

BORALEX

2021

**Expansion
in full swing**

Positioning for sustainable growth



**Interim
Report 2**

As at June 30, 2021



Management's Discussion and Analysis 2

As at June 30, 2021

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Profile

At Boralex ("Boralex" or the "Corporation"), we have been providing affordable renewable energy accessible to everyone for over 30 years. A leader in the Canadian market and France's largest independent producer of onshore wind power, we also have facilities in the United States and the United Kingdom. Over the past five years, our installed capacity has more than doubled to 2.5 GW. We are developing a portfolio of wind, solar and storage projects of more than 3 GW, guided by our values and our corporate social responsibility (CSR) approach. Through profitable and sustainable growth, Boralex is actively participating in the fight against global warming. Thanks to our fearlessness, our discipline, our expertise and our diversity, we continue to be an industry leader.

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at June 30, 2021, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 12.6% of Boralex's outstanding shares.

Highlights

Three-month periods ended June 30

	IFRS		Combined ⁽¹⁾	
	2021	2020	2021	2020
<i>(in millions of Canadian dollars, unless otherwise specified) (unaudited)</i>				
Power production (GWh) ⁽²⁾	1,323	937	1,485	1,217
Revenues from energy sales and feed-in premium	147	121	164	151
EBITDA(A) ⁽¹⁾	106	86	117	107
Net loss	(8)	(6)	(9)	(5)
Net loss attributable to shareholders of Boralex	(13)	(6)	(14)	(5)
Per share - basic and diluted	(\$0.13)	(\$0.07)	(\$0.13)	(\$0.05)
Net cash flows related to operating activities	84	98	98	119
Cash flows from operations ⁽¹⁾	66	51	73	66

Six-month periods ended June 30

	IFRS		Combined ⁽¹⁾	
	2021	2020	2021	2020
<i>(in millions of Canadian dollars, unless otherwise specified) (unaudited)</i>				
Power production (GWh) ⁽²⁾	2,952	2,470	3,315	3,054
Revenues from energy sales and feed-in premium	353	321	392	383
EBITDA(A) ⁽¹⁾	257	235	279	276
Net earnings	30	38	34	32
Net earnings attributable to shareholders of Boralex	21	35	25	29
Per share - basic and diluted	\$0.20	\$0.36	\$0.25	\$0.30
Net cash flows related to operating activities	217	230	231	252
Cash flows from operations ⁽¹⁾	181	175	198	203
	As at June 30	As at Dec. 31	As at June 30	As at Dec. 31
Total assets	5,706	5,314	6,123	5,753
Debt ⁽³⁾	3,662	3,609	4,018	3,976
Projects	3,180	3,190	3,536	3,557
Corporate	482	419	482	419

	Three-month periods ended		Six-month periods ended		Twelve-month periods ended	
	June 30,	June 30,	June 30,	June 30,	June 30,	December 31,
<i>(in millions of Canadian dollars, unless otherwise specified) (unaudited)</i>						
	2021	2020	2021	2020	2021	2020
Discretionary cash flows ⁽¹⁾ - IFRS	(7)	(14)	53	54	149	146

⁽¹⁾ See the *Non-IFRS measures* section.

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

⁽³⁾ Includes current portion of debt and exclude transaction costs, net of accumulated amortization. Project borrowings are normally amortized over the life of the energy contracts of the related facilities and are without recourse to the parent company.

Abbreviations and definitions

In alphabetical order

CAGR	Compound annual growth rate
Caisse	Caisse de dépôt et placement du Québec
Corporate PPA	Power purchase agreement concluded with an energy-consuming company
CRE	Centaurus Renewable Energy LLC
DC&P	Disclosure controls and procedures
DM I and II	Des Moulins Wind Power L.P.
EBITDA	Earnings before taxes, interest, depreciation and amortization
EBITDA(A)	Earnings before taxes, interest, depreciation and amortization adjusted to include other items
EDF	Électricité de France
FiP	Feed-in premium
GWh	Gigawatt-hour
HQ	Hydro-Québec
IASB	International Accounting Standards Board
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
Interests	Interests in the Joint Ventures and associates
Invenergy	Invenergy Renewables LLC
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LTM	Last twelve months
MW	Megawatt
MWac	Megawatt alternating current
MWdc	Megawatt direct current
MWh	Megawatt-hour
NRWF	Niagara Region Wind Farm
NYPA	New York Power Authority
NYSERDA	New York State Energy Research and Development Authority
Ontario ISO	The Independent Electricity System Operator of Ontario
RECs	Renewable Energy Certificates
Repowering	Increase in installed capacity through equipment replacement
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
Six Nations	Six Nations of the Grand River
SOP	Standing Offer Program
CAC 40	The CAC 40 (Cotation Assistée en Continu) is a free float market capitalization weighted index that reflects the performance of the 40 largest and most actively traded shares listed on Euronext Paris, and is the most widely used indicator of the Paris stock market.
Anticipated production	Historical averages for the oldest facilities adjusted for facility commissioning and planned shutdowns, productivity forecasts for the other facilities.

Introductory comments

General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and six-month periods ended June 30, 2021, compared with the corresponding periods of 2020, as well as the Corporation's financial position as at June 30, 2021, compared to December 31, 2020. This report should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2020.

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

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to August 5, 2021, the date on which the Board of Directors approved this MD&A and the consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS under Part I of the *CPA Canada Handbook*. The financial statements included in this MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2020.

As discussed under the *Non-IFRS measures* section, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses "EBITDA," "EBITDA(A)," "cash flows from operations," "ratio of net debt," "discretionary cash flows," and "payout ratio" to assess the operating performance of its facilities. As described under the *Non-IFRS measures* section, the Corporation also presents Combined information that incorporates its share of the financial statements of the Interests.

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

The information in this MD&A is presented as at June 30, 2021, with the exception of the number of sites, which is as of August 5, 2021. The installed capacity is presented as at June 30, 2021 and August 5, 2021, respectively.

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

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

Closing rate ⁽¹⁾		
	As at June 30,	As at December 31,
Currency	2021	2020
USD	1.2398	1.2725
EUR	1.4702	1.5545
GBP	1.7145	1.7422

Average rate ⁽²⁾				
	Three-month periods ended June 30,		Six-month periods ended June 30,	
Currency	2021	2020	2021	2020
USD	1.2282	1.3853	1.2470	1.3651
EUR	1.4803	1.5256	1.5026	1.5041
GBP	1.7171	1.7200	1.7313	1.7192

⁽¹⁾ Source: Bloomberg

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

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. Positive or negative verbs such as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential" or similar words or the negative thereof or other comparable terminology, are used to identify such statements. They are based on Boralex management's expectations, estimates and assumptions as at August 5, 2021.

This forward-looking information includes statements about the Corporation's strategies, strategic plan, business model (including with respect to results and performance for future periods, installed capacity targets, EBITDA(A) and discretionary cash flows, organic growth and growth through mergers and acquisitions, obtaining an investment grade credit rating by 2025, maintaining a quarterly dividend of C\$0.165 per share, and financial targets and corporate social responsibility (CSR) objectives), the renewable energy production projects in the pipeline or on the Corporation's *Growth Path* and their expected performance, EBITDA(A), EBITDA(A) margins and discretionary cash flow targets of Boralex or those expected to be generated in the future, the Corporation's forecasted financial results, future financial position, installed capacity or megawatt growth objectives, including those set in connection with the Corporation's pipeline of projects and *Growth Path* and outlook, the expected timing of project commissioning, planned production, capital expenditure and investment programs, access to credit facilities and financing, capital tax, income tax, risk profile, cash flows and earnings and their components, the amount of distributions and dividends to be paid to shareholders, as well as the anticipated distribution ratio, the dividend policy and the timing of such distributions and dividends. Actual events or results may differ materially from those expressed in such forward-looking statements.

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

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular forward-looking statement. The main factors that could lead to a material difference between the Corporation's actual results and the forward-looking financial information or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, the Corporation's financing capacity, competition, changes in general market conditions, the regulations governing the industry and raw material price increases and availability, litigation and other regulatory issues related to projects in operation or under development, as well as certain other factors described in the documents filed by the Corporation with the different securities commissions.

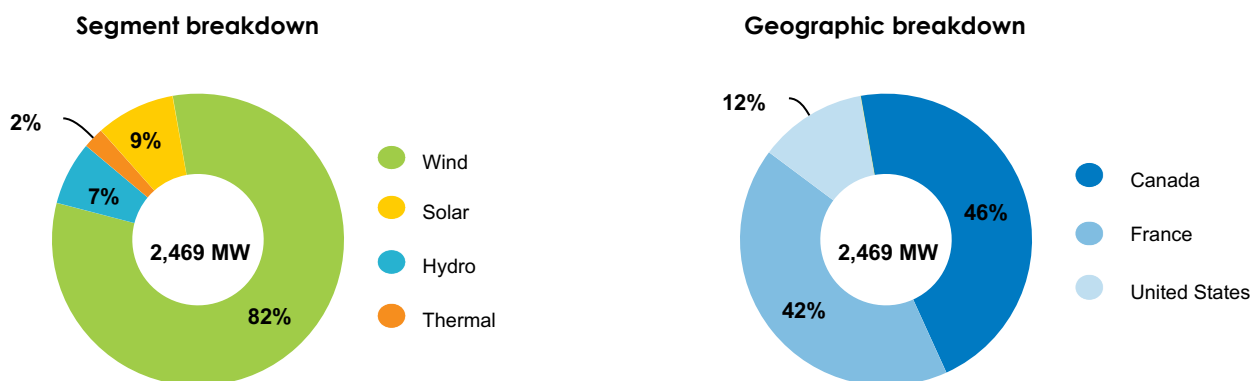
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization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

Description of business

Boralex is a Canadian corporation operating in the renewable energy segment. It draws on a workforce of more than 500 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. As at June 30, 2021, its asset base of installed capacity comprised 2,455 MW. Since then, the Corporation commissioned a wind farm with an installed capacity of 14 MW, resulting in a installed capacity at 2,469 MW as at August 5, 2021. Projects under construction or ready to build represented an additional 143 MW, to be commissioned by the end of 2023, while the pipeline of secured projects amounted to 487 MW.

Segment and geographic breakdown

Boralex is active in four complementary power generation segments: wind, hydroelectric, thermal and solar. A major portion of Boralex's installed capacity originates from the wind power segment, making it France's leading independent producer of onshore wind power. The following table provides information about the makeup of the Corporation's energy portfolio in operation as at August 5, 2021.



Installed capacity⁽¹⁾

	Canada		France		United States		Total	
	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites
Wind power stations ⁽²⁾	989	24	1,039	66	—	—	2,028	90
Solar power stations	1	1	15	2	209	7	225	10
Hydroelectric power stations	100	9	—	—	81	7	181	16
Thermal power stations	35	1	—	—	—	—	35	1
	1,125	35	1,054	68	290	14	2,469	117

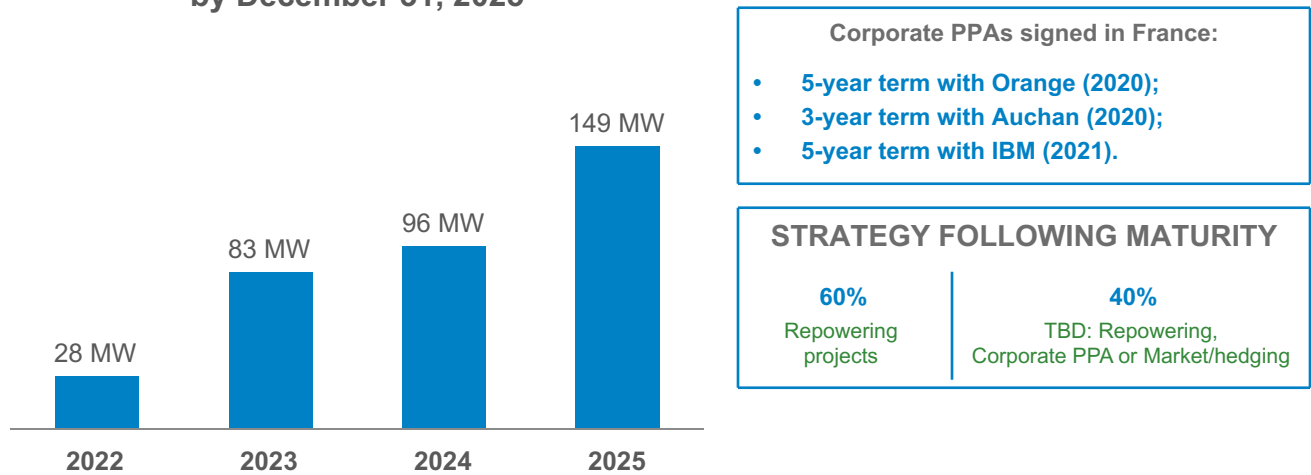
⁽¹⁾ The installed capacity in this MD&A reflects 100% of Boralex's subsidiaries in which Boralex is the controlling shareholder. It also reflects Boralex's share in entities over which it does not have control and which is accounted for using the equity method in this MD&A, consisting of 170 MW in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 50 MW from interests in two wind farms in Québec, out of a total installed capacity of 96 MW. In November 2020, Boralex acquired the Caisse's interest in three facilities in which Boralex also held an interest in joint ventures. Since this acquisition, Boralex has control over these wind farms and consolidates the results of these subsidiaries.

⁽²⁾ First energy storage asset commissioned on March 1, 2020, with an installed capacity of 2 MW and covered by a two-year contract, located on an existing wind farm in France. Storage asset capacity is not included in Boralex's aggregate installed capacity.

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

Overall, **99%** of Boralex's installed capacity is covered by indexed, fixed-price energy sales contracts. These contracts have a weighted average remaining contractual term of **13 years**. The Corporation estimates that the equivalent of 356 MW (14% of installed capacity or 11% of expected current production) will be covered by contracts expiring through December 2025, excluding *Growth path* projects for which contracts have been secured. If new contracts have not been negotiated beforehand, this production will then be sold at market prices. The Corporation expects to continue entering into long-term contracts with electricity-consuming companies or electricity suppliers for its projects under development and capacity upgrade projects.

Annual volume of contracts maturing by December 31, 2025



Installed capacity

Boralex's installed capacity increased from 1,094 MW as at December 31, 2015, to 2,469 MW as at August 5, 2021, which represents annual compound growth of **16%** for this period of slightly more than five years. This growth has been achieved both organically and through acquisitions.

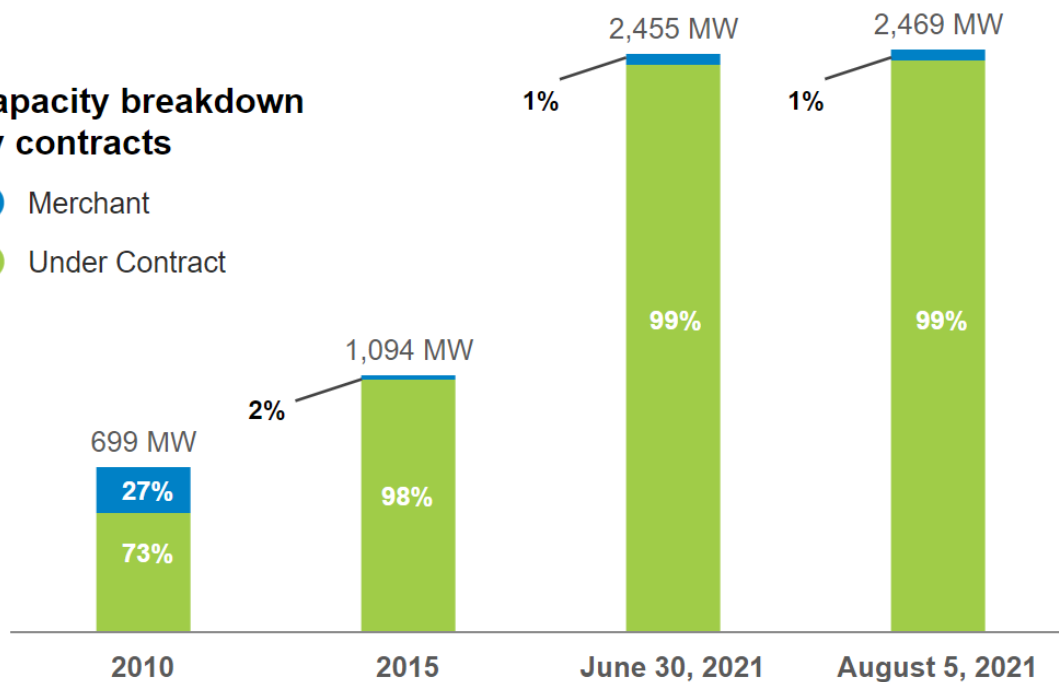
Installed capacity

(in MW)

Compound annual growth rate: **16%**

Capacity breakdown by contracts

- Merchant
- Under Contract



Selected financial information: A growth company

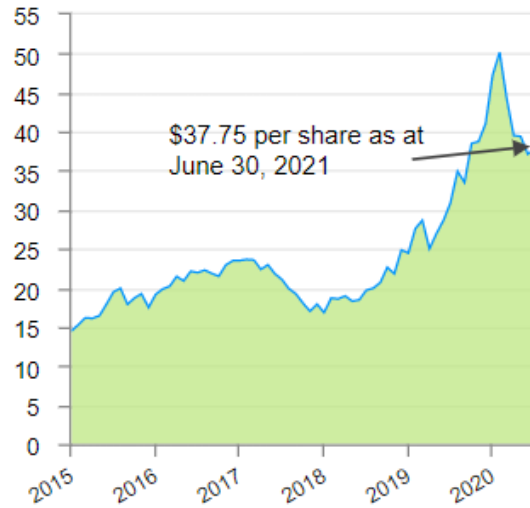
Since December 31, 2015, Boralex's EBITDA(A) and market capitalization have grown at annual compound rates of 20% (18% on a Combined basis) and 29%, respectively. The share price increased at a compound annual rate of 19% over the same period while the amount of dividends paid increased from \$27 million in 2015 to \$68 million for the 12-month period ended June 30, 2021.

Share price

(Monthly closing price in Canadian dollars)

Compound annual growth rate: 19%

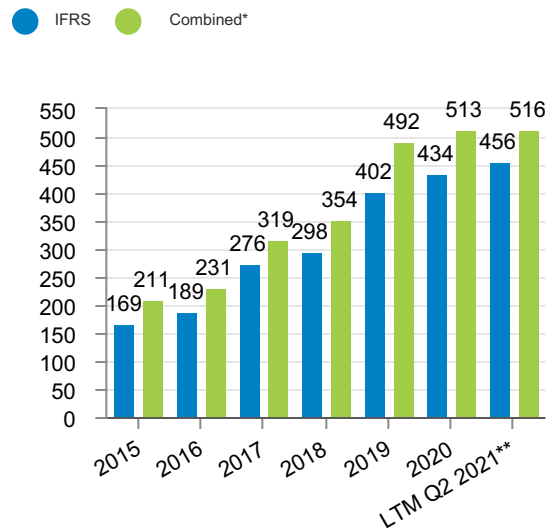
(Toronto Stock Exchange under the ticker BLX)



EBITDA(A)*

(in millions of Canadian dollars)

Compound annual growth rate: 20% (IFRS) and 18% (Combined)



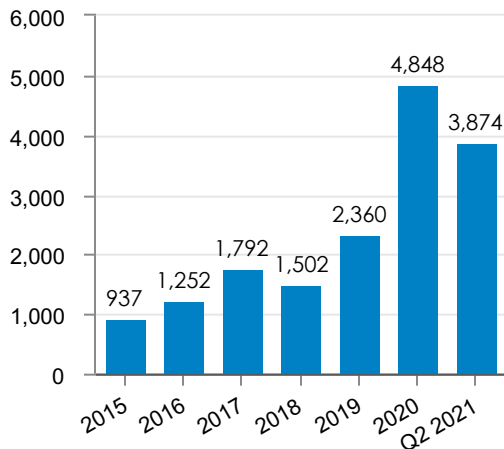
* See the *Non-IFRS measures* section.

** On a Combined basis, for the twelve-month period ended June 30, 2021, EBITDA(A) is broken down as follows; Q2 2021: \$117 million, Q1 2021: \$162 million, Q4 2020: \$154 million and Q3 2020: \$83 million for a total of \$516 million.

Market capitalization

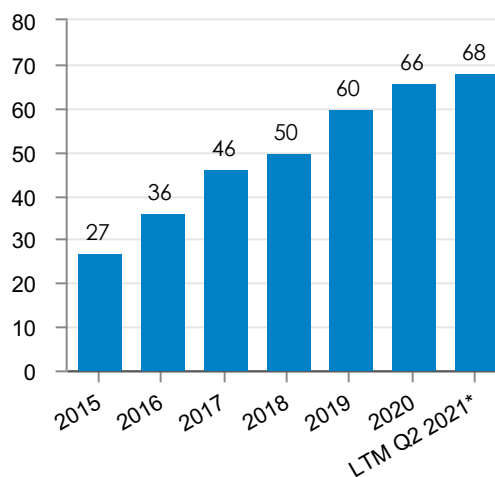
(in millions of Canadian dollars)

Compound annual growth rate: 29%



Dividends paid

(in millions of Canadian dollars)



* For the twelve-month period ended June 30, 2021, dividends paid are broken down as follows; Q2 2021: \$17 million, Q1 2021: \$17 million, Q4 2020: \$17 million and Q3 2020: \$17 million, for a total of \$68 million.

Growth strategy and development outlook

Strategic plan and financial objectives for 2025

In June 2021, Boralex's management announced its updated strategic plan for steering its actions to achieve the new corporate objectives by 2025. The Corporation continues to build on the four key strategic directions of the plan launched in 2019 and also integrates Boralex's corporate social responsibility (CSR) strategy.

The plan describes the rapid and significant changes in renewable energy development policies and greenhouse gas emission reduction targets in some countries and also reports strong demand for renewable energy from environmentally conscious companies. These factors have created a business environment that offers numerous opportunities for growth, both organic and through acquisitions.

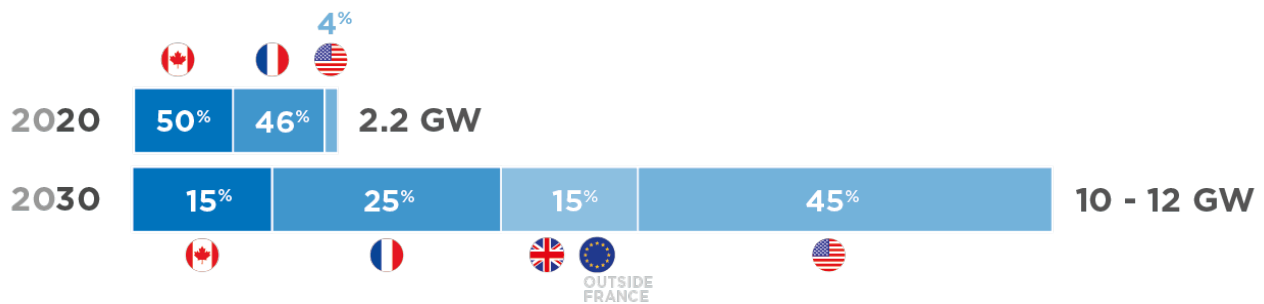
This plan is a continuation of the actions undertaken to date in sectors with strong growth potential and for which the Corporation has developed solid expertise. It also includes complementary initiatives to diversify and optimize its activities and revenue sources. Boralex will continue growing in its high-potential markets in Canada, United States, France and other European countries. The implementation of sustainable recovery plans and more ambitious greenhouse gas reduction targets in these countries should accelerate the demand for renewable energy and the need for interconnections between networks, particularly in Canada and the United States.

Highlights of the 2025 strategic plan

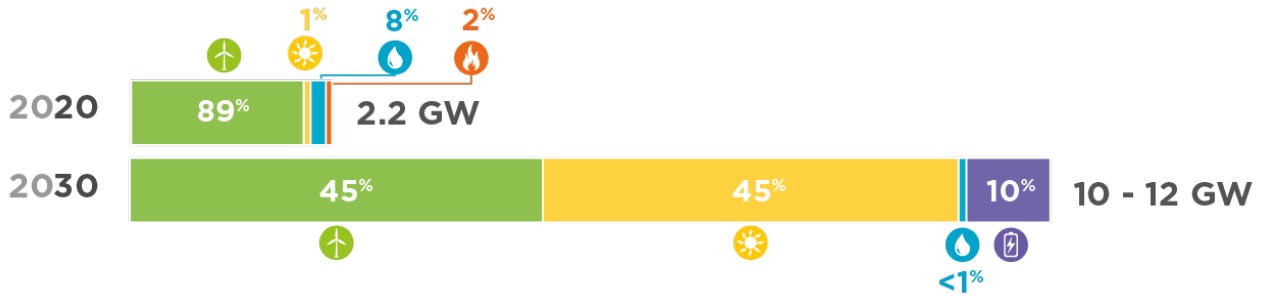
- Significantly increase the share of solar power in the portfolio of assets and projects and make inroads into the storage market.
- Position the United States as the main development market and diversify geographical presence in Europe as well as in U.S. states other than those in which Boralex already owns assets.
- Accelerate wind power development in Canada.
- Optimize the capital structure by increasing the share of corporate financing, including sustainable financing.
- Broaden the current client base to directly supply electricity-consuming industries seeking to improve their climate and social footprint.
- Integrate the Corporate Social Responsibility strategy, including the environmental, social and governance (ESG) priorities, in Boralex's strategic directions.

