MOVING FORWARD
TOGETHER

BORALEX

INTERIM REPORT 2
AS AT JUNE 30, 2023

Management's Discussion and Analysis 2

As at June 30, 2023

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Highlights

Three-month periods ended June 30

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Consolidated 2023	Consolidated 2022	Combined[1] 2023	Combined[1] 2022
Power production (GWh)[2]	1,353	1,298	1,861	1,452
Revenues from energy sales and feed-in premiums	210	168	237	185
Operating income	38	45	57	53
EBITDA(A)[3]	119	121	143	133
Net earnings	22	14	22	14
Net earnings attributable to the shareholders of Boralex	19	10	19	10
Per share (basic and diluted)	$0.19	$0.10	$0.19	$0.10
Net cash flows related to operating activities	144	97	—	—
Cash flows from operations[1]	76	86	—	—
Discretionary cash flows[1]	3	13	—	—

Six-month periods ended June 30

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Consolidated 2023	Consolidated 2022	Combined[1] 2023	Combined[1] 2022
Power production (GWh)[2]	3,050	2,979	4,147	3,327
Revenues from energy sales and feed-in premiums	508	395	565	433
Operating income	115	136	163	158
EBITDA(A)[3]	290	294	335	316
Net earnings	77	71	77	71
Net earnings attributable to the shareholders of Boralex	62	60	62	60
Per share (basic and diluted)	$0.60	$0.59	$0.60	$0.59
Net cash flows related to operating activities	388	234	—	—
Cash flows from operations[1]	217	222	—	—
	As at June 30	**As at Dec. 31**	**As at June 30**	**As at Dec. 31**
Total assets	6,677	6,539	7,195	7,188
Debt - Principal balance	3,347	3,346	3,663	3,674
Total project debt	2,801	3,007	3,117	3,335
Total corporate debt	546	339	546	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

CDPQ	Caisse de dépôt et placement du Québec
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
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LTM	Last twelve months
MW	Megawatt
MWac	Megawatt alternating current
MWdc	Megawatt direct current
MWh	Megawatt-hour
NYSERDA	New York State Energy Research and Development Authority
PPA	Power purchase agreement
RECs	Renewable Energy Certificates
REPowerEU	Joint European action for more affordable, secure and sustainable energy
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
TWh	Terawatt-hour

Definitions

Comparable assets

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

Repowering

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.

Introductory comments

General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and six-month periods ended June 30, 2023, compared with the corresponding periods of 2022, as well as the Corporation's financial position as at June 30, 2023, compared to December 31, 2022. This report should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2022.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex (www.boralex.com) and SEDAR+ (www.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 August 11, 2023, the date on which the Board of Directors approved this interim MD&A and the unaudited interim consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS under Part I of the *CPA Canada Handbook*. The 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 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 June 30, 2023, with the exception of the number of sites, which is as of August 11, 2023. Installed capacity is presented as at June 30, 2023, and August 11, 2023.

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

The table below 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]		**Average rate**[2]	
	As at June 30	As at December 31	Six-month periods ended June 30	
Currency	2023	2022	2023	2022
USD	1.3242	1.3554	1.3477	1.2715
EUR	1.4449	1.4506	1.4568	1.3892
GBP	1.6832	1.6395	1.6628	1.6495

(1) Source: Bloomberg
(2) Source: Bank of Canada - Average daily exchange rates

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These forward-looking statements are typically identified by such words as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential," "target," "objective," "initiative" or similar words or the negative thereof or other comparable terminology are used to identify such statements. In particular, this report includes forward-looking statements about the Corporation's strategic directions, priorities and objectives (including its ambition to be the Corporate Social Responsibility (CSR) reference for our partners), the strategic plan, business model, growth prospects, CSR targets and initiatives (including women's representation on the board and in management, targets for geographic and technological distribution of installed capacity, CO_2 emissions avoided, greenhouse gas (GHG) emissions reduced, and hiring women for new positions) and renewable energy generation projects in the portfolio. Actual events or results may differ materially from those expressed in such forward-looking statements. They are based on Boralex management's expectations, estimates and assumptions as at August 11, 2023.

This forward-looking information includes statements about the Corporation's strategies, strategic plan, business model (including with respect to results and performance for future periods, installed capacity targets, EBITDA(A)[1] and discretionary cash flows,[2] organic growth and growth through mergers and acquisitions, obtaining an "investment grade" credit rating, payment of the quarterly dividend, the objectives related to CSR), the objectives of the Corporation, the partnership with Énergir and Hydro-Québec for the elaboration of three projects of 400 MW each of which the development will depend on Hydro-Québec's changing needs, the renewable energy production projects in the pipeline or on the Corporation's *Growth Path* and their expected performance, EBITDA(A), EBITDA(A) margins and discretionary cash flow targets of Boralex or those expected to be generated in the future, the Corporation's forecasted financial results, future financial position, installed capacity or megawatt growth objectives, including those set in connection with the Corporation's pipeline of projects and *Growth Path*, growth outlook, the expected timing of project commissioning, anticipated production,[3] capital expenditure and investment programs, access to credit facilities and financing, capital tax, income tax, risk profile, cash flows and earnings and their components, the amount of distributions and dividends to be paid to shareholders, as well as the anticipated distribution ratio,[4] the dividend policy and the timing of such distributions and dividends. Actual events or results may differ materially from those expressed in such forward-looking statements.

Forward-looking information is based on significant assumptions, including assumptions about the performance of the Boralex's projects based on management estimates and expectations with respect to wind and other factors, the opportunities that could arise in the various segments targeted for growth or diversification, assumptions about EBITDA(A) margins, assumptions about the industry and general economic conditions, competition and availability of financing and partners. In particular, CSR targets are based on a number of assumptions, including, but not limited to, the following key assumptions: implementation of various corporate and business initiatives to reduce direct and indirect GHG emissions; availability of technologies to achieve targets; absence of new business initiatives or acquisitions of companies or technologies that would significantly increase the expected level of performance; no negative impact resulting from clarifications or amendments to international standards or the methodology used to calculate our CSR performance and disclosure; sufficient participation and collaboration of our suppliers in setting their own targets in line with Boralex's CSR initiatives; the ability to find diverse and competent talent; education and organizational engagement to help achieve our CSR targets. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

(1) EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
(2) Discretionary cash flows is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.
(3) Anticipated production is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.
(4) Distribution ratio is a non-GAAP ratio and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named ratios used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular forward-looking statement. The main factors that could lead to a material difference between the Corporation's actual results and the forward-looking financial information or the expectations set forth in this report include, but are not limited to, 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, CSR regulations and amendments thereto, loss of reputation, pandemics and certain other factors discussed in the *Risk factors* and *Factors of uncertainty* sections in Boralex's MD&A for the year ended December 31, 2022. The forward-looking financial information or the expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, the Corporation's financing capacity, cybersecurity risks, competition, changes in general market conditions, the regulations governing the industry and amendments thereto, particularly the legislation, regulations and emergency measures that could be implemented for time to time to address high energy prices in Europe, raw material price increases and availability, litigation and other regulatory issues related to projects in operation or under development, as well as certain other factors described in the documents filed by the Corporation with the different securities commissions.

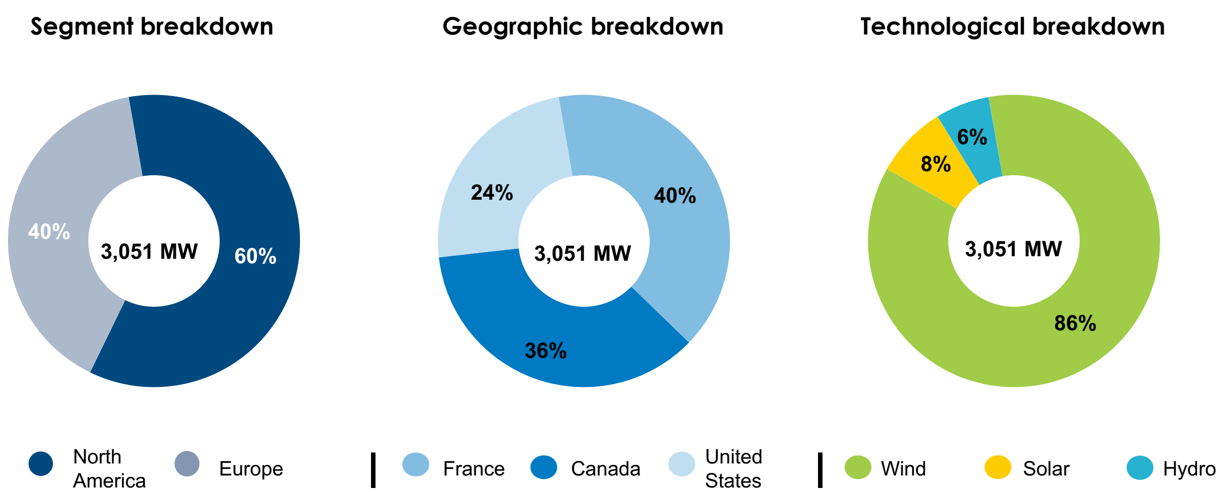
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization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

Description of business

Boralex is a Canadian corporation operating in the renewable energy segment for over 30 years. It draws on a workforce of 701 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. A leader in the Canadian market and France's largest independent producer of onshore wind power, Boralex's installed capacity has more than doubled over the past five years to 3,051 MW as at June 30, 2023. The Corporation is developing a portfolio equivalent to more than 5 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 317 MW, to be commissioned by the end of 2024, while the pipeline of secured projects amounts to 654 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 June 30, 2023, Boralex was active in the production of three complementary types of renewable energy: wind, solar and hydroelectric, along with energy storage. The installed capacity is 3,051 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.



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	1,181	70	46	5	—	—	5	2	1,232	77
	2,613	98	255	12	178	15	5	2	3,051	127

(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.

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

As at June 30, 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.

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

The weighted average remaining term[(2)] of these contracts is **11 years** (11 years in North America and 10 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 June 30, 2023 (in MW)

	≤ 5 years	6 to 10 years	11 to 15 years	> 15 years	Total
North America	114	551	732	279	1,676
Europe	401	395	42	338	1,176
Total	515	946	774	617	2,852

(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.

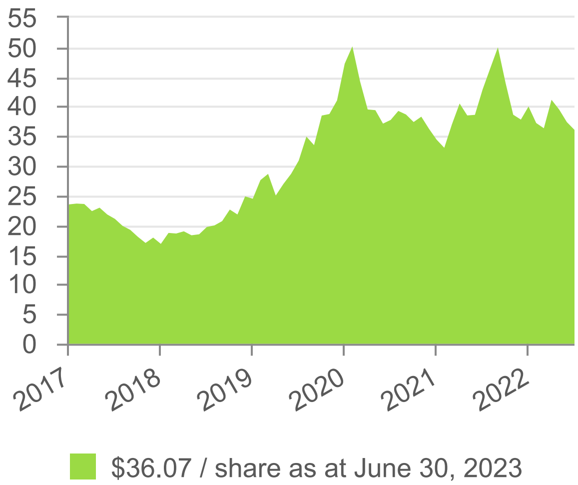
Selected financial information: A growth company

Since December 31, 2017, Boralex's share price and market capitalization have increased at compound annual growth rates[1] of 8% and of 14%, respectively. Boralex's operating income has slightly decreased (3% increase on a Combined[2] basis). For EBITDA(A), the compound annual growth rate is 11% (11% on a Combined basis).

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at June 30, 2023, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 12.5% of Boralex's outstanding shares.

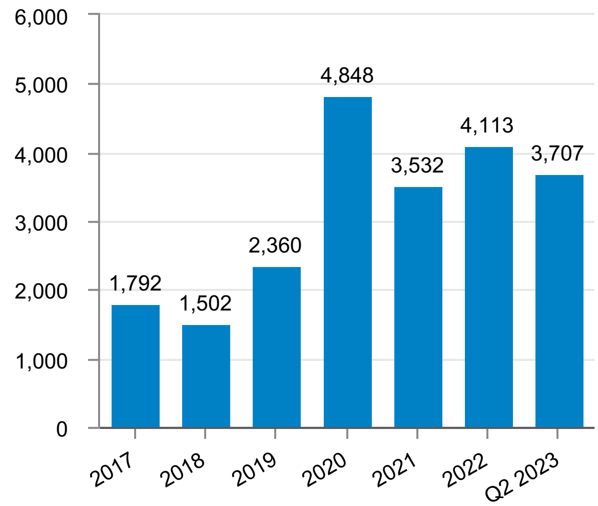
Share price

(Monthly closing price in Canadian dollars)
Compound annual growth rate:[1] 8%
(Toronto Stock Exchange under the ticker BLX)



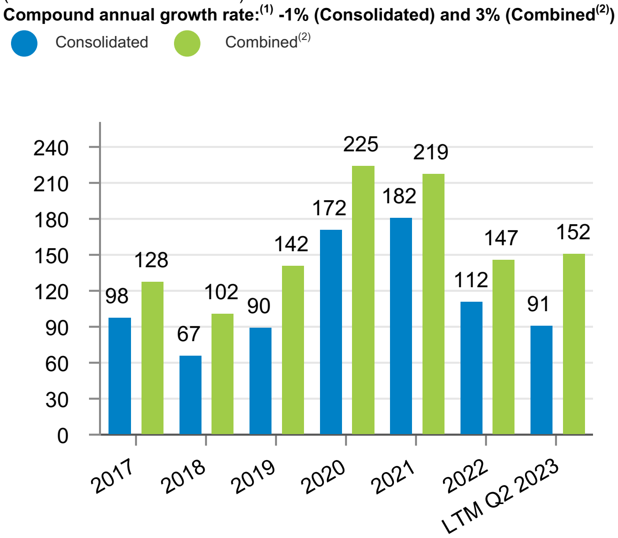
Market capitalization

(in millions of Canadian dollars)
Compound annual growth rate:[1] 14%



Operating income

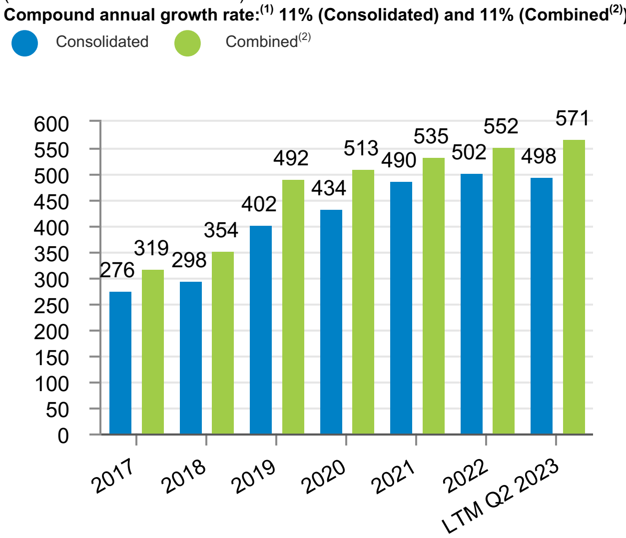
(in millions of Canadian dollars)
Compound annual growth rate:[1] -1% (Consolidated) and 3% (Combined[2])



*On a combined basis, for the twelve-month period ended June 30, 2023, operating income is broken down as follows; Q2 2023 : $57 million, Q1 2023: $106 million, Q4 2022: $14 million, Q3 2022: ($25 million), for a total of $152 million.

EBITDA(A)[3]

(in millions of Canadian dollars)
Compound annual growth rate:[1] 11% (Consolidated) and 11% (Combined[2])



*On a combined basis, for the twelve-month period ended June 30, 2023, EBITDA(A) is broken down as follows; Q2 2023: $143 million, Q1 2023: $192 million, Q4 2022: $173 million, Q3 2022: $63 million, for a total of $571 million.

[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.

