Consolidated financial statements

Management's report

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

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

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

(s) Patrick Decostre

Patrick Decostre

President and Chief Executive Officer

(s) Bruno Guilmette

Bruno Guilmette

Senior Vice-President and Chief Financial Officer

Montréal, Canada

February 29, 2024

Independent auditor’s report

To the Shareholders of Boralex Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Boralex Inc. and its subsidiaries (together, the Corporation) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation’s consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment test on water rights with indefinite useful life and goodwill of the North America group of cash-generating units (CGUs) *Refer to note 3 – Material accounting policies, note 4 – Main sources of uncertainty and note 8 – Intangible assets and goodwill to the consolidated financial statements.* As at December 31, 2023, the Corporation had water rights with indefinite useful life of $38 million and goodwill consisting, among others, of $124 million for the North America CGUs. Every year, management tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation performs impairment tests on its assets with indefinite useful lives and goodwill. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. Recoverable amounts are determined using the fair value less costs of disposal method using discounted cash flow models. Critical assumptions used when estimating recoverable amounts included anticipated production, selling prices, expenses and discount rates. We considered this a key audit matter due to the significant judgment applied by management in estimating the recoverable amounts of the CGU and group of CGUs, including the use of critical assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the recoverable amounts determined by management. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of the CGU and group of CGUs, which included the following: – Tested the mathematical accuracy and the underlying data used in discounted cash flow models. – Tested the reasonableness of the anticipated production, selling prices and expenses used in the discounted cash flow models by considering the current and past performance of the CGU and group of CGUs and whether they were aligned with evidence obtained in other areas of the audit. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of the fair value less costs of disposal method and discounted cash flow models and the reasonableness of the discount rates applied by management.

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

(s) PricewaterhouseCoopers LLP[1]

Montréal (Québec)
February 29, 2024

[1] FCPA auditor, public accountancy permit No. A110416

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Consolidated statements of financial position

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

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

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

(s) Alain Rhéaume

Alain Rhéaume, Director

(s) Lise Croteau

Lise Croteau, Director

Consolidated statements of earnings

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

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

Consolidated statements of comprehensive income

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

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

Consolidated statements of changes in equity

2023

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

2022

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

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

Consolidated statements of cash flows

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

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

Notes to the consolidated financial statements

As at December 31, 2023

(in millions of Canadian dollars, unless otherwise specified)

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its joint ventures and associates (“Boralex” or the “Corporation”) are dedicated to the development, construction and operation of renewable energy power facilities. As at December 31, 2023, Boralex held interests in 50 facilities in North America and 79 facilities in Europe. The Corporation operates in the production of three types of complementary renewable energy: wind, solar and hydroelectric power, as well as energy storage, representing in the aggregate an asset base with an installed capacity totalling 3,078 megawatts (“MW”). The Corporation also provides management and maintenance services to certain joint ventures and associates. In addition, Boralex currently has projects under construction or ready-to-build, representing an additional 319 MW of power and a portfolio of secured projects amounting to 587 MW. Revenues from energy sales are generated mainly in Canada, France and the United States.

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

Note 2. Basis of presentation

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and set out in the CPA Canada *Handbook*. The Corporation has consistently applied the same accounting policies for all of the periods presented unless otherwise stated.

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

Note 3. Material accounting policies

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

Measurement basis

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

Basis of consolidation

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

Subsidiaries

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

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

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

Joint ventures and associates

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

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor a joint venture.

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

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

Non-controlling interests

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

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

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

Business combinations

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

The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the fair values of assets transferred, liabilities assumed and the equity instruments issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. For each business combination, the Corporation chooses, at the acquisition date, to measure the amount of non-controlling interests at fair value or at the non-controlling shareholder's share of the acquiree's identifiable net assets.

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

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

Subsequent to the acquisition date, the fair value of a contingent consideration is remeasured at each reporting date, with changes in fair value recognized in net earnings (loss).

Foreign currency translation

Functional and reporting currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency.