As shown by the charts below, the plan announced by Boralex provides for strong growth in installed capacity over the next ten years with a more optimal breakdown of installed capacity by geographical location and technology. Under the plan, the proportion of installed capacity under contract is expected to be maintained at a very high level.

TARGETED GEOGRAPHICAL BREAKDOWN OF INSTALLED CAPACITY (IN GW)



TARGETED TECHNOLOGICAL BREAKDOWN OF INSTALLED CAPACITY (IN GW)



TARGETED BREAKDOWN BY CONTRACT TYPE OF INSTALLED CAPACITY (IN GW)



Growth prospects by territory

United States

President Biden and congressional Democrats announced a US\$3,500 billion budget blueprint to expand social and environmental programs. A portion of the plan has been designed with the goal of having 80% of US electricity produced from clean energy resources by 2030. Specifically, the plan includes investments in electricity transmission, clean energy tax credits and measures to electrify the economy.

In the near term, New York State Governor has repeated his commitment to achieve the State's renewable targets through the accelerated deployment of renewable energy. In 2019, New York State passed the *Climate Leadership and Community Protection Act (CLCPA)*, which commits New York State to reducing GHG emissions by 85% by 2050. To achieve this goal, the CLCPA commits New York State to produce 70% of renewable electricity by 2030 and net zero emissions by 2040. As such, 9,000 MW of offshore wind energy resources will be developed by 2035, 6,000 MW of distributed solar by 2025 and 3,000 MW of energy storage resources by 2030. In furtherance of the goals, on April 22, New York State launched its fifth call for tenders for the acquisition of 4.5 million Tier 1 Renewable Energy Certificates (RECs).

NY STATE, US TARGETS

70% renewables by 2030

Zero emission electrical grid by 2040

Have 10,000 EV charging stations by the end of 2021 and 850,000 zero emission vehicles by 2025

Add 3 GW of energy storage production capacity by 2030

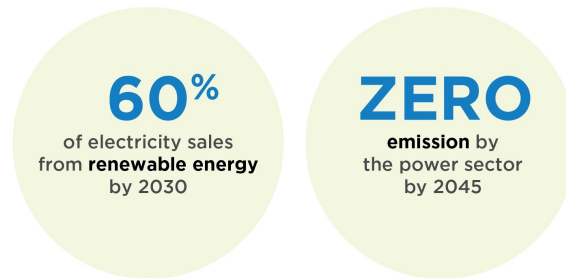
2020 ISSUE ORDER TO ACCELERATE THE TRANSITION

+40% of the demand of Tier 1 projects requiring NYSERDA to contract 4,500 GWh/year between 2021 and 2026

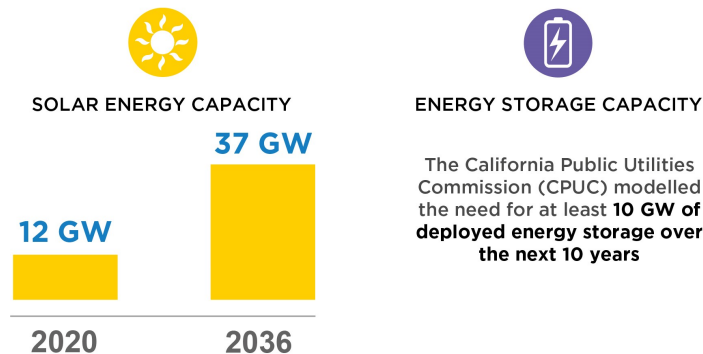
New Tier 4 of RECs for up to 3,000 MW through one or more RFPs

In January 2021, Boralex closed the acquisition of a majority stake in a portfolio of solar farms in the United States, for an installed capacity of 209 MWac. The majority of the farms are in the state of California, a fast-growing renewable energy market. In June 2021, the California Public Utilities Commission (CPUC) ordered state utilities to procure 11,500 megawatts (MW) of new electricity resources to come on stream between 2023 and 2026, with all of the resources procured from preferred resources, such as distributed energy resources, renewables, and zero-emitting sources. Boralex intends to continue its development efforts in this expanding market.

CALIFORNIA STATE, US TARGETS



SOLAR ENERGY AND STORAGE MARKET POTENTIAL IN CALIFORNIA



Boralex intends to make the U.S. its main growth market. Over the next few years, it wishes to extend its presence to states with high growth potential other than those where it already has assets. To do this, the Company will invest more in the expansion of its U.S. development team and will establish an integrated structure of organic development and acquisitions in order to accelerate its growth.

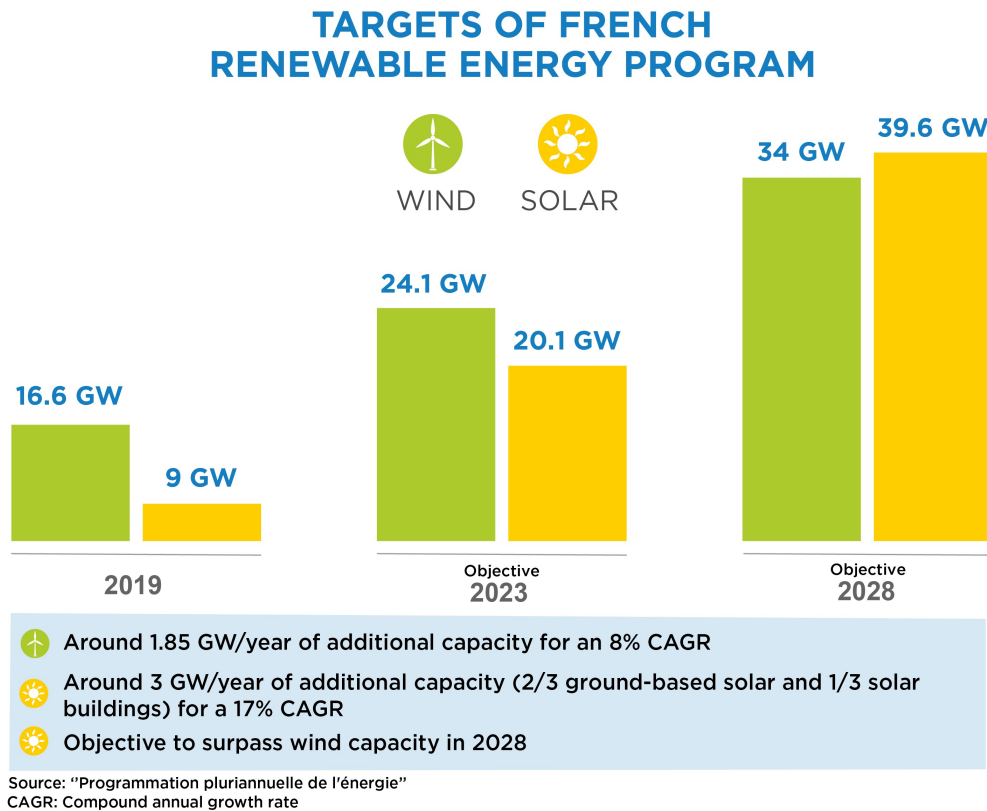
Canada

In Canada, in December 2020, the federal government launched Canada's strengthened climate plan to protect the environment, create jobs and support communities. A number of more ambitious climate commitments were announced which should lead to a lower carbon economy. The plan provides for, among other initiatives, a \$15 annual increase in the price of a tonne of carbon to reach \$170 per tonne by 2030, and additional investments of \$964 million to be made over the next four years to enhance grid modernization and greening. This includes support to increase production capacity from renewable energy sources, such as wind and solar, as well as energy storage. With this climate plan, the Government of Canada has renewed its commitment to continue to collaborate with provinces, utilities and other partners to achieve its target of zero net carbon emissions from electricity generation by 2050.

In Québec, in November 2020, the Minister of the Environment and the Fight against Climate Change announced his Plan for a Green Economy (PEV), which forecasts that Québec will reduce its GHG emissions by 37.5% compared to 1990 levels by 2030 and will become carbon neutral by 2050. Specific measures are provided for, mainly for the electrification of transportation, the most ambitious of which is to have 1.5 million electric vehicles on the roads in Québec by 2030 and zero sales of gasoline-powered vehicles starting in 2035. All the measures announced in the PEV will allow Québec to reach 42% of its target by 2030. An annual review will be presented and other measures will be identified each year. The amount of new supply of electricity needed to implement these measures has not yet been determined. However, the government has recognized the importance of wind power in filling domestic needs as well as for potential export projects. It's in this context that the Québec government has announced, in particular, the Apuiat project and confirmed its intention to extend contracts for existing wind farms. It also announced the launch of two RFPs by the end of 2021 – 300 MW of wind power and 480 MW of renewable energy – confirming that these RFPs will only cover a portion of Québec's power needs up to 2029. The Québec government estimates these needs at a minimum of 1,400 MW and intends to earmark a significant portion for wind power.

France and other European countries

In France, as shown in the following chart, government programs anticipate a substantial and sustained increase in the share of wind and solar power as energy sources over the next decade. This large increase in anticipated volume will be accompanied by a more competitive environment. Changes are also expected with the development of tendering procedures and negotiating energy sales contracts directly with electricity-consuming companies.



When announcing its 2025 strategic plan in June 2021, Boralex stated its intention to expand its presence in the coming years to other European countries with high potential for growth, particularly in the solar power segment. The Corporation carried out in-depth analyses in Spain, Portugal, Sweden and Ireland as these markets with high potential are considered to be suitable for the type of development contemplated by Boralex. These markets as well as the United Kingdom where Boralex is developing projects with its partner Infinery will therefore be prioritized for growth outside France.

To that end, the Corporation will set up a team dedicated to solar power development as well as an integrated organic and acquisition-based development structure with a more proactive development approach.

A plan built around four strategic directions

Based on the market analysis carried out, Boralex's management built its strategic plan around four main directions and six corporate objectives. To successfully implement its plan, the Corporation relies on its solid expertise and long track record in project development.

UPDATED STRATEGIC DIRECTIONS AND INTEGRATION OF CSR STRATEGY

GROWTH

Accelerate our organic growth to maximize future value creation across our markets

Make the US our priority market and extend our European presence by targeting a few additional growth markets

Take charge of our growth through M&A and structure our activities to achieve it

DIVERSIFICATION

Grow our presence in the solar energy sector and take part in the development of the storage market

Anticipate market / technology developments and accelerate the development of our energy marketing skills in order to optimize our contract portfolio

CUSTOMERS

Develop and expand our current customer base in order to directly supply **electricity-consuming industries** interested in improving their climate footprint

Modify our business practices to focus on customer needs, which vary by territory

OPTIMIZATION

Optimize our assets and develop the sustainable performance culture of our organization

Increase the efficiency of corporate services through simplification, digitization, and automation

Use corporate financing and asset management as integral tools **of our growth**



CORPORATE SOCIAL RESPONSIBILITY

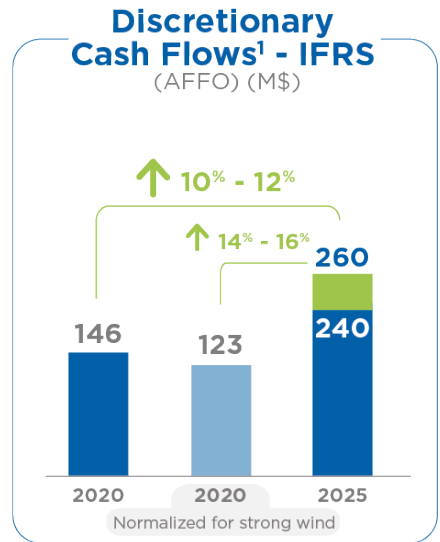
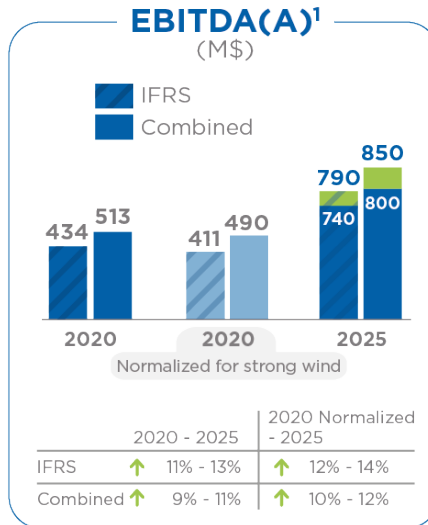
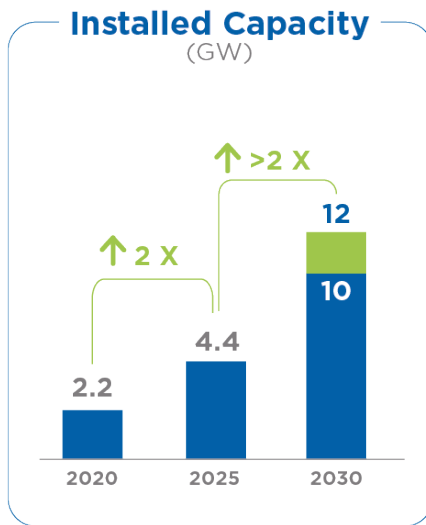
Our corporate social responsibility weaves through all of our strategic directions. It aligns our non-financial performance with ESG criteria and guides our everyday business decisions.

It is a true strategic differentiator to:

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

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

2025 TARGETS



¹ See the Non-IFRS measures section.

¹ See the Non-IFRS measures section.

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

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

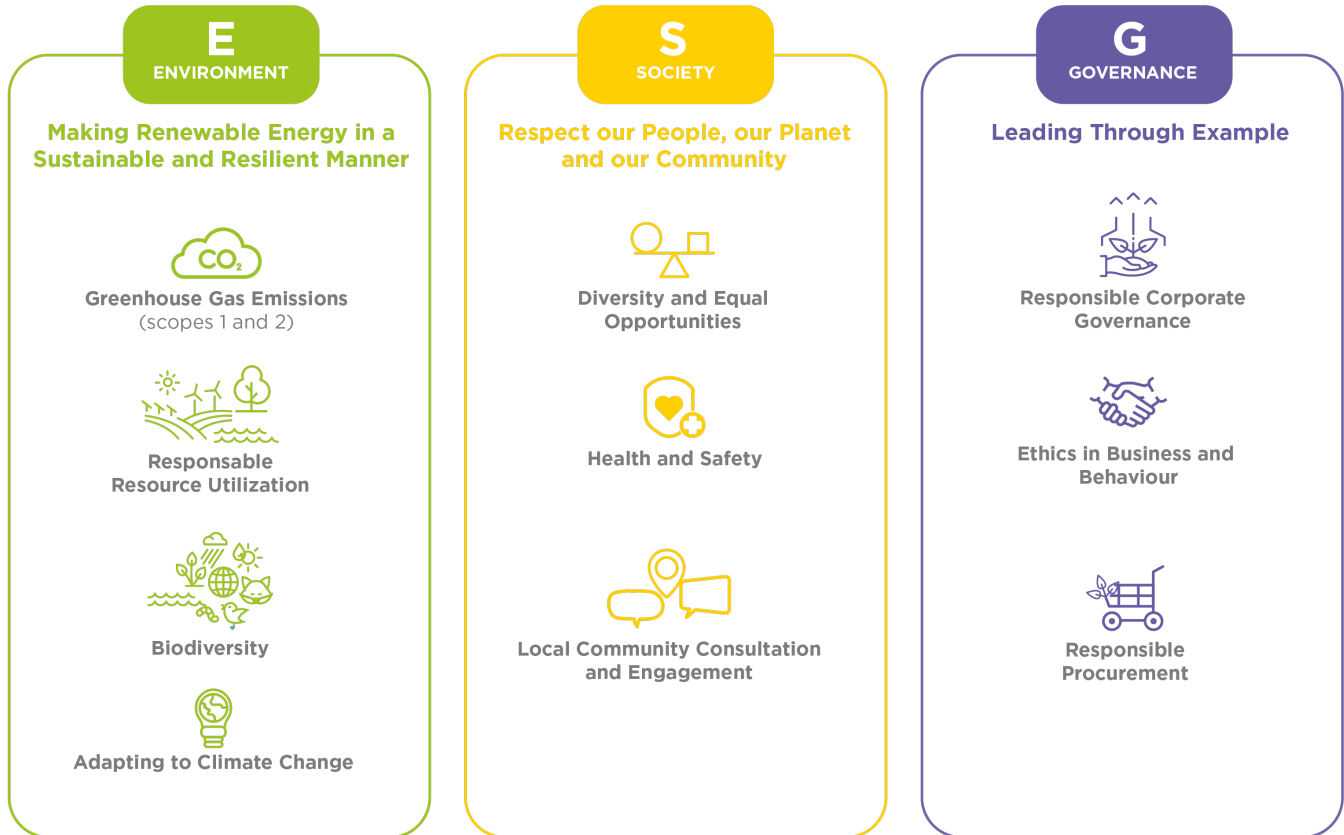
Increase the proportion of corporate
financing, including sustainable financing and
obtain an **Investment Grade¹**
credit rating

¹ Minimal credit rating of BBB-

The Corporation also intends to maintain exemplary financial discipline by targeting projects and acquisitions that meet specific growth and synergy criteria in order to create value and generate returns in line with shareholder expectations. Accordingly, the Corporation intends to carry out more projects through partnerships while maintaining control and management of operations.

Borex is also maintaining the same approach that has contributed to its success to date, which consists in relying primarily on predictable cash flows through long-term, indexed, fixed-price energy sales contracts with financially solid corporations (including EDF, Hydro-Québec, Ontario ISO, NYISO and BC Hydro). These contracts do not contain a price adjustment or production clause for situations such as the COVID-19 pandemic. As at June 30, 2021, 99% of the Corporation's installed capacity was covered under contracts with a weighted average remaining term of 13 years.

Lastly, significant efforts were made in recent quarters to formalize Boralex's corporate social responsibility (CSR) strategy and its position regarding ESG (Environmental, Social and Governance) criteria. Boralex management has also decided to integrate the CSR strategy in its corporate objectives for 2025. This plan will allow Boralex to accelerate its development initiatives in the high-growth renewable energy sector. This development will be carried out in a disciplined manner and with the utmost respect for environmental, social and corporate governance criteria. Our primary objective is to become the leading CSR reference for our partners by going beyond renewable energy. The Corporation intends to accelerate its *Beyond Renewable Energy* approach, which includes ten environmental, social and governance priorities, starting in 2021.















Development outlook by strategic direction

Boralex continues to develop according to its four strategic directions, building on the potential offered by the European and North American markets where it already operates.







Growth

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

BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

PIPELINE		CANADA AND UNITED STATES	FRANCE AND OTHERS	TOTAL BORALEX
PRODUCTION CAPACITY 3,075 MW STORAGE CAPACITY 190 MW	EARLY STAGE			
	<ul style="list-style-type: none"> Real estate secured Interconnection available Confirmation of the project by local communities and regulatory risks 	 315 MW  795 MW PRODUCTION CAPACITY 1,110 MW	281 MW 143 MW 424 MW	596 MW 938 MW 1,534 MW
		 190 MW	-	190 MW
	MID STAGE			
	<ul style="list-style-type: none"> North America: Preliminary valuation and design to submit a bid under a request for proposals Europe: Preliminary design and request to obtain administrative authorizations 	 560 MW  - PRODUCTION CAPACITY 560 MW	535 MW 111 MW 646 MW	1,095 MW 111 MW 1,206 MW
		 -	-	-
	ADVANCED STAGE			
	<ul style="list-style-type: none"> North America: Project submitted under a request for proposals⁽¹⁾ Europe: Project authorized by regulatory authorities and submitted under a request for proposals (France)⁽¹⁾ <p>⁽¹⁾ or actively looking for a partner for the Corporate PPA projects</p>	 -  165 MW PRODUCTION CAPACITY 165 MW	158 MW 12 MW 170 MW	158 MW 177 MW 335 MW
		 -	-	-
	TOTAL			
		 875 MW  960 MW PRODUCTION CAPACITY 1,835 MW	974 MW 266 MW 1,240 MW	1,849 MW 1,226 MW 3,075 MW
		 190 MW	-	190 MW

GROWTH PATH

TOTAL 630 MW	SECURED STAGE			
	<ul style="list-style-type: none"> North America: Contract win (REC or PPA) and interconnection secured Europe: Contract win (PPA) and interconnection secured (France); project authorized by regulatory authorities and interconnection secured (Scotland) 	 100 MW  200 MW TOTAL 300 MW	174 MW 13 MW 187 MW	274 MW 213 MW 487 MW
	UNDER CONSTRUCTION OR READY-TO-BUILD			
	<ul style="list-style-type: none"> Permits obtained Financing in progress Commissioning date determined Cleared of any claims (France) Approved by Boralex Board of Directors 	 -  - TOTAL -	122 MW 21 MW 143 MW	122 MW 21 MW 143 MW
	TOTAL			
		 100 MW  200 MW TOTAL 300 MW	296 MW 34 MW 330 MW	396 MW 234 MW 630 MW

CURRENTLY IN OPERATION 2,469 MW

Updated as of August 5, 2021

The portfolio of projects totalled 3,075 MW, up 461 MW from the previous quarter as projects advanced to the secured phase in the *Growth path* in recent months. The *Growth path* totalled 630 MW, up 27 MW from the previous quarter.

The **wind** power segment remains the Corporation's main driver of growth, with a project pipeline totalling 1,849 MW, down 57 MW from the previous quarter. The **solar** power segment pipeline comprises projects totalling the equivalent of 1,226 MW, up 518 MW from the previous quarter. This segment offers high growth potential in Europe and North America, and Boralex has strengthened its workforce to accelerate its development, particularly in the State of New York in the United States where a new team was set up in 2019.

Note that 553 MW of wind and solar power projects in the U.S. and France, and 190 MW of energy storage projects in the U.S. have been added to the preliminary phase of the project portfolio.

Europe

Europe continues to offer the best short-term potential for developing the Corporation's portfolio of **wind** power assets.

According to the data shown in the *Strategic plan and financial objectives for 2025* section of this report, wind power segment potential in France stands to total about 7.5 GW by 2023.

In France, the Corporation has the necessary strengths to capitalize on development opportunities when they arise due to its long-standing presence and in-depth market knowledge. It has a portfolio of **wind** power projects at varying stages of completion, equal to a capacity of about 833 MW, down 57 MW from the previous quarter. Building on these achievements, Boralex actively participates in the tendering process for the construction of wind farms in France. For the 2021-2024 period, this process aims to award all feed-in premium contracts in two tranches of 925 MW each every year. Each contract will have a 20-year term as of commissioning. Following the wins under these RFPs since they were launched, the Corporation is one of the top three companies with the largest number of MW awarded to date, strengthening its position as a leading independent producer of onshore wind power in France.

The **Moulins du Lohan** project, which was selected under the November 2020 RFP and is covered by a 20-year contract, obtained a favourable decision from the Conseil d'État in its ruling issued on April 15, 2021. As a result, the 65 MW project is included under *Projects under construction or ready to build*. For more information on the ruling of the Conseil d'État, see the *Commitments and contingencies* note to the current quarterly financial statements.

Boralex is also well placed to penetrate the market in Scotland as result of a partnership entered into in October 2017 with Infinergy. A total of 141 MW of projects are included in the Corporation's project portfolio. Furthermore, the 90 MW **Limekiln** project in Scotland was approved in 2019 and is included under secured projects in the Corporation's *Growth path*.

Boralex has a portfolio of **solar** power projects at varying stages of completion, with a capacity of about 266 MW (236 MW in France and 30 MW in Scotland), up 8 MW from the previous quarter in France. Details on the segment's development program are provided in the *Diversification* section below.

