



Renewable Energy.
Sustainable Development.

QUARTERLY REPORT 2020

for the period ended
March 31, 2020



These condensed interim consolidated financial statements have not been audited by the Corporation's independent auditors.



For 30 years now, Innergex Renewable Energy Inc. has believed in a world where abundant renewable energy promotes healthier communities and creates shared prosperity. As an independent renewable power producer which develops, acquires, owns and operates hydroelectric facilities, wind farms and solar farms, Innergex is convinced that generating power from renewable sources will lead the way to a better world. Innergex operates in Canada, the United States, France and Chile. The Corporation's shares are listed on the Toronto Stock Exchange under the symbols INE, INE.PR.A and INE.PR.C and its convertible debentures are listed under the symbols INE.DB.B and INE.DB.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") for three-month period ended March 31, 2020, and reflects all material events up to May 12, 2020, the date on which this MD&A was approved by the Corporation's Board of Directors.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2020.

The unaudited condensed interim consolidated financial statements attached to this MD&A and the accompanying notes for the three-month period ended March 31, 2020, along with the 2019 comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

All tabular dollar amounts are in thousands of Canadian dollars, except amounts per share or unless otherwise indicated. Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations.

To inform readers of the Corporation's future prospects, this MD&A contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"). Please refer to the "Forward-Looking Information" section for more information.

Additional information relating to Innergex, including its Annual Information Form, can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at sedar.com or on the Corporation's website at innegex.com. Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference.

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FINANCIAL HIGHLIGHTS

- Production was 93% of the long-term average ("LTA") for the three-month period ended March 31, 2020.
- Revenues increased 5% to \$132.1 million for the three-month period ended March 31, 2020.
- Adjusted EBITDA decreased by 3% to \$90.4 million for the three-month period ended March 31, 2020, corresponding to an Adjusted EBITDA Margin of 68.4%.
- Adjusted EBITDA Proportionate increased 9% to \$116.0 million for the three-month period ended March 31, 2020, corresponding to an Adjusted EBITDA Proportionate Margin of 70.6%.
- On February 6, 2020, Innergex and Hydro-Québec announced a \$661.0 million Private Placement and a Strategic Alliance.
- Measures were taken to respond to COVID-19, and power production activities have continued in all segments.

	Three months ended March 31 ¹	
	2020	2019
OPERATING RESULTS		
Production (MWh)	1,679,598	1,308,505
Revenues	132,116	126,419
Adjusted EBITDA ²	90,419	93,243
Adjusted EBITDA Margin ²	68.4%	73.8%
Net Loss From Continuing Operations	(46,931)	(4,420)
Net loss	(46,931)	(854)
Adjusted Net Loss From Continuing Operations ²	(8,456)	(11,026)
PROPORTIONATE		
Production Proportionate (MWh) ²	1,969,766	1,589,827
Revenues Proportionate ²	164,371	148,048
Adjusted EBITDA Proportionate ²	116,014	106,494
Adjusted EBITDA Proportionate Margin ²	70.6%	71.9%
COMMON SHARES		
Dividends declared on common shares	31,339	23,360
Weighted Average Number of Common Shares (in 000s)	159,682	132,865
	Trailing twelve months ended March 31	
	2020	2019
CASH FLOW AND PAYOUT RATIO		
Cash Flow From Operating Activities ³	206,480	212,780
Free Cash Flow ^{2,3}	91,447	119,055
Payout Ratio ^{2,3}	113%	77%
Adjusted Payout Ratio ^{2,3}	97%	60%
	As at	
	March 31 2020	December 31 2019
FINANCIAL POSITION		
Total Assets	6,636,022	6,372,104
Total Liabilities	5,445,003	5,756,778
Non-Controlling Interests	19,597	10,942
Equity Attributable to Owners	1,171,422	604,384

1. Results from continuing operations unless otherwise indicated.

2. Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Loss from continuing operations, Production Proportionate, Revenues Proportionate, Adjusted EBITDA Proportionate, Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Production Proportionate is a key performance indicator for the Corporation that cannot be reconciled with an IFRS measure. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. For more information on the calculation and explanation, please refer to the "Free Cash Flow and Payout Ratio" section.

UPDATE ON COVID-19

Health and Safety of our Employees and Visitors

Innergex took numerous measures to protect employees, suppliers and business partners from COVID-19.

All operations teams were split in half with different portions of the buildings accessible to each team to reduce risks of contamination across employees. New cleaning procedures were implemented to ensure common surfaces be disinfected. Employees must wear masks when social distancing measures can't be respected. Employees must confirm they show no symptoms prior to accessing the site. Only essential work was performed on-site to maintain electricity production. Non-urgent maintenance tasks are postponed at this time.

All office employees were instructed to work from home. Office presence is limited to essential tasks. To date, the workforce has not been affected from a health perspective, except for one case at the head office with no possible impacts on colleagues. The employee has since recovered.

Visitors and contractors must complete a questionnaire before accessing a site or an office and must respect additional hygiene measures.

IT systems have remained available remotely and many controls are in place to ensure overall security while working remotely.

Power Production an Essential Service

Power production activities have continued in all segments as they have been deemed essential service in every region where we operate.

Our renewable power production is sold mainly through power purchase agreements to solid counterparts and no credit issues are anticipated. A majority of our power purchase agreements include sufficient protection to prevent for material reduction in demand. As such, we do not intend to make any changes to our workforce and we intend to maintain salaries and benefits.

Impacts of COVID-19 on our Construction Activities

Hillcrest Solar Project (Ohio)

The construction of Hillcrest began earlier this year and is progressing well. We have contingency plans and measures in place to address any problems that may arise due to the current pandemic, and unless a decree is issued to halt construction, Hillcrest should come online by the end of the year.

Innavik Hydro Project (Quebec)

The first construction equipment was delivered in September and construction was planned to start in Q2 2020. However, on March 14, 2020, the Nunavik Regional Board of Health and Social Services issued travel restrictions for non-residents to Inuit communities, including Inukjuak, until further notice, and as at the date of this MD&A, restrictions were still enforced.

The Corporation is assessing scenarios to resume work and observe strict health rules when restrictions are lifted. Given that the COVID-19 restrictions may last well into Q3 2020, deliveries and construction may not progress significantly in 2020.

Yonne II (France)

The project is delayed by the COVID-19 crisis. Beginning of construction remains planned for 2020 and commissioning was postponed to 2021.

Support to Surrounding Communities

To support communities surrounding our facilities and projects in all segments, the Corporation launched the "Time for Solidarity" campaign.

The Corporation earmarked \$160,000 to be distributed to local charities such as food banks and relief organizations to alleviate the effects of the COVID-19 crisis, and invited employees and executives to make personal donations to these charities. Such relief organizations included United Way Canada (various regions), BC First Nations Health Authority, Feed Ontario, Sirivik, Wichita Falls Area Feed America and Hope Emergency Program.

Furthermore, there were already existing programs within Innergex and with its partners that provided support to communities surrounding some of our facilities. The funds earmarked this year for community support were also redirected to local charities alleviating the effects of the COVID-19 crisis.

OVERVIEW

The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities with a focus on hydroelectric, wind and solar power that benefit from simple, proven technologies.

Discontinued Operations

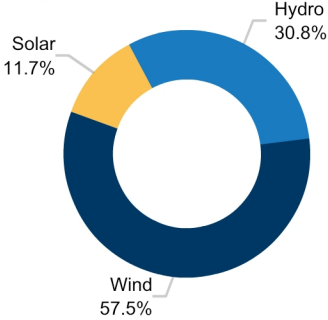
On May 23, 2019, the Corporation announced completion of the sale of its wholly owned subsidiary Magma Energy Sweden A.B. (“Magma Sweden”), which owns an equity interest of approximately 53.9% in HS Orka hf (“HS Orka”), owner of two geothermal facilities in operation, one hydro project in development and prospective projects in Iceland. The Geothermal Power Generation Segment is now accounted for as discontinued operations. For more information, please refer to the “Discontinued Operations” section of this MD&A. The figures presented in this MD&A are for the continuing operations unless otherwise indicated.

Segments

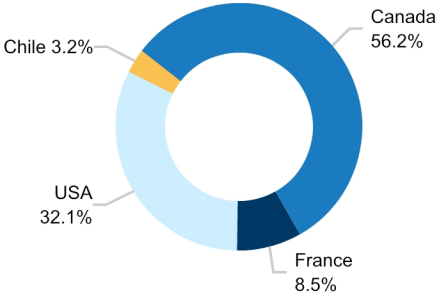
As at March 31, 2020, the Corporation has three operating segments and four geographic segments.

Operating Segments	Geographic Segments
Hydroelectric Power Generation	Canada
Wind Power Generation	France
Solar Power Generation	United States
	Chile

Net Installed Capacity by Operating Segment



Net Installed Capacity by Geographic Segment



Portfolio of Assets

As at the date of this MD&A, the Corporation owns interests in three groups of projects at various stages: the Operating Facilities, the Development Projects and the Prospective Projects.

Operating Facilities

The Corporation owns and operates 68 facilities in commercial operation (the “Operating Facilities”). Commissioned between 1992 and November 2019, the facilities have a weighted average age of approximately 7.3 years.

They mostly sell the generated power under long-term power purchase agreements, power hedge contracts¹ and short- and long-term industrial contracts (each, a “PPA”) to rated public utilities or other creditworthy counterparties or on the open market. The PPAs have a weighted average remaining life of 15.1 years (based on gross long-term average production).

For most Operating Facilities in Canada and in France, PPAs include a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. For most Operating Facilities in the United States, power generated is sold through PPAs or on the open market supported by financial or physical power hedges. In Chile, Operating Facilities sell the power generated through PPAs to industrial customers or on the open market.

¹ A power hedge contract is deemed a PPA regardless of whether it is subjected to hedge accounting or accounted for as a financial derivative at fair value through earnings (loss).

	Number of Operating Facilities ¹	Installed Capacity (MW)	
		Gross ²	Net ³
HYDRO			
Canada	33	1,019	713
United States	1	10	10
Chile	3	152	74
Subtotal	37	1,181	797
WIND			
Canada	8	908	714
France	15	317	221
United States	3	754	554
Subtotal	26	1,979	1,489
SOLAR			
Canada	1	27	27
United States	3	267	266
Chile	1	34	9
Subtotal	5	328	302
Total	68	3,488	2,588

1. The number of Operating Facilities includes all facilities owned and operated by the Corporation, including non-wholly owned subsidiaries and joint ventures and associates.

2. Gross installed capacity is the total capacity of all Operating Facilities of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

3. Net installed capacity is the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.

Development Projects

The Corporation now holds interests in six projects under development. Two Development Projects are currently under construction. These projects are scheduled to begin commercial operation between 2020 and 2023 (the “Development Projects”). For more information on the Development Projects, please refer to the “First Quarter Update” section.

	Number of Development Projects	Installed Capacity (MW)	
		Gross ¹	Net ²
HYDRO			
Quebec	1	8	4
Chile	1	109	41
Subtotal	2	117	45
WIND			
France	1	7	5
SOLAR			
United States	3	245	245
Total	6	369	295

1. Gross installed capacity is the total capacity of all Development Projects of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.

2. Net installed capacity is the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.

Prospective Projects

The Corporation also owns interests in numerous prospective projects at various stages of development. Some have secured land rights, for which an investigative permit application has been filed or for which a proposal has been or could be submitted under a Request for Proposal or a Standing Offer Program (collectively the “Prospective Projects”). The list of Prospective Projects is revised annually to add or remove projects, according to their advancement potential.

There is no certainty that any Prospective Project will be realized.

	Prospective Projects			
	Gross Projected Capacity (MW) ¹			
	Hydro	Wind	Solar	Total
Canada	730	4,343	320	5,393
United States	—	525	669	1,194
France	—	296	—	296
Chile	207	9	32	248
Total	937	5,173	1,021	7,131

1. Only Gross Installed Capacity is disclosed for Prospective Projects as the net capacity is not yet defined at this stage.

Tax Equity Investment

The Corporation owns equity interests in some facilities that are eligible for tax incentives available for renewable energy facilities in the United States. With its current portfolio of renewable energy facilities, Innergex cannot fully monetize such tax incentives. To take full advantage of these incentives, the Corporation partners with Tax Equity Investors (“TEI”) who invest in these facilities in exchange for a share of the tax credits.

Some TEI financing structures include a partial pay as you go (“Pay-go”) funding arrangement under which, when the actual annual MWh production exceeds a certain production threshold, the TEI are obligated to make a cash contribution (“Pay-go Contribution”) to the Corporation. The Pay-go arrangement results in a lower initial investment by the TEI and provides them with some protection from potential underperformance of the asset.

Innergex recognizes the TEI contributions as long-term loans and borrowings, at an amount representing the proceeds received from the tax equity investor in exchange for shares of the subsidiary, net of the following elements:

Elements affecting amortized cost of the tax equity financing	Description
Production Tax Credits (“PTC”)	Allocation of PTCs to the tax equity investor derived from the power generated during the period and recognized in other (income) expenses as incurred
Investment Tax Credits (“ITC”)	Allocation of ITCs to the tax equity investor stemming from the construction activities and recognized as a reduction in the cost of the assets to which they relate
Taxable income (loss), including tax attributes such as accelerated tax depreciation	Allocation of taxable income and other tax attributes to the tax equity investor recognized in other (income) expenses as incurred
Pay-go contributions	Additional cash contributions made by the tax equity investor when the annual production exceeds the contractually determined threshold
Cash distributions	Cash allocation to the tax equity investor

Production Tax Credit Program (“PTC”)

Current United States tax law allows wind energy facilities to receive tax credits that are created for each MWh of generation for the first 10 years of the facility's operation. The TEIs are allocated a portion of the renewable energy facility's taxable income (losses) and PTCs produced and a portion of the cash generated by the facility until they achieve an agreed-upon after-tax investment return (“Flip Point”). After the Flip Point, TEIs will retain a lesser portion of the cash and the taxable income (losses) generated by the facility.

	Commercial Operation Date	Expected TEI Flip Point	TEI Investment (M\$)	Expected Annual PTC Generation ³ (M\$)	Expected Annual Pay-go Contribution (M\$)	TEI Allocation of Taxable Income (Loss) and PTCs (Pre-Flip Point)	TEI Allocation of Cash Distributions (Pre-Flip Point)
Shannon ^{1,2}	2015	2028	274.2	25.3	—	30.72%	64.10%
Flat Top ^{1,2}	2018	2028	267.2	30.9	—	99.00%	43.55%
Foard City ^{2,4}	2019	2029	372.7	46.2	4.9	99.00%	5.00%

1. Before the Flip Point, TEI cash distributions are based on a quarterly test measurement of cumulative generation for the project since commercial operations date. Lower production could result in a higher cash allocation to the tax equity investor or a change to the Flip Point. Figures provided are for the quarter ended March 31, 2020.

2. TEIs in U.S. projects generally require certain sponsor guarantees as a condition for their investment. To support the tax equity investments at Shannon, Flat Top and Foard City, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters that are substantially within its control, and are very unlikely to occur.

3. Based on the gross estimated LTA and the current credit of US\$25/MWh generated for the period from COD to Flip Point, translated into Canadian dollars at 1.4187. PTCs generation will vary depending on actual production.

4. Average annual Pay-go Contributions estimate is based PTCs generated on gross estimated LTA for each year from COD to Flip Point, translated into Canadian dollars at 1.4187. Pay-go Contributions will vary depending on actual production in excess of 1,165 GWh per-annum, up to a cumulative maximum of US\$36.5 million (\$51.8 million).

Investment Tax Credit Program (“ITC”)

Current United States tax law allows wind and solar facilities to receive a one-time federal tax credit, calculated on the basis of the facility's capital cost. Projects that began construction through 2019 are eligible for 30% ITC. This credit steps down to 26% for facilities that began construction in 2020, 22% in 2021 and 10% thereafter.

	Commercial Operation Date	Expected TEI Flip Point	TEI Investment (M\$)	TEI Allocation of Taxable Income (Loss) and ITC (Pre-Flip Point)	TEI Preferred Allocation of Cash (Pre-Flip Point)
Phoebe ^{1,2,3}	2019	2026	244.3	66.67%	10.62% in excess of priority distribution

- TEIs in U.S. projects generally require certain sponsor guarantees as a condition for their investment. To support the tax equity investments at Phoebe, Alterra, a subsidiary of Innergex, executed a guarantee indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants. The Corporation believes these indemnifications cover matters that are substantially within its control, and are very unlikely to occur.
- Phoebe's cash distribution amounts to the TEI are fixed and defined within the TEI partnership agreement. All amounts of distributable cash in excess of this defined threshold are distributed at the rate of 10.62% and 89.38% to the TEI and Innergex respectively.
- TEI Allocation of Taxable Income (Loss) and ITC are 99% until February 15, 2020, down to 66.67% from February 15, 2020, to December 31, 2024, and then back to 99.0% until TEI Flip Point.