Growth strategy and development outlook

Strategic plan and financial objectives for 2025

In June 2021, Boralex's management announced its updated strategic plan. The Corporation builds on the four key strategic directions and its corporate social responsibility (CSR) strategy in order to achieve the six new corporate objectives by 2025. To successfully implement its plan, the Corporation relies on its solid expertise and long track record in project development. See below a summary of the strategic plan and an update of the 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 will continue growing in high-potential markets in Canada, the 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 quarterly update of key developments in these countries is provided below. Refer to the 2022 Annual Report for additional information.

United States

In 2022, the United States enacted the *Inflation Reduction Act* (IRA) designed to foster US manufacturing by providing tax credits at every stage of the clean energy supply chain. The US government has provided needed IRA tax credit guidance documents on labour requirements, electric vehicles, energy communities but not yet on domestic content for solar and wind product manufacturing.

While the *Inflation Reduction Act* has spurred new investment, it has also raised tensions between the US and its traditional trading partners. Potential growth of US manufacturing could lead to the adoption of additional protectionist measures. 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.

In California, the California Independent System Operator (CAISO) continues to advance measures intended to stabilize the grid and to achieve, the State's clean energy objectives. The CAISO approved the 2022-23 Transmission Plan, which contains 45 projects, totalling US$7.3 billion, including allowing participation in the extended day-ahead market to the Western Energy Imbalance Market (WEIM). Recently, CAISO made clear its intentions to consider broad and transformative changes to the interconnection process.

In January 2023, the Texas Public Utility Commission (PUCT), approved the adoption of a performance credit mechanism (PCM), which would reward power generators for being available during peak demand times on the grid. The approval of the PCM spurred the adoption of legislation intended to modify Texas' current market design and the Corporation is closely monitoring its progress.

Canada

The federal government announced on March 28, 2023 its intention 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, and energy storage. The ITC is one measure among many that are intended to drive the clean energy economy, provide Canadian workers with sustainable jobs, and generate affordable electricity. When the application rules for this credit are disclosed, Boralex will be able to specify the impact on its investments. In addition to the ITC, the Canadian government committed to support electrical system upgrades, clean energy investments by Indigenous communities & Crown corporations, and other measures to reduce emissions.

In Québec, the government and Hydro-Québec continue to focus on wind power to meet future energy needs of 100 TWh by 2050. On March 31, 2023, Hydro-Québec issued a tender call for 1,500 MW of wind power. The issuance of the tender is part of a larger plan to quadruple wind power capacity over the next 15 years to meet growing energy demand of 25 TWh, or 14% over the 2022–2032 period. The government has also launched consultations on the regulation and development of clean energy in Québec that will lead to reforms aimed at accelerating energy development and its contribution to the energy transition.

In Ontario, the IESO will be called upon to implement procurement mechanisms to meet the new needs for power confirmed for the years from 2025 onwards. At the end of March 2023, the IESO launched consultations on the procurement of 2,200 MW from storage facilities, under Long-Term Request for Proposals (LT1 RFP). During the second quarter of 2023, two Boralex storage projects, for a total installed capacity of 380 MW, have been selected by the IESO as part of its Expedited Long-Term Request for Proposals. These two projects represent almost half of the 780 MW selected by the IESO. The next storage tender is expected in the fall of 2023.

France and other European Union countries

In Europe, implementation of the REPowerEU plan continues in 2023 to make Europe independent from Russian fossil fuels and reinforce the desire to increase renewable energy targets for 2030. Measures are also being prepared in response to the US IRA, to develop the European industry of carbon neutral technologies, rare metals and critical materials. At the same time, a mechanism has been adopted to reduce imports of high-carbon products. Finally, discussions are underway on a reform of the electricity market.

In France, following the publication in March of the law on accelerating renewables production, the second quarter of 2023 was focused on the preparation of implementation regulations. The government is also actively involved in strengthening the green industry sector and is preparing the adoption of a new Multiannual Energy Plan.

United Kingdom

In the United Kingdom, the energy policy is focused on the desire to decarbonize the energy mix by strengthening the industry and carbon-neutral technologies. In England, discussions are ongoing to provide new outlooks for onshore wind farms and decarbonize the electricity system, while Scotland is working on developing onshore wind power following the announcement at the end of 2022 of targets to reach by 2030.

Development outlook by strategic direction

Boralex continues to develop according to its four strategic directions, building on the potential offered by the European and North American markets where it already operates. Main progress made in the second quarter of 2023 is presented below.

Growth

- Addition of wind farm projects in Europe and North America to the early stage project pipeline, for a total of 80 MW.
- Addition of one wind farm project in Europe to the secured stage project pipeline.
- Commissioning of two wind farms in Europe, which added 29 MW of installed capacity.
- Two wind projects for the equivalent of 40 MW submitted in the latest onshore wind call for tenders in France were selected.

Diversification

- Two storage projects for the equivalent of 380 MW submitted under IESO-LT1 RFPs in Ontario were selected.
- Addition of solar power projects totalling 149 MW and storage facility projects totalling 140 MW to the early stage project pipeline.
- Commissioning of the second energy storage unit in Europe.

Customers

- Discussions underway to enter into Corporate PPAs in France and the United Kingdom.

Optimization

- Optimization of service and maintenance for six US solar power stations with a total installed capacity of 200 MW.
- Addition of one repowering wind project to the secured stage project pipeline in Europe.
- Enhancement of the credit facility arrangement guaranteed by Export Development Canada by $125 million, bringing its total authorized amount to $200 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.

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. Two of its projects totalling 40 MW have been selected under the latest 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 aims to award all feed-in premium contracts in two tranches of 925 MW each, every year. The next RFP in France for onshore wind power is expected in October.

Changes in the project portfolio

The pipeline comprises projects for 5,326 MW, down 17 MW from the end of the first quarter of 2023. The wind power project portfolio remains the Corporation's main driver of growth, with a project pipeline totalling 2,532 MW, up 63 MW from the previous quarter. The solar power project portfolio comprises projects totalling 1,984 MW, up 160 MW from the previous quarter. Solar power has high growth potential in both Europe and North America. The energy storage portfolio amounted to 810 MW, down 240 MW from the previous quarter following the selection of two Boralex storage projects totalling 380 MW under IESO-LT1 RFPs in Ontario.

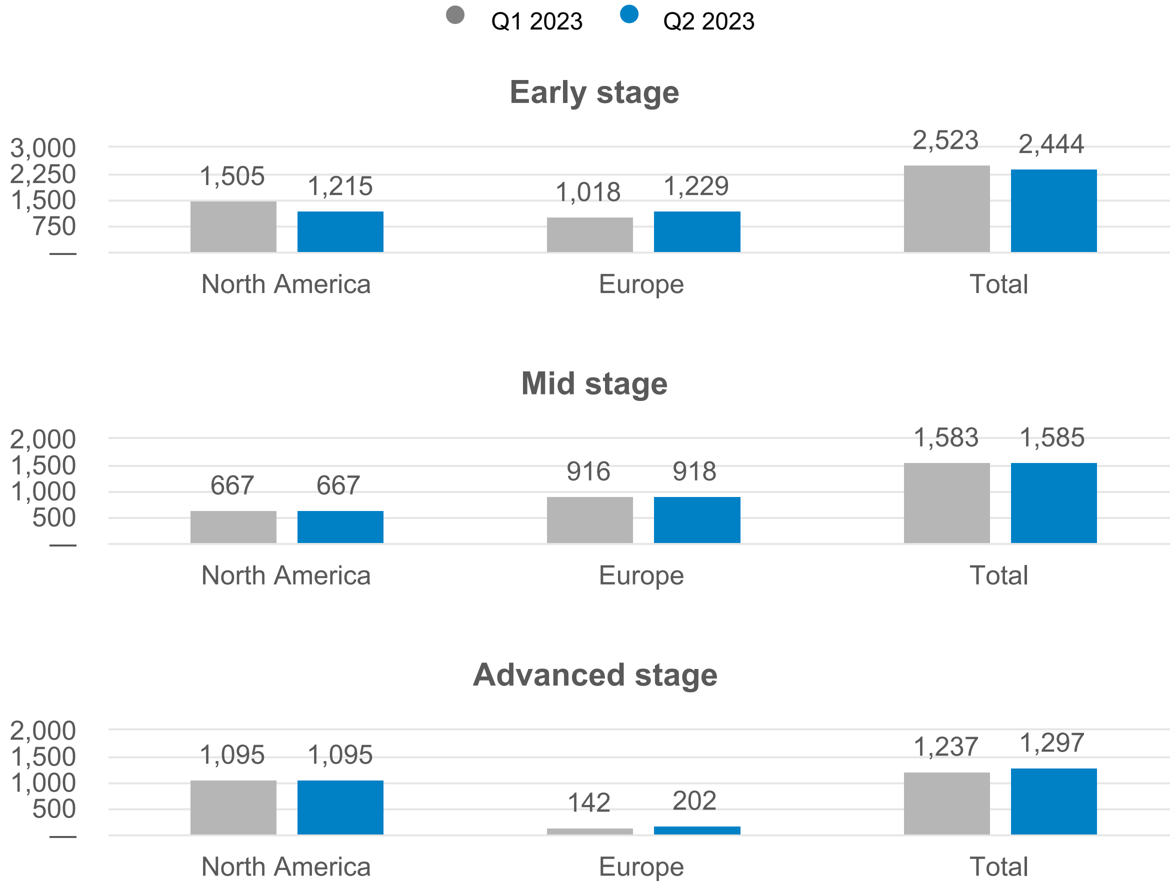
BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

PIPELINE

TOTAL **5,326 MW**

		NORTH AMERICA	EUROPE	TOTAL BORALEX
EARLY STAGE				
• Real estate secured • Interconnection available • Review of regulatory risks • Assessment of local community acceptability (Europe)		315 MW	566 MW	**881 MW**
		350 MW	538 MW	**888 MW**
		550 MW	125 MW	**675 MW**
	TOTAL CAPACITY	**1,215 MW**	**1,229 MW**	**2,444 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)		667 MW	609 MW	**1,276 MW**
		-	251 MW	**251 MW**
		-	58 MW	**58 MW**
	TOTAL CAPACITY	**667 MW**	**918 MW**	**1,585 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)		193 MW	182 MW	**375 MW**
		825 MW	20 MW	**845 MW**
		77 MW	-	**77 MW**
	TOTAL CAPACITY	**1,095 MW**	**202 MW**	**1,297 MW**
TOTAL		**1,175 MW**	**1,357 MW**	**2,532 MW**
		1,175 MW	**809 MW**	**1,984 MW**
		627 MW	**183 MW**	**810 MW**
	TOTAL CAPACITY	**2,977 MW**	**2,349 MW**	**5,326 MW**

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



Early stage

The 79 MW change in the early stage was mainly due to:

- Addition of two new wind projects, seven new solar projects and one storage project in Europe and one wind project and one storage project in North America for a total of 369 MW;
- Progression of two wind power projects, two solar power projects and one storage project in Europe to the mid-stage phase, for a reduction of 64 MW;
- Progression of two storage projects in North America, selected under IESO-LT1 RFPs in Ontario to the secured stage, for a reduction of 380 MW.

Mid stage

The 2 MW increase in the mid stage was due to:

- Progression of two wind power projects, two solar power projects and one storage project in Europe to the mid-stage phase, for an increase of 64 MW;
- Changes to the expected capacity of one wind power project in Europe, for a decrease of 10 MW;
- Progression of one wind power project in Europe to the advanced stage phase, for a reduction of 52 MW.

Advanced stage

The 60 MW increase in the advanced stage was due to:

- Progression of one wind power project in Europe from the mid-stage phase, for an increase of 52 MW;
- Changes to the expected capacity of one solar power project in Europe, for an increase of 10 MW;
- Progression of one wind power project in Europe to the secured stage, for a reduction of 2 MW.

Changes to the Growth path

The *Growth path* totalled 971 MW, up 350 MW from the previous quarter.

Wind energy remains the primary source of power production with secured, under construction or ready-to-build projects totalling 378 MW, down 27 MW from the previous quarter. For solar power, secured, under construction or ready-to-build projects totalled 213 MW, the same as for the previous quarter. Lastly, for energy storage, secured projects totalled 380 MW, all of which represents an addition since the previous quarter.

GROWTH PATH

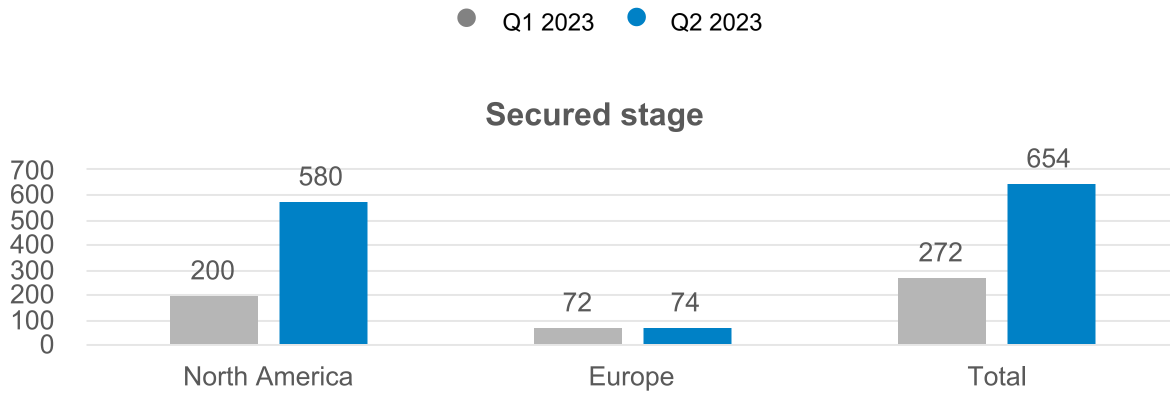
TOTAL **971 MW**

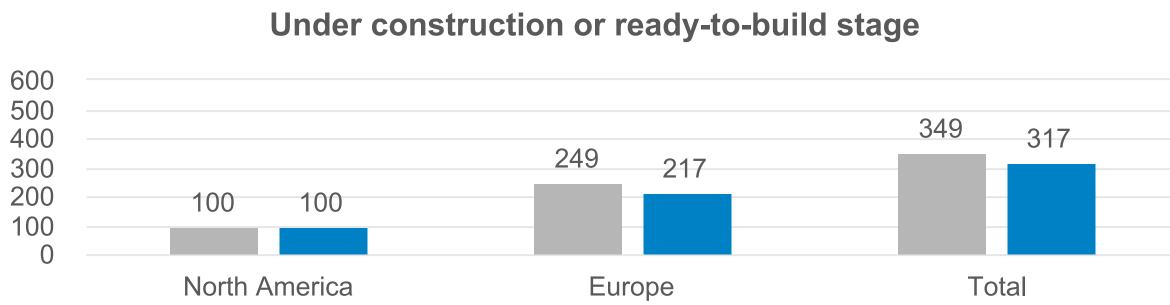
GROWTH PATH		NORTH AMERICA	EUROPE	TOTAL BORALEX
SECURED STAGE				
• Contract win (REC or PPA) and • Interconnection submitted (United States) • Interconnection secured (Canada) • Interconnection secured and • Project cleared of any claims (France) • Project authorized by regulatory authorities (Scotland)	Wind	-	74 MW	**74 MW**
	Solar	200 MW	-	**200 MW**
	Storage	380 MW	-	**380 MW**
	TOTAL CAPACITY	**580 MW**	**74 MW**	**654 MW**
UNDER CONSTRUCTION OR READY-TO-BUILD				
• Permits obtained • Financing underway • Commissioning date determined • Pricing strategy defined	Wind	100 MW	204 MW	**304 MW**
	Solar	-	13 MW	**13 MW**
	Storage	-	-	**-**
	TOTAL CAPACITY	**100 MW**	**217 MW**	**317 MW**
TOTAL	Wind	**100 MW**	**278 MW**	**378 MW**
	Solar	**200 MW**	**13 MW**	**213 MW**
	Storage	**380 MW**	**-**	**380 MW**
	TOTAL CAPACITY	**680 MW**	**291 MW**	**971 MW**

CURRENTLY IN OPERATION 3,051 MW

As at June 30, 2023 and August 11, 2023.