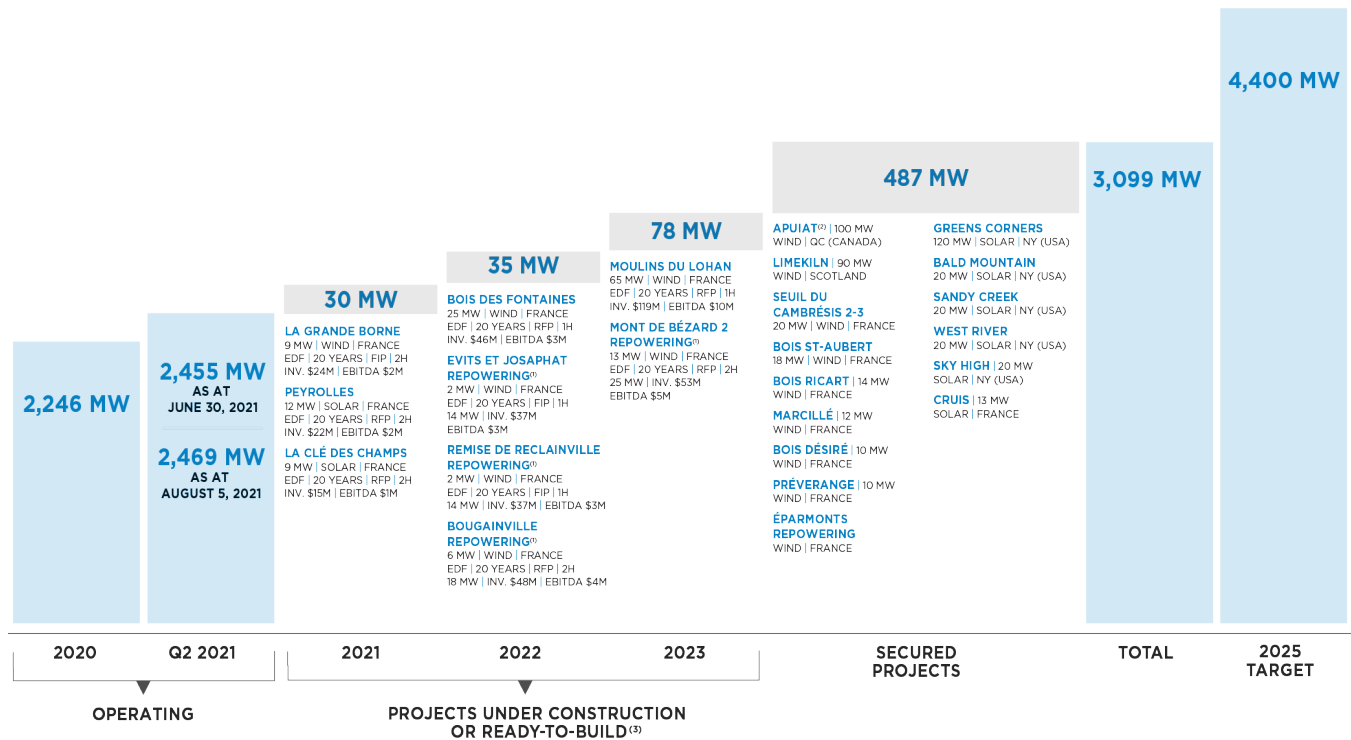
North America

Boralex's portfolio of **wind** power projects in North America represents 875 MW. The recent announcement of the signing of a power purchase agreement for the **Apuiat** project marks the recovery of the wind power sector in Québec. The State of New York has also made several announcements aimed at accelerating its energy transition.

The Corporation also has a portfolio of **solar** power projects totalling 960 MW, up 510 MW from the previous quarter. Details on the development program for this segment are provided in the *Diversification* section below.

Growth path

Installed capacity



⁽¹⁾ The Evits et Josaphat repowering project represents a total capacity of 14 MW with an increase of 2 MW, the Remise de Reclainville repowering project represents a total capacity of 14 MW with an increase of 2 MW, the Bougainville repowering project represents a total capacity of 18 MW with an increase of 6 MW and the Mont de Bécard 2 repowering project represents a total capacity of 25 MW with an increase of 13 MW.

⁽²⁾ The Corporation holds 50% of the shares of the 200 WM wind power project but does not have control over it.

⁽³⁾ The total project investment and the estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on June 30, 2021.

As shown in the chart above, as at August 5, 2021, Boralex has facilities in operation with installed capacity totalling 2,469 MW, that is, an increase of 14 MW following the commissioning of the **Extension Plain d'Escrebieux** on August 1, 2021, since the commissioning of the **Bazougeais** wind farm was offset by the disposal of the **Blendecques** co-generation plant.

Total capacity in MW of *Projects under construction or ready to build* for the 2021-2025 period was up 82 MW from the previous quarter due to the inclusion of two secured projects, namely **Bois des Fontaines** and **Moulins du Lohan**, and a project in the advanced phase, namely **Bougainville Repowering**, under *Projects under construction or ready to build* and the commissioning of **Extension Plaine d'Escrebieux** wind farm.

In France, seven wind farms and two solar power stations are either under construction or have completed all preliminary stages and obtained pre-construction approvals. They are all subject to long-term feed-in premium contracts. These wind farms will contribute to the Corporation's results when commissioned in 2021, 2022 and 2023.

Note that four *Growth path* projects that are in the *Projects under construction or ready-to-build* phase aim to replace existing wind turbines with new equipment (repowering) for wind farms with energy sales contracts expiring over the next few years. These wind farms with 48 MW of overall installed capacity before repowering work will benefit from a 23 MW increase for a total of 71 MW after the work, covered by new 20-year energy sales contracts with EDF in France.

Overall, the contribution to EBITDA of *Projects under construction or ready-to-build* is estimated at \$33 million, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. This amounts to an additional contribution to EBITDA of \$24 million taking into account the EBITDA generated by the wind farms before the repowering work. The implementation of these projects is expected to require investments totalling about \$401 million, financed by debts up to \$322 million. As at June 30, 2021, the amounts already invested in these projects totalled \$82 million.

The capacity of *Secured projects* decreased by 55 MW from the previous quarter despite the addition of three sites to the list of secured projects since the last quarter: **Cruis**, **Bois St-Aubert** and **Éparmonts Repowering**. These additions did not offset the inclusion of two projects under *Projects under construction or ready to build*, as discussed previously.

Commissioning of secured facilities and projects under construction is expected to bring Boralex's installed capacity to 3,099 MW.

The boxed information below provides the Growth highlights, namely the key achievements of development teams in North America and Europe.

Growth

- Commissioning of two wind farms in France, **Bazougeais** (12 MW) on May 1 and **Extension Plaine d'Escrebieux** on August 1 (14 MW).
- Inclusion of three wind power projects totalling 96 MW under *Projects under construction or ready to build*.
- Addition of four secured projects to the *Growth path*: 13 MWac solar power project, two wind farm projects totalling 28 MW and wind farm repowering project.

Diversification

The Corporation intends to strengthen its presence in the solar power sector and participate in developing storage markets. It is also seeking to accelerate the development of its energy marketing skills in order to optimize its portfolio of contracts.

Boralex is focusing its business diversification efforts on its **solar** power segment. Projects considered to be part of Diversification represent a potential additional capacity of 1,226 MW.

Europe

France is a potential market totalling 11,100 MW for the development of solar power stations by 2025 according to the information provided in the *Strategic plan and financial objectives for 2025* section of this report. Since the beginning of fiscal 2021, Boralex has accelerated the development of this segment's initiatives in France by competing in RFPs. This process involves the award of feed-in premium contracts, consisting of two 1 GW tranches per year between 2021 and 2024, two thirds of which represent ground mounted projects, which is the market targeted by Boralex.

The Corporation is also active in developing new solar power projects, both ground-based and floating, to be added to its pipeline as well as in prospecting for acquisitions in the sector. Also, work has started on two solar power projects included in the Growth path as *Projects under construction or ready-to-build*: **Peyrolles**, a 12 MWac floating solar power project and **La Clé des Champs**, a 9 MWac ground-based solar power project. The Corporation joined forces with Sun'Agri over the second quarter to develop agrivoltaics in France and Europe and build new solar power stations that protect agricultural operations from increasing challenging weather conditions. This partnership consists of a 10-year framework agreement under which Boralex will work exclusively with Sun'Agri to develop agrivoltaic projects in the European Union.

North America

In North America, as a first step, Boralex is targeting the State of New York market, which represents a potential of some 4,300 MW by 2025. It has deployed resources to develop the niche of small- and medium-sized facilities, an area that requires special expertise and where competition is less targeted. The Corporation has also opened an office in New York City and hired some ten highly qualified local employees. They will be supported by the team members in place in Canada for a number of years who were tasked with responsibilities and priorities related to the development of the State of New York market.

On March 13, 2020, Boralex announced that the four solar power projects it had submitted were selected by NYSEDA under its 2019 RFP launched under the "Renewable Energy Standard" for the purchase of Tier 1 renewable energy credits ("Environmental Credits"). The selection of these projects totalling 180 MW initiated a process whereby Boralex and NYSEDA finalized agreements to purchase the Environmental Credits associated with the energy generated by each project. These contracts were signed in January 2021, allowing for these projects to be added to the secured phase in the Corporation's Growth path. Also, contracted NYSEDA and Sky High projects were recently converted into indexed RECs. This new contract formula has been used in recent RFPs. An Indexed Renewable Energy Certificate (Indexed REC) is a certificate whose price is based on a benchmark market index adjusted monthly over the REC contract term. The contracts awarded to Boralex under the NYSEDA RFP have a 20-year term.

Boralex has nine projects totalling 840 MW ready for submission to RFPs in the State of New York. The Corporation is currently preparing its bid strategy for NYSEDA's fifth RFP of Tier 1 launched on April 22, 2021 with a submission deadline scheduled for the end of August.

During the first quarter, the Corporation acquired all of the majority interests held by CRE in the solar power stations in the United States for a cash consideration of \$277 million. The solar power stations in operation, totalling a gross installed capacity of 209 MWac, are located in California, Alabama and Indiana. They are covered by long-term power purchase agreements with a weighted average remaining term of nearly 21.5 years as at the date of acquisition. This acquisition, which aligns perfectly with the growth and diversification directions of its strategic plan, marks Boralex's entry into these three states and will serve as a launching pad for its involvement in these regional energy markets, particularly in California where the Corporation sees more development potential that can be tapped into, among others, with the resources deployed for the assets covered by the transaction.

Energy storage

Boralex is continuing its efforts to gradually deploy a battery-based energy storage service, leveraging the significant cost reduction associated with this technology. It considers this service complementary to promote the widespread use of renewable energies and accelerate the energy transition.

In particular, such a service will ensure power grid stability, as well as support the integration of solar and wind power by shifting peak production to periods of high energy demand. It also serves to meet excess requirements during peak periods or when the supply system fails. Its portfolio of projects represents 190 MW in this respect.

In early 2020, Boralex commissioned its first electricity storage asset with an installed capacity of 2 MW at one of its existing wind farms in France. Boralex continued its research into storage projects during the second quarter.

The boxed information below provides the Diversification highlights.

Diversification

- Addition of 518 MW to the solar project pipeline.
- Addition of the 13 MWac secured solar power project **Cruis** to the *Growth path*.
- Solar power projects totalling 840 MW are ready for submission to RFPs in the State of New York.
- Analyzing and researching opportunities for developing storage projects.

Customers

In its updated strategic plan, the Corporation intends to develop and expand its current clientele to directly supply energy-consuming industries seeking to reduce their carbon footprint. Boralex also wishes to adjust its business practices to focus on customer needs based on geographic location.

The Corporation has deployed sales teams in France and the United States to serve a wider customer base. The main objective is to sign energy sales contracts directly with electricity-consuming commercial or industrial companies (Corporate PPAs), as well as the gradual addition of complementary services offered to energy transmission networks and large-scale electricity consumers.

During the first quarter, Boralex signed a new five-year renewable power purchase agreement with IBM France. Under this contract, Boralex will provide IBM France with the green energy equivalent of 55% of the annual consumption of sites and data centres established by IBM in France. This agreement is part of IBM's initiative to use 100% renewable electricity in France. The electricity supplied will come from Boralex's portfolio of assets whose contracts with EDF have expired.

Note that during fiscal 2020, Boralex announced it had entered into two energy sales contracts totalling 55 MW with the Orange and Auchan groups.

The signing of these contracts is a testament to Boralex's production quality and industrial expertise in asset maintenance, which have extended the useful life of assets beyond the initial long-term purchase obligation terms.

The boxed information below provides the Customers highlights.

Customers

- Changes in the business model to focus on customer need.
- Coming into force of a five-year renewable power purchase agreement with IBM France for its electricity consumption (Corporate PPA).

Optimization

This strategic direction has three main components:

- Optimize our assets and promote our organization's sustainable performance culture;
- Use corporate financing, including sustainable financing, and partnerships to promote our growth;
- Increase the efficiency of corporate services through simplification, digitalization, and automation.

Borex's first initiatives focus on the optimization of existing assets. These are concrete actions to increase performance and reduce both operating and financing costs.

In particular, this resulted in repowering initiatives for certain wind farms in France. The use of more high-performance equipment enables a substantial increase in installed capacity and is expected to result in an additional contribution to annual EBITDA and a new 20-year contract. Note that operations were resumed at the **Cham Longe I** wind farm during fiscal 2020, following the completion of its repowering project.

Four other repowering projects are included in the Growth path under Projects under construction or ready-to-build phase. During the second quarter, preparatory work continued at the **Mont de Bézard 2 Repowering, Évits et Josaphat Repowering** and **Remise de Reclainville Repowering** wind farms. Two projects were added to the *Growth path* during the second quarter: the **Épumonts Repowering** project, which was initially in the advanced phase and is now in the secured phase, and the **Bougainville Repowering** project, which was also in advanced phase and is now in the Projects under construction or ready-to-build phase. These five wind farms will have an installed capacity of 83 MW following repowering work, representing a 23 MW increase in capacity. The wind farms will benefit from more high-performance equipment and a new 20-year contract.

At the end of April, Borex announced the disposal of the 12 MW **Blendecques** cogeneration power station in France. With this decision made in line with its strategic plan, Borex can position itself as a 100% green energy operator in Europe and focus more on its renewable energy production activities.

Borex intends to take over and perform service and maintenance work in-house for assets in several wind farms in Canada, currently under external maintenance contracts. The Corporation also took the necessary measures to repatriate service and maintenance work in-house starting in December 2021 for assets with an installed capacity of 71 MW in Canada.

In June, the Corporation announced the signing of a 15-year "fleet" maintenance contract with Vestas France for Borex's portfolio of operating assets in France equipped with Vestas wind turbines (319 MW). This contract will enable Borex to benefit from competitive operating costs combined with production commitments in line with its optimization strategy. It also allows for an optimal allocation of Borex's maintenance teams across its 1 GW of operating assets while guaranteeing availability, maximum effectiveness and maintaining connections with host regions. Teams dedicated to operational excellence will continue to track the performance of all of Borex's assets in France, including those serviced by Vestas.

The boxed information below provides Optimization highlights.

Optimization

- Optimization of service and maintenance for Canadian wind farms with a total net installed capacity of 71 MW.
- Signing of a 15-year maintenance contract for Borex's portfolio of operating assets in France equipped with Vestas wind turbines (319 MW).
- Disposal of the **Blendecques** (12 MW) cogeneration power station in line with Borex's strategic mission.

Corporate objectives for 2025 - current status

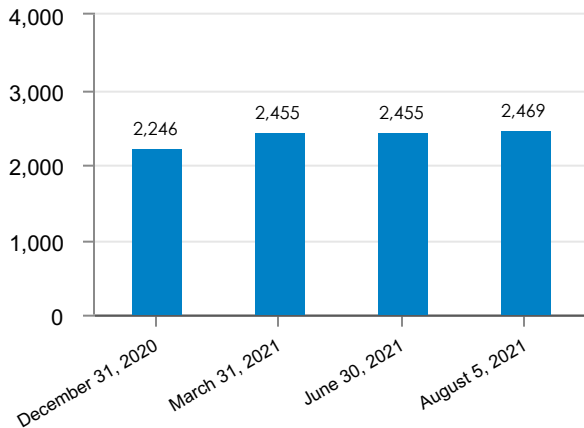
To ensure that the implementation of the strategic plan results in disciplined growth while creating shareholder value, Boralex's management monitors the three financial criteria included in the corporate objectives for 2025.

1. Double installed capacity by 2025

As at August 5, 2021, Boralex had an installed capacity totalling 2,469 MW, 223 MW higher than the level as at the end of fiscal 2020.

Installed capacity

(in MW)



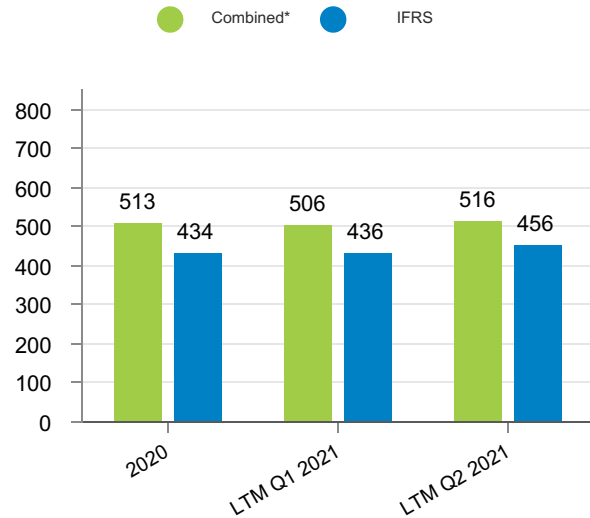
2. Achieve \$800 million to \$850 million in EBITDA(A) on a Combined basis, or \$740 million to \$790 million under IFRS, by 2025

EBITDA(A) amounted to \$117 million on a Combined basis and \$106 million under IFRS for the three-month period ended June 30, 2021, compared with \$107 million and \$86 million, respectively, for the corresponding quarter of 2020. These differences stemmed mainly from the contributions of commissioned and acquired facilities, largely offset by lower volumes, mainly in the hydroelectric power segment.

EBITDA(A) amounted to \$279 million on a Combined basis and \$257 million under IFRS for the six-month period ended June 30, 2021 compared with \$276 million and \$235 million, respectively, for the corresponding period of 2020. This change was due to the factors mentioned above for the three-month period and to particularly favourable wind conditions in France for the wind power segment in the first quarter of 2020.

EBITDA(A)*

(in millions of Canadian dollars)



* See the *Non-IFRS measures* section.

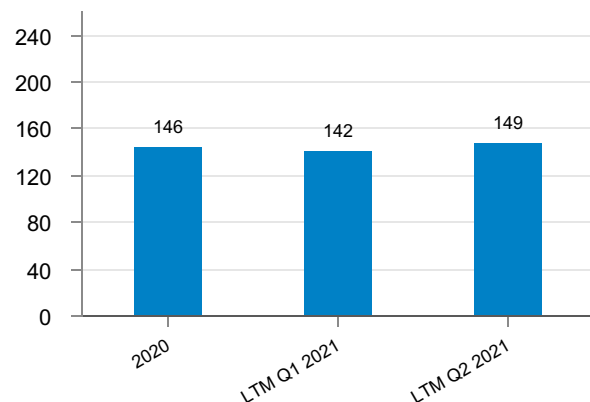
3. Generate \$240 million to \$260 million in discretionary cash flows by 2025

The discretionary cash flows amounted to a negative amount of \$7 million for the entire three-month period ended June 30, 2021 compared with a negative amount of \$14 million for the corresponding quarter in 2020. This improvement was mainly due to the favourable impact of the acquisitions and commissioning carried out in 2020 and 2021. Note that in the second quarter of 2020, a temporary adjustment of \$10 million was made for quarterly fluctuations based on the seasonality of revenues of the French wind farms following debt refinancing. This adjustment is no longer necessary because debt repayments are made under the same basis in 2021 as in 2020.

For the twelve-month period ended June 30, 2021, discretionary cash flows reached \$149 million compared with \$146 million for the twelve-month period ended December 31, 2020.

Discretionary cash flows*

(in millions of Canadian dollars)



* See the *Non-IFRS measures* section.

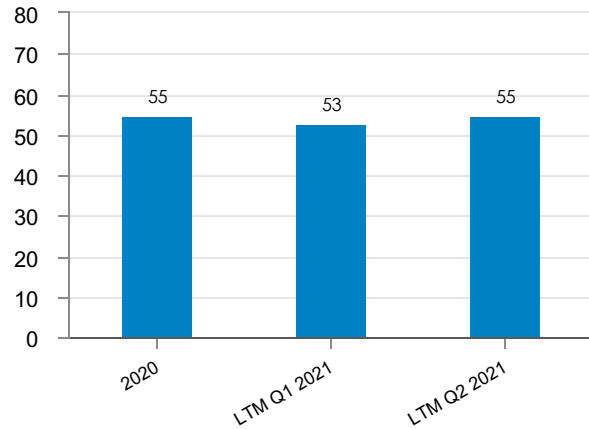
4. Reinvest 50 to 70% of discretionary cash flows in growth

The reinvestment ratio amounted to 55% of cash flows available for reinvestment in growth for the Corporation.

The dividends paid to shareholders during the twelve-month period ended June 30, 2021 represented a payout ratio of 45%, which falls within the target payout ratio range of 30% to 50% in order to reinvest 50% to 70% of discretionary cash flows in growth.

Reinvestment ratio*

(as a %)



* See the *Non-IFRS measures* section.

5. Be the leading reference for our partners

Boralex published its first separate corporate social responsibility (CSR) plan at the end of February 2021. This report illustrates the disciplined approach taken by the Corporation in developing its CSR strategy, which is also well aligned with its strategic plan as well as its financial objectives.

The Corporation consulted all of its stakeholders to identify the priority issues for which specific actions plans have been developed and will be implemented over the coming years. Ten issues have been identified and are presented in the report under three separate headings: Leading through example, Making renewable energy in a sustainable and resilient manner, and Respect our people, our planet and our community.

In 2021, Boralex will focus on the following issues: diversity and equal opportunities; assessment of greenhouse gas emissions (scopes 1 and 2) as well as workplace health and safety, including the importance of psychological health.

To accelerate implementation of its CSR strategy and ensure a smooth and disciplined deployment, Boralex hired, in mid-April, a CSR director reporting directly to the President and CEO.

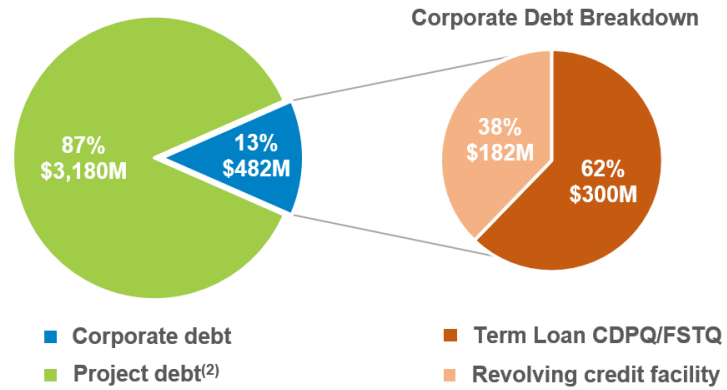
The CSR strategy is now an integral part of Boralex’s updated strategic plan. The boxed information below presents the main developments in this area:

E ENVIRONMENT	S SOCIETY	G GOVERNANCE
<p>Making Renewable Energy in a Sustainable and Resilient Manner</p> <ul style="list-style-type: none"> Production underway of the Corporation’s carbon footprint report. Implementing new technologies to protect birds and bats near some wind farms. Disposal of the Blendecques (12 MW) cogeneration power station. 	<p>Respect our People, our Planet and our Community</p> <ul style="list-style-type: none"> Formalization and globalization of the internal health and safety team, including the definition of a continuous improvement plan. Training on unconscious bias regarding diversity and webcast on mental health. Significant progress in employee engagement based on the most recent annual survey results. Historic partnership with the Innu communities in Québec in the 200 MW Apuiat project which will provide the region with a long-term clean energy source, while respecting the Innu values relating to the preservation of flora and fauna, as well as to maintain of traditional practices (innu-aitun). 	<p>Leading Through Example</p> <ul style="list-style-type: none"> Mobilizing internal CSR governance, including hiring a CSR director, creating a CSR committee and integrating CSR into our mission, vision and organizational values. Improving disclosure of executive compensation and increasing shareholding requirements for members of the management team. Signing of the Solar Energy Industry Association Pledge, a formal commitment against the use of forced labour in the solar industry.