Basis Hedge

In order to protect the project's returns in the event of a change in the expected price dynamics between the ERCOT South Hub and the Phoebe Node, and in light of the existing transmission congestion prevailing in Texas broadening the basis differential risk at numerous locations, on August 2, 2019, the Corporation entered into a 2-year basis hedge, effective from November 1, 2019 to December 31, 2021.

Under the basis hedge, Innergex swaps the ERCOT South Hub and the Phoebe Node prices at a contractual hourly quantity of 100 MW per hour, for 16 hours daily. As supported by the studies carried out by Innergex's external consultants prior to the transaction being executed, the basis hedge was designed to protect the basis risk associated with the power hedge during the daily generation period, while the exposure outside of such generation period was expected to be limited.

However, contrary to the initial expectation, the project has been exposed to large unfavourable basis differentials outside of the generation hours, which contributed to a realized loss of \$19.7 million for the three-month period ended March 31, 2020 (nil for the comparable period of 2019) recorded in the project's tracking account¹. Since November 1, 2019 to date, the basis hedge has cumulated a realized loss of \$31.4 million.

The basis hedge is accounted for at fair value, with subsequent changes being recognized in the consolidated statement of earnings, as change in fair value of financial instruments, which amounted to \$30.3 million for the three-month period ended March 31, 2020 (nil for the comparable period of 2019).

¹ Renewable energy projects selling energy under a power/basis hedge structure are exposed to mismatch risks mainly driven by: (1) the risk of a shortfall in the actual energy produced in comparison to the contractual hourly quantity under the hedges; and (2) a price differential risk between hub, node, and fixed contractual prices per MW of contracted energy. To cover such temporary unfavourable mismatch, the counterparty provides the project with a tracking account; a working capital loan that is repaid with subsequent favourable mismatch.

KEY PERFORMANCE INDICATORS

The Corporation measures its performance using key performance indicators ("KPIs").

Production KPIs

When evaluating its operating results, a key performance indicator for the Corporation is to compare actual electricity generation with a long-term average ("LTA"), which is determined to allow long-term forecasting of the expected power generation of each facility.

- Production in comparison with LTA in megawatt/hours ("MWh") and gigawatt/hours ("GWh")
- Production and Production Proportionate

Financial KPIs

- Revenues and Revenues Proportionate
- Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate and Adjusted EBITDA Proportionate Margin
- Adjusted Net Earnings (Loss)
- Free Cash Flow

- Payout Ratio

The Corporation believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generating capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. The indicators also facilitate the comparison of results over different periods.

These indicators are not recognized measures under IFRS, have no standardized meaning prescribed by IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

BUSINESS STRATEGY

The Corporation's fundamental goal is to create wealth by efficiently managing our high-quality renewable energy assets and successfully pursuing our growth.

We are guided by our philosophy that balances investing in people, caring for our planet and generating prosperity by sharing economic benefits with local communities and creating shareholder value.

Innergex is committed to developing, acquiring, owning and operating renewable energy facilities exclusively that generate sustainable cash flows, provide an attractive risk-adjusted return on invested capital and enable the distribution of a sustainable dividend.

Produce Renewable Energy

The Corporation is committed to producing energy from sustainable renewable sources exclusively, by balancing economic, social and environmental considerations. By harnessing the power of the sun's rays, the natural flow of water and the motion of the air, we work with nature to generate clean energy for a brighter future.

Optimize Operations

Innergex owns interests in 37 hydroelectric facilities drawing on 31 watersheds, 26 wind farms and 5 solar farms. The expertise and innovation developed by our skilled team in various energies and different locations can be leveraged and shared among the Corporation to maximize returns from our high-quality assets.

Maintain Diversification of Energy Sources

The Corporation aims to maintain a diversified portfolio of assets in terms of geography and sources of energy to alleviate any seasonal and production variations. The amount of electricity generated by the Operating Facilities is generally dependent on the availability of water flows, wind regimes and solar irradiation. Lower-than-expected resources in any given year could have an impact on the Corporation's revenues and hence on its profitability.

Fortunately, the complementary nature of hydroelectric, wind and solar energy production partially offsets any seasonal variations, as illustrated in the following table:

In GWh and %	Consolidated LTA and Quarterly Seasonality ¹									
	Q1		Q2		Q3		Q4		Total	
HYDRO	370	12%	1,065	36%	1,002	33%	581	19%	3,018	37%
WIND	1,276	29%	1,020	23%	851	20%	1,208	28%	4,355	53%
SOLAR	160	21%	242	31%	232	30%	142	18%	776	10%
Total	1,806	22%	2,327	29%	2,085	25%	1,931	24%	8,149	100%

1. The consolidated long-term average production is the annualized LTA for the facilities in operation as of May 12, 2020. The LTA is presented in accordance with revenue recognition accounting rules under IFRS and excludes production from facilities that are accounted for using the equity method. Production in comparison to the LTA is a key performance indicator for the Corporation. For more information, please refer to the "Key Performance Indicators" section.

Grow Responsibly

The transition to a carbon-neutral economy will be led by the renewable energy sector. Innergex stands well-positioned to continue its strategic growth by further developing, acquiring, owning and operating high-quality renewable energy projects and will continue to champion the advancement of renewable energy solutions.

Nurturing relationships to develop long-term partnerships that support fruitful renewable energy projects is at the core of our business strategy and values. Our projects flourish with the support of our financial, corporate, Indigenous and municipal partners. Our values of following our passion, getting involved, driving opportunities, leading with integrity, achieving together, acting safely and generating prosperity are all ingredients of our success.

Acquisitions are another important component of the Corporation's business strategy. Gaining a foothold in new markets increases our reach, diversity and opportunities for growth. Similarly, increasing our presence in established locations allows us to consolidate our position as a renewable energy leader, such as in the Canadian market. Our focus will remain on generating energy solely from renewable sources and we will continue to explore new technologies that could bring further opportunities in electricity production and beyond, such as energy storage.

Deliver Exceptional Results

Innergex recognizes that what we have accomplished and what is yet to come would not be possible without our highly skilled team of employees who share our mission, vision, values and key principles.

Their collective knowledge, talent, abilities, experience and sound judgment have always been key to our long-term success. Our management team has a proven track record of delivering projects on-time and on-budget.

Furthermore, we have nurtured a pool of specialized partners we can rely on to provide services outside our realm of expertise when necessary, from engineering firms to environmental monitoring professionals.

FIRST QUARTER UPDATE

Corporate Development

Strategic Alliance and Private Placement with Hydro-Québec

- On February 6, 2020, the Corporation announced that it had formed a Strategic Alliance with Hydro-Québec to accelerate its growth with investments in larger and more diversified projects. Hydro-Québec committed an initial \$500 million for future co-investments with the Corporation.
- Hydro-Québec invested \$661.0 million through a Private Placement of Innergex common shares at a price of \$19.08 per share, representing a premium of 5.0% to the 30-day volume weighted average price as at February 5, 2020 and a total of 34.6 million shares (the "Private Placement").

Development Activities

(as at the date of this MD&A)

	Location	Gross installed capacity (MW)	Expected COD	Gross estimated LTA ¹ (GWh)	PPA term (years)
HYDRO (Chile)					
Frontera	Biobío	109.0	2023	464.0	- ²
SOLAR (United States)					
Hale Kuawehi	Hawaii	30.0 ³	2022	87.4	25
Paeahu	Hawaii	15.0 ³	2022	41.2	25
WIND (France)					
Yonne II	France	6.9	2021	11.0	20

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.

2. Power to be sold on the open market or through PPAs yet to be signed.

3. Solar project with a battery storage capacity of 120 MWh for Hale Kuawehi and 60 MWh for Paeahu.

Frontera

- The COVID-19 situation has slowed the process, but the financing process and the construction contract are progressing.
- In the coming months, depending on the results of the financing process, the Corporation will make a final decision on the project's fate.

Hale Kuawehi

- The Public Utilities Commission ("PUC") approved the PPA.
- Environmental and technical studies are ongoing, as are other permitting-related activities.
- 30% design engineering is underway and will be completed in the second quarter of 2020.

Paeahu

- The PUC's PPA review process is ongoing. A contested case hearing took place in the fourth quarter of 2019 to address concerns from an opposition group that consists of neighbouring residents. The PUC is expected to make a decision in the third quarter of 2020.
- Environmental and technical studies are ongoing as are other permitting-related activities. The Special Use Permit application will be filed in the third quarter of 2020.
- 30% design engineering is underway and will be completed in the second quarter of 2020.

Yonne II

The Yonne II project is an extension of the Yonne wind facility located in Bourgogne-Franche-Comté, France.

- Innergex owns 69.55% of the project.
- The project is comprised of 3 turbines of a 2.3 MW capacity each.
- The project is delayed by the COVID-19 crisis. Beginning of construction remains planned for 2020 and commissioning was postponed to 2021.

El Canelo

- Project development continues but at a slower pace.
- Quarterly updates will no longer be provided and the project will be considered as a Prospective Project.

Construction Activities

(as at the date of this MD&A)

	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA ¹ (GWh)	PPA term (years)	Total project cost	Expected first 5-year average	
						Estimated ¹ (\$M)	Revenues ¹ (\$M)	Adjusted EBITDA ^{1,2} (\$M)
SOLAR (United States)								
Hillcrest	100.0	200.0	2020	413.3	15	396.5 ⁴	24.8 ⁴	15.2 ⁴
HYDRO (Quebec)								
Innavik	50.0	7.5	2022	54.7	40	125.0 ³	11.0 ³	8.9 ³
Total		207.5		468.0		521.5	35.8	24.1

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.

2. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. Corresponding to 100% of this facility.

4. Total Estimated Project Cost at US\$279.5 million, Expected Revenues at US\$17.5 million and Expected Adjusted EBITDA at US\$10.7 million translated at a rate of 1.4187.

Hillcrest

- The EPC Agreement has been fully executed.
- EPC contractor has mobilized to site and continues to ramp up crew sizes and activities, which include clearing and grubbing, fence and silt fence installation, road and entrance construction, module/pile receiving and pile installation.
- 60 MW_{DC} of PV modules have now arrived on-site.
- Project has successfully registered for the Renewable Generation Fund to be administered by the Ohio Air Quality Development Agency.
- OPSB permit to commence major works was received.
- On May 7, 2020, the Corporation announced the closing of a US\$191.8 million (\$270.9 million¹) construction financing, tax equity commitment, and a 7-year term loan facility for the Hillcrest solar project located in Brown County, Ohio. The total construction costs are estimated at US\$279.5 million (\$394.8 million¹) and will be partly financed through a US\$82 million (\$115.8 million¹) construction term loan and a US\$109.8 million (\$155.1 million¹) tax equity bridge loan provided by a group of lenders. Innergex will fund the remaining US\$87.7 million (\$123.9 million¹) equity commitment. At commercial operation, a tax equity partner will provide the tax equity investment to be used to repay the tax equity bridge loan.

¹ Translated at a rate of 1.4124, which represents the rate in effect at the date of the announcement of the closing of the financing procedures.

Innavik

- Public information sessions were held in early Q1 2020, a jobs fair for local hires took place in March, permit obtention processes have progressed.
- On March 14, 2020, the Nunavik Regional Board of Health and Social Services issued travel restrictions for non-residents to Inuit communities, including Inukjuak, until further notice, and as at the date of this MD&A, restrictions were still enforced.
- The Corporation is assessing scenarios to resume work and observe strict health rules when restrictions are lifted.
- Given that the COVID-19 restrictions may last well into Q3 2020, deliveries and construction may not progress significantly in 2020.

OPERATING RESULTS

Electricity Production

The Corporation's operating results for the three-month period ended March 31, 2020, are compared with the operating results for the same period in 2019.

Energy Segment	Three months ended March 31					
	2020			2019		
	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA	Production (MWh) ¹	LTA (MWh)	Production as a % of LTA
HYDRO						
Quebec	120,710	124,170	97%	134,814	124,170	109%
Ontario	22,733	24,294	94%	24,244	24,294	100%
British Columbia	162,093	213,291	76%	127,787	213,291	60%
United States	3,920	7,927	49%	5,747	7,927	72%
Subtotal	309,456	369,682	84%	292,592	369,682	79%
WIND						
Quebec	639,952	693,755	92%	782,230	717,338	109%
France	276,825	227,706	122%	222,700	227,706	98%
United States ²	328,423	353,220	93%	—	—	—%
Subtotal	1,245,200	1,274,681	98%	1,004,930	945,044	106%
SOLAR						
Ontario	6,326	7,031	90%	7,553	7,080	107%
United States ³	118,616	152,841	78%	3,430	4,673	73%
Subtotal	124,942	159,872	78%	10,983	11,753	93%
Total	1,679,598	1,804,235	93%	1,308,505	1,326,479	99%
GEOHERMAL⁴						
Iceland	—	—	—%	348,546	319,740	109%

1. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for consistency, their electricity production figures have been excluded from the production table.

2. Foard City was commissioned on September 27, 2019.

3. Phoebe was commissioned on November 19, 2019.

4. Production and LTA were nil for the period in 2020 as opposed to a complete period in 2019.

Overall, the **hydroelectric** facilities produced 84% of their LTA due mostly to:

- below-average water flows at the British Columbia facilities from cold and dry temperature.

Overall, the **wind** farms produced 98% of their LTA due to:

- below-average wind regimes in Quebec; and
- below-average wind regimes in the United States.

These items were partly offset by:

- above-average wind regimes in France.

Overall, the **solar** farms produced 78% of their LTA mostly due to:

- below-average solar irradiation and curtailment in the United States.

Production for the three-month period ended March 31, 2020, was 1,679,598 MWh compared with 1,308,505 MWh for the same period last year. The 28% increase is due mainly to:

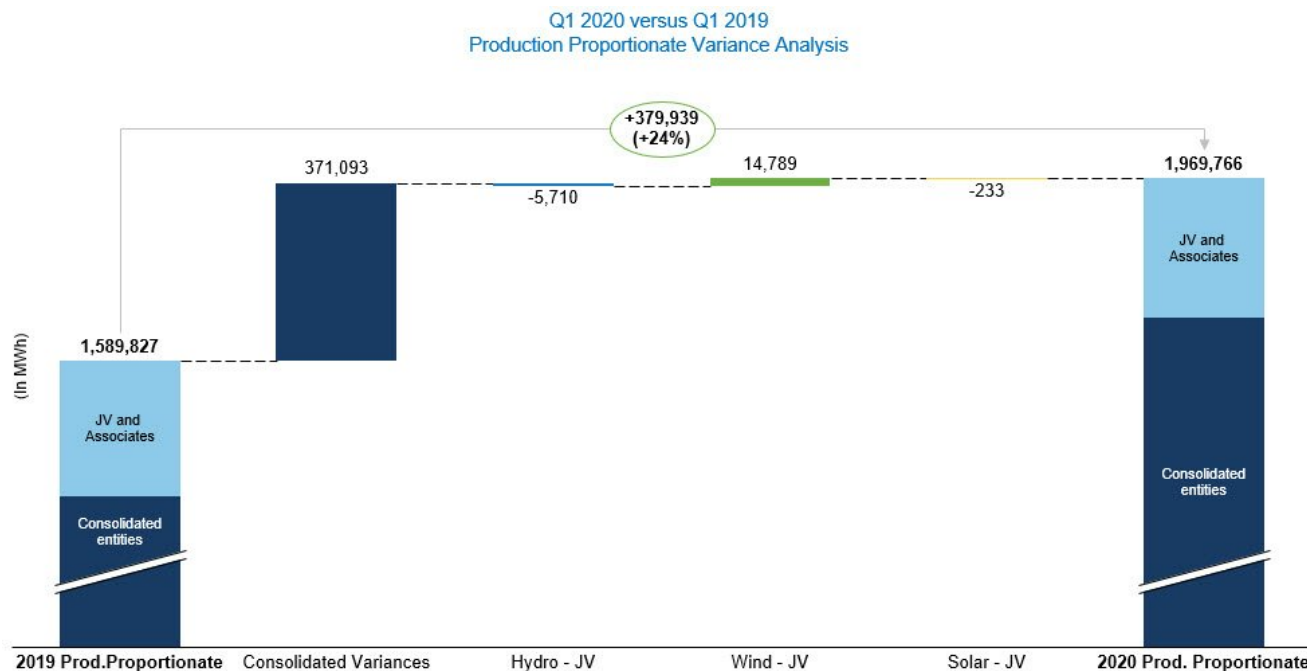
- the contribution of the Foard City wind farm and Phoebe solar facility commissioned respectively on September 27, 2019 and November 19, 2019;
- higher production in France; and
- higher production from the British Columbia hydro facilities.