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 272 MW as at March 31, 2023 to 654 MW as at June 30, 2023. This 382 MW increase was driven by:

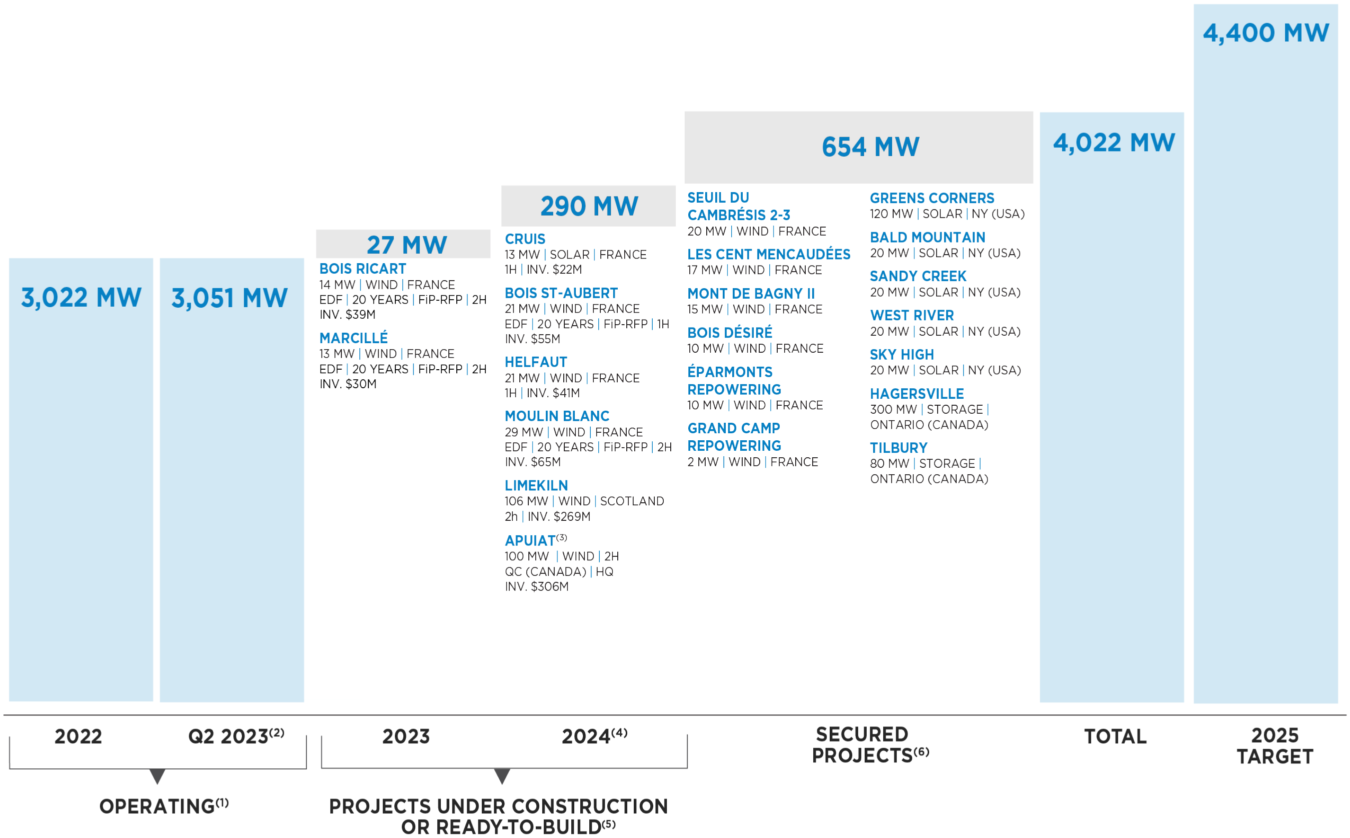
- Inclusion under the secured stage of one wind power project in Europe and two storage projects in Canada totalling 382 MW.

The expected capacity of **projects under construction or ready to build** decreased from 349 MW as at March 31, 2023 to 317 MW as at June 30, 2023. This 32 MW decrease was due to:

- Commissioning of two wind farms in Europe that were part of the Growth path as at March 31, 2023;
- Commissioning of one storage project in Europe.

As shown in the *Growth path*, the Corporation had assets in operation with 3,051 MW of installed capacity as at June 30, 2023, up 32 MW from March 31, 2023, due to the commissioning of one storage unit and two wind farms in Europe during the second quarter of 2023. Commissioning of secured facilities and projects under construction or ready-to-build is expected to bring Boralex's installed capacity to 4,022 MW.

Growth path



(1) Installed capacity of production, including the installed capacity of energy storage projects.
(2) As at June 30, 2023, and August 11, 2023.
(3) The Corporation holds 50% of the shares of the 200 MW wind power project but does not have control over it.
(4) Some items of projects slated for commissioning in 2024 will be provided at a later date since measures are still underway to further optimize these projects.
(5) Total project investment for projects in Europe have been translated into Canadian dollars at the closing rate on June 30, 2023.
(6) Some secured projects will be commissioned after 2025.

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

Overall, the EBITDA contribution of projects under construction or ready-to-build is estimated at $72 million, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. The completion of these projects is expected to require total planned investments[1] of about $827 million and planned financing[1] of up to $577 million. As at June 30, 2023, the funds invested[1] in these projects totalled $183 million.

(1) Total planned investments, planned financing and funds invested for 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** projects portfolio. Projects considered to be part of Diversification represent a potential additional capacity of 1,984 MW. The Corporation has submitted projects under the 2022 NYSERDA RFP and is awaiting results.

Boralex is continuing its efforts to gradually deploy a battery-based energy **storage** service, leveraging the significant cost reduction associated with this technology. Installed capacity of storage units totalled 5 MW after the commissioning of the second energy storage unit for 3 MW in April of this year. Boralex's energy storage project portfolio was equivalent to 810 MW at the end of the second quarter of 2023, following sustained efforts towards their development. The Corporation was the leading awardee with two storage projects in Ontario totalling 380 MW under the IESO's expedited RFP process. One of these projects is the largest in terms of nameplate capacity to have been selected by the IESO. The projects, once commissioned, will be Boralex's first storage facilities in North America.

In Europe, the Corporation remains on the lookout for new opportunities and continues to perform analyses and market studies to develop its activities in target countries outside France.

The Corporation has deployed sales teams in France and the United States to serve a wider **customer** base. The main objective is to sign power purchase agreements directly with electricity-consuming commercial or industrial companies (Corporate PPAs), as well as the gradual addition of complementary services offered to energy transmission networks and large-scale electricity consumers. Discussions are underway for entering into Corporate PPAs, mainly in France and the United Kingdom.

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

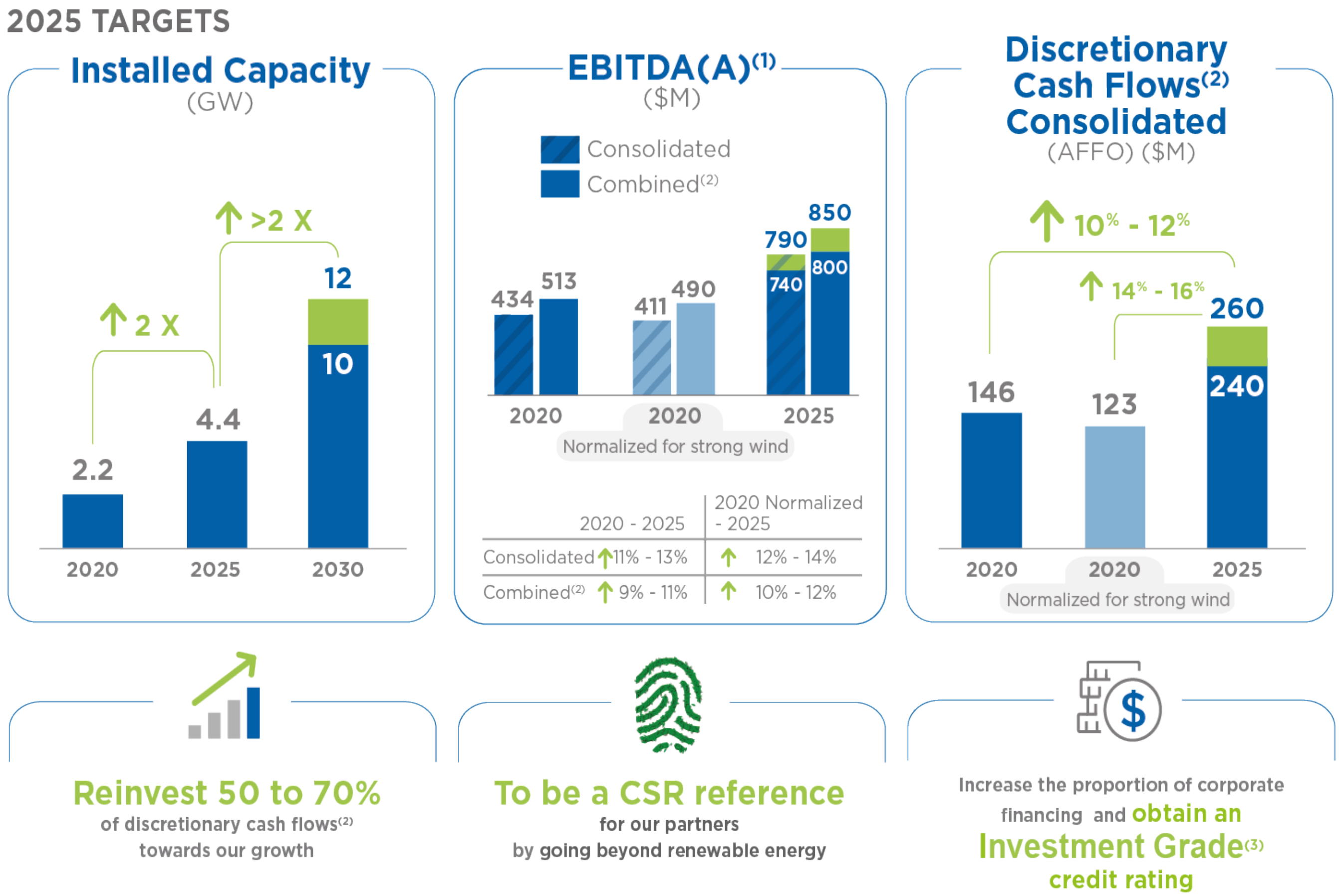
During the second quarter of 2023, Boralex continued its initiatives for the **optimization** of current assets by taking concrete actions to increase performance and reduce both operating and financing costs.

Other initiatives include repowering projects for certain wind power projects in France. Also, an ongoing wind farm repowering project was added to the **secured stage** in the *Growth path*.

Boralex intends to optimize service and maintenance work for its assets and is opting in some cases to internalize maintenance activities while conserving or renegotiating external maintenance contracts. Also, in the second quarter of 2023, the Corporation repatriated service and maintenance work in-house for solar farms with a total installed capacity of 200 MW in the United States.

Strategic plan follow up

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



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

(2) Combined basis and discretionary cash flows are non-GAAP measures and do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report. See also the *Notice concerning forward-looking statements* section.

(3) Minimum corporate credit rating of BBB-.

Current status

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

1. Double installed capacity between 2020 and 2025

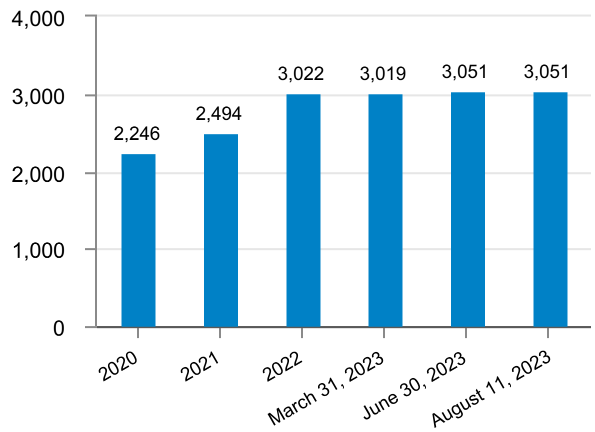
Boralex's installed capacity increased from 3,022 MW as at December 31, 2022 to 3,051 MW as at June 30, 2023.

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 two wind farms for a total of 29 MW and one storage unit of 3 MW in Europe during the second quarter of 2023.

As at August 11, 2023, the Corporation's installed capacity is the same as the installed capacity as at June 30, 2023.

Installed capacity

(in MW)



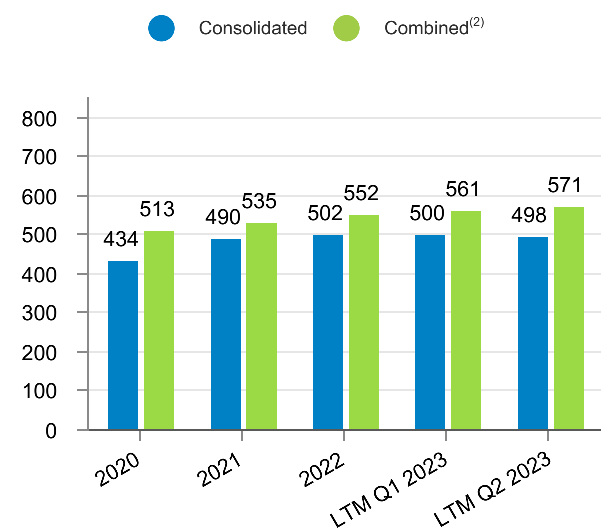
2. Achieve $740 million to $790 million of consolidated EBITDA(A), or $800 million to $850 million of EBITDA(A) on a Combined basis, by 2025

EBITDA(A) amounted to $119 million on a Consolidated basis and $143 million on a Combined basis for the three-month period ended June 30, 2023, compared with $121 million and $133 million, respectively, for the corresponding quarter of 2022.

For the 12-month period ended June 30, 2023, EBITDA(A) amounted to $498 million on a Consolidated basis and $571 million on a Combined basis compared with $502 million and $552 million, respectively, for fiscal 2022. This favourable difference on a Combined basis was attributable to the acquisition of wind facilities in the United-States at the end of 2022.

EBITDA(A)[1]

(in millions of Canadian dollars)



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

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

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

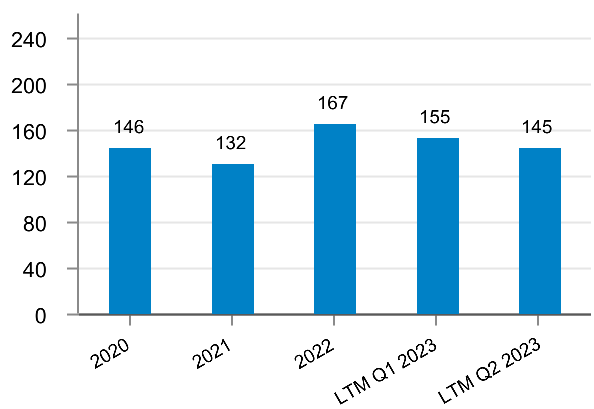
Discretionary cash flows[1] amounted to $3 million for the three-month period ended June 30, 2023, compared with $13 million for the corresponding quarter of fiscal 2022.

This $10 million change was mainly attributable to the fact that during the second quarter of 2022, the Corporation recognized revenues of $14 million from feed-in premium contracts generated prior to the amendment to the law. These revenues in excess of feed-in premium contractual prices were recorded based on the contract terms in effect at that time. In the third quarter of 2022, the *Supplementary Budget Act* was enacted, resulting in amendments to these contracts, retroactively to January 1, 2022; all excess revenues received were reversed in August 2022. Excluding this amount from the 2022 cash flows, the discretionary cash flows for the three-month period ended June 30, 2023 would be higher by $4 million.