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

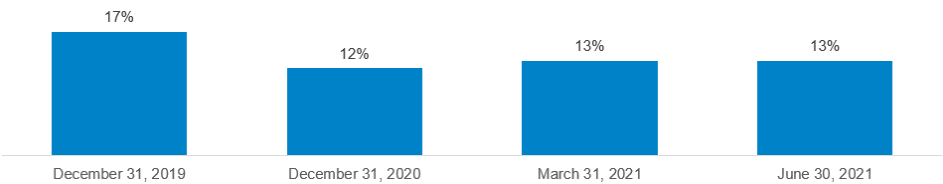
Boralex intends to make greater use of corporate financing by slightly reducing its use of project financing and by obtaining an investment grade credit rating from at least one recognized credit rating agency. In addition to faster access to financial markets, this type of financing has other advantages compared with project financing. Corporate financing is generally subject to fewer restrictions, thereby reducing the need to build up financial reserves, facilitating the free flow of cash and allowing Boralex to better use the cash generated by its projects. Also, although the terms are shorter, corporate financing costs less and does not require full repayment at maturity - two factors that will help reduce Boralex's cost of capital. Lastly, in connection with its CSR initiatives, Boralex also intends to be involved in the sustainable financing market through its revolving credit facility and the issuance of "green" or "CSR" loans. We expect to initiate discussions on sustainable financing and the credit rating in the coming months.

Total debt⁽¹⁾ breakdown - \$3.7B As of June 30, 2021 (IFRS)



⁽¹⁾ Excludes financing costs.
⁽²⁾ Without recourse to the parent company.

Corporate debt / total debt (IFRS)



Financial highlights

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30				Six-month periods ended June 30			
	2021	2020	Change		2021	2020	Change	
			GWh or \$	%			GWh or \$	%
POWER PRODUCTION (GWh)⁽¹⁾								
Wind power stations	940	704	236	33	2,251	1,970	281	14
Hydroelectric power stations	190	218	(28)	(13)	361	416	(55)	(13)
Thermal power stations ⁽³⁾	17	8	9	>100	87	73	14	19
Solar power stations	176	7	169	>100	253	11	242	>100
	1,323	937	386	41	2,952	2,470	482	20
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	115	99	16	16	286	271	15	5
Hydroelectric power stations	14	18	(4)	(22)	29	34	(5)	(16)
Thermal power stations ⁽³⁾	2	2	—	(3)	15	13	2	18
Solar power stations	16	2	14	>100	23	3	20	>100
	147	121	26	21	353	321	32	10
EBITDA(A)⁽²⁾								
Wind power stations	101	90	11	12	248	240	8	3
Hydroelectric power stations	11	14	(3)	(22)	21	26	(5)	(18)
Thermal power stations ⁽³⁾	(1)	(2)	1	24	4	2	2	>100
Solar power stations	13	1	12	>100	19	1	18	>100
	124	103	21	20	292	269	23	9
Corporate and eliminations	(18)	(17)	(1)	(5)	(35)	(34)	(1)	(3)
	106	86	20	23	257	235	22	9
NET EARNINGS (LOSS)	(8)	(6)	(2)	(35)	30	38	(8)	(21)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(13)	(6)	(7)	>(100)	21	35	(14)	(41)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	(\$0.13)	(\$0.07)	(\$0.06)	(94)	\$0.20	\$0.36	(\$0.16)	(45)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	84	98	(14)	(15)	217	230	(13)	(6)
CASH FLOWS FROM OPERATIONS⁽²⁾	66	51	15	28	181	175	6	3
DIVIDENDS PAID ON COMMON SHARES	17	16	1	6	34	32	2	6
DIVIDENDS PAID PER COMMON SHARE	\$0.165	\$0.165			\$0.165	\$0.165		
Weighted average number of shares outstanding – basic	102,618,702	96,464,691			102,618,611	96,464,612		

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

⁽²⁾ See the *Non-IFRS measures* section.

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at June 30, 2021	As at December 31, 2020
Total cash, including restricted cash	241	277
Property, plant and equipment	3,309	3,112
Total assets	5,706	5,314
Debt, including current portion of debt	3,577	3,609
Total liabilities	4,465	4,323
Total equity	1,241	991
Net debt to market capitalization ratio ⁽¹⁾ (%)	46%	41%

⁽¹⁾ See the *Non-IFRS measures* section.

Changes in the portfolio in operation

Project name	Type of transaction	Total capacity (MW)	Effective date	Segment / Country	Energy contract term / Client	Ownership (%)
Santerre	Commissioning	15	August 1	Wind/France	20 years/EDF/FiP	100
Blanches Fosses	Commissioning	11	November 1	Wind/France	20 years/EDF/FiP	100
LP I, DM I and II	Acquisition	145	December 1	Wind/Canada	Note ⁽¹⁾	Note ⁽¹⁾
Cham Longe I Repowering	Commissioning	17	December 1	Wind/France	20 years/EDF/FiP	100
Extension Seuil de Bapaume	Commissioning	17	December 1	Wind/France	20 years/EDF/FiP	100
2020		+ 205 MW				Installed capacity: 2,246 MW⁽²⁾
Portfolio acquired from CRE	Acquisition	209	January 29	Solar/United States	Note ⁽³⁾	Note ⁽³⁾
Blendecques	Disposal	-12	May 1	Thermal/France	N/A	100
Bazougeais	Commissioning	12	May 1	Wind/France	20 years/EDF/FiP	100
Extension Plaine d'Escrebieux	Commissioning	14	August 1	Wind/France	20 years/EDF/RFP	100
August 5, 2021		+ 223 MW				Installed capacity: 2,469 MW

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

⁽²⁾ During fiscal 2020, capacity increases totaling 2 MW were made to existing French facilities, while net capacity in the United States was reduced by 1 MW.

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

Analysis of consolidated operating results for the three-month period ended June 30, 2021

EBITDA(A) up 23%, driven mainly by the expansion of the Corporation's operating base.

Due to their significant share in the consolidated results, the performance of the wind, hydroelectric and solar power segments is described below.

Total power production

(GWh)	Q2 2021				Q2 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	In GWh	%
Wind										
Comparable assets ⁽¹⁾	292	424	—	716	320	381	—	701	15	2
Acquisition - LP I, DM I and II	175	—	—	175	—	—	—	—	175	—
Commissioning ⁽²⁾	—	28	—	28	—	—	—	—	28	—
Temporary shutdown - Cham Longe I	—	21	—	21	—	3	—	3	18	>100
Wind - total	467	473	—	940	320	384	—	704	236	33
Hydroelectric										
Comparable assets	107	—	83	190	119	—	99	218	(28)	(13)
Hydroelectric - total	107	—	83	190	119	—	99	218	(28)	(13)
Solar										
Comparable assets	—	6	—	6	—	7	—	7	(1)	4
Boralex US Solar power stations ⁽¹⁾	—	—	170	170	—	—	—	—	170	—
Solar - total	—	6	170	176	—	7	—	7	169	>100
Thermal⁽³⁾										
Senneterre	17	—	—	17	8	—	—	8	9	>100
Thermal - total	17	—	—	17	8	—	—	8	9	>100
Total⁽¹⁾	591	479	253	1,323	447	391	99	937	386	41

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (42 GWh for Q2 2021, including 39 GWh for wind and 3 GWh for solar, and 55 GWh for Q2 2020 for wind only).

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

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

Boralex produced 1,281 GWh of electricity in the second quarter of 2021 and received compensation for the equivalent of 42 GWh, bringing total production to 1,323 GWh, up 41 % from 937 GWh for the same quarter of 2020, comprising production of 882 GWh and the equivalent of 55 GWh, for which compensation was received. Excluding contributions from acquired and commissioned assets, output from comparable assets remained stable, as better wind conditions in France offset the lower production volumes at wind and hydroelectric power stations in North America.

Wind

Total production of wind farms for the second quarter of 2021 amounted to 940 GWh, up from 704 GWh for the corresponding quarter of 2020. Most of the growth resulted from the acquisition of the Caisse's interest in wind farms in Canada and the commissioning of facilities in France since the beginning of the second quarter of 2021 (see the *Changes in the portfolio in operation* table in this section), which offset the decline recorded by comparable assets in Canada.

- In **France**, weather conditions were on average more favourable than last year. As a result, production volume at comparable wind farms was 11% higher in the second quarter of 2021, compared with the same period of 2020. The contribution for the entire most recent quarter of the facilities commissioned during the past year combined with the resumption of operations at Cham Longe I following a temporary shutdown (see the *Changes in the portfolio in operation* table in this section) resulted in an increase in production volume of 23% to 473 GWh in the second quarter of 2021, compared with the same quarter of 2020.
- In Canada, the wind power segment experienced less favourable wind conditions than in the past year. Comparable assets reported a production volume of 292 GWh in the second quarter of 2021, down 9% from 320 GWh for the same period of 2020. Including the contributions of the LP I and DM I and II wind farms following the acquisition of the Caisse's 49% interest in these facilities, the Canadian wind power segment ended the second quarter of 2021 with a production volume of 467 GWh, up 46% from the same period of last year

Hydroelectric

In the second quarter of 2021, the Corporation's hydroelectric power stations generated 190 GWh compared with 218 GWh in the corresponding quarter of 2020, down 13%, owing to less favourable water flow conditions for both the U.S. and Canadian power stations.

- In **Canada**, owing to less favourable conditions, the hydroelectric power segment reported a production volume of 107 GWh in the second quarter of 2021, down 10% from 119 GWh for the same quarter of 2020.
- In the **United States**, power stations generated a production volume of 83 GWh in the second quarter of 2021, down 16% from 99 GWh a year earlier.

Solar

The solar power stations generated 176 GWh in the first quarter of 2021 compared with 7 GWh for the corresponding quarter of 2020, following the acquisition of interests in the solar power stations in the United States in January 2021.

Revenues from energy sales and feed-in premium

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Solar	Other segments	Consoli- dated
THREE-MONTH PERIOD ENDED JUNE 30, 2020	99	18	2	2	121
Segment breakdown	82%	15%	1%	2%	100%
Acquisitions/ commissioning ⁽¹⁾	23	—	14	—	37
Volume	2	(3)	—	—	(1)
Pricing	(1)	—	—	—	(1)
Foreign exchange effect	(2)	(1)	—	—	(3)
Other	(6)	—	—	—	(6)
Change	16	(4)	14	—	26
THREE-MONTH PERIOD ENDED JUNE 30, 2021	115	14	16	2	147
Segment breakdown	78%	10%	11%	1%	100%

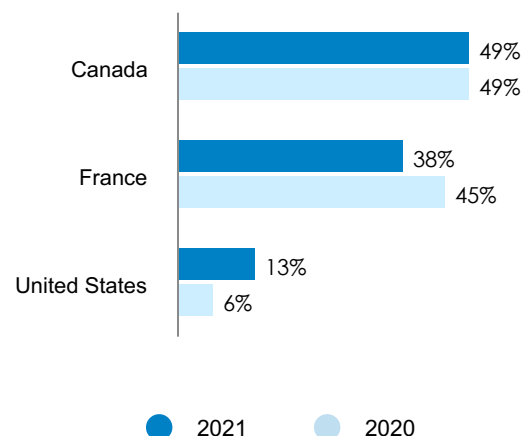
⁽¹⁾ See the *Changes in the portfolio in operation* table in this section.

For the three-month period ended June 30, 2021, revenues from energy sales totalled \$147 million, up \$26 million or 21%, compared with the results of the corresponding quarter of 2020. The expansion of the Corporation's operating base (see the *Changes in the portfolio in operation* table in this section) was the main driving factor for this increase.

Broken down geographically, for the second quarter of 2021, 49% of revenues were generated in Canada, 38% in France and 13% in the United States, compared with 49%, 45% and 6%, respectively, for the second quarter of 2020. These changes resulted mainly from the acquisition of solar power stations in the United States and of the Caisse's interest in the LP I, DM I and II wind farms in Canada.

Geographic breakdown of revenues from energy sales and feed-in premium

(Three-month periods ended June 30)



- For the second quarter of 2021, the **wind** power segment posted revenues of \$115 million, up 16% from \$99 million recorded for the same period of 2020. The contribution of the acquisition of the Caisse's interest in the LP I, DM I and II wind farms in Canada and those commissioned in France, for a total of \$23 million, and favourable volume effect arising from better wind conditions in France offset the \$2 million unfavourable foreign exchange effect arising from fluctuations in the euro against the Canadian dollar.
- Overall, revenues recorded by the French wind power segment were up 4% compared with the second quarter of 2020, while revenues at Canadian wind farms were up 29%.
- For the second quarter of 2021, the **hydroelectric** power segment generated revenues of \$14 million, down 22% from \$18 million for the same quarter of 2020. This decline stemmed primarily from the lower production volume in the United States and in Canada, owing to less favourable water flow conditions, combined with an unfavourable foreign exchange effect arising from fluctuations in the U.S. dollar against the Canadian currency.
Revenues of Canadian power stations were down 20% in the second quarter of 2021 compared with the same period of 2020. U.S. power stations reported a 24% decline.
- For the second quarter of 2021, **solar** power segment revenues rose by \$14 million to \$16 million from \$2 million for the comparative period of 2020, following the acquisition of interests in the solar power stations in the United States in January 2021.

EBITDA(A)⁽¹⁾

Main differences in EBITDA(A)

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

	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Consolidated
THREE-MONTH PERIOD ENDED JUNE 30, 2020	90	14	1	(2)	(17)	86
Segment breakdown⁽²⁾	87%	13%	1%	(1%)		100%
Acquisitions/commissioning ⁽³⁾	20	—	12	—	—	32
Volume	2	(3)	—	—	—	(1)
Pricing	(1)	—	—	—	—	(1)
Foreign exchange effect	(1)	(1)	—	—	—	(2)
Development	—	—	—	—	(2)	(2)
Other ⁽⁴⁾	(9)	1	—	1	1	(6)
Change	11	(3)	12	1	(1)	20
THREE-MONTH PERIOD ENDED JUNE 30, 2021	101	11	13	(1)	(18)	106
Segment breakdown⁽²⁾	81%	9%	11%	(1%)		100%

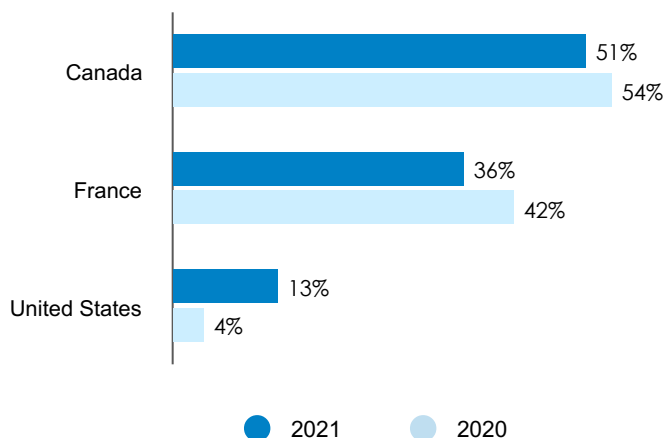
⁽¹⁾ See the *Non-IFRS measures* section.

⁽²⁾ Excluding corporate segment and eliminations.

⁽³⁾ See the *Changes in the portfolio in operation* table in this section.

Geographic breakdown of EBITDA(A)⁽¹⁾

(Three-month periods ended June 30)



For the second quarter of 2021, the Corporation recorded consolidated EBITDA(A) of \$106 million, up \$ 20 million or 23% from the corresponding quarter of 2020. As explained above for the revenues from energy sales and feed-in premium, the contribution of facilities acquired and commissioned is the main driving factor for the increase.

In the second quarter of 2021, 51% of EBITDA(A) was generated in Canada, 36% in France and 13% in the United States, compared with 54%, 42% and 4%, respectively, for the second quarter of 2020. This change is attributable to the same factors discussed above regarding the geographic breakdown of revenues from energy sales and feed-in premium.

⁽¹⁾ Excluding the corporate segment and eliminations.

Wind power segment EBITDA(A) amounted to \$101 million for the second quarter of 2021, up \$11 million or 12% from the corresponding quarter of 2020. The contributions of facilities acquired in Canada and of those commissioned in France as well as the better wind conditions in France largely explain this variation.

At the French wind farms, EBITDA(A) was up 3% to \$44 million owing to the commissioning of facilities and more favourable wind conditions, while the Canadian wind farms reported a 20% improvement to \$57 million, driven by the contribution of acquired facilities, which offset the lower production of comparable assets.

Hydroelectric power segment EBITDA(A) amounted to \$11 million for the second quarter of 2021, down \$3 million or 22%, compared with the corresponding quarter of 2020. This decline stemmed from the lower production volume at both U.S. and Canadian power stations and the weakening of the U.S. dollar against the Canadian currency.

Solar power segment EBITDA(A) rose \$12 million in the second quarter of 2021 from the comparative period of 2020, following the acquisition of interests in the solar power stations in the United States.

Excluding the acquisitions, the facilities commissioned and the resumption of operations following repowering projects, revenues from energy sales and feed-in premium declined 9% in the second quarter of 2021 compared with last year, taking into account less favourable weather conditions while operating expenses decreased by about 8%, a decline similar to revenues.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

THREE-MONTH PERIOD ENDED JUNE 30, 2020		(6)
EBITDA(A) ⁽¹⁾		20
Excess of the interest over the net assets of Joint Venture SDB I		3
Change in fair value of a derivative included in the share of the Apuiat Joint Venture		(4)
Amortization		(14)
Impairment		(1)
Acquisition costs		(1)
Financing costs		(5)
Income taxes		3
Non-controlling shareholders		(5)
Other gains		(5)
Other		2
Change		(7)
THREE-MONTH PERIOD ENDED JUNE 30, 2021		(13)

⁽¹⁾ See the *Non-IFRS measures* section.

Excess of the interest over the net assets of Joint Venture SDB I

During the second quarter of 2021, the Corporation did not record any Excess of the interest over the net assets of Joint Venture SDB I, compared with the reversal of part of an excess amount of \$3 million for the corresponding period of 2020, thereby giving rise to a \$3 million favourable difference. Under IFRS, if Boralex's interest in a Joint Venture becomes negative following the payment of distributions, the carrying amount of such interest is reduced to zero and the adjustment is recorded under Excess of the interest over the net assets of Joint Venture SDB I. When the carrying amount of the interest becomes positive again, the adjustment is reversed up to the cumulative amount previously recognized as an excess amount. The Corporation presents this excess amount in the *Share in earnings of the Joint Ventures and associates* in the consolidated statements of earnings.

Change in fair value of a derivative included in the share of the Apuiat Joint Venture

During the second quarter of 2021, a loss on the change in fair value of a derivative financial instrument related to the power purchase agreement was recognized in the project earnings, which affected the share of the **Apuiat** joint venture in the amount of \$4 million. The Corporation has reported this change in the *Share in earnings of the Joint Ventures and associates* in the consolidated statements of earnings.

Amortization

Amortization expense for the second quarter of 2021 was up \$14 million to \$72 million, owing mainly to the expansion in the Corporation's operating base and the revision of estimated useful lives of repowered facilities, partially offset by a \$2 million reduction in amortization expense following changes made to the useful lives of certain components of wind farms with concrete towers.

Financing costs

Financing costs amounted to \$36 million for the second quarter of 2021, up \$5 million from last year, mainly due to the acquisition of 49% interests in the LP I, DM I and II partnerships, previously held at 51%, as well as, the acquisition of solar power stations in the United States.

Income taxes

The Corporation's income tax recovery increased by \$3 million, compared with the corresponding quarter of the previous year. This increase resulted primarily from a certain amount of non-taxable income in the United States.

Other losses

The \$5 million unfavourable difference resulted mainly from a realized loss on the disposal as at May 1, 2021 of the Blendecques co-generation plant.

Net earnings

Overall, for the three-month period ended June 30, 2021, Boralex recognized a net loss of \$8 million, compared with a net loss of \$6 million for the same period of 2020. Net earnings attributable to non-controlling shareholders of Boralex for the second quarter of 2021 amounted to \$5 million, compared with a nil amount for the same period of last year.

As shown in the table above, Boralex reported a net loss attributable to shareholders of Boralex of \$13 million or \$0.13 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of \$6 million or \$0.07 per share (basic and diluted) for the corresponding period of 2020. The unfavourable difference of \$7 million is explained by the previously mentioned items.

Analysis of consolidated operating results for the six-month period ended June 30, 2021

EBITDA(A) up 9%, driven mainly by the expansion of the Corporation's operating base.

Due to their significant share in the consolidated results, the performance of the wind, hydroelectric and solar power segments is described below.

Total power production

(GWh)	Year-to-date 2021				Year-to-date 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	In GWh	%
Wind										
Comparable assets ⁽¹⁾	657	1,071	—	1,728	700	1,251	—	1,951	(223)	(11)
Acquisition - LP I, DM I and II	413	—	—	413	—	—	—	—	413	—
Commissioning ⁽²⁾	—	47	—	47	—	19	—	19	28	>100
Temporary shutdown - Cham Longe I	—	63	—	63	—	—	—	—	63	—
Wind - total	1,070	1,181	—	2,251	700	1,270	—	1,970	281	14
Hydroelectric										
Comparable assets	195	—	166	361	189	—	227	416	(55)	(13)
Hydroelectric - total	195	—	166	361	189	—	227	416	(55)	(13)
Solar										
Comparable assets	—	11	—	11	—	11	—	11	—	1
Boralex US Solar power stations ⁽¹⁾	—	—	242	242	—	—	—	—	242	—
Solar - total	—	11	242	253	—	11	—	11	242	>100
Thermal										
Blendecques - Disposition ⁽³⁾	—	19	—	19	—	19	—	19	—	1
Senneterre	68	—	—	68	54	—	—	54	14	26
Thermal - total	68	19	—	87	54	19	—	73	14	19
Total⁽¹⁾	1,333	1,211	408	2,952	943	1,300	227	2,470	482	20

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (64 GWh for the six-month period ended June 30, 2021, including 55 GWh for wind and 9 GWh for solar and 86 GWh for wind only for the six-month period ended June 30, 2020).

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

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

Boralex produced 2,888 GWh of electricity for the six-month period ended June 30, 2021, and received compensation for the equivalent of 64 GWh, bringing total production to 2,952 GWh, up 20% from 2,470 GWh for the corresponding period of 2020, comprising production of 2,384 GWh and compensation for the equivalent of 86 GWh. Excluding contributions from acquired and commissioned assets, the Corporation recorded a 11% decline in output from comparable assets, owing to less favourable conditions on average for the first six-month period of the year for both wind farms and hydroelectric power stations.

Wind

Total production at the wind farms amounted to 2,251 GWh for the six-month period ended June 30, 2021, up 14% from 1,970 GWh for the corresponding period a year earlier. This increase stemmed from the contribution of facilities acquired and commissioned since the beginning of fiscal 2020 (see the *Change in the portfolio in operation* table in this section), which offset the wind conditions, which were on average less favourable over the first six-month period of the year for comparable assets in both France and Canada. Note that during the first quarter of 2020, the weather conditions had been much more favourable.

- In **France**, weather conditions were less favourable over the six-month period ended June 30, 2021 compared with the same period of last year, which resulted in a 14% decrease in the production volume of comparable assets. Taking into account contributions from wind farms commissioned and the temporary shutdown and resumption of the **Cham Longe I** wind farm, the French wind power segment recorded a 7% decrease in production volume for the first six months of 2021 to 1,181 GWh, compared with the same period of 2020.
- In **Canada** as well, weather conditions were slightly less favourable than in 2020, resulting in a 6% decrease in production volume of comparable assets. With the acquisition of the Caisse's interests in the LP I and DM I and II wind farms, the Canadian wind power segment's production volume grew 53% to 1,070 GWh for the six-month period ended June 30, 2021, compared with 700 GWh for the same period of 2020.

Hydroelectric

For the six-month period ended June 30, 2021, hydroelectric power segment production totalled 361 GWh, down from the 416 GWh recognized for the corresponding period of 2020, owing primarily to less favourable wind conditions in the United States.

- In **Canada**, hydroelectric power segment production volume rose slightly to 195 GWh for the six-month period ended June 30, 2021 from 189 GWh for the corresponding period of 2020.
- In the **United States**, water flow conditions were less favourable than last year, which resulted in a 27% decline in production volume, or 166 GWh, for the first six months of 2021 compared with 227 GWh in fiscal 2020.

Solar

The solar power stations generated 253 GWh in the first half of 2021, up from 11 GWh for the corresponding quarter of 2020, following the acquisition of interests in the solar power stations in the United States in January 2021.

Revenues from energy sales and feed-in premium

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Solar	Other segments	Consolidated
SIX-MONTH PERIOD ENDED JUNE 30, 2020					
	271	34	3	13	321
Segment breakdown	84%	11%	1%	4%	100%
Acquisitions/commissioning ⁽¹⁾	54	—	20	—	74
Volume ⁽²⁾	(31)	(4)	—	—	(35)
Pricing	(4)	—	—	—	(4)
Other	(4)	(1)	—	2	(3)
Change	15	(5)	20	2	32
SIX-MONTH PERIOD ENDED JUNE 30, 2021					
	286	29	23	15	353
Segment breakdown	81%	9%	6%	4%	100%

⁽¹⁾ See the *Changes in the portfolio in operation* table in this section.

