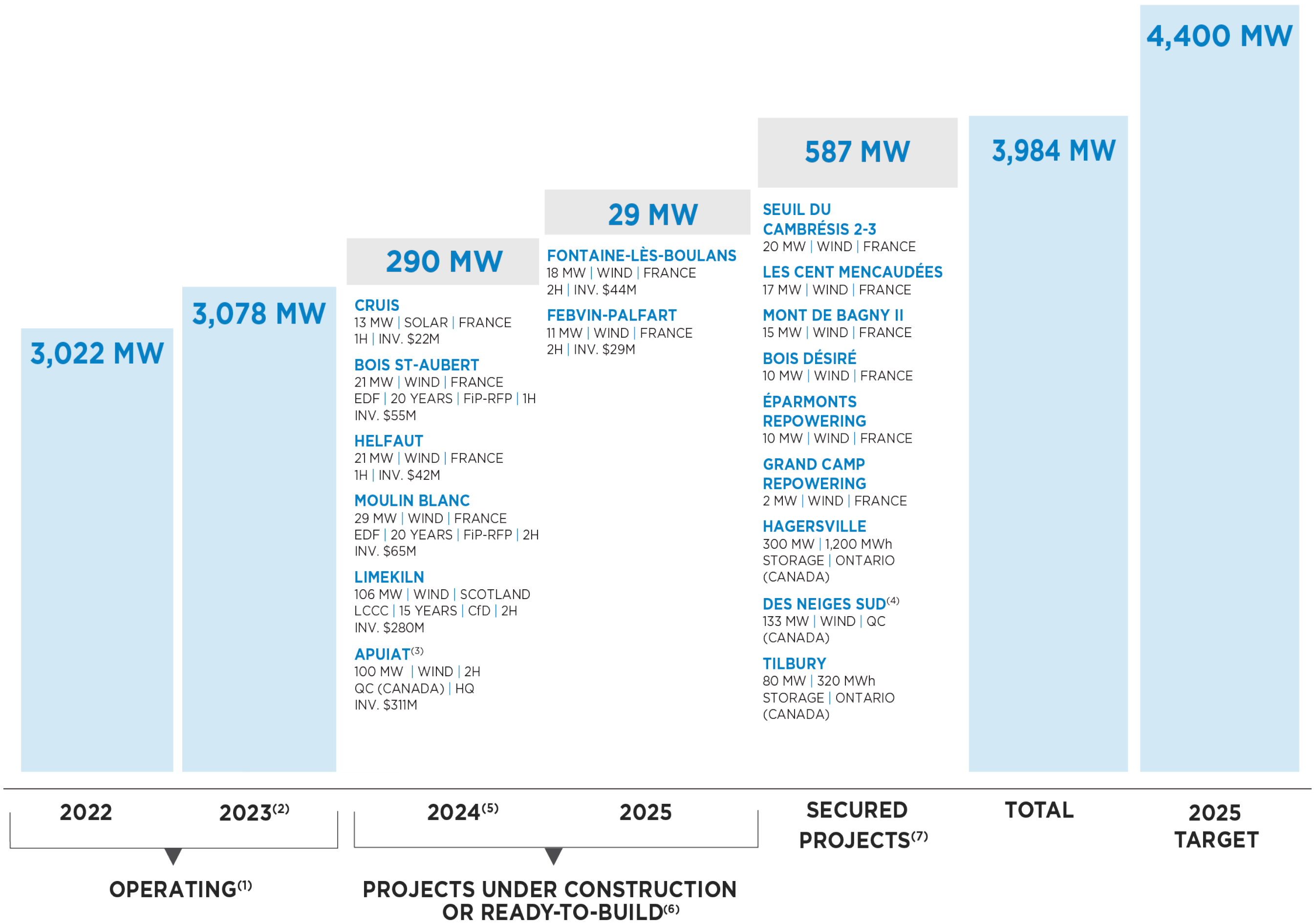
- Transition to the secured stage of one wind power project in North America for an increase of 133 MW.

The construction or ready to build stage's expected capacity has increased from 317 MW as at September 30, 2023 to 319 MW as at December 31, 2023. The increase was due to:

- Transition to the construction or ready-to-build stage of two wind power projects in Europe totalling 29 MW;
- The commissioning of two wind power projects in Europe totalling 27 MW that were part of the *Growth path* in the last quarter.

As shown in the *Growth path*, the Corporation had assets in operation with 3,078 MW of installed capacity as at September 30, 2023, up 27 MW, due to the commissioning of two wind farms in Europe during the fourth quarter of 2023. Commissioning of secured facilities and projects under construction and ready to build is expected to bring Boralex's installed capacity to 3,984 MW.

Growth path



(1) Installed capacity of production, including the installed capacity of energy storage projects.
(2) As at December 31, 2023, and February 29, 2024.
(3) The Corporation holds 50% of the shares of the 200 MW wind power project but does not have control over it.
(4) The Corporation holds 50% of the shares of the 400 MW wind power project but does not have control over it. A minority shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33%.
(5) Some items of projects slated for commissioning in 2024 will be provided at a later date since measures are still underway to further optimize these projects
(6) Total project investment for projects in Europe have been translated into Canadian dollars at the closing rate on December 31, 2023.
(7) Some secured projects will be commissioned after 2025.

Six wind power projects and one solar power project in Europe as well as one 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 almost all subject to power purchase agreements, either long-term feed-in premium contracts which benefit from a fixed price or power purchase agreements with commercial and industrial corporations. Some contracts benefit from price indexation clauses in effect until facilities are commissioned to provide protection against inflation. These projects will contribute to the Corporation's results when commissioned in 2024 and 2025 as indicated in the *Growth path*.

Overall, the combined EBITDA[1] contribution of projects under construction or ready to build is estimated at $84 million, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. Implementing these projects will require total planned investments[2] for the Corporation of about $848 million and planned financing[2] of $622 million, including Boralex's share of the Apuiat project. As at December 31, 2023, the funds already invested[2] in these projects totalled $297 million.

[1] The contribution to combined EBITDA is estimated pending the analysis of the significant accounting policies applicable to these projects.
[2] Total planned investments, planned financing and funds already invested in projects under construction 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** and **storage** projects portfolios. The portfolio of solar power projects represent a potential additional capacity of 2,466 MW. On October 12, 2023, the New York State Public Service Commission (PSC) decided not to add a price adjustment clause for projects selected under RFPs in recent years. Concurrently, NYSERDA announced an expedited RFP process. On January 31, 2024, the Corporation submitted projects that met the criteria established by NYSERDA for this expedited RFP totalling 240 MW at a price reflecting current market construction and financing costs. The results of this RFP are expected in April 2024.

Boralex is continuing its efforts to gradually deploy a battery-based energy **storage** service, leveraging the significant cost reduction associated with this technology. Boralex's energy storage project portfolio was equivalent to 950 MW at the end of fiscal 2023, following sustained efforts toward their development. The Corporation was the leading awardee in the IESO's expedited RFP process, with two storage projects in the secured phase totalling 380 MW selected for 22-year capacity contracts. The Corporation entered into supply agreements for these two projects during the fourth quarter of 2023. The 4-hour batteries will provide electricity during peak periods and thus contribute to the stability of the electricity grid in Ontario. Once commissioned, the projects will be Boralex's first storage facilities in North America. Installed capacity of storage units in Europe totalled 5 MW after the commissioning of the second energy storage unit of 3 MW in April 2023.

In addition, two other storage unit projects totalling 525 MW were added to the early stage pipeline during fiscal 2023. These projects were submitted under RFPs in Ontario on December 12, 2023.

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) and also to gradually add complementary services to be offered to energy transmission networks and large-scale electricity consumers. Most notably, Boralex announced the signing of a 3-year extension of a Corporate PPA with Auchan Retail France, initially signed in 2020, and a new 20-year Corporate PPA, which will allow for the financing and construction of a new wind farm in France. In addition, a Distributed Generation Partnership (DGP) was concluded between Boralex, Northern Power & Light and the Town of Glens Falls for local and renewable electricity support under the Community Hydro program extending into New York State.

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 the market.

Boralex continued its initiatives to **optimize** current assets by taking concrete actions to increase performance and reduce both operating and financing costs.

Other initiatives include repowering projects at certain wind farms in France, including a project to repower an existing wind farm, which was added to the *Growth path* under the **secured stage** in the second quarter of 2023.

Boralex seeks to optimize service and maintenance work for its assets. Accordingly, the Corporation opts in some cases to internalize maintenance activities while conserving or even renegotiating external maintenance contracts. The Corporation brought in-house the service and maintenance of French and Canadian wind farms for a total installed capacity of 40 MW, as well as the service and maintenance of U.S. solar farms for a total installed capacity of 200 MW.

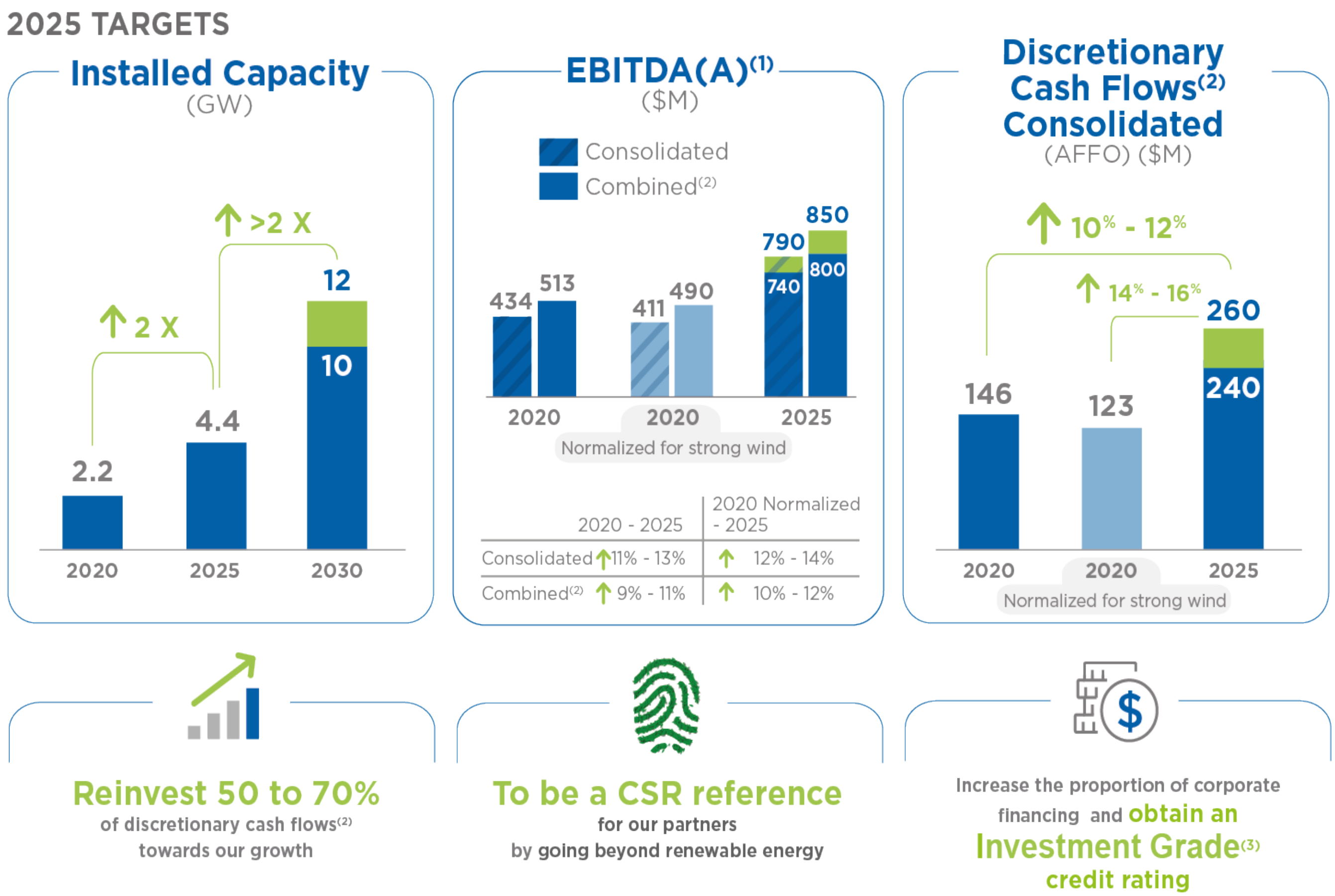
On July 21, 2023, Boralex closed two incremental tranches totalling $194 million (€133 million) under the term loans of the Boralex Production and Saint-Christine portfolio of wind farms and projects including letter of credit facilities for $11 million (€8 million). In order to reduce exposure to interest rate changes, interest rate swaps were entered into to cover 80% of long-term debts until 2030 and 90% until their maturity.

Boralex also closed a tranche of $608 million for the Apuiat wind farm, developed with the Innu communities in Québec. The tranche includes a $465 million construction loan to be converted into a term loan following the commencement of commercial operations, short-term credit facilities totalling $143 million to finance certain costs incurred during construction and reimbursable by HQ and various letters of credit issued. An ESG swap with cash back to hedge the debt's interest rate risk and reward the achievement of ESG performance indicators was included in the financing. The bridge credit facility will allow Boralex and the Innu to optimize their overall capital structure.

In 2023, Boralex enhanced its credit facility agreement guaranteed by EDC by an initial amount of $125 million and a second amount of $150 million, thus bringing its total authorized amount to $350 million until April 2025. In December 2023, Boralex obtained a $100 million increase in its revolving credit facility, bringing the authorized amount to $550 million until December 2028. The credit facility has once again qualified as a sustainable loan and has annual CSR objectives.

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) The term combined 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.

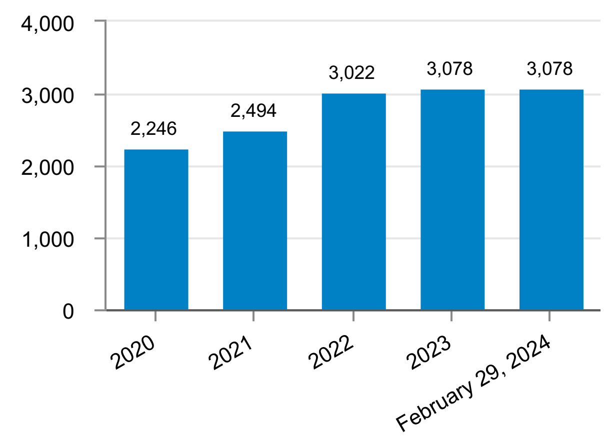
1. Double installed capacity between 2020 and 2025

Boralex's installed capacity increased from 3,022 MW as at December 31, 2022, to 3,078 MW as at December 31, 2023.

This change resulted from the termination of activities of a hydroelectric power station with installed capacity of 3 MW in the United States, following the expiry of its operating agreement in March 2023 and the commissioning of four wind farms for a total of 56 MW and one storage unit of 3 MW in Europe.

As at February 29, 2024, the Corporation's installed capacity is the same as the installed capacity as at December 31, 2023.

Installed capacity
(in MW)

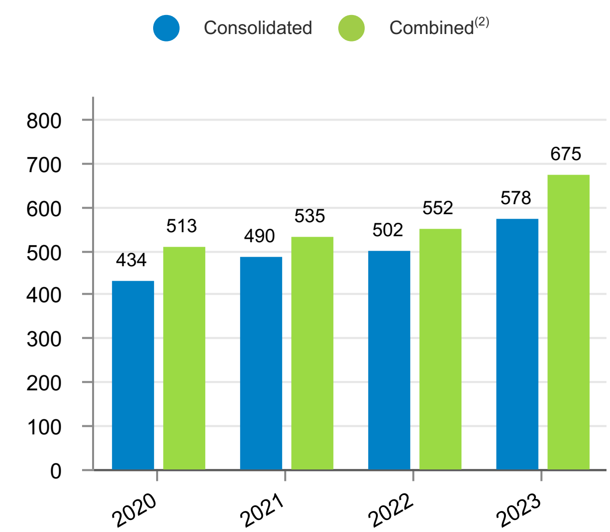


2. Achieve $740 million to $790 million of consolidated EBITDA(A), or $800 million to $850 million of EBITDA(A) on a Combined basis, by 2025

EBITDA(A) amounted to $202 million on a Consolidated basis and $229 million on a Combined basis for the three-month period ended December 31, 2023, compared with $158 million and $173 million, respectively, for the corresponding quarter of 2022.

For the year ended December 31, 2023, EBITDA(A) amounted to $578 million on a Consolidated basis and $675 million on a Combined basis compared with $502 million and $552 million, respectively, for fiscal 2022. This favourable difference (on a Consolidated basis as well as on a Combined basis) was mainly attributable to the acquisition of interests in wind facilities in the United States at the end of 2022 as well as by the commissioning of wind and solar farms in France.

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.

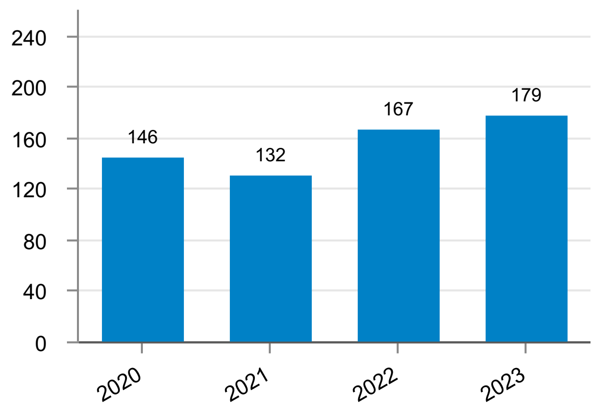
(2) Combined basis is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

For the year ended December 31, 2023, discretionary cash flows[(1)] reached $179 million, compared to $167 million for the year ended December 31, 2022. This $12 million change is mainly attributable to increases in repayments on project debt and distributions paid to non-controlling shareholders, offset by an increase in EBITDA.

Discretionary cash flows[(1)]

(in millions of Canadian dollars)

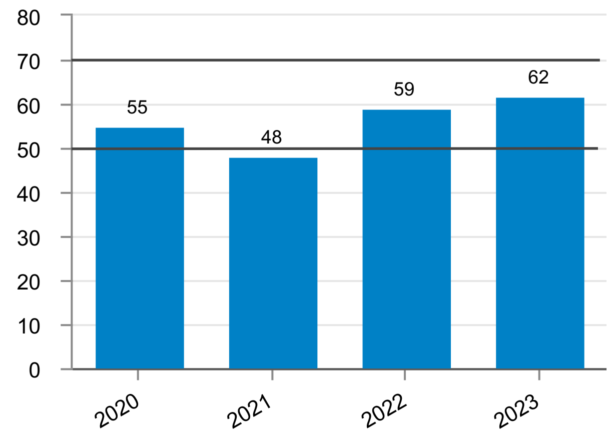


4. Reinvest 50% to 70% of discretionary cash flows in growth

For the year ended December 31, 2023, the reinvestment ratio[(2)] stood at 62%, which is within the target range of 50% to 70%.

Reinvestment ratio[(2)]

(as a %)



(1) Discretionary cash flows is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report. Discretionary cash flows for the three month-period ended December 31, 2023, exclude production tax credits of $1 million generated during the period by certain wind farms in the United States, which will be considered in discretionary cash flows when received in 2025. That amount is $9 million for the year ended December 31, 2023.

(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

The achievements of fiscal 2023 are discussed below.

E ENVIRONMENT

100% of revenues from electricity sales generated from renewable energy production.

1,021,496 tonnes of CO_2 emissions avoided in 2023.

IdentiFlight©[1] recognized by French authorities as effective in reducing mortality rates for a protected bird species at our wind farms.

GHG reduction targets developed and will be published once approved by the SBTi.

S SOCIETY

Total recordable incident rate (Occupational Health & Safety) reduced to 0.49 from 0.94 in 2022.

Occupational mental health and well being organizational strategy launched.

33% of the Corporation's total employees were women.

2nd cohort of the A Effect, a women's advancement initiative, and the 2023 Leadership Path were launched.

A professional training program on wind turbine maintenance on traditional Innu land was launched ahead of operations at the Apuiat wind farm.

G GOVERNANCE

3 CSR indicators included in senior management's compensation.

99% of employees and directors completed the training on the revised Code of Ethics.

1 EcoVadis gold medal received, with a score of 74/100.

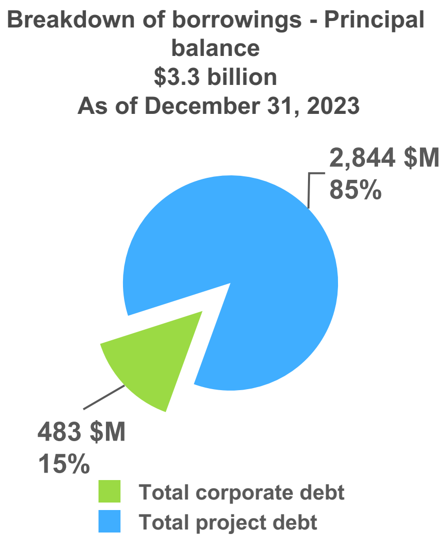
50% of the Board of Directors consisted of women as at December 31, 2023, and other diversity targets were added.

