

Management's Discussion and Analysis

As at December 31, 2023

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Highlights

Three-month periods ended December 31

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

Years ended December 31

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

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

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

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

Abbreviations and Definitions

CDPQ	Caisse de dépôt et placement du Québec
CODM	Chief operating decision maker
Corporate PPA / CPPA	Power purchase agreement concluded by commercial and industrial corporations
CSR	Corporate social responsibility
DC&P	Disclosure controls and procedures
DM I and II	Des Moulins Wind Power L.P.
EBITDA	Earnings before taxes, interest, depreciation and amortization
EBITDA(A)	Earnings before taxes, interest, depreciation and amortization adjusted to include other items
EDC	Export Development Canada
EDF	Électricité de France
EIP	Energy Infrastructure Partners
ERCOT	Electric Reliability Council of Texas
FIP	Feed-in premium
GAAP	Generally accepted accounting principles
GHG	Greenhouse gases
GW	Gigawatt
GWh	Gigawatt-hour
HQ	Hydro-Québec
ICFR	Internal control over financial reporting
IESO	Independent Electricity System Operator
IFRS	International Financial Reporting Standards
Interests	Interests in joint ventures and associates
ITC	Investment tax credit
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LTM	Last twelve months
MW	Megawatt
MWac	Megawatt alternating current
MWdc	Megawatt direct current
MWh	Megawatt-hour
NYSERDA	New York State Energy Research and Development Authority
PPA	Power purchase agreement
RECs	Renewable Energy Certificates
REPowerEU	Joint European action for more affordable, secure and sustainable energy
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beauré Wind Farms 2 and 3
SDB II	Seigneurie de Beauré Wind Farms 4
TWh	Terawatt-hour

Comparable assets

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

Repowering

Equipment replacement with new components to increase installed capacity.

Corporate PPA with additionality

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

Installed capacity

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

Contract for Difference

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

Introductory comments

General

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

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

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to February 29, 2024, the date on which the Board of Directors approved this annual MD&A and the consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS under Part I of the *CPA Canada Handbook*. The financial statements included in this MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2022.

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

All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars. It should also be noted that the data expressed as a percentage is calculated using amounts in thousands of dollars.

The information in this MD&A is presented as at December 31, 2023, unless otherwise specified.

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

The table below provides details of Canadian dollar exchange rates by comparative currency units for the periods covered by our financial statements and this MD&A.

Closing rate ⁽¹⁾		
As at December 31		
Currency	2023	2022
USD	1.3243	1.3554
EUR	1.4606	1.4506
GBP	1.6871	1.6395

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

⁽¹⁾ Source: Bloomberg

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

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These forward-looking statements are typically identified by such words as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential," "target," "objective," "initiative" or similar words or the negative thereof or other comparable terminology are used to identify such statements. In particular, this report includes forward-looking statements about the Corporation's strategic directions, priorities and objectives (including its ambition to be the Corporate Social Responsibility (CSR) reference for our partners), the strategic plan, business model, growth prospects, CSR targets and initiatives, results and performance for future periods, targets for installed capacity and growth in the number of megawatts, EBITDA(A)¹ and EBITDA(A) margins and discretionary cash flows,² organic growth and growth through mergers and acquisitions, obtaining an "investment grade" credit rating, targets for discretionary cash flow reinvestment ratio in growth, the renewable energy production projects in the pipeline or on the Corporation's *Growth path* and their expected performance, the expected timing of project commissioning, anticipated production,³ capital expenditure and investment programs, access to credit facilities and financing, the amount of distributions and dividends to be paid to shareholders, as well as the anticipated payout ratio,⁴ the dividend policy and the timing of such distributions and dividends. Actual events or results may differ materially from those expressed in such forward-looking statements.

Forward-looking information is based on significant assumptions, including assumptions about the performance of Boralex's projects based on management estimates and expectations with respect to wind and other factors, the opportunities that could arise in the various segments targeted for growth or diversification, assumptions about EBITDA(A) margins, assumptions about the industry and general economic conditions, competition and availability of financing and partners. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

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

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

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

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

Notice concerning forward-looking statements (cont'd)

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular forward-looking statement. The main factors that could lead to a material difference between the Corporation's actual results and the forward-looking financial information or the expectations set forth in this report include, but are not limited to, the risks of strategic positioning and mergers and acquisitions, the risk of not renewing PPAs or being unable to sign new corporate PPA, the risk of not being able to capture the US or Canadian investment tax credit, counterparty risk, performance of power stations and sites, compliance by Boralex's partners with their contractual commitments, personnel accidents and health and safety, disasters and force majeure, personnel recruitment and retention, regulations governing Boralex's industry and amendments thereto, particularly legislation, regulations and emergency measures that could be implemented from time to time to address high energy prices in Europe, CSR regulations and amendments thereto, loss of reputation, pandemics, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, interest rate fluctuations, the Corporation's financing capacity, cybersecurity risks, competition, changes in general market conditions, raw material availability and price increases, litigation and other regulatory issues related to projects in operation or under development, as well as certain other factors discussed in the sections on risk factors and factors of uncertainty in Boralex's Management's Discussion and Analysis for the year ended December 31, 2023.

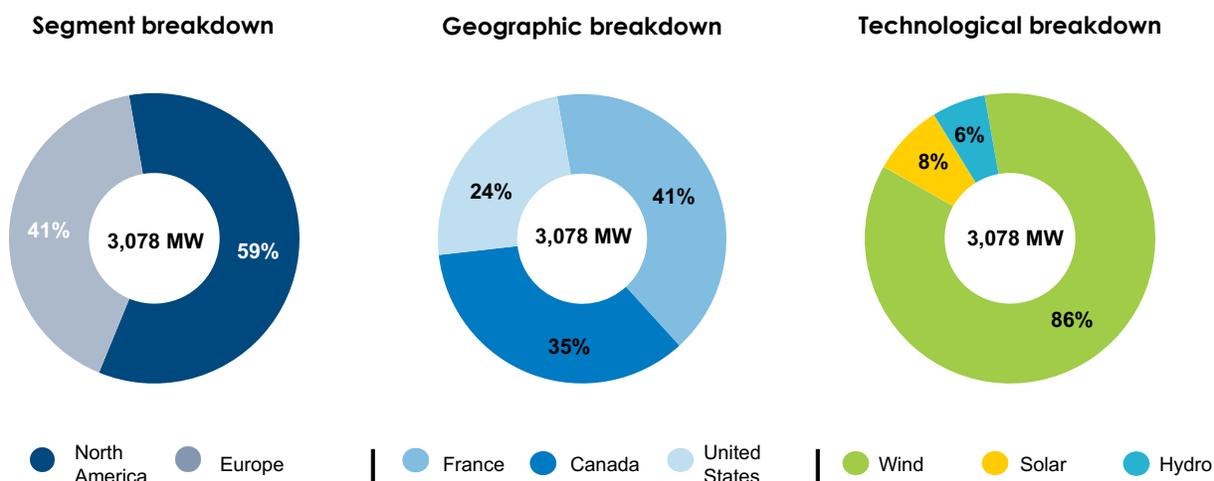
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization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

Description of business

Boralex is a Canadian corporation operating in the renewable energy segment for over 30 years. It draws on a workforce of 753 people to develop, build and operate power generating and storage facilities in Canada, France, the United States and the United Kingdom. A leader in the Canadian market and France's largest independent producer of onshore wind power, Boralex's installed capacity has more than doubled over the past five years to 3,078 MW as at December 31, 2023. The Corporation is developing a portfolio equivalent to nearly 6 GW of wind and solar power as well as energy storage, guided by its values and its corporate social responsibility (CSR) approach. Projects under construction or ready to build represent an additional 319 MW, to be commissioned in 2024 and 2025, while the pipeline of secured projects amounts to 587 MW. Through profitable and sustainable growth, Boralex is actively participating in the fight against global warming. With its fearlessness, discipline, expertise and diversity, Boralex remains an industry leader.

Segment,⁽¹⁾ geographic and technological breakdown

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



Installed capacity⁽²⁾

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

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

⁽²⁾ Installed capacity in this MD&A reflects 100% of Boralex's subsidiaries in which Boralex is the controlling shareholder. It also reflects Boralex's share in entities over which it does not have control and which are accounted for using the equity method in the financial statements, consisting of 170 MW for joint ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 50 MW from interests in two wind farms in Québec, out of a total installed capacity of 96 MW. In addition, the Corporation acquired a 50% interest in five wind farms in the United States with a total installed capacity of 894 MW, for which Boralex's share is 447 MW.

The Corporation's profile

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

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

The weighted average remaining term² of these contracts is **11 years** (12 years in North America and 9 years in Europe). The breakdown of the remaining terms of the Corporation's contracts are provided in the table below.