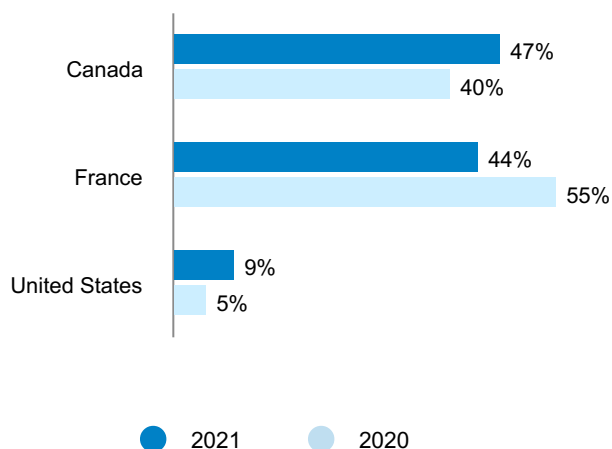
⁽²⁾ Excluding the temporary shutdowns and resumptions.

For the six-month period ended June 30, 2021, revenues from energy sales totalled \$353 million, up \$32 million or 10% from the corresponding period of 2020. This increase stemmed from the expansion in the Corporation's operating base since the beginning of fiscal 2020 (see the *Change in the portfolio in operation* table in this section), which offset the unfavourable difference resulting from lower production of comparable assets in the wind and hydroelectric segments.

Broken down geographically, for the six-month period ended June 30, 2021, 47% of revenues were generated in Canada, 44% in France and 9% in the United States, compared with 40%, 55% and 5%, respectively, for the corresponding period of 2020. These changes stemmed mainly from the greater expansion in the operating base in Canada compared with France in terms of installed capacity, combined with the impact of the acquisition of solar power stations in the United States. Also, during the initial months of 2021, wind conditions were much less favourable than in 2020 for the French wind power segment, which resulted in a significant decline in its year-to-date revenues.

Geographic breakdown of revenues from energy sales and feed-in premium

(Six-month periods ended June 30)



- For the six-month period ended June 30, 2021, **wind** power segment revenues amounted to \$286 million, up 5% from the same period of 2020. The expansion in the operating base resulted in a \$54 million favourable difference, partially offset by a \$31 million volume effect due to the decline in production of comparable assets, primarily in France. Also, an unfavourable price effect of \$3 million resulting primarily from the expiry of the EDF contract for a wind farm.

Overall, revenues recorded by the French wind power segment were down 13% compared with 2020, while revenues of the Canadian wind power segment grew 35% year-over-year.

- For the six-month period months ended June 30, 2021, the **hydroelectric** power segment generated revenues of \$29 million, down 16% from \$34 million for the corresponding period of 2020. This decline was attributable to a lower volume resulting from less favourable water flow conditions for the U.S. and Canadian power stations for the first six-month period of 2021 compared with 2020.

Revenues at U.S. and Canadian power stations were down 30% and 4% respectively.

- For the first six months of 2021, **solar** power segment revenues rose \$20 million to \$23 million from \$3 million for the comparative period of 2020, following the acquisition of interests in the solar power stations in the United States in January 2021.

EBITDA(A)⁽¹⁾

Main differences in EBITDA(A)

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

	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Consolidated
SIX-MONTH PERIOD ENDED JUNE 30, 2020	240	26	1	2	(34)	235
Segment breakdown⁽²⁾	89%	9%	1%	1%		100%
Acquisitions/commissioning ⁽³⁾	46	—	17	—	—	63
Volume ⁽⁴⁾	(31)	(4)	—	—	—	(35)
Pricing	(4)	—	—	—	—	(4)
Development	—	—	1	—	(3)	(2)
Other	(3)	(1)	—	2	2	—
Change	8	(5)	18	2	(1)	22
SIX-MONTH PERIOD ENDED JUNE 30, 2021	248	21	19	4	(35)	257
Segment breakdown⁽²⁾	85%	7%	7%	1%		100%

⁽¹⁾ See the *Non-IFRS measures* section.

⁽²⁾ Excluding the corporate segment and eliminations.

⁽³⁾ See *Changes in the portfolio in operation* table in this section.

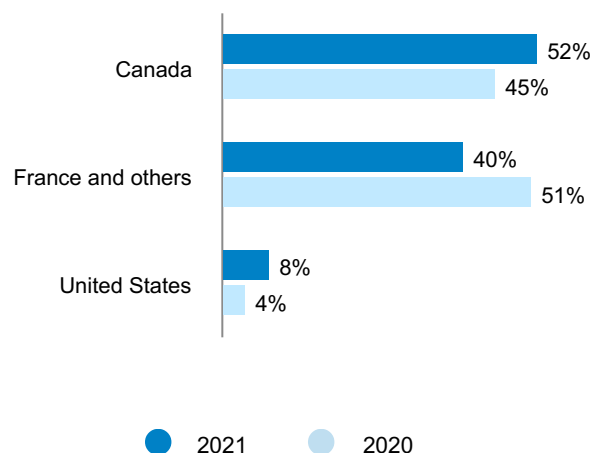
⁽⁴⁾ Excluding the temporary shutdowns and resumptions.

For the six-month period ended June 30, 2021, consolidated EBITDA(A) amounted to \$257 million, up \$22 million or 9% from the corresponding period of 2020. This increase was mainly driven by the additional EBITDA(A) of \$63 million resulting from the expansion of the operating base since early 2020. This item offset the unfavourable difference of \$35 million stemming from the lower production of comparable assets, particularly for the French wind power segment during the initial months of 2021 compared with last year. In addition, prices decreased by \$4 million in the wind power segment and development costs increased by \$2 million.

Broken down geographically, for the six-month period ended June 30, 2021, 52% of EBITDA(A) were generated in Canada, 40% in France and 8% in the United States, compared with 45%, 51% and 4%, respectively, for the corresponding period of 2020. These changes were attributable to the same factors discussed above regarding the geographic breakdown of revenues from energy sales and feed-in premium.

Geographic breakdown of EBITDA(A)⁽¹⁾

(Six-month periods ended June 30)



⁽¹⁾ Excluding the corporate segment and eliminations.

For the six-month period ended June 30, 2021, the **wind** power segment generated EBITDA(A) of \$248 million, up \$8 million or 3% compared with the same period of 2020. This increase was mainly the result of Boralex's expansion strategy with the facilities acquired and commissioned over the past year generating additional EBITDA(A) of \$46 million, which offset the unfavourable difference of \$31 million related to the lower production of comparable assets, primarily in France during the first quarter of 2021 compared with the same period of last year when wind conditions were much more favourable.

Accordingly, EBITDA(A) of the wind power segment in France declined by 17% while the Canadian wind power segment reported a 29% increase, following the acquisition of the Caisse's interests in the LP I and DM I and II wind farms.

For the first six months of 2021, the **hydroelectric** power segment recorded EBITDA(A) of \$21 million, down \$5 million from the same period of last year owing to less favourable water flow conditions for both U.S. and Canadian power stations.

Accordingly, EBITDA(A) was down 33% and 7% at U.S. and Canadian power stations respectively.

Excluding the acquisition of the Caisse's interests in three wind farms in Canada, facilities commissioned, temporary shutdowns and production, and the disposal of Blendecques co-generation plant, revenues from energy sales and feed-in premium were down 14% for the six-month period ended June 30, 2021 compared with the prior year, while operating expenses matched the trend with a decrease of 11%, a variation similar to that of revenues.

Main changes in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

SIX-MONTH PERIOD ENDED JUNE 30, 2020	35
EBITDA(A) ⁽¹⁾	22
Excess of the interest over the net assets of Joint Venture SDB I	(14)
Change in fair value of a derivative included in the share of the Apuiat Joint Venture	5
Amortization	(31)
Impairment	(2)
Acquisition costs ⁽²⁾	(4)
Financing costs	(7)
Income taxes	5
Non-controlling shareholder	(6)
Other gains	5
Other	13
Change	(14)
SIX-MONTH PERIOD ENDED JUNE 30, 2021	21

⁽¹⁾ See the *Non-IFRS measures* section.

⁽²⁾ See the *Analysis of consolidated operating results for the six-month period ended June 30, 2021*.

Excess of the interest over the net assets of Joint Venture SDB I

During the six-month period ended June 30, 2021, the Corporation reversed a \$6 million excess of distributions received over the share in net earnings of Joint Venture SDB I compared with a \$8 million excess amount for the first six months of 2020, thereby resulting in a \$14 million favourable difference. The significant decrease in the value of the interests in the first half of 2020 related primarily to the reduction in the fair value of the Joint Ventures' interest rate swaps given the significant drop in rates since the beginning of the COVID-19 pandemic. (See the *Analysis of consolidated operating results for the three-month period ended June 30, 2021* section for a discussion of the applicable IFRS treatment).

Change in fair value of a derivative included in the share of the Apuiat Joint Venture

During the six-month period ended June 30, 2021, a gain on the change in fair value of a derivative financial instrument related to the power purchase agreement, fluctuating in line with interest rates, was recognized in the project earnings, which affected the share of the Apuiat joint venture in the amount of \$5 million. The Corporation has reported this change in the *Share in earnings of the Joint Ventures and associates* in the consolidated statements of earnings.

Amortization

During the six-month period ended June 30, 2021, the amortization expense increased by \$31 million to \$147 million, compared with the same period of 2020. This increase was mainly attributable to the expansion in the Corporation's operating base, the accelerated amortization of repowered facilities and the changes made to the useful lives of certain components of wind farms with concrete towers.

Acquisition costs

For the year ended June 30, 2021, the Corporation recorded costs of \$4 million, mostly for the acquisition of interests in the solar power stations in the United States completed in January 2021.

Financing costs

During the six-month period ended June 30, 2021, financing costs increased by \$7 million to \$71 million, compared with 2020, owing mainly to the acquisition of the 49% interest in the LP 1, DM I and II partnerships, previously held at 51%, and the acquisition of interests in the solar power stations in the United States.

Income taxes

During the six-month period ended June 30, 2021, the income tax expense decreased by \$5 million compared with the same period of 2020, due primarily to the \$13 million decrease in earnings before income taxes.

Other

The favourable difference of \$13 million resulted from the recognition of tax attributes related to tax equity financing and a \$2 million gain associated with financial instruments for 2021. In 2020, a \$10 million net loss associated with financial instruments was recorded, including a \$6 million net loss attributable to the Innovent litigation.

Other gains

The \$5 million favourable difference stemmed mainly from a \$6 million gain attributable to the reversal of a financial liability following a settlement with a supplier, partially offset by a net loss of \$4 million related to the disposal of the Blendecques co-generation plant, compared to a nil amount for the corresponding period of 2020.

Net earnings

For the six-month period ended June 30, 2021, Boralex recognized net earnings of \$30 million, compared with net earnings of \$38 million for the corresponding period of 2020. Net earnings attributable to non-controlling shareholders of Boralex for the first six months of 2021 amounted to \$9 million compared with \$3 million a year earlier.

Net earnings attributable to shareholders of Boralex amounted to \$21 million or \$0.20 per share (basic and diluted), compared with \$35 million or \$0.36 per share (basic and diluted) for the same period of 2020. The unfavourable difference of \$14 million or \$0.16 per share (basic and diluted) compared with the first six months of 2020 resulted from the sum of the items discussed above.

Cash flows

Cash flows for the first six months of 2021 reflected the Corporation's capacity to generate net cash flows related to operating activities, through its growth strategy, comparable to the same period of 2020 despite less favourable weather conditions overall.

(in millions of Canadian dollars) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
Cash flows from operations ⁽¹⁾	66	51	181	175
Change in non-cash items related to operating activities	18	47	36	55
Net cash flows related to operating activities	84	98	217	230
Net cash flows related to investing activities	(20)	(37)	(342)	(43)
Net cash flows related to financing activities	(91)	(53)	91	(59)
Translation adjustment on cash and cash equivalents	(3)	(3)	(7)	5
NET CHANGE IN CASH AND CASH EQUIVALENTS	(30)	5	(41)	133
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	264	281	275	153
CASH AND CASH EQUIVALENTS – END OF PERIOD	234	286	234	286

⁽¹⁾ See the *Non-IFRS measures* section.

For the three-month period ended June 30, 2021

Operating activities

Excluding non-cash items in net earnings for both periods, the \$15 million increase in cash flows from operations resulted largely from the \$20 million growth in EBITDA(A) as discussed previously, offset by a \$5 million increase in *Interest paid* mainly due to the acquisition of the Caisse's interest in the three Québec wind farms in late 2020 and the solar power stations in the United States, and a \$5 million increase in *Income taxes paid*.

Distributions received from the Joint Ventures and associates

(in millions of Canadian dollars) (unaudited)	Three-month periods ended June 30		Change \$
	2021	2020	
SDB I et II	1	—	1
LP II et Roncevaux	1	1	—
DM I et II et LP I ⁽¹⁾	—	2	(2)
	2	3	(1)

⁽¹⁾ The Corporation acquired control of these entities on November 30, 2020. As at June 30, 2021, the entities were subsidiaries.

Cash generated by the change in non-cash items related to operating activities in the second quarter of 2021 totalling \$18 million resulted mainly from a \$29 million decrease in *Trade and other receivables* following the collection of accounts receivable of the first quarter which are higher due to the seasonal cycle of wind generation, partly offset by a \$9 million increase in *Other current assets* related to deposits made to secure the supply of equipment for facilities under construction.

Operating activities generated net cash inflows totalling \$84 million in the second quarter of 2021, compared with \$98 million for the same period a year earlier.

Investing activities

Investing activities during the three-month period ended June 30, 2021 used cash in the amount of \$20 million compared with \$37 million for the same period a year earlier. The Corporation invested \$12 million in additions to property, plant and equipment:

Segment and geographic breakdown of additions to property, plant and equipment

(in millions of Canadian dollars) (unaudited)	Canada	Europe	Total
Wind			
Construction ⁽¹⁾	—	7	7
In operation	1	—	1
Wind - total	1	7	8
Hydroelectric			
In operation	1	—	1
Hydroelectric - total	1	—	1
Solar	—	3	3
Total	2	10	12

⁽¹⁾ See the *Changes in the portfolio in operation* table in this section.

In the second quarter of 2020, Boralex had invested \$25 million in additions to property, plant and equipment, including \$23 million in the wind power segment in France.

The Corporation also paid \$4 million mainly as additional consideration for the **La Grande Borne** project. Moreover, the Corporation's restricted cash increased by \$4 million, which will be used mainly for payments for facilities under construction.

Financing activities

Financing activities for the three-month period ended June 30, 2021 used total net cash flows of \$91 million.

New financing arrangements and repayments on existing debt

During the three-month period ended June 30, 2021, new non-current debt contracted by Boralex totalled \$43 million comprising:

- \$25 million on the revolving credit facility;
- An \$18 million amount drawn down on the Boralex Energy Investments portfolio in France.

Conversely, the Corporation made repayments totalling \$72 million on its debt relating to various assets in operation as well as \$36 million for repayment of its revolving credit facility.

Dividends and other items

During the three-month period ended June 30, 2021, the Corporation paid dividends to shareholders totalling \$17 million (\$0.1650 per common share) compared with \$16 million (\$0.1650 per common share) for the second quarter of 2020.

The Corporation also paid \$6 million to non-controlling shareholders, compared with \$2 million a year earlier. The increase mainly resulted from the distributions paid to non-controlling shareholders of the the solar power stations acquired in the United States.

Discretionary cash flows and payout ratio⁽¹⁾

Discretionary cash flows amounted to a negative amount of \$7 million for the second quarter of 2021 compared with a negative amount of \$14 million for the same period last year.

The favourable difference in cash flows from operations resulting mainly from the increase in EBITDA(A), as previously discussed, was partially offset by higher loan payments for facilities in operation and an increase in distributions to non-controlling shareholders.

Note that in the second quarter of 2020, a temporary adjustment of \$10 million was made to eliminate the change in the debt repayment schedule following the refinancing in France. The Corporation is now repaying its debts in France based on the seasonal nature of revenues from wind farms in France with the repayment taking place in the month following the quarter in question. Results for the first quarter are generally higher than those for the second quarter. This adjustment is no longer necessary since the debt repayment schedule followed the same basis in 2021 as in 2020.

Discretionary cash flows gave rise to a negative amount of \$0.07 per share for the second quarter of 2021 compared with a negative amount of \$0.14 per share for the same period of last year.

⁽¹⁾ See the *Non-IFRS measures* section.

For the six-month period ended June 30, 2021

Operating activities

For the six-month period ended June 30, 2021, Boralex reported \$181 million in cash flows from operations, compared with \$175 million for the same period in 2020. The \$6 million growth excluding non-cash items in net earnings, was attributable to a \$22 million increase in EBITDA(A), partially offset by a \$4 million decrease in distributions received from *Interests in the Joint Ventures and associates*, and a \$10 million increase in *Interest paid*, following the acquisition of the Caisse's interests in three wind farms in Québec at the end of 2020 and the interest in the seven solar power stations in the United States.

Distributions received from the Joint Ventures and associates

(in millions of Canadian dollars) (unaudited)	Six-month periods ended June 30		Change \$
	2021	2020	
SDB I and II	5	5	—
LP II and Roncevaux	1	2	(1)
DM I and II and LP I ⁽¹⁾	—	3	(3)
	6	10	(4)

⁽¹⁾ The Corporation acquired control of these entities on November 30, 2020. As at June 30, 2021, the entities were subsidiaries.

Cash generated by the non-cash items related to operating activities in the amount of \$36 million during the six-month period ended June 30, 2021 resulted from a decrease in *Trade and other receivables* related to the collection of trade receivables and the receipt of value added tax refunds in France for the facilities commissioned in 2020, offset by an increase in *Other current assets* related to deposits made to secure the supply of equipment for facilities under construction.

Operating activities generated net cash inflows totalling \$217 million in the second quarter of 2021, compared with \$230 million for the same period a year earlier.

Investing activities

Investing activities used cash flows totalling \$342 million in the first six months of 2021, compared with \$43 million for the same period of 2020. The Corporation made investments in property, plant and equipment in the amount of \$42 million the six-month period ended June 30, 2021, broken down as shown below. In addition, in the first quarter of 2021, the Corporation paid \$274 million, net of cash acquired, to acquire interests in the solar power stations in the United States and invested \$6 million in the Joint Ventures for the Apuiat project.

Segment and geographic breakdown of additions to property, plant and equipment

(in millions of Canadian dollars) (unaudited)	Canada	Europe	United States	Total
Wind				
Construction ⁽¹⁾	—	29	—	29
In operation	1	—	—	1
Wind - total	1	29	—	30
Hydroelectric				
In operation	1	—	—	1
Hydroelectric - total	1	—	—	1
Solar	—	7	3	10
Corporate	—	1	—	1
Total	2	37	3	42

⁽¹⁾ See the *Changes in the portfolio in operation* table in this section.

During the first six months of the fiscal year, the Corporation also paid \$12 million mainly as additional consideration for the **Extension Plaine d'Escrebieux** and **La Grande Borne** projects. In addition, the Corporation's restricted cash increased by \$5 million, which will be used mainly for payments for facilities under construction.

Financing activities

Financing activities for the six-month period ended June 30, 2021 generated total net cash flows of \$91 million.

New financing arrangements and repayments on existing debt

During the six-month period ended June 30, 2021, new non-current debt contracted by Boralex totalled \$374 million comprising:

- \$161 million on the revolving credit facility including US\$69 million for the acquisition of the power stations in the United States;
- \$192 million to finance the acquisition of interests in the solar power stations in the United States;
- \$3 million for the Sainte-Christine portfolio in France;
- \$18 millions on the Boralex Energy Investments portfolio in France

Conversely, during the six-month period ended June 30, 2021, the Corporation made debt repayments totalling \$131 million relating to projects in operation, repaid \$12 million in value added tax bridge financing for the Sainte-Christine portfolio and settled \$6 million in lease liabilities. Boralex also repaid \$95 million on its revolving credit facility.

Dividends and other items

During the six-month period ended June 30, 2021, the Corporation paid dividends to shareholders totalling \$34 million compared with \$32 million for the same period of 2020. For both periods, dividends paid were equivalent to \$0.1650 per share per quarter.

The Corporation paid \$8 million to non-controlling shareholders for the six-month period ended June 30, 2021 compared with \$3 million for the same period of last year. The increase resulted from the distributions paid to non-controlling shareholders of the solar power stations acquired in the United States. During the first quarter of 2021, the Corporation also received \$5 million from the settlement of an interest rate swap and paid \$3 million in financing costs, both related to the financing transaction to acquire interests in the solar power stations in the United States.

Discretionary cash flows and payout ratio⁽¹⁾

Discretionary cash flows amounted to \$53 million for the six-month period ended June 30, 2021 compared with \$54 million for the corresponding period of last year. The \$6 million increase in cash flows from operations resulting from EBITDA(A) growth between the two periods was offset by higher debt repayments.

Discretionary cash flows amounted to \$0.52 per share for the six-month period ended June 30, 2021 compared with \$0.57 per share for the six-month period ended June 30, 2020.

Discretionary cash flows amounted to \$149 million for the twelve-month period ended June 30, 2021 compared with \$146 million for the twelve-month period ended December 31, 2020, which amounted to \$1.47 and \$1.48 per share, respectively. The dividends paid to shareholders during this period represented a payout ratio of 45%, which falls within the target payout ratio range of 30% to 50% to allow for reinvestment of between 50% and 70% of discretionary cash flow into growth.

⁽¹⁾ See the *Non-IFRS measures* section.

Financial position

Overview of the consolidated condensed statements of financial position

(in millions of Canadian dollars) (unaudited)	As at June 30, 2021	As at December 31, 2020	Change (\$)
ASSETS			
Cash and cash equivalents	234	275	(41)
Restricted cash	7	2	5
Other current assets	148	195	(47)
CURRENT ASSETS	389	472	(83)
Property, plant and equipment	3,309	3,112	197
Right-of-use assets	346	316	30
Intangible assets	1,197	1,027	170
Goodwill	219	222	(3)
Interests in the Joint Ventures and associates	116	74	42
Other non-current assets	130	91	39
NON-CURRENT ASSETS	5,317	4,842	475
TOTAL ASSETS	5,706	5,314	392
LIABILITIES			
CURRENT LIABILITIES	383	403	(20)
Debt	3,365	3,287	78
Lease liabilities	276	243	33
Other non-current liabilities	441	390	51
NON-CURRENT LIABILITIES	4,082	3,920	162
TOTAL LIABILITIES	4,465	4,323	142
EQUITY			
TOTAL EQUITY	1,241	991	250
TOTAL LIABILITIES AND EQUITY	5,706	5,314	392

Summary of significant changes

Assets

As at June 30, 2021, Boralex's total assets amounted to \$5,706 million, up \$392 million from total assets of \$5,314 million as at December 31, 2020. This increase was primarily due to a \$475 million increase in *Non-current assets*, partly offset by a \$83 million decrease in *Current assets*.

The \$83 million change in *Current assets* was primarily attributable to the \$41 million decrease in *Cash and cash equivalents* as discussed previously and a \$47 million decrease in *Other current assets* due mainly to the change in *Trade and other receivables*.

Non-current assets were up \$475 million, owing primarily to the following changes:

- A \$197 million increase in the value of *Property, plant and equipment* (net of amortization for the period) which breaks down as follows:
 - A \$83 million decrease related to exchange rate fluctuations;
 - A \$92 million decrease related to amortization of assets in operation;
 - A \$47 million increase mainly related to projects under construction (see the *Cash flows* section);
 - A \$333 million increase related to the acquisition of interests in the solar power stations in the United States;
- A \$30 million increase in *Right-of-use assets*, including \$24 million resulting from the acquisition of interests in the solar power stations in the United States;

- A \$170 million increase in *Intangible assets* primarily due to a \$224 million increase related to the acquisition of interests in the solar power stations in the United States, \$12 million in additional consideration for the acquisition of projects under construction, mainly for the **Extension Plaine d’Escrebieux** and **La Grande Borne** projects, the whole offset in part by the \$27 million unfavourable foreign exchange difference and the amortization of assets in operation in the amount of \$45 million.
- A \$42 million increase in *Interests in the Joint Ventures and associates* owing to:
 - The \$28 million contribution to the **Apuiat** project;
 - The \$17 million share in net earnings, which includes the gain on the embedded derivative of the Apuiat project ;
 - The \$10 million share in other comprehensive income ;
 - A decrease resulting from \$6 million in distributions and the \$6 million reversal of the excess of the interest over the net assets of Joint Venture SDB I;
- A \$39 million increase in *Non-current assets*, owing to the change in *Other non-current financial assets* resulting from changes in the fair value of financial instruments following increases in interest rates.