These items were partly offset by:

- lower production at Quebec wind facilities.

The Corporation's operating results for the three-month period ended March 31, 2020, are compared with the operating results for the same period in 2019.

Production Proportionate¹



1. Production Proportionate is a "Key performance indicator" for the Corporation, which cannot be reconciled with an IFRS measure and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

For the three-month period ended on March 31, 2020, compared with the same period last year

Production Proportionate of the joint ventures' and associates' **hydroelectric facilities** was 35,217 MWh (82% of their LTA) in the first quarter of 2020, compared with 40,927 MWh (102% of their LTA) for the same quarter last year, a 14% decrease due mainly to:

- lower contribution from the Chile facilities due to below-average water flows; and
- lower contribution from the Toba Montrose facility due to below-average water flows explained by a cold and dry winter season.

Production Proportionate of the joint ventures' and associates' **wind farms** was 251,829 MWh (105% of their LTA) in the first quarter of 2020 compared with 237,040 MWh (99% of their LTA) for the same period last year, a 6% increase due mostly to:

- higher contribution from the Dokie facility in British Columbia; and
- higher contribution from the Shannon and Flat Top facilities in Texas.

These items were partly offset by:

- lower contribution from the Viger-Denonville facility in Quebec.

Production Proportionate of the joint ventures' and associates' **solar farm** was 3,122 MWh (82% of its LTA) in the first quarter of 2020 compared with 3,355 MWh (91% of its LTA) for the same period last year.

Financial Results

	Three months ended March 31 ¹			
	2020	2019	Change	
Revenues	132,116	126,419	5,697	5 %
Operating expenses	27,547	20,058	7,489	37 %
General and administrative expenses	10,511	8,687	1,824	21 %
Prospective project expenses	3,639	4,431	(792)	(18)%
Adjusted EBITDA ²	90,419	93,243	(2,824)	(3)%
Adjusted EBITDA margin ²	68.4%	73.8%		
Finance costs	60,330	52,971	7,359	14 %
Other net (revenues) expenses	(23,497)	726	(24,223)	(3,337)%
Depreciation and amortization	53,567	46,466	7,101	15 %
Share of loss of joint ventures and associates	20,054	6,890	13,164	191 %
Change in fair value of financial instruments	27,709	(5,312)	33,021	(622)%
Income tax recovery	(813)	(4,078)	3,265	(80)%
Net loss from continuing operations	(46,931)	(4,420)	(42,511)	962 %
Net earnings from discontinued operations	—	3,566	(3,566)	(100)%
Net loss	(46,931)	(854)	(46,077)	5,395 %
Net loss attributable to:				
Owners of the parent	(53,740)	(6,747)	(46,993)	697 %
Non-controlling interests	6,809	5,893	916	16 %
	(46,931)	(854)	(46,077)	5,395 %
Basic and diluted net loss per share from continuing operations attributable to owners (\$)	(0.35)	(0.07)		
Basic and diluted net loss per share attributable to owners (\$)	(0.35)	(0.06)		

1. Results from continuing operations unless otherwise indicated.

2. Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

3. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues.

Revenues

Up 5% to \$132.1 million for the three-month period ended March 31, 2020

Energy Segment	Three months ended March 31		
	2020	2019	Change
Hydro	27,957	28,038	(81)
Wind	95,805	94,826	979
Solar	8,354	3,555	4,799
Revenues	132,116	126,419	5,697

For the three-month period ended on March 31, 2020, compared with the same period last year

The decrease in revenues from the **hydroelectric** power generation segment is mainly due to:

- lower average selling price and lower production at some Quebec facilities.

This item is mostly offset by:

- higher revenues in British Columbia attributable to a net favourable impact of higher production over lower average selling prices at some facilities.

The increase in revenues from the **wind** power generation segment is mainly due to:

- higher revenues at the France wind farms due to higher production; and
- the commissioning of the Foard City wind farm in Texas on September 27, 2019.

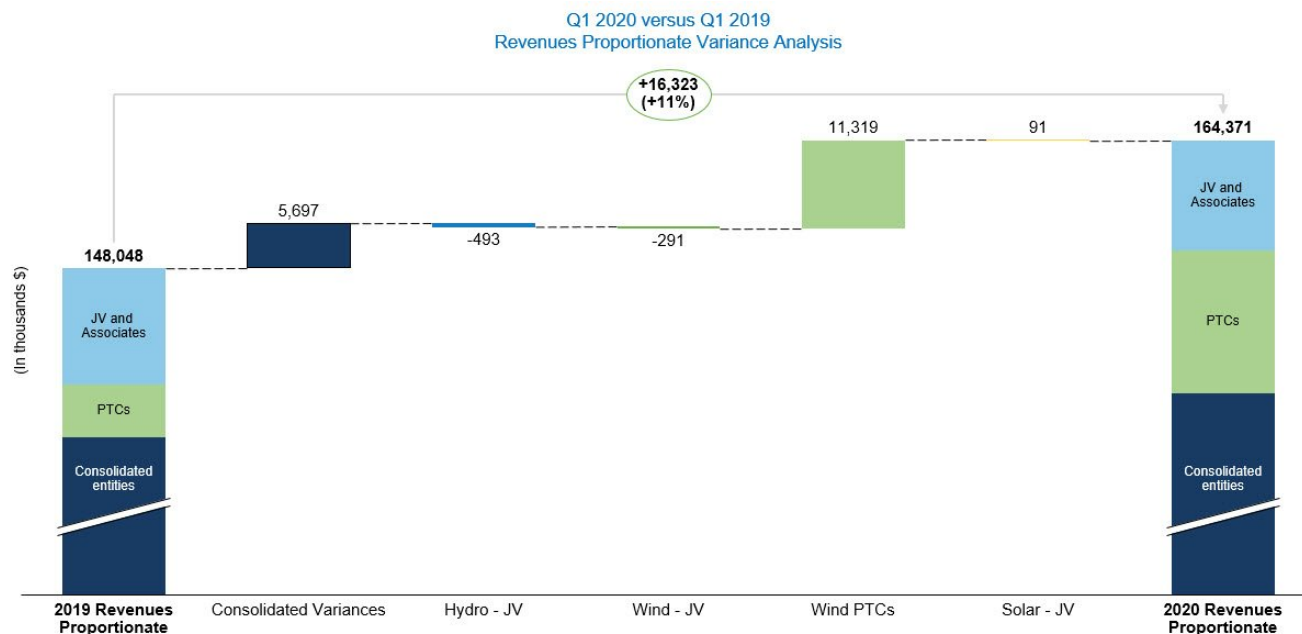
These items were partly offset by:

- lower revenues at the Quebec facilities due to lower production.

The increase in revenues from the **solar** power generation segment is almost exclusively due to:

- the commissioning of the Phoebe solar facility in Texas on November 19, 2019.

Revenues Proportionate¹



1. Revenues Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

For the three-month period ended on March 31, 2020, compared with the same period last year

Joint ventures' and associates' **hydroelectric facilities** contributed \$4.8 million to Revenues Proportionate in the first quarter of 2020, compared with a contribution of \$5.3 million for the same quarter last year, a 9% decrease due mostly to:

- lower revenues from Chile facilities mostly due to a net unfavourable impact of lower production over higher average selling price; and
- lower production at the Toba Montrose facility in British Columbia.

Joint ventures' and associates' **wind farms** contributed \$8.7 million to Revenues Proportionate in the first quarter of 2020, compared with \$9.0 million for the same quarter last year, a 3% decrease mainly due to:

- lower contribution from the Shannon and Flat Top wind farms in Texas due to unfavourable nodal prices; and
- lower production at the Viger-Denonville facility in Quebec.

These items were partly offset by:

- higher revenues at the Dokie facility attributable to a net favourable impact of higher production over lower average selling prices.

The proportional PTCs generated by the **wind farms** contributed \$18.1 million in the first quarter of 2020, compared with a \$6.8 million contribution in the same quarter last year. The increase is due to:

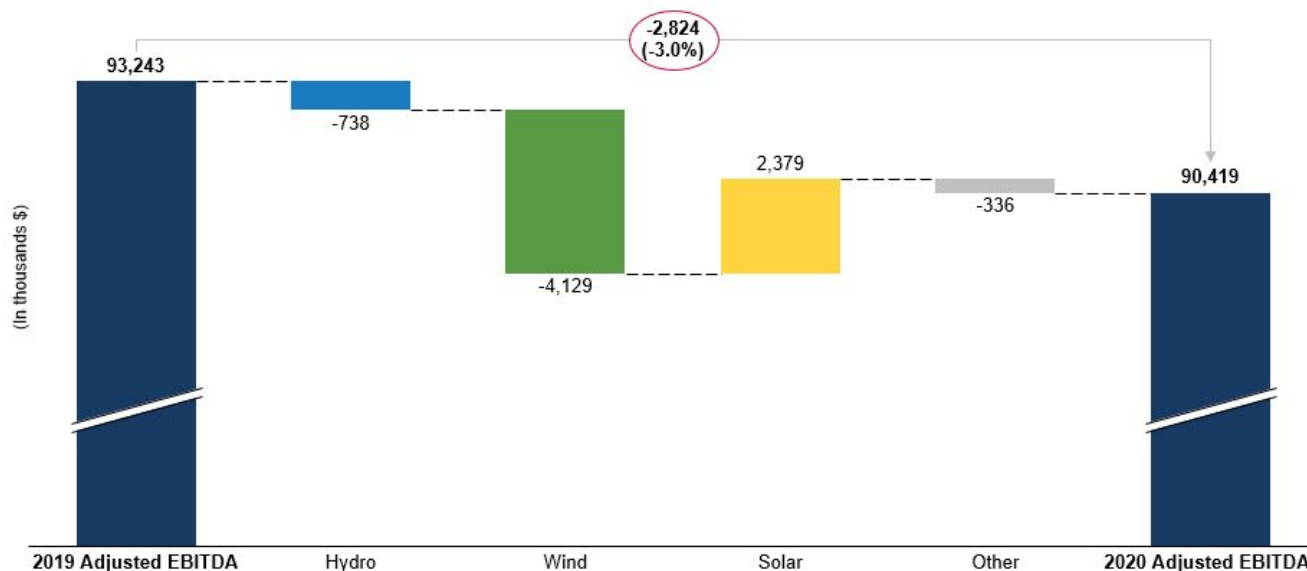
- PTCs generated by the Foard City wind farm following its commissioning on September 27, 2019.

Joint ventures' and associates' **solar farm** contributed \$0.6 million to revenues proportionate in the first quarter of 2020, compared with \$0.5 million for the same quarter last year.

Adjusted EBITDA¹

Down 3% to \$90.4 million for the three-month period ended March 31, 2020

Q1 2020 versus Q1 2019 Adjusted EBITDA
Variance Analysis



1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

For the three-month period ended on March 31, 2020, compared with the same period last year

The decrease in Adjusted EBITDA in the **hydroelectric** power generation segment is mainly due to:

- lower contribution from the Quebec facilities explained by lower revenues.

This item was partly offset by:

- higher contribution from the British Columbia facilities mostly attributable to higher revenues.

The decrease in Adjusted EBITDA in the **wind** power generation segment is due mainly to:

- lower contribution from the Quebec facilities explained by lower revenues.

This item was partly offset by:

- higher contribution at the France wind facilities due to higher revenues; and
- the commissioning of the Foard City wind farm in Texas on September 27, 2019.

The increase in Adjusted EBITDA in the **solar** power generation segment is mainly due to:

- the commissioning of the Phoebe solar facility on November 19, 2019.

Adjusted EBITDA Margin¹

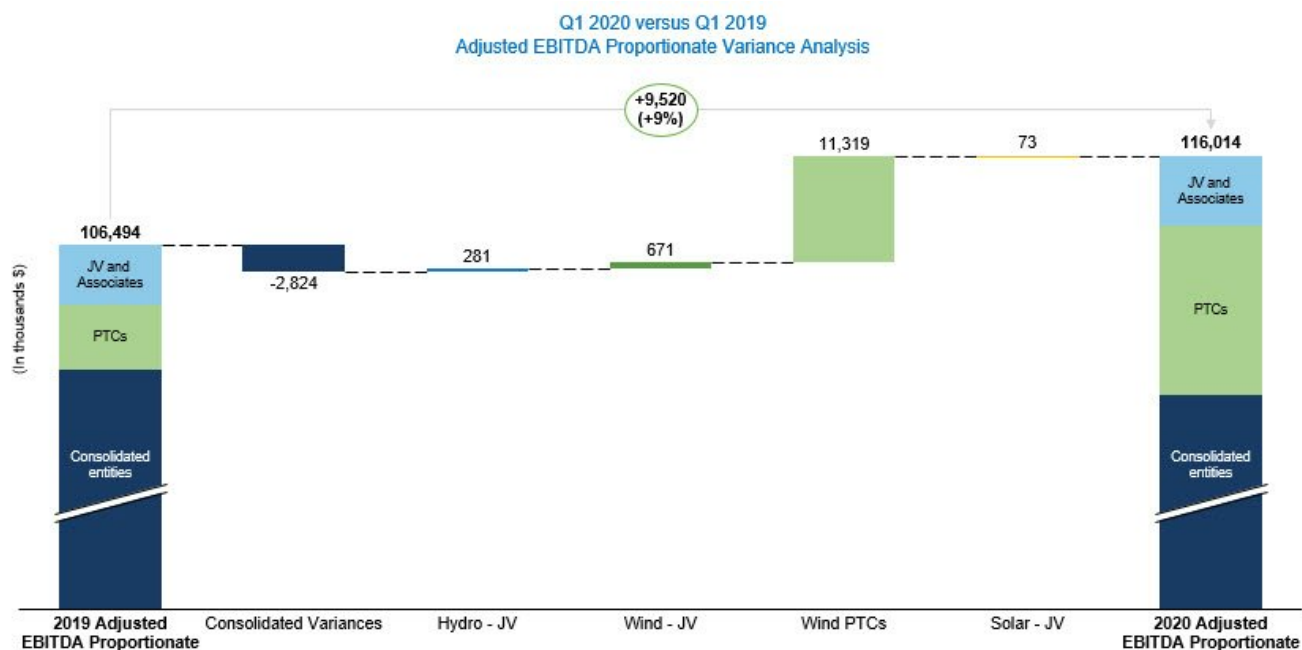
Down from 73.8% to 68.4% for the three-month period ended on March 31, 2020

The decrease for the three-month period is mainly explained by:

- lower margin attributable to projects that were commissioned in 2019; and
- lower production at the Quebec wind facilities, partly offset by higher production at the France facilities.

1. Adjusted EBITDA Margin is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

Adjusted EBITDA Proportionate²



2. Adjusted EBITDA Proportionate is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

For the three-month period ended on March 31, 2020, compared with the same period last year

The joint ventures' and associates' **hydroelectric facilities** contributed \$1.3 million to the Adjusted EBITDA Proportionate in the first quarter of 2020, compared with \$1.0 million for the same quarter last year, a 27% increase mainly due to:

- lower operating costs and higher revenues at the Jimmie Creek facility.

The joint ventures' and associates' **wind farms** contributed \$5.8 million to the Adjusted EBITDA Proportionate for the first quarter of 2020, compared with a \$5.1 million contribution in the same quarter last year, a 13% increase mainly due to:

- higher revenues at the Dokie facility; and
- lower operating costs at the Flat Top facility.

These items were partly offset by:

- lower revenues at the Shannon facility; and
- lower contribution from the Viger-Denonville facility due to lower revenues.

The proportional PTCs generated by the **wind farms** contributed \$18.1 million in the first quarter of 2020, compared with a \$6.8 million contribution in the same quarter last year. The increase is due to:

- PTCs generated by the Foard City wind farm following its commissioning on September 27, 2019.

The joint ventures' and associates' **solar farm** contributed \$0.3 million to Adjusted EBITDA Proportionate in the first quarter of 2020 compared with a contribution of \$0.3 million for the same quarter last year.