Foreign currency transactions

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

Translation of foreign operations

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

Financial instruments

Classification

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

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

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

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

Measurement

Financial instruments at amortized cost

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

Currently, the Corporation classifies *Cash and cash equivalents*, *Restricted cash*, *Trade and other receivables* and *Reserve funds* as financial assets measured at amortized cost, and *Bank overdraft*, *Trade and other payables*, *Amounts due to non-controlling shareholders*, *Tax equity liabilities*, *Debt* and *Lease liabilities* as financial liabilities measured at amortized cost.

Financial instruments at fair value

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

Currently, the Corporation classifies other non-current financial assets (excluding *Reserve funds*) as financial assets measured at fair value, and other current financial liabilities and other non-current financial liabilities (excluding *Amounts due to non-controlling shareholders* and *Tax equity liabilities*) as financial liabilities measured at fair value.

Impairment

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

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

Derecognition

Financial assets

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

Financial liabilities

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

Embedded derivatives

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

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

Hedge accounting

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

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

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

Cash flow hedges

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

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

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

Hedge of a net investment in foreign operations

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

Cash and cash equivalents

Cash includes cash on hand and bank balances. *Cash equivalents* are short-term investments with a maturity of three months or less, are highly liquid, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They comprise bankers' acceptances or deposit certificates guaranteed by banks.

Restricted cash

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

Other current assets

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

Property, plant and equipment

Property, plant and equipment consists mainly of wind farms, hydroelectric power stations, and solar power stations, which are under construction or in operation. They are recorded at cost, less accumulated amortization and impairment losses.

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

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

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

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

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

Intangible assets

Energy sales contracts and other rights

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

Water rights

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

Development projects

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

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

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

Goodwill

Goodwill arises from business combinations and represents the excess of the consideration transferred over the acquisition-date fair value of the identifiable net assets acquired. It is measured at cost, net of accumulated impairment losses. Goodwill is not amortized, and is tested for impairment annually, or when there is an indication of impairment, to determine whether an impairment loss shall be recognized. Any impairment loss is charged to net earnings (loss) in the period in which it arises.

Other non-current financial assets - Reserve funds

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

Other non-current assets

Other non-current assets consist mainly of prepayments to suppliers relating to wind turbine supply agreements, and construction contracts. Prepayments are transferred to property, plant and equipment when the Corporation obtains control of the related assets.

Leases

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

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

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

The Corporation recognizes a right-of-use asset and a lease liability at the inception date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the statement of earnings over the lease term so as to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

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

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

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

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

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

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

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

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

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

Remeasurement

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

Impairment of long-lived assets

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

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

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

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

Provisions

A provision is recognized in the consolidated statement of financial position when the Corporation has a present obligation (legal or constructive) as a result of a past event and it is probable that the settlement of the obligation will require a payment or cause a financial loss, and a reliable estimate can be made of the amount of the obligation. At each reporting date, the Corporation reviews its provisions and adjusts them to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is derecognized.

Contingent consideration

Contingent consideration, accounted for upon asset acquisitions or business combinations, consists of a contingent compensation agreement between the parties to the share or asset purchase agreements. Under the terms of the agreements, the Corporation could have future amounts payable to the seller based on the achievement of certain criteria. Contingent consideration relating to asset acquisitions is capitalized to property, plant and equipment or intangible assets when the Corporation has a present obligation, it is probable that the settlement will result in a payment and the amount of the settlement can be reliably estimated.

Litigation provisions

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

Decommissioning liability

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

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

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

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

Tax equity liabilities

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

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

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

In addition to the above, the Corporation has options to repurchase the TEI interests during a defined period following the flip points, which are recorded at fair value under *Other current financial liabilities* and *Other non-current financial liabilities* in the consolidated statement of financial position. If the repurchase option is not exercised following the flip point, the TEI shares the risks and benefits of the project as a shareholder, and the TEI's interest will be accounted for as a non-controlling interest and the financial liability is reclassified to *Non-controlling interests*.