Current liabilities

Current liabilities as at June 30, 2021 amounted to \$383 million compared with \$403 million recognized as at December 31, 2020. The decrease of \$20 million is mainly due to the \$17 million decline in the *Current portion of debt* following the \$12 million refund of value added tax for the Sainte-Christine portfolio.

Working capital

As at June 30, 2021, the Corporation had working capital of \$6 million for a ratio of 1.02:1, compared with working capital of \$69 million and a ratio of 1.17:1 as at December 31, 2020.

Non-current liabilities

Total *Non-current liabilities* grew \$162 million to total \$4,082 million.

The increase stems primarily from a \$78 million increase in *Non-current debt*, which resulted mainly from:

- A debt increase of \$182 million, mainly related to drawdowns of \$18 million on debt of Boralex Energy France to finance facilities under construction and \$161 million on the revolving credit facility (including a drawdown of US\$69 million for the acquisition of the interests in seven solar power stations portfolio in the United States);
- A \$192 million increase related to the financing of the acquisition of seven solar power stations in the United States;
- A \$80 million decrease resulting from exchange rate fluctuations;

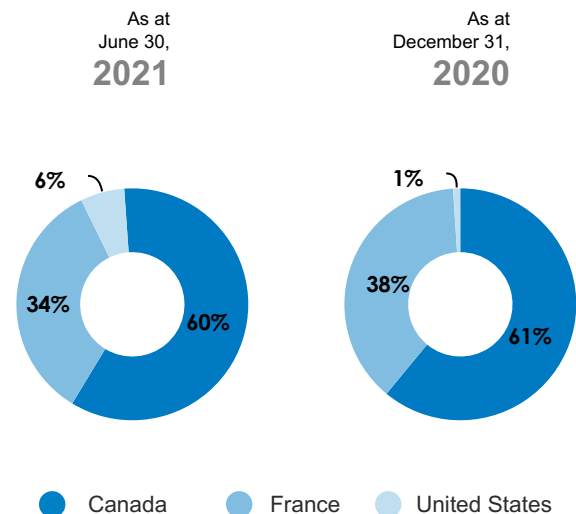
- A \$226 million decrease resulting from the repayment of various debts, excluding the refund of value added tax, including \$95 million on the revolving credit facility and \$128 million on the debt related to projects in operation.

The increase in *Non-current liabilities* also resulted from:

- A \$33 million increase in lease liabilities including \$24 million related to the acquisition of interests in the solar power stations in the United States;
- A \$51 million increase in *Other non-current liabilities* including a \$26 million increase in *Deferred income tax liabilities* and a \$13 million increase in *Decommissioning liability*.

As at June 30, 2021, Boralex had \$231 million in debt contracted for its construction projects that remained undrawn. Boralex could still draw on the \$50 million accordion feature as well as an amount of \$218 million available on the revolving credit facility as at June 30, 2021.

Geographic breakdown of debt



Equity

During the six-month period ended June 30, 2021, total *Equity* increased by \$250 million to \$1,241 million as at June 30, 2021. This increase was due to the net earnings of \$30 million and a \$40 million increase in *Other comprehensive income* mainly related to the change in fair value of financial instruments following higher interest rates, in addition to a \$220 million share of a non-controlling shareholder resulting from a business combination and a contribution by a non-controlling shareholder of \$2 million. The increase was partly offset by \$34 million in dividends paid to shareholders of Boralex and distributions of \$8 million to non-controlling shareholders.

Debt ratios

Net debt, as defined under the *Non-IFRS measures* section, amounted to \$3,421 million as at June 30, 2021 compared with \$3,332 million as at December 31, 2020.

As a result, the net debt to market capitalization ratio, as defined under *Non-IFRS measures*, rose from 41% as at December 31, 2020 to 46% as at June 30, 2021.

Boralex's closing share price was \$37.75 per share as at June 30, 2021 compared with 47.24 per share as at December 31, 2020.

Information about the Corporation's equity

As at June 30, 2021, Boralex's capital stock consisted of 102,618,702 Class A shares issued and outstanding (102,616,653 as at December 31, 2020) due to the issuance of 2,049 shares following the exercise of stock options held by management and key employees.

As at June 30, 2021, there were 325,191 outstanding stock options, of which 195,302 were exercisable.

From July 1 to August 5, 2021, no new shares were issued on the exercise of stock options.

Related party transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity of which Patrick Lemaire, a director of the Corporation, is one of three shareholders.

The Corporation has an office lease contract with Ivanhoé Cambridge, an entity in which the Caisse holds an interest as well. As at June 30, 2021, the lease liability related to rent amounted to \$10 million.

In addition, the Corporation holds a \$250 million financing arrangement with the Caisse in the form of unsecured term loan with a 10-year maturity as well as a \$59 million (€40 million) term loan maturing in five years with repayment of the full amount of both loans on the maturity date. For the three-month period ended June 30, 2021, the interest related to these transactions amounted to \$8 million (\$8 million in 2020).

On November 30, 2020, Boralex announced the closing of the acquisition of the Caisse's 49% interest in three wind farms in Québec, in which Boralex already held 51%, for a cash consideration of \$121 million (\$98 million net of cash acquired), plus a \$4 million contingent consideration subject to the settlement of certain future conditions.

The Six Nations' equity interest in FWRN LP was financed by Boralex through a non-recourse loan, which will be repaid, with interest, through Six Nations' share of the payouts that FWRN LP will make during the term of the energy sale contract. For the six-month period ended June 30, 2021, the advance including interest totalled \$30 million (\$29 million as at December 31, 2020).

The 15 MW **Val aux Moines** wind farm is 35% owned by shareholder Nordex Employee Holding GmbH. The non-controlling shareholder advanced \$6 million (€4 million) to the project to finance construction of the facility. For the six-month periods ended June 30, 2021 and 2020, interest related to this amount owing to a non-controlling shareholder was not material.

The Corporation charges management fees and maintenance costs to certain joint ventures for services rendered. The related revenues for the three-month period ended June 30, 2021 amounted to \$7 million (\$6 million in 2020).

In February 2021, the Corporation entered into a partnership for the Apuiat wind power project in which Boralex has a 50-50 interest with Innu communities. Boralex recorded an amount of \$20 million due to a joint venture following recognition of its interest in the project. As at June 30, 2021, the amount due was \$19 million.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Sept. 30, 2019	Dec. 31, 2019	March 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	March 31, 2021	June 30, 2021
POWER PRODUCTION (GWh)⁽¹⁾								
Wind power stations	574	1,102	1,266	704	596	1,228	1,312	940
Hydroelectric power stations	131	211	198	218	144	186	171	190
Thermal power stations ⁽²⁾	—	48	65	8	42	51	70	17
Solar power stations	7	3	4	7	7	3	77	176
	712	1,364	1,533	937	789	1,468	1,630	1,323
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	78	149	172	99	85	170	171	115
Hydroelectric power stations	11	22	16	18	14	15	15	14
Thermal power stations ⁽³⁾	1	7	11	2	4	8	13	2
Solar power stations	2	1	1	2	2	—	7	16
	92	179	200	121	105	193	206	147
EBITDA(A)⁽³⁾								
Wind power stations	52	145	150	90	69	155	148	101
Hydroelectric power stations	6	17	12	14	9	10	10	11
Thermal power stations ⁽²⁾	(1)	1	4	(2)	—	—	5	(1)
Solar power stations	2	1	—	1	1	1	6	13
	59	164	166	103	79	166	169	124
Corporate and eliminations	(14)	(21)	(17)	(17)	(17)	(29)	(18)	(18)
	45	143	149	86	62	137	151	106
NET EARNINGS (LOSS)	(36)	(23)	44	(6)	(8)	30	38	(8)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX								
Per share (basic and diluted)	(\$0.32)	(\$0.28)	\$0.43	(\$0.07)	(\$0.06)	\$0.24	\$0.33	(\$0.13)
CASH FLOWS FROM OPERATIONS⁽³⁾	35	119	124	51	63	101	115	66

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

⁽²⁾ On May 1, 2021, the Corporation disposed of the Blencques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

⁽³⁾ See the *Non-IFRS measures* section.

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex's facilities are covered by long-term indexed, fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. The impact of these cycles is mitigated by diversifying the Corporation's power generation sources and favourable geographical positioning.

Operating volumes at Boralex's facilities are influenced as follows:

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

	Installed capacity (MW) ⁽²⁾	Power production average of the past five years ⁽¹⁾			
		Q1	Q2	Q3	Q4
Wind	2,028	33%	20%	17%	30%
Solar	225	20%	31%	33%	16%
Hydroelectric	181	25%	31%	20%	24%
Thermal	35	41%	16%	18%	25%
Total power production	2,469	32%	22%	17%	29%

⁽¹⁾ The historical average of power production is based on the last five full fiscal years of the Corporation, from 2016 to 2020.

⁽²⁾ As at August 5, 2021.

Financial risk management

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

Foreign exchange risk

The Corporation is exposed to foreign exchange risk through:

Net investments in foreign operations

The operation of facilities in France and the United States generates liquidity in foreign currencies. The Corporation benefits from partial natural coverage from this risk exposure, as revenues, expenses and financing are in the local currencies. Risk arises from its net investments and the residual liquidity that can be distributed to the parent company.

France

To mitigate this risk, the Corporation has entered into cross-currency swaps. These derivatives mainly provide a hedge of the net investment since they allow the conversion into euros of the financing issued in Canada to invest in France, while also allowing the Corporation to benefit from lower interest rates in Europe on the amounts drawn on the revolving credit facility. The fair value measurement of these instruments is based on a technique that is a combination of measurements of interest rate swaps and foreign exchange forward contracts.

United States

To naturally hedge the risk on its investment, the Corporation uses local currency debt for new investments, as it did for the acquisition of interests in the solar power stations in the United States, and has designated these instruments as hedges of the net investment in the United States. Since the investments in the United States are expected to grow, as provided for in Boralex's strategic plan, the Corporation will aim to manage the U.S. dollar more actively in the future.

Translations denominated in foreign currencies

Equipment purchases

Certain significant future expenditures (wind turbines and solar panels) may be denominated in foreign currencies. To protect expected return, the Corporation will use derivatives to stabilize project costs.

Price risk

Revenues from energy sales

When power production is sold at market prices or under short-term contracts, the Corporation is subject to the risk of fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price of energy from other sources. As a result, prices may fall too low for the power stations to yield an operating profit.

As at June 30, 2021, about 1% of the Corporation's power production was sold at market prices or under short-term contracts and was subject to fluctuations in energy prices. Therefore, this risk is low for the Corporation.

Interest rate risk

As at June 30, 2021, approximately 78% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and subordinated debt. To mitigate the risk of rate fluctuations, the Corporation has entered into interest rate swaps to reduce its exposure to 13% of total debt.

The following table summarizes the Corporation's derivative financial instruments as at June 30, 2021:

As at June 30,

2021

(in millions of Canadian dollars) (unaudited)

Hedging instrument	Hedged risk / Hedged item	Hedge type	Currency	Current notional		Fair value ¹	
				(currency of origin)	(CAD)	(currency of origin)	(CAD)
Cross-Currency swaps	Cash flows / Net investment in Europe	Foreign currency risk	EUR for CAD	264	405	16	16
U.S. dollar-denominated debt	Cash flows / Net investment in the United States	Foreign currency risk	USD for CAD	69	85	—	—
Interest rate swaps	Cash flows / Term borrowings in EUR	Interest rate risk	EUR	628	923	(20)	(29)
Interest rate swaps	Cash flows / Term borrowings in USD	Interest rate risk	USD	137	170	2	2
Interest rate swaps	Cash flows / Term borrowings in CAD	Interest rate risk	CAD	1,025	1,025	13	13

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

Combined

The combined information (“Combined”) presented in this management’s discussion and analysis results from the combination of the financial information of Boralex Inc. (“Boralex” or the “Corporation”) under IFRS and the share of the financial information of the Interests. The Interests represent significant investments by Boralex and although IFRS does not permit the consolidation of their financial information within that of Boralex, management considers that information on a Combined basis is useful data to assess the Corporation’s performance. In order to prepare the Combined information, Boralex first prepares its financial statements and those of the Interests in accordance with IFRS. Then, the Interests in the Joint Ventures and associates, Share in earnings (losses) of the Joint Ventures and associates and Distributions received from the Joint Ventures and associates are replaced with Boralex’s respective share (ranging from 50.00% to 59.96%) in the financial statements of the Interests (revenues, expenses, assets, liabilities, etc.). For greater detail, see the *Significant accounting policies* note to the financial statements in the Annual Report.

Interests in the Joint Ventures and associates

The analysis of results takes into account the significant Joint Ventures and associates in operation of the Corporation. Data is shown below as a percentage of interests held by Boralex:

	Boralex % of interests	
	As at June 30	
	2021	2020
SDB I and II	50.00%	50.00%
DM I and II ⁽¹⁾	—% ⁽¹⁾	51.00% ⁽¹⁾
LP I ⁽¹⁾	—% ⁽¹⁾	51.00% ⁽¹⁾
LP II	59.96%	59.96%
Roncevaux	50.00%	50.00%
Apuiat	50.00%	—%

⁽¹⁾ The Corporation acquired control of these entities on November 30, 2020. As at June 30, 2021, the entities were subsidiaries.

Highlights of the Joint Ventures and associates⁽²⁾

	2021			2020			Change (%)	
	SDB I and II	LP II and Roncevaux	Total	SDB I and II	LP II and Roncevaux	DM I and II and LP I		Total
Three-month periods ended June 30:								
Wind power production (GWh)	128	34	162	141	39	100	280	(42)
Revenues from energy sales	14	3	17	16	4	10	30	(41)
EBITDA(A)	12	3	15	13	3	8	24	(41)
Net earnings (loss)	4	(1)	3	5	(1)	—	4	(21)
Cash flows related to operating activities	13	3	16	11	2	9	22	(27)
Cash flows from operations	8	2	10	10	2	5	17	(43)
Six-month periods ended June 30:								
Wind power production (GWh)	284	79	363	289	80	215	584	(38)
Revenues from energy sales	32	7	39	32	8	22	62	(37)
EBITDA(A)	27	6	33	28	6	18	52	(36)
Net earnings	12	—	12	12	—	—	12	(1)
Net cash flows related to operating activities	15	4	19	14	4	13	31	(37)
Cash flows from operations	20	4	24	20	4	13	37	(35)
Shares in the assets ⁽¹⁾	349	132	481	351	135	—	486	(1)
Shares of borrowings ⁽¹⁾	266	80	346	273	81	—	354	(2)

⁽¹⁾ As at December 31, 2020 for the comparative figures.

⁽²⁾ Excludes the Apuiat joint venture as it was not in operation. The impact on net earnings is the change in fair value included in the share is \$(4) million for the three-month period ended June 30, 2021 and \$5 million for the six-month periods ended June 30, 2021.

Analysis of consolidated operating results for the three-month period ended June 30, 2021 - Combined

Total power production

(GWh)	Q2 2021				Q2 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	in GWh	%
Wind										
Comparable assets ⁽¹⁾	543	424	—	967	600	381	—	981	(14)	(1)
Acquisition - LP I, DM I and II	86	—	—	86	—	—	—	—	86	—
Commissioning ⁽²⁾	—	28	—	28	—	—	—	—	28	—
Temporary shutdown - Cham Longe I	—	21	—	21	—	3	—	3	18	>100
Wind - total	629	473	—	1,102	600	384	—	984	118	12
Hydroelectric										
Comparable assets	107	—	83	190	119	—	99	218	(28)	(13)
Hydroelectric - total	107	—	83	190	119	—	99	218	(28)	(13)
Solar										
Comparable assets	—	6	—	6	—	7	—	7	(1)	4
Borex US Solar power stations ⁽¹⁾	—	—	170	170	—	—	—	—	170	—
Solar - total	—	6	170	176	—	7	—	7	169	>100
Thermal⁽³⁾										
Senneterre	17	—	—	17	8	—	—	8	9	>100
Thermal - total	17	—	—	17	8	—	—	8	9	>100
Total⁽¹⁾	753	479	253	1,485	727	391	99	1,217	268	22

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (42 GWh for Q2 2021, including 39 GWh for wind and 3 GWh for solar, and 55 GWh for Q2 2020, for wind only).

⁽²⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

In the second quarter of 2021, the contribution of the facilities of the Joint Ventures and associates to production volume was down 42% from the previous year, reflecting primarily that the **LP I, DM I and II** wind farms are now considered wholly owned entities of the Corporation and to a lesser extent that wind conditions were slightly less favourable in Québec compared with the second quarter of 2021 for comparable wind power assets. As a result, on a Combined basis, power generation amounted to 1,485 GWh in the second quarter of 2021, up 22% from the corresponding period of 2020, compared with a 41% increase under IFRS. The greater increase under IFRS is mainly due to the inclusion of 100% of the results of **LP 1, DM I and II** since the Caisse's interests were acquired. On a Combined basis, new acquisitions and facilities commissioned offset the decrease in volume of wind farms in Québec and hydroelectric facilities.

Revenues from energy sales and feed-in premium

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Solar	Other segments	Combined
THREE-MONTH PERIOD ENDED JUNE 30, 2020	129	18	2	2	151
Segment breakdown	86%	12%	1%	1%	100%
Acquisitions/commissioning ⁽¹⁾	14	—	14	—	28
Volume	—	(3)	—	—	(3)
Pricing	(1)	—	—	—	(1)
Foreign exchange effect	(2)	(1)	—	—	(3)
Other	(8)	—	—	—	(8)
Change	3	(4)	14	—	13
THREE-MONTH PERIOD ENDED JUNE 30, 2021	132	14	16	2	164
Segment breakdown	80%	9%	10%	1%	100%

⁽¹⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

As discussed above, the acquisition of the Caisse's interests in **LP I, DM I and II** resulted in a lesser impact on earnings on a Combined basis compared with IFRS, as Boralex's share of revenues from *Energy sales and feed-in premium* had already been included in the second quarter of 2020 and amounted to \$10 million. Accordingly, on a Combined basis, the contribution of acquisitions and facilities commissioned over the past year offset the unfavorable difference related to the decline in volumes of comparable assets.

EBITDA(A)⁽¹⁾

Main differences in EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Combined
THREE-MONTH PERIOD ENDED JUNE 30, 2020	110	14	1	(2)	(16)	107
Segment breakdown⁽²⁾	91%	8%	1%	1%		100%
Acquisitions/commissioning ⁽³⁾	12	—	12	—	—	24
Volume	—	(3)	—	—	—	(3)
Pricing	(1)	—	—	—	—	(1)
Foreign exchange effect	(1)	(1)	—	—	—	(2)
Development	—	—	—	—	(2)	(2)
Other	(9)	1	—	1	1	(6)
Change	1	(3)	12	1	(1)	10
THREE-MONTH PERIOD ENDED JUNE 30, 2021	111	11	13	(1)	(17)	117
Segment breakdown⁽²⁾	86%	7%	10%	(3) %		100%

⁽¹⁾ See the *Non-IFRS measures* section.

⁽²⁾ Excluding the corporate segment and eliminations.

⁽³⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

Accordingly, on a Combined basis, acquisitions and newly commissioned facilities largely offset the lower volumes reported by the hydroelectric segment. Boralex's share in the EBITDA(A) of the **LP I, DM I and II** joint ventures amounted to \$8 million in the second quarter of 2020, resulting in an EBITDA(A) contribution of \$8 million for this acquisition, on a Combined basis, and \$16 million under IFRS. These elements resulted in \$10 million year-over-year growth in EBITDA(A) on a Combined basis.

Analysis of consolidated operating results for the six-month period ended June 30, 2021 - Combined

Combined

Total power production

(GWh)	Cumulative 2021				Cumulative 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	in GWh	%
Wind										
Comparable assets ⁽¹⁾	1,231	1,071	—	2,302	1,284	1,251	—	2,535	(233)	(9)
Acquisition - LP I, DM I and II	202	—	—	202	—	—	—	—	202	—
Commissioning ⁽²⁾	—	63	—	63	—	—	—	—	63	—
Temporary shutdown - Cham Longe I	—	47	—	47	—	19	—	19	28	>100
Wind - total	1,433	1,181	—	2,614	1,284	1,270	—	2,554	60	2
Hydroelectric										
Comparable assets	195	—	166	361	189	—	227	416	(55)	(13)
Hydroelectric - total	195	—	166	361	189	—	227	416	(55)	(13)
Solar										
Comparable assets	—	11	—	11	—	11	—	11	—	1
Borex US Solar power stations ⁽¹⁾	—	—	242	242	—	—	—	—	242	—
Solar - total	—	11	242	253	—	11	—	11	242	>100
Thermal										
Blendecques disposition ⁽³⁾	—	19	—	19	—	19	—	19	—	1
Senneterre	68	—	—	68	54	—	—	54	14	26
Thermal - total	68	19	—	87	54	19	—	73	14	19
Total⁽¹⁾	1,696	1,211	408	3,315	1,527	1,300	227	3,054	261	9

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (64 GWh in June 30, 2021, including 55 GWh for wind and 9 GWh for solar, and 86 GWh in June 30, 2020 for wind only).

⁽²⁾ See the *Changes in the portfolio in operation* table in section II - Analysis of results, cash flows and financial position - IFRS.

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

On a Combined basis, power production amounted to 3,315 GWh for the six-month period ended June 30, 2021, up 261 GWh or 9% compared with the corresponding period of 2020, and up 20% under IFRS. As the facilities of the Joint Ventures and associates experienced weather conditions similar to prevailing conditions a year earlier and given the repurchase of the interests in **LP I and DM I and II** as mentioned earlier, the increase on a Combined basis was accordingly driven mainly by the commissioning of wind power facilities in France and the acquisition of solar power stations in the United States, which offset the lower volumes of comparable wind and hydroelectric assets.

Revenues from energy sales and feed-in premium

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars)	Wind	Hydro	Solar	Other segments	Combined
SIX-MONTH PERIOD ENDED JUNE 30, 2020	333	34	3	13	383
Segment breakdown	87%	9%	1%	3%	100%
Acquisitions/commissioning ⁽¹⁾	32	—	20	—	52
Volume ⁽²⁾	(32)	(4)	—	—	(36)
Pricing	(4)	—	—	—	(4)
Other	(4)	(1)	—	2	(3)
Change	(8)	(5)	20	2	9
SIX-MONTH PERIOD ENDED JUNE 30, 2021	325	29	23	15	392
Segment breakdown	83%	7%	6%	4%	100%

⁽¹⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

⁽²⁾ Excluding temporary shutdowns and resumptions.

As discussed above, the acquisition of the Caisse's interests in **LP I, DM I and II** resulted in a lesser impact on earnings on a Combined basis compared with IFRS, as Boralex's share of revenues from *Energy sales and feed-in premium* had already been included for the first six months of 2020 and amounted to \$22 million. Accordingly, on a Combined basis, the contribution of acquisitions and facilities commissioned over the past year offset the unfavorable difference related to the decline in volumes of comparable assets in both the wind and hydroelectric segments.

EBITDA(A)⁽¹⁾

Main differences in EBITDA(A)

(in millions of Canadian dollars)	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Combined
SIX-MONTH PERIOD ENDED JUNE 30, 2020	280	26	1	2	(33)	276
Segment breakdown⁽²⁾	91%	8%	—%	1%		100%
Acquisitions/commissioning ⁽³⁾	27	—	17	—	—	44
Volume ⁽⁴⁾	(32)	(4)	—	—	—	(36)
Pricing	(4)	—	—	—	—	(4)
Development	—	—	1	—	(3)	(2)
Other	(2)	(1)	—	2	2	1
Change	(11)	(5)		2	(1)	3
SIX-MONTH PERIOD ENDED JUNE 30, 2021	269	21	19	4	(34)	279
Segment breakdown⁽²⁾	86%	7%	6%	1%		100%

⁽¹⁾ See the *Non-IFRS measures* section.

⁽²⁾ Excluding the corporate segment and eliminations.

⁽³⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

⁽⁴⁾ Excluding temporary shutdowns and resumptions.

On a Combined basis, acquisitions and facilities commissioned largely offset the decline in volumes of comparable assets in both the wind and hydroelectric segments. Boralex's share in the EBITDA(A) of the **LP I, DM I and II** joint ventures amounted to \$18 million for the first six months of 2020. For the six-month period ended June 30, 2021, the contribution to EBITDA(A) of this acquisition was \$19 million on a Combined basis and \$38 million under IFRS. These elements resulted in \$3 million year-over-year growth in EBITDA(A) on a Combined basis compared with a \$22 million increase under IFRS. On a combined basis, the acquisitions and commissioning offset the decline in volumes.