Adjusted EBITDA Proportionate Margin¹

Down from 71.9% to 70.6% for the three-month period ended on March 31, 2020

The decrease for the three-month period is mainly explained by:

- lower margin from the solar segment mostly due to Phoebe facility; and
- lower margin from the wind segment due to the Foard City facility.

1. Adjusted EBITDA Proportionate Margin is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

Finance Costs

Up 14% to \$60.3 million for the three-month period ended March 31, 2020

The increase for the three-month period is mainly due to:

- interest expenses related to the Phoebe and Foard City new project loans entered into in fourth quarter of 2019;
- higher interest expenses stemming from the September 2019 4.65% Convertible Debentures offering; and
- higher interest expenses on lease liabilities.

These items were partly offset by:

- lower interest on the corporate credit facility that was partially repaid during the quarter.

The effective all-in interest rate on the Corporation's debt and convertible debentures was 4.54% as at March 31, 2020 (4.48% as at March 31, 2019).

Other Net (Revenues) Expenses

Revenues of \$23.5 million for the three-month period ended March 31, 2020

The other net revenues for the three-month period are mainly due to:

- PTCs generated by the Foard City wind facility;
- tax attributes allocated to the tax equity investors at the Phoebe solar facilities, mainly related to the accelerated tax depreciation; and
- foreign exchange gain on the revaluation of net U.S. dollar-denominated monetary assets in conjunction with a weakening of the Canadian dollar against the U.S. dollar.

Depreciation and Amortization

Up 15% to \$53.6 million for the three-month period ended March 31, 2020

The increase for the three-month period is mainly due to the depreciation expense on the Foard City and Phoebe facilities following their commissioning in late 2019.

Share of Loss of Joint Ventures and Associates

Share of loss of \$20.1 million for the three-month period ended March 31, 2020, compared with a share of loss of \$6.9 million for the corresponding period in 2019

The increase in the share of loss of the joint ventures and associates allocated to Innergex for the three-month period is mainly due to:

- a decrease in the fair value of the Flat Top and Shannon power hedges;
- a decrease in the revenues attributable to Innergex from the Flat Top, Shannon and Viger-Denonville wind projects, and the Toba Montrose hydro facility, compared with the revenues attributable to Innergex in 2019.

The increase was partly offset by:

- an increase in revenues from the Dokie facility compared with the same period last year.

Change in Fair Value of Financial Instruments

Loss related to a change in fair value of financial instruments of \$27.7 million for the three-month period ended March 31, 2020, compared with a loss related to a change in fair value of financial instruments of \$5.3 million for the corresponding period in 2019

Derivatives are used by the Corporation to manage its exposure to interest rate risk on its existing and upcoming debt financing, to manage its exposure to foreign exchange risk, thereby protecting the economic value of its facilities, and to manage its exposure to electricity price risk for projects that deliver electricity at variable prices per MWh.

The change in fair value of financial instruments for the three-month period ended March 31, 2020 is mainly due to:

- an unfavourable impact related to the change in fair value of the Phoebe basis hedge;
- an unfavourable change in the fair value of the Phoebe power hedge.

These items were partly offset by:

- a favourable impact of the downward shift in the long-term EUR/CAD exchange forward rates on the fair value of the Corporation's portfolio of forward exchange contracts in a short EUR position; and
- an unrealized gain on the conversion of intragroup loans.

Income Tax Recovery

Income tax recovery of \$0.8 million for the three-month period ended March 31, 2020, compared with an Income tax recovery of \$4.1 million for the same period in 2019.

For the three-month period ended March 31, 2020, the Corporation recorded :

- a current income tax expense of \$3.9 million (\$2.4 million for the corresponding period in 2019); and
- a deferred income tax recovery of \$4.7 million (\$6.5 million for the corresponding period in 2019).

For the three-month period ended March 31, 2020, the Corporation recorded an increase of \$1.5 million in its current income tax expense due mainly to higher revenues at the France wind farms from higher production. Furthermore, the Corporation recorded a decrease in its deferred income tax recovery of \$1.8 million. The decrease is due mainly to the variation of the foreign exchange rates on the Corporation's financial instruments in Canada, partly offset by the recording of an income tax recovery on long-term power hedge agreements in the United-States.

Net Loss from continuing operations

Net loss of \$46.9 million for the three-month period ended March 31, 2020

For the three-month period ended March 31, 2020, the Corporation recorded a net loss from continuing operations of \$46.9 million (basic and diluted net loss from continuing operations of \$0.35 per share), compared with a net loss from continuing operations of \$4.4 million (basic and diluted net loss from continuing operations of \$0.07 per share) for the corresponding period in 2019.

The \$42.5 million increase in net loss from continuing operations can be explained by:

- a \$33.0 million unfavourable change in fair value of financial instruments, largely explained by the unfavourable change in the fair value of the Phoebe basis hedge and, to a lower extent, of the Phoebe power hedge;
- a \$13.2 million increase in the share of loss of joint ventures and associates, to a large extent explained by the unfavourable change in the fair value of the Shannon and Flat Top power hedges;
- a \$7.4 million increase in finance costs driven, to a major part, by the finance costs on the Phoebe and Foard City project loans following the projects commissioning in late 2019;
- a \$7.1 million increase in depreciation and amortization mainly due to the depreciation expense on the Foard City and Phoebe facilities;
- a \$3.3 million decrease in income tax recovery; and
- a \$2.8 million decrease in Adjusted EBITDA.

These items were partly offset by:

- a \$24.2 million increase in other net revenues, mainly related to PTCs generated by the Foard City wind facility and the other tax attributes allocated to the tax equity investors at the Phoebe solar facility.

Adjusted Net Loss from Continuing Operations

Up to \$8.5 million for the three-month period ended March 31, 2020

When evaluating its operating results and to provide a more accurate picture of them, a key performance indicator for the Corporation is Adjusted Net Loss from Continuing Operations. Adjusted Net Loss from Continuing Operations is not a recognized measure under IFRS, has no standardized meaning prescribed by IFRS and therefore may not be comparable with measures presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

Impact on net loss of financial instruments	Three months ended March 31	
	2020	2019
Net loss from continuing operations	(46,931)	(4,420)
<i>Add (Subtract):</i>		
Unrealized portion of the change in fair value of financial instruments ¹	29,993	(5,312)
Income tax recovery related to above items	(4,989)	(675)
Share of unrealized portion of the change in fair value of financial instruments of joint ventures and associates, net of related income tax	13,471	(619)
Adjusted Net Loss from continuing operations	(8,456)	(11,026)

1. The \$27.7 million loss related to the change in the fair value of financial instruments recognized in the consolidated statement of earnings includes a cash gain of \$2.3 million related to realized power hedge positions during the period. Only the unrealized, non-cash portion of the change in the fair value of financial instruments recognized in the consolidated statement of earnings, is reversed from Adjusted Net Loss from Continuing Operations.

Excluding the impact of unrealized loss (gain) on financial instruments, the related income taxes and the share of joint ventures and associates on these elements, Adjusted Net Loss from continuing operations for the three-month period ended March 31, 2020, would have been \$8.5 million, compared with \$11.0 million in 2019.

Non-controlling Interests

Attribution of earnings of \$6.8 million for the three-month period ended March 31, 2020, compared with an attribution of earnings of \$5.9 million for the corresponding period in 2019

The attribution of earnings from continuing operations to non-controlling interests of \$6.8 million for the three-month period ended March 31, 2020, compared with an attribution of earnings from continuing operations of \$3.0 million last year resulted mainly from:

- a higher allocation of income to non-controlling interests on Innergex Europe LP mainly due to higher revenues in 2020 and an exchange gain on an intragroup loan (compared to a loss in 2019) and;
 - a lower allocation of loss to non-controlling interests on Harrison Hydro LP mainly due to higher revenues in 2020.
- These items were partly offset by:
- a lower allocation of income to non-controlling interests on Mesgi'g Ugnu's'n mainly stemming from a decrease in revenues.

The attribution of loss from discontinued operations of nil for the three-month period ended March 31, 2020, compared with \$2.9 million for the corresponding period in 2019, is explained by the completion of the sale of HS Orka in May 2019.

GEOGRAPHIC SEGMENTS

As at March 31, 2020, and excluding its investments in joint ventures and associates, which are accounted for using the equity method, the Corporation had interests in the following operating facilities: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France and one hydroelectric facility, one wind farm and three solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below.

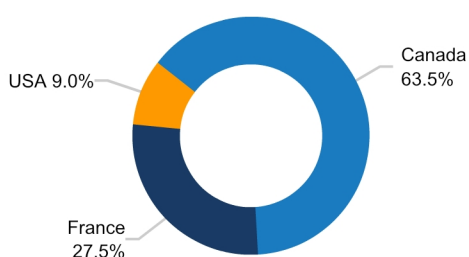
	Three months ended March 31	
	2020 ¹	2019
Revenues		
Canada	83,875	96,131
France	36,390	29,461
United States	11,851	827
	132,116	126,419

1. The Phoebe solar project contributions take into account ramp-up of production up to its full commissioning on November 19, 2019 and revenues since that.

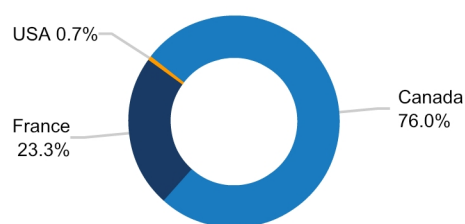
	As at	
	March 31, 2020	December 31, 2019
Non-current assets, excluding derivative financial instruments and deferred tax assets ¹		
Canada	3,568,894	3,629,942
France	933,307	891,764
United States	1,468,530	1,293,983
Chile	154,510	142,268
	6,125,241	5,957,957

1. Includes the investments in joint ventures and associates.

Q1 2020 Revenues by Country



Q1 2019 Revenues by Country



Canada

Revenues down 13% to \$83.9 million for the three-month period ended March 31, 2020

Non-current assets, excluding derivative financial instruments and deferred tax assets, down 2% to \$3,568.9 million at March 31, 2020, compared with March 31, 2019

The decrease in Canadian revenues for the three-month period is attributable mainly to:

- lower revenues at the Quebec wind facilities due to lower production; and
- lower average selling price and lower production at some Quebec hydro facilities.

These items were partly offset by:

- higher revenues in British Columbia attributable to a net favourable impact of higher production over lower average selling prices at some hydro facilities.

The decrease in non-current assets, excluding derivative financial instruments and deferred income tax assets in Canada, is attributable mainly to:

- depreciation of property, plant and equipment, and amortization of intangible assets; and
- a decrease in the asset retirement obligations and transfer of ownership rights obligations due to an increase in interest rate curves.

France

Revenues up 24% to \$36.4 million for the three-month period ended March 31, 2020

Non-current assets, excluding derivative financial instruments and deferred tax assets, up 5% to \$933.3 million at March 31, 2020, compared with March 31, 2019

The increase in France revenues for the three-month period is attributable mainly to:

- higher production at the France wind facilities.

The increase in non-current assets, excluding derivative financial instruments and deferred income tax assets in France, is attributable mainly to:

- the weakening of the Canadian Dollar against the Euro.

This item was partly offset by:

- depreciation of property, plant and equipment, and amortization of intangible assets; and
- a decrease in asset retirement obligations due to an increase in interest rate curves.

United States

Revenues up to \$11.9 million for the three-month period ended March 31, 2020

Non-current assets, excluding derivative financial instruments and deferred tax assets, up 13% to \$1,468.5 million at March 31, 2020, compared with March 31, 2019

The increases in US revenues for the three-month period are attributable mainly to:

- the contribution of the Foard City wind facility, commissioned on September 27, 2019; and
- the contribution of the Phoebe solar facility, commissioned on November 19, 2019.

The increase in non-current assets, excluding derivative financial instruments and deferred income tax assets in the United States, is attributable mainly to:

- property, plant and equipment additions related to the construction of the Hillcrest solar project; and
- the weakening of the Canadian Dollar against the U.S. Dollar.

These items were partly offset by:

- depreciation of property, plant and equipment, and amortization of intangible assets.
- decrease in the Phoebe land right-of-use asset due to lower expected future lease payments following a revision, upon completion of the construction activities, of the total acreage of the project.

Chile

Non-current assets, excluding derivative financial instruments and deferred tax assets, up 9% to \$154.5 million at March 31, 2020, compared with March 31, 2019

The Corporation's investment in Energía Llama in Chile is accounted for using the equity method; therefore its revenues are not consolidated.

For the period ended March 31, 2020, the increase in non-current assets is attributable to:

- a foreign exchange gain in the Energía Llama investment recorded as a comprehensive gain.

This item was partly offset by:

- a net loss in Energía Llama.

DISCONTINUED OPERATIONS FINANCIAL RESULTS

	Three months ended March 31, 2020			Three months ended March 31, 2019		
	Innergex ¹	HS Orka ²	Total	Innergex ¹	HS Orka ²	Total
Production	1,679,598	—	1,679,598	1,308,505	348,546	1,657,051
Revenues	132,116	—	132,116	126,419	26,594	153,013
Adjusted EBITDA ³	90,419	—	90,419	93,243	9,769	103,012
Net (loss) earnings	(46,931)	—	(46,931)	(4,420)	3,566	(854)

1. Equivalent to continuing operations.

2. Equivalent to discontinued operations.

3. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this MD&A for more information.

SHARE CAPITAL STRUCTURE

Information on Capital Stock

Number of Common Shares Outstanding

	Three months ended March 31	
	2020	2019
Weighted average number of common shares (in 000s)	159,682	132,865
Shares that may be issued from the following equity instruments that are excluded from the dilutive elements (in 000s):		
Effect of share options	643	918
Effect of shares in trust related to the PSP plan	401	131
Effect of convertible debentures	13,777	14,167
	14,821	15,216

1. Share options for which the exercise price was below the average market price of common shares are included in the calculation of potentially dilutive equity instruments. Contingent share issuances have an anti-dilutive effect on loss per share.

The Corporation's Equity Securities

	As at		
	May 11, 2020	March 31, 2020	March 31, 2019
Number of common shares	174,234,629	174,104,754	133,485,728
Number of 4.75% convertible debentures	150,000	150,000	150,000
Number of 4.65% convertible debentures	125,000	125,000	—
Number of 4.25% convertible debentures	—	—	100,000
Number of Series A Preferred Shares	3,400,000	3,400,000	3,400,000
Number of Series C Preferred Shares	2,000,000	2,000,000	2,000,000
Number of share options outstanding	642,933	642,933	917,729

As at the closing of the market on May 11, 2020, and since March 31, 2020, the increase in the number of common shares of the Corporation is attributable mainly to the issuance of 128,660 common shares related to the Corporation's Dividend Reinvestment Plan ("DRIP") as well as the issuance of 1,215 common shares under the Deferred Share of Unit Plan.

As at March 31, 2020, the increase in the number of common shares since March 31, 2019, was attributable mainly to the issuance of 34,636,823 common shares to Hydro-Québec under a private placement of common shares of Innergex as well as the conversion of a portion of the 4.25% Convertible Debentures into 5,776,795 common share. In addition, the increase was also attributable to the issuance of 95,716 common shares following the cashless exercise of 321,691 options and of 109,692 common shares related to the DRIP.

Dividends

The Corporation's dividend policy is determined by its Board of directors and is based on the Corporation's operating results, cash flows, financial condition, debt covenants, long-term growth prospects, solvency test imposed under corporate law for the declaration of dividends and other relevant factors.

The following dividends were declared by the Corporation:

	Three months ended March 31	
	2020	2019
Dividends declared on common shares ¹	31,339	23,360
Dividends declared on common shares (\$/share)	0.180	0.175
Dividends declared on Series A Preferred Shares	767	767
Dividends declared on Series A Preferred Shares (\$/share)	0.2255	0.2255
Dividends declared on Series C Preferred Shares	719	719
Dividends declared on Series C Preferred Shares (\$/share)	0.3594	0.3594

1. The increase in dividends declared on common shares is attributable to the increase in quarterly dividend, to the issuance of shares following the exercise of share options and to the issuance of shares under the DRIP.