Breakdown of installed capacity based on remaining term of contracts as at December 31, 2023 (in MW)					
	≤ 5 years	6 to 10 years	11 to 15 years	> 15 years	Total
North America	143	609	645	279	1,676
Europe	417	387	18	365	1,187
Total	560	996	663	644	2,863

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

Changes to feed-in premium contracts

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

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

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

Inframarginal rent contribution on electricity production

The 2024 Finance Act, which was adopted by the French National Assembly and the Senate in December 2023 included the extension of the inframarginal rent contribution on electricity production until December 31, 2024, including certain application modifications. The new act introduces a tax calculated at 50% (previously 90%) of revenues in excess of a threshold price, which varies by technology. The threshold price was set at €105/MWh (previously €100/MWh) for solar power stations and wind farms and applies to energy sold directly to the market, after the expiry of power purchase agreements as well as to wind farms having exercised their right to terminate previous power purchase agreements.

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

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

Selected financial information: A growth company

Since December 31, 2017, Boralex's share price and market capitalization have increased at compound annual growth rates¹ of 6% and of 12%, respectively. Boralex's operating income was up 15% (16% increase on a Combined² basis). For EBITDA(A), the compound annual growth rate is 13% (13% on a Combined basis).

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

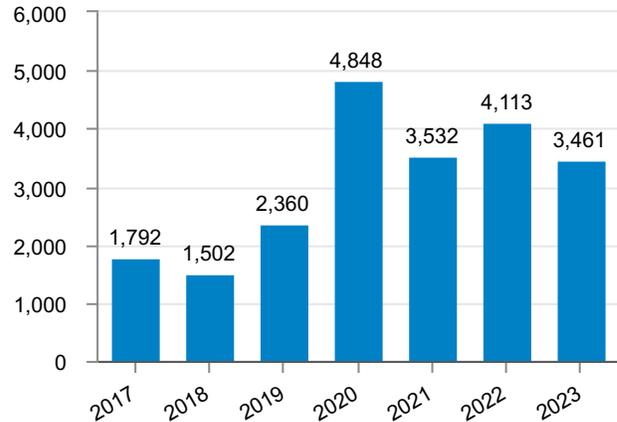
Share price

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



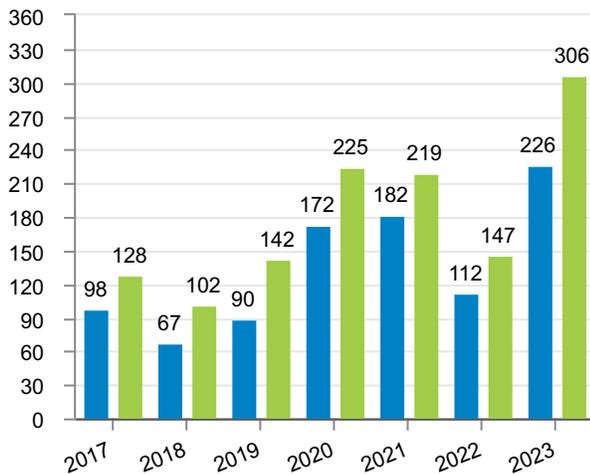
Market capitalization

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



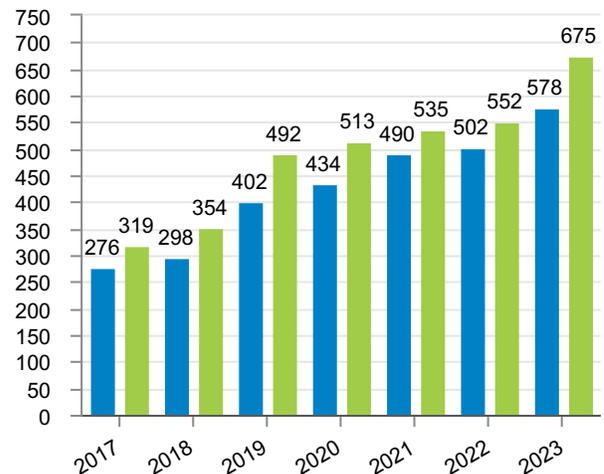
Operating income

(in millions of Canadian dollars)
Compound annual growth rate:¹ 15% (Consolidated) and 16% (Combined²)
 ● Consolidated ● Combined²



EBITDA(A)³

(in millions of Canadian dollars)
Compound annual growth rate:¹ 13% (Consolidated) and 13% (Combined²)
 ● Consolidated ● Combined²



¹ Compound annual growth rate is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.
² Combined basis is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.
³ EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

Overview of past three fiscal years

Selected annual information (Consolidated)

Results and cash flow data

(in millions of Canadian dollars, unless otherwise specified)	Years ended December 31			Change (%)	
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Power production (GWh)⁽¹⁾	5,973	5,617	5,552	6	1
Revenues from energy sales and feed-in premiums	994	818	671	21	22
Operating income	226	112	182	>100	(39)
EBITDA(A)⁽²⁾	578	502	490	15	3
Net earnings	115	8	26	>100	(66)
Net earnings attributable to the shareholders of Boralex	78	30	17	>100	81
Net earnings per share attributable to the shareholders of Boralex - basic and diluted	\$0.76	\$0.30	\$0.16	>100	92
Net cash flows related to operating activities	496	513	345	(3)	49
Cash flows from operations⁽³⁾	445	403	363	10	11
Dividends paid - common shares	68	68	68	—	—
Dividends paid per common share	\$0.66	\$0.66	\$0.66	—	—
Weighted average number of shares outstanding – basic	102,765,694	102,726,063	102,618,657	—	—

Statement of financial position data

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

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

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

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

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

Changes in the portfolio in operation

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

⁽¹⁾ The long-term power purchase agreements will expire between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years, as at the date of acquisition. Boralex has a controlling interest ranging from 50% to 100% in the solar power stations.

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

⁽³⁾ Boralex holds a 50% interest in the five wind farms over which it has joint control. Three farms have a long-term power purchase agreement with Exelon, the towns of Georgetown and Garland in Texas and with Southwestern Public Service Company (SPS), which will expire between 2026 and 2035 with a weighted average remaining term of nearly 10 years as at the date of acquisition. Two farms sell all their power to the ERCOT and SPP markets.

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

2023

Commissioning

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

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

Financial transactions

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

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

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

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

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

Results

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

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

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

2022

Acquisitions, commissioning and disposals

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

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

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

Financial transactions

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

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

Results

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

2021

Acquisitions, commissioning and disposals

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

The Corporation added 56 MW to its installed capacity with the commissioning of three wind farms and two solar power stations in France. Boralex also disposed of a 4 MW wind farm in Alberta, Canada and the 12 MW Blendecques cogeneration power station in France.

Financial transactions

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

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

In October 2021, Six Nations repaid the amount of the advance, including interest, that the Corporation had given for its equity interest in FWRN LP, for a total of \$31 million.

Results

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

Growth strategy and development outlook

Strategic plan and financial objectives for 2025

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

UPDATED STRATEGIC DIRECTIONS AND INTEGRATION OF CSR STRATEGY



CORPORATE SOCIAL RESPONSIBILITY

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

It is a true strategic differentiator to:

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

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

Growth prospects by region

The Corporation continues its growth in high-potential markets in Canada, United States, France, United Kingdom and other European countries. The implementation of sustainable recovery plans and more ambitious greenhouse gas reduction targets in these countries should accelerate the demand for renewable energy and the need for interconnections between networks, particularly in Canada and the United States. A yearly update of key developments in these countries is provided below.

United States

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

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

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

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

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

Canada

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

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

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

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

France and United Kingdom

In Europe, implementation of the REPowerEU plan continued in 2023 to make Europe independent from Russian fossil fuels and strengthen the commitment to increase renewable energy targets for 2030. The amended Renewable Energy Directive was adopted in October with the aim to achieve the reduction of CO₂ emissions by 55% by 2030 (Fit for 55) and to raise targets from 32% to 42.5%.

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

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

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

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

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

United Kingdom

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

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

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

Development outlook by strategic direction

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

Growth

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

Diversification

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

Customers

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

Optimization

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

Growth

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

In December 2022, the Corporation acquired EDF Renewables North America's interest in five wind farms in operation with a total installed capacity of 894 MW located in Texas and New Mexico. The acquired interest represents 447 MW of net installed capacity. Three of the wind farms are covered by structured long-term PPAs entered into with established purchasers while the other two sell all of their energy at market prices.