Non-IFRS measures

Performance measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, EBITDA(A), cash flows from operations, ratio of net debt, discretionary cash flows, payout ratio and reinvestment ratio as performance measures. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations. The non-IFRS measures also provide investors with insight into the Corporation's decision making as the Corporation uses these non-IFRS measures to make financial, strategic and operating decisions.

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

Reconciliation between IFRS and Combined information

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

Consolidated

(in millions of Canadian dollars) (unaudited)	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended June 30:						
Power production (GWh) ⁽²⁾	1,323	162	1,485	937	280	1,217
Revenues from energy sales and feed-in premium	147	17	164	121	30	151
EBITDA(A)	106	11	117	86	21	107
Net earnings (loss)	(8)	(1)	(9)	(6)	1	(5)
Net cash flows related to operating activities	84	14	98	98	21	119
Cash flows from operations	66	7	73	51	15	66
Six-month period ended June 30:						
Power production (GWh) ⁽²⁾	2,952	363	3,315	2,470	584	3,054
Revenues from energy sales and feed-in premium	353	39	392	321	62	383
EBITDA(A)	257	22	279	235	41	276
Net earnings	30	4	34	38	(6)	32
Net cash flows related to operating activities	217	14	231	230	22	252
Cash flows from operations	181	17	198	175	28	203
As at June 30:						
Total assets ⁽³⁾	5,706	417	6,123	5,314	439	5,753
Debt ⁽³⁾⁽⁴⁾	3,662	356	4,018	3,609	367	3,976

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

⁽²⁾ Includes compensation following power generation limitations imposed by clients (42 GWh for Q2 2021, including 39 GWh for wind and 3 GWh for solar, and 55 GWh for Q2 2020, for wind only, and 64 GWh as at June 30, 2021 including 55 GWh for wind and 9 GWh for solar and 86 GWh as at June 30, 2020 for wind).

⁽³⁾ As at December 31, 2020 for the comparative figures.

⁽⁴⁾ Includes *Debt* and *Current portion of debt* and excluding transaction costs, net of accumulated amortization.

Wind

(in millions of Canadian dollars) (unaudited)	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended June 30:						
Power production (GWh) ⁽²⁾	940	162	1,102	704	280	984
Revenues from energy sales and feed-in premium	115	17	132	99	30	129
EBITDA(A)	101	10	111	90	20	110
Six-month period ended June 30:						
Power production (GWh)	2,251	363	2,614	1,970	584	2,554
Revenues from energy sales and feed-in premium	286	39	325	271	62	333
EBITDA(A)	248	21	269	240	40	280

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

⁽²⁾ Includes compensation following power generation limitations imposed by clients (39 GWh for Q2 2021 and 55 GWh for the six-month period ended June 30, 2021, and 55 GWh for Q2 2020 and 86 GWh for the six-month period ended June 30, 2020).

EBITDA(A)

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

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely net earnings, and are presented in the following table.

(in millions of Canadian dollars) (unaudited)	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended June 30:						
Net loss	(8)	(1)	(9)	(6)	1	(5)
Income tax recovery	(5)	—	(5)	(2)	1	(1)
Financing costs	36	5	41	31	10	41
Amortization	72	7	79	58	12	70
Impairment	1	—	1	—	—	—
EBITDA	96	11	107	81	24	105
Adjustments:						
Acquisition costs	1	—	1	—	—	—
Other losses	5	—	5	—	—	—
Excess of the interest over the net assets of Joint Venture SDB I	—	—	—	3	(3)	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	4	(4)	—	—	—	—
Other	—	4	4	2	—	2
EBITDA(A)	106	11	117	86	21	107
Six-month period ended June 30:						
Net earnings	30	4	34	38	(6)	32
Income tax expense	10	—	10	15	(2)	13
Financing costs	71	12	83	64	18	82
Amortization	147	12	159	116	24	140
Impairment	2	—	2	—	—	—
EBITDA	260	28	288	233	34	267
Adjustments:						
Acquisition costs	4	—	4	—	—	—
Other gains	(5)	—	(5)	—	(1)	(1)
Excess of distributions received over the share in net earnings of Joint Venture SDB I	6	(6)	—	(8)	8	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	(5)	5	—	—	—	—
Other	(3)	(5)	(8)	10	—	10
EBITDA(A)	257	22	279	235	41	276

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

Cash flows from operations

Cash flows from operations under IFRS and on a Combined basis are equal to net cash flows related to operating activities before change in non-cash items. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and the volume of construction activity, changes in non-cash items can vary considerably, which affects the degree to which cash flows relating to operating activities are representative.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely net cash flows related to operating activities, in the following table:

(in millions of Canadian dollars) (unaudited)	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended June 30:						
Net cash flows related to operating activities	84	14	98	98	21	119
Change in non-cash items related to operating activities	(18)	(7)	(25)	(47)	(6)	(53)
CASH FLOWS FROM OPERATIONS	66	7	73	51	15	66
Six-month period ended June 30:						
Net cash flows related to operating activities	217	14	231	230	22	252
Change in non-cash items related to operating activities	(36)	3	(33)	(55)	6	(49)
CASH FLOWS FROM OPERATIONS	181	17	198	175	28	203

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

Net debt ratio

"Net debt ratio" represents the ratio of "net debt" over "total market capitalization", each calculated as described below.

The Corporation defines net debt as follows:

(in millions of Canadian dollars) (unaudited)	IFRS		Combined	
	As at June 30, 2021	As at December 31, 2020	As at June 30, 2021	As at December 31, 2020
Debt	3,365	3,287	3,691	3,623
Current portion of debt	212	229	232	247
Transaction costs, net of accumulated amortization	85	93	97	105
Less:				
Cash and cash equivalents	234	275	254	293
Restricted cash	7	2	7	2
Net debt	3,421	3,332	3,759	3,680

The Corporation defines total market capitalization as follows:

	IFRS		Combined	
	As at June 30, 2021	As at December 31, 2020	As at June 30, 2021	As at December 31, 2020
(in millions of Canadian dollars, unless otherwise specified) (unaudited)				
Number of outstanding shares (in thousands)	102,619	102,617	102,619	102,617
Share market price (in \$ per share)	37.75	47.24	37.75	47.24
Market value of equity attributable to shareholders	3,874	4,848	3,874	4,848
Non-controlling shareholders	220	2	220	2
Net debt	3,421	3,332	3,759	3,680
Total market capitalization	7,515	8,182	7,853	8,530

The Corporation computes the net debt ratio as follows:

	IFRS		Combined	
	As at June 30, 2021	As at December 31, 2020	As at June 30, 2021	As at December 31, 2020
(in millions of Canadian dollars, unless otherwise specified) (unaudited)				
Net debt	3,421	3,332	3,759	3,680
Total market capitalization	7,515	8,182	7,853	8,530
NET DEBT RATIO (market capitalization)	46%	41%	48%	43%

Discretionary cash flows and reinvestment ratio

Discretionary cash flows

When evaluating its operating results, discretionary cash flows is a key performance indicator for the Corporation.

Discretionary cash flows represent the cash generated from operations that management believes is representative of the amount available for future development or to be paid as dividends to common shareholders while preserving the long-term value of the business.

Investors should not consider discretionary cash flows as an alternative measure to “net cash flows related to operating activities,” which is an IFRS measure. Discretionary cash flows are equal to *Net cash flows related to operating activities* before change in “non-cash items related to operating activities,” less (i) distributions paid to non-controlling shareholders, (ii) additions to property, plant and equipment (maintenance of operations), and (iii) repayments on non-current debt (projects) and repayments to tax equity investors; (iv) principal payments related to lease liabilities; (v) temporary adjustments and adjustment for non-recurring items; plus (vi) development costs (from the statement of earnings).

Reinvestment ratio

The reinvestment ratio represents the portion of cash flows available for reinvestment in growth for the Corporation.

The payout ratio is defined as dividends paid to shareholders of Boralex divided by discretionary cash flows. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development. For an accurate representation of current operations, this calculation is adjusted to exclude non-recurring items listed in the notes to the table below.

In the medium-term, Boralex expects to pay common share dividends on an annual basis representing a ratio of approximately 30% to 50% of its discretionary cash flows. In order to maintain a reinvestment ratio of 50% to 70% to finance the Corporation’s growth. For the twelve-month period ended June 30, 2021, the dividends paid to shareholders by the Corporation corresponded to 45% of discretionary cash flows.

Dividends per share paid to shareholders are defined as dividends paid to shareholders of Boralex divided by the average weighted number of outstanding shares.

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

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	IFRS					
	Three-month periods ended		Six-month periods ended		Twelve-month periods ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	December 31, 2020
Cash flows from operations	66	51	181	175	345	338
Repayments on non-current debt (projects) ⁽¹⁾	(72)	(64)	(130)	(99)	(207)	(175)
Adjustment for non-recurring items ⁽²⁾⁽³⁾	2	—	7	(22)	14	(17)
	(4)	(13)	58	54	152	146
Principal payments related to lease liabilities	(2)	(2)	(6)	(5)	(12)	(11)
Distributions paid to non-controlling shareholders	(6)	(2)	(8)	(3)	(11)	(6)
Additions to property, plant and equipment (maintenance of operations)	(1)	(1)	(2)	(1)	(5)	(6)
Development costs (from statement of earnings)	6	4	11	9	25	23
Discretionary cash flows	(7)	(14)	53	54	149	146
Dividends paid to shareholders	17	16	34	32	68	66
Weighted average number of outstanding shares – basic (in thousands)	102,619	96,465	102,619	96,465	101,618	98,548
Discretionary cash flows – per share	(\$0.07)	(\$0.14)	\$0.52	\$0.57	\$1.47	\$1.48
Dividends paid to shareholders – per share	\$0.165	\$0.165	\$0.330	\$0.330	\$0.660	\$0.660
Payout ratio					45%	45%
Reinvestment ratio					55%	55%

⁽¹⁾ Excluding the bridge financing, VAT bridge financing, early debt repayments and the debt repayments made in December for LP I, DM I and II in respect of the months prior to the acquisition (Q4-2020).

⁽²⁾ For the twelve-month period ended June 30, 2021: favourable adjustment of \$14 million comprising mainly acquisition costs of \$8 million, interest paid of \$3 million on LP I, DM I and II debt for the months prior to the acquisition in Q4-2020 and a one-time payment of \$3 million in Q1-2021. For the twelve-month period ended December 31, 2020: unfavourable adjustment of \$17 million comprising mainly of interest paid of \$3 million on LP I, DM I and II debt for the months prior to the acquisition in Q4-2020, less \$22 million in debt repayments to reflect a normalized debt service following debt refinancing in France in Q1-2020.

⁽³⁾ See the *Growth strategy - Corporate objectives for 2025- current status 3. Generate \$240-260 million in discretionary cash flows by 2025*

Commitments

	Commitments entered into during 2021	Cumulative commitments as at June 30, 2021
Purchase and construction contracts	87	125
Maintenance contracts	94	254
Contingent consideration	9	21
Other	3	37
	193	437

France - Moulins du Lohan

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities (the “Administration”) and construction had already begun before the acquisition by the Corporation.

Project opponents had filed an interim application against the project on April 14, 2017, seeking to halt construction pending a decision of the courts regarding a petition for cancellation of the permits issued by the Préfet of Morbihan. Since then, construction has ceased amidst proceedings on the merits of the case. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the authorizations for the **Moulins du Lohan** project based on its subjective risk assessment of landscape damage to the interests protected under the Environmental Code. The Corporation appealed the decision. The Administrative Court of Nantes ruled in favour of Boralex on March 5, 2019. In May 2019, the Société pour la protection des paysages et de l'esthétique de la France filed an appeal in cassation of these rulings of the Administrative Appeal Court of Nantes. In its judgment issued on April 15, 2021, the Conseil d'État made the decision, which is final and without appeal, to validate all the authorizations required for the project and whose validity were initially challenged by the plaintiffs. The project had been selected under an RFP issued by the French Energy and Regulation Commission and is covered by a 20-year power purchase agreement. As at June 30, 2021, the 65 MW project advanced to the *Projects under construction or ready to build* phase of the *Growth Path* following approval from the Board of Directors. Its commissioning is scheduled for the first half of 2023.

Risk factors and uncertainties

Risk factors

With the exception of the following, the Corporation has not observed any major change with respect to the risks to which it is subject, which are described under *Risk factors* in Management's Discussion and Analysis contained in the Annual Report for the fiscal year ended December 31, 2020.

Estimations and sources of uncertainty

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

The items in question are presented under *Factors of uncertainty* in Boralex's annual MD&A for the year ended December 31, 2020.

Accounting policies

Changes in accounting policies

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform - Phase 2)

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, *Financial instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The amendments included in Phase 2 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complete those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after January 1, 2021. The impact of this reform on the Corporation's consolidated financial statements will depend on the facts and circumstances of future changes relating to financial instruments, if any, and any future changes to the benchmark rates, if any, to which the Corporation's financial instruments are indexed. As at June 30, 2021, no financial instruments have been affected in connection with this reform.

Future changes in accounting policies

Some new standards, interpretations and amendments to existing policies were published by the IASB but are not effective for the period ended on June 30, 2021. They have not been applied in the current unaudited interim condensed consolidated financial statements.

The following changes could have an impact on the Corporation's financial statements:

Standard	Effective for the Corporation	Early adoption	Impact
IAS 16, <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	January 1, 2022	Permitted	Under evaluation
IAS 1, <i>Presentation of Financial Statements</i>	January 1, 2023	Permitted	Under evaluation
IAS 12, <i>Income Taxes</i>	January 1, 2023	Permitted	Under evaluation

IAS 16, Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use* (amendments to IAS 16). The amendments prohibit entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Corporation must recognize the proceeds from sale as well as the production costs in net income.

IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 explain how an entity can identify a material accounting policy.

IAS 12, Income Taxes

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (Amendments to IAS 12) that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, which does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of deferred tax assets and liabilities in the same amount.

Internal controls and procedures

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

During the three-month period ended June 30, 2021, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.

Limitation on the scope and design of DC&P and ICFR

The limitation on the scope and design of the Corporation's DC&P and ICFR as at June 30, 2021, did not cover the controls and procedures of the majority interests in a portfolio of solar power stations in the United States representing 209 MWac acquired on January 29, 2021, and which are included in the June 30, 2021 consolidated financial statements. The Corporation has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows this acquisition to be excluded from the evaluation of the design of DC&P and ICFR for a maximum of 365 days from the acquisition date.

The limitation on the scope is based primarily on the time required to assess DC&P and ICFR with respect to information relating to the majority interests in the portfolio of solar power stations.

Since the acquisition date, these majority interests in the portfolio of solar power stations have contributed \$20 million (US\$16 million) to revenues from energy sales and generated net earnings of \$6 million (US\$5 million). In addition, current assets and current liabilities represented 2% and 1% of consolidated current assets and liabilities, respectively. Non-current assets and non-current liabilities each represented 7% and 2% of consolidated non-current assets and liabilities, respectively.

Unaudited interim Consolidated financial statements

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Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at June 30, 2021	As at December 31, 2020
ASSETS			
Cash and cash equivalents		234	275
Restricted cash		7	2
Trade and other receivables		102	157
Other current financial assets	7	1	—
Other current assets		45	38
CURRENT ASSETS		389	472
Property, plant and equipment		3,309	3,112
Right-of-use assets		346	316
Intangible assets		1,197	1,027
Goodwill		219	222
Interests in the Joint Ventures and associates		116	74
Other non-current financial assets	7	110	70
Other non-current assets		20	21
NON-CURRENT ASSETS		5,317	4,842
TOTAL ASSETS		5,706	5,314
LIABILITIES			
Trade and other payables		147	161
Current portion of debt	5	212	229
Current portion of lease liabilities		13	13
Other current financial liabilities	7	11	—
CURRENT LIABILITIES		383	403
Debt	5	3,365	3,287
Lease liabilities		276	243
Deferred income tax liability		163	137
Decommissioning liability		141	128
Other non-current financial liabilities	7	105	100
Other non-current liabilities		32	25
NON-CURRENT LIABILITIES		4,082	3,920
TOTAL LIABILITIES		4,465	4,323
EQUITY			
Equity attributable to shareholders		1,021	989
Non-controlling shareholders		220	2
TOTAL EQUITY		1,241	991
TOTAL LIABILITIES AND EQUITY		5,706	5,314

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

Consolidated statements of earnings (loss)

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2021	2020	2021	2020
REVENUES					
Revenues from energy sales		144	115	345	308
Feed-in premium		3	6	8	13
Revenues from energy sales and feed-in premium		147	121	353	321
Other income		4	3	9	7
		151	124	362	328
COSTS AND OTHER					
Operating		33	29	86	75
Administrative		9	9	18	20
Development		6	4	11	9
Amortization		72	58	147	116
Impairment		1	—	2	—
Other losses (gains)		5	—	(5)	—
		126	100	259	220
OPERATING INCOME					
		25	24	103	108
Acquisition costs	4	1	—	4	—
Financing costs		36	31	71	64
Share in loss (earnings) of the Joint Ventures and associates		1	(1)	(9)	(19)
Other		—	2	(3)	10
EARNINGS (LOSS) BEFORE INCOME TAXES					
		(13)	(8)	40	53
Income tax expense (recovery)		(5)	(2)	10	15
NET EARNINGS (LOSS)					
		(8)	(6)	30	38
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(13)	(6)	21	35
Non-controlling shareholders		5	—	9	3
NET EARNINGS (LOSS)					
		(8)	(6)	30	38
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED					
	6	(\$0.13)	(\$0.07)	\$0.20	\$0.36

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

Consolidated statements of comprehensive income (loss)

(in millions of Canadian dollars) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
NET EARNINGS (LOSS)	(8)	(6)	30	38
Other comprehensive income (loss) to be subsequently reclassified to net earnings (loss) when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	(9)	(12)	(38)	25
Net investment hedge:				
Change in fair value	4	6	26	(24)
Income taxes	—	—	(3)	—
Cash flow hedges - Financial swaps:				
Change in fair value	(20)	(16)	47	(75)
Hedging items realized and recognized in net earnings (loss)	10	5	18	10
Income taxes	2	3	(17)	16
Cash flow hedges – Interests in the Joint Ventures and associates:				
Change in fair value	(9)	(4)	7	(26)
Hedging items realized and recognized in net earnings (loss)	2	2	3	3
Income taxes	2	—	(3)	6
Total other comprehensive income (loss)	(18)	(16)	40	(65)
COMPREHENSIVE INCOME (LOSS)	(26)	(22)	70	(27)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(25)	(22)	65	(26)
Non-controlling shareholders	(1)	—	5	(1)
COMPREHENSIVE INCOME (LOSS)	(26)	(22)	70	(27)

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

Consolidated statements of changes in equity

Six-month period
ended June 30

2021

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders					Total	Non-controlling shareholders	Total equity
	Capital stock	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss				
BALANCE AS AT JANUARY 1, 2021	1,320	9	(249)	(91)	989	2	991	
Net earnings	—	—	21	—	21	9	30	
Other comprehensive income (loss)	—	—	—	44	44	(4)	40	
COMPREHENSIVE INCOME	—	—	21	44	65	5	70	
Dividends (note 6)	—	—	(34)	—	(34)	—	(34)	
Contribution by a non-controlling shareholder	—	—	—	—	—	2	2	
Non-controlling interest resulting from a business combination (note 4)	—	—	—	—	—	220	220	
Distributions paid to non-controlling shareholders	—	—	—	—	—	(8)	(8)	
Other	—	—	1	—	1	(1)	—	
BALANCE AS AT JUNE 30, 2021	1,320	9	(261)	(47)	1,021	220	1,241	

Six-month period
ended June 30

2020

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders					Total	Non-controlling shareholders	Total equity
	Capital stock	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss				
BALANCE AS AT JANUARY 1, 2020	1,125	9	(233)	(41)	860	15	875	
Net earnings	—	—	35	—	35	3	38	
Other comprehensive loss	—	—	—	(61)	(61)	(4)	(65)	
COMPREHENSIVE INCOME (LOSS)	—	—	35	(61)	(26)	(1)	(27)	
Dividends (note 6)	—	—	(32)	—	(32)	—	(32)	
Transaction with a non-controlling shareholder	—	—	(2)	—	(2)	3	1	
Repurchase of a non-controlling shareholder	—	—	—	—	—	(1)	(1)	
Distributions paid to non-controlling shareholders	—	—	—	—	—	(3)	(3)	
BALANCE AS AT JUNE 30, 2020	1,125	9	(232)	(102)	800	13	813	

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

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2021	2020	2021	2020
Net earnings (loss)		(8)	(6)	30	38
Distributions received from the Joint Ventures and associates		2	3	6	10
Financing costs		36	31	71	64
Interest paid		(36)	(31)	(63)	(53)
Income tax expense (recovery)		(5)	(2)	10	15
Income taxes paid		(8)	(3)	(10)	(3)
Non-cash items in earnings (loss):					
Amortization		72	58	147	116
Share in earnings of the Joint Ventures and associates		1	(1)	(9)	(19)
Impairment		1	—	2	—
Net loss (gain) on financial instruments		1	3	(2)	9
Other		10	(1)	(1)	(2)
Change in non-cash items related to operating activities		18	47	36	55
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		84	98	217	230
Business acquisitions, net of cash acquired	4	—	—	(274)	—
Increase in the interests in the Joint Ventures and associates		—	—	(6)	—
Additions to property, plant and equipment		(12)	(25)	(42)	(44)
Acquisition of energy sales contracts		(4)	(10)	(12)	(10)
Change in restricted cash		(4)	(1)	(5)	11
Change in reserve funds		—	—	—	2
Other		—	(1)	(3)	(2)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(20)	(37)	(342)	(43)
Increase in debt		43	39	374	90
Repayments on debt		(108)	(64)	(238)	(99)
Principal payments relating to lease liabilities		(2)	(2)	(6)	(5)
Distributions paid to non-controlling shareholders		(6)	(2)	(8)	(3)
Dividends paid to shareholders	6	(17)	(16)	(34)	(32)
Debt and share issuance costs		—	—	(3)	—
Settlement on financial instruments		—	(8)	5	(8)
Other		(1)	—	1	(2)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(91)	(53)	91	(59)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(3)	(3)	(7)	5
NET CHANGE IN CASH AND CASH EQUIVALENTS		(30)	5	(41)	133
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		264	281	275	153
CASH AND CASH EQUIVALENTS – END OF PERIOD		234	286	234	286

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

Notes to consolidated financial statements

As at June 30, 2021

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

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its Joint Ventures and associates (“Boralex” or the “Corporation”) are dedicated to the development, construction and operation of renewable energy power facilities. As at June 30, 2021, the Corporation had interests in 89 wind farms, 16 hydroelectric power stations, ten solar power stations and one thermal power station, representing an asset base with an installed capacity totalling 2,455 megawatts (“MW”). Since June 30, 2021, the Corporation commissioned a 14 MW wind farm, increasing the Corporation’s installed capacity to 2,469 MW as at August 5, 2021. In addition, Boralex currently has new projects under development, representing an additional 143 MW of power and a portfolio of secured projects amounting to 487 MW. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which one of the three shareholders is a director of the Corporation. Revenues from energy sales are generated mainly in Canada, France and the United States.

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

Note 2. Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), including IAS 34, *Interim Financial Reporting*. The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2020, except for income taxes for the interim periods, which are calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction, and except for changes to the accounting policies described in note 3. These unaudited interim consolidated financial statements do not constitute a complete set of financial statements, and should therefore be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2020. The Corporation’s operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. The operating results in the interim financial statements are therefore not necessarily indicative of the expected annual results, as historically the first and fourth quarters generate higher results. The Management’s Discussion and Analysis provides further information on the seasonal fluctuations in the Corporation’s results under section II – *Analysis of results and financial position - IFRS*.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 5, 2021.

Note 3. Changes in accounting policies

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform - Phase 2)

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, *Financial instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The amendments included in Phase 2 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complete those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after January 1, 2021. The impact of this reform on the Corporation’s consolidated financial statements will depend on the facts and circumstances of future changes relating to financial instruments, if any, and any future changes to the benchmark rates, if any, to which the Corporation’s financial instruments are indexed. As at June 30, 2021, no financial instruments have been affected in connection with this reform.

Future changes in accounting policies

Some new standards, interpretations and amendments to existing policies were published by the IASB but are not effective for the period ended on June 30, 2021. They have not been applied in the current unaudited interim condensed consolidated financial statements.