For the twelve-month period ended June 30, 2023, discretionary cash flows amounted to $145 million compared with $167 million for the year ended December 31, 2022. This $22 million change was mainly attributable to the reversal during the third quarter of 2022 of revenues recognized during the first half of 2022 for $28 million. Excluding this amount, the discretionary cash flows for the twelve-month period ended June 30, 2023 would be higher by $6 million.

Discretionary cash flows[2]

(in millions of Canadian dollars)

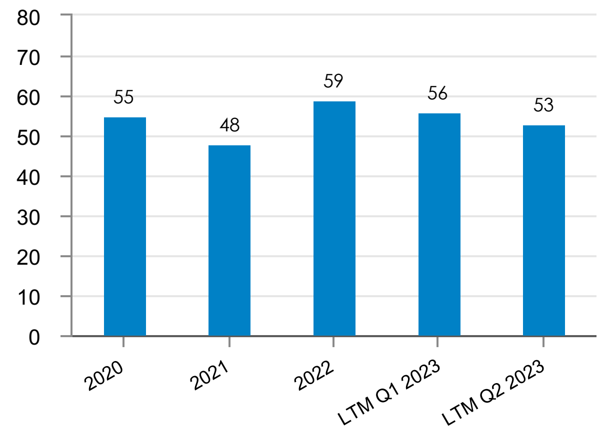


4. Reinvest 50% to 70% of discretionary cash flows in growth

For the 12-month period ended June 30, 2023, the reinvestment ratio[3] stood at 53%, which is within the target range of 50% to 70%.

Reinvestment ratio[3]

(as a %)



[1] Discretionary cash flows for the three month-period ended June 30, 2023, exclude production tax credits of $5 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.

[2] Cash flow from operations and discretionary cash flows are non-GAAP measures and do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

5. Be the leading CSR reference for our partners

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

E
ENVIRONMENT

Grow in a sustainable and resilient manner

Launched the project to set greenhouse gas reduction targets and had them validated by the SBTi.

Initial recognition by the French authorities of IdentiFlight, an automated detection and control system, as an effective measure to reduce the mortality risk for the Red Kite population, replacing a measure to shut down the park during the day.

S
SOCIETY

Respect the living

Celebrated April 28, the World day for Safety and Health at work.

Launched the organizational strategy on mental health and well-being at work.

Disclosed internally the results of the employee engagement survey with a 93% participation rate.

G
GOVERNANCE

Make exemplary management a shared value

Trained a third group of suppliers on the EcoVadis assessment required as part of major product contrats.

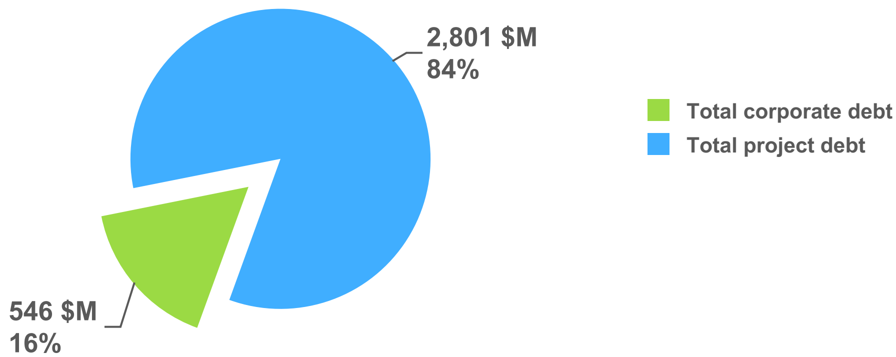
Corporate Knights ranked Boralex 21st among the 50 best corporate citizens in Canada.

Worked together with stakeholders to develop in-house training on our new Code of ethics.

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

Boralex intends to make greater use of corporate financing by slightly reducing its use of project financing and by obtaining an investment-grade credit rating from at least one recognized credit rating agency.

Breakdown of borrowings - Principal balance - $3.3 billion
As of June 30, 2023



On January 30, 2023, the CDPQ Fixed Income Inc. term loan was repaid early in the amount of $58 million (€40 million).
On April 14, 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.

Available cash resources and authorized financing

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at June 30 2023	As at December 31 2022
Available cash and cash equivalents[(1)]		
Cash and cash equivalents	600	361
Cash and cash equivalents held by entities subject to project debt agreements	(492)	(279)
Bank overdraft	(6)	(12)
Available cash and cash equivalents[(1)]	**102**	**70**
Credit facilities of the parent company		
Authorized credit facility[(2)]	450	450
Amounts drawn under the authorized credit facility[(3)]	(291)	(61)
Unused tranche of the parent company's credit facility	159	389
Unused tranche of the construction facility	52	35
Credit facilities available to fund growth[(4)]	**211**	**424**
Available cash resources and authorized financing[(1)]	**313**	**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 June 30, 2023, this amount included $45 million in letters of credit ($22 million as at December 31, 2022). This $45 million amount will be transferred under project letters of credit.
(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 June 30, 2023, *Cash and cash equivalents held by entities subject to project debt agreements* included $222 million payable under the inframarginal rent contribution on electricity production and $43 million payable 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

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30 2023	2022	Change GWh or $	%	Six-month periods ended June 30 2023	2022	Change GWh or $	%
Power production (GWh)[1]	1,353	1,298	55	4	3,050	2,979	71	2
Revenues from energy sales and feed-in premiums	210	168	42	25	508	395	113	29
Operating income	38	45	(7)	(16)	115	136	(21)	(16)
EBITDA(A)[2]	119	121	(2)	(2)	290	294	(4)	(1)
Net earnings	22	14	8	59	77	71	6	9
Net earnings attributable to the shareholders of Boralex	19	10	9	82	62	60	2	2
Per share (basic and diluted)	$0.19	$0.10	$0.09	84	$0.60	$0.59	$0.01	2
Net cash flows related to operating activities	144	97	47	48	388	234	154	65
Cash flows from operations[3]	76	86	(10)	(12)	217	222	(5)	(2)
Dividends paid on common shares	17	17	—	—	34	34	—	—
Dividends paid per common share	$0.1650	$0.1650			$0.3300	$0.3300		
Weighted average number of shares outstanding (basic)	102,766,104	102,728,354			102,765,277	102,689,025		

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at June 30 2023	As at Dec. 31 2022	Change $	%
Total cash, including restricted cash	643	374	269	72
Property, plant and equipment	3,309	3,335	(26)	(1)
Total assets	6,677	6,539	138	2
Debt - Principal balance	3,347	3,346	1	—
Total liabilities	4,582	4,513	69	2
Total equity	2,095	2,026	69	3
Net debt to market capitalization ratio[4] (%)	40%	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 in the portfolio in operation

Project name	Type of transaction	Total capacity (MW)	Effective date	Technology | Country	Energy contract term | Client	Investment type
2021		**+ 249 MW**			Installed capacity: **2,494 MW**(1)	
Senneterre	Disposal	-35	April 1	Thermal | Canada	N/A	Subsidiary
La Bouleste	Disposal	-10	April 27	Wind | France	N/A	Subsidiary
Remise de Réclainville 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(2)	Joint venture 50%(2)
2022		**+ 528 MW**			Installed capacity: **3,022 MW**(1)	
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
August 11, 2023		**+ 29 MW**			Installed capacity: **3,051 MW**	

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

(2) 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.

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 is establishing a business unit in North America, in addition to the existing one in Europe, now officially helmed by an Executive Vice President and General Manager, Europe. The regional business units will consolidate 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 power stations, 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.

Segment financial information for the three-month and six-month periods ended June 30

	Three-month periods ended June 30				Six-month periods ended June 30			
	2023	2022	Change		2023	2022	Change	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)			GWh or $	%			GWh or $	%
POWER PRODUCTION (GWh)[1]	**1,353**	**1,298**	**55**	**4**	**3,050**	**2,979**	**71**	**2**
North America	803	863	(60)	(7)	1,636	1,854	(218)	(12)
Wind power stations	450	478	(28)	(6)	990	1,135	(145)	(13)
Solar power stations	131	156	(25)	(16)	216	261	(45)	(17)
Hydroelectric power stations	222	229	(7)	(3)	430	418	12	3
Thermal power stations[2]	—	—	—	—	—	40	(40)	(100)
Europe	550	435	115	26	1,414	1,125	289	26
Wind power stations	526	416	110	27	1,374	1,096	278	25
Solar power stations	24	19	5	24	40	29	11	34
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUMS	**210**	**168**	**42**	**25**	**508**	**395**	**113**	**29**
North America	89	98	(9)	(8)	190	218	(28)	(13)
Wind power stations	59	63	(4)	(6)	135	151	(16)	(11)
Solar power stations	12	14	(2)	(12)	19	22	(3)	(12)
Hydroelectric power stations	18	21	(3)	(14)	36	39	(3)	(7)
Thermal power stations[2]	—	—	—	—	—	6	(6)	(100)
Europe	121	70	51	71	318	177	141	79
Wind power stations	117	65	52	78	311	169	142	84
Solar power stations	4	5	(1)	(26)	7	8	(1)	(16)
EBITDA(A)[3]	**119**	**121**	**(2)**	**(2)**	**290**	**294**	**(4)**	**(1)**
North America	75	77	(2)	(3)	170	179	(9)	(5)
Wind power stations	63	60	3	5	150	147	3	3
Solar power stations	10	11	(1)	(11)	15	18	(3)	(16)
Hydroelectric power stations	12	15	(3)	(19)	25	28	(3)	(11)
Thermal power stations[2]	—	—	—	—	—	2	(2)	(100)
General expenses[4]	(10)	(9)	(1)	(13)	(20)	(16)	(4)	(28)
Europe	53	52	1	2	137	129	8	6
Wind power stations	64	57	7	12	160	140	20	14
Solar power stations	3	5	(2)	(34)	5	7	(2)	(33)
General expenses[4]	(14)	(10)	(4)	(38)	(28)	(18)	(10)	(53)
Corporate and eliminations	(9)	(8)	(1)	(14)	(17)	(14)	(3)	(25)

(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 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 *Changes to the management model* section.

Financial information by technology for the three-month and six-month periods ended June 30

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30				Six-month periods ended June 30			
	2023	2022	Change		2023	2022	Change	
			GWh or $	%			GWh or $	%
POWER PRODUCTION (GWh)[1]	**1,353**	**1,298**	**55**	**4**	**3,050**	**2,979**	**71**	**2**
Wind power stations	976	894	82	9	2,364	2,231	133	6
Solar power stations	155	175	(20)	(12)	256	290	(34)	(12)
Hydroelectric power stations	222	229	(7)	(3)	430	418	12	3
Thermal power stations[2]	—	—	—	—	—	40	(40)	(100)
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUMS	**210**	**168**	**42**	**25**	**508**	**395**	**113**	**29**
Wind power stations	176	128	48	37	446	320	126	39
Solar power stations	16	19	(3)	(16)	26	30	(4)	(13)
Hydroelectric power stations	18	21	(3)	(14)	36	39	(3)	(7)
Thermal power stations[2]	—	—	—	—	—	6	(6)	(100)
EBITDA(A)[3]	**119**	**121**	**(2)**	**(2)**	**290**	**294**	**(4)**	**(1)**
Wind power stations	127	117	10	8	310	287	23	8
Solar power stations	13	16	(3)	(18)	20	25	(5)	(21)
Hydroelectric power stations	12	15	(3)	(19)	25	28	(3)	(11)
Thermal power stations[2]	—	—	—	—	—	2	(2)	(100)
General expenses, corporate and eliminations	(33)	(27)	(6)	(23)	(65)	(48)	(17)	(37)

[1] Includes compensation following electricity production limitations imposed by customers.
[2] On April 1, 2022, the Corporation sold the Senneterre power station, the last biomass-based energy production 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 June 30, 2023

Decrease of 16% in operating income and decrease of 2% in EBITDA(A)[(1)] essentially attributable to revenues linked to feed-in premium contracts recognized during the second quarter of 2022 (reversed during the third quarter of 2022 when the *Supplementary Budget Act* was enacted, retroactively to 2022, in France), largely offset by the growth in the Corporation's operating assets.

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) (unaudited)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[(1)]
Consolidated			
Three-month period ended June 30, 2022	1,298	168	121
Acquisition - interest in wind farms in the United States	—	—	5
Commissioning and temporary shutdowns[(2)]	77	10	10
Pricing (power purchase agreements and FiP)	—	43	43
Inframarginal rent contribution on electricity production	—	—	(41)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(14)	(14)
Volume	(22)	(3)	(3)
Foreign exchange effect	—	6	5
Other	—	—	(7)
Three-month period ended June 30, 2023	**1,353**	**210**	**119**
North America			
Three-month period ended June 30, 2022	863	98	77
Acquisition - interest in wind farms in the United States	—	—	5
Volume	(60)	(8)	(8)
Foreign exchange effect	—	1	1
Other	—	(2)	—
Three-month period ended June 30, 2023	**803**	**89**	**75**
Europe			
Three-month period ended June 30, 2022	435	70	52
Commissioning and temporary shutdowns[(2)]	77	10	10
Pricing (power purchase agreements and FiP)	—	43	43
Inframarginal rent contribution on electricity production	—	—	(41)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(14)	(14)
Volume	38	5	5
Foreign exchange effect	—	5	4
Other	—	2	(6)
Three-month period ended June 30, 2023	**550**	**121**	**53**
Corporate and eliminations			
Three-month period ended June 30, 2022			(8)
Other			(1)
Three-month period ended June 30, 2023			**(9)**

(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 $5 million to EBITDA(A).

In **Europe**, wind and solar farms benefited from the contribution of new facilities commissioned (see *Changes in the portfolio in operation* table) and the resumption of operations at facilities shut down temporarily owing to repowering work, which added 77 GWh to production, $10 million to revenues from energy sales and FiP and $10 million to EBITDA(A). These favourable differences resulted mainly from the contribution of the wind power stations that added 70 GWh to production and $9 million to both 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 60 GWh, leading to an unfavourable difference of $8 million for both revenues from energy sales and FiP, and EBITDA(A). Wind conditions at wind farms were less favourable than in the second quarter of 2022, which resulted in a decrease in production of 28 GWh or 6% in Canada. Hydroelectric power stations in Canada and the United States also experienced less favourable water flow conditions, resulting in a decrease in production of 7 GWh or 3% compared with the corresponding period of 2022. Solar power stations in the United States recorded a decrease in production of 25 GWh or 16% mainly due to a curtailment of production without compensation at the Five Points solar station in California.

In **Europe**, the segment's comparable assets recorded an increase in production of 38 GWh, leading to a favourable difference of $5 million for both revenues from energy sales and FiP, and EBITDA(A). Wind farms experienced more favourable wind conditions compared with the second quarter of 2022, resulting in an increase of 40 GWh or 10% in production.

Pricing (power purchase agreements and FiP)

Revenues from energy sales and FiP and EBITDA(A) were up $43 million compared with the second quarter of 2022, driven primarily by the following factors in **Europe**:

- The early termination of power purchase agreements in France during the third quarter of 2022, followed by the implementation of new contracts with high electricity prices for an impact of $44 million;
- A favourable difference of $2 million associated with corporate PPAs in France;

FiP revenues (before adoption of the 2022 *Supplementary Budget Act*)

During the second quarter of 2022, the Corporation recognized revenues of $14 million from feed-in premium contracts in France. The Corporation fully benefited from the difference between the selling price of energy and the reference tariffs of certain FiP contracts when such difference exceeded the sums received since the start of the contract. In August 2022, the *Supplementary Budget Act* was enacted by the French government, resulting in an obligation to pay the French government the difference between the market selling prices received and the reference tariffs of the FiP contracts. The retroactive effect of this law from January 1, 2022 was accounted for when the law was promulgated, during the third quarter of 2022.