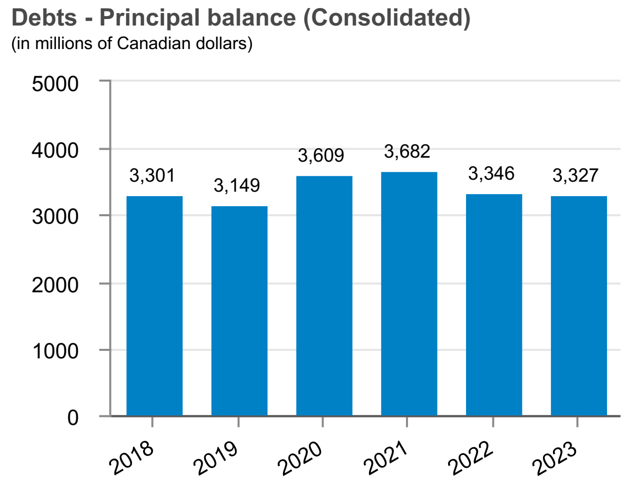
Responsibility for monitoring risks, including climate risk, was escalated to the Board of Directors.

[1] Avian protection system that reduces the risk of collisions with rotating wind turbine blades.

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.





In April 2023, Boralex's letter of credit facility guaranteed by EDC was increased by $125 million, bringing its total authorized amount to $200 million until 2025. In December 2023, Boralex obtained a $100 million increase in its revolving credit facility bringing the authorized amounts to $550 million until 2028 and a $150 million increase in its secured credit facility for a total amount of $350 million. The credit facility again qualified as a sustainable loan with annual CSR objectives.

The Corporation is continuously looking for opportunities to optimize its financing structures and minimize its cost of capital. Boralex is currently exploring various scenarios to generate additional funds for its growth, such as releasing reserve funds at its assets in operation in France following the issuance of letters of credit or financing potential investment tax credits upstream when they are applicable for its projects.

Available cash resources and authorized financing

(in millions of Canadian dollars, unless otherwise specified)	As at December 31 2023	As at December 31 2022
Available cash and cash equivalents[1]		
Cash and cash equivalents	478	361
Cash and cash equivalents held by entities subject to project debt agreements	(388)	(279)
Bank overdraft	(6)	(12)
Available cash and cash equivalents[1]	**84**	**70**
Credit facilities of the parent company		
Authorized credit facility[2]	550	450
Amounts drawn under the authorized credit facility[3]	(244)	(61)
Unused tranche of the parent company's credit facility	306	389
Unused tranche of the subsidiary's credit facilities	157	35
Credit facilities available to fund growth[4]	**463**	**424**
Available cash resources and authorized financing[1]	**547**	**494**

(1) Available cash and cash equivalents and available cash resources and authorized financing 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) Excluding the accordion clause of $150 million.

(3) As at December 31, 2023, this amount included $61 million in letters of credit ($22 million as at December 31, 2022). At the beginning of 2024, this $61 million amount was transferred under project letters of credit and the credit facility guaranteed by Export Development Canada.

(4) 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.

As at December 31, 2023, *Cash and cash equivalents held by entities subject to project debt agreements* included $222 million in amounts to be remitted under the inframarginal rent contribution on electricity production and $31 million for feed-in premium contracts. As shown in the table above, the Corporation has the financial flexibility to support its growth. Available cash resources and authorized financing 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

Financial highlights

	Three-month periods ended December 31				Years ended December 31			
	2023	2022	Change		2023	2022	Change	
(in millions of Canadian dollars, unless otherwise specified)			GWh or $	%			GWh or $	%
Power production (GWh)[1]	1,814	1,619	195	12	5,973	5,617	356	6
Revenues from energy sales and feed-in premiums	315	322	(7)	(2)	994	818	176	21
Operating income	98	7	91	>100	226	112	114	>100
EBITDA(A)[2]	202	158	44	28	578	502	76	15
Net earnings (loss)	58	(7)	65	>100	115	8	107	>100
Net earnings attributable to the shareholders of Boralex	37	14	23	>100	78	30	48	>100
Per share (basic and diluted)	$0.36	$0.14	$0.22	>100	$0.76	$0.30	$0.46	>100
Net cash flows related to operating activities	107	189	(82)	(44)	496	513	(17)	(3)
Cash flows from operations[3]	161	141	20	14	445	403	42	10
Dividends paid on common shares	17	17	—	—	68	68	—	—
Dividends paid per common share	$0.1650	$0.1650			$0.6600	$0.6600		
Weighted average number of shares outstanding (basic)	102,766,104	102,762,850			102,765,694	102,726,063		

	As at Dec. 31	As at Dec. 31	Change	
(in millions of Canadian dollars, unless otherwise specified)	2023	2022	$	%
Total cash, including restricted cash	500	374	126	34
Property, plant and equipment	3,355	3,335	20	1
Total assets	6,574	6,539	35	1
Debt - Principal balance	3,327	3,346	(19)	(1)
Total liabilities	4,550	4,513	37	1
Total equity	2,024	2,026	(2)	—
Net debt to market capitalization ratio[4] (%)	42%	40%		

[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 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.
[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 to the management model

During the second quarter of 2023, the Corporation made changes to its management model to increase agility in its key markets, which led to a change in the composition of the reportable segments. The Corporation has transitioned from technology-based management to a geographical management model. Boralex has established a business unit in North America, in addition to the existing one in Europe officially helmed by an Executive Vice-President and General Manager, Europe. The regional business units are now consolidating operations in organic development, construction, asset management, energy sales, local mergers and acquisitions as well as support functions such as public affairs, human resources, operational finance and accounting. This is a natural evolution for Boralex, whose success is driven by its close collaborations in its areas of operations as well as its detailed understanding of market specifics and its agility in seizing business opportunities.

Following this change, the reportable segments were determined as the Corporation's two business units, namely **North America** and **Europe**. Comparative segmented information has been restated to reflect the new management model. Each reportable segment derives its revenues from energy sales, mainly from wind farms, hydroelectric power stations and solar power stations.

The reportable segments were determined on the basis of internal reports that are regularly reviewed by the CODM to allocate resources and assess performance of the segments. The CODM of the Corporation is the President and Chief Executive Officer.

Segment financial information for the three-month period and year ended December 31, 2023

	Three-month periods ended December 31				Years ended December 31			
	2023	2022	Change		2023	2022	Change	
(in millions of Canadian dollars, unless otherwise specified)			GWh or $	%			GWh or $	%
POWER PRODUCTION (GWh)[1]	**1,814**	**1,619**	**195**	**12**	**5,973**	**5,617**	**356**	**6**
North America	820	876	(56)	(6)	3,065	3,397	(332)	(10)
Wind farms	537	620	(83)	(13)	1,807	2,127	(320)	(15)
Solar power stations	75	81	(6)	(7)	423	478	(55)	(12)
Hydroelectric power stations	208	175	33	18	835	752	83	11
Thermal power stations[2]	—	—	—	—	—	40	(40)	(100)
Europe	994	743	251	34	2,908	2,220	688	31
Wind farms	983	735	248	34	2,829	2,162	667	31
Solar power stations	11	8	3	34	79	58	21	37
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUMS	**315**	**322**	**(7)**	**(2)**	**994**	**818**	**176**	**21**
North America	98	108	(10)	(9)	355	402	(47)	(11)
Wind farms	73	83	(10)	(12)	245	283	(38)	(13)
Solar power stations	6	7	(1)	(15)	38	42	(4)	(9)
Hydroelectric power stations	19	18	1	7	72	71	1	2
Thermal power stations[2]	—	—	—	—	—	6	(6)	(100)
Europe	217	214	3	1	639	416	223	53
Wind farms	215	212	3	1	626	398	228	57
Solar power stations	2	2	—	(17)	13	18	(5)	(30)
EBITDA(A)[3]	**202**	**158**	**44**	**28**	**578**	**502**	**76**	**15**
North America	87	86	1	3	302	318	(16)	(5)
Wind farms	80	82	(2)	(2)	263	270	(7)	(3)
Solar power stations	4	1	3	>100	29	29	—	(1)
Hydroelectric power stations	13	12	1	5	49	51	(2)	(3)
Thermal power stations[2]	—	—	—	—	—	2	(2)	(100)
General expenses[4]	(10)	(9)	(1)	(2)	(39)	(34)	(5)	(14)
Europe	123	81	42	50	310	215	95	44
Wind farms	137	91	46	49	355	238	117	48
Solar power stations	2	2	—	(24)	10	17	(7)	(40)
General expenses[4]	(16)	(12)	(4)	(25)	(55)	(40)	(15)	(34)
Corporate and eliminations	(8)	(9)	1	8	(34)	(31)	(3)	(8)

[1] Includes compensation following electricity production limitations imposed by customers.
[2] On April 1, 2022, the Corporation sold the Senneterre generating station, the 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.
[4] Prior to the introduction of the new management model, these expenses were included under Corporate. See the *Changes to the management model* section.

Financial information by technology for the three-month period and year ended December 31, 2023

	Three-month periods ended December 31				Years ended December 31			
	2023	**2022**	Change		**2023**	**2022**	Change	
(in millions of Canadian dollars, unless otherwise specified)			GWh or $	%			GWh or $	%
POWER PRODUCTION (GWh)[1]	**1,814**	**1,619**	**195**	**12**	**5,973**	**5,617**	**356**	**6**
Wind farms	1,520	1,355	165	12	4,636	4,289	347	8
Solar power stations	86	89	(3)	(3)	502	536	(34)	(6)
Hydroelectric power stations	208	175	33	18	835	752	83	11
Thermal power stations[2]	—	—	—	—	—	40	(40)	(100)
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUMS	**315**	**322**	**(7)**	**(2)**	**994**	**818**	**176**	**21**
Wind farms	288	295	(7)	(3)	871	681	190	28
Solar power stations	8	9	(1)	(15)	51	60	(9)	(16)
Hydroelectric power stations	19	18	1	7	72	71	1	2
Thermal power stations[2]	—	—	—	—	—	6	(6)	(100)
EBITDA(A)[3]	**202**	**158**	**44**	**28**	**578**	**502**	**76**	**15**
Wind farms	217	173	44	25	618	508	110	21
Solar power stations	6	3	3	>100	39	46	(7)	(15)
Hydroelectric power stations	13	12	1	5	49	51	(2)	(3)
Thermal power stations[2]	—	—	—	—	—	2	(2)	(100)
General expenses, corporate and eliminations	(34)	(30)	(4)	(8)	(128)	(105)	(23)	(20)

[1] Includes compensation following electricity production limitations imposed by customers.
[2] On April 1, 2022, the Corporation sold the Senneterre generating station, the 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, 2023

Increase in operating income and EBITDA(A)[1] for the three-month period ended December 31, 2023, mainly attributable to favourable wind conditions and commissioning of wind farms in France and the integration of wind farms in the United States acquired at the end of 2022.

The following table shows the main differences in production, revenues from energy sales and FiP, and EBITDA(A):[1]

(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, 2022	1,619	322	158
Acquisition - interest in wind farms in the United States	—	—	6
Commissioning and temporary shutdowns[2]	90	16	16
Pricing (power purchase agreements and FiP)	—	(66)	(66)
Inframarginal rent contribution on electricity production	—	—	51
Volume	105	21	21
Foreign exchange effect	—	12	9
Share of earnings in joint ventures and associate - comparable assets	—	—	2
Other	—	10	5
Three-month period ended December 31, 2023	**1,814**	**315**	**202**
North America			
Three-month period ended December 31, 2022	876	108	86
Acquisition - interest in wind farms in the United States	—	—	6
Volume	(56)	(10)	(10)
Share of earnings in joint ventures and associate - comparable assets	—	—	2
Other	—	—	3
Three-month period ended December 31, 2023	**820**	**98**	**87**
Europe			
Three-month period ended December 31, 2022	743	214	81
Commissioning and temporary shutdowns[2]	90	16	16
Pricing (power purchase agreements and FiP)	—	(66)	(66)
Inframarginal rent contribution on electricity production	—	—	51
Volume	161	31	31
Foreign exchange effect	—	12	9
Other	—	10	1
Three-month period ended December 31, 2023	**994**	**217**	**123**
Corporate and eliminations			
Three-month period ended December 31, 2022			(9)
Other			1
Three-month period ended December 31, 2023			**(8)**

[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.

Acquisitions, commissioning and disposals

In **North America**, the investment made, at the end of 2022, in three partnerships holding five wind farms in operation in the United States added a share in net earnings of $6 million to EBITDA(A).

In **Europe**, wind and solar farms benefited from the contribution of new facilities commissioned (see the *Changes in the portfolio in operation* table) and the resumption of operations at facilities shut down temporarily owing to repowering work, which added 90 GWh to production, $16 million to revenues from energy sales and FiP and $16 million to EBITDA(A). These favourable differences resulted mainly from the contribution of wind farms that added 87 GWh to production and $16 million to revenues from energy sales and FiP and to EBITDA(A).

Due to emergency measures put in place by the French government in order to accelerate the development of renewable energies, facilities recently commissioned in France are authorized to postpone the initially set deadline to activate their feed-in premium agreements by 18 months. During this period, the Corporation can sell its energy on the markets or negotiate prices under short-term contracts.

Volume - comparable assets

In **North America**, the segment's comparable assets recorded a decrease in production of 56 GWh, leading to an unfavourable difference of $10 million for both revenues from energy sales and FiP and EBITDA(A). Wind conditions at wind farms were less favourable than in the fourth quarter of 2022, which resulted in a decrease in production of 83 GWh or 13% in Canada. Water flow conditions at hydroelectric power stations in Canada and the United States were favourable, resulting in an increase in production of 33 GWh or 18% compared with the same period in 2022. Solar power stations in the United States recorded a decrease of 6 GWh or 7%.

In **Europe**, the segment's comparable assets recorded an increase in production of 161 GWh, leading to a favourable difference of $31 million for both revenues from energy sales and FiP and EBITDA(A). Wind farms benefited from good energy availability following maintenance optimization and more favourable wind conditions, compared with the fourth quarter of 2022, resulting in an increase of 161 GWh or 22% in production.

Overall, favourable wind conditions in Europe and water flow conditions in North America more than offset poor wind conditions in North America, compared with the fourth quarter of 2022.

Pricing (power purchase agreements and FiP)

Revenues from energy sales and FiP and EBITDA(A) recorded an unfavourable difference of $66 million compared with the fourth quarter of 2022, driven primarily by the following factors in **Europe**:

- An unfavourable difference of $63 million for facilities that had terminated early their power purchase agreements during the third quarter of 2022 to benefit from high electricity prices in the fourth quarter of 2022;
- An unfavourable difference of $2 million owing to lower market prices in 2023 compared with the corresponding period of 2022 for newly commissioned facilities that are authorized to postpone the activation of their feed-in premium contracts (emergency measure to accelerate renewable energy production);
- An unfavourable difference of $2 million related to corporate PPAs in France.

Inframarginal rent contribution on electricity production

In December 2022, the French government adopted an act under which a contribution of 90% of revenues in excess of a threshold has to be paid to the government for the period from July 1, 2022 to December 31, 2023. The threshold price varies by technology and was set at €100/MWh for solar power stations and wind farms. This act applies to energy sold directly on the market or under new contracts once the power purchase agreements expire, as well as to facilities having terminated their power purchase agreements early. During the fourth quarter of 2023, EBITDA(A) comprised a favourable difference of $51 million in inframarginal rent, included in operating expenses, compared with the corresponding quarter of 2022, due to lower electricity prices in 2023 compared with 2022.

Other

The change is mainly attributable to the sale of capacity certificates and energy attribute certificates in France, mostly for facilities that terminated their power purchase agreements early.

Reconciliation between revenue and operating expenses

Excluding the acquisitions, disposals, facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP were down by 8% in the fourth quarter of 2023 compared with a year earlier, while operating expenses declined 30%, mainly due to the inframarginal rent contribution, which decreased following a drop in electricity prices. Excluding the inframarginal rent contribution on electricity production, operating expenses were down by 3%. The differences in electricity production (volume) and prices described above explain the change in revenues from energy sales and FiP, which have no direct effect on operating expenses.

Impairment

In June 2023, the Corporation, with other peers in the industry, submitted a petition to the State of New York to increase the price of the renewable energy certificate contracts due to significant increases in costs since the contracts were awarded. The Public Service Commission denied this request in October 2023. In response to this denial, the State of New York launched in November 2023 an expedited solicitation for offshore wind and land-based renewable projects bids, which were due on January 31, 2024, and allowed the termination of previously awarded contracts. As part of this request for proposals, the Corporation submitted five solar projects for a total of 240 MW. Some of the Corporation’s projects were not eligible to participate in the accelerated request for proposals, and the Corporation expects these projects to be eligible for future requests for proposals. The Corporation performed impairment tests to determine whether the recoverable amount of these projects exceeded their carrying amount. The tests were based on the fair value less costs of disposal approach, using projected cash flows for these projects and the probability of being awarded a contract for these projects, based on the evaluation criteria of the request for proposals, competitor analysis, and the bid price submitted. As a result, an impairment charge of $17 million (US$15 million) was recorded under *Development projects*, and an impairment charge of $2 million (US$2 million) was recorded under *Property, plant and equipment*.

During the fourth quarter of 2022, the Corporation recorded an impairment loss of $82 million, $80 million of which was attributable to solar farms in the United States, due to the increased cost of capital since their acquisition.

Relationship between EBITDA(A) and operating income

For the three-month period ended December 31, 2023, the Corporation recorded operating income of $98 million, an increase of $91 million from $7 million for the corresponding period of 2022. EBITDA(A) grew by 28% or $44 million from $158 million to $202 million. The $47 million difference between the change in EBITDA(A) and the change in operating income was mainly due to the $11 million favourable change in the share in net earnings of joint ventures acquired at the end of December 2022, which is included in EBITDA(A) but not in operating income and by the $62 million change in impairment charges, which is included in operating income but not in EBITDA(A).

Net earnings

Overall, for the three-month period ended December 31, 2023, Boralex recognized net earnings of $58 million, compared with a net loss of $7 million for the same period of 2022.

As shown in the following table, Boralex reported net earnings attributable to shareholders of Boralex of $37 million or $0.36 per share (basic and diluted) for the fourth quarter of 2023, compared with net earnings attributable to shareholders of Boralex of $14 million or $0.14 per share (basic and diluted) for the corresponding period of 2022.

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, 2022	14
EBITDA(A)[1]	44
Change in fair value of a derivative included in the share in net earnings of joint ventures	3
Amortization	(8)
Impairment	62
Acquisition and integration costs	(2)
Financing costs	(2)
Income taxes	(16)
Non-controlling interests	(42)
Other gains	1
Other	(17)
Change	23
Net earnings for the three-month period ended December 31, 2023	37

[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 $23 million favourable difference resulted mainly from:

- A $44 million increase in EBITDA(A);
- A $62 million favourable difference in impairment.

The change in these two items was explained above.

Partly offset by:

- An $8 million increase in amortization expense due, among other things, to newly commissioned facilities in Europe and to an unfavourable foreign exchange effect;
- A $16 million increase in income tax expense stemming directly from higher income before income taxes of $81 million;
- A $42 million increase related to non-controlling interests. The change was mainly attributable to the impairment recorded in the fourth quarter of 2022 for solar power stations in which the Corporation held interests of 50% to 100%;
- An unfavourable change in *Other* of $17 million, mainly consisting of a change in financial instruments and a decrease in foreign exchange gain.

Analysis of consolidated operating results for the year ended December 31, 2023

Increase of $114 million in operating income and 15% in EBITDA(A)[(1)], mainly attributable to increased production at wind farms for comparable facilities in Europe, the commissioning of wind farms and solar power stations and to the acquisition of an interest in wind farms in the United States.

The following table shows the main differences in production, revenues from energy sales and FiP, and EBITDA(A):[(1)]

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[(1)]
Consolidated			
Year ended December 31, 2022	5,617	818	502
Acquisition - interest in wind farms in the United States	—	—	32
Commissioning and temporary shutdowns[(2)]	340	56	50
Pricing (power purchase agreements and FiP)	—	80	80
Inframarginal rent contribution on electricity production	—	—	(92)
Volume	56	16	16
Disposal[(2)]	(40)	(6)	(2)
Foreign exchange effect	—	25	16
Payroll[(3)]	—	—	(14)
Development	—	—	(5)
Share of earnings in joint ventures and associates - comparable assets	—	—	(5)
Other	—	5	—
Year ended December 31, 2023	**5,973**	**994**	**578**
North America			
Year ended December 31, 2022	3,397	402	318
Acquisition - interest in wind farms in the United States	—	—	32
Volume	(292)	(43)	(43)
Disposal[(2)]	(40)	(6)	(2)
Foreign exchange effect	—	3	2
Payroll[(3)]	—	—	(5)
Development	—	—	2
Share of earnings in joint ventures and associates - comparable assets	—	—	(5)
Other	—	(1)	3
Year ended December 31, 2023	**3,065**	**355**	**302**
Europe			
Year ended December 31, 2022	2,220	416	215
Commissioning and temporary shutdowns[(2)]	340	56	50
Pricing (power purchase agreements and FiP)	—	80	80
Inframarginal rent contribution on electricity production	—	—	(92)
Volume	348	59	59
Foreign exchange effect	—	22	14
Payroll[(3)]	—	—	(3)
Development	—	—	(7)
Other	—	6	(6)
Year ended December 31, 2023	**2,908**	**639**	**310**
Corporate and eliminations			
Year ended December 31, 2022			(31)
Payroll[(3)]			(6)
Other			3
Year ended December 31, 2023			**(34)**

(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) Excludes payroll related to development activities, which is reported separately.

Acquisitions, commissioning and disposals

In **North America**, the investment made, at the end of 2022, in three partnerships holding five wind farms in operation in the United States added a share in net earnings of $32 million to EBITDA(A). The disposal of the Senneterre power station in Canada led to decreases of 40 GWh in production, $6 million in revenues from energy sales and FiP and $2 million in EBITDA(A).