The following changes could have an impact on the Corporation's financial statements:

Standard	Effective for the Corporation	Early adoption	Impact
IAS 16, <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	January 1, 2022	Permitted	Under evaluation
IAS 1, <i>Presentation of Financial Statements</i>	January 1, 2023	Permitted	Under evaluation
IAS 12, <i>Income Taxes</i>	January 1, 2023	Permitted	Under evaluation

IAS 16, Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use* (amendments to IAS 16). The amendments prohibit entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Corporation must recognize the proceeds from sale as well as the production costs in net income.

IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 explain how an entity can identify a material accounting policy.

IAS 12, Income Taxes

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (Amendments to IAS 12) that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, which does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of deferred tax assets and liabilities in the same amount.

Note 4. Business combinations

Acquisition of interests in solar power stations in the United States

On January 29, 2021, and as announced in December 2020, Boralex acquired the majority interests of Centaurus Renewable Energy LLC ("CRE") in a portfolio of seven solar power stations in the United States for a cash consideration of \$277 million (US\$215.4 million), subject to adjustments provided for in the acquisition agreements. Boralex holds equity interests of 50% to 100% with CRE and other investors holding minority interests in the assets. For three of the seven projects, there are tax equity investors. The Corporation's interest in these power stations in operation represents 209 MWac, while the interests acquired represent a net installed capacity of 118 MWac for Boralex. Five of the solar power stations are located in California, one in Alabama and the other in Indiana. They were commissioned between 2014 and 2017 and are covered by long-term power purchase agreements ("PPAs") expiring between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years.

Note 4. Business combinations (cont'd)

As at June 30, 2021, transaction costs amounted to \$6 million including \$3 million incurred in 2020.

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

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

	Preliminary allocation	
	(in \$)	(in US\$)
Cash and cash equivalents	3	2
Trade and other receivables	2	1
Other current assets	1	1
Property, plant and equipment	333	259
Right-of-use assets	24	18
Intangible assets (energy sales contracts)	224	175
Goodwill	1	1
Current liabilities	(2)	(2)
Assumed liabilities (tax equity investors)	(47)	(37)
Lease liabilities	(24)	(18)
Decommissioning liability	(18)	(14)
Non-controlling shareholders	(220)	(171)
Net assets acquired	277	215
Less:		
Cash and cash equivalents	(3)	(2)
Net consideration paid for the acquisition	274	213

The preliminary allocation of the purchase price was established based on fair values of assets acquired and liabilities assumed as at acquisition date. The balance sheet items that are likely to change following the final determination of fair values as at acquisition date are *Property, plant and equipment*, *Intangible assets*, *Goodwill* and *Assumed liabilities*. The final recognition of the business combination could differ from amounts presented and could also result in favourable or unfavourable impacts, among others, on the currently recorded amortization and income tax expenses. These changes would be recorded retrospectively as at the acquisition date.

Trade and other receivables acquired as part of the acquisition has a fair value of \$2 million and the Corporation expects to collect the entire amount during 2021.

Borex recognized the share of non-controlling shareholders according to the non-controlling share in identifiable net assets in the acquired entity.

Since the acquisition date, in 2021, the acquired entity contributed \$20 million (US\$16 million) to revenues from energy sales and generated net income of \$6 million (US\$5 million). If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenues from energy sales and feed-in premium for the period ended June 30, 2021, would have increased by \$2 million (US\$1 million) to \$355 million and net earnings would have amounted to \$30 million. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2021.

Note 5. Debt

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Maturity	Rate ⁽¹⁾	Currency of origin ⁽²⁾	As at June 30, 2021	As at December 31, 2020
Revolving credit facility		2023	1.91		182	119
Term loan (CDPQ/FSTQ)		2028	5.64		300	300
Term loan payable:						
Ocean Falls hydroelectric power station		2024	6.55		3	4
Thames River wind farms		2031	7.05		107	112
Témiscouata I wind farm		2032	5.13		38	39
LP I wind farm		2032	3.88		168	176
Témiscouata II wind farm		2033	5.58		100	102
DM I and II wind farms		2033	5.81		245	252
Niagara Region Wind Farm ("NRWF")		2036	2.65		737	759
Port Ryerse wind farm		2034	3.80		25	26
Frampton wind farm		2035	4.11		58	59
Côte-de-Beaupré wind farm		2035	4.16		50	51
Moose Lake wind farm		2043	4.53		47	47
Jamie Creek hydroelectric power station		2054	5.42		55	55
Yellow Falls hydroelectric power station		2056	4.90		71	72
Other debt		—	—		4	6
CANADA					2,190	2,179
Term loan payable:						
CDPQ Fixed Income Inc. ("Caisse")		2024	4.05	40	59	62
Boralex Production portfolio of wind farms and projects		2030	0.89	122	179	216
Val aux Moines wind farm		2034	1.33	14	20	22
Boralex Énergie France portfolio of wind farms and projects		2036	1.50	200	294	329
Sainte-Christine portfolio of wind farms and projects		2039	1.43	457	673	752
Boralex Energy Investments portfolio of projects	(a)	2023	0.66	12	18	—
Other debt		—	—	3	4	4
FRANCE				848	1,247	1,385
Senior secured U.S. note		2026	3.51	32	40	45
Term loan:						
Boralex US Solar portfolio of solar power stations	(b)	2028	2.73	149	185	—
UNITED STATES				181	225	45
Current portion of debt			3.12		3,662	3,609
Transaction costs, net of accumulated amortization					(212)	(229)
					(85)	(93)
					3,365	3,287

⁽¹⁾ Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.

⁽²⁾ Currencies of origin are CAD (Canada), EUR (France) and USD (United States).

(a) Drawdowns on the revolving credit facility

As at June 30, 2021, Boralex had drawn down \$18 million (€12 million) on the \$182 million (€125 million) revolving credit facility arranged in January 2020 to finance the construction of wind and solar power projects in France.

(b) Acquisition of interests in solar power stations in the United States

At the same time as the acquisition, Boralex closed a long-term financing arrangement of \$192 million (US\$149 million). The loan interest rate is variable and is based on the LIBOR, plus a margin. The Corporation entered into an interest rate swap for this loan to cover approximately 90% of expected future interest cash flows. With this swap, the fixed portion of the rate is set at 2.83%. The loan will be amortized over a 25-year period. The 7-year term loan will have a balance at maturity of \$146 million (US\$116 million).

Current portion of debt

(in millions of Canadian dollars) (unaudited)	As at June 30, 2021	As at December 31, 2020
Term loan payable – projects	212	217
Value added tax bridge financing facility	—	12
	212	229

Financial ratios and guarantees

The debt agreements include certain covenants restricting the use of cash resources of the Corporation's subsidiaries. Certain financial ratios, such as debt service coverage ratios and debt/equity ratio, must be met on a quarterly, semi-annual or annual basis.

As at June 30, 2021, and December 31, 2020, management considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

Note 6. Net earnings (loss) per share

(a) Net earnings (loss) per share – basic

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
Net earnings (loss) attributable to shareholders of Boralex	(13)	(6)	21	35
Weighted average number of shares - basic	102,618,702	96,464,691	102,618,611	96,464,612
Net earnings (loss) per share attributable to shareholders of Boralex - basic	(\$0.13)	(\$0.07)	\$0.20	\$0.36

(b) Net earnings (loss) per share – diluted

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
Net earnings (loss) attributable to shareholders of Boralex - diluted	(13)	(6)	21	35
Weighted average number of shares - basic	102,618,702	96,464,691	102,618,611	96,464,612
Dilutive effect of stock options	—	—	162,345	127,767
Weighted average number of shares - diluted	102,618,702	96,464,691	102,780,956	96,592,379
Net earnings (loss) per share attributable to shareholders of Boralex - diluted	(\$0.13)	(\$0.07)	\$0.20	\$0.36

The table below shows the items that could dilute basic net earnings (loss) per common share in the future, but that were not reflected in the calculation of diluted net earnings (loss) per common share due to their anti-dilutive effect:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
Stock options excluded due to their anti-dilutive effect	325,191	364,591	—	52,609

(c) Dividends paid

On June 15, 2021, the Corporation paid a dividend of \$0.1650 per common share. For the six-month period ended June 30, 2021, the Corporation paid a dividend of \$34 million (\$32 million in 2020).

On August 5, 2021, a dividend of \$0.1650 per common share was declared, to be paid on September 16, 2021, to holders of record at the close of business on August 31, 2021.

Note 7. Financial instruments

The table of financial instruments, complete with their respective carrying amounts and fair values, is as follows:

	Note	As at June 30, 2021		As at December 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
OTHER CURRENT FINANCIAL ASSETS					
Other		1	1	—	—
OTHER NON-CURRENT FINANCIAL ASSETS					
Advance to a non-controlling shareholder		29	29	29	29
Reserve funds		34	34	34	34
Interest rate swaps		31	31	7	7
Cross-currency swaps (EUR for CAD)		16	16	—	—
		110	110	70	70
OTHER CURRENT FINANCIAL LIABILITIES					
Tax equity financing	(a)	10	10	—	—
Other		1	1	—	—
		11	11	—	—
DEBT⁽¹⁾	5	3,577	3,785	3,516	3,703
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Interest rate swaps		45	45	82	82
Due to a non-controlling shareholder		6	6	6	7
Cross-currency swaps (EUR for CAD)		—	—	8	8
Tax equity financing	a)	31	31	—	—
Contingent consideration		4	4	4	4
Due to a joint venture		19	19	—	—
		105	105	100	101

⁽¹⁾ Includes Debt and Current portion of debt.

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.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables as well as trade and other payables approximate their carrying amounts due to their short-term maturities or high liquidity.

The fair value of reserve funds is equivalent to their carrying amounts as they bear interest at market rates.

The fair values of the advance to a non-controlling shareholder, tax equity financing, debt, the amount due to a non-controlling shareholder, contingent consideration and amounts due to a joint venture are essentially based on discounted cash flows. Discount rates, ranging from 0.09% to 7.87% (0.42% to 7.51% as at December 31, 2020), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions.

(a) Tax equity financing

At the time of the CRE acquisition, Boralex recorded assumed non-current liabilities of \$47 million (US\$37 million) in respect of tax equity financing. Under tax equity financing, the tax equity investors ("TEIs") make a cash contribution when initial investments are made in projects. In accordance with the substance of the contractual agreements, the initial contributions made by the TEIs are classified as financial instrument liabilities on Boralex's consolidated statement of financial position.

TEIs are guaranteed a return on their contribution as set out in the agreements and are allocated most of the tax attributes of the projects such as investment tax credits, almost all of the taxable results in the first few years of the life of the projects (including accelerated tax amortization policy) as well as cash distributions.

Note 7. Financial instruments (cont'd)

The structure reaches a flip point when the agreed upon return on contribution is achieved. The maturity date of these obligations may change and depends on the dates on which the TEIs achieves the agreed rate of return. Once the flip point is reached, the tax attributes are allocated to the partners and the TEIs are then entitled to a limited portion of future cash distributions. Their interests are repurchased by the project partners or they remain as minority partners exposed to similar return risks as other partners. At all times, both before and after the project flip point, Boralex retains control over the projects. These financial liabilities are classified as financial liabilities at amortized cost in Boralex's consolidated financial statements.

Interest rate swaps

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under interest rate swaps:

As at June 30,

2021	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	-0.16% to 1.79%	3-month EURIBOR	2030-2039	923	(29)
Interest rate swaps	USD	1.42% to 1.43%	3-month USD LIBOR	2028	170	2
Interest rate swaps	CAD	1.12% to 2.68%	3-month CDOR	2025-2043	1,025	13

As at December 31,

2020	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	-0.16% to 1.79%	3-month EURIBOR	2030-2039	1,045	(46)
Interest rate swaps	USD	1.01%	3-month USD LIBOR	2046	166	2
Interest rate swaps	CAD	1.12% to 2.68%	3-month CDOR	2025-2043	1,060	(31)

Cross-currency swaps

The Corporation also entered into cross-currency swaps. These derivatives mainly cover the Corporation's net investment in France, as they allow financing issued in Canada for investment in France to be synthetically translated into euros. In addition to mitigating the risk related to foreign currency fluctuations, these instruments also allow Boralex to currently benefit in part from lower interest rates prevailing in Europe. The Corporation can also enter into similar transactions pertaining to US dollars. These short-term transactions provide access to lower interest rates on drawdowns under the revolving credit facility. To measure the fair value of these instruments, the Corporation uses a technique that is a combination of the techniques used to measure the fair value of interest rate swaps and foreign exchange forward contracts.

As at June 30,

2021	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5325	2023	405	16

As at December 31,

2020	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5324	2023	472	(8)

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.

Note 7. Financial instruments (cont'd)

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.

For debt, interest rate swaps, cross-currency swaps, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields, interest rates and exchange rates.

For the advance to a non-controlling shareholder, tax equity financing, the amount due to a non-controlling shareholder, contingent consideration, and the amounts due to a joint venture, the Corporation classified fair value measurements as Level 3 because they are based on unobservable market data, namely the probability of achieving certain project development or cash flow milestones determined using project entity data.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

	Fair value hierarchy levels			
	As at June 30, 2021	Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	31	—	31	—
Cross-currency swaps (EUR for CAD)	16	—	16	—
Other	1	—	1	—
	48	—	48	—
NON-DERIVATIVE FINANCIAL LIABILITIES				
Contingent consideration	4	—	—	4
DERIVATIVE FINANCIAL LIABILITIES				
Interest rate swaps	45	—	45	—
Other	1	—	1	—
	46	—	46	—

	Fair value hierarchy levels			
	As at December 31, 2020	Level 1	Level 2	Level 3
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	7	—	7	—
NON-DERIVATIVE FINANCIAL LIABILITIES				
Contingent consideration	4	—	—	4
DERIVATIVE FINANCIAL LIABILITIES				
Interest rate swaps	82	—	82	—
Cross-currency swaps (EUR for CAD)	8	—	8	—
	90	—	90	—

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

	Options to purchase a partner's interests	Contingent consideration
Balance as at January 1, 2020	9	—
Reversal following the acquisition of a partner's interests in Joint Ventures	(9)	—
Business combination	—	4
Balance as at December 31, 2020	—	4
Balance as at June 30, 2021	—	4

Note 8. Commitments and contingencies

	Commitments entered into during 2021	Cumulative commitments as at June 30, 2021
Purchase and construction contracts	87	125
Maintenance contracts	94	254
Contingent consideration	9	21
Other	3	37
	193	437

Moulins du Lohan litigation

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities (the “Administration”) and construction had already begun before the acquisition by the Corporation.

Project opponents had filed an interim application against the project on April 14, 2017, seeking to halt construction pending a decision of the courts regarding a petition for cancellation of the permits issued by the Préfet of Morbihan. Since then, construction has ceased amidst proceedings on the merits of the case. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the authorizations for the **Moulins du Lohan** project based on its subjective risk assessment of landscape damage to the interests protected under the Environmental Code. The Corporation appealed the decision. The Administrative Court of Nantes ruled in favour of Boralex on March 5, 2019. In May 2019, the Société pour la protection des paysages et de l'esthétique de la France filed an appeal in cassation of these rulings of the Administrative Appeal Court of Nantes. In its judgment issued on April 15, 2021, the Conseil d'État made the decision, which is final and without appeal, to validate all the authorizations required for the project and whose validity were initially challenged by the plaintiffs. The project had been selected under an RFP issued by the French Energy and Regulation Commission and is covered by a 20-year power purchase agreement. As at June 30, 2021, the 65 MW project advanced to the *Projects under construction or ready-to-build* phase of the *Growth Path* following approval from the Board of Directors. Its commissioning is scheduled for the first half of 2023.

Note 9. Segmented information

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

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

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

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

Note 9. Segmented information (cont'd)

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely net earnings, and are presented in the following table.

	Three-month periods ended June 30					
	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Net loss	(8)	(1)	(9)	(6)	1	(5)
Income tax recovery	(5)	—	(5)	(2)	1	(1)
Financing costs	36	5	41	31	10	41
Amortization	72	7	79	58	12	70
Impairment	1	—	1	—	—	—
EBITDA	96	11	107	81	24	105
Adjustments:						
Acquisition costs	1	—	1	—	—	—
Other losses	5	—	5	—	—	—
Excess of the interest over the net assets of Joint Venture SDB I	—	—	—	3	(3)	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	4	(4)	—	—	—	—
Other	—	4	4	2	—	2
EBITDA(A)	106	11	117	86	21	107

	Six-month periods ended June 30					
	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Net earnings	30	4	34	38	(6)	32
Income tax expense	10	—	10	15	(2)	13
Financing costs	71	12	83	64	18	82
Amortization	147	12	159	116	24	140
Impairment	2	—	2	—	—	—
EBITDA	260	28	288	233	34	267
Adjustments:						
Acquisition costs	4	—	4	—	—	—
Other gains	(5)	—	(5)	—	(1)	(1)
Excess of the interest over the net assets of Joint Venture SDB I	6	(6)	—	(8)	8	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	(5)	5	—	—	—	—
Other	(3)	(5)	(8)	10	—	10
EBITDA(A)	257	22	279	235	41	276

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

Note 9. Segmented information (cont'd)

Three-month periods ended June 30

	2021				2020			
	Canada	France and other ⁽¹⁾	United States	Total	Canada	France and other ⁽¹⁾	United States	Total
Power production (GWh)⁽²⁾								
Wind power stations	467	473	—	940	320	384	—	704
Hydroelectric power stations	107	—	83	190	119	—	99	218
Solar power stations	—	6	170	176	—	7	—	7
Thermal power stations ⁽³⁾	17	—	—	17	8	—	—	8
	591	479	253	1,323	447	391	99	937
Revenues from energy sales and feed-in premium								
Wind power stations	61	54	—	115	47	52	—	99
Hydroelectric power stations	9	—	5	14	12	—	6	18
Solar power stations	—	2	14	16	—	2	—	2
Thermal power stations ⁽³⁾	1	1	—	2	1	1	—	2
	71	57	19	147	60	55	6	121
EBITDA(A)								
Wind power stations	57	44	—	101	47	43	—	90
Hydroelectric power stations	8	—	3	11	10	—	4	14
Solar power stations	—	1	12	13	—	1	—	1
Thermal power stations ⁽³⁾	(1)	—	—	(1)	(2)	—	—	(2)
Corporate and eliminations	(7)	(9)	(2)	(18)	(8)	(8)	(1)	(17)
	57	36	13	106	47	36	3	86
Additions to property, plant and equipment								
Wind power stations	1	7	—	8	—	23	—	23
Hydroelectric power stations	1	—	—	1	1	—	—	1
Solar power stations	—	3	—	3	—	—	—	—
Corporate	—	—	—	—	1	—	—	1
	2	10	—	12	2	23	—	25

⁽¹⁾ United Kingdom.

⁽²⁾ Includes compensation for power limitations imposed by clients (42 GWh for the second quarter of 2021, 39 GWh for wind power and 3 GWh for solar power, and 55 GWh for wind power for the second quarter of 2020).

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil-fuel power generating asset.

Note 9. Segmented information (cont'd)

Six-month periods ended June 30

	2021				2020			
	Canada	France and other ⁽¹⁾	United States	Total	Canada	France and other ⁽¹⁾	United States	Total
Power production (GWh)⁽²⁾								
Wind power stations	1,070	1,181	—	2,251	700	1,270	—	1,970
Hydroelectric power stations	195	—	166	361	189	—	227	416
Solar power stations	—	11	242	253	—	11	—	11
Thermal power stations ⁽³⁾	68	19	—	87	54	19	—	73
	1,333	1,211	408	2,952	943	1,300	227	2,470
Revenues from energy sales and feed-in premium								
Wind power stations	140	146	—	286	103	168	—	271
Hydroelectric power stations	18	—	11	29	19	—	15	34
Solar power stations	—	3	20	23	—	3	—	3
Thermal power stations ⁽³⁾	8	7	—	15	7	6	—	13
	166	156	31	353	129	177	15	321
EBITDA(A)								
Wind power stations	136	112	—	248	105	135	—	240
Hydroelectric power stations	14	—	7	21	15	—	11	26
Solar power stations	—	2	17	19	—	2	(1)	1
Thermal power stations ⁽³⁾	3	1	—	4	1	1	—	2
Corporate and eliminations	(14)	(17)	(4)	(35)	(15)	(17)	(2)	(34)
	139	98	20	257	106	121	8	235
Additions to property, plant and equipment								
Wind power stations	1	29	—	30	—	32	—	32
Hydroelectric power stations	1	—	—	1	10	—	—	10
Solar power stations	—	7	3	10	—	—	—	—
Corporate and eliminations	—	1	—	1	2	—	—	2
	2	37	3	42	12	32	—	44

⁽¹⁾ United Kingdom.

⁽²⁾ Includes compensation for power limitations imposed by clients (64 GWh for the six-month period ended June 30, 2021, 55 GWh for wind power and 9 GWh for solar power, and 86 GWh for wind power for the six-month period ended June 30, 2020).

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil-fuel power generating asset.

For the three-month period ended June 30, 2021, revenues from energy sales for facilities not covered by energy sales contracts amounted to \$1 million (\$1 million for the same period of 2020). As for the six-month period ended June 30, 2021, revenues from energy sales for facilities not covered by energy sales contracts amounted to \$3 million (\$2 million for the same period of 2020).

Note 9. Segmented information (cont'd)

	As at June 30, 2021				As at December 31, 2020			
	Canada	France and other ⁽¹⁾	United States	Total	Canada	France and other ⁽¹⁾	United States	Total
Total assets								
Wind power stations	2,441	1,892	—	4,333	2,441	2,082	—	4,523
Hydroelectric power stations	419	—	145	564	426	—	155	581
Solar power stations	2	46	597	645	2	32	24	58
Thermal power stations ⁽³⁾	12	—	—	12	14	11	—	25
Corporate	51	73	28	152	39	64	24	127
	2,925	2,011	770	5,706	2,922	2,189	203	5,314
Non-current assets⁽²⁾								
Wind power stations	2,218	1,737	—	3,955	2,251	1,835	—	4,086
Hydroelectric power stations	403	—	143	546	408	—	152	560
Solar power stations	1	40	574	615	1	28	15	44
Thermal power stations ⁽³⁾	6	—	—	6	8	6	—	14
Corporate	44	19	16	79	28	20	16	64
	2,672	1,796	733	5,201	2,696	1,889	183	4,768
Total liabilities								
Wind power stations	1,945	1,423	—	3,368	1,972	1,591	—	3,563
Hydroelectric power stations	134	—	90	224	140	—	96	236
Solar power stations	—	13	270	283	—	3	4	7
Thermal power stations ⁽³⁾	5	—	—	5	5	3	—	8
Corporate	464	113	8	585	411	88	10	509
	2,548	1,549	368	4,465	2,528	1,685	110	4,323

⁽¹⁾ United Kingdom.

⁽²⁾ Excludes *Interests in the Joint Ventures and associates*.

⁽³⁾ On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil-fuel power generating asset.

Reconciliation	Three-month periods ended June 30					
	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Power production (GWh)⁽²⁾	1,323	162	1,485	937	280	1,217
Wind power stations ⁽²⁾	940	162	1,102	704	280	984
Revenues from energy sales and feed-in premium	147	17	164	121	30	151
Wind power stations	115	17	132	99	30	129
EBITDA(A)	106	11	117	86	21	107
Wind power stations	101	10	111	90	20	110
Additions to property, plant and equipment	12	1	13	25	—	25
Wind power stations	8	1	9	23	—	23

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

⁽²⁾ Includes compensation for power limitations imposed by clients (42 GWh for the second quarter of 2021, 39 GWh for wind power and 3 GWh for solar power, and 55 GWh for wind power for the second quarter of 2020).

Note 9. Segmented information (cont'd)

Six-month periods ended June 30

Reconciliation	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Power production (GWh)⁽²⁾	2,952	363	3,315	2,470	584	3,054
Wind power stations ⁽²⁾	2,251	363	2,614	1,970	584	2,554
Revenues from energy sales and feed-in premium	353	39	392	321	62	383
Wind power stations	286	39	325	271	62	333
EBITDA(A)	257	22	279	235	41	276
Wind power stations	248	21	269	240	40	280
Additions to property, plant and equipment	42	1	43	44	—	44
Wind power stations	30	1	31	32	—	32

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

⁽²⁾ Includes compensation for power limitations imposed by clients (64 GWh for the six-month period ended June 30, 2021, 55 GWh from wind power and 9 GWh for solar power and 86 GWh for wind power for the six-month period ended June 30, 2020).

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

- » Annual Report
- » Interim Reports
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- » Management Proxy Circular

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

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SHAREHOLDER INFORMATION

The **Annual Meeting of Shareholders** was held on Wednesday, May 5, 2021, at 11 a.m. in the form of a virtual presentation.

For further information, please visit our website.

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