The following dividends will be paid by the Corporation on July 15, 2020:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/12/2020	6/30/2020	7/15/2020	0.1800	0.2255	0.359375

FINANCIAL POSITION

As at	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	271,008	156,224
Restricted cash	37,443	39,451
Other current assets	108,032	109,957
Total current assets	416,483	305,632
Non-current assets		
Property, plant and equipment	4,792,401	4,620,025
Intangible assets	675,414	682,227
Investments in joint ventures and associates	514,286	511,899
Goodwill	62,671	60,666
Other non-current assets	174,767	191,655
Total non-current assets	6,219,539	6,066,472
Total assets	6,636,022	6,372,104
LIABILITIES		
Current liabilities		
	658,619	641,353
Non-current liabilities		
Long-term loans and borrowings	3,866,522	4,281,586
Other non-current liabilities	919,862	833,839
Total non-current liabilities	4,786,384	5,115,425
Total liabilities	5,445,003	5,756,778
SHAREHOLDERS' EQUITY		
Equity attributable to owners	1,171,422	604,384
Non-controlling interests	19,597	10,942
Total shareholders' equity	1,191,019	615,326
	6,636,022	6,372,104

Working Capital Items

Current assets

Current assets amounted to \$416.5 million as at March 31, 2020, compared with \$305.6 million as at December 31, 2019, an increase of \$110.9 million due mainly to:

- an increase of \$114.8 million in cash and cash equivalents derived from operating, financing and investing activities and the strengthening of the US dollar and Euro against the Canadian dollar.

This increase was partly offset by:

- a decrease of \$3.7 million in accounts receivable stemming from lower revenues in March 2020 compared to December 2019.

Current liabilities

Current liabilities amounted to \$658.6 million as at March 31, 2020, compared with \$641.4 million as at December 31, 2019, an increase of \$17.3 million due mainly to:

- an increase in derivative financial instruments of \$26.7 million following a general decrease in interest rates curves during the first quarter of 2020; and
- an increase in dividend payable of \$6.9 million arising from the higher dividend declared in March 2020 compared with December 2019; and
- a strengthening of the US dollar and Euro against the Canadian dollar.

These increases were partially offset by:

- a decrease in accounts payable of \$15.1 million stemming from lower operating expenses during the quarter ended March 31, 2020 compared with the last quarter of 2019.

Working capital was negative at \$242.1 million, as at March 31, 2020, with a working capital ratio of 0.63:1.00 (as at December 31, 2019, working capital was negative at \$335.7 million, with a working capital ratio of 0.48:1.00), an improvement of \$93.6 million due to the items explained above.

The Corporation considers its current level of working capital to be sufficient to meet its needs. As at March 31, 2020, the Corporation had \$700.0 million in revolving term credit facilities and had drawn \$25.0 million as cash advances, while \$137.1 million had been used to issue letters of credit, leaving \$537.9 million available. In addition, a default in the the Mesgi'g Ugnu's'n credit agreement, due to the bankruptcy of a supplier considered a major project participant under the agreement, caused the total project loan balance of \$238.7 million to be classified within current liabilities.

Non-current assets

Non-current assets amounted to \$6,219.5 million as at March 31, 2020, compared with \$6,066.5 million as at December 31, 2019, an increase of \$153.1 million mainly due to:

- a \$172.4 million increase in property, plant and equipment due to:
 - a \$94.2 million investment in the construction activities related to the Hillcrest project; and
 - the weakening of the Canadian dollar against the US dollar and Euro.

These items were partially offset by:

- depreciation and amortization; and
- a decrease in the present value of the asset retirement obligation cost.

This increase was partly offset by:

- a \$25.1 million decrease in derivative financial instruments mainly related to the Phoebe power hedge.

Non-current liabilities

Non-current liabilities amounted to \$4,786.4 million as at March 31, 2020, compared with \$5,115.4 million as at December 31, 2019, a decrease of \$329.0 million mainly due to:

- a \$415.7 million decrease in long-term debt mainly due to:
 - a net repayment of \$466.1 million of the corporate credit facility from the \$661.0 million Hydro-Québec Private Placement proceeds, partly offset by draws made towards the Hillcrest construction and other cash requirements; and
 - scheduled principal repayments on long-term debt.

This item was partly offset by:

- a \$66.1 million increase in derivative financial instruments due to a general decrease in interest rate curves; and
- a \$47.1 million increase in lease obligations due to new obligations relating to the Hillcrest project, partly offset by a decrease in the fair value of lease obligations; and
- a decrease in fair value of asset retirement obligations and future obligations rights.

As at March 31, 2020, the Corporation and its subsidiaries have met all material financial and non-financial conditions, unless indicated below, related to their credit agreements, trust indentures and PPAs. Were they not met, certain financial and non-financial covenants included in the credit agreements, trust indentures, PPAs entered into by various subsidiaries of the Corporation could limit the capacity of these subsidiaries to transfer funds to the Corporation. These restrictions could have a negative impact on the Corporation's ability to meet its obligations. As at December 31, 2019 and March 31, 2020, the Mesgi'g Ugnu's'n project was in default of its credit agreement. A breach was triggered by the bankruptcy of a supplier considered a major project participant under the credit agreement. A waiver has been obtained and was subsequently extended until June 30, 2020. A plan was put in place to ensure the continuity of the operations of the project. Ongoing dialogue and reporting are provided to the project Lenders until this situation is resolved. The project was in compliance with financial covenants. If the waiver is not renewed, the lender would have the right to request repayment; the \$238.7 million loan was reallocated to the current portion of long-term debt.

Derivative Financial Instruments and Risk Management

The Corporation uses derivative financial instruments ("derivatives") to manage its exposure to the risk of increasing interest rates on its debt financing, to manage its exposure to exchange rate fluctuations on the future repatriation of cash flows from its French operations, and to reduce exposure to the risk of decreasing power prices.

As at March 31, 2020	Currency	Current Notional		Fair Value After Credit Adjustment	
		Currency of origin	CAD	Currency of origin	CAD
Interest rate swaps	CAD	1,134,909	1,134,909	(123,638)	(123,637)
Interest rate swaps	USD	140,396	199,180	(24,465)	(34,709)
Interest rate swaps	EURO	145,897	227,365	(12,502)	(19,484)
Foreign exchange forward contracts	CAD	534,174	534,174	(15,481)	(15,481)
Power and basis Hedges	USD	N/A	N/A	(3,827)	(5,428)
					(198,739)

Shareholders' Equity

Shareholders' equity amounted to \$1,191.0 million as at March 31, 2020, compared with \$615.3 million as at December 31, 2019, an increase of \$575.7 million mainly due to:

- the Private Placement by Hydro-Québec of \$661.0 million in Innergex common shares at a price of \$19.08 per share for a total of 34.6 million shares.

This item was partly offset by:

- dividends declared on common and preferred shares totaling \$32.8 million during the period compared to \$28.8 million for the same period last year.

Contingencies

On March 23, 2017, the Comptroller of the Water Rights issued adjusted rental statements to the Harrison Hydro L.P. and its subsidiaries for the years 2011 and 2012 for an amount of \$3.3 million in aggregate regarding water rental rates to be charged under the Water Act. The amount claimed was paid under protest and Harrison Hydro L.P. and its subsidiaries filed a notice of appeal of the decision to the Environmental Appeal Board.

On July 26, 2019, the Environmental Appeal Board of British Columbia rendered a decision granting the appeal and ordering the Comptroller of Water Rights to reimburse to each of the Limited Partnerships its proportionate share of the adjusted water rental amounts of \$3.2 million overcharged to Harrison for the years 2011 and 2012. On November 22, 2019, the Environmental Appeal Board of British Columbia rendered another decision confirming that the sum will accrue interest starting June 28, 2017 until the date it is refunded to the Appellants. On January 20, 2020, the Comptroller of Water Rights filed with the Supreme Court of British Columbia a petition for judicial review of the Environmental Appeal Board's order to return the amount in water rental fees to the Appellants, with interest. On January 31, 2020, the Comptroller of Water Rights transferred an amount of \$3.3 million, representing the principal of \$3.2 million with interest accrued between June 28, 2017 and January 31, 2020, to a trust account established by the Appellants' external legal counsel, bearing interest in favour of the Appellants. The Corporation recognized the amount in the fiscal 2019 consolidated statements of earnings against Operating expenses.

Off-Balance-Sheet Arrangements

As at March 31, 2020, the Corporation had issued letters of credit totaling \$244.8 million, including \$137.1 million from its available corporate facilities, to meet its obligations under its various PPAs and other agreements. These letters of credit were issued as payment securities for various projects under construction and as performance or financial guarantees under PPAs and other contractual obligations. As at that date, Innergex had also issued a total of \$120.4 million in corporate guaranties used mainly to guarantee certain activities of prospective projects. The corporate guaranties were also used to support the long-term currency hedging instruments of its operations in France, and the performance of the Brown Lake and Miller Creek hydroelectric facilities.

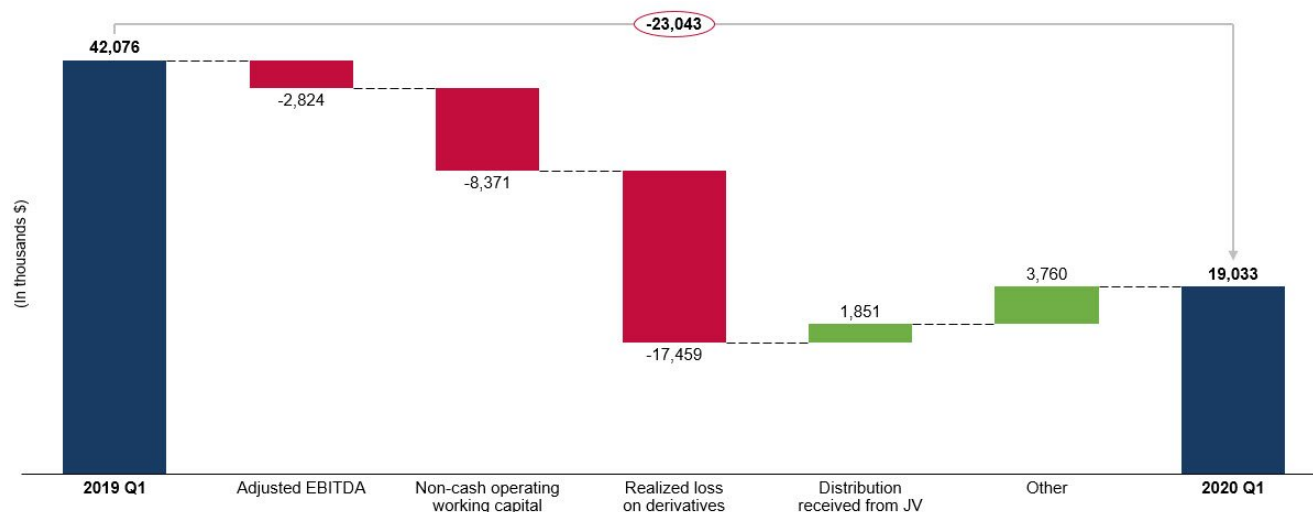
Tax equity investors in U.S. projects generally require sponsor guaranties as a condition to their investment. To support the tax equity investments at Shannon, Kokomo, Spartan, Flat Top, Phoebe and Foard City, Alterra, a subsidiary of Innergex, has executed guaranties effective on funding of the tax equity investments indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants and other events. The Corporation believes these indemnifications cover matters that are substantially under its control and are very unlikely to occur. With respect to the Phoebe facility, Alterra has also provided a guarantee to the lenders related to debt-service payments, which will become effective only in the unlikely event that the Phoebe tax equity investors call upon their corresponding guarantee.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31	
	2020	2019
OPERATING ACTIVITIES		
Cash flows from operating activities from continuing operations before changes in non-cash operating working capital items	42,829	57,501
Changes in non-cash operating working capital items	(23,796)	(15,425)
Cash flows from operating activities from continuing operations	19,033	42,076
Cash flows from operating activities from discontinued operations	—	10,542
	19,033	52,618
FINANCING ACTIVITIES		
Cash flows from financing activities from continuing operations	133,207	94,178
Cash flows from financing activities from discontinued operations	—	(630)
	133,207	93,548
INVESTING ACTIVITIES		
Cash flows from investing activities from continuing operations	(49,617)	(104,371)
Cash flows from investing activities from discontinued operations	—	(18,562)
	(49,617)	(122,933)
Effects of exchange rate changes on cash and cash equivalents	12,161	(683)
Net change in cash and cash equivalents	114,784	22,550
Cash and cash equivalents, beginning of period	156,224	79,586
Plus: Cash and cash equivalents held for sale beginning of period	—	(4,164)
Cash and cash equivalents, end of period	271,008	97,972

Cash Flows from Operating Activities from Continuing Operations

Down \$23.0 million to \$19.0 million for the three-month period ended March 31, 2020



For the three-month period ended on March 31, 2020, compared with the same period last year

The decrease in cash flows from operating activities from continuing operations is primarily attributable to:

- a \$17.5 million realized loss on derivative financial instruments in 2020 (nil in 2019) mainly attributable to a \$19.7 million realized loss on the Phoebe basis hedge due to unfavourable basis differentials outside of generation hours.
- an \$8.4 million unfavourable change in non-cash operating working capital items, due mainly to:
 - a \$15.7 million unfavourable variation in non-cash operating working capital changes from accounts receivable.

Partly offset by:

- a \$7.8 million favourable variation in non-cash operating working capital changes from accounts payable and other payables.

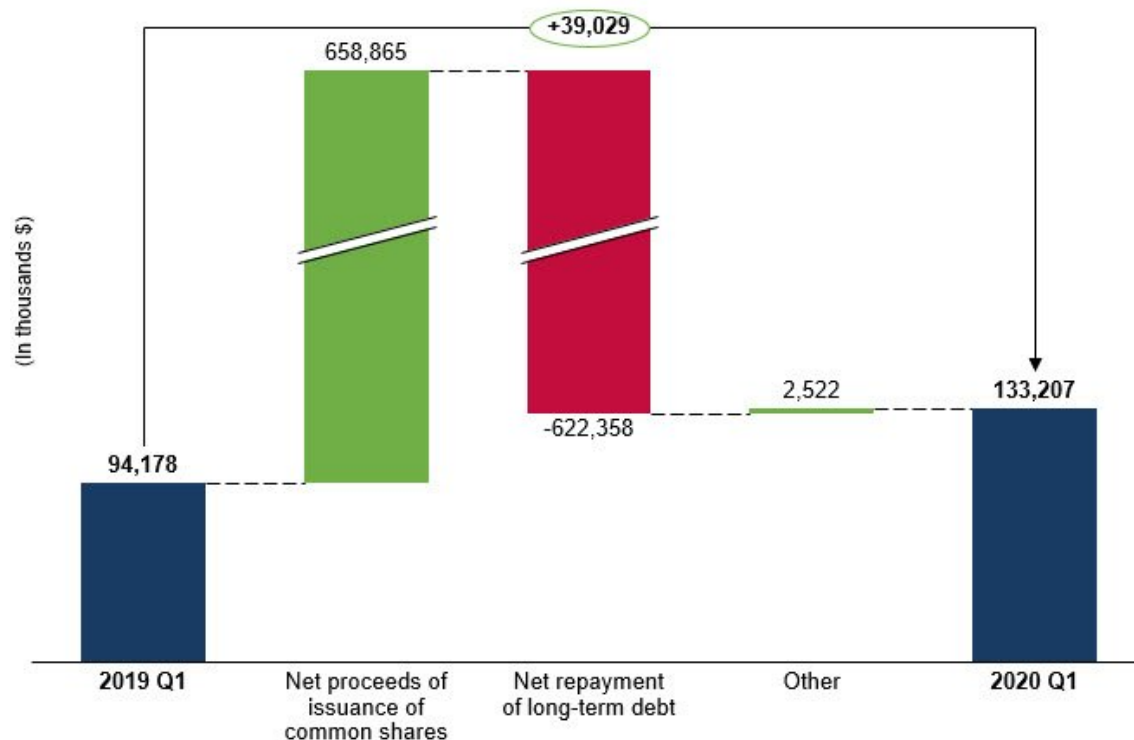
These items were partly offset by:

- a \$1.9 million increase in distributions received from joint-ventures mainly attributable to the Toba Montrose project.

Discontinued operations contributed nil to cash flows from operating activities during the three-month period ended on March 31, 2020, while \$10.5 million contributed to increasing cash flows from operating activities during the three-month period ended on March 31, 2019.

Cash Flows from Financing Activities from Continuing Operations

Cash inflow up \$39.0 million to \$133.2 million for the three-month period ended March 31, 2020



For the three-month period ended on March 31, 2020, compared with the same period last year

The increase in cash flows from financing activities from continuing operations stems mainly from:

- a \$658.9 million net cash inflow from common shares issuance attributable to the Private Placement by Hydro-Québec in Innergex.