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 price threshold 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 exercised their right to terminate previous power purchase agreements. During the second quarter of 2023, an amount of $41 million was recorded under operating expenses as an inframarginal rent contribution.

Other

The $7 million change was primarily due to the $5 million increase in total payroll, attributable mainly to the Corporation's growth and an increase in development costs of $1 million.

Reconciliation between EBITDA(A) and operating income

For the three-month period ended June 30, 2023, the Corporation recorded operating income of $38 million, down $7 million or 16% from $45 million for the corresponding period of 2022. EBITDA(A) fell by 2% or $2 million from $121 million to $119 million. The $5 million difference between the change in EBITDA(A) and the change in operating income is due to 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.

Relationship between revenues and operating expenses

Excluding the acquisitions, the disposals, the facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP grew by 18% in the second quarter of 2023 compared with a year earlier while operating expenses more than doubled, mainly due to the recording of a $41 million provision for the inframarginal rent contribution on electricity production, and increases in payroll and maintenance costs. Excluding the inframarginal rent contribution on electricity production, operating expenses increased by 21%. The differences in electricity production (volume) and prices described above explain the change in revenues from energy sales and FiP, which has no direct effect on operating expenses.

Net earnings

Overall, for the three-month period ended June 30, 2023, Boralex recognized net earnings of $22 million, up from $14 million for the same period of 2022.

As shown in the following table, Boralex reported net earnings attributable to shareholders of Boralex of $19 million or $0.19 per share (basic and diluted) for the second quarter of 2023, compared with net earnings of $10 million or $0.10 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) (unaudited)

Net earnings for the three-month period ended June 30, 2022	10
EBITDA(A)[1]	(2)
Change in fair value of a derivative included in the share of joint ventures	9
Impairment	2
Income taxes	(2)
Non-controlling interests	1
Other	1
Change	9
Net earnings for the three-month period ended June 30, 2023	19

[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 $9 million favourable difference resulted mainly from a variation in the fair value of a derivative associated with a joint venture's power purchase agreement.

Analysis of consolidated operating results for the six-month period ended June 30, 2023

Decrease of 16% in operating income and decrease of 1% in EBITDA(A),[1] essentially attributable to lower production at Canadian wind farms. Note that first half of 2022 EBITDA(A) included an amount of $28 million attributable to certain contracts for which Boralex had to recognize a provision in the third quarter of 2022 following the publication of the *2022 Supplementary Budget Act* in France.

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Six-month period ended June 30, 2022	2,979	395	294
Acquisition - Interest in wind farms in the United States	—	—	22
Commissioning and temporary shutdowns[2]	175	28	23
Disposal[2]	(40)	(6)	(2)
Pricing (power purchase agreements and FiP)	—	122	122
Inframarginal rent contribution on electricity production	—	—	(112)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(28)	(28)
Volume	(64)	(11)	(11)
Foreign exchange effect	—	10	7
Payroll[3]	—	—	(10)
Development	—	—	(4)
Share of earnings in joint ventures and associates - comparable assets	—	—	(4)
Other	—	(2)	(7)
Six-month period ended June 30, 2023	**3,050**	**508**	**290**
North America			
Six-month period ended June 30, 2022	1,854	218	179
Acquisition - Interest in wind farms in the United States	—	—	22
Disposal[2]	(40)	(6)	(2)
Volume	(178)	(22)	(22)
Pricing	—	(1)	(1)
Foreign exchange effect	—	3	2
Payroll[3]	—	—	(4)
Share of earnings in joint ventures and associates - comparable assets	—	—	(4)
Other	—	(2)	—
Six-month period ended June 30, 2023	**1,636**	**190**	**170**
Europe			
Six-month period ended June 30, 2022	1,125	177	129
Commissioning and temporary shutdowns[2]	175	28	23
Pricing (power purchase agreements and FiP)	—	123	123
Inframarginal rent contribution on electricity production	—	—	(112)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(28)	(28)
Volume	114	11	11
Foreign exchange effect	—	7	5
Payroll[3]	—	—	(3)
Development	—	—	(4)
Other	—	—	(7)
Six-month period ended June 30, 2023	**1,414**	**318**	**137**
Corporate and eliminations			
Six-month period ended June 30, 2022			(14)
Payroll[3]			(3)
Six-month period ended June 30, 2023			**(17)**

(1) EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
(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 earnings of $22 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 to EBITDA(A).

In **Europe**, wind farms and solar power stations benefited from the contribution of new facilities commissioned (see *Changes in the portfolio in operation* table) and the resumption of operations at facilities shut down temporarily owing to repowering work, which added 175 GWh to production, $28 million to revenues from energy sales and FiP and $23 million to EBITDA(A). These favourable differences resulted mainly from the contribution of wind farms that added 163 GWh to production, $26 million to revenues from energy sales and FiP and $21 million to EBITDA(A).

Volume - comparable assets

In **North America**, the segment's comparable assets recorded a decrease in production of 178 GWh, leading to an unfavourable difference of $22 million for both revenues from energy sales and FiP, and EBITDA(A). Wind farms experienced less favourable wind conditions than in the comparative period, resulting in a decline in production of 145 GWh or 13% in Canada. In the United States, hydroelectric power stations experienced favourable water flow conditions, resulting in an increase of 12 GWh or 6% in production compared with the corresponding period one year earlier. However, solar power stations in the United States experienced less favourable conditions, recording a decrease of 45 GWh or 17% in production.

In **Europe**, the segment's comparable assets recorded a 114 GWh increase in production, adding $11 million to both revenues from energy sales and FiP and EBITDA(A). Wind farms benefited from more favourable wind conditions than in the second quarter of 2022, which resulted in an increase of 115 GWh or 11% in production.

Pricing (power purchase agreements and FiP)

For the first six months of 2023, a favourable difference of $122 million was recorded for both revenues from energy sales and FiP and EBITDA(A) compared to the corresponding period of 2022. 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 in line with high electricity prices for an impact of $121 million;
- A favourable difference of $5 million related to Corporate PPAs in France;
- The decline in market prices for hydroelectric power stations in the United States led to a $4 million decrease.

FiP revenues (before adoption of the 2022 *Supplementary Budget Act*)

During the six-month period ended June 30, 2023, the Corporation recognized revenues of $28 million from feed-in premium contracts in France. For more details, see *Analysis of consolidated operating results for the three-month period ended June 30, 2023* section.

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

The provision recorded with respect to this new law amounted to $112 million (€77 million).

Share of joint ventures and associates - comparable assets

Overall, excluding the $22 million share from the acquired interest in wind farms in the United States, the facilities of comparable joint ventures and associates experienced less favourable wind conditions than in the first six months of 2022, giving rise to the unfavourable difference of $4 million.

Foreign exchange effect

For the six-month period ended June 30, 2023, fluctuations in the euro and US dollars resulted in increases in revenues from energy sales and FiP of $10 million and EBITDA(A) of $7 million.

Payroll

The higher payroll in the first half of 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 $10 million in EBITDA(A).

Reconciliation between EBITDA(A) and operating income

During the six-month period ended June 30, 2023, the Corporation recorded operating income of $115 million, compared to $136 million for the corresponding period of 2022, a decrease of $21 million or 16%. EBITDA(A) decreased $4 million or 1% to $290 million from $294 million. The $17 million difference between the change in EBITDA(A) and the change in operating income is mainly due to the share in net earnings generated during the first six months of 2023 from the joint ventures acquired at the end of December 2022 which is included in EBITDA(A) but not in operating income.

Relationship between revenues and operating expenses

Excluding acquisitions, disposals, facilities commissioned and temporary shutdowns due to repowering work, revenues from energy sales and FiP were up by 34% in the first six months of 2023 compared with 2022 while operating expenses more than doubled owing mainly to the $112 million provision recorded for the inframarginal rent contribution on electricity production and increases in payroll and maintenance costs. Excluding the inframarginal rent contribution on electricity production, operating expenses increased by 21%. The differences in electricity production (volume) and prices described above explain the change in revenues from energy sales and FiP, which has no direct effect on operating expenses.

Net earnings

For the six-month period ended June 30, 2023, Boralex recognized net earnings of $77 million, compared with $71 million for corresponding period of 2022.

As shown in the table below, the Corporation reported net earnings attributable to shareholders of Boralex of $62 million or $0.60 per share (basic and diluted) for the six-month period ended June 30, 2023, compared with net earnings attributable to shareholders of Boralex of $60 million or $0.59 per share (basic and diluted) in 2022.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

Net earnings for the six-month period ended June 30, 2022	60
EBITDA(A)[1]	(4)
Change in fair value of a derivative included in the share of earnings from joint ventures	(8)
Amortization	(1)
Impairment	3
Acquisition and integration costs	1
Financing costs	6
Income taxes	6
Non-controlling interests	(4)
Other	3
Change	2
Net earnings for the six-month period ended June 30, 2023	62

[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 $2 million favourable difference resulted mainly from:

- A $4 million decrease in EBITDA(A);
- A $8 million decrease in fair value of a derivative included in the power purchase agreement of a joint venture;
- A $4 million unfavourable difference related to non-controlling interests.

Partly offset by:

- A $6 million decrease in financing costs following the repayment of the revolving credit facility, early repayment of project debt and interest income on available cash resources;
- A $6 million decrease in the income tax expense stemming from lower earnings for the six month period;
- A $3 million decrease in the impairment charge compared with the corresponding period of 2022.

Cash flows

Cash flows as at June 30, 2023 reflected the expansion of Boralex's operating base over the past year.

(in millions of Canadian dollars) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2023	2022	2023	2022
Net cash flows related to operating activities	144	97	388	234
Net cash flows related to investing activities	(64)	(78)	(149)	(137)
Net cash flows related to financing activities	(64)	392	7	344
Translation adjustment on cash and cash equivalents	(4)	2	(1)	4
NET CHANGE IN CASH AND CASH EQUIVALENTS	12	413	245	445
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	582	288	349	256
CASH AND CASH EQUIVALENTS – END OF PERIOD	594	701	594	701

(in millions of Canadian dollars) (unaudited)	As at June 30	
	2023	2022
Cash and cash equivalents	600	701
Bank overdraft	(6)	—
	594	701

For the three-month period ended June 30, 2023

Operating activities

For the three-month period ended June 30, 2023, Boralex reported $76 million in cash flows from operations, compared with $86 million for the same period last year. This $10 million decrease is mainly due to an $11 million increase in income taxes paid in Europe and the $10 million decrease in EBITDA(A), net of the non-cash items. These unfavourable differences were partly offset by a $5 million increase in distributions received and a $6 million decrease in interest paid in Europe. The increase in income taxes paid was due primarily to earnings growth in France and the instalment payment made to the French government for 2023 taxes.

The change in non-cash operating items in the second quarter of 2023 generated funds in the amount of $68 million. This change was mainly attributable to the $100 million decrease in *Trade and other receivables* following the higher collection of accounts receivable of the first quarter due to the seasonal cycle of wind generation, the change in market prices and the receipt of value added tax refunds in France for commissioned facilities. This was partially offset by a $44 million decrease in *Trade and other accounts payable* due primarily to the $50 million payment on the provision for amounts payable to the French government under the 2022 *Supplementary Budget Act* on feed-in premiums.

Operating activities generated net cash flows totalling $144 million in the second quarter of 2023, compared with $97 million for the same period a year earlier.

Investing activities

Net cash flows related to investing activities represented a cash outflow of $64 million for the second quarter of 2023 compared with $78 million for the same period of 2022. The Corporation invested $41 million in new property, plant and equipment and in prepayments, including $37 million in Europe, primarily in wind power and $3 million in North America. In addition, restricted cash increased by $15 million to be used mainly for payments related to facilities under construction.

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

(in millions of Canadian dollars) (unaudited)	In Operation	Construction[1]	Total
North America			
Hydroelectric	3	—	**3**
North America - total	**3**	**—**	**3**
Europe			
Wind	1	31	**32**
Solar	—	4	**4**
Storage	—	1	**1**
Europe - total	**1**	**36**	**37**
Corporate	**—**	**1**	**1**
Total	**4**	**37**	**41**

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

In the second quarter of 2022, Boralex invested $78 million in additions to property, plant and equipment and in prepayments, mainly in the wind power project portfolio in France.

Financing activities

Financing activities for the three-month period ended June 30, 2023 required total net cash flows of $64 million.

New financing arrangements and repayments on existing debt

During the quarter, the Corporation drew down a net amount of $14 million from its revolving credit facility while non-current debt increased by $9 million, following drawdowns on the Moulins du Lohan term loan. The Corporation repaid non-current project debt mainly related to sites in operation for a total of $73 million and repaid a portion of the construction facility of the Boralex Energy Investments portfolio in the amount of $11 million. The Corporation also paid $4 million in lease liabilities.

Also, the Corporation received a $35 million contribution from a minority shareholder during the quarter to finance construction projects in France.

Dividends and other items

During the three-month period ended June 30, 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.

Net change in cash and cash equivalents

Total cash movements in the second quarter of 2023 resulted in a $12 million increase, bringing *Cash and cash equivalents* to $594 million as at June 30, 2023.

For the six-month period ended June 30, 2023

Operating activities

For the six-month period ended June 30, 2023, Boralex reported $217 million in cash flows from operations, compared with $222 million for the same period last year. This $5 million decrease was mainly attributable to the $12 million increase in taxes paid in Europe and lower EBITDA(A), net of non-cash items, of $19 million. These unfavourable differences were partly offset by an $18 million increase in distributions received and a $9 million decrease in interest paid. The increase in taxes paid resulted primarily from the growth in earnings in France and an installment payment made to the French government while the higher distributions received were related to the wind farms acquired in the United States at the end of 2022.

The change in non-cash operating items for the first six months of 2023 generated funds in the amount of $171 million. This change was mainly attributable to the the following items:

- A $95 million decrease in *Trade and other accounts receivable* following the higher collection of accounts receivable of the last quarter of 2022 due to the seasonal cycle of wind generation and changes in market prices.
- A $55 million increase in *Trade and other accounts payable* attributable to the recognition of a provision for amounts payable to the French government of $112 million in respect of the contribution on inframarginal rent for electricity producers for the six-month period ended June 30, 2023, partly offset by the payment of $50 million on the provision for amounts payable to the French government under the 2022 *Supplementary Budget Act* on feed-in premiums.

Operating activities generated net cash flows totalling $388 million in the first six months of 2023, compared with $234 million for the same period a year earlier.

Investing activities

Net cash flows related to investing activities represented a cash outflow of $149 million for the first six months of 2023 compared with $137 million for the same period of 2022. The Corporation invested $117 million in new property, plant and equipment, and in prepayments for assets under construction, including $110 million in Europe, primarily for the wind power projects, and $5 million in North America. The Corporation also invested $9 million in development projects in Europe and North America and made a capital contribution of $8 million, mainly to the Apuiat wind power project. In addition, restricted cash increased by $9 million to be used for payments related to facilities under construction, partly offset by the outflow for repayment of a debt.

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

(in millions of Canadian dollars) (unaudited)	In Operation	Construction[1]	**Total**
North America			
Hydroelectric	5	—	**5**
North America - total	**5**	**—**	**5**
Europe			
Wind	2	100	**102**
Solar	—	7	**7**
Storage	—	1	**1**
Europe - total	**2**	**108**	**110**
Corporate	**—**	**2**	**2**
Total	**7**	**110**	**117**

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

In the first six months of 2022, Boralex invested $72 million in additions to property, plant and equipment and made prepayments totalling $59 million for construction sites, mainly in the wind power projects portfolio in France.

Financing activities

Financing activities for the six-month period ended June 30, 2023 generated net cash outflows of $7 million.

New financing arrangements and repayments on existing debt

During the six-month period ended June 30, 2023, the Corporation drew down a net amount of $212 million from its revolving credit facility while non-current debt increased by $16 million, following drawdowns on various financings. The Corporation repaid non-current project debt mainly related to sites in operation for a total of $138 million and repaid early the CDPQ Fixed Income Inc. loan in the amount of $58 million and a portion of the construction facility of the Boralex Energy Investments portfolio in the amount of $18 million. The Corporation also paid $10 million in lease liabilities.