Income taxes

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

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

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

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

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

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

Equity

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

Stock-based compensation

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

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

Revenues from energy sales

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

Variable consideration

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

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

Feed-in premiums

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

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

Other revenues

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

Acquisition and integration costs

Acquisition and integration costs include the following, if applicable:

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

Net earnings per share

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

Note 4. Main sources of uncertainty

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

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

Main sources of uncertainty relating to management's key estimates

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

Recoverable amount - Impairment of assets

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

Discount rate

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

Anticipated production

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

Selling price

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

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

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

Lease liabilities

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

Decommissioning liability

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

Fair value of financial instruments

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

Hierarchy of financial assets and liabilities measured at fair value

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

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

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

Business combinations

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

Main sources of uncertainty relating to management's key judgments

Asset impairment indicators

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

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

Development projects

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

Business combination or asset acquisition

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

Consolidation

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

Feed-in premiums

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

Note 5. Business combination

2022

Acquisition of Infinergy

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

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

The consideration transferred is detailed as follows:

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

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

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

The following table shows the final purchase price allocation:

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

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

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

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

Note 6. Property, plant and equipment

(in millions of Canadian dollars)	Wind farms	Hydroelectric power stations	Solar power stations	Other	Total
Year ended December 31, 2022:					
Balance – beginning of year	2,502	340	366	19	3,227
Translation adjustment	21	6	24	—	51
Additions	237	9	18	3	267
Transfer of assets from development projects	14	—	—	—	14
Amortization	(139)	(14)	(15)	(3)	(171)
Impairment	—	—	(48)	(1)	(49)
Other	(2)	—	(3)	1	(4)
Balance – end of year	2,633	341	342	19	3,335
As at December 31, 2022:					
Cost	3,770	476	433	40	4,719
Accumulated amortization	(1,137)	(135)	(91)	(21)	(1,384)
Net carrying amount	2,633	341	342	19	3,335
Year ended December 31, 2023:					
Balance – beginning of year	2,633	341	342	19	3,335
Translation adjustment	10	(2)	(6)	—	2
Additions	187	6	15	5	213
Amortization	(157)	(16)	(16)	(3)	(192)
Impairment (note 8)	—	—	(2)	—	(2)
Other	(2)	—	(1)	2	(1)
Balance – end of year	2,671	329	332	23	3,355
As at December 31, 2023:					
Cost	3,952	474	426	49	4,901
Accumulated amortization	(1,281)	(145)	(94)	(26)	(1,546)
Net carrying amount	2,671	329	332	23	3,355

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

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

Impairment

2022

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

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

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

Note 7. Leases

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

(in millions of Canadian dollars)	Land[1]	Buildings	Other	**Total**
Year ended December 31, 2022:				
Balance – beginning of year	385	14	8	407
Translation adjustment	6	—	—	6
Revised cash flow estimates	(80)	—	—	(80)
Additions	24	2	6	32
Amortization	(21)	(2)	(2)	(25)
Balance – end of year	314	14	12	340
As at December 31, 2022:				
Cost	392	21	16	429
Accumulated amortization	(78)	(7)	(4)	(89)
Net carrying amount	314	14	12	340
Year ended December 31, 2023:				
Balance – beginning of year	314	14	12	340
Additions	40	3	11	54
Amortization	(18)	(3)	(2)	(23)
Other	(1)	—	—	(1)
Balance – end of year	335	14	21	370
As at December 31, 2023:				
Cost	431	23	27	481
Accumulated amortization	(96)	(9)	(6)	(111)
Net carrying amount	335	14	21	370

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

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

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

Note 8. Intangible assets and Goodwill

(in millions of Canadian dollars)	Other intangible assets: Energy sales contracts and other rights	Water rights	Development projects	Other intangible assets	Total	Goodwill
Year ended December 31, 2022:						
Balance – beginning of year	1,033	83	19	12	1,147	218
Translation adjustment	16	—	(1)	—	15	2
Additions through business combinations (note 5)	—	—	—	—	—	17
Additions	25	—	10	2	37	—
Transfer to property, plant and equipment	—	—	(14)	—	(14)	—
Amortization	(93)	(4)	—	(2)	(99)	—
Impairment (note 6)	(29)	—	—	—	(29)	(4)
Other	—	—	2	—	2	—
Balance – end of year	952	79	16	12	1,059	233
As at December 31, 2022:						
Cost	1,392	117	16	29	1,554	233
Accumulated amortization	(440)	(38)	—	(17)	(495)	—
Net carrying amount	952	79	16	12	1,059	233
Year ended December 31, 2023:						
Balance – beginning of year	952	79	16	12	1,059	233
Translation adjustment	(2)	—	—	—	(2)	1
Additions	—	—	20	4	24	—
Amortization	(71)	(3)	—	(4)	(78)	—
Impairment	—	—	(17)	—	(17)	—
Balance – end of year	879	76	19	12	986	234
As at December 31, 2023:						
Cost	1,350	114	19	23	1,506	234
Accumulated amortization	(471)	(38)	—	(11)	(520)	—
Net carrying amount	879	76	19	12	986	234