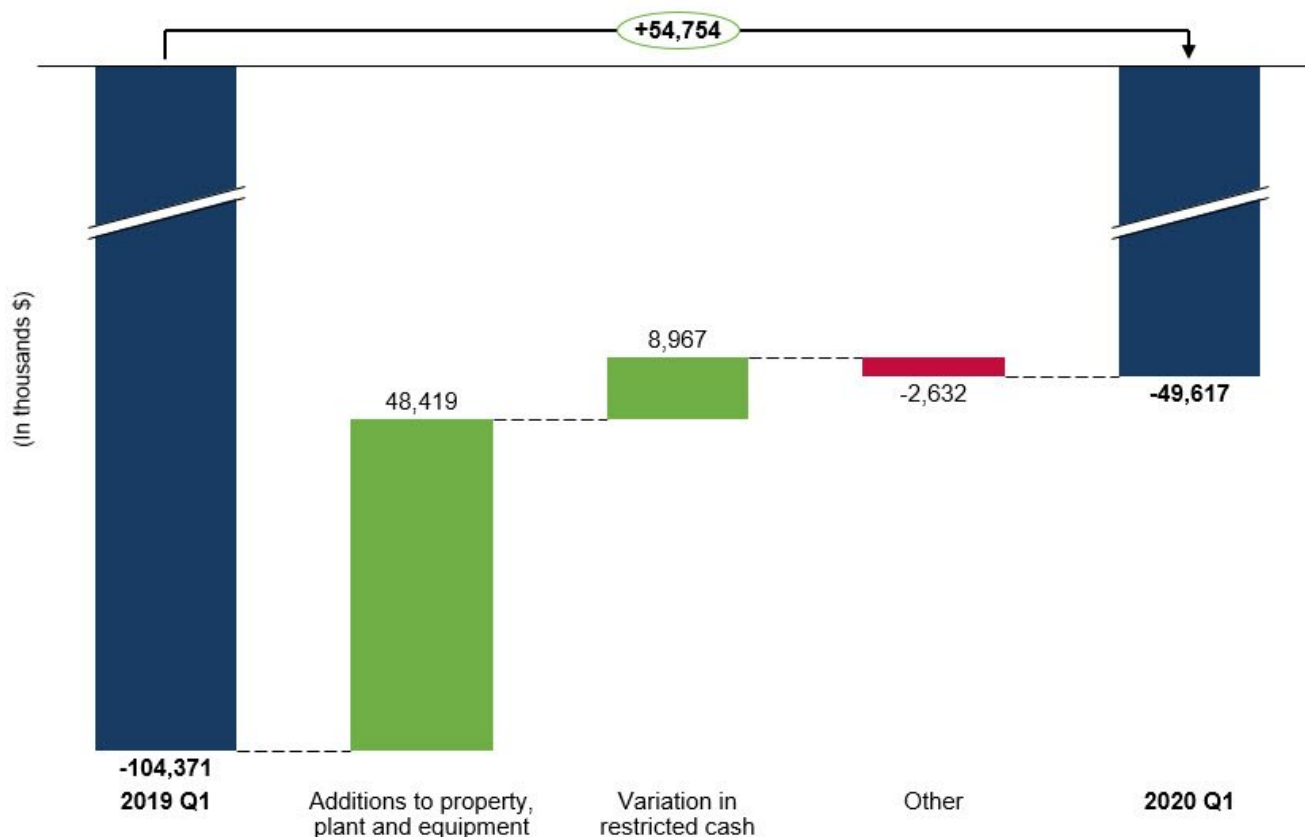
This item was partly offset by:

- a \$621.4 million net repayment of long-term debt mainly due to:
 - a net repayment of \$466.1 million of the corporate credit facility from the \$661.0 million Hydro-Québec Private Placement proceeds, partly offset by draws made towards the Hillcrest construction and other cash requirements; and
 - scheduled principal repayments on long-term debt.

Discontinued operations contributed nil to cash flows from financing activities during the three-month period ended on March 31, 2020, while \$0.6 million contributed to decreasing cash flows from financing activities during the three-month period ended on March 31, 2019.

Cash Flows from Investing Activities from Continuing Operations

Outflow down \$54.8 million to \$49.6 million for the three-month period ended March 31, 2020



For the three-month period ended on March 31, 2020, compared with the same period last year

The decrease in cash outflows from investing activities from continuing operations is mainly related to:

- decrease in additions to property, plant and equipment of \$48.4 million, from \$98.3 million in 2019, related primarily to the construction of the Phoebe solar and Foard City wind projects, to \$49.9 million in 2020, related to the construction of the Hillcrest solar project;
- a \$9.0 million favourable change in restricted cash balances, from a \$4.9 million increase in restricted cash in 2019, to a \$4.1 million decrease in restricted cash in 2020.

Discontinued operations contributed nil to cash flows from investing activities during the three-month period ended on March 31, 2020, while \$18.6 million contributed to decreasing cash flows from investing activities during the three-month period ended on March 31, 2019.

FREE CASH FLOW AND PAYOUT RATIO

Free Cash Flow and Payout Ratio calculation ¹	Trailing twelve months ended March 31	
	2020	2019
Cash flows from operating activities	206,480	212,780
<i>Add (Subtract) the following items:</i>		
Changes in non-cash operating working capital items	(14,741)	36,131
Maintenance capital expenditures net of proceeds from disposals	(6,894)	(10,405)
Scheduled debt principal payments	(134,127)	(97,643)
Free Cash Flow attributed to non-controlling interests ²	(7,929)	(26,053)
Dividends declared on Preferred shares	(5,942)	(5,942)
<i>Add (subtract) the following non-recurring elements:</i>		
Transaction costs related to realized acquisitions	264	3,267
Realized loss on termination of interest rate swaps	4,145	6,920
Realized loss on the Phoebe basis hedge ⁴	31,355	—
Recovery of maintenance capital expenditures and prospective project expenses on sale of HS Orka, net of attribution to non-controlling interests ³	8,242	—
Income tax paid on realized intercompany gain	10,594	—
Free Cash Flow	91,447	119,055
Dividends declared on common shares	103,025	91,080
Payout Ratio	113%	77%
<i>Adjust for the following items:</i>		
Prospective projects expenses	12,113	19,915
Adjusted Free Cash Flow	103,560	138,970
Dividends declared on common shares - DRIP adjusted	99,969	83,534
Adjusted Payout Ratio	97%	60%

- Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.
- The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether an actual distribution to non-controlling interests is made, in order to reflect the fact that such distributions may not occur in the period they are generated.
- The sale of HS Orka has allowed for the recovery of maintenance capital expenditures and prospective project expenses incurred thereon since the acquisition of the project in February 2018, totaling \$5.7 million and \$9.6 million, respectively. An amount of \$7.1 million was deducted from the total recovery as it pertains to non-controlling interests.
- Due to their limited occurrence (over the remaining contractual period of 21 months), gains and losses on the Phoebe basis hedge are deemed not to represent the long-term cash generating capacity of Innergex.

Free Cash Flow

For the trailing twelve months ended March 31, 2020, the Corporation generated Free Cash Flow of \$91.4 million, compared with \$119.1 million for the corresponding period last year.

The decrease in Free Cash Flow is due mainly to:

- greater scheduled debt principal payments, mainly from the Innergex Cartier Energie project loan stemming from the acquisition of the Cartier Wind Farms during the fourth quarter of 2018, partly offset by the concurrent repayment of the Anse-à-Valleau, Carleton and Montagne-Sèche project loans;
- a decrease in cash flows from operating activities before changes in non-cash working capital items, adjusted for non-recurring element, mainly attributable to:
 - an increase in finance costs paid in relation to the Innergex Cartier Energie project loan.

These items were partly offset by:

- a decrease in the Free Cash Flow attributed to non-controlling interests mainly related to the disposal of HS Orka.

From these items was added back the following main non-recurring element:

- an \$8.2 million recovery, following the sale of HS Orka, of previously engaged maintenance capital expenditures and prospective project expenses, net of attribution to non-controlling interests.

Payout Ratio

For the trailing twelve months ended March 31, 2020, the dividends on common shares declared by the Corporation amounted to 113% of Free Cash Flow, compared with 77% for the corresponding period last year.

This change results mainly from:

- an increase in the quarterly dividend, mainly related to the issuance, during the three-month period ended March 31, 2020, of 34,636,823 common shares to Hydro-Québec under the private placement, as well as the conversion of a portion of the 4.25% Convertible Debentures into 5,776,795 common shares prior to its redemption in October 2019;
- additional shares issued under the DRIP; and
- a \$27.6 million decrease in Free Cash Flow as described above.

The Payout Ratio is a measure of the Corporation's ability to sustain current dividends and dividend increases as well as its ability to fund its growth. The Payout Ratio level reflects the Corporation's decision to invest yearly in advancing the development of its Prospective Projects, for which investments must be expensed as incurred. The Corporation considers such investments essential to its long-term growth and success, as it believes that the greenfield development of renewable energy projects offers the greatest potential internal rates of return and represents the most efficient use of management's expertise and value-added skills.

QUARTERLY FINANCIAL INFORMATION

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019
Production (MWh)	1,679,598	1,793,803	1,665,362	1,741,953
Revenues	132.1	143.1	142.8	144.7
Adjusted EBITDA ¹	90.4	103.3	107.4	105.2
Net (loss) earnings	(46.9)	(47.4)	9.7	7.3
Net (loss) earnings from continuing operations attributable to owners of the parent	(53.7)	(46.8)	14.3	(7.8)
Net (loss) earnings from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	(0.35)	(0.35)	0.10	(0.07)
Net (loss) earnings attributable to owners of the parent	(53.7)	(46.2)	14.1	10.8
Net (loss) earnings attributable to owners of the parent (\$ per share – basic and diluted)	(0.35)	(0.35)	0.09	0.07
Dividends declared on common shares	31.3	24.4	23.9	23.4
Dividends declared on common shares, \$ per share	0.180	0.175	0.175	0.175

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

<i>(in millions of dollars, unless otherwise stated)</i>	Three months ended			
	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018
Production (MWh)	1,308,505	1,396,066	1,236,722	1,509,599
Revenues	126.4	138.3	116.5	124.9
Adjusted EBITDA ¹	93.2	103.3	83.7	91.7
Net (loss) earnings	(0.9)	14.2	9.5	16.9
Net (loss) earnings from continuing operations attributable to owners of the parent	(7.4)	15.9	8.8	10.0
Net (loss) earnings from continuing operations attributable to owners of the parent (\$ per share – basic and diluted)	(0.07)	0.12	0.06	0.06
Net (loss) earnings attributable to owners of the parent	(6.7)	13.7	10.7	13.3
Net (loss) earnings attributable to owners of the parent (\$ per share – basic and diluted)	(0.06)	0.10	0.07	0.09
Dividends declared on common shares	23.4	22.6	22.6	22.5
Dividends declared on common shares, \$ per share	0.175	0.170	0.170	0.170

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

NON-IFRS MEASURES

This MD&A has been prepared in accordance with IFRS. However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Innergex's share of Revenues of joint ventures and associates, Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Proportionate, Adjusted EBITDA Proportionate Margin, Innergex's share of Adjusted EBITDA of joint ventures and associates, Adjusted Net Loss from Continuing Operations, Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues Proportionate

References in this document to "Innergex's share of Revenues of joint ventures and associates" are to Innergex's equity interest in the joint ventures and associates' Revenues. Readers are cautioned that Innergex's share of Revenues of joint ventures and associates should not be construed as an alternative to Revenues, as determined in accordance with IFRS.

References in this document to "Revenues Proportionate" are to Revenues plus Innergex's share of Revenues of the joint ventures and associates, other revenues related to PTCs, and Innergex's share of the operating joint ventures and associates' other revenues related to PTCs. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Revenues Proportionate should not be construed as an alternative to Revenues, as determined in accordance with IFRS. Please refer to the "Operating Results" section for more information.

	Three months ended March 31	
	2020	2019
Revenues	132,116	126,419
Innergex's share of Revenues of joint ventures and associates:		
Toba Montrose (40%)	341	536
Shannon (50%)	1,558	2,124
Flat Top (51%)	2,418	2,597
Dokie (25.5%)	3,193	2,320
Jimmie Creek (50.99%)	191	142
Umbata Falls (49%)	660	701
Viger-Denonville (50%)	1,573	1,992
Duqueco (50%) ¹	2,859	3,302
Guayacán (50%) ¹	740	603
Pampa Elvira (50%) ¹	583	492
	14,116	14,809
PTCs and Innergex's share of PTCs generated:		
Foard City	10,931	—
Shannon (50%)	3,155	3,014
Flat Top (51%)	4,053	3,806
	18,139	6,820
Revenues Proportionate	164,371	148,048

1. Innergex owns a 50% interest in Energía Llaima, which owns the Guayacán (69.47% interest) and the Pampa Elvira (55% interest) facilities and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted EBITDA and Adjusted EBITDA Margin

References in this document to "Adjusted EBITDA" are to net earnings (loss) from continuing operations, to which are added (deducted) income tax expense (recovery), finance costs, depreciation and amortization, other net (revenues) expenses, share of (earnings) loss of joint ventures and associates and change in fair value of financial instruments. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings, as determined in accordance with IFRS.

References in this document to "Adjusted EBITDA Margin" are to Adjusted EBITDA divided by revenues. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

	Three months ended March 31	
	2020	2019
Net loss from continuing operations	(46,931)	(4,420)
Income tax expense (recovery)	(813)	(4,078)
Finance costs	60,330	52,971
Depreciation and amortization	53,567	46,466
EBITDA	66,153	90,939
Other net (revenues) expenses	(23,497)	726
Share of loss of joint ventures and associates	20,054	6,890
Change in fair value of financial instruments	27,709	(5,312)
Adjusted EBITDA	90,419	93,243
Adjusted EBITDA margin	68.4%	73.8%

Adjusted EBITDA Proportionate and Adjusted EBITDA Proportionate Margin

References in this document to "Innergex's share of Adjusted EBITDA of the joint ventures and associates" are to Innergex's equity interest in the joint ventures and associates' Adjusted EBITDA.

References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA plus Innergex's share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the operating joint ventures and associates' other revenues related to PTCs. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Readers are cautioned that Adjusted EBITDA Proportionate should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section of this MD&A for more information.

References in this document to "Adjusted EBITDA Proportionate Margin" are to Adjusted EBITDA Proportionate divided by Revenues Proportionate. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance.

During the year ended December 31, 2019, upon commissioning the Foard City wind project, the Adjusted EBITDA Proportionate measure was changed to reflect PTC generation from the Corporation's wind facilities and from its joint ventures' and associates' wind facilities. PTCs represent an important factor to a U.S. wind project's financial performance and have been a major driver to determining their economic feasibility. PTCs are currently used, in most part, as an element of the principal repayment of the Corporation's tax equity financing.

	Three months ended March 31	
	2020	2019
Adjusted EBITDA	90,419	93,243
Innergex's share of Adjusted EBITDA of joint ventures and associates:		
Toba Montrose (40%)	(968)	(988)
Shannon (50%)	465	959
Flat Top (51%)	1,398	730
Dokie (25.5%)	2,633	1,793
Jimmie Creek (50.99%)	(246)	(376)
Umbata Falls (49%)	465	426
Viger-Denonville (50%)	1,309	1,652
Duqueco (50%) ¹	1,612	1,579
Guayacán (50%) ¹	464	405
Pampa Elvira (50%) ¹	324	251
	7,456	6,431
PTCs and Innergex's share of PTCs generated:		
Foard City	10,931	—
Shannon (50%)	3,155	3,014
Flat Top (51%)	4,053	3,806
	18,139	6,820
Adjusted EBITDA Proportionate	116,014	106,494
Adjusted EBITDA Proportionate Margin	70.6%	71.9%

1. Innergex owns a 50% interest in Energía Llaima, which owns the Guayacán (69.47% interest) and the Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

Adjusted Net Loss from Continuing Operations

References to "Adjusted Net Loss from Continuing Operations" are to net earnings or losses from continuing operations of the Corporation, to which the following elements are added (subtracted): change in fair value of financial instruments; realized (gain) loss on financial instruments; income tax expense (recovery) related to the above items; and the share of change in fair value of financial instruments of joint ventures and associates, net of related tax. Innergex uses derivative financial instruments to hedge its exposure to various risks. Accounting for derivatives under IFRS requires that all derivatives are marked-to-market with changes in the mark-to-market of the derivatives for which hedge accounting is not applied, being taken to the profit and loss account. The application of this accounting standard results in a significant amount of profit and loss volatility arising from the use of derivatives that are not designated for hedge accounting. The Adjusted Net Loss from Continuing Operations of the Corporation aims to eliminate the impact of the mark-to-market rules on derivatives on the profit and loss of the Corporation. Innergex believes the analysis and presentation of net earnings or loss on this basis enhances understanding of the Corporation's operating performance. Readers are cautioned that Adjusted Net Loss from Continuing Operations should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Operating Results" section for reconciliation of the Adjusted Net Loss from Continuing Operations.