Also, the Corporation received a $54 million contribution from a minority shareholder during the six-month period.

Dividends and other items

During the six-month period ended June 30, 2023, the Corporation paid dividends to shareholders totalling $34 million, the same as for the corresponding period of 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 in the first six months of 2023 resulted in a $245 million increase, bringing *Cash and cash equivalents* to $594 million as at June 30, 2023.

Financial position

Overview of the consolidated condensed statements of financial position

(in millions of Canadian dollars) (unaudited)	As at June 30, 2023	As at December 31, 2022	Change ($)
ASSETS			
Cash and cash equivalents	600	361	239
Restricted cash	43	13	30
Other current assets	174	264	(90)
CURRENT ASSETS	817	638	179
Property, plant and equipment	3,309	3,335	(26)
Right-of-use assets	347	340	7
Intangible assets	1,022	1,059	(37)
Goodwill	233	233	—
Interests in joint ventures and associates	561	536	25
Other non-current assets	388	398	(10)
NON-CURRENT ASSETS	5,860	5,901	(41)
TOTAL ASSETS	6,677	6,539	138
LIABILITIES			
Bank overdraft	6	12	(6)
Trade and other payables	432	377	55
Current portion of debt	352	404	(52)
Other current liabilities	32	28	4
CURRENT LIABILITIES	822	821	1
Debt	2,933	2,873	60
Lease liabilities	306	300	6
Other non-current liabilities	521	519	2
NON-CURRENT LIABILITIES	3,760	3,692	68
TOTAL LIABILITIES	4,582	4,513	69
EQUITY			
Equity attributable to shareholders	1,692	1,681	11
Non-controlling interests	403	345	58
TOTAL EQUITY	2,095	2,026	69
TOTAL LIABILITIES AND EQUITY	6,677	6,539	138

Highlights

Assets

As at June 30, 2023, Boralex's total assets amounted to $6,677 million, up $138 million from total assets of $6,539 million as at December 31, 2022. This difference resulted from an increase of $179 million in *Current assets* and a decrease of $41 million in *Non-currents assets.*

The $179 million change in Current assets was mainly attributable to the $239 million increase in *Cash and cash equivalents*, as discussed previously in the Cash flows section. In addition, *Restricted cash* increased by $30 million, mainly attributable to the reclassification of restricted cash related to the dispute over local content in respect of which the parties reached a comprehensive settlement during the second quarter of 2023.

These increases were partly offset by the $90 million decline in *Other current assets*, owing primarily to the decrease in *Trade and other receivables* following the decline in selling and market prices.

Non-current assets were down $41 million due primarily to the following:

- A $26 million decrease in *Property, plant and equipment* (net of amortization for the period), which breaks down as follows:
  - Additions of the period for an amount of $84 million mainly related to projects under construction;
  - A $13 million decrease related to exchange rate fluctuations;
  - A $97 million decrease related to amortization of assets in operation;

- A $37 million decrease in *Intangible* assets mostly as a result of the $37 million amortization expense for assets in operation and an unfavourable foreign exchange effect of $5 million. However, development projects led to a $6 million increase in intangible assets.

- A $25 million increase in *Interests in joint ventures and associates* due to:
  - An $8 million increase mainly related to a capital contribution to the Apuiat wind farm;
  - A $45 million share in net earnings, which mainly resulted from the acquisition of wind power sites 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 $7 million in share of other comprehensive income;
  - A decrease resulting from $22 million in distributions.
- A $10 million unfavourable difference in *Other non-current assets*, owing to the following changes:
  - A $35 million decrease in *Other non-current financial assets* resulting from the reclassification of $20 million from reserve funds to *Restricted cash* and the $15 million change in the fair value of financial instruments given lower long-term interest rates;
  - The $25 million increase in *Other non-current assets*, mainly related to prepayments for sites under construction.

Current liabilities

As at June 30, 2023, *Current liabilities* amounted to $822 million compared with $821 million as at December 31, 2022. The $1 million decrease was driven primarily by the following:

- A $55 million increase in *Trade and other payables* resulting mainly from the recognition of a $112 million (€77 million) provision for the inframarginal rent contribution on electricity production for six-month period ended June 30, 2023, partly offset by a $40 million (€27 million) in the provision for feed-in premium contracts.

- A $52 million decrease in *Current portion of debt* owing mainly to the early repayment of the $58 million (€40 million) CDPQ Fixed Income Inc. term loan.

Working capital[1]

As at June 30, 2023, the Corporation had negative working capital of $5 million for a working capital ratio[1] of 0.99:1, compared with negative working capital of $183 million and a ratio of 0.78:1 as at December 31, 2022. The negative working capital of $5 million resulted mainly from the current portion of the long-term debt which includes an amount of $129 million of the construction facility of the Boralex Energy Investments portfolio as this amount had to be repaid within 18 months following project commissioning. In July 2023, the amount of $129 million (€89 million) was repaid using the incremental tranche of $181 million (€125 million) under the term loans of the Boralex Production and Sainte-Christine portfolio entered into on July 21, 2023.

Non-current liabilities

Total *Non-current liabilities* grew by $68 million to $3,760 million as at June 30, 2023.

This growth was mainly due to the $60 million increase in *Non-current debt* which resulted mainly from:

- A $212 million increase related to the change in the revolving credit facility;
- A $135 million decrease mainly due to the repayments on non-current debt related to facilities in operation;
- An $11 million decrease in value resulting from exchange rate fluctuations.

As at June 30, 2023, Boralex had $211 million in credit facilities available to fund growth[2] and an amount of $313 million in available cash resources and authorized financing.[3] 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. On April 14, 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.

As at June 30, 2023, the Corporation has access to the following letter of credit facilities:

	As at June 30, 2023		As at December 31, 2022	
(in millions of Canadian dollars) (unaudited)	Authorized	Issued	Authorized	Issued
EDC	200	109	75	47
Related to project debt	143	108	144	109
	343	217	219	156

(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.
(2) Debt contracted for construction projects and credit facilities available for growth are supplementary financial measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
(3) Available cash resources and authorized financing are a non-GAAP financial measure and do not have a standardized definition 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.

Moreover, as at June 30, 2023, the Corporation drew down $45 million ($22 million as at December 31, 2022) on its letter of credit facilities under its revolving credit facility.

Equity

During the six-month period ended June 30, 2023, total *Equity* increased $69 million to $2,095 million. This increase was attributable to a $54 million contribution from a non-controlling shareholder and net earnings of $77 million. The increase was partly offset by a $22 million decrease in *Other comprehensive income*, related primarily to the change in fair value of financial instruments and the $34 million paid in dividends to Boralex's shareholders.

Debt ratios[1]

Net debt[1] amounted to $2,710 million as at June 30, 2023, compared with $2,984 million as at December 31, 2022.

As a result, the net debt to market capitalization ratio stood at 40% as at June 30, 2023, the same as at December 31, 2022. As at June 30, 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 $43 million ($83 million as at December 31, 2022) payable for for feed-in premium contracts. Excluding these amounts from net debt, the net debt ratio would increase to 42% as at June 30, 2023 and December 31, 2022.

Boralex’s share price was $36.07 per share as at June 30, 2023, compared with $40.02 per share as at December 31, 2022.

Information about the Corporation’s equity

As at June 30, 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 June 30, 2023, there were 277,120 outstanding stock options, 149,097 of which were exercisable.

From July 1 to August 11, 2023, 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 as well as a €40 million term loan which was entirely repaid in advance during the first quarter of 2023. For the six-month period ended June 30, 2023, the interest related to these loans amounted to $8 million ($9 million in 2022). As at June 30, 2023, the CDPQ, one of Canada’s largest institutional investors, held 12.5% of Boralex’s outstanding shares.

The CDPQ holds a majority stake in Énergir. The Corporation is developing and operating, in partnership with Énergir, some 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 six-month period ended June 30, 2023, amounted to $11 million ($6 million in 2022).

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

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Sept 30, 2021	Dec 31, 2021	March 31, 2022	June 30, 2022	Sept 30, 2022	Dec 31, 2022	March 31, 2023	June 30, 2023
POWER PRODUCTION (GWh)								
Wind power stations	716	1,168	1,337	894	703	1,355	1,387	976
Hydroelectric power stations	205	223	189	229	160	175	208	222
Solar power stations	150	81	115	175	156	89	101	155
Thermal power stations(1)	37	20	40	—	—	—	—	—
	1,108	1,492	1,681	1,298	1,019	1,619	1,696	1,353
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	92	164	192	128	66	295	269	176
Hydroelectric power stations	17	18	18	21	14	18	18	18
Solar power stations	14	7	11	19	21	9	11	16
Thermal power stations(1)	3	3	6	—	—	—	—	—
	126	192	227	168	101	322	298	210
OPERATING INCOME (LOSS)	7	74	91	45	(31)	7	77	38
EBITDA(A)(2)								
Wind power stations	75	152	170	117	48	173	183	127
Hydroelectric power stations	13	13	13	15	10	12	13	12
Solar power stations	12	5	9	16	19	3	7	13
Thermal power stations(1)	—	—	2	—	—	—	—	—
	100	170	194	148	77	188	203	152
Corporate and eliminations	(19)	(18)	(21)	(27)	(27)	(30)	(32)	(33)
	81	152	173	121	50	158	171	119
NET EARNINGS (LOSS)	(22)	20	57	14	(56)	(7)	55	22
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(20)	17	50	10	(44)	14	43	19
Per share (basic and diluted)	($0.20)	$0.17	$0.49	$0.10	($0.44)	$0.14	$0.41	$0.19
CASH FLOWS FROM OPERATIONS(3)	66	116	136	86	40	141	141	76

(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.

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	2,613	32%	20%	17%	31%
Solar	255	20%	32%	32%	16%
Hydroelectric	178	24%	30%	20%	26%
Total power production(3)	3,051	31%	22%	17%	30%

(1) The power production average over the past five years is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.
(2) As of August 11, 2023.
(3) The calculation of the power production average of the past five years includes the production of energy from thermal power stations.

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 June 30, 2023, the majority of the power stations have long-term energy sales contracts with fixed prices of which the vast majority are subject to partial or full indexation clauses tied to inflation or feed-in premiums at partially indexed prices. The Corporation is thus exposed to fluctuations in energy prices when power production is sold at market prices without feed-in premiums or under variable price contracts. In France, since 2022, the Corporation can sell the power generated from newly commissioned facilities at market prices for an 18-month period before activating the feed-in premium agreement. This allows the Corporation to sell its production on electricity markets or negotiate prices under short-term contracts. As at June 30, 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 5% was sold on the market by facilities that benefit from a postponement of their feed-in premium contract.

Interest rate risk

As at June 30, 2023, about 85% of term loans–projects bore interest at variable rates,[1] exposing the Corporation to fluctuations in the loan amounts. Due to the anticipated rate increases and to mitigate this risk, the Corporation has entered into interest rate swaps in addition to traditional swaps to lock in loan interest rates, thereby reducing its exposure to 7% of total debt.[1]

The following table summarizes the Corporation's designated and economic hedging relationships as at June 30, 2023:

(in millions of Canadian dollars) (unaudited)				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	673	973	80	116
Interest rate swaps	Cash flow	Interest rate risk	USD	134	177	26	35
Interest rate swaps	Cash flow	Interest rate risk	CAD	992	992	124	124
Cross-currency swaps	Net investment	Foreign exchange risk	EUR for CAD	264	368	(14)	(14)
Foreign exchange forward contracts	Net investment	Foreign exchange risk	USD for CAD	69	88	(2)	(2)
ECONOMIC HEDGING RELATIONSHIP							
Cross-currency swaps	Economic	Foreign exchange risk	USD for CAD	186	246	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	5-year average of historical power production is calculated using the average electricity generated during the last five full fiscal years of the Corporation, from 2018 to 2022.
Total planned investments	Total planned investments represent the sums that will need to be invested to complete the projects up to commissioning.
Credit facilities available for growth	The credit facilities available for growth include the unused tranche of the parent company's credit facility, apart from the accordion clause, as well as the unused tranche of the construction facility.
Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts	Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts represents the portion of total installed capacity of Boralex subject to power purchase agreements or feed-in premium contracts.
Percentage of non-current debt bearing interest at variable rates	Percentage of non-current debt bearing interest at variable rates is calculated by dividing total variable rate debt excluding the revolving credit facility and subordinated debt by total non-current debt.
Exposure percentage of total debt	The percentage of actual exposure of non-current debt to interest rate fluctuations is calculated by dividing the amount of debt less the notional amounts of interest rate swaps by the total value of non-current debt.
Anticipated production	For older sites, anticipated production by the Corporation is based on adjusted historical averages, planned commissioning and shutdowns and, for all other sites, on the production studies carried out.
Funds invested in projects under construction	Funds invested in projects under construction are amounts that have been invested and recognized in the financial statement as of the date of this document.
Compound annual growth rate (CAGR)	The CAGR is a growth rate indicating the annual variation as if the growth had been constant throughout the period for a period of more than one fiscal year.
Market value of equity attributable to shareholders	Market value of equity attributable to shareholders is the number of outstanding shares multiplied by the share market price.

Combined

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

	2023			2022		
(in millions of Canadian dollars) (unaudited)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended June 30:						
Power production (GWh)[2]	1,353	508	1,861	1,298	154	1,452
Revenues from energy sales and feed-in premiums	210	27	237	168	17	185
Operating income	38	19	57	45	8	53
EBITDA(A)	119	24	143	121	12	133
Net earnings	22	—	22	14	—	14

Six-month periods ended June 30:						
Power production (GWh)[2]	3,050	1,097	4,147	2,979	348	3,327
Revenues from energy sales and feed-in premiums	508	57	565	395	38	433
Operating income	115	48	163	136	22	158
EBITDA(A)	290	45	335	294	22	316
Net earnings	77	—	77	71	—	71

	As at June 30, 2023			As at December 31, 2022		
Total assets	6,677	518	7,195	6,539	649	7,188
Debt - Principal balance	3,347	316	3,663	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 $1 million under EBITDA(A).