In **Europe**, wind and solar farms benefited from the contribution of new facilities commissioned (see the *Changes in the portfolio in operation* table) and the resumption of operations at facilities shut down temporarily owing to repowering work, which added 340 GWh to production, $56 million to revenues from energy sales and FiP and $50 million to EBITDA(A). These favourable differences resulted mainly from the contribution of wind farms that added 317 GWh to production, $54 million to revenues from energy sales and FiP and $47 million to EBITDA(A).

Volume - comparable assets

In **North America**, the segment's comparable assets recorded a decrease in production of 292 GWh, leading to an unfavourable difference of $43 million for both revenues from energy sales and FiP and EBITDA(A). Wind farms experienced less favourable wind conditions than in fiscal 2022, resulting in a decline in production of 320 GWh or 15% in Canada. In the United States, hydroelectric power stations experienced favourable water flow conditions, resulting in an increase of 88 GWh or 25% in production compared with fiscal 2022. However, solar power stations in the United States experienced less favourable conditions, recording a decrease of 55 GWh or 12% in production compared with fiscal 2022.

In **Europe**, the segment’s comparable assets recorded a 348 GWh increase in production, adding $59 million to both revenues from energy sales and FiP and EBITDA(A). Wind farms benefited from good energy availability following maintenance optimization and from more favourable wind conditions compared with fiscal 2022, which resulted in an increase in production of 350 GWh or 17%.

Pricing (power purchase agreements and FiP)

For the year ended December 31, 2023, a favourable difference of $80 million was recorded for both revenues from energy sales and FiP and EBITDA(A). This difference was mainly attributable to the following factors in **Europe**:

- The early termination of purchase agreements in France during the third quarter of 2022, followed by the implementation of new contracts effective October 1, 2022 resulting in:
  - a $154 million increase for the first nine months of the year, since the new contracts were priced higher than the previous contracts;
  - an unfavourable impact of $62 million for the fourth quarter of 2023 caused by a decrease in market prices compared to the corresponding quarter of 2022 affecting the contribution of these new contracts.
- An unfavourable difference of $22 million owing to lower market prices in 2023 for newly commissioned facilities authorized to postpone the activation of their feed-in premium contracts for a period of 18 months and facilities that sold energy at market prices without benefitting from this emergency measure.

Inframarginal rent contribution on electricity production

An unfavourable difference of $92 million (€64 million) associated with the recognition of the inframarginal rent on production, included in operating expenses, following the adoption of this law in December 2022 and effective from July 1, 2022.

Development

The variation of $5 million is mainly explained by an increase in development costs in Europe.

Share in net earnings of joint ventures and associates - comparable assets

Overall, excluding the $32 million share from the interest acquired in wind farms in the United States, comparable wind farms of joint ventures and associates located in North America experienced less favourable wind conditions than in the corresponding period of 2022, giving rise to an unfavourable difference of $5 million.

Foreign exchange effect

For the year ended December 31, 2023, fluctuations in the euro and the US dollar resulted in increases of $25 million in revenues from energy sales and FiP and $16 million in EBITDA(A).

Payroll

The higher payroll in 2023 related to operations and administration, owing mostly to the increase in the workforce driven by the Corporation’s growth, resulted in an unfavourable difference of $14 million in EBITDA(A).

Reconciliation between revenue and operating expenses

Excluding acquisitions, disposals, facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP grew by 17% in 2023 compared with 2022, while operating expenses grew by 48%, mainly due to the unfavourable difference regarding the inframarginal rent contribution on electricity production and an increase in payroll and maintenance costs. Excluding the inframarginal rent contribution on electricity production, operating expenses increased by 11%. The differences in electricity production (volume) and prices described above explain the change in revenues from energy sales and FiP, which have no direct effect on operating expenses.

Impairment

During the year ended December 31, 2023, the Corporation recorded an impairment loss of $20 million, compared with $85 million during the year ended December 31, 2022. For more details, see the Analysis of consolidated operating results for the three-month period ended December 31, 2023 section.

Relationship between EBITDA(A) and operating income

During the year ended December 31, 2023, the Corporation recorded operating income of $226 million, compared with $112 million for fiscal 2022, an increase of $114 million. EBITDA(A) went from $502 million to $578 million, an increase of $76 million or 15%. The $38 million difference between the change in EBITDA(A) and the change in operating income was mainly due to the $22 million change in net earnings, which is included in EBITDA(A) but not in operating income and by the $65 million change in impairment charges, which is included in operating income but not in EBITDA(A).

Net earnings

For the year ended December 31, 2023, Boralex recognized net earnings of $115 million, compared with $8 million for the corresponding period of 2022.

As shown in the table below, the Corporation reported net earnings attributable to shareholders of Boralex of $78 million or $0.76 per share (basic and diluted) for fiscal 2023, compared with net earnings attributable to shareholders of Boralex of $30 million or $0.30 per share (basic and diluted) for 2022.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)

Net earnings for the year ended December 31, 2022	30
EBITDA(A)[1]	76
Change in fair value of a derivative included in the share in net earnings of joint ventures	(6)
Amortization	2
Impairment	65
Acquisition and integration costs	1
Financing costs	1
Income taxes	(29)
Non-controlling interests	(59)
Other gains	(1)
Other	(2)
Change	48
Net earnings for the year ended December 31, 2023	78

(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 $48 million favourable difference resulted mainly from:

- A $76 million increase in EBITDA(A);
- A $65 million favourable difference in impairment.

The change in these two items was explained above.

Partly offset by:

- An unfavourable difference of $59 million related to non-controlling interests, mainly attributable to the impairment loss recorded in the fourth quarter of 2022 for solar power stations in which the Corporation holds interests of 50% to 100%;
- A $29 million increase in the income tax expense stemming directly from higher income before income taxes of $136 million;
- A $6 million decrease in the fair value of a derivative included in the power purchase agreement of a joint venture.

Cash flows

Cash flows as at December 31, 2023 reflected the expansion of Boralex's operating base over the past year.

	Three-month periods ended December 31		Years ended December 31	
(in millions of Canadian dollars)	2023	2022	2023	2022
Net cash flows related to operating activities	107	189	496	513
Net cash flows related to investing activities	(60)	(487)	(268)	(684)
Net cash flows related to financing activities	(48)	16	(109)	261
Translation adjustment on cash and cash equivalents	5	2	4	3
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4**	**(280)**	**123**	**93**
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**468**	**629**	**349**	**256**
CASH AND CASH EQUIVALENTS – END OF PERIOD	**472**	**349**	**472**	**349**

	Three-month periods ended December 31		Years ended December 31	
(in millions of Canadian dollars)	2023	2022	2023	2022
Cash and cash equivalents	478	361	478	361
Bank overdraft	(6)	(12)	(6)	(12)
	472	349	472	349

For the three-month period ended December 31, 2023

Operating activities

For the three-month period ended December 31, 2023, Boralex reported $161 million in cash flows from operations,[(1)] compared with $141 million for the corresponding period of 2022. This $20 million increase was mainly attributable to a $26 million increase in EBITDA(A), net of non-cash items, as discussed above. This favourable difference was partly offset by a $6 million increase in interest paid.

The change in non-cash operating items in the fourth quarter of 2023 used funds in the amount of $54 million. This change was mainly attributable to the increase in *Trade and other receivables* which were higher in the fourth quarter than in the previous quarter due to the seasonal cycle of wind generation. *Trade and other payables* also increased during the quarter, owing to a $61 million increase in the provision for the inframarginal rent contribution on electricity production for 2023.

Operating activities generated net cash flows totalling $107 million in the fourth quarter of 2023.

Investing activities

Net cash flows related to investing activities represented a cash outflow of $60 million for the fourth quarter of 2023 compared with $487 million for the same period of 2022. The Corporation invested $81 million in new property, plant and equipment and in prepayments, including $65 million in Europe, primarily in wind power. In addition, an amount of $21 million in reserve funds was released during the quarter, following the comprehensive settlement reached by the parties in the dispute over local content during the second quarter of 2023.

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

Segment and technological breakdown of disbursements related to additions and prepayments for property, plant and equipment

(in millions of Canadian dollars)	Maintenance of operations	Cons-truction[(1)]	Other	Total
North America				
Storage	—	14	—	**14**
Hydroelectric[(1)]	(4)	4	—	**—**
Other	1	—	1	**2**
North America - total	**(3)**	**18**	**1**	**16**
Europe				
Wind	1	57	—	**58**
Solar	—	6	—	**6**
Other	—	—	1	**1**
Europe - total	**1**	**63**	**1**	**65**
Total	**(2)**	**81**	**2**	**81**

(1) See the *Changes in the portfolio in operation table and the Growth path.* Investments in construction consider regulated assets previously recognized in property, plant and equipment (maintenance of operations).

In the fourth quarter of 2022, Boralex invested $74 million in additions to property, plant and equipment and in prepayments, mainly in the wind power project portfolio in France. In addition, the Corporation acquired a 50% interest in five wind farms in the United States, requiring an investment of $364 million plus $18 million for production tax credits receivable and an advance receivable, which is presented as other investing activities. The Corporation had 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.

Financing activities

Financing activities for the three-month period ended December 31, 2023 resulted in net cash outflows of $48 million.

New financing arrangements and repayments on existing debt

During the quarter, non-current debt increased by $57 million, including $40 million drawn from the Boralex Energy Investments portfolio construction facility and $17 million from the financing of the Cruis solar power project, which was completed on December 20, 2023. At the same time, the Corporation repaid non-current debts (projects), mainly related to operating facilities, for a total of $50 million.

Dividends and other items

During the three-month period ended December 31, 2023, the Corporation paid dividends to shareholders totalling $17 million, the same as for the corresponding period of 2022. For both periods, dividends paid were equivalent to $0.1650 per share per quarter.

Also, the Corporation paid distributions of $23 million to non-controlling interests.

Net change in cash and cash equivalents

Total cash movements in the fourth quarter of 2023 resulted in a $4 million increase, bringing *Cash and cash equivalents* to $472 million as at December 31, 2023.

For the year ended December 31, 2023

Operating activities

For the year ended December 31, 2023, Boralex reported $445 million in cash flows from operations,[(1)] compared with $403 million for the previous year. This $42 million increase was driven primarily by a $41 million increase in EBITDA(A), net of the non-cash items and a $20 million increase in distributions received following the acquisition of an interest in five wind farms in the United States in December 2022. These favourable differences were partly offset by a $19 million increase in taxes paid. The increase in taxes paid resulted primarily from favourable wind conditions in 2023 and the commissioning of wind farms in Europe.

The change in non-cash operating items as at December 31, 2023 generated funds in the amount of $51 million. This change was mainly attributable to the following items:

- A $21 million decrease in *Trade and other receivables* due to the receipt of value added tax refunds in France for commissioned facilities.
- A $36 million increase in *Trade and other payables* due to a $112 million net increase in the provision in respect of the inframarginal rent contribution on electricity production, partially offset by a $52 million net decrease in the provision in respect of feed-in premiums. The Corporation also made various payments to suppliers related to construction sites in Europe.

Operating activities generated net cash flows totalling $496 million for fiscal 2023, compared with $513 million for the fiscal 2022.

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

Investing activities

Net cash flows related to investing activities represented a cash outflow of $268 million for fiscal 2023, compared with $684 million for fiscal 2022 due to the following:

- A $39 million capital contribution, mainly for the Apuiat wind farm;
- A $61 million return of capital from joint ventures and associates following the financing of the Apuiat wind farm;
- A $260 million investment in new property, plant and equipment, and in prepayments, including $236 million in Europe, primarily for wind and solar power projects under construction, and $23 million in North America, including $14 million in prepayments for storage facilities;
- A cash inflow of $21 million from reserve funds that were released following the comprehensive settlement reached by the parties in the dispute over local content;
- A cash outflow of $20 million for solar, wind and storage development projects.

Segment and technological breakdown of disbursements related to additions and prepayments for property, plant and equipment

(in millions of Canadian dollars)	Maintenance of operations	Construction[1]	Other	**Total**
North America				
Storage	—	14	—	**14**
Hydroelectric	2	4	—	**6**
Other	1	—	2	**3**
North America - total	**3**	**18**	**2**	**23**
Europe				
Wind	3	216	—	**219**
Solar	—	13	—	**13**
Other	—	1	3	**4**
Europe - total	**3**	**230**	**3**	**236**
Corporate	**—**	**—**	**1**	**1**
Total	**6**	**248**	**6**	**260**

[1] See the *Changes in the portfolio in operation table and the Growth path.* Investments in construction consider regulated assets previously recognized in property, plant and equipment (maintenance of operations).

In 2022, the Corporation acquired an interest in five wind farms in the United States, requiring an investment of $364 million plus $18 million for production tax credits receivable and an advance receivable. Boralex invested $135 million in additions to property, plant and equipment and had paid prepayments totaling $111 million for sites under construction

Financing activities

Financing activities for the year ended December 31, 2023 required net cash outflows of $109 million.

New financing arrangements and repayments on existing debt

During the year ended December 31, 2023, the Corporation drew down a net amount of $149 million from its revolving credit facility, while non-current debt increased by $269 million, due to the following drawdowns:

- $183 million from the incremental tranche under the term loans of the Boralex Production and Sainte-Christine portfolio;
- $42 million from the construction facility of the Boralex Energy Investments portfolio;
- $24 million from the term loan of the Les Moulins du Lohan wind farm;
- $17 million from the term loan of the Cruis solar power station.

The Corporation also repaid non-current project debt mainly related to facilities in operation for a total of $232 million and repaid early the CDPQ Fixed Income Inc. loan of $58 million and the $149 million construction facility of the Boralex Energy Investments portfolio.

Also, the Corporation received a $54 million contribution from a non-controlling interest and paid $32 million in distributions to non-controlling interests over the course of fiscal 2023.

The Corporation also paid $19 million in lease liabilities during the year ended December 31, 2023.

Dividends and other items

During the year ended December 31, 2023, the Corporation paid dividends to shareholders totalling $68 million, the same as for fiscal 2022. For both periods, dividends paid were equivalent to $0.1650 per share per quarter.

Net change in cash and cash equivalents

Total cash movements for the year ended December 31, 2023 resulted in a $123 million increase, bringing *Cash and cash equivalents* to $472 million as at December 31, 2023.

Financial position

Overview of the consolidated condensed statements of financial position

(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022	Change ($)
ASSETS			
Cash and cash equivalents	478	361	117
Restricted cash	22	13	9
Other current assets	271	264	7
CURRENT ASSETS	771	638	133
Property, plant and equipment	3,355	3,335	20
Right-of-use assets	370	340	30
Intangible assets	986	1,059	(73)
Goodwill	234	233	1
Interests in joint ventures and associates	510	536	(26)
Other non-current assets	348	398	(50)
NON-CURRENT ASSETS	5,803	5,901	(98)
TOTAL ASSETS	6,574	6,539	35
LIABILITIES			
Bank overdraft	6	12	(6)
Trade and other payables	405	377	28
Current portion of debt	271	404	(133)
Other current liabilities	33	28	5
CURRENT LIABILITIES	715	821	(106)
Debt	2,995	2,873	122
Lease liabilities	327	300	27
Other non-current liabilities	513	519	(6)
NON-CURRENT LIABILITIES	3,835	3,692	143
TOTAL LIABILITIES	4,550	4,513	37
EQUITY			
Equity attributable to shareholders	1,629	1,681	(52)
Non-controlling interests	395	345	50
TOTAL EQUITY	2,024	2,026	(2)
TOTAL LIABILITIES AND EQUITY	6,574	6,539	35

Highlights

Assets

As at December 31, 2023, Boralex's total assets amounted to $6,574 million, up $35 million from total assets of $6,539 million as at December 31, 2022. This difference resulted from an increase of $133 million in *Current assets* and a decrease of $98 million in *Non-currents assets*.

The $133 million change in *Current assets* was mainly attributable to the $117 million increase in *Cash and cash equivalents*, as discussed previously in the *Cash flows* section. In addition, there was a $9 million increase in *Restricted cash* attributable to facilities under construction.

Non-current assets were down $98 million due primarily to the following:

- A $20 million increase in *Property, plant and equipment* (net of amortization for the period), which breaks down as follows:
  - Additions during the period for an amount of $213 million mainly related to projects under construction;
  - A $192 million decrease related to amortization of assets in operation.

- A $30 million increase in *Right-of-use assets*, which mainly breaks down as follows:
  - Additions during the period for an amount of $54 million related to projects under construction;
  - A $23 million decrease related to amortization.
- A $73 million decrease in *Intangible assets* mostly as a result of the impairment of development projects for a total of $17 million and an amortization expense for assets in operation of $78 million. However, these decreases were partially offset by the capitalization of development projects, generating an increase of $20 million in intangible assets.
- A $26 million decrease in *Interests in joint ventures and associates* due to:
  - A $39 million increase mainly related to a capital contribution to the Apuiat wind farm;
  - A $61 million share in net earnings, which mainly resulted from the acquisition of wind farms in the United States and the fluctuation in fair value of a derivative associated with a joint venture's power purchase agreement;
  - An unfavourable difference of $18 million in share of other comprehensive income;
  - A decrease resulting from $37 million in distributions;
  - A decrease resulting from a return of capital of $61 million following the financing of the Apuiat wind farm;
  - A $9 million decrease related to exchange rate fluctuations.
- A $50 million unfavourable difference in *Other non-current assets*, owing to the following changes:
  - A $93 million decrease in *Other non-current financial assets* resulting from an $73 million decrease in the fair value of financial instruments given lower long-term interest rates and the $21 million decline in reserve funds that were released as a result of the comprehensive settlement of the local content dispute;
  - A $43 million increase in *Other non-current assets*, mainly related to prepayments for sites under construction.

Current liabilities

As at December 31, 2023, *Current liabilities* amounted to $715 million compared with $821 million as at December 31, 2022. The $106 million decrease was attributable primarily to the following:

- A $28 million increase in *Trade and other payables* due to:
  - The $15 million reversal of a provision for additional consideration payable for a wind power project in France, following payment;
  - A $112 million (€75 million) net increase in the provision related to the inframarginal rent contribution on electricity production resulting from a $204 million (€140 million) increase for 2023 less a $95 million (€65 million) payment;
  - A $52 million (€36 million) net decrease in the provision related to feed-in premium contracts resulting from an $8 million (€6 million) increase for 2023 less a $61 million (€42 million) payment;
  - The remaining change is mainly attributable to a decrease in construction accounts payable following the commissioning of wind farms in France.
- A $133 million decrease in the *Current portion of debt* owing mainly to the early repayment of the $58 million (€40 million) CDPQ Fixed Income Inc. term loan and the repayment of the $120 million (€83 million) current portion as at December 31, 2022 on the construction facility of the Boralex Energy Investments portfolio of projects using the incremental tranche under term loans in Europe. These decreases were partly offset by drawings of $40 million (€27 million) in short-term loans under the construction facility related to two wind farms commissioned during the year.

Working capital[1]

As at December 31, 2023, the Corporation had positive working capital of $56 million for a working capital ratio[1] of 1.08:1, compared with negative working capital of $183 million and a ratio of 0.78:1 as at December 31, 2022.

Non-current liabilities

Total *Non-current liabilities* grew $143 million to $3,835 million as at December 31, 2023.

This growth was mainly due to the $122 million increase in *Non-current debt* which resulted mainly from:

- A $149 million net increase related to the change in the revolving credit facility;
- A $229 million increase mainly owing to the supplemental financing of the incremental tranche under the term loans of the Boralex Production and Sainte-Christine portfolios for an amount of $183 million (€125 million), as well as an amount of $24 million (€16 million) for the Les Moulins du Lohan wind farm and an amount of $17 million (€11 million) for the Cruis solar power project;
- A $232 million decrease related to the repayments on non-current project debts and to an amount of $29 million (€19 million) for the repayment of a construction facility of the Boralex Energy Investments portfolio of projects.

[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, 2023, Boralex had $84 million in available cash and cash equivalents.[1] The Corporation also had access to $463 million in credit facilities available for growth.[2] As a result, Boralex had access to available cash resources and authorized financing[1] for a total of $547 million. 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. In April 2023, Boralex's letter of credit facility guaranteed by EDC was increased by $125 million and for an additional amount of $150 million in December 2023, bringing its total authorized amount to $350 million.

As at December 31, 2023, the Corporation has access to the following letter of credit facilities:

	As at Dec 31, 2023		As at Dec. 31, 2022	
(in millions of Canadian dollars)	Authorized	Issued	Authorized	Issued
EDC	350	154	75	47
Related to project debt	142	121	144	109
	492	275	219	156

Moreover, as at December 31, 2023, the Corporation drew down $61 million ($22 million as at December 31, 2022) on its letter of credit facilities under its revolving credit facility.

Equity

Total *Equity* decreased by $2 million during fiscal 2023 to $2,024 million as at December 31, 2023. This change resulted from $115 million in net earnings and from the $54 million contribution from a non-controlling interest, offset by the $76 million decrease in *Other comprehensive income*, related primarily to the change in fair value of financial instruments, and by the payment of $68 million in dividends to Boralex shareholders as well as the $33 million in distributions to non-controlling interests.

Debt ratios[3]

Net debt[3] amounted to $2,833 million as at December 31, 2023, compared with $2,984 million as at December 31, 2022.

Moreover, the net debt to market capitalization ratio increased from 40% as at December 31, 2022 to 42% as at December 31, 2023. As at December 31, 2023, *Cash and cash equivalents* included $222 million ($110 million as at December 31, 2022) payable under the inframarginal rent contribution on electricity production and $31 million ($83 million as at December 31, 2022) payable for feed-in premium contracts. Excluding these amounts from net debt, the net debt ratio would be 44% as at December 31, 2023, and 42% as at December 31, 2022.