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

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

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

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

Changes in the project portfolio

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

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

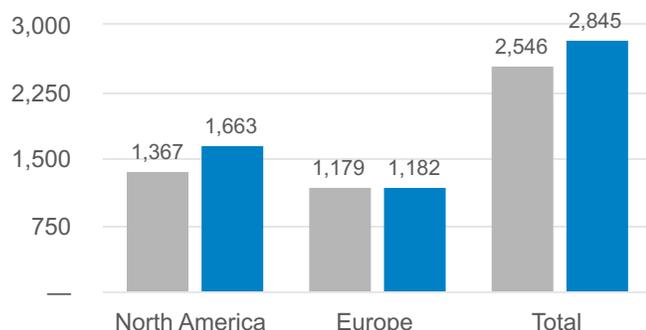
BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

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

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

● Q3 2023 ● Q4 2023

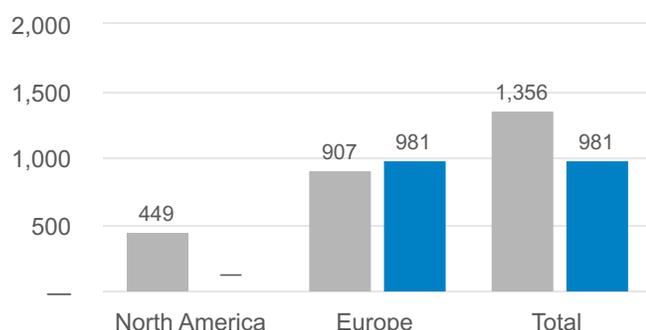
Early stage



The 299 MW increase was mainly due to:

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

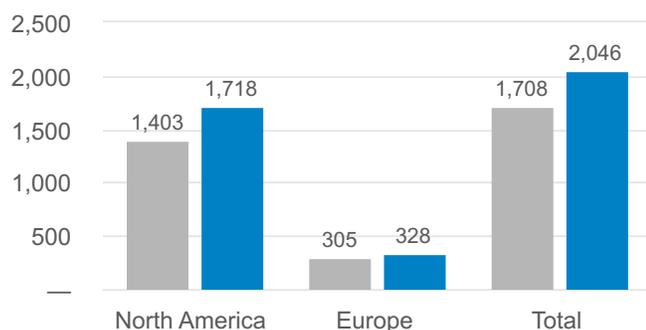
Mid stage



The 375 MW change was mainly due to:

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

Advanced stage



The 338 MW increase was mainly due to:

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

Changes to the Growth path

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

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

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

GROWTH PATH

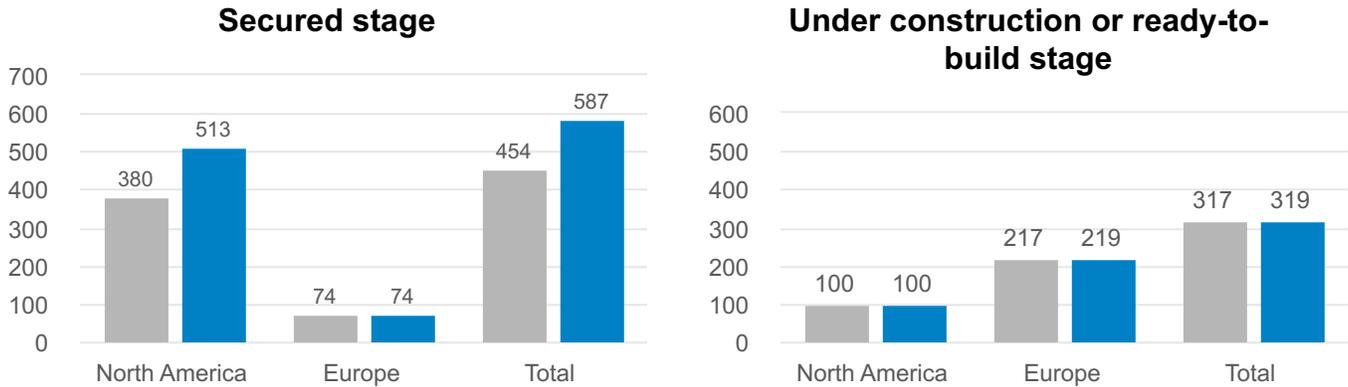
		NORTH AMERICA	EUROPE	TOTAL BORALEX
TOTAL 906 MW	SECURED STAGE			
	<ul style="list-style-type: none"> Contract win (REC or PPA) and Interconnection submitted (United States) Interconnection secured (Canada) Interconnection secured and Project cleared of any claims (France) Project authorized by regulatory authorities (Scotland) 	 133 MW	74 MW	207 MW
		 -	-	-
		 380 MW	-	380 MW
	TOTAL CAPACITY	513 MW	74 MW	587 MW
	UNDER CONSTRUCTION OR READY-TO-BUILD			
	<ul style="list-style-type: none"> Permits obtained Financing underway Commissioning date determined Pricing strategy defined 	 100 MW	206 MW	306 MW
		 -	13 MW	13 MW
		 -	-	-
	TOTAL CAPACITY	100 MW	219 MW	319 MW
TOTAL		 233 MW	280 MW	513 MW
		 -	13 MW	13 MW
		 380 MW	-	380 MW
	TOTAL CAPACITY	613 MW	293 MW	906 MW

CURRENTLY IN OPERATION 3,078 MW

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

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

● Q3 2023 ● Q4 2023



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

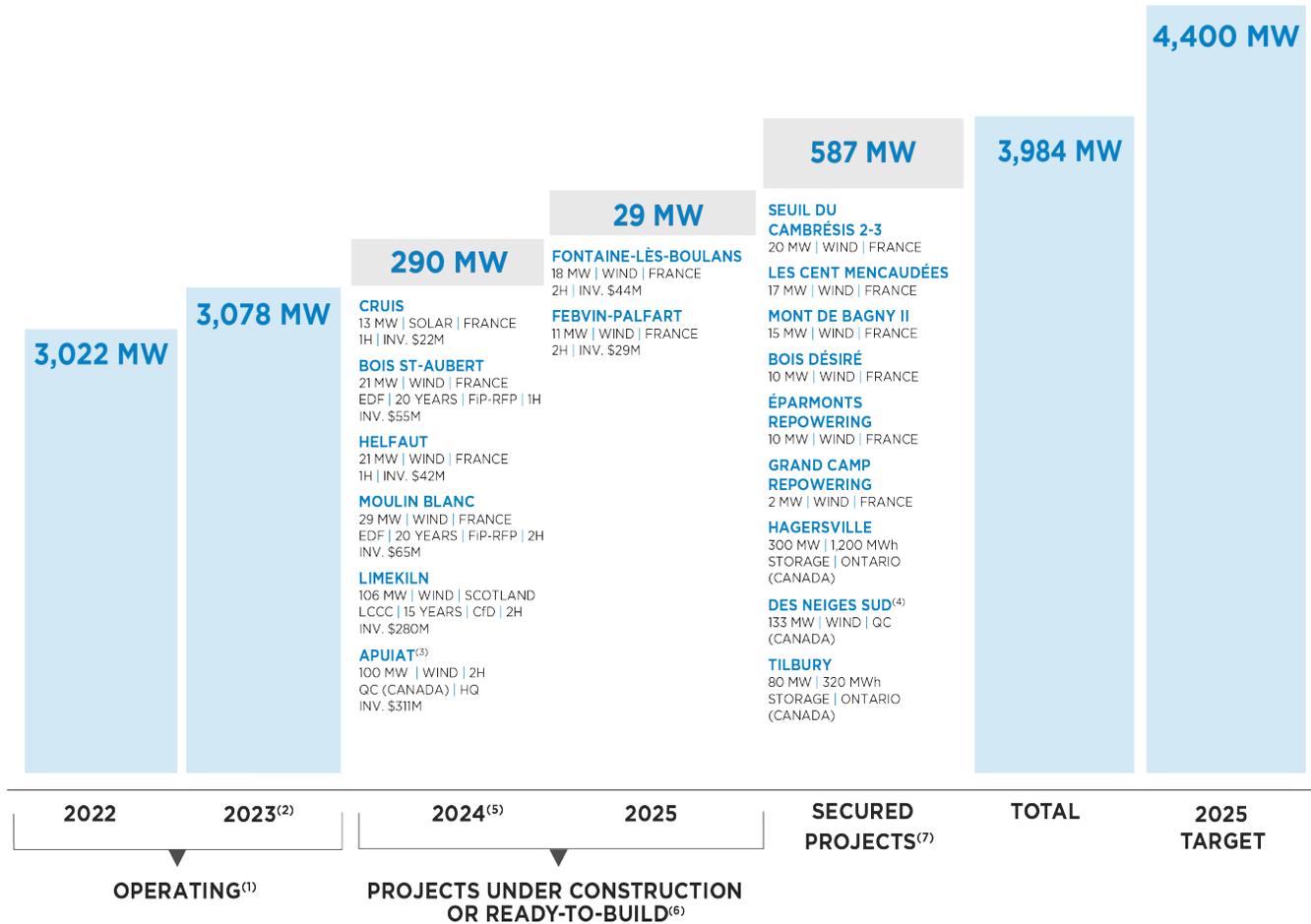
- Transition to the secured stage of one wind power project in North America for an increase of 133 MW.