Free Cash Flow and Payout Ratio

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus or minus other elements that are not representative of the Corporation's long-term cash generating capacity, such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition), realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt or the exchange rate on equipment purchases. Innergex believes that presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. Readers are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS. Please refer to the "Free Cash Flow and Payout Ratio" section for the reconciliation of Free Cash Flow.

References to "Adjusted Free Cash Flow" are to Free Cash Flow excluding prospective project expenses and non-recurring items.

References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends and dividend increases as well as its ability to fund its growth.

References to "Adjusted Payout Ratio" are to dividends declared on common shares divided by Adjusted Free Cash Flow after the impact of the DRIP.

Production KPIs

Production Proportionate

References in this document to "Innergex's share of Production of the joint ventures and associates" are to Innergex's equity interest in the joint ventures and associates' Production.

References in this document to "Production Proportionate" are to Production plus Innergex's share of Production of the joint ventures and associates. Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Please refer to the "Operating Results" section of this MD&A for more information.

(in MWh)	Three months ended March 31					
	2020			2019		
	Production (MWh)	LTA (MWh)	Production as a % of LTA	Production (MWh)	LTA (MWh)	Production as a % of LTA
Production	1,679,598	1,804,235	93%	1,308,505	1,326,479	99%
Innergex's share of Production of joint ventures and associates:						
Toba Montrose (40%)	2,636	8,064	33%	4,470	8,064	55%
Shannon (50%)	93,840	92,303	102%	91,609	92,303	99%
Flat Top (51%)	121,755	116,655	104%	115,676	116,655	99%
Dokie (25.5%)	25,868	21,058	123%	16,576	21,058	79%
Jimmie Creek (50.99%)	1,002	705	142%	765	705	109%
Umbata Falls (49%)	8,714	8,294	105%	9,244	8,294	111%
Viger-Denonville (50%)	10,366	10,150	102%	13,179	10,150	130%
Duqueco (50%) ¹	16,805	18,508	91%	19,800	16,603	119%
Guayacán (50%) ¹	6,060	7,500	81%	6,648	6,612	101%
Pampa Elvira (50%) ¹	3,122	3,796	82%	3,355	3,681	91%
	290,168	287,033	101%	281,322	284,125	99%
Production Proportionate	1,969,766	2,091,268	94%	1,589,827	1,610,604	99%

1. Innergex owns a 50% interest in Energía Llaima, which owns the Guayacán (69.47% interest) and Pampa Elvira (55% interest) facilities, and Duqueco, which includes the Mampil (100% interest) and Peuchén (100% interest) facilities.

FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this MD&A contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including the Corporation's power production, prospective projects, successful development, construction and financing (including tax equity funding) of the projects under construction and the advanced-stage prospective projects, sources and impact of funding, project acquisitions, execution of non-recourse project-level financing (including the timing and amount thereof), and strategic, operational and financial benefits and accretion expected to result from such acquisitions, business strategy, future development and growth prospects (including expected growth opportunities under the Strategic Alliance), business integration, governance, business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-Looking Information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "would", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Corporation relating to future events or results as of the date of this MD&A.

Future-oriented financial information: Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, including information regarding the Corporation's expected production, the estimated project costs, projected revenues, projected Adjusted EBITDA and projected Adjusted EBITDA Proportionate, Projected Free Cash Flow and intention to pay dividend quarterly, the estimated project size, costs and schedule, including obtaining of permits, start of construction, work conducted and start of commercial operation for Development Projects and Prospective Projects, The Corporation's intent to submit projects under Requests for Proposals, the qualification of U.S. projects for PTCs and ITCs and other statements that are not historical facts. Such information is intended to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of completed and future acquisitions and of the Corporation's ability to sustain current dividends and to fund its growth. Such information may not be appropriate for other purposes.

Assumptions: Forward-Looking Information is based on certain key assumptions made by the Corporation, including, without restriction, those concerning hydrology, wind regimes and solar irradiation, performance of operating facilities, project performance, economic, financial and financial market conditions, the Corporation's success in developing and constructing new facilities, expectations and assumptions concerning availability of capital resources and timely performance by third parties of contractual obligations and receipt of regulatory approvals.

Risks and Uncertainties: Forward-Looking Information involves risks and uncertainties that may cause actual results or performance to be materially different from those expressed, implied or presented by the Forward-Looking Information. These are referred to in the "Risks and Uncertainties" section of the Annual Report and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of the capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects; the ability to secure new power purchase agreements or renew any power purchase agreement; fluctuations affecting prospective power prices; health, safety and environmental risks; uncertainties surrounding the development of new facilities; obtainment of permits; equipment failure or unexpected operations and maintenance activity; interest rate fluctuations and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; the possibility that the Corporation may not declare or pay a dividend; failure to realize the anticipated benefits of acquisitions; integration of the completed and future acquisitions; changes in governmental support to increase electricity to be generated from renewable sources by independent power producers; variability of installation performance and related penalties; the ability to attract new talent or to retain officers or key employees; litigation; performance of major counterparties; social acceptance of renewable energy projects; relationships with stakeholders; equipment supply; exposure to many different forms of taxation in various jurisdictions; changes in general economic conditions; regulatory and political risks; ability to secure appropriate land; reliance on PPAs; availability and reliability of transmission systems (including due to reliance on third parties); foreign market growth and development risks; foreign exchange fluctuations; increases in water rental cost or changes to regulations applicable to water use; assessment of water, wind and solar resources and associated electricity production; global climate change; natural disasters and force majeure; cybersecurity; sufficiency of insurance coverage; a credit rating that may not reflect actual performance of the Corporation or a lowering (downgrade) of the credit rating; reliance on shared transmission and interconnection infrastructure; the fact that revenues from certain facilities will vary based on the market (or spot) price of electricity; risks related to U.S. production and investment tax credits; changes in U.S. corporate tax rates and availability of tax equity financing; host country economic, social and political conditions; risk inherent to rockslides, avalanches, tornadoes, hurricanes or other occurrences outside the Corporation's control; adverse claims to property title; unknown liabilities; reliance on intellectual property and confidential agreements to protect our rights and confidential information; and reputational risks arising from misconduct of representatives of the Corporation.

To combat the spread of the COVID-19, authorities in all regions where we operate have put in place restrictive measures for businesses. However, these measures have not impacted the Corporation in a material way to date as electricity production has been deemed essential service in every region where we operate. Our renewable power production is sold mainly through PPAs to solid counterparts. It is not excluded that current or future restrictive measures might have an adverse effect on the

financial stability of the Corporation's suppliers and other partners, or on the Corporation's operating results and financial position. The issuance of permits and authorizations, negotiations and finalizations of agreements with regards to development and acquisition projects, construction activities and procurement of equipment could be adversely impacted by the COVID-19 restrictive measures.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this Forward-Looking Information, as no assurance can be given that it will prove to be correct. Forward-Looking Information contained herein is provided as at the date of this MD&A, and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law.

Forward-Looking Information in this MD&A

The following table outlines the Forward-Looking Information contained in this MD&A, which the Corporation considers important to better inform readers about its potential financial performance, together with the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

Principal Risks and Uncertainties	
<p>Expected production For each facility, the Corporation determines a long-term average annual level of electricity production ("LTA") over the expected life of the facility, based on engineers' studies that take into consideration a number of important factors: for hydroelectricity, the historically observed flows of the river, the operating head, the technology employed and the reserved aesthetic and ecological flows; for wind energy, the historical wind and meteorological conditions and turbine technology; and for solar energy, the historical solar irradiation conditions, panel technology and expected solar panel degradation. Other factors considered include, without limitation, site topography, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated LTA.</p> <p>On a consolidated basis, the Corporation estimates its LTA by adding together the expected LTAs of all the Operating Facilities that it consolidates. This consolidation excludes however the facilities which are accounted for using the equity method.</p>	<p>Improper assessment of water, wind and solar resources and associated electricity production</p> <p>Variability in hydrology, wind regimes and solar irradiation resources</p> <p>Equipment supply risk, including failure or unexpected operations and maintenance activity</p> <p>Natural disasters and force majeure</p> <p>Regulatory and political risks affecting production</p> <p>Health, safety and environmental risks affecting production</p> <p>Variability of installation performance and related penalties</p> <p>Availability and reliability of transmission systems</p> <p>Litigation</p>
<p>Projected revenues For each facility, expected annual revenues are estimated by multiplying the LTA by a price for electricity stipulated in the PPA secured with a public utility or other creditworthy counterparty. In most cases, these PPAs stipulate a base price for electricity produced and, in some cases, a price adjustment depending on the month, day and hour of its delivery. This excludes facilities that receive revenues based on the market (or spot) price for electricity, including the Foard City, Shannon and Flat Top wind farms, the Phoebe solar farm and the Miller Creek hydroelectric facility, which receives a price based on a formula using the Platts Mid-C pricing indices; and the Horseshoe Bend hydroelectric facility, for which 85% of the price is fixed and 15% is adjusted annually as determined by the Idaho Public Utility Commission. In most cases, PPAs also contain an annual inflation adjustment based on a portion of the Consumer Price Index.</p> <p>On a consolidated basis, the Corporation estimates annual revenues by adding together the projected revenues of the Operating Facilities that it consolidates. The consolidation excludes however the facilities which are accounted for using the equity method.</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production"</p> <p>Reliance on PPAs</p> <p>Revenues from certain facilities will vary based on the market (or spot) price of electricity</p> <p>Fluctuations affecting prospective power prices</p> <p>Changes in general economic conditions</p> <p>Ability to secure new PPAs or renew any PPA</p>
<p>Projected Adjusted EBITDA For each facility, the Corporation estimates annual operating earnings by adding (deducting) to net earnings (loss) income tax expense (recovery), finance costs, depreciation and amortization, other net expenses (revenues), share of (earnings) loss of joint ventures and associates and change in fair value of financial instruments.</p>	<p>See principal assumptions, risks and uncertainties identified under "Expected Production" and "Projected Revenues"</p> <p>Unexpected maintenance expenditures</p>

Principal Risks and Uncertainties

Projected Adjusted EBITDA Proportionate

On a consolidated basis, the Corporation estimates annual Adjusted EBITDA Proportionate by adding to the projected Adjusted EBITDA Innergex's share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the other net revenues of the operating joint ventures and associates' related to PTCs.

See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA"

Intention to pay dividend quarterly

The Corporation estimates the annual dividend it intends to distribute based on the Corporation's operating results, cash flows, financial conditions, debt covenants, long-term growth prospects, solvency, test imposed under corporate law for declaration of dividends and other relevant factors.

See principal assumptions, risks and uncertainties identified under "Expected Production", "Projected Revenues" and "Projected Adjusted EBITDA".

Possibility that the Corporation may not declare or pay a dividend

Estimated project costs, expected obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects or Prospective Projects

For each Development Project and Prospective Project, the Corporation may provide (where available) an estimate of potential installed capacity, estimated project costs, project financing terms and each project's development and construction schedule, based on its extensive experience as a developer, in addition to information directly related to incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for the projected costs and construction schedule provided by the engineering, procurement and construction ("EPC") contractor retained for the project.

The Corporation provides indications based on assumptions regarding its current strategic positioning and competitive outlook, as well as scheduling and construction progress, for its Development Projects and its Prospective Projects, which the Corporation evaluates based on its experience as a developer.

Uncertainties surrounding development of new facilities

Performance of major counterparties, such as suppliers or contractors

Delays and cost overruns in the design and construction of projects

Ability to secure appropriate land

Obtainment of permits

Health, safety and environmental risks

Ability to secure new PPAs or renew any PPA

Higher-than-expected inflation

Equipment supply

Interest rate fluctuations and financing risk

Risks related to U.S. PTCs and ITCs, changes in U.S. corporate tax rates and availability of tax equity financing

Regulatory and political risks

Natural disaster and force majeure

Relationships with stakeholders

Foreign market growth and development risks

Outcome of insurance claims

Social acceptance of renewable energy projects

Ability of the Corporation to execute its strategy of building shareholder value

Failure to realize the anticipated benefits of completed and future acquisitions

Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers

COVID-19 restrictive measures

Principal Risks and Uncertainties

Intention to respond to requests for proposals

The Corporation provides indications of its intention to submit proposals in response to requests for proposals (“Request for Proposals” or “RFP”) based on the state of readiness of some of its Prospective Projects and their compatibility with the announced terms of these RFPs.

Regulatory and political risks
 Ability of the Corporation to execute its strategy for building shareholder value
 Ability to secure new PPAs
 Changes in governmental support to increase electricity to be generated from renewable sources by independent power producers
 Social acceptance of renewable energy projects
 Relationships with stakeholders

Qualification for PTCs and ITC and expected tax equity investment Flip Point

For certain Development Projects in the United States, the Corporation has conducted on- and off-site activities expected to qualify its Development Projects for PTCs or ITC at the full rate and to obtain tax equity financing on such a basis. To assess the potential qualification of a project, the Corporation takes into account the construction work performed and the timing of such work. The expected Tax Equity Flip Point for tax equity investment is determined according to the LTAs and revenues of each such project and is subject in addition to the related risks mentioned above.

Risks related to U.S. PTCs and ITC, changes in U.S. corporate tax rates and availability of tax equity financing
 Regulatory and political risks
 Delays and cost overruns in the design and construction of projects
 Obtainment of permits

CHANGE IN ACCOUNTING POLICIES

New Accounting Standards and Interpretations Adopted During the Year

The Corporation has adopted the following new standards and interpretation:

Amendments to materiality definition

On October 31, 2018, the IASB issued Definition of Material (Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

Amendments to References to the Conceptual Framework

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The amendments are effective for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3 *Business Combinations*

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

ESTABLISHMENT AND MAINTENANCE OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation have certified that they have designed, or caused it to be designed under their supervision:

- Disclosure controls and procedures (“DC&P”) to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the President and Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared; and (ii) the information required to be disclosed by the Corporation in its annual filings, interim filings and other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.
- Internal control over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the period beginning on January 1, 2020 and ended on March 31, 2020, there was no change in the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

SUBSEQUENT EVENTS

Closing of the financing of the Hillcrest Solar Project

On May 7, 2020, the Corporation announced the closing of a US\$191.8 million (\$270.9 million) construction financing, tax equity commitment, and a 7-year term loan facility for the Hillcrest solar project located in Brown County, Ohio. The total construction costs are estimated at US\$279.5 million (\$394.8 million) and will be partly financed through a US\$82 million (\$115.8 million) construction term loan and a US\$109.8 million (\$155.1 million) tax equity bridge loan provided by a group of lenders. Innergex will fund the remaining US\$87.7 million (\$123.9 million) equity commitment. At commercial operation, a tax equity partner will provide the tax equity investment to be used to repay the tax equity bridge loan.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

		Three months ended March 31	
		2020	2019
	Notes		
Revenues		132,116	126,419
Expenses			
Operating		27,547	20,058
General and administrative		10,511	8,687
Prospective projects		3,639	4,431
Earnings before the following:		90,419	93,243
Depreciation	7	43,121	36,446
Amortization		10,446	10,020
Earnings before the following:		36,852	46,777
Finance costs		60,330	52,971
Other net (revenues) expenses		(23,497)	726
Share of loss of joint ventures and associates		20,054	6,890
Change in fair value of financial instruments	5	27,709	(5,312)
Loss before income tax		(47,744)	(8,498)
Income tax expense (recovery)			
Current		3,926	2,424
Deferred		(4,739)	(6,502)
		(813)	(4,078)
Net loss from continuing operations		(46,931)	(4,420)
Net earnings from discontinued operations	3	—	3,566
Net loss		(46,931)	(854)
Net loss attributable to:			
Owners of the parent		(53,740)	(6,747)
Non-controlling interests		6,809	5,893
		(46,931)	(854)
Loss per share from continuing operations attributable to owners:			
Basic net loss per share (\$)	6	(0.35)	(0.07)
Diluted net loss per share (\$)	6	(0.35)	(0.07)
Loss per share attributable to owners:			
Basic net loss per share (\$)	6	(0.35)	(0.06)
Diluted net loss per share (\$)	6	(0.35)	(0.06)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Three months ended March 31	
		2020	2019
	Notes		
Net loss		(46,931)	(854)
Items of comprehensive income (loss) that will be subsequently reclassified to earnings:			
Foreign currency translation differences for foreign operations		71,617	(6,665)
Change in fair value of financial instruments designated as net investment hedges	5	1,024	6,062
Change in fair value of financial instruments designated as cash flow hedges	5	(92,521)	22,291
Change in fair value of financial instruments of joint ventures and associates designated as cash flow hedges		(5,892)	(2,120)
Related deferred income tax recovery (expense)		24,168	(3,095)
Other comprehensive (loss) income from continuing operations		(1,604)	16,473
Other comprehensive loss from discontinued operations	3	—	(37,790)
Other comprehensive loss		(1,604)	(21,317)
Total comprehensive loss		(48,535)	(22,171)
Total comprehensive loss attributable to:			
Owners of the parent		(57,190)	(4,337)
Non-controlling interests		8,655	(17,834)
		(48,535)	(22,171)