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

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

Energy sales contracts and other rights	19 years
Water rights	27 years

Water rights of the Buckingham hydroelectric power station, which amounted to $38 million in 2023 and 2022, are not amortized given their indefinite useful life. *Development projects* consist primarily of solar power projects in North America and wind power projects in Europe. *Other intangible assets* consist primarily of an enterprise resource planning system.

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

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

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

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

Note 9. Interests in joint ventures and associates

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

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

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

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

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

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

Acquisition

2022

On December 29, 2022, the Corporation completed the acquisition of a 50% interest in three partnerships in the United States holding five operating wind farms, located in Texas and New Mexico, for a consideration of $370 million (US$273 million) subject to post-closing adjustments, including $16 million (US$12 million) for production tax credits receivable and $2 million (US$1 million) for an advance receivable, both of which were recorded separately from the interest in the consolidated statement of financial position. The Corporation's interest in these joint ventures is accounted for using the equity method. The transaction gave rise to acquisition costs of $12 million (US$9 million), which were added to the cost of the Interests in the consolidated statement of financial position. During the year ended December 31, 2023, the Corporation finalized the determination of the acquisition-date fair value of the assets and liabilities of the joint ventures, and made appropriate adjustments to the *Share in earnings of joint ventures and associates* and *Income tax expense* to reflect the impact of the final fair values.

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

Note 10. Trade and other payables

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

Note 11. Debt

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

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

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

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

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

b) Construction facility - Boralex Energy Investments projects portfolio

The construction facility for projects in the Boralex Energy Investments portfolio represents a bridge financing facility for projects under construction and must be repaid within 18 months of project commissioning. An amount of $131 million (€89 million) was repaid on July 27, 2023, using the incremental facilities - France.

c) Prepayment of term loan - CDPQ Fixed Income Inc.

On January 30, 2023, the CDPQ Fixed Income Inc. term loan was repaid in advance of its original term.

d) Cruis solar power station financing

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

e) Incremental facilities - France

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

Credit facility - France

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

Current portion of debt

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

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

Financial ratios and guarantees

The debt agreements include certain covenants restricting the use of cash resources of the Corporation's subsidiaries. As at December 31, 2023, cash of $388 million ($279 million as at December 31, 2022) was subject to these restrictions. Certain financial ratios, such as debt service coverage ratios and debt/equity ratio, must be met on a quarterly, semi-annual or annual basis.

The debt agreements include letter of credit facilities with a total authorized amount of $492 million as at December 31, 2023 ($219 million in 2022). As at December 31, 2023, $336 million was drawn down to issue letters of credit ($178 million in 2022).

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

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

Note 12. Income taxes

The breakdown of income tax expense is as follows:

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

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

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

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

The changes in deferred taxes by nature are as follows:

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

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

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

Note 13. Decommissioning liability

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

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

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

Note 14. Capital stock, contributed surplus and dividends

Boralex's capital stock is composed of an unlimited number of Class A common shares and an unlimited number of preferred shares. The Class A shares have no par value and confer on each shareholder the right to vote at any meeting of shareholders, receive any dividends declared by the Corporation thereon and share in the residual property upon dissolution of the Corporation. The preferred shares have no par value and were created to provide the Corporation with additional flexibility with respect to future financing, strategic acquisitions and other transactions. The preferred shares are issuable in series with the number of shares in each series to be determined by the Board of Directors prior to issuance. No preferred shares were outstanding as at December 31, 2022 and 2023.