Boralex's share price was $33.68 per share as at December 31, 2023, compared with $40.02 per share as at December 31, 2022.

Information about the Corporation's equity

As at December 31, 2023, Boralex's capital stock consisted of 102,766,104 Class A shares issued and outstanding (102,762,850 as at December 31, 2022) due to the issuance of 3,254 shares following the exercise of stock options held by management and key employees.

As at December 31, 2023, there were 277,120 outstanding stock options, 149,097 of which were exercisable.

From January 1 to February 29, 2024, no new shares were issued on exercise of stock options.

Related party transactions

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 with repayment of the full amount on the maturity date; also as at December 31, 2022, the Corporation held a $58 million (€40 million) term loan which was entirely repaid in advance during the first quarter of 2023. For the year ended December 31, 2023, the interest related to these loans amounted to $14 million ($16 million in 2022). As at December 31, 2023, the CDPQ, one of Canada's largest institutional investors, held 15.3% of Boralex's outstanding shares following an increase in its interest in the Corporation during the fourth quarter of 2023.

(1) Available cash and cash equivalents and available cash resources and authorized financing are non-GAAP measures that 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) Credit facilities available for growth is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in 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.

The CDPQ holds a majority stake in Énergir. The Corporation and Énergir are co-participants in partnerships which develop and operate wind power projects located on the Seigneurie de Beaupré site.

The Corporation charges management fees and maintenance costs to certain joint ventures for services rendered. The related revenues for the period ended December 31, 2023, amounted to $23 million ($15 million in 2022).

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. In connection with this transaction, the Corporation recorded an amount due to a non-controlling shareholder whose balance is $36 million (€25 million) as at December 31, 2023 ($46 million (€32 million) as at December 31, 2022). For the year ended December 31, 2023, the interest related to this amount due amounted to $1 million ($1 million in 2022).

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified)	March 31, 2022	June 30, 2022	Sept 30, 2022	Dec 31, 2022	March 31, 2023	June 30, 2023	Sep 30, 2023	Dec 31, 2023
POWER PRODUCTION (GWh)								
Wind farms	1,337	894	703	1,355	1,387	976	753	1,520
Hydroelectric power stations	189	229	160	175	208	222	197	208
Solar power stations	115	175	156	89	101	155	160	86
Thermal power stations(1)	40	—	—	—	—	—	—	—
	1,681	1,298	1,019	1,619	1,696	1,353	1,110	1,814
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind farms	192	128	66	295	269	176	138	288
Hydroelectric power stations	18	21	14	18	18	18	17	19
Solar power stations	11	19	21	9	11	16	16	8
Thermal power stations(1)	6	—	—	—	—	—	—	—
	227	168	101	322	298	210	171	315
OPERATING INCOME (LOSS)	91	45	(31)	7	77	38	13	98
EBITDA(A)(2)(4)								
Wind farms	170	117	48	173	179	127	94	217
Hydroelectric power stations	13	15	10	12	13	12	11	13
Solar power stations	9	16	19	3	7	13	14	6
Thermal power stations(1)	2	—	—	—	—	—	—	—
	194	148	77	188	199	152	119	236
Corporate and eliminations	(21)	(27)	(27)	(30)	(32)	(33)	(29)	(34)
	173	121	50	158	167	119	90	202
NET EARNINGS (LOSS)(4)	57	14	(56)	(7)	45	19	(7)	58
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX(4)	50	10	(44)	14	33	16	(8)	37
Per share (basic and diluted)(4)	$0.49	$0.10	($0.44)	$0.14	$0.31	$0.15	($0.07)	$0.36
CASH FLOWS FROM OPERATIONS(3)	136	86	40	141	141	76	67	161

(1) 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.
(4) EBITDA(A), net earnings (loss), net earnings (loss) attributable to shareholders of Boralex and net earnings (loss) per share for the first three quarters of 2023 have been adjusted to incorporate adjustments resulting from the finalization of the determination of the fair value of the assets and liabilities of the wind farms acquired in 2022.

The Corporation’s operations and results are partly subject to seasonal cycles and other cyclical factors that vary by energy type. 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 by the following factors:

- Wind conditions in France, the United States 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	2,640	32%	20%	17%	31%
Solar	255	20%	32%	32%	16%
Hydroelectric	178	24%	29%	21%	26%
Total power production(3)	3,073	30%	22%	18%	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 29, 2024.
(3) The calculation of the power production average of the past five years excludes storage units.

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. A similar strategy is implemented through foreign exchange forward contracts in the United States.

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, 2023, the majority of facilities 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 sell its production on electricity markets or negotiate prices under short-term contracts. As at December 31, 2023, about 3% of the Corporation's power production was sold at market prices without feed-in premiums or under variable price contracts and an additional 3% was sold on the market by facilities that benefit from a postponement of their feed-in premium contract.

Interest rate risk

As at December 31, 2023, about 85% of project term loans bore interest at variable rates,(1) exposing the Corporation to fluctuations in the loan amounts. In order to mitigate the risk of interest expense fluctuation, the Corporation entered into interest rate swaps which reduced its exposure to variable rate borrowings to 6% of total debt.(1)

The following table summarizes the Corporation’s designated and economic hedging relationships as at December 31, 2023:

(in millions of Canadian dollars)				Current notional		Fair value(1)	
Hedging instrument	**Hedge type**	**Hedged risk**	**Currency**	(currency of origin)	(CAD)	(currency of origin)	(CAD)
DESIGNATED HEDGING RELATIONSHIPS							
Interest rate swaps	Cash flow	Interest rate risk	EUR	749	1,093	51	74
Interest rate swaps	Cash flow	Interest rate risk	USD	133	176	25	33
Interest rate swaps	Cash flow	Interest rate risk	CAD	963	963	95	95
Cross-currency swaps	Net investment	Foreign exchange risk	EUR for CAD	264	368	(17)	(17)
Foreign exchange forward contracts	Net investment	Foreign exchange risk	USD for CAD	269	356	6	6
ECONOMIC HEDGING RELATIONSHIP							
Foreign exchange forward contracts	Economic	Foreign exchange risk	USD	126	168	(1)	(1)

(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 and the exposure percentage of total debt are supplementary financial measures. 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 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	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***
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	Five-year average of historical power production is calculated using the average electricity generated during the last five full fiscal years of the Corporation, from 2019 to 2023.
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 credit facilities of subsidiaries which includes the unused tranche of the credit facility- France and 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:

	2023			2022		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended December 31:						
Power production (GWh)[2]	1,814	537	2,351	1,619	195	1,814
Revenues from energy sales and feed-in premiums	315	30	345	322	22	344
Operating income	98	21	119	7	7	14
EBITDA(A)	202	27	229	158	15	173
Net income (loss)	58	—	58	(7)	—	(7)
Years ended December 31:						
Power production (GWh)[2]	5,973	2,047	8,020	5,617	683	6,300
Revenues from energy sales and feed-in premiums	994	110	1,104	818	75	893
Operating income	226	80	306	112	35	147
EBITDA(A)	578	97	675	502	50	552
Net income	115	—	115	8	—	8
	As at December 31, 2023			**As at December 31, 2022**		
Total assets	6,574	730	7,304	6,539	649	7,188
Debt - Principal balance	3,327	437	3,764	3,346	328	3,674

(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. This contribution is attributable to the North America segment's wind farms and includes corporate expenses of $2 million under EBITDA(A) for the year ended December 31, 2023 ($2 million as at December 31, 2022).

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

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 and integration costs, other loss (gains), net loss (gain) on financial instruments and foreign exchange loss (gain), with the last two items included under *Other.*

EBITDA(A) is used 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:

	Three-month periods ended December 31							
	2023			2022			Change 2023 vs 2022	
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined	Consolidated	Combined
EBITDA(A)	202	27	229	158	15	173	44	56
Amortization	(75)	(14)	(89)	(67)	(6)	(73)	(8)	(16)
Impairment	(20)	(1)	(21)	(82)	(4)	(86)	62	65
Other gains	1	(1)	—	—	—	—	1	—
Share in earnings of joint ventures and associates	(17)	17	—	(6)	6	—	(11)	—
Change in fair value of a derivative included in the share in earnings of a joint venture	7	(7)	—	4	(4)	—	3	—
Operating income	98	21	119	7	7	14	91	105

	Years ended December 31							
	2023			2022			Change 2023 vs 2022	
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined	Consolidated	Combined
EBITDA(A)	578	97	675	502	50	552	76	123
Amortization	(293)	(58)	(351)	(295)	(24)	(319)	2	(32)
Impairment	(20)	(1)	(21)	(85)	(5)	(90)	65	69
Other gains	1	2	3	2	2	4	(1)	(1)
Share in earnings of joint ventures and associates	(59)	59	—	(37)	37	—	(22)	—
Change in fair value of a derivative included in the share in earnings of a joint venture	19	(19)	—	25	(25)	—	(6)	—
Operating income	226	80	306	112	35	147	114	159

(1) Includes the respective contribution of joint ventures and associates as a percentage of the Corporation'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.

	Consolidated	
	As at December 31	As at December 31
(in millions of Canadian dollars)	2023	2022
Debt	2,995	2,873
Current portion of debt	271	404
Transaction costs, net of accumulated amortization	61	69
Debt - Principal balance	3,327	3,346
Less:		
Cash and cash equivalents	478	361
Restricted cash	22	13
Bank overdraft	(6)	(12)
Net debt	2,833	2,984

The Corporation defines total market capitalization as follows:

	Consolidated	
	As at December 31	As at December 31
(in millions of Canadian dollars, unless otherwise specified)	2023	2022
Number of outstanding shares (in thousands)	102,766	102,763
Share market price (in $ per share)	33.68	40.02
Market value of equity attributable to shareholders	3,461	4,113
Non-controlling interests	395	345
Net debt	2,833	2,984
Total market capitalization	6,689	7,442

The Corporation computes the net debt ratio as follows:

	Consolidated	
	As at December 31	As at December 31
(in millions of Canadian dollars, unless otherwise specified)	2023	2022
Net debt	2,833	2,984
Total market capitalization	6,689	7,442
NET DEBT RATIO, market capitalization	42%	40%

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

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

	Consolidated			
	Three-month periods ended December 31		Years ended December 31	
(in millions of Canadian dollars, unless otherwise specified)	2023	2022	2023	2022
Net cash flows related to operating activities	**107**	**189**	**496**	**513**
Change in non-cash items relating to operating activities	54	(48)	(51)	(110)
Cash flows from operations	**161**	**141**	**445**	**403**
Repayments on non-current debt (projects)(1)	(50)	(47)	(232)	(212)
Adjustment for non-operational items(2)	2	(1)	6	7
	113	93	219	198
Principal payments related to lease liabilities(3)	(4)	(4)	(17)	(15)
Distributions paid to non-controlling shareholders(4)	(33)	(19)	(57)	(37)
Additions to property, plant and equipment (maintenance of operations)(5)	2	(2)	(6)	(12)
Development costs (from statement of earnings)	12	9	40	33
Discretionary cash flows	**90**	**77**	**179**	**167**
Dividends paid to shareholders	17	17	68	68
Weighted average number of outstanding shares – basic (in thousands)	102,766	102,763	102,766	102,726
Discretionary cash flows – per share	$0.88	$0.75	$1.75	$1.63
Dividends paid to shareholders – per share	$0.1650	$0.1650	$0.66	$0.66
Payout ratio			**38%**	**41%**
Reinvestment ratio			**62%**	**59%**

(1) Includes repayments on non-current debt (projects) and repayments to tax equity investors, and excludes VAT bridge financing, early debt repayments and repayments under the construction facility - Boralex Energy Investments portfolio and the CDPQ Fixed Income Inc. term loan.

(2) For the year ended December 31, 2023, favourable adjustment of $6 million consisting mainly of acquisition, integration and transaction costs. For the year ended December 31, 2022, favourable adjustment of $7 million consisting mainly of acquisition and transaction costs.

(3) Excluding the principal payments related to lease liabilities for projects under development and construction.

(4) 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.

(5) Investments in construction include additions to the property, plant and equipment of regulated assets. During the fourth quarter, an amount of $4 million was reclassified to property, plant and equipment under construction.

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

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

	Consolidated	
	As at December 31	As at December 31
(in millions of Canadian dollars)	2023	2022
Cash and cash equivalents	478	361
Cash and cash equivalents held by entities subject to project debt agreements(1)	(388)	(279)
Bank overdraft	(6)	(12)
Available cash and cash equivalents	**84**	**70**
Credit facilities available for growth	463	424
Available cash resources and authorized financing	**547**	**494**

(1) This cash can be used for the operations of the respective projects, but is subject to restrictions for non-project related purposes under the credit agreements.

Analysis of operating results - Combined

The combined information ("Combined") presented in the MD&A of the Corporation 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 Corporation's main *joint ventures and associates* for the years ended December 31, 2023 and 2022 are:

	Technology	Country	Status	Boralex % of interests	Installed capacity Total (MW)	Installed capacity Net (MW)
LongSpur Wind Holdings, LLC[1]	Wind	US	Operational	50.00%	394	197
Roosevelt Holdco, LLC[1]	Wind	US	Operational	50.00%	300	150
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("SDB I")	Wind	Canada	Operational	50.00%	272	136
Tx Hereford Wind Holdings, LLC[1][2]	Wind	US	Operational	50.00%	200	100
Roncevaux Wind Power L.P. ("Roncevaux")	Wind	Canada	Operational	50.00%	75	37
Seigneurie de Beaupré Wind Farm 4 General Partnership ("SDB II")	Wind	Canada	Operational	50.00%	68	34
Le Plateau Community Wind Power L.P. ("LP II")	Wind	Canada	Operational	59.96%	21	13
Des Neiges Holding Sud, General Partnership[3]	Wind	Canada	Construction	50.00%	400	133
Parc éolien Apuiat Inc.	Wind	Canada	Construction	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.
(2) The Corporation's economic share in the results of the joint venture is 11.3% until December 31, 2024 due to the interest of a non-controlling shareholder in the wind farm.
(3) A non-controlling shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33%.

Highlights - Combined[1]

(in millions of Canadian dollars, unless otherwise specified)	Combined[1] 2023	Combined[1] 2022	Change Combined[1] 2023 vs 2022 GWh or $	Change Combined[1] 2023 vs 2022 %
Three-month periods ended December 31:				
Wind power production (GWh)	2,351	1,814	537	30
Revenues from energy sales and feed-in premiums	345	344	1	—
Operating income (loss)	119	14	105	>100
EBITDA(A)[2]	229	173	56	32
Net earnings (loss)	58	(7)	65	>100
Years ended December 31:				
Wind power production (GWh)	8,020	6,300	1,720	27
Revenues from energy sales and feed-in premiums	1,104	893	211	24
Operating income	306	147	159	>100
EBITDA(A)[2]	675	552	123	22
Net earnings	115	8	107	>100
Total assets	7,304	7,188	116	2
Debt - Principal balance	3,764	3,674	90	2

(1) Combined information is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.
(2) 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, 2023

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Combined			
Three-month period ended December 31, 2022	1,814	344	173
Acquisition - interest in wind farms in the United States	371	11	20
Commissioning and temporary shutdowns[2]	90	16	16
Pricing (power purchase agreements and FiP)	—	(65)	(65)
Inframarginal rent contribution on electricity production	—	—	51
Volume	76	18	18
Foreign exchange effect	—	12	9
Other	—	9	7
Three-month period ended December 31, 2023	**2,351**	**345**	**229**
North America			
Three-month period ended December 31, 2022	1,071	130	101
Acquisition - interest in wind farms in the United States	371	11	20
Volume	(85)	(13)	(13)
Pricing	—	1	1
Other	—	(1)	5
Three-month period ended December 31, 2023	**1,357**	**128**	**114**
Europe			
Three-month period ended December 31, 2022	743	214	81
Commissioning and temporary shutdowns[2]	90	16	16
Pricing (power purchase agreements and FiP)	—	(66)	(66)
Inframarginal rent contribution on electricity production	—	—	51
Volume	161	31	31
Foreign exchange effect	—	12	9
Other	—	10	1
Three-month period ended December 31, 2023	**994**	**217**	**123**
Corporate and eliminations			
Three-month period ended December 31, 2022			(9)
Other			1
Three-month period ended December 31, 2023			**(8)**

Impact of joint ventures and associates, net of eliminations

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Three-month period ended December 31, 2022	195	22	15
Acquisition - interest in wind farms in the United States	371	11	14
Pricing	—	1	1
Volume	(29)	(3)	(3)
Share of earnings in joint ventures and associates - comparable assets	—	—	(2)
Other	—	(1)	2
Three-month period ended December 31, 2023	**537**	**30**	**27**

[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.

On a Combined basis, power production amounted to 2,351 GWh for the fourth quarter of 2023, up 30% or 537 GWh compared with the corresponding period of 2022. Revenues from energy sales and FiP were stable at $345 million, while EBITDA(A) was up 32% to reach $229 million.

Compared to the fourth quarter of 2022, the contribution of the *joint ventures and associates*' facilities in operation to production more than doubled. Revenues from energy sales increased by 38% and EBITDA(A) doubled following the acquisition of an interest in wind farms in the United States.

Analysis of combined operating results for the year ended December 31, 2023

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Combined			
Year ended December 31, 2022	6,300	893	552
Acquisition - interest in wind farms in the United States	1,470	45	84
Commissioning and temporary shutdowns[2]	340	56	50
Pricing (power purchase agreements and FiP)	—	82	82
Inframarginal rent contribution on electricity production	—	—	(92)
Volume	(50)	4	4
Disposal[2]	(40)	(6)	(2)
Foreign exchange effect	—	25	16
Payroll[3]	—	—	(14)
Development	—	—	(4)
Other	—	5	(1)
Year ended December 31, 2023	**8,020**	**1,104**	**675**
North America			
Year ended December 31, 2022	4,080	477	366
Acquisition - interest in wind farms in the United States	1,470	45	84
Volume	(398)	(55)	(55)
Disposal[2]	(40)	(6)	(2)
Pricing	—	2	2
Foreign exchange effect	—	3	2
Payroll[3]	—	—	(5)
Development	—	—	3
Other	—	(1)	2
Year ended December 31, 2023	**5,112**	**465**	**397**
Europe			
Year ended December 31, 2022	2,220	416	215
Commissioning and temporary shutdowns[2]	340	56	50
Pricing (power purchase agreements and FiP)	—	80	80
Inframarginal rent contribution on electricity production	—	—	(92)
Volume	348	59	59
Foreign exchange effect	—	22	14
Payroll[3]	—	—	(3)
Development	—	—	(7)
Other	—	6	(6)
Year ended December 31, 2023	**2,908**	**639**	**310**
Corporate and eliminations			
Year ended December 31, 2022			(29)
Payroll[3]			(6)
Other			3
Year ended December 31, 2023			**(32)**

[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] Excludes payroll related to development activities that are reported separately.

Impact of joint ventures and associates, net of eliminations

(in millions of Canadian dollars, unless otherwise specified)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Year ended December 31, 2022	683	75	50
Acquisition - interest in wind farms in the United States	1,470	45	52
Pricing	—	2	2
Volume	(106)	(12)	(12)
Development	—	—	1
Share of earnings in joint ventures and associates - comparable assets	—	—	5
Other	—	—	(1)
Year ended December 31, 2023	**2,047**	**110**	**97**

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

On a Combined basis, power production amounted to 8,020 GWh for the year ended December 31, 2023, up by 27% or 1,720 GWh compared with the corresponding period of 2022. Revenues from energy sales and FIP were up by 24% and EBITDA(A) rose by 22% to reach $1,104 million and $675 million, respectively. The increase in revenues was mainly attributable to the rise in prices, the contribution of newly commissioned wind farms and wind farms acquired in the United States. The increase in EBITDA(A) is mainly attributable to the contribution of newly commissioned wind farms and wind farms acquired in the United States.

When compared to fiscal 2022, the contribution to production of *the joint ventures and associates*' facilities in operation, nearly tripled. Revenues from energy sales and FiP increased by 47% and EBITDA(A) almost doubled.

Commitments and contingencies

(in millions of Canadian dollars)	Note	Payments Less than one year	 Between one and five years	 More than five years	Total
Purchase and construction contracts	(a)	634	79	—	713
Maintenance contracts	(b)	30	118	216	364
Other	(c)	6	14	24	44
		670	211	240	1,121

(a) Purchase and construction contracts

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

(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 commitments 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 agreements and is subject to variable conditional royalties related to the operation of its wind farms, solar power stations and hydroelectric power stations. The commitments table above does not include these amounts.

Energy sales and feed-in-premium contracts

Most of the Corporation's electricity production is subject to long-term energy sales contracts or feed-in premium contracts. Most of these contracts are subject to annual indexation. These contracts have the following characteristics:

	Wind	Solar	Hydroelectric
		Terms	
North America	2029 - 2059	2029 - 2046	2027 - 2059
Europe	2024 - 2045	2031 - 2043	—

Contingencies

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. This dispute arose in the context of a transaction between the parties that occurred in 2012 whereby Boralex acquired construction-ready wind power 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 power projects under development. 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). Innovent and Grégoire Verhaeghe had appealed the decision.

On July 6, 2023, the Douai Court of Appeal rendered its decision agreeing with Boralex on the merits of the dispute, but reduced to $3.6 million (€2.5 million) the amount of the damages to be paid by Innovent to Boralex due to breaches of contract attributable to Innovent and Grégoire Verhaeghe and their bad faith in the performance of the contract. Boralex has appealed to the Court of Cassation and filed a “full” petition in January 2024.