(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 costs, other loss (gains), net loss (gain) on financial instruments and foreign exchange loss (gain), the last two items being 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 June 30							
	2023			2022			Change 2023 vs 2022	
(in millions of Canadian dollars) (unaudited)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined	Consolidated	Combined
EBITDA(A)	119	24	143	121	12	133	(2)	10
Amortization	(72)	(14)	(86)	(72)	(6)	(78)	—	(8)
Impairment	—	—	—	(2)	(1)	(3)	2	3
Other gains	—	—	—	—	1	1	—	(1)
Share in earnings (losses) of joint ventures and associates	(26)	26	—	(10)	10	—	(16)	—
Change in fair value of a derivative included in the share of joint ventures	17	(17)	—	8	(8)	—	9	—
Operating income	38	19	57	45	8	53	(7)	4

	Six-month periods ended June 30							
	2023			2022			Change 2023 vs 2022	
(in millions of Canadian dollars) (unaudited)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined	Consolidated	Combined
EBITDA(A)	290	45	335	294	22	316	(4)	19
Amortization	(145)	(27)	(172)	(144)	(12)	(156)	(1)	(16)
Impairment	—	—	—	(3)	(1)	(4)	3	4
Other gains	—	—	—	—	2	2	—	(2)
Share in earnings (losses) of joint ventures and associates	(45)	45	—	(34)	34	—	(11)	—
Change in fair value of a derivative included in the share of joint ventures	15	(15)	—	23	(23)	—	(8)	—
Operating income	115	48	163	136	22	158	(21)	5

(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 June 30	As at December 31
(in millions of Canadian dollars) (unaudited)	2023	2022
Debt	2,933	2,873
Current portion of debt	352	404
Transaction costs, net of accumulated amortization	62	69
Debt - Principal balance	3,347	3,346
Less:		
Cash and cash equivalents	600	361
Restricted cash	43	13
Bank overdraft	(6)	(12)
Net debt	2,710	2,984

The Corporation defines total market capitalization as follows:

	Consolidated	
	As at June 30	As at December 31
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2023	2022
Number of outstanding shares (in thousands)	102,766	102,763
Share market price (in $ per share)	36.07	40.02
Market value of equity attributable to shareholders	3,707	4,113
Non-controlling shareholders	403	345
Net debt	2,710	2,984
Total market capitalization	6,820	7,442

The Corporation computes the net debt ratio as follows:

	Consolidated	
	As at June 30	As at December 31
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2023	2022
Net debt	2,710	2,984
Total market capitalization	6,820	7,442
NET DEBT RATIO, market capitalization	40%	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		Twelve-month periods ended	
	June 30		June 30	December 31
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2023	2022	2023	2022
Net cash flows related to operating activities	**144**	**97**	**667**	**513**
Change in non-cash items relating to operating activities	(68)	(11)	(269)	(110)
Cash flows from operations	**76**	**86**	**398**	**403**
Repayments on non-current debt (projects)[1]	(73)	(69)	(223)	(212)
Adjustment for non-operational items[2]	1	4	3	7
	4	21	178	198
Principal payments related to lease liabilities	(4)	(3)	(16)	(15)
Distributions paid to non-controlling shareholders[3]	(2)	(10)	(41)	(37)
Additions to property, plant and equipment (maintenance of operations)	(4)	(3)	(14)	(12)
Development costs (from statement of earnings)	9	8	38	33
Discretionary cash flows	**3**	**13**	**145**	**167**
Dividends paid to shareholders	17	17	68	68
Weighted average number of outstanding shares – basic (in thousands)	102,766	102,728	102,764	102,726
Discretionary cash flows – per share	$0.02	$0.12	$1.41	$1.63
Dividends paid to shareholders – per share	$0.1650	$0.1650	$0.66	$0.66
Payout ratio			47%	41%
Reinvestment ratio			53%	59%

(1) Excluding VAT bridge financing, early debt repayments and repayments under the construction facility - Boralex Energy Investments portfolio.
(2) For the twelve-month period ended June 30, 2023, favourable adjustment of $3 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) Comprises distributions paid to non-controlling shareholders as well as the portion of discretionary cash flows attributable to the non-controlling shareholder of Boralex Europe Sàrl.

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

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

	Consolidated	
	As at June 30	As at December 31
(in millions of Canadian dollars) (unaudited)	2023	2022
Cash and cash equivalents	600	361
Cash and cash equivalents held by entities subject to project debt agreements[1]	(492)	(279)
Bank overdraft	(6)	(12)
Available cash and cash equivalents	**102**	**70**
Credit facilities available for growth	211	424
Available cash resources and authorized financing	**313**	**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 main *joint ventures and associates* are:

				Boralex % of interests		Installed capacity	
	Technology	Country	Status	As at June 30, 2023	As at December 31, 2022	Total (MW)	Net (MW)
LongSpur Wind Holdings, LLC[1]	Wind	US	Operational	50.00%	50.00%	394	197
Roosevelt Holdco, LLC[1]	Wind	US	Operational	50.00%	50.00%	300	150
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("SDB I")	Wind	Canada	Operational	50.00%	50.00%	272	136
Tx Hereford Wind Holdings, LLC[1][2]	Wind	US	Operational	50.00%	50.00%	200	100
Roncevaux Wind Power L.P. ("Roncevaux")	Wind	Canada	Operational	50.00%	50.00%	75	37
Seigneurie de Beaupré Wind Farm 4 General Partnership ("SDB II")	Wind	Canada	Operational	50.00%	50.00%	68	34
Le Plateau Community Wind Power L.P. ("LP II")	Wind	Canada	Operational	59.96%	59.96%	21	13
Parc éolien Apuiat Inc.	Wind	Canada	Construction	50.00%	50.00%	200	100

[1] On December 29, 2022, the Corporation acquired a 50% joint controlling interest in five wind farms in the United States.
[2] The share of earnings until December 31, 2025 is net of the economic interest of a tax equity investor, which obtains 77.5% of the economic benefits of the wind farm.

Highlights - Combined[1]

	Combined[1]		Change Combined[1] 2023 vs 2022	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2023	2022	GWh or $	%
Three-month periods ended June 30:				
Wind power production (GWh)	1,861	1,452	409	28
Revenues from energy sales and feed-in premium	237	185	52	28
Operating income	57	53	4	6
EBITDA(A)[2]	143	133	10	7
Net earnings	22	14	8	60
Six-month periods ended June 30:				
Wind power production (GWh)	4,147	3,327	820	25
Revenues from energy sales and feed-in premiums	565	433	132	31
Operating income	163	158	5	3
EBITDA(A)[2]	335	316	19	6
Net earnings	77	71	6	9
	As at June 30,	As at Dec. 31,		
Total assets	7,195	7,188	7	—
Debt - Principal balance	3,663	3,674	(11)	—

[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 June 30, 2023

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Three-month period ended June 30, 2022	1,298	168	121
Acquisition - interest in wind farms in the United States	—	—	5
Commissioning and temporary shutdown[2]	77	10	10
Pricing (power purchase agreements and FiP)	—	43	43
Inframarginal rent contribution on electricity production	—	—	(41)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(14)	(14)
Volume	(22)	(3)	(3)
Foreign exchange effect	—	6	5
Other	—	—	(7)
Three-month period ended June 30, 2023	**1,353**	**210**	**119**
Impact of joint ventures, associates and eliminations			
Three-month period ended June 30, 2022	154	17	12
Acquisition - interest in wind farms in the United States	344	9	13
Volume	10	2	2
Other	—	(1)	(3)
Three-month period ended June 30, 2023	**508**	**27**	**24**
Combined[3]			
Three-month period ended June 30, 2022	1,452	185	133
Acquisition - interest in wind farms in the United States	344	9	18
Commissioning and temporary shutdowns[2]	77	10	10
Pricing (power purchase agreements and FiP)	—	43	43
Inframarginal rent contribution on electricity production	—	—	(41)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(14)	(14)
Volume	(12)	(1)	(1)
Foreign exchange effect	—	6	5
Other	—	(1)	(10)
Three-month period ended June 30, 2023	**1,861**	**237**	**143**

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[2] See the *Changes in the portfolio in operation* table.
[3] Combined information is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

In the second quarter of 2023, on a Combined basis, power production amounted to 1,861 GWh, an increase of 28% or 409 GWh compared with the corresponding period of 2022. Revenues from energy sales and FiP were up 28% and EBITDA(A) was up 7% to reach $237 million and $143 million, respectively.

Compared to the second quarter of 2022, the contribution of the *joint ventures and associates'* facilities to production more than tripled. Revenues from energy sales increased by 65% and EBITDA(A) doubled following the acquisition of an interest in wind farms in the United States.

Analysis of combined operating results for the six-month period ended June 30, 2023

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Production (GWh)	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Six-month period ended June 30, 2022	2,979	395	294
Acquisition - interest in wind farms in the United States	—	—	22
Commissioning and temporary shutdowns[2]	175	28	23
Disposal[2]	(40)	(6)	(2)
Pricing (power purchase agreements and FiP)	—	122	122
Inframarginal rent contribution on electricity production - tax	—	—	(112)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(28)	(28)
Volume	(64)	(11)	(11)
Foreign exchange effect	—	10	7
Payroll[3]	—	—	(10)
Development	—	—	(4)
Share of earnings in joint ventures and associates - comparable assets	—	—	(4)
Other	—	(2)	(7)
Six-month period ended June 30, 2023	**3,050**	**508**	**290**
Impact of joint ventures, associates and eliminations			
Six-month period ended June 30, 2022	348	38	22
Acquisition - interest in wind farms in the United States	779	22	23
Pricing (power purchase agreements and FiP)	—	1	1
Volume	(30)	(3)	(3)
Development	—	—	1
Share of earnings in joint ventures and associates - comparable assets	—	—	4
Other	—	(1)	(3)
Six-month period ended June 30, 2023	**1,097**	**57**	**45**
Combined[4]			
Six-month period ended June 30, 2022	3,327	433	316
Acquisition - interest in wind farms in the United States	779	22	45
Commissioning and temporary shutdowns[2]	175	28	23
Disposal[2]	(40)	(6)	(2)
Pricing (power purchase agreements and FiP)	—	123	123
Inframarginal rent contribution on electricity production - tax	—	—	(112)
2022 FiP revenues (before adoption of the *2022 Supplementary Budget Act*)	—	(28)	(28)
Volume	(94)	(14)	(14)
Foreign exchange effect	—	10	7
Payroll[3]	—	—	(10)
Development	—	—	(3)
Other	—	(3)	(10)
Six-month period ended June 30, 2023	**4,147**	**565**	**335**

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

On a Combined basis, power production amounted to 4,147 GWh for the six-month period ended June 30, 2023, up by 25% or 820 GWh compared with the corresponding period of 2022. Revenues from energy sales and FIP were up by 31% and EBITDA(A) was up by 6% to reach $565 million and $335 million, respectively. These increases resulted mostly from the acquisition of an interest in wind farms in the United States, the contributions of commissioned facilities, and high market prices in France.

Compared to the first six months of 2022, the contribution of the joint ventures and associates' facilities to production more than tripled. Revenues from energy sales and FiP increased by 52% and EBITDA(A) more than doubled.

Commitments and contingencies

(in millions of Canadian dollars) (unaudited)	Commitments entered into during 2023	Cumulative commitments as at June 30, 2023
Purchase and construction contracts	26	241
Maintenance contracts	2	362
Other	3	43
	31	646

Commitment - payment guarantee for a joint venture

The payment guarantee that the Corporation provided to a supplier in connection with a turbine supply agreement for a joint venture was $201 million as at June 30, 2023, and $287 million as of July 1, 2023 ($144 million as at December 31, 2022).

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 projects from Innovent. As part of such transaction, the parties entered into a development services agreement pursuant to which Innovent and Mr. Verhaeghe had the obligation to offer Boralex the right to acquire certain wind projects under development. 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 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 is evaluating its options for appealing this decision in the Court of Cassation.

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

Canada – 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 three-month period ended June 30, 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 and regional content requirements of Boralex's Québec wind farms. This settlement did not have a significant impact on the consolidated financial statements of the Corporation.

Risk factors and uncertainties

Risk factors

The Corporation has not observed any major change with respect to the risks to which it is subject, which are described under *Risk factors* in Management's Discussion and Analysis included in the Annual Report for the fiscal year ended December 31, 2022.

Estimations and sources of uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect revenues, expenses, comprehensive income, assets and liabilities, and the information reported in the consolidated financial statements. Management determines these estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

The items in question are presented under *Factors of uncertainty* in Boralex's annual MD&A for the year ended December 31, 2022.

Internal controls and procedures

In accordance with *Regulation 52-109 respecting Certification of Disclosure* in Issuers' Annual and Interim Filings, DC&P have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. ICFR has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the three-month period ended June 30, 2023, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.

Consolidated financial statements

Unaudited interim

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Interim consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at June 30, 2023	As at December 31, 2022
ASSETS			
Cash and cash equivalents		600	361
Restricted cash		43	13
Trade and other receivables		139	234
Other current assets		35	30
CURRENT ASSETS		817	638
Property, plant and equipment		3,309	3,335
Right-of-use assets		347	340
Intangible assets		1,022	1,059
Goodwill		233	233
Interests in joint ventures and associates		561	536
Other non-current financial assets	7	285	320
Other non-current assets		103	78
NON-CURRENT ASSETS		5,860	5,901
TOTAL ASSETS		6,677	6,539
LIABILITIES			
Bank overdraft		6	12
Trade and other payables	3	432	377
Current portion of debt	4	352	404
Current portion of lease liabilities		18	18
Other current financial liabilities	7	14	10
CURRENT LIABILITIES		822	821
Debt	4	2,933	2,873
Lease liabilities		306	300
Deferred income tax liability		270	267
Decommissioning liability		133	129
Other non-current financial liabilities	7	91	97
Other non-current liabilities		27	26
NON-CURRENT LIABILITIES		3,760	3,692
TOTAL LIABILITIES		4,582	4,513
EQUITY			
Equity attributable to shareholders		1,692	1,681
Non-controlling interests		403	345
TOTAL EQUITY		2,095	2,026
TOTAL LIABILITIES AND EQUITY		6,677	6,539

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

Interim consolidated statements of earnings

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended June 30 2023	Three-month periods ended June 30 2022	Six-month periods ended June 30 2023	Six-month periods ended June 30 2022
REVENUES					
Revenues from energy sales		211	177	519	416
Feed-in premiums		(1)	(9)	(11)	(21)
Revenues from energy sales and feed-in premiums		210	168	508	395
Other revenues		6	4	12	7
		216	172	520	402
EXPENSES AND OTHER					
Operating	5	81	31	208	79
Administrative		16	14	32	25
Development		9	8	20	15
Amortization		72	72	145	144
Impairment		—	2	—	3
		178	127	405	266
OPERATING INCOME		38	45	115	136
Acquisition and integration costs		1	1	1	2
Financing costs		34	34	64	70
Share in earnings of joint ventures and associates		(26)	(10)	(45)	(34)
Other		5	6	5	8
EARNINGS BEFORE INCOME TAXES		24	14	90	90
Income tax expense		2	—	13	19
NET EARNINGS		22	14	77	71
NET EARNINGS ATTRIBUTABLE TO:					
Shareholders of Boralex		19	10	62	60
Non-controlling interests		3	4	15	11
NET EARNINGS		22	14	77	71
NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	6	$0.19	$0.10	$0.60	$0.59

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

Interim consolidated statements of comprehensive income

(in millions of Canadian dollars) (unaudited)	Three-month periods ended June 30 2023	2022	Six-month periods ended June 30 2023	2022
NET EARNINGS	22	14	77	71
Other comprehensive income (loss) that will be reclassified subsequently to net earnings when certain conditions are met				
Translation adjustments:				
Foreign exchange differences on translation of financial statements of self-sustaining foreign operations	(24)	(4)	(18)	(31)
Net investment hedge:				
Change in fair value	7	6	3	22
Income taxes	—	(2)	—	(3)
Cash flow hedges - financial swaps:				
Change in fair value	46	94	14	201
Hedging items realized and recognized in net earnings	(14)	5	(25)	14
Income taxes	(7)	(24)	3	(54)
Share of other comprehensive income (loss) of joint ventures and associates:				
Change in fair value	6	6	3	16
Hedging items realized and recognized in net earnings	(1)	2	(2)	3
Income taxes	(1)	(2)	—	(5)
Total other comprehensive income (loss)	12	81	(22)	163
COMPREHENSIVE INCOME	34	95	55	234
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	36	79	45	210
Non-controlling interests	(2)	16	10	24
COMPREHENSIVE INCOME	34	95	55	234

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

Interim consolidated statements of changes in equity

Six-month period ended June 30

2023

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
BALANCE AS AT JANUARY 1, 2023	1,323	10	174	174	1,681	345	2,026
Net earnings	—	—	62	—	62	15	77
Other comprehensive loss	—	—	—	(17)	(17)	(5)	(22)
COMPREHENSIVE INCOME (LOSS)	—	—	62	(17)	45	10	55
Dividends (note 6)	—	—	(34)	—	(34)	—	(34)
Repurchase of non-controlling interest	—	—	(1)	—	(1)	—	(1)
Contribution by non-controlling interest	—	—	—	—	—	54	54
Distributions to non-controlling interests	—	—	—	—	—	(6)	(6)
Other	—	1	—	—	1	—	1
BALANCE AS AT JUNE 30, 2023	1,323	11	201	157	1,692	403	2,095