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

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

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

Growth path



⁽¹⁾ Installed capacity of production, including the installed capacity of energy storage projects.

⁽²⁾ As at December 31, 2023, and February 29, 2024.

⁽³⁾ The Corporation holds 50% of the shares of the 200 MW wind power project but does not have control over it.

⁽⁴⁾ The Corporation holds 50% of the shares of the 400 MW wind power project but does not have control over it. A minority shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33%.

⁽⁵⁾ Some items of projects slated for commissioning in 2024 will be provided at a later date since measures are still underway to further optimize these projects

⁽⁶⁾ Total project investment for projects in Europe have been translated into Canadian dollars at the closing rate on December 31, 2023.

⁽⁷⁾ Some secured projects will be commissioned after 2025.

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

Overall, the combined EBITDA¹ contribution of projects under construction or ready to build is estimated at \$84 million, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. Implementing these projects will require total planned investments² for the Corporation of about \$848 million and planned financing² of \$622 million, including Boralex's share of the AQUIAT project. As at December 31, 2023, the funds already invested² in these projects totalled \$297 million.

¹ The contribution to combined EBITDA is estimated pending the analysis of the significant accounting policies applicable to these projects.

² Total planned investments, planned financing and funds already invested in projects under construction are supplementary financial measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

Diversification, Customers and Optimization

Boralex is focusing its business **diversification** efforts on its **solar** and **storage** projects portfolios. The portfolio of solar power projects represent a potential additional capacity of 2,466 MW. On October 12, 2023, the New York State Public Service Commission (PSC) decided not to add a price adjustment clause for projects selected under RFPs in recent years. Concurrently, NYSERDA announced an expedited RFP process. On January 31, 2024, the Corporation submitted projects that met the criteria established by NYSERDA for this expedited RFP totalling 240 MW at a price reflecting current market construction and financing costs. The results of this RFP are expected in April 2024.

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

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

The Corporation has deployed sales teams in France and the United States to serve a wider **customer** base. The main objective is to sign power purchase agreements directly with electricity-consuming commercial or industrial companies (Corporate PPAs) and also to gradually add complementary services to be offered to energy transmission networks and large-scale electricity consumers. Most notably, Boralex announced the signing of a 3-year extension of a Corporate PPA with Auchan Retail France, initially signed in 2020, and a new 20-year Corporate PPA, which will allow for the financing and construction of a new wind farm in France. In addition, a Distributed Generation Partnership (DGP) was concluded between Boralex, Northern Power & Light and the Town of Glens Falls for local and renewable electricity support under the Community Hydro program extending into New York State.

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

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

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

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

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

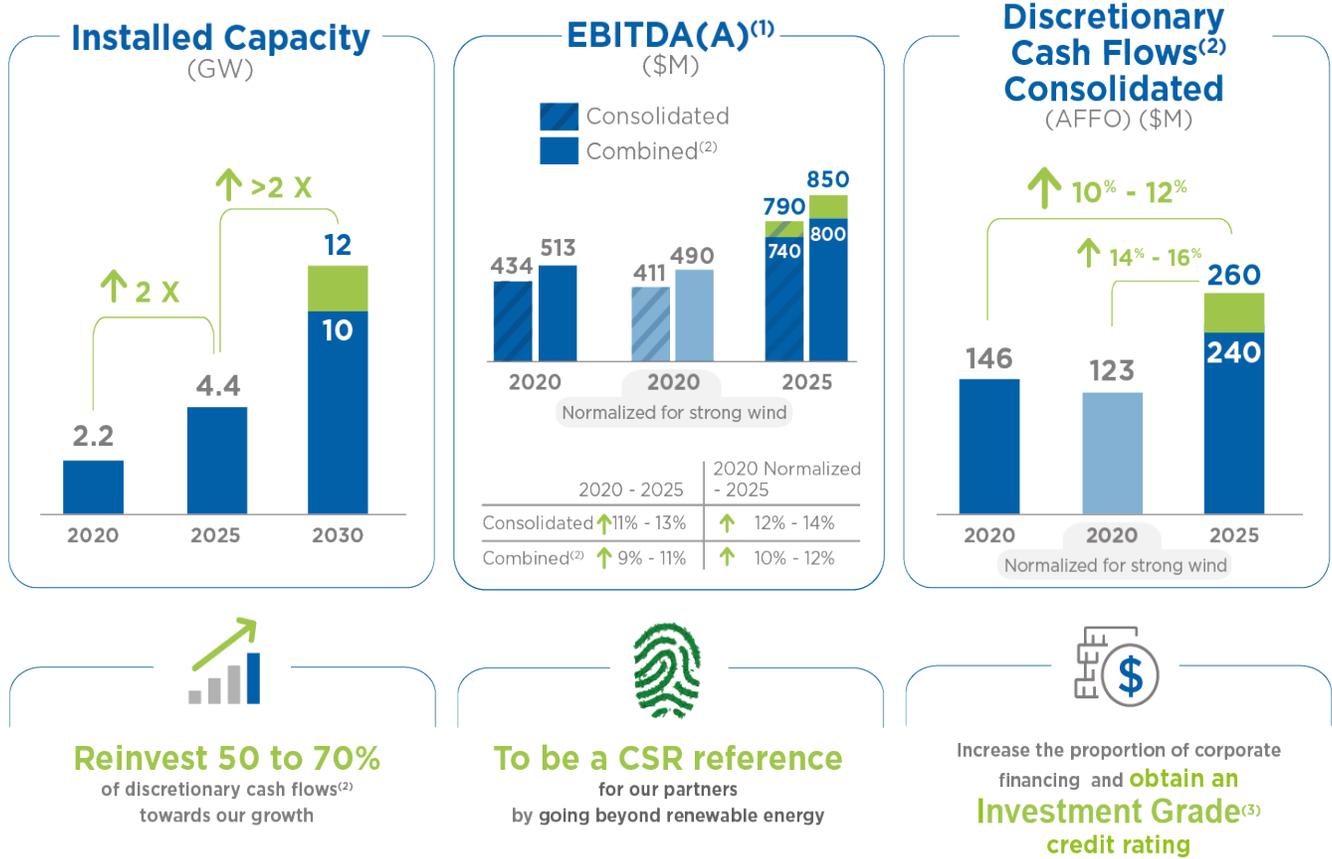
Boralex also closed a tranche of \$608 million for the Apuiat wind farm, developed with the Innu communities in Québec. The tranche includes a \$465 million construction loan to be converted into a term loan following the commencement of commercial operations, short-term credit facilities totalling \$143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

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

Strategic plan follow up

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

2025 TARGETS



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

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

⁽³⁾ Minimum corporate credit rating of BBB-.

Current status

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

1. Double installed capacity between 2020 and 2025

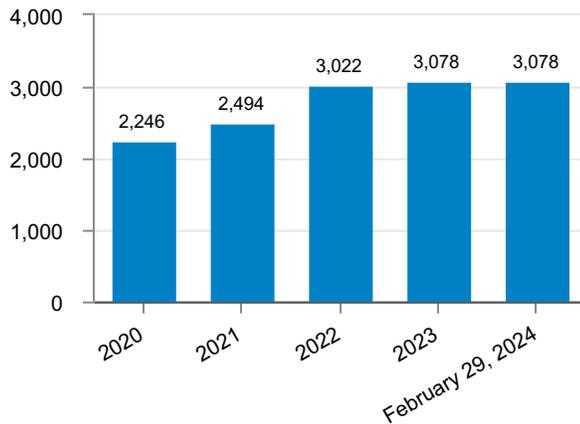
Boralex's installed capacity increased from 3,022 MW as at December 31, 2022, to 3,078 MW as at December 31, 2023.