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

The following changes occurred in the Corporation's capital stock between December 31, 2022 and 2023:

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

Dividends paid

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

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

Note 15. Stock-based compensation

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

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

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

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

	Options outstanding		Options exercisable		
Granted in	Number of options	Exercise price	Number of options	Exercise price	Year of expiry
2015	8,671	13.87	8,671	13.87	2025
2016	15,764	16.65	15,764	16.65	2026
2017	7,526	22.00	7,526	22.00	2027
2018	15,167	18.83	15,167	18.83	2028
2019	42,393	18.44	42,393	18.44	2029
2020	33,266	29.41	24,945	29.41	2030
2021	43,745	35.64	21,868	35.64	2031
2022	51,074	37.16	12,763	37.16	2032
2023	59,514	36.05	—	36.05	2033
	277,120	29.58	149,097	24.16	

Note 16. Accumulated other comprehensive income (loss)

2023

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

2022

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

Note 17. Non-controlling interests

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

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

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

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

2022

Investment by Energy Infrastructure Partners ("EIP")

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

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

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

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

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

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

Note 18. Feed-in premiums

2023

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

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

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

2022

On August 16, 2022, the French National Assembly and Senate enacted the *2022 Supplementary Budget Act*, which contains in Article 38 amendments to the French Energy Code that provide a framework for FiP contracts. The act is retroactive to January 1, 2022, and provides for a sharing of revenues between the French government and energy producers based on a price threshold that will be determined annually by ministerial order. The ministerial order setting threshold prices for the years 2022 to 2042 was issued in December 2022. Prior to the enactment of this act, the Corporation fully benefited from the difference between the selling price of energy and the FiP contractual price for certain contracts when such difference exceeded the amounts received since the beginning of the contract. As at December 31, 2022, the Corporation recorded a provision to reflect the impact of this act, for a total amount of $83 million (€57 million).

Note 19. Expenses by nature

Operating and administrative

(in millions of Canadian dollars)	2023	2022
Inframarginal rent contribution on electricity production	204	110
Employee salaries and benefits	88	74
Maintenance and repairs	61	52
Taxes	28	24
Professional fees	18	17
Other expenses	23	16
Rental expenses and permits	11	11
Insurance expenses	11	9
	444	313

Inframarginal rent contribution on electricity production

On December 30, 2022, the *2023 Budget Act* was enacted by the French government. This act contains a new provision concerning the inframarginal rent contribution on electricity production, which requires energy producers to pay, for the period from July 1, 2022 to December 31, 2023, a tax amounting to 90% of revenues generated in excess of a threshold set for each technology, which is €100/MWh for solar and wind power technologies. In connection with this act, the Corporation recorded an expense of $204 million (€140 million) for the year ended December 31, 2023 ($110 million (€76 million) for the year ended December 31, 2022) under *Operating*. The *2024 Budget Act* enacted in December 2023 extended this measure until December 31, 2024, while modifying the tax rate to 50% and the threshold price to €105 for solar and wind power.

Note 20. Financing costs

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

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

Note 21. Net earnings per share

a) Basic net earnings per share

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

b) Diluted net earnings per share

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

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

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

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

b) Changes in liabilities arising from financing activities

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

[1] Including current and non-current portions.

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

As at December 31,

2022

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

[1] Including current and non-current portions.

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

c) Cash and cash equivalents

Cash and cash equivalents consist of the following elements:

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

Note 23. Financial instruments

Classification of financial instruments

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

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

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

(1) Tax equity investors.

(2) Includes *Debt* and *Current portion of debt.*

Fair value of financial instruments

The carrying amount of all the Corporation's financial instruments approximates their fair value due to their short-term maturity or high liquidity, with the exception of debt, for which the fair value was $3,286 million as at December 31, 2023 ($3,207 million as at December 31, 2022).

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

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

– The fair values of tax equity liabilities, debt and amounts due to non-controlling shareholders are essentially based on discounted cash flows. Discount rates, ranging from 3.64% to 5.93% (4.06% to 6.97% as at December 31, 2022), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions.

– The fair value of the options to repurchase TEI is established using cash flows discounted at a rate of 7.50% (7.50% as at December 31, 2022), which is the expected rate of return on this type of instrument.