On December 29, 2021, Innovent had filed a $359 million (€250 million) claim against Boralex at the Tribunal de Commerce de Paris (the “December 2021 Lawsuit”). The December 2021 Lawsuit was brought further to the May 17, 2021, decision 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 Decision”). In the December 2021 Lawsuit, Innovent alleged that the May 2021 Decision was based on false representations by Boralex and its experts at trial and that, as a consequence of the May 2021 Decision, 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 decision.

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 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 since November 30, 2020), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology for ascertaining whether the regional content requirements were complied with or not.

During the year ended December 31, 2023, the parties to the dispute related to the LP I wind farm reached a comprehensive settlement regarding the LP I wind farm and the nine other wind farms in which Boralex has an interest that are subject to local and regional content requirements (the "Boralex's Québec wind farms"). The terms of the confidential settlement provide that the parties release each other from and waive any potential claims related to the Local content requirements of Boralex's Québec wind farms. This settlement did not have a significant impact on the consolidated financial statements of the Corporation.

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 group targeted by the class action, request (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. During the year ended December 31, 2023, the Court of appeal rejected the class action.

Risk governance

The Corporation’s Enterprise Risk Management Policy is subject to annual review and approval by the Board of Directors. The Corporation’s risk management framework combines best practices notably found in COSO’s Enterprise Risk Management and ISO 31000 guidelines. The purpose of the Corporation’s risk management framework is to identify, assess, mitigate, monitor, and report on the key risk exposures it faces in the pursuit of its strategic objectives. These risks are segmented into the following categories: strategic, financial, legal and regulatory, and operational risks. As part of the risk management process, a risk register has been developed across the organization to monitor changes to its risk landscape and articulate its risk mitigation measures. Key risks are reviewed by the Business Units and global Executive Committees and are presented periodically to the Board.

The Corporation is subject to a wide spectrum of risks and uncertainties that evolve over time, some of which are described below. Although it is not feasible to identify and mitigate all possible risks, the Corporation has set forth commensurate risk oversight and governance practices to foster a strong risk culture at all levels of management. The following section provides a non-exhaustive list of risks to which Boralex could be exposed. The actual effect of any risk event on the Corporation's business could be materially different from what is anticipated or described herein.

Risk factors

1. Strategic risks

Strategic positioning risk

Definition: Potential loss resulting from implementing a strategic or tactical decision not aligned with the organization's strategic objectives. This decision may be related, but not limited to, merger and acquisition (M&A) activities, organic project development, technological choices, and types of partners.

Context: The Corporation has a strategic plan that guides it in achieving its business objectives over the next few years, notably by continuing the actions undertaken in sectors with strong growth potential, and by implementing complementary initiatives with a view to diversifying and optimizing its activities, revenue sources and customers. The Corporation intends to achieve these objectives with strong environmental, social and governance performance, as defined in its corporate social responsibility (CSR) strategy.

The Corporation operates in the renewable energy sector in Canada, France, the United Kingdom and the United States. This sector is characterized by competition from larges 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 could adversely affect the implementation of the Corporation’s long-term vision and prevent it from seizing available opportunities.

Mergers and acquisitions risk

Definition: Potential loss and/or adverse reaction from financial markets following an M&A transaction, resulting from an inability to implement a comprehensive and systematic process of due diligence and mitigation measures with respect to the impacts of the acquisition of the transaction (financial, legal, strategic, operational, technological, cultural, environmental, retention of skills and key people, etc.). Loss and/or under-performance of the transaction resulting from an inability to implement a comprehensive integration plan aimed at taking advantage of potential synergies, to capitalize on key skills and assets arising from the transaction and the overall inability to maximize the value of the company to achieve its strategic and financial objectives.

Context: 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 may not detect in its M&A due diligence any liabilities nor contingencies for which the Corporation may not be indemnified. Discovery of any material liability or contingencies with respect to shares, assets or businesses acquired following the transaction could have a material adverse effect on the Corporation’s financial position and operating results.

Lastly, the integration of assets as part of the Corporation's mergers or 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 guarantee that management will be able to successfully integrate the new assets or to realize the full benefits expected from the transactions.

Organizational transformation risk

Definition: Inability and/or inefficiency of the organization to manage its growth while controlling costs. Risk often described as operational excellence or efficiency.

Context: As a result of its continued growth and successful execution of its strategic objectives, the Corporation has undergone important organizational transformations to align its structure and processes with its ambitions. Future high growth could increase internal pressures, including, but not limited to, change management, shortage of skills, and technological requirements, which may limit the achievement of the Corporation's objectives.

Political, legislative and regulatory risks

Definition: Limited ability of the Corporation to maintain its usual operations and/or achieve its financial and strategic objectives due to political, legislative and regulatory events at the national level, or part of a territory or state where the Corporation has activities, which could modify, among other things, the general market conditions in the renewable energies sector.

Context: The Corporation operates in the renewable energy sector in Canada, France, the United Kingdom and the United States. Moreover, the Corporation continuously assesses opportunities in other regions. Any changes in government policies could have a significant impact on the Corporation’s business in such jurisdictions. Business risks include, but are not limited to, changes of laws affecting foreign ownership, government participation and support for renewable energies, 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. There can be no guarantee that current and future economic and political conditions in the countries in which the Corporation operates or intends to operate will be conducive for generating the expected profitability.

The Corporation’s activities are also subject to changes in governmental regulatory requirements, including environmental and energy-related regulations and other matters beyond the control of the Corporation. The operation of power generating facilities is subject to extensive regulations 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.

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.

Diversification risk

Definition: Potential loss or under-achievement of the Corporation's strategic objectives resulting from excessive exposure in a technological sector, geographic region, regulatory environment, type of contract or to a single client; or from an inability to seize other diversification opportunities.

Context: 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, the Corporation could, however, be exposed to significant financial consequences in the event of under-performance of a region or a substantial downturn in a specific power segment, particularly wind.

2. Operational risks

Uneconomic projects

Definition: Potential loss or under-achievement of the Corporation's strategic objectives resulting from failing to identify, select or develop the best investment opportunities.

The contextual information discussed below should be considered.

Project management and execution risk

Definition: Failure to plan (including inaccurate resource estimates) and execute activities resulting in adverse and/or unexpected effects on project costs, scope and schedule. In addition to affecting the profitability of the project, exceeding schedules, particularly in the case of the commissioning of energy production assets, may result in the suspension of operating permits, commercial disputes and/or specific financial penalties that hinder the achievement of strategic, business and financial objectives.

Context: The Corporation participates in the construction and development of new power generating facilities. Delays or cost overruns may occur during the construction phase, 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, which could conceivably not be covered by warranty, due in particular to poor equipment performance. New development projects by nature 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 the necessary revenues to fund principal and interest payments under its financing obligations. A default under such a financing obligation could result in a legal recourse, a financial penalty or a loss of the Corporation's interest in the facility.

The contextual information discussed below should be considered.

Ability to secure appropriate land

Finding suitable sites for new power generating facilities is a highly competitive process. Identifying and obtaining optimal sites is challenging due to geographic features, legal and regulatory restrictions, and ownership rights, which naturally limit the areas available for site development. There can be no guarantee that the Corporation will be successful in obtaining any desirable site.

Social acceptance of renewable energy projects

The Corporation's ability to find and develop new sites suitable for viable renewable energy projects is heavily dependent on social acceptance by local stakeholders, including governmental authorities, local communities, First Nations, and other Indigenous peoples. If a prospective project fails to obtain sufficient social acceptance, it may lead to development delays, or even the loss of all upfront investments and a financial write-off. Additionally, for operational sites, material and justified challenges to the social acceptance could adversely affect the operation's performance or revenue.

Security and damage to physical assets

The Corporation may be subject to losses resulting from malicious acts (e.g., sabotage, vandalism, kidnapping) against our physical assets, employees, or third parties. The Corporation actively takes actions to prevent, respond and/or remediate these risks as they can impact site and employee safety, as well as operational capacity.

Third party risk

Definition: Potential financial loss and/or reputational damage due to Boralex’s selection of partners (suppliers, joint ventures, clients) or their failure to meet their contractual commitments.

The contextual information discussed below should be considered.

Procurement risk

Definition: Loss or incident resulting from an inadequate selection of a third party (supplier or contractor), low market availability, competitiveness or a contract that does not meet our corporate values (including all ESG risk factors), the use of third party services and dependence on these third parties. Inadequate performance monitoring, absence of a contract owner or poor monitoring of the third party (including all ESG risk factors) impacting the quality or sustainability of the services provided. Inadequate design and implementation of exit strategy, recovery or termination of the agreement resulting in loss or breakdown of service.

Development and operation of the Corporation's facilities are dependent on the supply of third-party equipment and services. 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 facilities and the Corporation’s ability to build additional projects. There can be no assurance that manufacturers will meet all their contractual obligations. Any failure by a supplier of equipment or service 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.

Relationships with strategic partners

Definition: Loss or inability to achieve anticipated benefits resulting in suboptimal selection or management of a strategic partnership (Indigenous partners and/or communities) throughout its life cycle, including selection and due diligence, contract negotiation, business relationship management, partnership performance, renewal, exit strategy and termination.

The Corporation may collaborate with partners for the development of its projects or for operations, including corporations and Indigenous groups. However, some of these partners may have or develop interests or objectives that 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, or cause delays or financial losses.

Power purchase agreements

Definition: Financial loss due to the Corporation’s inability to win power purchase agreements or renew such contracts under favorable 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 guarantee that the Corporation will be able to effectively compete against its competitors over the long term, or that it will be selected as an energy supplier following such processes, or that existing power purchase agreements will be renewed under favorable 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.

Production volume risk

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 hydro, wind farms and solar power facilities is dependent on water, wind and sunlight, which are naturally variable. There can be no guarantee that the long-term historical water, wind or solar availability will remain unchanged or that no material events will impact water, wind or solar conditions on a particular site.

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. Decreases in the solar or wind regime at the Corporation’s different sites could reduce its revenues and profitability. Annual deviations from the long-term average could 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.

The contextual information discussed below should be considered.

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 translate into spot market price volatility, which may have an impact, albeit limited, on approximately 7% of the Corporation’s total installed capacity.

Grid availability and reliability risk

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.

Dam safety

Hydroelectric power stations in Québec, which represented 2% of total installed capacity as at December 31, 2023, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams must comply with certain criteria defined in this Act. Generally, 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 remain material to the Corporation.

Natural disaster and force majeure risk

Definition: Human, material or financial loss related to uncontrollable and one-time environmental factors, sometimes amplified by climate change, such as natural disasters and extreme weather conditions.

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 impacts on human safety or equipment failure. 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 events. 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.

Talent and culture risk

The Corporation could be exposed to risks related to its current and future employees.

The contextual information discussed below should be considered.

Talent attraction, retention and succession

Definition: Inability of the Corporation to implement its purpose, reach its strategic objectives or meet its obligations as an employer due to loss of key people or an inability to define or implement strategies to attract, retain, train, develop and renew talent

Context: The Corporation's employees play a critical 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, retain and develop qualified, suited and experienced talent. An inability to identify, train or attract successors in the event of the departure of key employees or members of management could have a material adverse effect on its organization, results, operations and outlook. The external context of the job market could affect this risk.

Physical and mental health and safety risk

Definition: Physical health and safety threatened by an inadequate, unhealthy, or non-compliant work environment leading to minor incidents, near misses, accidents, occupational disease or death that can result in employee disengagement, absences, claims, complaints, grievances and damage to reputation or inability to attract and retain talent. Psychological health and well-being threatened by an inadequate work environment or by behaviours that do not align with corporate values, that do not promote a sustainable performance culture, which can lead to employee disengagement, absences, claims, complaints, grievances and damage to the brand image and/or the ability to attract and retain talent.

Context: The construction, ownership and operation of the Corporation’s power generation assets carry an inherent risk of liability related to worker physical and mental 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.

Information technology risk

The Corporation could be exposed to risks related to its digital and physical information technology.

The contextual information discussed below should be considered, in addition to risk factors related to the development, implementation, deployment, and/or management of information technology. The Corporation recognizes that risk exposures may arise from digital transformation and the adoption of emerging technologies such as artificial intelligence, consequently leading to the unintended consequences described hereafter.

Information systems failure and cybersecurity risk

Definition: Inadequate protection of data and information (including personal information of customers, third parties and strategic information), whether by an intentional or unintentional act (error, negligence, omission), or threats and cyberattacks on infrastructures, networks, application systems or databases, causing a data leak, an interruption of operations and a breach of confidentiality of corporate information that may lead to litigation, a sanction (legal or financial) or any other contractual legal and regulatory liability.

Context: The Corporation relies on information technologies to conduct its business operations. A failure of information technology systems or infrastructure could have a material impact on its activities.

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 the Corporation’s 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 actions or increased regulatory scrutiny, or harm the Corporation's reputation. Incidents affecting technological systems could therefore have a material adverse effect on the Corporation’s business, financial condition, or operating results.

Data integrity and availability risk

Definition: Deficiencies in the reliability and availability of data due to inadequate data governance and management.

Context: The Corporation relies on the robustness of its data integrity and availability to support its decision making when conducting its daily operations, as well as its strategic and financial planning and reporting. Deficiencies in data integrity and availability caused by inadequate data governance and management could significantly hinder our ability to operate and the accuracy of financial statements.

3. Financial risks

Pricing and contractual protection risk

Definition: Risk of income volatility due to the decrease of the value of a contract, volume committed, security or investment, as a result of poor business decisions, including misunderstanding of the consequences of the risks involved, the type of products, resources contracted, the expiration of a market position and/or inadequate contractual protections.

Context: The Corporation sells most 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.

In addition, 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 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. Energy prices vary according to supply, demand and other 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 facilities are unable to yield an operating profit. In such cases, 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 extends over a long period of time, 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.

Counterparty risk

Definition: Risk that a counterparty to a transaction will default before the final settlement of the transaction's cash flows.

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.

Financing and access to capital risk

Definition: Poor decision and/or inability to obtain or access financial capital to support organic development, M&A activities or other needs related to achieving the organization's strategic plan. Inability to access alternative sources of capital or better borrowing terms due to failure to qualify for ESG financing tools.

The contextual information discussed below should be considered.

Credit risk and additional financing and debt

Definition: Exposure to a change in credit conditions reducing cash flow and/or the competitiveness and profitability of projects and/or the possibility of the organization defaulting on a loan or meeting its contractual obligations.

Context: The Corporation's projects require significant capital. The Corporation expects to finance the development and construction of new facilities, acquisitions and other capital expenditures with sources of financing that may combine cash flows from operating activities, borrowings or the issuance 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 facilities or maintain its existing operations and remain in business would be impaired.

The degree to which the Corporation is leveraged could have important consequences to shareholders, including: (i) limiting the Corporation's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future; (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 expenses on borrowings at variable rates.

Furthermore, the ability to refinance, renew or extend debt instruments is dependent up to their maturity on the changing conditions of the capital markets 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 risk

Definition: The possibility that central bank decisions will lead to changes in countries' monetary policies leading to a fluctuation in interest rates thereby reducing the value of an asset, bond or other fixed-rate investment, and/or increasing the cost of capital and/or the value of the Corporation's stock.

Context: 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, 2023, excluding the revolving credit and term loan, and given the effect of the interest rate swaps in force, only about 6% of the total debt was exposed to interest rate fluctuations on a Consolidated and a Combined basis.

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

Restrictive covenant risk

The Corporation uses a project-based or project group-based financing approach to optimize its leverage. The cash flows from several of the facilities 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 a project. Such situations could have a material adverse effect on the business, results of operations and financial position of the Corporation.

Declaration of dividends risk

The declaration of dividends is subject to regulatory restrictions and is 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 would not be able to 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 insurance coverage and exchange rates

Definition: The Corporation is exposed to liquidity risk on liabilities and fluctuations in insurance coverage and exchange rates

The contextual information discussed below should be considered.

Liquidity risks related to derivative financial instruments

Definition: Loss resulting from liquidity difficulties or an inability to meet financial commitments in a timely manner and at reasonable costs, which may also impair the ability to pursue business opportunities.

Derivative financial instruments are entered into with major financial institutions and other counterparties, and their effectiveness is dependent on the performance of these entities. 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.

Foreign exchange risk fluctuations

Definition: The possibility that a currency fluctuation may affect the value of an asset, bond or investment, the profitability of a project and/or an M&A transaction, and consequently impact the financial performance of the Corporation.

Context: 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.

Management considers that the cash flows generated in the United Kingdom do not represent a significant risk at present. A hedging strategy could be developed in due course, in alignment with hedging strategies employed in other major regions of operation.

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.

Insurance coverage

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, 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. We maintain and renew a comprehensive portfolio of insurance coverage with appropriate limits and retention based on industry and external risk factors to recover damages to our assets resulting from extreme weather and natural disasters.

Financial and management information

Definition: Failure to maintain effective internal controls could impair investor confidence and affect the Corporation's ability to obtain financing or cause an unreliable disclosure of financial information that does not provide a true and fair view in accordance with requirements (e.g. accounting standards) and/or that such information is erroneous, false, misleading or omits material facts.

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. Legal and compliance risks

Litigation and breach of contract

Definition: Discrepancies or disputes regarding compliance with laws, regulations and contractual agreements, or any other issue that may result in legal disputes.

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.

Regulatory non-compliance

Definition: Failure to comply with regulations, including those related to environmental, societal and governance could 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 facilities. 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 noncompliance, 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.

Ethics, fraud and corruption risk

Definition: Intentional or unintentional act deviating from internal ethical rules, including the Corporation's Code of Ethics, or in violation of external laws and regulations. Intentional acts committed unlawfully by internal or external parties with the intent to cause harm, to draw personal benefit, or misappropriate assets of the organization.

Context: The Corporation could suffer significant losses as a result of fraud, bribery, corruption, other illegal acts, or inadequate or ineffective internal processes. The Corporation has in place several internal policies and procedures to prevent and detect such incidents, including a Code of ethics which was updated in 2023.

Reputational risk

Definition: The Corporation's reputation with internal and external 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 anticipated production, selling prices, expenses 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 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, which 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.

Development projects

The Corporation capitalizes development expenditures related to projects under development when the project meets the six capitalization criteria described in note 3. 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 project, management's intention to complete the project and its ability to commission the project, how the project will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development of the project, 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 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.

Feed-in premiums

Significant judgment is exercised by management to determine whether a feed-in premium ("FiP") contract should be recorded as a government grant. This judgment also applies to similar contracts, such as a contract for difference for a project under construction in the United Kingdom. When the market price received by the Corporation for energy sales exceeds the FiP contractual price, the Corporation has an obligation to pay any excess to the French Government. The Corporation determines the accounting treatment for this type of contract at its inception. The Corporation estimates the cumulative net position at the inception date based on expected future cash flows from the FiP contract, which depend on estimates of future energy production and future market prices. When at the inception date of the FiP contract, the estimated cumulative net position is positive, the Corporation treats the FiP contract as a government grant under IAS 20. When at the inception date of the FiP contract, the estimated cumulative net position is negative, management uses judgment to determine whether the FiP contract is more akin to a derivative financial instrument contract under IFRS 9 rather than a government grant under IAS 20. In making this judgment, management considers all the facts and circumstances and examines the terms and conditions of the FiP contract, including early termination clauses, to determine whether they are economically similar to those of financial contracts entered into with non-government entities.

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, 2023, 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, 2023, 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, 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 as issued by the International Accounting Standards Board ("IFRS") and set out in the CPA Canada *Handbook*, 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 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

Senior Vice-President and Chief Financial Officer

Montréal, Canada

February 29, 2024

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, 2023 and 2022, 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, 2023 and 2022;
- 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, comprising material accounting policy information 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, 2023. 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 test on water rights with indefinite useful life and goodwill of the North America group of cash-generating units (CGUs) *Refer to note 3 – Material accounting policies, note 4 – Main sources of uncertainty and note 8 – Intangible assets and goodwill to the consolidated financial statements.* As at December 31, 2023, the Corporation had water rights with indefinite useful life of $38 million and goodwill consisting, among others, of $124 million for the North America CGUs. 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, expenses and discount rates. We considered this a key audit matter due to the significant judgment applied by management in estimating the recoverable amounts of the CGU and group 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 amounts of the CGU and group 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, selling prices and expenses used in the discounted cash flow models by considering the current and past performance of the CGU and group of CGUs and whether they were aligned with evidence obtained in other areas of the audit. – 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 29, 2024

[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, 2023	As at December 31, 2022
ASSETS			
Cash and cash equivalents		478	361
Restricted cash		22	13
Trade and other receivables		236	234
Other current assets		35	30
CURRENT ASSETS		771	638
Property, plant and equipment	6	3,355	3,335
Right-of-use assets	7	370	340
Intangible assets	8	986	1,059
Goodwill	8	234	233
Interests in joint ventures and associates	9	510	536
Other non-current financial assets	23	227	320
Other non-current assets		121	78
NON-CURRENT ASSETS		5,803	5,901
TOTAL ASSETS		6,574	6,539
LIABILITIES			
Bank overdraft		6	12
Trade and other payables	10	405	377
Current portion of debt	11	271	404
Current portion of lease liabilities		20	18
Other current financial liabilities	23	13	10
CURRENT LIABILITIES		715	821
Debt	11	2,995	2,873
Lease liabilities		327	300
Deferred income tax liability	12	260	267
Decommissioning liability	13	139	129
Other non-current financial liabilities	23	87	97
Other non-current liabilities		27	26
NON-CURRENT LIABILITIES		3,835	3,692
TOTAL LIABILITIES		4,550	4,513
EQUITY			
Equity attributable to shareholders		1,629	1,681
Non-controlling interests	17	395	345
TOTAL EQUITY		2,024	2,026
TOTAL LIABILITIES AND EQUITY		6,574	6,539

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

The Board of Directors approved these audited consolidated financial statements on February 29, 2024.