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

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

Installed capacity

(in MW)



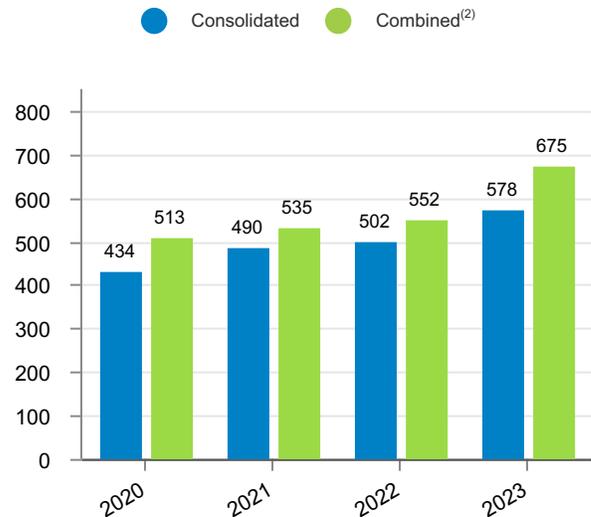
2. Achieve \$740 million to \$790 million of consolidated EBITDA(A), or \$800 million to \$850 million of EBITDA(A) on a Combined basis, by 2025

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

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

EBITDA(A)⁽¹⁾

(in millions of Canadian dollars)



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

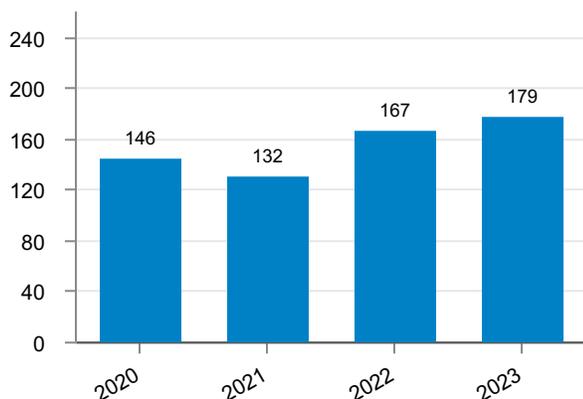
⁽²⁾ Combined basis is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

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

Discretionary cash flows⁽¹⁾

(in millions of Canadian dollars)

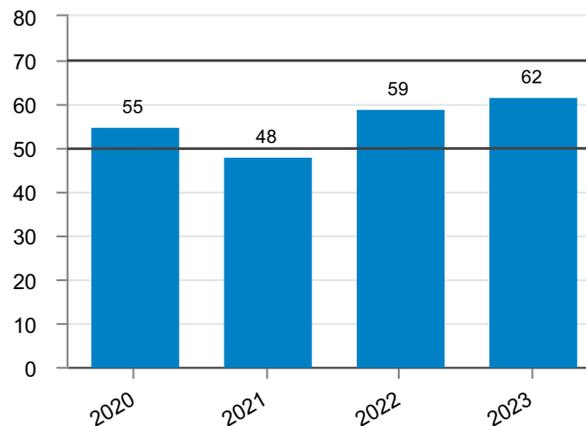


4. Reinvest 50% to 70% of discretionary cash flows in growth

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

Reinvestment ratio⁽²⁾

(as a %)



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

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

5. Be the leading CSR reference for our partners

The achievements of fiscal 2023 are discussed below.

E ENVIRONMENT

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

1,021,496 tonnes of CO₂ emissions avoided in 2023.

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

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

S SOCIETY

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

Occupational mental health and well being organizational strategy launched.

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

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

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

G GOVERNANCE

3 CSR indicators included in senior management's compensation.

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

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

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

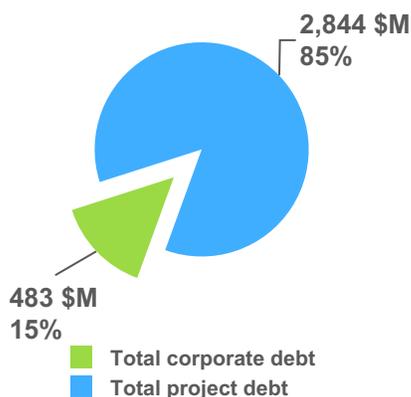
Responsibility for monitoring risks, including climate risk, was escalated to the Board of Directors.

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

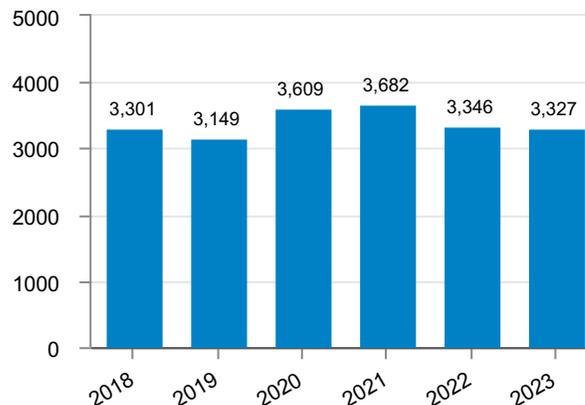
6. Increase the portion of corporate financing, including sustainable financing, and obtain an investment-grade credit rating

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

Breakdown of borrowings - Principal balance
\$3.3 billion
As of December 31, 2023



Debts - Principal balance (Consolidated)
 (in millions of Canadian dollars)



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

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

Available cash resources and authorized financing

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

⁽¹⁾ Available cash and cash equivalents and available cash resources and authorized financing are non-GAAP measures and do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

⁽²⁾ Excluding the accordion clause of \$150 million.

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

⁽⁴⁾ The credit facilities available to fund growth are a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

As at December 31, 2023, *Cash and cash equivalents held by entities subject to project debt agreements* included \$222 million in amounts to be remitted under the inframarginal rent contribution on electricity production and \$31 million for feed-in premium contracts. As shown in the table above, the Corporation has the financial flexibility to support its growth. Available cash resources and authorized financing will allow Boralex to invest in its current projects, finance the development of new projects to achieve its growth objectives and continue to implement its strategic plan.

Analysis of results, cash flows and financial position - Consolidated

Financial highlights

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

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

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

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

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

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

Changes to the management model

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

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

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

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

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

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

⁽²⁾ On April 1, 2022, the Corporation sold the Senneterre generating station, the last biomass-based energy production asset in its portfolio.

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

⁽⁴⁾ Prior to the introduction of the new management model, these expenses were included under Corporate. See the *Changes to the management model* section.

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

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

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

⁽²⁾ On April 1, 2022, the Corporation sold the Senneterre generating station, the last biomass-based energy production asset in its portfolio.

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

Analysis of consolidated operating results for the three-month period ended December 31, 2023

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

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

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

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

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

Acquisitions, commissioning and disposals

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

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

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

Volume - comparable assets

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

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

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

Pricing (power purchase agreements and FiP)

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

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

Inframarginal rent contribution on electricity production

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

Other

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

Reconciliation between revenue and operating expenses

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

Impairment

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

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

Relationship between EBITDA(A) and operating income

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

Net earnings

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

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

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)

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

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

The \$23 million favourable difference resulted mainly from:

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

The change in these two items was explained above.

Partly offset by:

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

- An unfavourable change in *Other* of \$17 million, mainly consisting of a change in financial instruments and a decrease in foreign exchange gain.

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

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

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

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

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

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

⁽³⁾ Excludes payroll related to development activities, which is reported separately.

Acquisitions, commissioning and disposals

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

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

Volume - comparable assets

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

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

Pricing (power purchase agreements and FiP)

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

- The early termination of purchase agreements in France during the third quarter of 2022, followed by the implementation of new contracts effective October 1, 2022 resulting in:
 - a \$154 million increase for the first nine months of the year, since the new contracts were priced higher than the previous contracts;

- an unfavourable impact of \$62 million for the fourth quarter of 2023 caused by a decrease in market prices compared to the corresponding quarter of 2022 affecting the contribution of these new contracts.

- An unfavourable difference of \$22 million owing to lower market prices in 2023 for newly commissioned facilities authorized to postpone the activation of their feed-in premium contracts for a period of 18 months and facilities that sold energy at market prices without benefitting from this emergency measure.

Inframarginal rent contribution on electricity production

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

Development

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

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

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

Foreign exchange effect

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

Payroll

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

Reconciliation between revenue and operating expenses

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

Impairment

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

Relationship between EBITDA(A) and operating income

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

Net earnings

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

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

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)

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

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

The \$48 million favourable difference resulted mainly from:

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

The change in these two items was explained above.

Partly offset by:

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

Cash flows

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

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

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

For the three-month period ended December 31, 2023

Operating activities

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

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

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

Investing activities

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

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

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

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

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

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

Financing activities

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

New financing arrangements and repayments on existing debt

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

Dividends and other items

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

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

Net change in cash and cash equivalents

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

For the year ended December 31, 2023 Operating activities

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

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

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

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

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

Investing activities

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

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

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

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

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

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

Financing activities

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

New financing arrangements and repayments on existing debt

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

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

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

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

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

Dividends and other items

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

Net change in cash and cash equivalents

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

Financial position

Overview of the consolidated condensed statements of financial position

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

Highlights

Assets

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

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

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

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

- A \$30 million increase in *Right-of-use assets*, which mainly breaks down as follows:
 - Additions during the period for an amount of \$54 million related to projects under construction;
 - A \$23 million decrease related to amortization.
 - A \$73 million decrease in *Intangible assets* mostly as a result of the impairment of development projects for a total of \$17 million and an amortization expense for assets in operation of \$78 million. However, these decreases were partially offset by the capitalization of development projects, generating an increase of \$20 million in intangible assets.
 - A \$26 million decrease in *Interests in joint ventures and associates* due to:
 - A \$39 million increase mainly related to a capital contribution to the Apuiat wind farm;
 - A \$61 million share in net earnings, which mainly resulted from the acquisition of wind farms in the United States and the fluctuation in fair value of a derivative associated with a joint venture's power purchase agreement;
 - An unfavourable difference of \$18 million in share of other comprehensive income;
 - A decrease resulting from \$37 million in distributions;
 - A decrease resulting from a return of capital of \$61 million following the financing of the Apuiat wind farm;
 - A \$9 million decrease related to exchange rate fluctuations.
 - A \$50 million unfavourable difference in *Other non-current assets*, owing to the following changes:
 - A \$93 million decrease in *Other non-current financial assets* resulting from an \$73 million decrease in the fair value of financial instruments given lower long-term interest rates and the \$21 million decline in reserve funds that were released as a result of the comprehensive settlement of the local content dispute;
 - A \$43 million increase in *Other non-current assets*, mainly related to prepayments for sites under construction.
- A \$112 million (€75 million) net increase in the provision related to the inframarginal rent contribution on electricity production resulting from a \$204 million (€140 million) increase for 2023 less a \$95 million (€65 million) payment;
 - A \$52 million (€36 million) net decrease in the provision related to feed-in premium contracts resulting from an \$8 million (€6 million) increase for 2023 less a \$61 million (€42 million) payment;
 - The remaining change is mainly attributable to a decrease in construction accounts payable following the commissioning of wind farms in France.
- A \$133 million decrease in the *Current portion of debt* owing mainly to the early repayment of the \$58 million (€40 million) CDPQ Fixed Income Inc. term loan and the repayment of the \$120 million (€83 million) current portion as at December 31, 2022 on the construction facility of the Boralex Energy Investments portfolio of projects using the incremental tranche under term loans in Europe. These decreases were partly offset by drawings of \$40 million (€27 million) in short-term loans under the construction facility related to two wind farms commissioned during the year.

Working capital⁽¹⁾

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

Non-current liabilities

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

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

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

Current liabilities

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

- A \$28 million increase in *Trade and other payables* due to:
 - The \$15 million reversal of a provision for additional consideration payable for a wind power project in France, following payment;

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

As at December 31, 2023, Boralex had \$84 million in available cash and cash equivalents.⁽¹⁾ The Corporation also had access to \$463 million in credit facilities available for growth.⁽²⁾ As a result, Boralex had access to available cash resources and authorized financing⁽¹⁾ for a total of \$547 million. For further information, see the *Strategic plan follow up - current status* section.

The Corporation also has a \$150 million accordion clause which will allow Boralex to have access in the future to an additional sum under certain conditions. In April 2023, Boralex's letter of credit facility guaranteed by EDC was increased by \$125 million and for an additional amount of \$150 million in December 2023, bringing its total authorized amount to \$350 million.

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

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

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

Equity

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

Debt ratios⁽³⁾

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

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

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

Information about the Corporation's equity

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

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

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

Related party transactions

The Corporation has a \$250 million financing arrangement with a subsidiary of the CDPQ in the form of an unsecured term loan with a 10-year maturity with repayment of the full amount on the maturity date; also as at December 31, 2022, the Corporation held a \$58 million (€40 million) term loan which was entirely repaid in advance during the first quarter of 2023. For the year ended December 31, 2023, the interest related to these loans amounted to \$14 million (\$16 million in 2022). As at December 31, 2023, the CDPQ, one of Canada's largest institutional investors, held 15.3% of Boralex's outstanding shares following an increase in its interest in the Corporation during the fourth quarter of 2023.

⁽¹⁾ Available cash and cash equivalents and available cash resources and authorized financing are non-GAAP measures that do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

⁽²⁾ Credit facilities available for growth is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

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

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

On April 29, 2022, Boralex announced it had closed an agreement for an investment by Energy Infrastructure Partners ("EIP"), a Switzerland-based global investment manager with a focus on the energy sector, in a 30% stake in Boralex Europe Sàrl, a subsidiary holding a portfolio of operating assets and development projects in France. In connection with this transaction, the Corporation recorded an amount due to a non-controlling shareholder whose balance is \$36 million (€25 million) as at December 31, 2023 (\$46 million (€32 million) as at December 31, 2022). For the year ended December 31, 2023, the interest related to this amount due amounted to \$1 million (\$1 million in 2022).

Seasonal factors

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

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

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

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

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

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by energy type. Since nearly all of Boralex's facilities are covered by long-term energy sales contracts at fixed and indexed prices or feed-in premiums setting floor prices, seasonal cycles mainly affect the total volume of power generated by the Corporation. The impact of these cycles is mitigated by diversifying the Corporation's power generation sources and by favourable geographical positioning. Operating volumes at Boralex's facilities are influenced by the following factors:

- Wind conditions in France, the United States and Canada are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing.
- For solar power, sunlight conditions are typically more favourable in the spring and summer.
- Hydroelectricity produced depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall. Historically, water flow tends to decrease in winter and summer. However, over a long-term horizon, there may be variations from year to year due to short-term weather conditions. Note that apart from four hydroelectric power stations whose water flow is regulated upstream and is not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

	Installed capacity (MW) ⁽²⁾	Power production average of the past five years ⁽¹⁾			
		Q1	Q2	Q3	Q4
Wind	2,640	32%	20%	17%	31%
Solar	255	20%	32%	32%	16%
Hydroelectric	178	24%	29%	21%	26%
Total power production⁽³⁾	3,073	30%	22%	18%	30%

⁽¹⁾ The power production average over the past five years is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

⁽²⁾ As of February 29, 2024.

⁽³⁾ The calculation of the power production average of the past five years excludes storage units.

Financial risk management

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

Foreign exchange risk

The Corporation is exposed to foreign exchange risk through:

Net investments in foreign operations – The Corporation operates internationally and is subject to fluctuations in exchange rates on its investments in foreign operations and primarily on the residual liquidity that can be distributed to the parent company. The Corporation benefits from partial natural coverage from this risk exposure, as revenues, expenses and financing are in the local currencies. The Corporation contracts debt denominated in foreign currencies and derivative financial instruments, including foreign exchange forward contracts and cross-currency swaps to mitigate this risk. Cross-currency swaps mainly provide a hedge of the net investment in Europe and allow the conversion of the amounts drawn from the revolving credit facility in Canada to benefit from lower interest rates in other countries. A similar strategy is implemented through foreign exchange forward contracts in the United States.

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

Price risk

Revenues from energy sales – The energy sales price risk represents the risk that future cash flows will fluctuate based on changes in prices that vary according to supply,

demand and certain external factors including weather conditions and the price of energy from other sources. As at December 31, 2023, the majority of facilities have long-term energy sales contracts with fixed prices of which the vast majority are subject to partial or full indexation clauses tied to inflation or feed-in premiums at partially indexed prices. The Corporation is thus exposed to fluctuations in energy prices when power production is sold at market prices without feed-in premiums or under variable price contracts. In France, since 2022, the Corporation can sell the power generated from newly commissioned facilities at market prices for an 18-month period before activating the feed-in premium agreement. This allows the Corporation to sell its production on electricity markets or negotiate prices under short-term contracts. As at December 31, 2023, about 3% of the Corporation's power production was sold at market prices without feed-in premiums or under variable price contracts and an additional 3% was sold on the market by facilities that benefit from a postponement of their feed-in premium contract.

Interest rate risk

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

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

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

⁽¹⁾ Favourable and unfavourable values only indicate future fluctuations in interest rates or exchange rates and have no bearing on the effectiveness of the risk management strategy.

⁽¹⁾ Percentage of non-current debt bearing interest at a variable rate and the exposure percentage of total debt are supplementary financial measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

Non-IFRS and other financial measures

Performance measures

In order to assess the performance of its assets and reporting segments, Boralex uses performance measures. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations. The non-IFRS and other financial measures also provide investors with insight into the Corporation's decision making as the Corporation uses these non-IFRS financial measures to make financial, strategic and operating decisions. The non-IFRS and other financial measures should not be considered as substitutes for IFRS measures.

These non-IFRS financial measures are derived primarily from the audited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies. Non-IFRS and other financial measures are not audited. They have important limitations as analytical tools and investors are cautioned not to consider them in isolation or place undue reliance on ratios or percentages calculated using these non-IFRS financial measures.