Six-month period ended June 30

2022

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders						
	Capital stock	Contributed surplus	Retained earnings (Deficit)	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
BALANCE AS AT JANUARY 1, 2022	1,320	9	(299)	(29)	1,001	210	1,211
Net earnings	—	—	60	—	60	11	71
Other comprehensive income	—	—	—	150	150	13	163
COMPREHENSIVE INCOME	—	—	60	150	210	24	234
Dividends (note 6)	—	—	(34)	—	(34)	—	(34)
Exercise of options	3	—	—	—	3	—	3
Transaction with a non-controlling interest	—	—	522	(9)	513	114	627
Contribution by non-controlling interest	—	—	—	—	—	22	22
Distributions to non-controlling interests	—	—	—	—	—	(15)	(15)
Other	—	1	1	—	2	(1)	1
BALANCE AS AT JUNE 30, 2022	1,323	10	250	112	1,695	354	2,049

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

Interim consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended June 30 2023	Three-month periods ended June 30 2022	Six-month periods ended June 30 2023	Six-month periods ended June 30 2022
Net earnings		22	14	77	71
Distributions received from joint ventures and associates		9	4	22	4
Financing costs		34	34	64	70
Interest paid		(30)	(36)	(52)	(61)
Income tax expense		2	—	13	19
Income taxes paid		(14)	(3)	(17)	(5)
Non-cash items included in earnings:					
Amortization		72	72	145	144
Share in earnings of joint ventures and associates		(26)	(10)	(45)	(34)
Net loss on financial instruments		4	9	5	10
Other		3	2	5	4
Change in non-cash items related to operating activities		68	11	171	12
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		144	97	388	234
Increase in interests in joint ventures and associates		(5)	—	(8)	—
Additions to property, plant and equipment		(26)	(30)	(62)	(72)
Prepayments for property, plant and equipment		(15)	(48)	(55)	(59)
Change in restricted cash		(15)	(3)	(9)	(9)
Development projects		(3)	(2)	(9)	(4)
Other		—	5	(6)	7
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(64)	(78)	(149)	(137)
Net change in revolving credit facility		14	(272)	212	(241)
Increase in debt		9	107	16	112
Repayments of debt		(85)	(167)	(215)	(225)
Principal payments relating to lease liabilities		(4)	(3)	(10)	(9)
Contribution by non-controlling interest		35	22	54	22
Distributions paid to non-controlling interests		(4)	(8)	(5)	(9)
Dividends paid to shareholders	6	(17)	(17)	(34)	(34)
Transaction costs		(2)	(11)	(2)	(11)
Transaction with non-controlling interest		—	655	—	655
Change in amounts due from non-controlling interests		—	43	—	43
Settlement of financial instruments		(9)	42	(7)	37
Other		(1)	1	(2)	4
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(64)	392	7	344
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(4)	2	(1)	4
NET CHANGE IN CASH AND CASH EQUIVALENTS		12	413	245	445
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	(a)	582	288	349	256
CASH AND CASH EQUIVALENTS – END OF PERIOD		594	701	594	701

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

(a) Cash and cash equivalents consist of cash and cash equivalents and bank overdraft

Notes to interim consolidated financial statements

As at June 30, 2023

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

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its joint ventures and associates ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at June 30, 2023, Boralex held interests in 50 facilities in North America and 77 facilities in Europe. The Corporation operates in the production of three types of complementary renewable energy: wind, solar and hydroelectric power, as well as storage, representing an asset base with an installed capacity totalling 3,051 megawatts ("MW"). In addition, Boralex currently has projects under construction or ready-to-build, representing an additional 317 MW of power and a portfolio of secured projects amounting to 654 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 unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS 34, *Interim Financial Reporting*. The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2022, except for income taxes for the interim periods, which are calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction. These unaudited interim consolidated financial statements do not constitute a complete set of financial statements, and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022. The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. The operating results in the interim financial statements are therefore not necessarily indicative of the expected annual results, as historically the first and fourth quarters generate higher results. Management's Discussion and Analysis provides further information on the seasonal fluctuations in the Corporation's results under section *II – Analysis of results, cash flows and financial position - Consolidated*.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 11, 2023.

Note 3. Trade and other payables

Trade and other payables included an amount of $222 million (€153 million) ($110 million (€76 million) as at December 31, 2022) for the inframarginal rent contribution on electricity production and an amount of $43 million (€30 million) ($83 million (€57 million) as at December 31, 2022) for feed-in premium contracts.

Note 4. Debt

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Maturity	Rate[1]	Original currency[2]	As at June 30, 2023	As at December 31, 2022
Corporate debt						
Revolving credit facility		2027	5.31	186	246	39
Term loan (CDPQ/FSTQ)		2028	5.64		300	300
Total corporate debt					**546**	**339**
Project debt						
North America						
Canada						
Term loans:						
Thames River wind farms		2031	7.05		90	94
Témiscouata I wind farm		2032	5.39		33	34
LP I wind farm		2032	3.96		140	148
DM I and II wind farms		2033	6.08		219	226
Port Ryerse wind farm		2034	3.84		22	23
Frampton wind farm		2035	4.23		52	53
Côte-de-Beaupré wind farm		2035	4.31		44	46
Niagara Region Wind Farm (“NRWF”)		2036	2.95		666	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	4.95		69	70
Other debt		—	—		1	1
					1,435	**1,488**
United States						
Term loan:						
Boralex US Solar portfolio of solar power stations		2028	3.05	146	193	198
Total North America				**146**	**1,628**	**1,686**
Europe						
France						
Construction facility:						
Boralex Energy Investments projects portfolio	(a)	2024	4.51	89	129	146
Term loans:						
CDPQ Fixed Income Inc.	(b)	2023	4.05	—	—	58
Boralex Production portfolio of wind farms and projects		2030	1.14	65	93	118
Val aux Moines wind farm		2034	1.34	11	16	17
Boralex Énergie France portfolio of wind farms and projects		2036	1.71	159	230	249
Sainte-Christine portfolio of wind farms and projects		2041	1.89	423	611	651
Les Moulins du Lohan wind farm		2043	2.86	52	75	64
Grange du Causse solar power station		2044	3.37	10	14	13
Other debt		—	—	3	5	5
Total Europe				**812**	**1,173**	**1,321**
Total project debt					**2,801**	**3,007**
Debt - Principal balance			**3.61**		**3,347**	**3,346**
Current portion of debt					(352)	(404)
Transaction costs, net of accumulated amortization					(62)	(69)
					2,933	**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 June 30, 2023.

(a) 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 $129 million (€89 million) was repaid on July 27, 2023, using the incremental facilities - France.

(b) 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.

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.

Incremental facilities - France

On July 21, 2023, Boralex closed two incremental tranches totalling $192 million (€133 million) under the term loans of the Boralex Production and Saint-Christine portfolios of wind farms and projects. The financings, repayable on a quarterly basis, comprise an $11 million (€8 million) letter of credit facility for debt service and $181 million (€125 million) in term loans. The loans have a variable interest rate based on EURIBOR, plus a margin, and will be amortized over a period of 21 years. In order to reduce exposure to interest rate changes, interest rate swaps were entered into to cover 80% of the total long-term debts until 2030 and 90% until their maturity, as required by the credit agreements.

Current portion of debt

(in millions of Canadian dollars) (unaudited)	Note	As at June 30, **2023**	As at December 31, **2022**
Term loans – projects		223	225
Construction facility - Boralex Energy Investments projects portfolio	(a)	129	120
Term loan - CDPQ Fixed Income Inc.		—	58
Value added tax bridge financing facility[1]		—	1
		352	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 June 30, 2023, cash of $492 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.

As at June 30, 2023, management considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

Note 5. Operating expenses

Operating expenses included an amount of $41 million (€28 million) for the inframarginal rent contribution on electricity production for the three-month period ended June 30, 2023 (nil for the same period of 2022). For the six-month period ended June 30, 2023, the inframarginal rent contribution on electricity production amounted to $112 million (€77 million) (nil for the six months ended June 30, 2022).

Note 6. Net earnings per share

(a) Basic net earnings per share

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2023	2022	2023	2022
Net earnings attributable to the shareholders of Boralex	19	10	62	60
Weighted average number of shares - basic	102,766,104	102,728,354	102,765,277	102,689,025
Net earnings per share attributable to the shareholders of Boralex - basic	$0.19	$0.10	$0.60	$0.59

(b) Diluted net earnings per share

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2023	2022	2023	2022
Net earnings attributable to the shareholders of Boralex	19	10	62	60
Weighted average number of shares - basic	102,766,104	102,728,354	102,765,277	102,689,025
Dilutive effect of stock options	66,385	93,787	65,608	79,092
Weighted average number of shares - diluted	102,832,489	102,822,141	102,830,885	102,768,117
Net earnings per share attributable to the shareholders of Boralex - diluted	$0.19	$0.10	$0.60	$0.59

(c) Dividends

On June 15, 2023, the Corporation paid a dividend of $0.1650 per common share. For the six-month period ended June 30, 2023, the Corporation paid dividends for a total amount of $34 million ($34 million in 2022).

On August 11, 2023, a dividend of $0.1650 per common share was declared, to be paid on September 18, 2023, to shareholders of record at the market close on August 31, 2023.

Note 7. Financial instruments

Classification of financial instruments

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

					As at June 30, 2023
		Carrying value			
(in millions of Canadian dollars) (unaudited)	Level	Amortized cost	FVOCI	FVPL	**Total**
OTHER NON-CURRENT FINANCIAL ASSETS					
Reserve funds		9	—	—	**9**
Interest rate swaps	2	—	275	—	**275**
Other		1	—	—	**1**
		10	275	—	**285**
OTHER CURRENT FINANCIAL LIABILITIES					
Tax equity liabilities and options to repurchase TEI[(1)]	3	3	—	5	**8**
Contingent consideration	3	—	—	4	**4**
Other	2	1	—	1	**2**
		4	—	10	**14**
DEBT[(2)]		3,285	—	—	**3,285**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Cross currency swaps	2	—	14	—	**14**
Amount due to non-controlling shareholders		53	—	—	**53**
Tax equity liabilities and options to repurchase TEI[(1)]	3	4	—	11	**15**
Other	2	—	2	7	**9**
		57	16	18	**91**

					As at December 31, 2022
		Carrying value			
(in millions of Canadian dollars) (unaudited)	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**
Amount due to a joint venture		1	—	—	**1**
		5	—	5	**10**
DEBT[(2)]		3,277	—	—	**3,277**
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Cross currency swaps	2	—	16	—	**16**
Amount due to non-controlling shareholders		53	—	—	**53**
Tax equity liabilities and options to repurchase TEI[(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 value of all the Corporation's financial instruments approximates their fair value due to their short-term maturity or high liquidity with the exception of debt for which the fair value was $3,221 million as at June 30, 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 rates curves and foreign exchange rates as well as contract prices quoted on futures markets. Assumptions are based on market conditions at each reporting date.

– The fair values of tax equity investor (TEI) liabilities, debt, amount due to a non-controlling shareholder, contingent consideration and amounts due to a joint venture are essentially based on discounted cash flows. Discount rates, ranging from 3.75% to 6.33% (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 interests 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 fair value through profit or loss have changed as follows:

(in millions of Canadian dollars) (unaudited)	Contingent consideration	Options to repurchase TEI interests
Balance as at January 1, 2022	4	13
Change in fair value	—	2
Balance as at December 31, 2022	4	15
Change in fair value	—	1
Balance as at June 30, 2023	**4**	**16**

Note 8. Commitments and contingencies

(in millions of Canadian dollars) (unaudited)	Commitments concluded in 2023	Cumulative commitments as at June 30, 2023
Purchase and construction contracts	26	241
Maintenance contracts	2	362
Other	3	43
	31	646

Commitment - payment guarantee for a joint venture

The payment guarantee that the Corporation provided to a supplier in connection with a turbine supply agreement for a joint venture was $201 million as at June 30, 2023, and $287 million as of July 1, 2023 ($144 million as at December 31, 2022).

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 projects from Innovent. As part of such transaction, the parties entered into a development services agreement pursuant to which Innovent and Mr. Verhaeghe had the obligation to offer Boralex the right to acquire certain wind projects under development. 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 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 is evaluating its options for appealing this decision in the Court of Cassation.

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

Canada – 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 three-month period ended June 30, 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 and regional content requirements of Boralex's Québec wind farms. This settlement did not have a significant impact on the consolidated financial statements of the Corporation.

Note 9. 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 power stations, 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 concerning the reportable segments

The measure of net earnings 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), the last two items being 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. *Interests in joint ventures and associates, Shares in earnings (losses) 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 (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, earnings before income taxes or operating income, which are IFRS measures.

	Combined			
	Three-month periods ended June 30		Six-month periods ended June 30	
(in millions of Canadian dollars) (unaudited)	2023	2022	2023	2022
Revenues from energy sales and feed-in premiums				
North America	116	115	247	256
Europe	121	70	318	177
	237	185	565	433
EBITDA(A)				
North America	98	88	214	200
Europe	53	52	137	129
	151	140	351	329

Reconciliation

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

	Three-month periods ended June 30					
	2023			2022		
(in millions of Canadian dollars) (unaudited)	**Consolidated**	**Reconciliation[1]**	**Combined**	**Consolidated**	**Reconciliation[1]**	**Combined**
Revenues from energy sales and feed-in premiums						
Total reportable segments	210	27	237	168	17	185
Revenues from energy sales and feed-in premiums of the Corporation	210	27	237	168	17	185
EBITDA(A)						
Total reportable segments	128	23	151	129	11	140
Unallocated corporate expenses	(9)	1	(8)	(8)	1	(7)
EBITDA(A) of the Corporation	119	24	143	121	12	133
Amortization	(72)	(14)	(86)	(72)	(6)	(78)
Impairment	—	—	—	(2)	(1)	(3)
Other gains	—	—	—	—	1	1
Share in earnings of joint ventures and associates	(26)	26	—	(10)	10	—
Change in fair value of a derivative included in share in earnings of joint ventures and associates	17	(17)	—	8	(8)	—
Operating income of the Corporation	38	19	57	45	8	53

[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.

	Six-month periods ended June 30					
	2023			2022		
(in millions of Canadian dollars) (unaudited)	**Consolidated**	**Reconciliation[1]**	**Combined**	**Consolidated**	**Reconciliation[1]**	**Combined**
Revenues from energy sales and feed-in premiums						
Total reportable segments	508	57	565	395	38	433
Revenues from energy sales and feed-in premiums of the Corporation	508	57	565	395	38	433
EBITDA(A)						
Total reportable segments	307	44	351	308	21	329
Unallocated corporate expenses	(17)	1	(16)	(14)	1	(13)
EBITDA(A) of the Corporation	290	45	335	294	22	316
Amortization	(145)	(27)	(172)	(144)	(12)	(156)
Impairment	—	—	—	(3)	(1)	(4)
Other gains	—	—	—	—	2	2
Share in earnings of joint ventures and associates	(45)	45	—	(34)	34	—
Change in fair value of a derivative included in share in earnings of joint ventures and associates	15	(15)	—	23	(23)	—
Operating income of the Corporation	115	48	163	136	22	158

[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.

General Information

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ADDITIONAL INFORMATION MAY BE OBTAINED FROM:

Public and Corporate Affair
Boralex inc.

Telephone: 514-284-9890
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Additional copies of the following documents and other information can also be obtained at the above address or on Boralex's and SEDAR's websites:

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

TRANSFERT AGENT AND REGISTRAR

Computershare Investor Services Inc.
1500 Robert-Bourassa Boulevard, 7th floor
Montreal, Québec
Canada H3A 3S8
Telephone: 514-982-7555 | 1-800-564-6253
www.centredesinvestisseurs.com/service

SHAREHOLDER INFORMATION

The Annual Meeting of Shareholders was held on Wednesday, May 10, 2023 at 11 am, in the form of a virtual presentation.

For further information, please visit our website.

INVESTORS RELATIONS

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

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