(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	2023	2022
REVENUES			
Revenues from energy sales		1,002	923
Feed-in premiums	18	(8)	(105)
Revenues from energy sales and feed-in premiums		994	818
Other revenues		28	18
		1,022	836
EXPENSES AND OTHER			
Operating	19	380	258
Administrative	19	64	55
Development		40	33
Amortization		293	295
Impairment		20	85
Other gains		(1)	(2)
		796	724
OPERATING INCOME		226	112
Acquisition and integration costs		3	4
Financing costs	20	129	130
Share in earnings of joint ventures and associates		(59)	(37)
Other		(1)	(3)
EARNINGS BEFORE INCOME TAXES		154	18
Income tax expense	12	39	10
NET EARNINGS		115	8
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		78	30
Non-controlling interests		37	(22)
NET EARNINGS		115	8
NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	21	$0.76	$0.30

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

Consolidated statements of comprehensive income

(in millions of Canadian dollars)	2023	2022
NET EARNINGS	115	8
Other comprehensive income (loss) items that will be reclassified subsequently to net earnings when certain conditions are met		
Translation adjustments:		
Exchange differences on translation of financial statements of foreign operations	(8)	35
Net investment in foreign operations hedge:		
Change in fair value	7	(3)
Income taxes	(1)	—
Cash flow hedges - Interest rate swaps:		
Change in fair value	(25)	270
Hedging items realized and recognized in net earnings	(56)	11
Income taxes	21	(71)
Share of other comprehensive income (loss) of joint ventures and associates:		
Change in fair value	(15)	15
Hedging items realized and recognized in net earnings	(4)	6
Income taxes	5	(5)
Total other comprehensive income (loss)	(76)	258
COMPREHENSIVE INCOME	39	266
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of Boralex	16	242
Non-controlling interests	23	24
COMPREHENSIVE INCOME	39	266

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

Consolidated statements of changes in equity

2023

(in millions of Canadian dollars)	Equity attributable to shareholders: Capital stock (note 14)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (note 16)	Total	Non-controlling interests	Total equity
BALANCE AS AT JANUARY 1, 2023	1,323	10	174	174	1,681	345	2,026
Net earnings	—	—	78	—	78	37	115
Other comprehensive loss	—	—	—	(62)	(62)	(14)	(76)
COMPREHENSIVE INCOME (LOSS)	—	—	78	(62)	16	23	39
Dividends (note 14)	—	—	(68)	—	(68)	—	(68)
Contribution by non-controlling interest	—	—	—	—	—	54	54
Distributions to non-controlling interests	—	—	—	—	—	(33)	(33)
Other	—	1	(1)	—	—	6	6
BALANCE AS AT DECEMBER 31, 2023	1,323	11	183	112	1,629	395	2,024

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 a non-controlling interest (note 17)	—	—	524	(9)	515	114	629
Repurchase of a 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

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

Consolidated statements of cash flows

(in millions of Canadian dollars)	Note	2023	2022
Net earnings		115	8
Distributions received from joint ventures and associates	9	37	17
Financing costs		129	130
Interest paid		(122)	(113)
Interest received		16	8
Income tax expense		39	10
Income taxes paid		(26)	(7)
Non-cash items included in earnings:			
Amortization		293	295
Share in earnings of joint ventures and associates		(59)	(37)
Impairment		20	85
Other		5	4
Change in non-cash items related to operating activities	22	51	110
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		496	513
Business combination, net of cash acquired	5	—	(8)
Increase in interests in joint ventures and associates	9	(39)	(401)
Return of capital from joint ventures and associates	9	61	—
Additions to property, plant and equipment		(133)	(135)
Prepayments for property, plant and equipment		(127)	(111)
Additions to energy sales contracts and other rights		(12)	(10)
Additions to development projects		(20)	(8)
Change in restricted cash		(9)	(8)
Change in reserve funds		21	4
Other investing activities	9	—	(18)
Other		(10)	11
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(268)	(684)
Net change in revolving credit facility	22	149	(202)
Increase in debt	22	269	184
Repayments of debt	22	(440)	(349)
Principal payments relating to lease liabilities	22	(19)	(15)
Contribution by a non-controlling interest		54	22
Distributions paid to non-controlling interests		(32)	(25)
Dividends paid to shareholders	14	(68)	(68)
Transaction costs		(5)	(12)
Transaction with a non-controlling interest	17	—	660
Change in amounts due to non-controlling shareholders		(11)	43
Repurchase of a non-controlling interest	5	—	(12)
Settlement of a non-current liability	5	—	(6)
Settlement of financial instruments	22	(4)	37
Other		(2)	4
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(109)	261
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		4	3
NET CHANGE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		349	256
CASH AND CASH EQUIVALENTS – END OF YEAR	22	472	349

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

Notes to the consolidated financial statements

As at December 31, 2023

(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, 2023, Boralex held interests in 50 facilities in North America and 79 facilities in Europe. The Corporation operates in the production of three types of complementary renewable energy: wind, solar and hydroelectric power, as well as energy storage, representing in the aggregate an asset base with an installed capacity totalling 3,078 megawatts (“MW”). The Corporation also provides management and maintenance services to certain joint ventures and associates. In addition, Boralex currently has projects under construction or ready-to-build, representing an additional 319 MW of power and a portfolio of secured projects amounting to 587 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 as issued by the International Accounting Standards Board ("IFRS") and set out in the CPA Canada *Handbook*. The Corporation has consistently applied the same accounting policies for all of the periods presented unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise 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. Material accounting policies

The material 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, using the historical cost method, except for certain financial assets and financial liabilities measured at fair value.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries comprising:

Subsidiaries

A subsidiary is an entity controlled by the Corporation. The Corporation controls an entity when it has power to direct the relevant activities, it is exposed to or has rights to variable returns and has the ability to affect those returns through its power over relevant activities. Subsidiaries are consolidated from the date the Corporation acquires control and until the date the control ends. Intercompany transactions and balances are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation and comparability of financial information.

As at December 31, 2023, the Corporation's main subsidiaries were as follows:

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

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 recognizes *Interests in joint ventures and associates* ("Interests" or an "Interest") using the equity method. Under the equity method, Interests are initially recorded at cost and the carrying amount is adjusted thereafter to include the Corporation's pro rata share in net earnings (loss) and other comprehensive income (loss) of the joint ventures and associates. Dividends received or receivable from joint ventures and associates reduce the carrying amount of the Interests. The Corporation recognizes its pro rata share in the net earnings (loss) of joint ventures and associates in net earnings (loss) under *Share in earnings of joint ventures and associates*. Unrealized gains and losses on transactions between the Corporation and joint ventures and associates are eliminated to the extent of the Corporation's interest in these entities. Accounting policies of joint ventures and associates have been aligned with those applied by the Corporation to ensure comparability of financial information.

When an Interest becomes negative, the carrying amount of such Interest is reduced to zero. If the carrying amount of the Interest becomes positive during a subsequent period, the Corporation reverses such adjustment up to the accumulated amount previously recorded. The carrying amount of Interests is subject to the accounting policy described in the *Impairment of long-lived assets* section of this note.

Non-controlling interests

Non-controlling interests consist of interests held by third parties in the Corporation's subsidiaries. The non-controlling shareholders' share of net assets of the subsidiary are recorded as a component of equity. *Non-controlling interests* is initially measured at the amount determined at the acquisition date in a business combination according to the valuation methodology chosen by the Corporation, either at the acquisition-date fair value or at the non-controlling shareholder's share of the acquiree's identifiable net assets.

Non-controlling interests is subsequently increased or decreased by the allocation of net earnings (loss) and comprehensive income (loss) for the period attributable to non-controlling interests. This allocation is determined based on the economic share of non-controlling interests in net earnings (loss) and comprehensive income (loss) for the period of the Corporation's subsidiaries.

Transactions involving the ownership interests of the Corporation and non-controlling shareholders in a subsidiary that do not result in a loss of control of the subsidiary are recognized directly in equity.

Business combinations

Business combinations are accounted for using the acquisition method when the integrated set of activities and assets acquired meets the definition of a business and the Corporation acquires control of that business. An integrated set of activities and assets is a business if it includes, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output.

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. 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. For each business combination, the Corporation chooses, at the acquisition date, to measure the amount of non-controlling interests at fair value or at the non-controlling shareholder's share of the acquiree's identifiable net assets.

Goodwill is determined after identifiable assets acquired are recognized separately. 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).

Acquisition costs are expensed in net earnings (loss) as incurred.

Subsequent to the acquisition date, the fair value of a contingent consideration is remeasured at each reporting date, with changes in fair value 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 also the parent company's functional currency.

Foreign currency transactions

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

Translation of foreign operations

The financial statements of entities with a different functional currency from that of the Corporation (foreign operations) are translated into Canadian dollars as follows: the assets and liabilities are translated at the closing rate prevailing at the reporting date. *Goodwill* and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate prevailing at the reporting date. Revenues and expenses are translated at the average monthly exchange rate for each period. Exchange differences are recognized in other comprehensive income (loss) under *Exchange differences on translation of financial statements of foreign operations* and accumulated in *Accumulated other comprehensive income (loss).* Upon the disposal of a foreign operation, the cumulative amount of exchange differences recognized in *Accumulated other comprehensive income (loss)* is reclassified from equity to net earnings (loss).

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 payments 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*, *Amounts due to non-controlling shareholders*, *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 *Amounts due to non-controlling shareholders* 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).

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the hybrid contract vary in a way similar to a stand-alone derivative.

A derivative embedded in a host contract is accounted for as a derivative, separately from the host contract, when the embedded derivative meets the definition of a derivative and its economic characteristics and risks are not closely related to those of the host contract. Derivatives embedded in host contracts that are financial assets or financial liabilities measured at FVPL are not accounted for as separate derivatives.

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. 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 forecast 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 forecast 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 forecast transaction affects earnings (loss). If the forecast transaction does not occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the statement of earnings under *Net gain or loss on financial instruments,* which is included in *Other*.

Hedge of a net investment in foreign operations

The Corporation designates its foreign exchange forward contracts and cross-currency swaps as hedges of a net investment in foreign operations. 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 with a maturity of three months or less, are highly liquid, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They comprise bankers' acceptances or deposit certificates guaranteed by banks.

Restricted cash

Restricted cash comprises mainly highly liquid investments designated as reserves 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 reporting date.

Other current assets

Other current assets comprise inventories, 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 consists mainly of wind farms, hydroelectric power stations, and solar power stations, which are under construction or in operation. They are recorded at cost, less accumulated amortization and impairment losses.

Cost comprises any costs directly attributable to bringing the facility to the condition necessary for it to be capable of operating in the manner intended by management. This also includes borrowing costs directly attributable to the acquisition and construction of an item of property, plant and equipment when that item is a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use).

Performing regular major maintenance is necessary for the continued use of certain items of property, plant and equipment. When major maintenance is performed, the cost is included in the carrying amount of the property, plant and equipment if the criteria for capitalization are met, and any remaining carrying amount from the previous maintenance is derecognized.

Property, plant and equipment is amortized from the date of their industrial commissioning. When a significant part of an item of property, plant and equipment has a different useful life or amortization method, that part is amortized separately from the rest. Useful lives, amortization methods and residual values are reviewed at each reporting date according to asset type, expected usage and changes in technology. Impairment losses and reversals, if any, are recognized in net earnings (loss) under *Impairment*.

The amortization methods and useful lives of the Corporation's property, plant and equipment are as follows:

Type of property, plant and equipment	Method of amortization	Useful life
Wind farms	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
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

Intangible assets

Energy sales contracts and other rights

Energy sales contracts and other rights are measured at cost, net of accumulated amortization and impairment losses. Cost corresponds to the acquisition-date fair value of energy sales contracts, feed-in premium contracts and other contractual rights. Energy sales contracts and other rights are amortized on a straight-line basis over a useful life of 15 to 40 years, representing the shorter of the contractual term, including one renewal period, if applicable, or the period over which the Corporation expects to use those rights. The amortization method and useful lives are reviewed at each reporting date.

Water rights

Water rights are measured at cost, net of accumulated amortization and impairment losses. Cost corresponds to the acquisition-date fair value of water rights acquired in business combinations and necessary to operate hydroelectric power stations. Water rights with finite useful lives are amortized on a straight-line basis over a useful life of 20 to 30 years, representing the shorter of the contractual term and the period over which the Corporation expects to use those rights. Water rights with indefinite useful lives are not amortized. The amortization method and useful lives are reviewed at each reporting date.

Development projects

Development projects refers to renewable energy projects generated internally by the Corporation as well as projects under development that the Corporation acquires separately or through business combinations. They are measured at cost, net of impairment losses, and are not amortized since the facilities related to the projects are not yet ready for use as intended.

When the Corporation incurs research and development expenditures for a project, it distinguishes between expenditures attributable to the "research" stage and those attributable to the "development" stage. The research stage is the investigation undertaken with the prospect of gaining new technical knowledge and understanding. The development stage is the application of results from the research stage to a plan for the construction of the related facilities. The Corporation expenses research expenditures under *Development* as they are incurred. Development expenditures are capitalized in *Development projects* when all the following criteria are met: (i) the technical feasibility to complete the project so that it will be commissioned; (ii) management's intention to complete the project and commission it; (iii) the ability to commission the project; (iv) how the project will generate probable future economic benefits, including the existence of a market for the output of the project; (v) the availability of adequate technical, financial and other resources to complete the project and commission it; and (vi) the ability to measure reliably the expenditures attributable to the project during its development. Until then, development expenditures are expensed under *Development* as they are incurred and are never capitalized subsequently.

The Corporation reclassifies the carrying amount of development projects in *Property, plant and equipment* from the date on which construction of the related facilities begins. *Development projects* are tested for impairment annually, or when there is indication of impairment, to determine whether an impairment loss shall be recognized.

Goodwill

Goodwill arises from business combinations and represents the excess of the consideration transferred over the acquisition-date fair value of the identifiable net assets acquired. It is measured at cost, net of accumulated impairment losses. Goodwill is not amortized, and is tested for impairment annually, or when there is an indication of impairment, to determine whether an impairment loss shall be recognized. 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 measured 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. Prepayments are transferred to property, plant and equipment when the Corporation obtains control of the related assets.

Leases

The Corporation's leases are mainly for land and offices.

At the inception of a contract, the Corporation determines whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains lease components and non-lease components, the Corporation shall separate the lease components from the non-lease components and allocate the consideration in the contract to the components on the basis of their relative stand-alone prices. However, for leases related to the *Land* and *Buildings* classes, the Corporation has elected to use the practical expedient to recognize each lease component and non-lease component as a single lease component.

The Corporation recognizes a right-of-use asset and a lease liability at the inception 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 term 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, if applicable;
- any initial direct costs, if applicable;
- decommissioning costs.

The right-of-use asset is subsequently amortized on a straight-line basis over the shorter of the underlying asset's useful life and the lease term. 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.

For short-term leases of 12 months or less and leases for which the leased property is of low value, the Corporation has elected not to recognize a right-of-use asset and a lease liability. The Corporation recognizes lease payments related to these leases as expenses in net earnings (loss), on a straight-line basis over the lease term.

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 long-lived assets

Non-current assets with indefinite useful lives, specifically *Goodwill* and water rights of the Buckingham hydroelectric 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 finite useful life, are also tested for impairment when particular events or changes in circumstances indicate that their carrying amounts might not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount.

At each reporting date, 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.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. 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. For the purpose of goodwill impairment testing, from the acquisition date, goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination.

The recoverable amount of an asset, a CGU or a group 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 group 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 consolidated statement of financial position when the Corporation has a present obligation (legal or constructive) 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. At each reporting date, the Corporation reviews its provisions and adjusts them to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is derecognized.

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 asset acquisitions is capitalized to property, plant and equipment or intangible assets when the Corporation has a present obligation, it is probable that the settlement will result in a payment and the amount of the settlement can be reliably estimated.

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 the 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 right-of-use assets 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 right-of-use 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 is 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 or production 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 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 TEI 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. If the repurchase option is not exercised following the flip point, the TEI shares the risks and benefits of the project as a shareholder, and the TEI's interest will be accounted for as a non-controlling interest and the financial liability is reclassified to *Non-controlling interests*.

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 (loss), 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*.

Revenues from energy sales

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.

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 recognizes a deferred revenue for French wind farms whose energy selling prices vary according to the achievement of predetermined production levels. The estimate is reviewed at each reporting date. The deferred revenue is included in *Other non-current liabilities*.

Feed-in premiums

Feed-in premium ("FiP") contracts are a form of financial assistance paid by the French government to renewable energy producers in addition to the market price received by the producer for direct sales on the market. When the market price received by the Corporation for a given facility is less than the FiP contractual price for that facility, the Corporation obtains a FiP equivalent to the difference between the market price and the contractual price. When the market price exceeds the FiP contractual price, the Corporation has an obligation to pay any excess to the French government.

FiP contracts are, in substance, a government grant. FiPs are recorded in revenues under *Feed-in premiums* at the same time as the related revenue from energy sales is recognized.

Other revenues

Other revenues mainly comprises maintenance and management fee revenues from joint ventures and associates, which are recognized as the service is provided.

Acquisition and integration costs

Acquisition and integration costs include the following, if applicable:

- Transaction costs related to business acquisitions (completed or not);
- Integration costs from recently acquired businesses subsequent to the acquisition date;
- Restructuring costs.

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.

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, expenses 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 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, which 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.

Development projects

The Corporation capitalizes development expenditures related to projects under development when the project meets the six capitalization criteria described in note 3. 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 project, management's intention to complete the project and its ability to commission the project, how the project will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development of the project, 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 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.

Feed-in premiums

Significant judgment is exercised by management to determine whether a feed-in premium ("FiP") contract should be recorded as a government grant. This judgment also applies to similar contracts, such as a contract for difference for a project under construction in the United Kingdom. When the market price received by the Corporation for energy sales exceeds the FiP contractual price, the Corporation has an obligation to pay any excess to the French Government. The Corporation determines the accounting treatment for this type of contract at its inception. The Corporation estimates the cumulative net position at the inception date based on expected future cash flows from the FiP contract, which depend on estimates of future energy production and future market prices. When at the inception date of the FiP contract, the estimated cumulative net position is positive, the Corporation treats the FiP contract as a government grant under IAS 20. When at the inception date of the FiP contract, the estimated cumulative net position is negative, management uses judgment to determine whether the FiP contract is more akin to a derivative financial instrument contract under IFRS 9 rather than a government grant under IAS 20. In making this judgment, management considers all the facts and circumstances and examines the terms and conditions of the FiP contract, including early termination clauses, to determine whether they are economically similar to those of financial contracts entered into with non-government entities.

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 final purchase price allocation:

	Final 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 final 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.

Note 6. Property, plant and equipment

(in millions of Canadian dollars)	Wind farms	Hydroelectric power stations	Solar power stations	Other	**Total**
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
Year ended December 31, 2023:					
Balance – beginning of year	2,633	341	342	19	3,335
Translation adjustment	10	(2)	(6)	—	2
Additions	187	6	15	5	213
Amortization	(157)	(16)	(16)	(3)	(192)
Impairment (note 8)	—	—	(2)	—	(2)
Other	(2)	—	(1)	2	(1)
Balance – end of year	2,671	329	332	23	3,355
As at December 31, 2023:					
Cost	3,952	474	426	49	4,901
Accumulated amortization	(1,281)	(145)	(94)	(26)	(1,546)
Net carrying amount	2,671	329	332	23	3,355

Property, plant and equipment includes facilities under construction in an amount of $157 million ($178 million as at December 31, 2022).

As at December 31, 2023, an amount of $16 million ($16 million in 2022) of additions to property, plant and equipment is unpaid and is included in *Trade and other payables*.

Impairment

2022

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)	Land[1]	Buildings	Other	**Total**
Year ended December 31, 2022:				
Balance – beginning of year	385	14	8	407
Translation adjustment	6	—	—	6
Revised cash flow estimates	(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
Year ended December 31, 2023:				
Balance – beginning of year	314	14	12	340
Additions	40	3	11	54
Amortization	(18)	(3)	(2)	(23)
Other	(1)	—	—	(1)
Balance – end of year	335	14	21	370
As at December 31, 2023:				
Cost	431	23	27	481
Accumulated amortization	(96)	(9)	(6)	(111)
Net carrying amount	335	14	21	370

[1] Includes the net carrying amount of land restoration costs of $54 million as at December 31, 2023 ($52 million as at December 31, 2022).

As at December 31, 2023, cash flows were discounted using pre-tax interest rates that reflect the assessment of the risks specific to the lease agreement, ranging from 0.06% to 6.19% (0.05% to 5.94% in 2022) to determine the right-of-use assets and lease liabilities.

Cash outflows related to lease liabilities totalled $32 million in 2023 ($25 million in 2022).

Note 8. Intangible assets and Goodwill

	Other intangible assets					
(in millions of Canadian dollars)	Energy sales contracts and other rights	Water rights	Development projects	Other intangible assets	**Total**	**Goodwill**
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
Year ended December 31, 2023:						
Balance – beginning of year	952	79	16	12	1,059	233
Translation adjustment	(2)	—	—	—	(2)	1
Additions	—	—	20	4	24	—
Amortization	(71)	(3)	—	(4)	(78)	—
Impairment	—	—	(17)	—	(17)	—
Balance – end of year	879	76	19	12	986	234
As at December 31, 2023:						
Cost	1,350	114	19	23	1,506	234
Accumulated amortization	(471)	(38)	—	(11)	(520)	—
Net carrying amount	879	76	19	12	986	234

An amount of $7 million ($19 million in 2022) of additions to intangible assets was unpaid as at December 31, 2023 and was included in *Trade and other payables*.