Non-GAAP financial measures			
<i>Specific financial measure</i>	<i>Use</i>	<i>Composition</i>	<i>Most directly comparable IFRS measure</i>
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. <i>Corporate objectives for 2025 from the strategic plan.</i>	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. <i>Corporate objectives for 2025 from the strategic plan.</i>	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	
<i>Specific financial measure</i>	<i>Composition</i>
Total market capitalization	Total market capitalization consists of the sum of market value of equity attributable to shareholders, non-controlling shareholders and net debt.
Working capital ratio	Working capital ratio is calculated by dividing current assets by current liabilities.
Debt contracted for construction projects	Debt contracted for construction projects consists of the amount of debt for which the Corporation has obtained financing and for which the full amount available has not been drawn.
Planned financing	Planned financing represents financing the Corporation expects to obtain for the construction of its projects.
Working capital	Working capital is the difference between current assets and current liabilities.
Power production average of the past five years	Five-year average of historical power production is calculated using the average electricity generated during the last five full fiscal years of the Corporation, from 2019 to 2023.
Total planned investments	Total planned investments represent the sums that will need to be invested to complete the projects up to commissioning.
Credit facilities available for growth	The credit facilities available for growth include the unused tranche of the parent company's credit facility, apart from the accordion clause, as well as the unused tranche credit facilities of subsidiaries which includes the unused tranche of the credit facility- France and the unused tranche of the construction facility.
Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts	Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts represents the portion of total installed capacity of Boralex subject to power purchase agreements or feed-in premium contracts.
Percentage of non-current debt bearing interest at variable rates	Percentage of non-current debt bearing interest at variable rates is calculated by dividing total variable rate debt excluding the revolving credit facility and subordinated debt by total non-current debt.
Exposure percentage of total debt	The percentage of actual exposure of non-current debt to interest rate fluctuations is calculated by dividing the amount of debt less the notional amounts of interest rate swaps by the total value of non-current debt.
Anticipated production	For older sites, anticipated production by the Corporation is based on adjusted historical averages, planned commissioning and shutdowns and, for all other sites, on the production studies carried out.
Funds invested in projects under construction	Funds invested in projects under construction are amounts that have been invested and recognized in the financial statement as of the date of this document.
Compound annual growth rate (CAGR)	The CAGR is a growth rate indicating the annual variation as if the growth had been constant throughout the period for a period of more than one fiscal year.
Market value of equity attributable to shareholders	Market value of equity attributable to shareholders is the number of outstanding shares multiplied by the share market price.

Combined

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

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

⁽¹⁾ Includes the respective contribution of joint ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS. This contribution is attributable to the North America segment's wind farms and includes corporate expenses of \$2 million under EBITDA(A) for the year ended December 31, 2023 (\$2 million as at December 31, 2022).

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

EBITDA(A)

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

EBITDA(A) is used to assess the performance of the Corporation's reporting segments.

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

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

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

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

Net debt ratio

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

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

The Corporation defines total market capitalization as follows:

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

The Corporation computes the net debt ratio as follows:

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

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

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

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

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

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

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

⁽⁴⁾ Comprises distributions paid to non-controlling shareholders as well as the portion of discretionary cash flows attributable to the non-controlling shareholder of Boralex Europe Sàrl.

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

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

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

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

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

Analysis of operating results - Combined

The combined information (“Combined”) presented in the MD&A of the Corporation resulted from the combination of the financial information of Boralex Inc. (“Boralex” or the “Corporation”) under IFRS (“Consolidated”) and the share of the financial information of the Interests. For further information, see section III - *Non-IFRS and other financial measures* in this MD&A.

Interests in joint ventures and associates

The analysis of results on a Combined basis takes into account the operating *joint ventures and associates* of the Corporation. The data is shown as a percentage of interests held by Boralex. The Corporation's main *joint ventures and associates* for the years ended December 31, 2023 and 2022 are:

	Technology	Country	Status	Boralex % of interests	Installed capacity	
					Total (MW)	Net (MW)
LongSpur Wind Holdings, LLC ⁽¹⁾	Wind	US	Operational	50.00%	394	197
Roosevelt Holdco, LLC ⁽¹⁾	Wind	US	Operational	50.00%	300	150
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership (“SDB I”)	Wind	Canada	Operational	50.00%	272	136
Tx Hereford Wind Holdings, LLC ⁽¹⁾⁽²⁾	Wind	US	Operational	50.00%	200	100
Roncevaux Wind Power L.P. (“Roncevaux”)	Wind	Canada	Operational	50.00%	75	37
Seigneurie de Beaupré Wind Farm 4 General Partnership (“SDB II”)	Wind	Canada	Operational	50.00%	68	34
Le Plateau Community Wind Power L.P. (“LP II”)	Wind	Canada	Operational	59.96%	21	13
Des Neiges Holding Sud, General Partnership ⁽³⁾	Wind	Canada	Construction	50.00%	400	133
Parc éolien Apuiat Inc.	Wind	Canada	Construction	50.00%	200	100

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

⁽²⁾ The Corporation's economic share in the results of the joint venture is 11.3% until December 31, 2024 due to the interest of a non-controlling shareholder in the wind farm.

⁽³⁾ A non-controlling shareholder holds an interest in the project entity, bringing the Corporation's net economic interest at 33%.

Highlights - Combined⁽¹⁾

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

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

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

Analysis of combined operating results for the three-month period ended December 31, 2023

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

Impact of joint ventures and associates, net of eliminations

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

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

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

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

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

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

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

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

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

⁽³⁾ Excludes payroll related to development activities that are reported separately.

Impact of joint ventures and associates, net of eliminations

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

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

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

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

Commitments and contingencies

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

(a) Purchase and construction contracts

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

(b) Maintenance contracts

The Corporation has entered into wind farm and solar power station maintenance contracts with initial terms between 15 and 20 years in Canada and United States and from 3 to 20 years in France. The Corporation is committed to pay variable amounts based on the achievement of production and availability levels. These amounts are not included in the above commitments table.

(c) Other commitments

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

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

Energy sales and feed-in-premium contracts

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

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

Contingencies

France - Innovent

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

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

On December 29, 2021, Innovent had filed a \$359 million (€250 million) claim against Boralex at the Tribunal de Commerce de Paris (the “December 2021 Lawsuit”). The December 2021 Lawsuit was brought further to the May 17, 2021, decision of the Tribunal de Commerce de Lille which ordered Innovent to pay Boralex \$72.7 million (€50.6 million) for breach of contractual obligations (the “May 2021 Decision”). In the December 2021 Lawsuit, Innovent alleged that the May 2021 Decision was based on false representations by Boralex and its experts at trial and that, as a consequence of the May 2021 Decision, Innovent could not proceed with a going public transaction. On September 27, 2022, the Tribunal de Commerce de Paris dismissed Innovent’s claim and the December 2021 Lawsuit. Innovent has appealed this decision.

Canada – Contingencies

Local content

Under the energy sales contracts entered into with Hydro-Québec Distribution for its wind power projects, the Corporation’s project entities must comply with certain regional content requirements regarding the costs associated with wind farm turbines (the “Regional content requirements”) and certain Québec content requirements regarding overall wind farm costs (collectively with the regional content requirements, the “Local content requirements”). These requirements apply to all Québec wind power projects built by the Corporation’s project entities or other producers under requests for proposals issued from 2005 to 2009. Failure to comply with these requirements may result in penalties being imposed under these energy sales contracts.

In connection with this dispute, Hydro-Québec filed an originating application on April 18, 2019, with the Superior Court of Québec against Le Plateau Wind Power L.P. (a partnership operating the **LP I** wind farm in which the Corporation indirectly held 51% of the outstanding units at the time and holds 100% of the outstanding units since November 30, 2020), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology for ascertaining whether the regional content requirements were complied with or not.

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

DM I

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

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

The plaintiffs, on behalf of the members of the group targeted by the class action, request (i) compensatory damages for the alleged abnormal annoyances suffered during the construction and operation periods, (ii) punitive damages for the alleged intentional infringement of their rights, and (iii) the destruction of all wind turbines that have already been built less than three kilometers from a residence. During the year ended December 31, 2023, the Court of appeal rejected the class action.

Risk governance

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

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

Risk factors

1. Strategic risks

Strategic positioning risk

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

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

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

Mergers and acquisitions risk

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

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

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

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

Organizational transformation risk

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

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

Political, legislative and regulatory risks

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

Context: The Corporation operates in the renewable energy sector in Canada, France, the United Kingdom and the United States. Moreover, the Corporation continuously assesses opportunities in other regions. Any changes in government policies could have a significant impact on the Corporation's business in such jurisdictions. Business risks include, but are not limited to, changes of laws affecting foreign ownership, government participation and support for renewable energies, energy prices, sales taxes, income taxes, royalties, duties and repatriation of earnings, sourcing from countries subject to sanctions, as well as exchange rates, inflation, and civil unrest. There can be no guarantee that current and future economic and political conditions in the countries in which the Corporation operates or intends to operate will be conducive for generating the expected profitability.

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

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

The impact of global geopolitical conditions may also influence the supply chains of products and services required by the Corporation. The effect of such factors is unpredictable.

Diversification risk

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

Context: The Corporation pursues a strategy of diversification in its power generation sources and geography. This diversification is reflected in the Corporation's operating revenues and EBITDA(A). Given the size of some of its operating segments and the importance of regions where it operates, the Corporation could, however, be exposed to significant financial consequences in the event of under-performance of a region or a substantial downturn in a specific power segment, particularly wind.