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

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

Note 24. Financial risks

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

Market risk

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

Foreign exchange risk

Foreign exchange risk represents the Corporation's exposure to fluctuations in the value of its financial instruments or future cash flows as a result of changes in foreign exchange rates. The Corporation operates internationally and is subject to risks related to exchange rate fluctuations on its investments in foreign operations, primarily in France, the United Kingdom, and the United States, whose functional currencies are not the Canadian dollar. In addition, the Corporation is exposed to foreign exchange risk due to certain significant future disbursements related to additions to property, plant and equipment and debt denominated in foreign currencies.

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

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

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

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

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

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

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

Sensitivity analysis

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

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

Price risk – revenues from energy sales

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

Interest rate risk

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

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

As at December 31, 2023	Fixed-rate payer	Floating-rate receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR	-0.22% to 3.12%	3-month EURIBOR	2030-2044	1,093	74
USD	1.42% to 1.43%	3-month SOFR	2028-2046	176	33
CAD	1.12% to 2.68%	1 and 3-month CDOR	2025-2044	963	95

As at December 31, 2022	Fixed-rate payer	Floating-rate receiver	Maturity	Notional (in millions CAD)	Fair value (in millions CAD)
EUR	-0.16% to 1.88%	3-month EURIBOR	2030-2044	934	130
USD	1.42% to 1.43%	3-month USD LIBOR	2028	183	36
CAD	1.12% to 2.68%	3-month CDOR	2025-2044	1,037	125

Sensitivity analysis

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

Managing interest rate benchmark reform and associated risks

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

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

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

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

Credit risk

Credit risk arises primarily from the potential inability of customers or other counterparties to financial instruments to meet their obligations. The maximum exposure to credit risk is the carrying amount of the Corporation's financial assets. As at December 31, 2023 and 2022, the Corporation had not recorded any impairment losses on its financial assets.

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

Cash and cash equivalents, restricted cash and derivatives - The counterparties to cash and cash equivalents, restricted cash and derivative financial instruments are mainly large financial institutions. Prior to entering into a derivative financial instrument transaction, the Corporation analyzes the counterparty’s credit rating and assesses the overall risk based on the counterparty’s relative weight in the Corporation’s portfolio. When these analyses produce unfavourable results because the counterparty’s credit rating has changed significantly or its weight in the portfolio has become too high, the Corporation does not pursue the transaction. Furthermore, if an institution does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

Liquidity risk

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

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

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

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

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

Note 25. Capital management

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

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

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

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

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

As at December 31, 2023 and 2022, management considers that all ratios and financial commitments were met.

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

For calculation purposes, net debt is defined as follows:

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

The Corporation defines total market capitalization as follows:

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

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

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

At present, the net debt to capitalization ratio is currently at 42% and the Corporation wishes to maintain this ratio below 65%. It is important to specify that the Corporation uses a project-based financing approach whereby each project leverage is maximized up to nearly 80% of amounts invested. However, those financing arrangements are generally repayable over the life of the contract. Consequently, as other projects or large projects are added, the debt level could exceed this target, but the Corporation will ensure the ratio is brought back below the set threshold within a reasonable timeframe. In keeping with its corporate objectives announced in the 2025 strategic plan, the Corporation aims to increase the proportion of corporate financing over the next few years to benefit from certain advantages of this type of financing. Although the terms are shorter, corporate financing generally costs less and does not require principal repayments before maturity.

Note 26. Commitments and contingencies

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

(a) Purchase and construction contracts

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

(b) Maintenance contracts

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

(c) Other commitments

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

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

Energy sales and feed-in-premium contracts

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

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

Contingencies

France - Innovent

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

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

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

Canada – Contingencies

Local content

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

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

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

DM I

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

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

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

Note 27. Related party transactions

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

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

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

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

Outstanding balances resulting from related party transactions were as follows:

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

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

Key management personnel compensation

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

(in millions of Canadian dollars)	2023	2022
Salaries and short-term benefits	3	3
Other long-term benefits	4	4
	7	7

Note 28. Segmented information

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

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

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

Information about reportable segments

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

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

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

Combined EBITDA(A) does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view Combined EBITDA(A) as an alternative measure to, for example, net earnings (loss), earnings (loss) before income taxes or operating income, which are IFRS measures.

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

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

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

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

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

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

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

Information of the Corporation by geographical area

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

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

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

[1] Non-current assets excluded financial instruments measured at fair value.

Information about major customers of the Corporation

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

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