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	27 years

Water rights of the Buckingham hydroelectric power station, which amounted to $38 million in 2023 and 2022, 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.

In June 2023, the Corporation, with other peers in the industry, submitted a petition to the State of New York to increase the price of the renewable energy certificate contracts due to significant increases in costs since the contracts were awarded. The Public Service Commission denied this request in October 2023. In response to this denial, the State of New York launched in November 2023 an expedited solicitation for offshore wind and land-based renewable projects bids, which were due on January 31, 2024, and allowed the termination of previously awarded contracts. As part of this request for proposals, the Corporation submitted five solar projects for a total of 240 MW. Some of the Corporation's projects were not eligible to participate in the accelerated request for proposals, and the Corporation expects these projects to be eligible for future requests for proposals. The Corporation performed impairment tests to determine whether the recoverable amount of these projects exceeded their carrying amount. The tests were based on the fair value less costs of disposal approach, using projected cash flows for these projects and the probability of being awarded a contract for these projects, based on the evaluation criteria of the request for proposals, competitor analysis, and the bid price submitted. As a result, an impairment charge of $17 million (US$15 million) was recorded under *Development projects*, and an impairment charge of $2 million (US$2 million) was recorded under *Property, plant and equipment*.

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

(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022
North America	124	124
Europe	110	109
	234	233

During the year ended December 31, 2023, the Corporation performed the annual impairment test on the goodwill of the North America and Europe groups of CGUs, and water rights with indefinite useful life relating to the Buckingham hydroelectric power station. On the date these tests were performed, the recoverable amounts exceeded the carrying amounts. For all the tests carried out, the recoverable amount was determined based on the fair value less costs of disposal. The recoverable amount of the Europe group of CGUs was estimated based on a transaction with a non-controlling shareholder in April 2022. For the other tests, the recoverable amount was estimated based on projected cash flows over periods ranging from 25 to 40 years and discounted at a rate ranging from 5.88% to 5.97% (5.51% to 6.99% in 2022).

Note 9. Interests in joint ventures and associates

As at December 31, 2023 and 2022 the Corporation's main joint ventures and associates were as follows:

Name of entity	Type	% Boralex	Location
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("SDB I")	Joint venture	50.00%	Canada
Seigneurie de Beaupré Wind Farm 4 General Partnership ("SDB II")	Joint venture	50.00%	Canada
Le Plateau Community Wind Power L.P. ("LP II")	Joint venture	59.96%	Canada
Parc éolien Apuiat Inc. ("Apuiat")	Joint venture	50.00%	Canada
Des Neiges Holding Sud, General Partnership ("Des Neiges Sud")[1]	Joint venture	50.00%	Canada
TX Hereford Wind Holdings, LLC ("Hereford")[2]	Joint venture	50.00%	United States
LongSpur Wind Holdings, LLC) ("LongSpur")	Joint venture	50.00%	United States
Roosevelt HoldCo, LLC ("MiRose")	Joint venture	50.00%	United States
Roncevaux Wind Power L.P. ("Roncevaux")	Associate	50.00%	Canada

[1] A non-controlling shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33%.
[2] The Corporation's economic share in the results of the joint venture is 11.3% until December 31, 2024 due to the participation of a non controlling shareholder in the wind farm.

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

(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022
Balance as at January 1	536	107
Acquisition of interests	39	386
Share in net earnings	61	39
Share in other comprehensive (loss) income	(18)	21
Distributions	(37)	(17)
Return of capital	(61)	—
Translation adjustment	(9)	—
Other	(1)	—
Balance as at December 31	510	536

During the year ended December 31, 2023, Apuiat closed a $608 million financing for the construction of its wind power project. Following the financing, the joint venture returned capital of $61 million to the Corporation. Pursuant to certain provisions of the financing agreement, the Corporation is committed to contribute capital to the joint venture for the construction costs of the project in an amount sufficient to ensure debt leverage not exceeding 80%. A letter of credit was issued to guarantee this obligation.

Acquisition

2022

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 consolidated 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 Interests in the consolidated statement of financial position. During the year ended December 31, 2023, the Corporation finalized the determination of the acquisition-date fair value of the assets and liabilities of the joint ventures, and made appropriate adjustments to the *Share in earnings of joint ventures and associates* and *Income tax expense* to reflect the impact of the final fair values.

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

Note 10. Trade and other payables

	Note	As at December 31, **2023**	As at December 31, **2022**
Inframarginal rent contribution on electricity production	19	222	110
Other accrued liabilities		59	75
Trade payables		38	57
Feed-in premium contracts	18	31	83
Other payables		43	41
Interest payable		12	11
		405	**377**

Note 11. Debt

(in millions of Canadian dollars, unless otherwise specified)	Note	Maturity	Rate[1]	Original currency[2]	As at December 31, 2023	As at December 31, 2022
Corporate debt						
Revolving credit facility	a)	2028	5.31	132	183	39
Term loan (CDPQ/FSTQ)		2028	5.64		300	300
Total corporate debt				**132**	**483**	**339**
Project debt						
North America						
Canada						
Term loans:						
Thames River wind farms		2031	7.05		85	94
Témiscouata I wind farm		2032	5.40		31	34
LP I wind farm		2032	3.96		133	148
DM I and II wind farms		2033	6.11		212	226
Port Ryerse wind farm		2034	3.84		21	23
Frampton wind farm		2035	4.24		50	53
Côte-de-Beaupré wind farm		2035	4.31		43	46
Niagara Region Wind Farm (“NRWF”)		2036	2.96		653	693
Moose Lake wind farm		2044	4.94		44	45
Jamie Creek hydroelectric power station		2054	5.42		55	55
Yellow Falls hydroelectric power station		2056	4.96		69	70
Other debt		—	—		1	1
					1,397	**1,488**
United States						
Term loan:						
Boralex US Solar portfolio of solar power stations		2028	3.05	144	191	198
Total North America				**144**	**1,588**	**1,686**
Europe						
France						
Construction facility:						
Boralex Energy Investments projects portfolio	b)	2024	4.51	27	40	146
Term loans:						
CDPQ Fixed Income Inc.	c)	2023	4.05	—	—	58
Val aux Moines wind farm		2034	1.34	10	15	17
Boralex Énergie France portfolio of wind farms		2036	1.73	152	222	249
Cruis solar power station	d)	2039	5.30	11	17	—
Les Moulins du Lohan wind farm		2043	3.16	60	88	64
Sainte-Christine portfolio of wind farms	e)	2044	2.16	479	700	651
Boralex Production portfolio of wind farms	e)	2044	2.26	107	157	118
Grange du Causse solar power station		2044	3.35	9	12	13
Other debt		—	—	4	5	5
Total Europe				**859**	**1,256**	**1,321**
Total project debt					**2,844**	**3,007**
Debt - Principal balance			**3.58**		**3,327**	**3,346**
Current portion of debt					(271)	(404)
Transaction costs, net of accumulated amortization					(61)	(69)
					2,995	**2,873**

(1) Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.
(2) Original currencies are EUR (France) and USD (United States) and a portion of the revolving credit facility is in USD as at December 31, 2023.

a) Refinancing of the revolving credit facility and increase in authorized amount of letter of credit facility

On April 14, 2023, the amount of Boralex's letter of credit facility guaranteed by Export Development Canada was increased by $125 million, bringing the total authorized amount to $200 million until 2025.

On December 13, 2023, Boralex increased its revolving credit facility and letter of credit facility for a total of $550 million until 2028, and increased its letter of credit facility by an additional amount of $150 million for a total amount of $350 million. The credit facility has again qualified as a sustainability linked loan with annual ESG objectives.

b) 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. An amount of $131 million (€89 million) was repaid on July 27, 2023, using the incremental facilities - France.

c) 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.

d) Cruis solar power station financing

On December 20, 2023, Boralex completed the financing for the Cruis solar power station located in France. The $17 million (€11 million) financing will be amortized over a period of 15 years and repayable on a semi-annual basis. The loan bears interest at a fixed rate of 5.30%.

e) Incremental facilities - France

On July 21, 2023, Boralex closed two incremental tranches totalling $194 million (€133 million) under the term loans of Boralex Production and Saint-Christine portfolio wind farms. The financings, repayable on a quarterly basis, comprise an $11 million (€8 million) letter of credit facility for debt service and $183 million (€125 million) in term loans. The loans bear interest at a variable interest rate based on EURIBOR, plus a margin, and are amortized over a period of 21 years. In order to reduce exposure to interest rate fluctuations, interest rate swaps were entered into to cover 80% of the total long-term debt until 2030 and 90% until their maturity, as required by the credit agreements.

Credit facility - France

On October 17, 2023, Boralex closed a two-year short term credit facility in the amount of $14 million (€10 million). The credit facility bears interest at a variable interest rate based on EURIBOR, plus a margin, and the maximum authorized amount will be reduced by 50% or $7 million (€5 million) as at September 30, 2024. No amount was drawn on this credit facility as at December 31, 2023.

Current portion of debt

(in millions of Canadian dollars)	Note	As at December 31, 2023	As at December 31, 2022
Term loans – projects		231	225
Construction facility - Boralex Energy Investments projects portfolio	b)	40	120
Term loan - CDPQ Fixed Income Inc.	c)	—	58
Value added tax bridge financing facility[1]		—	1
		271	404

[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, 2023, cash of $388 million ($279 million as at December 31, 2022) was 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 $492 million as at December 31, 2023 ($219 million in 2022). As at December 31, 2023, $336 million was drawn down to issue letters of credit ($178 million in 2022).

As at December 31, 2023, the carrying amount of assets pledged to secure loans was $3,619 million ($3,695 million as at December 31, 2022). Projects' term loans are non-recourse to their parent company.

As at December 31, 2023, management considers that all ratios and financial commitments were met.

Note 12. Income taxes

The breakdown of income tax expense is as follows:

(in millions of Canadian dollars)	2023	2022
Current taxes:		
Current income tax expense	21	17
	21	17
Deferred taxes:		
Differences between the current tax rate and deferred income tax rates	3	(1)
Deferred tax expense (recovery) relating to temporary differences	15	(6)
Valuation allowance	—	1
Income tax recovery relating to prior years	—	(1)
	18	(7)
Income tax expense	39	10

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

(in millions of Canadian dollars, unless otherwise specified)	2023	2022
Earnings before income taxes	154	18
Combined basic Canadian and provincial income tax rate	26.59%	26.59%
Income tax expense at the statutory rate	41	5
Increase (decrease) in income taxes arising from the following:		
Non-deductible (non-taxable) items	—	(1)
Difference in foreign operations' statutory income tax rates	(2)	5
Differences between the current tax rate and deferred income tax rates	(1)	(3)
Income tax expense (recovery) relating to prior years	1	(1)
Income taxes allocated to non-controlling interests	—	4
Other items and valuation allowance	—	1
Effective income tax expense	39	10

(in millions of Canadian dollars)	2023	2022
Deferred income tax liability	(260)	(267)

The changes in deferred taxes by nature are as follows:

(in millions of Canadian dollars)	As at January 1, 2023	Recorded in comprehensive income	Recorded in net earnings (loss)	As at December 31, 2023
Deferred income tax asset related to loss carryforwards	173	—	(8)	165
Financial instruments	(68)	24	(10)	(54)
Provisions	8	—	14	22
Interests in joint ventures and associates	(79)	1	(23)	(101)
Temporary differences between accounting and tax amortization	(290)	—	7	(283)
Translation adjustments	(3)	—	4	1
Financing costs and other	(8)	—	(2)	(10)
Total deferred income tax liabilities	(267)	25	(18)	(260)

(in millions of Canadian dollars)	As at January 1, 2022	Recorded in comprehensive income (loss)	Recorded in net earnings (loss)	Recorded in capital stock	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 costs and other	(7)	—	(1)	—	(8)
Total deferred income tax liabilities	(174)	(79)	7	(21)	(267)

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

Note 13. Decommissioning liability

As at December 31, 2023 cash flows were discounted using pre-tax interest rates that reflect the assessment of the risks specific to the liability, ranging from 3.64% to 5.03% (3.97% to 5.25% as at December 31, 2022) to determine the decommissioning liability.

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

(in millions of Canadian dollars)	Note	2023	2022
Balance as at January 1		129	191
Translation adjustment		—	3
Revised estimates	7	—	(80)
New obligations		5	11
Accretion expense (included in financing costs)		5	4
Balance as at December 31		139	129

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, 2022 and 2023.

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, 2022 and 2023:

		Capital stock	
(in millions of Canadian dollars, unless otherwise specified)	Note	Number of shares	Amount
Balance as at January 1, 2022		102,618,702	1,320
Exercise of options	15	144,148	3
Balance as at December 31, 2022		102,762,850	1,323
Exercise of options	15	3,254	—
Balance as at December 31, 2023		102,766,104	1,323

Dividends paid

On March 15, June 15, September 15, and December 15, 2023, the Corporation paid dividends totalling $68 million ($68 million in 2022).

On February 14, 2024, a dividend of $0.1650 per common share was declared and will be paid on March 15, 2024 to shareholders registered at the closing of the market on February 29, 2024.

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:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of year	220,860	27.73	322,946	21.29
Granted	59,514	36.05	52,086	37.16
Exercised	(3,254)	22.49	(144,148)	16.48
Cancelled	—	—	(10,024)	30.85
Outstanding - end of year	277,120	29.58	220,860	27.73
Options exercisable - end of year	149,097	24.16	109,548	21.62

The following options were outstanding as at December 31, 2023:

	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	7,526	22.00	7,526	22.00	2027
2018	15,167	18.83	15,167	18.83	2028
2019	42,393	18.44	42,393	18.44	2029
2020	33,266	29.41	24,945	29.41	2030
2021	43,745	35.64	21,868	35.64	2031
2022	51,074	37.16	12,763	37.16	2032
2023	59,514	36.05	—	36.05	2033
	277,120	29.58	149,097	24.16	

Note 16. Accumulated other comprehensive income (loss)

2023

	Attributable to shareholders						
			Cash flow hedges				
(in millions of Canadian dollars)	Translation adjustment	Net investment hedge	Interest rate swaps	Share of joint ventures and associates	Total	Non-controlling interests	Total
Balance as at January 1	17	(1)	153	5	174	51	225
Change in fair value	(6)	7	(16)	(15)	(30)	(11)	(41)
Reclassification to net earnings	—	—	(49)	(4)	(53)	(7)	(60)
Income taxes	—	(1)	17	5	21	4	25
Balance as at December 31	11	5	105	(9)	112	37	149

2022

	Attributable to shareholders						
			Cash flow hedges				
(in millions of Canadian dollars)	Translation adjustment	Net investment hedge	Interest rate swaps	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

Note 17. Non-controlling interests

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

(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022
Current assets	569	450
Non-current assets	2,131	2,089
Current liabilities	538	650
Non-current liabilities	1,471	1,382
Net assets	691	507

(in millions of Canadian dollars)	Twelve-month period ended December 31, 2023	Eight-month period ended December 31, 2022
Revenues	640	418
Net earnings	109	34
Other comprehensive income (loss)	(34)	100
Comprehensive income	75	134
Net cash flows related to operating activities	312	319
Net cash flows related to investing activities	(201)	(191)
Net cash flows related to financing activities	(13)	39
Translation adjustment on cash and cash equivalents	2	—
Net change in cash and cash equivalents	100	167

For 2023, net earnings (loss) attributable to the non-controlling interest and other comprehensive income (loss) attributable to the non-controlling interest was $33 million and $(10) million, respectively ($(1) million and $26 million for the eight-month period ended December 31, 2022). The cumulative amount of the non-controlling interest related to Boralex Europe Sàrl was $218 million as at December 31, 2023 ($162 million as at December 31, 2022).

2022

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

Note 18. Feed-in premiums

2023

On October 26, 2023, the French Constitutional Council declared Article 38 of the *2022 Supplementary Budget Act* (the "2022 Act") unconstitutional. Consequently, the ministerial order that set the threshold prices (the "Threshold price order") has no legal foundation since October 27, 2023 since it had been enacted under the delegated authority of Article 38 of the 2022 Act. Following the adoption of the 2022 Act and the Threshold price order, the Corporation's FiP contracts had been unilaterally modified by the government, such that all the difference between the selling price of energy and the FiP contractual price had to be remitted to the government. In February 2024, the Administrative Supreme Court confirmed the withdrawal of the Threshold price order.

Following the French Constitutional Council's decision, the French National Assembly and Senate enacted, on December 29, 2023, the *2024 Budget Act*, which includes an article retroactive to January 1, 2022 stipulating that for all FiP contracts, when the selling price of energy is greater than the FiP contractual price, the difference shall be remitted to the government.

These two legislative developments on FiP contracts had no impact on the Corporation's consolidated financial statements for the year ended December 31, 2023, since the Corporation was already recognizing amounts owed to the government as a result of the amendments to FiP contracts adopted in 2022.

2022

On August 16, 2022, the French National Assembly and Senate enacted the *2022 Supplementary Budget Act*, which contains in Article 38 amendments to the French Energy Code that provide a framework for 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)	2023	2022
Inframarginal rent contribution on electricity production	204	110
Employee salaries and benefits	88	74
Maintenance and repairs	61	52
Taxes	28	24
Professional fees	18	17
Other expenses	23	16
Rental expenses and permits	11	11
Insurance expenses	11	9
	444	313

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, which requires energy producers to pay, for the period from July 1, 2022 to December 31, 2023, 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. In connection with this act, the Corporation recorded an expense of $204 million (€140 million) for the year ended December 31, 2023 ($110 million (€76 million) for the year ended December 31, 2022) under *Operating*. The *2024 Budget Act* enacted in December 2023 extended this measure until December 31, 2024, while modifying the tax rate to 50% and the threshold price to €105 for solar and wind power.

Note 20. Financing costs

(in millions of Canadian dollars)	Note	2023	2022
Interest on debt, net of the impact of interest rate swaps		123	111
Interest on lease liabilities		9	8
Interest and other interest income		(16)	(8)
Amortization of transaction costs		12	13
Other		10	8
		138	132
Interest capitalized to qualifying assets	a)	(9)	(2)
		129	130

a) The weighted average annual capitalization rate on borrowed funds included in the cost of qualifying assets is 4.29% (1.94% in 2022).

Note 21. Net earnings per share

a) Basic net earnings per share

(in millions of Canadian dollars, unless otherwise specified)	2023	2022
Net earnings attributable to the shareholders of Boralex	78	30
Weighted average number of shares - basic	102,765,694	102,726,063
Net earnings per share attributable to the shareholders of Boralex - basic	$0.76	$0.30

b) Diluted net earnings per share

(in millions of Canadian dollars, unless otherwise specified)	2023	2022
Net earnings attributable to the shareholders of Boralex	78	30
Weighted average number of shares - basic	102,765,694	102,726,063
Dilutive effect of stock options	47,914	66,930
Weighted average number of shares - diluted	102,813,608	102,792,993
Net earnings per share attributable to the shareholders of Boralex - diluted	$0.76	$0.30

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)	2023	2022
Decrease (increase) in:		
Trade and other receivables	21	(83)
Other current assets	(6)	(1)
Increase in:		
Trade and other payables	36	194
	51	110

b) Changes in liabilities arising from financing activities

							As at December 31, 2023
			Non-cash items				
(in millions of Canadian dollars)	Balance – beginning of year	Cash	Additions	Translation adjustment	Amortization	Other items[2]	Balance – end of year
Debt[1]	3,277	(21)	—	—	11	(1)	3,266
Lease liabilities[1]	318	(19)	49	(1)	—	—	347
Amounts due to non-controlling shareholders[1]	53	(11)	—	1	—	1	44
Derivative financial instruments	(273)	(4)	—	—	—	101	(176)
Tax equity liabilities and options to repurchase TEI[1]	25	(5)	—	—	—	(3)	17

[1] Including current and non-current portions.

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

As at December 31,

2022

(in millions of Canadian dollars)	Balance – beginning of year	Cash	Non-cash items 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
Amounts 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[1]	25	(7)	—	2	—	2	3	25

[1] Including current and non-current portions.

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

c) Cash and cash equivalents

Cash and cash equivalents consist of the following elements:

(in millions of Canadian dollars)	2023	2022
Cash and cash equivalents	478	361
Bank overdraft	(6)	(12)
	472	349

Note 23. Financial instruments

Classification of financial instruments

The tables below detail the classification of financial instruments, the carrying amounts and fair value hierarchy level when measured and accounted for at fair value in the consolidated financial statements. *Cash and cash equivalents*, *Restricted cash*, *Trade and other receivables*, *Bank overdraft*, and *Trade and other payables* are excluded because their fair value approximates their carrying amount due to their short-term maturities or high liquidity.