2. Operational risks

Uneconomic projects

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

The contextual information discussed below should be considered.

Project management and execution risk

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

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

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

The contextual information discussed below should be considered.

Ability to secure appropriate land

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

Social acceptance of renewable energy projects

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

Security and damage to physical assets

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

Third party risk

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

The contextual information discussed below should be considered.

Procurement risk

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

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

Relationships with strategic partners

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

The Corporation may collaborate with partners for the development of its projects or for operations, including corporations and Indigenous groups. However, some of these partners may have or develop interests or objectives that are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects, or cause delays or financial losses.

Power purchase agreements

Definition: Financial loss due to the Corporation's inability to win power purchase agreements or renew such contracts under favorable terms. Significant legislative changes could impact existing contracts.

Context: Obtaining new power purchase and feed-in premium agreements is a key component for the sustainability of the Corporation's profits and cash resources. Winning new power purchase and feed-in premium agreements involves certain risks owing to the competitive environment in which the Corporation operates. In several instances, the Corporation obtains new power purchase and feed-in premium agreements by submitting offers in response to requests for proposals issued by large clients. There is no guarantee that the Corporation will be able to effectively compete against its competitors over the long term, or that it will be selected as an energy supplier following such processes, or that existing power purchase agreements will be renewed under favorable terms and conditions on expiry. Governments could make legislative changes in the energy sector that may have negative or positive effects on existing power purchase agreements with Crown corporations or those under government control.

Production volume risk

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

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

The amount of power generated by the Corporation's hydroelectric power stations is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high water flow in the watersheds. Decreases in the solar or wind regime at the Corporation's different sites could reduce its revenues and profitability. Annual deviations from the long-term average could be significant.

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

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

The contextual information discussed below should be considered.

Seasonal factors

By the nature of its business, the Corporation's earnings are sensitive to changes in climate and weather conditions from period to period. Changes in winter weather affect demand for electrical heating requirements. Changes in summer weather affect demand for electrical cooling requirements. These fluctuations in demand translate into spot market price volatility, which may have an impact, albeit limited, on approximately 7% of the Corporation's total installed capacity.

Grid availability and reliability risk

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

Dam safety

Hydroelectric power stations in Québec, which represented 2% of total installed capacity as at December 31, 2023, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams must comply with certain criteria defined in this Act. Generally, once the Corporation's recommendations are accepted by the *Ministère de l'Environnement et de la Lutte contre les changements climatiques, de la Faune et des Parcs*, an action plan is prepared reflecting the relative urgency of the work required. The Corporation is also subject to disclosure requirements and regulations relating to the monitoring of structural integrity of the power stations it operates in British Columbia and the United States.

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

Natural disaster and force majeure risk

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

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

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

Talent and culture risk

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

The contextual information discussed below should be considered.

Talent attraction, retention and succession

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

Context: The Corporation's employees play a critical role in its success. The Corporation's performance and future growth depend in large part on their skills, experience and efforts. The Corporation's continued success is dependent on its ability to attract, retain and develop qualified, suited and experienced talent. An inability to identify, train or attract successors in the event of the departure of key employees or members of management could have a material adverse effect on its organization, results, operations and outlook. The external context of the job market could affect this risk.

Physical and mental health and safety risk

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

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

Information technology risk

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

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

Information systems failure and cybersecurity risk

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

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

Cyber intrusion or any other type of misuse of technological systems could seriously disrupt commercial power generation and distribution operations, compromise the confidentiality, integrity, and availability of information, including personal data; or diminish the Corporation's competitive advantages. In addition, such attacks could result in breaches under critical infrastructure and data protection regulations. Attacks on the Corporation's computer or operational systems could result in unanticipated expenses related to their investigation, repair of security breaches or system damage, give rise to litigation, fines, corrective actions or increased regulatory scrutiny, or harm the Corporation's reputation. Incidents affecting technological systems could therefore have a material adverse effect on the Corporation's business, financial condition, or operating results.

Data integrity and availability risk

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

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

3. Financial risks

Pricing and contractual protection risk

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

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

In addition, in the United States and in France, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in energy prices. In France, feed-in-premiums protect the Corporation from declines in market prices, while allowing it to benefit from increases, in some circumstances.

The market price of energy in individual jurisdictions can be volatile. Energy prices vary according to supply, demand and other external factors, including weather conditions, the geopolitical context, grid transmission and distribution capacity and the price of other sources of power.

As a result, prices may drop significantly to levels at which the power facilities are unable to yield an operating profit. In such cases, the economic prospects of the Corporation's projects in facilities in operation that rely, in whole or in part, on market prices, or development projects in which the Corporation has an interest, could be significantly reduced or rendered uneconomic. If this pricing differential occurs or extends over a long period of time, it could negatively impact the Corporation's financial results and cash flows. A material reduction in such prices could have a material adverse effect on the Corporation's financial position.

Counterparty risk

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

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

Financing and access to capital risk

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

The contextual information discussed below should be considered.

Credit risk and additional financing and debt

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

Context: The Corporation's projects require significant capital. The Corporation expects to finance the development and construction of new facilities, acquisitions and other capital expenditures with sources of financing that may combine cash flows from operating activities, borrowings or the issuance of additional shares by the Corporation.

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

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

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

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

Interest rate and refinancing risk

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

Context: Given the high-leverage financing strategy used by the Corporation, interest rate fluctuations are a factor which may materially affect its profitability. When a loan is taken on a variable rate basis, in order to limit the effect of changes in interest rates, the Corporation simultaneously arranges interest rate swaps covering a significant portion of the corresponding loan. The hedged portion is typically between 75% and 90% of anticipated variable interest cash flows and the duration of the instrument is generally aligned with the amortization period of the loans, which limits the risk related to the changes in benchmark rates when refinancing. As at December 31, 2023, excluding the revolving credit and term loan, and given the effect of the interest rate swaps in force, only about 6% of the total debt was exposed to interest rate fluctuations on a Consolidated and a Combined basis.

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

Restrictive covenant risk

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

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

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

Declaration of dividends risk

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

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

Liquidity and fluctuations of insurance coverage and exchange rates

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

The contextual information discussed below should be considered.

Liquidity risks related to derivative financial instruments

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

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

Foreign exchange risk fluctuations

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

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

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

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

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

Insurance coverage

The Corporation believes that its insurance coverage addresses material insurable risks, provides adequate coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits and exclusions that are customary or reasonable. However, there can be no assurance that such insurance will continue to be offered on an economically affordable basis, or that such insurance will cover all events which could give rise to a loss or claim involving insured assets or operations of the Corporation. We maintain and renew a comprehensive portfolio of insurance coverage with appropriate limits and retention based on industry and external risk factors to recover damages to our assets resulting from extreme weather and natural disasters.

Financial and management information

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

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

4. Legal and compliance risks

Litigation and breach of contract

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

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

Regulatory non-compliance

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

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

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

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

Ethics, fraud and corruption risk

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

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

Reputational risk

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

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

Damage to the Corporation's reputation could harm relationships with its stakeholders, cause it to lose business opportunities, reduce its ability to recruit and engage employees and compromise the social acceptability of its projects or result in material financial impacts.

Factors of uncertainty

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

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

Main sources of uncertainty relating to management's key estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Recoverable amount - Impairment of assets

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

Discount rate

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

Anticipated production

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

Selling price

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

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

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

Lease liabilities

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

Decommissioning liability

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

Fair value of financial instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is determined using discounted cash flow models and requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs when available. Otherwise, management makes its best estimate of what market participants would use for these instruments. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments. See note 23 of these financial statements for a more detailed explanation of the bases for the calculations and estimates used.

Hierarchy of financial assets and liabilities measured at fair value

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

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

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

Business combinations

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

Main sources of uncertainty relating to management's key judgments

Asset impairment indicators

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

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

Development projects

The Corporation capitalizes development expenditures related to projects under development when the project meets the six capitalization criteria described in note 3. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the project, management's intention to complete the project and its ability to commission the project, how the project will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development of the project, and management's ability to reliably measure the expenditures attributable to the project during its development.

Business combination or asset acquisition

When a development project is acquired, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under IFRS 3 or an asset acquisition. Management determines that a transaction for a project acquisition is defined as a business combination when an acquired development project has completed the key steps required to obtain construction permits, financing and an energy sales or feed-in premium contract. When the acquisition includes a portfolio of projects, management assesses whether it has acquired a process that allows it to complete the development of the acquired projects.

Consolidation

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

Feed-in premiums

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

Internal controls and procedures

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

The Chief Executive Officer and the Chief Financial Officer assessed the effectiveness of Boralex's DC&P as of December 31, 2023, as well as the effectiveness of Boralex's ICFR process as of that same date and concluded that they were effective.

During the three-month period ended December 31, 2023, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.