	As at December 31, **2023**				
		Carrying amount			
(in millions of Canadian dollars)	Level	Amortized cost	FVOCI	FVPL	**Total**
OTHER NON-CURRENT FINANCIAL ASSETS					
Reserve funds		9	—	—	**9**
Interest rate swaps	2	—	211	—	**211**
Other	2	—	7	—	**7**
		9	218	—	**227**
OTHER CURRENT FINANCIAL LIABILITIES					
Cross-currency swaps	2	—	—	1	**1**
Tax equity liabilities and options to repurchase TEI[1]	3	3	—	—	**3**
Amounts due to non-controlling shareholders		7	—	—	**7**
Other		1	—	1	**2**
		11	—	2	**13**
DEBT[2]		3,266	—	—	**3,266**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Interest rate swaps	2	—	9	—	**9**
Cross currency swaps	2	—	17	—	**17**
Amounts due to non-controlling shareholders		37	—	—	**37**
Tax equity liabilities and options to repurchase TEI[1]	3	3	—	11	**14**
Other	2	—	1	9	**10**
		40	27	20	**87**

	As at December 31, **2022**				
		Carrying amount			
(in millions of Canadian dollars)	Level	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[1]	3	4	—	5	**9**
Other		1	—	—	**1**
		5	—	5	**10**
DEBT[2]		3,277	—	—	**3,277**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Cross currency swaps	2	—	16	—	**16**
Amounts due to non-controlling shareholders		53	—	—	**53**
Tax equity liabilities and options to repurchase TEI[1]	3	6	—	10	**16**
Contingent consideration	3	—	—	4	**4**
Other	2	—	2	6	**8**
		59	18	20	**97**

[1] Tax equity investors.
[2] Includes *Debt* and *Current portion of debt.*

Fair value of financial instruments

The carrying amount 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 $3,286 million as at December 31, 2023 ($3,207 million as at December 31, 2022).

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 rate 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 liabilities, debt and amounts due to non-controlling shareholders are essentially based on discounted cash flows. Discount rates, ranging from 3.64% to 5.93% (4.06% to 6.97% as at December 31, 2022), 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 is established using cash flows discounted at a rate of 7.50% (7.50% as at December 31, 2022), which is the expected rate of return on this type of instrument.

The financial instruments classified as Level 3 and which are measured at FVPL have changed as follows:

(in millions of Canadian dollars)	Contingent considerations	Options to repurchase TEI
Balance as at January 1, 2022	4	13
Change in fair value	—	2
Balance as at December 31, 2022	4	15
Disbursement	(4)	—
Change in fair value	—	1
Reclassification to non-controlling interests	—	(5)
Balance as at December 31, 2023	**—**	**11**

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 (loss) 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 represents the Corporation's exposure to fluctuations in the value of its financial instruments or future cash flows as a result of changes 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 due to certain significant future disbursements related to additions to property, plant and equipment and debt denominated in foreign currencies.

The Corporation uses 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 show the Corporation's cross-currency swaps designated as hedges of a net investment in foreign operations:

As at December 31, 2023	Exchange rate	Rate payer/ receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR for CAD	1.3919 to 1.3932	1-month EURIBOR/CDOR	April 2027	368	(17)

As at December 31, 2022	Exchange rate	Rate payer/ receiver	Maturity	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)

The following tables show the Corporation's foreign exchange forward contracts designated as hedges of a net investment in foreign operations:

As at December 31, 2023	Exchange rate	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
USD for CAD	1.2820 to 1.3391	2027-2028	356	6

As at December 31, 2022	Exchange rate	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
USD for CAD	1.2820 to 1.2822	April 2027	88	(2)

Sensitivity analysis

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

	Net earnings (loss)		Accumulated other comprehensive income (loss)	
(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022	As at December 31, 2023	As at December 31, 2022
EUR	(4)	(1)	(15)	(9)
USD	—	3	(12)	(23)
GBP	—	—	(4)	(2)

Price risk – revenues from energy sales

Energy sales price risk represents 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, 2023 and 2022, the majority of the power stations have long-term energy sales contracts, most of which are subject to partial or full price indexation clauses tied to inflation, or FiP contracts with fixed prices and partial price indexation. The Corporation thus finds itself exposed to fluctuations in the energy price when energy produced is sold on the market without FiP contracts or under variable price contracts. In France, since 2022, the Corporation has been able to sell energy from certain newly commissioned sites at market prices for a period of 18 months before activating its FiP contract. This allows the Corporation to benefit from high market prices, while remaining protected in the long term due to the FiP contracts. As at December 31, 2023, 6% (5% as at December 31, 2022) of the Corporation's revenues from energy sales came from market sales without FiP or under variable price contracts, of which 3% (4% as at December 31, 2022) came from market sales for sites that benefit from a postponement of the activation of their FiP contract.

Interest rate risk

Interest rate risk represents the Corporation's exposure to fluctuations in the value of its future cash flows or financial instruments as a result of changes in interest rates. A large portion of the Corporation's debt bears interest at variable rates. To mitigate its interest rate risk, the Corporation has entered into interest rate swaps in order to obtain a fixed interest charge on portions of the corresponding debt, and applies hedge accounting to these items. As at December 31, 2023, the Corporation's exposure to variable-rate debts was 6% of the total debt.

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

As at December 31,

2023	Fixed-rate payer	Floating-rate receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR	-0.22% to 3.12%	3-month EURIBOR	2030-2044	1,093	74
USD	1.42% to 1.43%	3-month SOFR	2028-2046	176	33
CAD	1.12% to 2.68%	1 and 3-month CDOR	2025-2044	963	95

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 USD LIBOR	2028	183	36
CAD	1.12% to 2.68%	3-month CDOR	2025-2044	1,037	125

Sensitivity analysis

Assuming that all other variables remain the same, a 0.25% increase in interest rates would have no impact on *Net earnings (loss)* in 2023 ($1 million in 2022) and would have increased *Accumulated other comprehensive income (loss)* by approximately $28 million ($24 million in 2022).

Managing interest rate benchmark reform and associated risks

The Corporation is exposed to interbank offered rates ("IBORs") on its derivative and non-derivative financial instruments indexed to CDOR, EURIBOR and US LIBOR rates. For the moment, EURIBOR rate shall remain in effect following the reform. The Corporation transitioned from US LIBOR to the alternative reference rate which is the risk-free secured overnight financing rate ("SOFR") which resulted in no material impact on the Corporation's consolidated financial statements. The Corporation will transition from CDOR to the alternative reference rate which is the Canadian Overnight Repo Rate Average ("CORRA") by June 30, 2024.

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

Financial instrument	Maturity	Outstanding variable-rate debt (in millions CAD)	Swaps' notional (in millions CAD)	Transition – derivative and non-derivative financial instruments
Term loans and construction facility indexed to the benchmark:				
3-month EURIBOR	2024-2044	1,219	1,093	3-month EURIBOR maintained after the reform
3-month US SOFR	2028	191	176	Transitioned to SOFR on June 30, 2023.
3-month CDOR	2028-2044	1,156	963	Expected to transition to CORRA on June 28, 2024.
Cross-currency swaps	2027	not associated to a debt	368	EURIBOR maintained after the reform and CDOR will transition as of June 28, 2024.

Derivative and non-derivative financial instruments indexed to CDOR will require reform-related changes in 2024. The Corporation plans to transition all of its agreements (debts and interest rate swaps) of a same hedging relationship simultaneously in order to align the transition dates. The Corporation does not expect this change to have a material effect on its consolidated financial statements.

Credit risk

Credit risk arises primarily from the potential inability of customers 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, 2023 and 2022, the Corporation had not recorded any impairment losses on its financial assets.

Trade receivables - Given the nature of the Corporation’s business, the number of customers is limited. In addition, their credit rating is generally high. The electricity market in Canada and France mainly includes very large corporations or monopolies, while the U.S. market is more deregulated. In the U.S. market, it is also possible to conclude agreements directly with electricity distributors that are usually large corporations which typically have investment grade credit ratings. The Corporation regularly monitors the financial position of its clients.

Cash and cash equivalents, restricted cash and derivatives - The counterparties to cash and cash equivalents, restricted cash and derivative financial instruments are mainly large financial institutions. Prior to entering into a derivative financial instrument 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 an institution does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

Liquidity risk

Liquidity risk represents the risk that the Corporation will experience difficulty meeting its obligations as they fall due. The Corporation has a centralized treasury department which is responsible, among other things, for ensuring sound management of available cash resources, financing and compliance with maturity for all of the 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 material non-derivative financial liabilities and derivative financial instruments are detailed in the following tables:

As at December 31, **2023** (in millions of Canadian dollars)	Carrying amount	Undiscounted cash flows (principal and interest) Year 1	Year 2	Years 3 to 5	More than 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	405	405	—	—	—	**405**
Amounts due to non-controlling shareholders	37	7	1	3	40	**51**
Tax equity liabilities and options to repurchase TEI	17	4	17	—	—	**21**
Debt	3,266	545	312	1,303	1,900	**4,060**
Lease liabilities	347	27	28	77	370	**502**
Derivative financial instruments:						
Interest rate swaps	9	(1)	1	4	7	**11**
Cross-currency swaps (EUR for CAD)	17					
Disbursements		21	16	422	—	**459**
(Receipts)		(25)	(20)	(392)	—	**(437)**
Foreign exchange forward contracts (CAD for USD)	1					
Disbursements		—	—	90	—	**90**
(Receipts)		—	—	(88)	—	**(88)**
	4,106	**983**	**355**	**1,419**	**2,317**	**5,074**

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	More than 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	377	377	—	—	—	377
Amounts due to a non-controlling shareholder	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)
Cross-currency swaps (CAD for USD)	2					
Disbursements		—	—	91	—	91
(Receipts)		—	—	(88)	—	(88)
	4,072	946	371	1,029	2,789	5,135

Undiscounted cash flows of non-derivative financial liabilities are determined using principal repayments and interest rates prevailing at the reporting date for variable-rate debts. For derivatives, undiscounted contractual cash flows are determined using the values of underlying indices prevailing at the reporting date. These indices are subject to significant volatility such that the undiscounted cash flows presented could vary significantly until they are realized. These derivative instruments held for risk management purposes are generally not settled before 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, solar 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, debts, 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, 2023 and 2022, management considers that all ratios and financial commitments were met.

The Corporation's capital management objectives have remained unchanged from the previous year. The Corporation mainly relies on the net debt ratio for overall capital management. Available cash and cash equivalents are also an important 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 needs 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, 2023	As at December 31, 2022
Debt	2,995	2,873
Current portion of debt	271	404
Transaction costs, net of accumulated amortization	61	69
Less:		
Cash and cash equivalents	478	361
Restricted cash	22	13
Bank overdraft	(6)	(12)
Net debt	2,833	2,984

The Corporation defines total market capitalization as follows:

(in millions of Canadian dollars, unless otherwise specified)	As at December 31, 2023	As at December 31, 2022
Number of outstanding shares (in thousands)	102,766	102,763
Share market price (in $ per share)	33.68	40.02
Market value of equity attributable to shareholders	3,461	4,113
Non-controlling interests	395	345
Net debt	2,833	2,984
Total market capitalization	6,689	7,442

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

(in millions of Canadian dollars, unless otherwise specified)	As at December 31, 2023	As at December 31, 2022
Net debt	2,833	2,984
Total market capitalization	6,689	7,442
NET DEBT RATIO (market capitalization)	42%	40%

At present, the net debt to capitalization ratio is currently at 42% 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

		Payments			
(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)	634	79	—	713
Maintenance contracts	b)	30	118	216	364
Other	c)	6	14	24	44
		670	211	240	1,121

(a) Purchase and construction contracts

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

(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 commitments 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 agreements and is subject to variable conditional royalties related to the operation of its wind farms, solar power stations and hydroelectric power stations. The commitments table above does not include these amounts.

Energy sales and feed-in-premium contracts

Most of the Corporation's electricity production is subject to long-term energy sales contracts or feed-in premium contracts. Most of these contracts are subject to annual indexation. These contracts have the following characteristics:

	Wind	Solar	Hydroelectric
		Terms	
North America	2029 - 2059	2029 - 2046	2027 - 2059
Europe	2024 - 2045	2031 - 2043	—

Contingencies

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. This dispute arose in the context of a transaction between the parties that occurred in 2012 whereby Boralex acquired construction-ready wind power 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 power projects under development. 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). Innovent and Grégoire Verhaeghe had appealed the decision.

On July 6, 2023, the Douai Court of Appeal rendered its decision agreeing with Boralex on the merits of the dispute, but reduced to $3.6 million (€2.5 million) the amount of the damages to be paid by Innovent to Boralex due to breaches of contract attributable to Innovent and Grégoire Verhaeghe and their bad faith in the performance of the contract. Boralex has appealed to the Court of Cassation and filed a “full” petition in January 2024.

On December 29, 2021, Innovent had filed a $359 million (€250 million) claim against Boralex at the Tribunal de Commerce de Paris (the “December 2021 Lawsuit”). The December 2021 Lawsuit was brought further to the May 17, 2021, decision 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 Decision”). In the December 2021 Lawsuit, Innovent alleged that the May 2021 Decision was based on false representations by Boralex and its experts at trial and that, as a consequence of the May 2021 Decision, 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 decision.

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 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 since November 30, 2020), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology for ascertaining whether the regional content requirements were complied with or not.

During the year ended December 31, 2023, the parties to the dispute related to the LP I wind farm reached a comprehensive settlement regarding the LP I wind farm and the nine other wind farms in which Boralex has an interest that are subject to local and regional content requirements (the "Boralex's Québec wind farms"). The terms of the confidential settlement provide that the parties release each other from and waive any potential claims related to the Local content requirements of Boralex's Québec wind farms. This settlement did not have a significant impact on the consolidated financial statements of the Corporation.

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 group targeted by the class action, request (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. During the year ended December 31, 2023, the Court of appeal rejected the class action.

Note 27. Related party transactions

Related parties include the Corporation’s subsidiaries, affiliates, joint ventures, key management personnel and principal shareholders. Related party transactions were as follows:

(in millions of Canadian dollars)	2023	2022
OTHER REVENUES		
R.S.P. Énergie inc. (entity for which one of the three shareholders was a director of the Corporation)[1]	—	1
SDB I and SDB II (joint ventures)	20	12
LP II (joint venture) and Roncevaux (associate)	3	3
INTEREST EXPENSE		
CDPQ (shareholder of the Corporation)	14	16
EIP (non-controlling shareholder)	1	1

[1] R.S.P Énergie inc., 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.

Outstanding balances resulting from related party transactions were as follows:

(in millions of Canadian dollars)	As at December 31, 2023	As at December 31, 2022
TRADE RECEIVABLES		
SDB I and SDB II (joint ventures)	5	5
LP II (joint venture) and Roncevaux (associate)	1	1
Apuiat (joint venture)	1	—
Des Neiges Sud (joint venture)	1	—
Hereford (joint venture)	1	—
DEBT		
CDPQ (shareholder of the Corporation)	250	308
OTHER NON-CURRENT LIABILITIES		
CDPQ (shareholder of the Corporation) – Contingent considerations	—	4
EIP (non-controlling shareholder) - Amount due to a non-controlling shareholder	36	46

CDPQ holds a majority stake in Énergir. The Corporation and Énergir jointly control partnerships that develop and operate certain wind farms and wind power projects located on the Seigneurie de Beaupré site.

Key management personnel 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)	2023	2022
Salaries and short-term benefits	3	3
Other long-term benefits	4	4
	7	7

Note 28. Segmented information

During the second quarter of 2023, the Corporation made changes to its management model in order to increase its agility in its key markets, resulting in a change in the composition of the reportable segments. The Corporation has transitioned from a technology-based management model to a geographic management model of its operations. Following this change, the reportable segments were determined as the Corporation's two business units, namely North America and Europe. Comparative segmented information has been restated to reflect this new structure.

Each reportable segment derives its revenues from energy sales, mainly from wind farms, hydroelectric power stations and solar power stations.

The reportable segments were determined on the basis of internal reports that are regularly reviewed by the chief operating decision maker ("CODM") to allocate resources and assess performance of the segments. The CODM of the Corporation is the President and Chief Executive Officer.

Information about reportable segments

The measure of net earnings (loss) regularly reviewed by the CODM for each of the two reportable segments is Combined EBITDA(A). Management considers this measure to be the most relevant for assessing the performance of each reportable segment given the industry in which the Corporation operates.

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude other items such as acquisition costs, other losses (gains), net loss (gain) on financial instruments and foreign exchange loss (gain), with the last two items included under *Other.*

Combined financial data results from the combination of the financial information of the Corporation under IFRS and the share of the financial information of the interests in joint ventures and associates. *Interests in joint ventures and associates, Shares in earnings of joint ventures and associates* and *Distributions received from joint ventures and associates* are then replaced with the Corporation's respective share in the financial statements of the interests in joint ventures and associates (i.e., the assets, liabilities, income and expenses of these joints ventures and associates).

Combined 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 Combined EBITDA(A) as an alternative measure to, for example, net earnings (loss), earnings (loss) before income taxes or operating income, which are IFRS measures.

	Combined	
(in millions of Canadian dollars)	2023	2022
Revenues from energy sales and feed-in premiums		
North America	465	477
Europe	639	416
	1,104	893
EBITDA(A)		
North America	397	366
Europe	310	215
	707	581

Reconciliation of information on reportable segments with the amounts reported in the financial statements

The following tables present a reconciliation of the reportable segments' information with the Corporation's most comparable information under IFRS.

	2023			2022		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Revenues from energy sales and feed-in premiums						
Total reportable segments	994	110	1,104	818	75	893
Revenues from energy sales and feed-in premiums of the Corporation	994	110	1,104	818	75	893
EBITDA(A)						
Total reportable segments	612	95	707	533	48	581
Unallocated corporate expenses	(34)	2	(32)	(31)	2	(29)
EBITDA(A) of the Corporation	578	97	675	502	50	552
Amortization	(293)	(58)	(351)	(295)	(24)	(319)
Impairment	(20)	(1)	(21)	(85)	(5)	(90)
Other gains	1	2	3	2	2	4
Share in earnings of joint ventures and associates	(59)	59	—	(37)	37	—
Change in fair value of a derivative included in the share in earnings of a joint venture	19	(19)	—	25	(25)	—
Operating income of the Corporation	226	80	306	112	35	147

[1] Includes the respective contribution of joint ventures and associates as a percentage of the Corporation's interest, less adjustments to reverse recognition of these interests under IFRS.

Information about revenues from energy sales and feed-in premiums of the Corporation

(in millions of Canadian dollars)	2023	2022
Revenues from energy sales and feed-in premiums		
Wind	871	681
Solar	51	60
Hydro	72	71
Thermal	—	6
Total	994	818

Information of the Corporation by geographical area

(in millions of Canadian dollars)	2023	2022
Revenues from energy sales and feed-in premiums		
Canada	283	327
United States	72	75
France	639	416
Total	994	818

Revenues from energy sales and feed-in premiums are allocated between countries based on the geographic location where the Corporation derives its revenues.

(in millions of Canadian dollars)	2023	2022
Non-current assets (1)		
Canada	2,364	2,501
United States	1,026	1,088
France	2,068	1,969
United Kingdom	127	52
Total	5,585	5,610

(1) Non-current assets excluded financial instruments measured at fair value.

Information about major customers of the Corporation

In 2023, 4 customers (4 in 2022) individually represented 10% or more of the Corporation's total revenues from energy sales. The following table provides the amount of revenues from energy sales relating to each of these major customers as well as the segment presenting these revenues.

2023		2022	
Amount of revenues from energy sales attributable to a major customer (in millions of Canadian dollars)	Segments	Amount of revenues from energy sales attributable to a major customer (in millions of Canadian dollars)	Segments
478	Europe	291	Europe
141	North America	160	North America
137	Europe	161	Europe
94	North America	108	North America

Financial and Market Highlights

For the years ended December 31

(in millions of Canadian dollars unless otherwise stated)	Consolidated 2023	Consolidated 2022	Consolidated 2021	Combined[1] 2023	Combined[1] 2022	Combined[1] 2021
RESULTS						
Power production (GWh)	5,973	5,617	5,552	8,020	6,300	6,215
Revenues from energy sales and feed-in premiums	994	818	671	1,104	893	743
Operating income	226	112	182	306	147	219
EBITDA(A)[2]	578	502	490	675	552	535
Net earnings	115	8	26	115	8	30
Net earnings attributable to shareholders of Boralex	78	30	17	78	30	21
per share	0.76	0.30	0.16	0.76	0.30	0.21
CASH FLOW						
Net cash flows related to operating activities	496	513	345			
Cash flows from operations[1]	445	403	363			
Discretionary cash flows[1]	179	167	132			
Business acquisitions, net of cash acquired	-	8	274			
Increase in interests in joint ventures and associates	39	401	6			
Additions and prepayments to property, plant and equipment	260	246	167			
Acquisition of energy sales contracts and other rights	12	10	12			
FINANCIAL POSITION						
Total assets	6,574	6,539	5,751	7,304	7,188	6,162
Debt - Principal balance	3,327	3,346	3,682	3,764	3,674	4,030
CLASS A SHARES INFORMATION (as of December 31)						
Stock price	$33.68	$40.02	$34.42	$33.68	$40.02	$34.42
Return	(16%)	16%	(27%)	(16%)	16%	(27%)
Market capitalization (in billions)	3.5	4.1	3.5	3.5	4.1	3.5
Shares outstanding (in thousands)	102,766	102,763	102,619	102,766	102,763	102,619
Average shares outstanding (in thousands)	102,766	102,726	102,619	102,766	102,726	102,619
Dividends	68	68	68	68	68	68
per share	$0.66	$0.66	$0.66	$0.66	$0.66	$0.66
Dividend yield	1.6%	1.9%	1.4%	1.6%	1.9%	1.4%
Reinvestment ratio[3]	62%	59%	48%			
Total return	(14%)	18%	(26%)	(14%)	18%	(26%)
KEY RATIOS						
Net debt to market capitalization ratio[4]	42%	40%	48%			

[1] The terms 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) is a total of segment 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, it may not be comparable to similary named ratios used by other companies. For more details, see the *Non-IFRS financial measures 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 financial measures and other financial measures* section in this report.

General Information

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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
Virtual meeting via live audio webcast at **https://meetnow.global/MV7RA2T**, on May 15, 2024 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.

INVESTORS RELATIONS

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BORALEX
Beyond
RENEWABLE ENERGY