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		March 31, 2020	December 31, 2019
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		271,008	156,224
Restricted cash		37,443	39,451
Accounts receivable		88,562	92,265
Derivative financial instruments	5	4,622	5,419
Prepaid and other		14,848	12,273
Total current assets		416,483	305,632
Non-current assets			
Property, plant and equipment	7	4,792,401	4,620,025
Intangible assets		675,414	682,227
Project development costs		5,156	11,135
Investments in joint ventures and associates		514,286	511,899
Derivative financial instruments	5	53,196	78,251
Deferred tax assets		41,102	30,264
Goodwill		62,671	60,666
Other long-term assets		75,313	72,005
Total non-current assets		6,219,539	6,066,472
Total assets		6,636,022	6,372,104
LIABILITIES			
Current liabilities			
Accounts payable and other payables		167,995	176,157
Derivative financial instruments	5	77,806	51,093
Current portion of long-term loans and borrowings and other liabilities		412,818	414,103
Total current liabilities		658,619	641,353
Non-current liabilities			
Derivative financial instruments	5	178,751	112,625
Long-term loans and borrowings		3,866,522	4,281,586
Other liabilities		323,394	292,421
Deferred tax liabilities		417,717	428,793
Total non-current liabilities		4,786,384	5,115,425
Total liabilities		5,445,003	5,756,778
SHAREHOLDERS' EQUITY			
Equity attributable to owners		1,171,422	604,384
Non-controlling interests		19,597	10,942
Total shareholders' equity		1,191,019	615,326
Total liabilities and shareholders' equity		6,636,022	6,372,104

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended March 31, 2020	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common share capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive income (loss)			
Balance January 1, 2020	97,215	1,268,311	131,069	2,869	(879,849)	(15,231)	604,384	10,942	615,326
Net (loss) earnings	—	—	—	—	(53,740)	—	(53,740)	6,809	(46,931)
Other comprehensive (loss) income	—	—	—	—	—	(3,450)	(3,450)	1,846	(1,604)
Total comprehensive loss	—	—	—	—	(53,740)	(3,450)	(57,190)	8,655	(48,535)
Common shares issued on February 6, 2020: private placement	660,870	—	—	—	—	—	660,870	—	660,870
Issuance fees (Net of \$536 of deferred income tax)	(1,469)	—	—	—	—	—	(1,469)	—	(1,469)
Common shares issued through dividend reinvestment plan	203	—	—	—	—	—	203	—	203
Share-based payments	—	18	—	—	—	—	18	—	18
Common share options exercised	137	(649)	—	—	—	—	(512)	—	(512)
Shares vested - Performance Share Plan	1,046	—	—	—	—	—	1,046	—	1,046
Shares purchased - Performance Share Plan	(3,104)	—	—	—	—	—	(3,104)	—	(3,104)
Dividends declared on common shares	—	—	—	—	(31,339)	—	(31,339)	—	(31,339)
Dividends declared on preferred shares	—	—	—	—	(1,485)	—	(1,485)	—	(1,485)
Balance March 31, 2020	754,898	1,267,680	131,069	2,869	(966,413)	(18,681)	1,171,422	19,597	1,191,019

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended March 31, 2019	Equity attributable to owners						Total	Non-controlling interests	Total shareholders' equity
	Common shares capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive (loss) income			
Balance January 1, 2019	6,546	1,272,604	131,069	3,976	(748,890)	(35,513)	629,792	329,769	959,561
Net (loss) earnings	—	—	—	—	(6,747)	—	(6,747)	5,893	(854)
Other comprehensive income (loss)	—	—	—	—	—	2,410	2,410	(23,727)	(21,317)
Total comprehensive (loss) income	—	—	—	—	(6,747)	2,410	(4,337)	(17,834)	(22,171)
Common shares issued through dividend reinvestment plan	980	—	—	—	—	—	980	—	980
Share-based payments	—	14	—	—	—	—	14	—	14
Common share options exercised	1,181	(4,256)	—	—	—	—	(3,075)	—	(3,075)
Shares vested - Performance Share Plan	1,057	—	—	—	—	—	1,057	—	1,057
Dividends declared on common shares	—	—	—	—	(23,360)	—	(23,360)	—	(23,360)
Dividends declared on preferred shares	—	—	—	—	(1,485)	—	(1,485)	—	(1,485)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(6,392)	(6,392)
Balance March 31, 2019	9,764	1,268,362	131,069	3,976	(780,482)	(33,103)	599,586	305,543	905,129

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Three months ended March 31	
		2020	2019
OPERATING ACTIVITIES			
Net loss		(46,931)	(854)
Net earnings from discontinued operations		—	(3,566)
Net loss from continuing operations		(46,931)	(4,420)
Items not affecting cash:			
Depreciation and amortization		53,567	46,466
Share of loss of joint ventures and associates		20,054	6,890
Change in fair value of financial instruments	5	27,709	(5,312)
Production tax credits and tax attributes allocated to tax equity investors		(17,282)	—
Other		18	(163)
Finance costs expense		60,330	52,971
Finance costs paid	10 b)	(37,315)	(37,289)
Realized loss on financial instruments	5	(17,459)	—
Distributions received from joint ventures and associates		5,124	3,273
Income tax expense (recovery)		(813)	(4,078)
Income tax paid		(1,520)	(1,548)
Effect of exchange rate fluctuations		(2,653)	711
		42,829	57,501
Changes in non-cash operating working capital items	10 a)	(23,796)	(15,425)
Cash flows from operating activities from continuing operations		19,033	42,076
Cash flows from operating activities from discontinued operations		—	10,542
		19,033	52,618
FINANCING ACTIVITIES			
Dividends paid on common shares		(24,193)	(21,628)
Dividends paid on preferred shares		(1,485)	(1,485)
Distributions to non-controlling interests		—	(3,082)
Increase of long-term debt, net of deferred financing costs	10 c)	70,925	165,893
Repayment of long-term debt	10 c)	(567,358)	(40,895)
Payment of lease liabilities		(443)	(1,550)
Purchase of common shares held in trust under the PSP plan		(3,104)	—
Net proceeds from issuance of common shares		658,865	—
Payment of payroll withholding on exercise of share options		—	(3,075)
Cash flows from financing activities from continuing operations		133,207	94,178
Cash flows from financing activities from discontinued operations		—	(630)
		133,207	93,548
INVESTING ACTIVITIES			
Variation in restricted cash		4,070	(4,897)
Net funds invested in the reserve accounts		(1,956)	(1,033)
Additions to property, plant and equipment		(49,854)	(98,273)
Additions to project development costs		(1,813)	(755)
Additions to of other long-term assets		(64)	(15)
Proceeds from disposal of property, plant and equipment		—	602
Cash flows used in investing activities from continuing operations		(49,617)	(104,371)
Cash flows used in investing activities from discontinued operations		—	(18,562)
		(49,617)	(122,933)
Effects of exchange rate changes on cash and cash equivalents		12,161	(683)
Net change in cash and cash equivalents		114,784	22,550
Cash and cash equivalents, beginning of period		156,224	79,586
Plus: Cash and cash equivalents held for sale beginning of period		—	(4,164)
Cash and cash equivalents, end of period		271,008	97,972

Additional information is presented in Note 10.

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

DESCRIPTION OF BUSINESS

Innergex Renewable Energy Inc. (“Innergex” or the “Corporation”) was incorporated under the *Canada Business Corporation Act* on October 25, 2002, and its shares and convertible debentures are listed on the Toronto Stock Exchange. The Corporation is a developer, acquirer, owner and operator of renewable power-generating facilities, essentially focused on the hydroelectric, wind and solar power sectors. The Corporation’s head office is located at 1225 St-Charles Street West, 10th floor, Longueuil, QC, J4K 0B9, Canada.

These unaudited condensed interim consolidated financial statements have not been audited by the Corporation’s independent auditors and were approved by the Board of Directors on May 12, 2020.

The Corporation’s revenues are variable with each season and are normally at their highest in the second quarter due to the snow melt season and at their lowest in the first quarter due to the cold temperatures. As a result, earnings of interim periods should not be considered as indicative of results for an entire year.

1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The condensed interim consolidated financial statements are in compliance with IAS 34, Interim Financial Reporting. Except as described below, the same accounting policies and methods of application as described in the Corporation’s latest annual report have been used. However, these unaudited condensed interim consolidated financial statements do not include all disclosures required under IFRS and, accordingly, should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Corporation’s latest annual report.

Basis of Measurement

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional Currency and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policies

The Corporation has adopted the following new standards and interpretation:

Amendments to materiality definition

On October 31, 2018, the IASB issued Definition of Material (Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

Amendments to References to the Conceptual Framework

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The amendments are effective for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3, *Business Combinations*

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3, *Business Combinations*) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

3. DISCONTINUED OPERATIONS

On May 23, 2019, the Corporation sold its wholly-owned subsidiary Magma Energy Sweden A.B., which owned an equity interest of approximately 53.9% in HS Orka hf ("HS Orka"), to Jarðvarmi slhf. The following table summarizes the net earnings from discontinued operations as at March 31, 2019:

	Three month ended Mars 31, 2019
Revenues	26,594
Expenses	21,452
Share of earnings of joint ventures and associates	(2,284)
Earnings before income tax	7,426
Income tax expense	926
Net earnings from discontinued operations before the following:	6,500
Transaction costs	2,934
Net earnings from discontinued operations	3,566
Other comprehensive loss from discontinued operations	(37,790)
Total comprehensive loss from discontinued operations	(34,224)
Net earnings from discontinued operations attributable to:	
Owners of the parent	664
Non-controlling interests	2,902
	3,566
Total comprehensive loss from discontinued operations attributable to:	
Owners of the parent	(16,052)
Non-controlling interests	(18,172)
	(34,224)
Net earnings per share from discontinued operations	
Basic net earnings per share (\$)	0.01
Diluted net earnings per share (\$)	0.01

4. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Innavik

The Innavik hydroelectric project is currently in the process of securing financing for the forthcoming construction. In order to mitigate the risk of interest rate fluctuations during the negotiation process, therefore affecting the cost of future financing and the project's expected rate of return, Innavik has entered, between February 20, 2020 and March 6, 2020, into 7 bond forward contracts maturing on August 20, 2020, for a total notional of \$58,000 Government of Canada 2.75%, December 1, 2048 bonds.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows a reconciliation from the opening balances to the closing balances for the derivative financial instruments (refer to Note 11 for financial risk management and fair value disclosures):

Financial assets (liabilities)	Foreign exchange forwards (Level 2)	Interests hedging instruments (Level 2)	Power and basis hedges (Level 3)	Total
As at January 1, 2020	(24,269)	(83,536)	27,757	(80,048)
Realized loss on financial instruments	—	—	17,459	17,459
Change in fair value of financial instruments				
Recognized in consolidated statement of earnings ¹	7,764	1,065	(50,576)	(41,747)
Recognized in other comprehensive income	1,024	(91,750)	(771)	(91,497)
Net foreign exchange differences	—	(3,609)	703	(2,906)
As at March 31, 2020	(15,481)	(177,830)	(5,428)	(198,739)

1. The \$27,709 loss related to the change in the fair value of financial instruments recognized in the consolidated statement of earnings includes a gain of \$14,038 resulting from the revaluation, into Canadian dollars, of foreign currency-denominated intragroup loans. On consolidation, although the intragroup loans are eliminated from the consolidated statement of financial position, the foreign subsidiaries financial positions, including their loan balances towards the Corporation, are converted into Canadian dollars, with currency translation differences being recorded within other comprehensive (loss) income, therefore not eliminating the gain recognized on the consolidated statement of earnings.

Reported in the consolidated statements of financial position:

As at	March 31, 2020	December 31, 2019
Current assets	4,622	5,419
Non-current assets	53,196	78,251
Current liabilities	(77,806)	(51,093)
Non-current liabilities	(178,751)	(112,625)
	(198,739)	(80,048)

6. EARNINGS PER SHARE

	Three months ended March 31 2020		Three months ended March 31 2019	
	Total	Continuing operations	Discontinued operations	Total
Basic				
Net loss attributable to owners of the parent	(53,740)	(7,411)	664	(6,747)
Dividends declared on preferred shares	(1,485)	(1,485)	—	(1,485)
Net loss available to common shareholders	(55,225)	(8,896)	664	(8,232)
Weighted average number of common shares (in 000s)	159,682	132,865	132,865	132,865
Basic net loss per share (\$)	(0.35)	(0.07)	0.01	(0.06)

	Three months ended March 31 2020		Three months ended March 31 2019	
	Total	Continuing operations	Discontinued operations	Total
Diluted				
Net loss available to common shareholders (diluted)	(55,225)	(8,896)	664	(8,232)
Diluted Weighted average number of common shares (in 000s)	159,682	132,865	132,865	132,865
Diluted net loss per share (\$)	(0.35)	(0.07)	0.01	(0.06)

	Three months ended March 31	
	2020	2019
Shares that may be issued from the following equity instruments that are excluded from the dilutive elements (in 000s):		
Effect of share options	643	918
Effect of shares in trust related to the PSP plan	401	131
Effect of convertible debentures	13,777	14,167
	14,821	15,216

7. PROPERTY, PLANT AND EQUIPMENT

	Lands	Hydroelectric facilities	Wind farm facilities	Solar facilities	Facilities under construction	Other	Total
Cost							
As at January 1, 2020	120,809	2,091,034	2,514,434	466,078	102,952	32,462	5,327,769
Additions ¹	52,034	237	194	386	38,070	187	91,108
Transfer from projects under development	—	—	—	—	8,732	—	8,732
Other changes	(14,563)	(7)	(12,742)	(165)	—	916	(26,561)
Net foreign exchange differences	9,406	888	97,674	30,198	11,672	428	150,266
As at March 31, 2020	167,686	2,092,152	2,599,560	496,497	161,426	33,993	5,551,314
Accumulated depreciation							
As at January 1, 2020	(4,672)	(310,000)	(328,004)	(50,593)	—	(14,475)	(707,744)
Depreciation	(1,157)	(9,944)	(27,790)	(3,484)	—	(746)	(43,121)
Net foreign exchange differences	(302)	(213)	(6,606)	(680)	—	(247)	(8,048)
As at March 31, 2020	(6,131)	(320,157)	(362,400)	(54,757)	—	(15,468)	(758,913)
Carrying amount as at March 31, 2020 ²	161,555	1,771,995	2,237,160	441,740	161,426	18,525	4,792,401

All of the property, plant and equipment are given as security under the respective project financing or for corporate financing.

1. The financing costs related to a specific project financing are entirely capitalized to the specific property, plant and equipment. Financing costs related to the revolving credit facilities are capitalized for the portion of the financing actually used for a specific property, plant and equipment. Additions in the current period include \$428 of capitalized financing costs incurred prior to commissioning.
2. Included in property, plant and equipment are right-of-use assets with a carrying amount of \$166,403 (\$158,381, \$107 and \$7,915 included in Lands, Hydroelectric facilities and Other, respectively) pursuant to lease agreements.

8. LONG-TERM LOANS AND BORROWINGS

a. Corporate Indebtedness

Revolving Term Credit Facility

In February 2020, the Corporation completely reimbursed the revolving term credit facility from the proceeds of the Private Placement of Hydro-Québec in common shares of the Corporation. Following the repayment, additional draws of \$25,000 were made. Outstanding balance as at March 31, 2020 is \$25,000 (\$490,996 as at December 31, 2019).

9. SHAREHOLDERS' CAPITAL

a) Strategic Alliance and private placement with Hydro-Québec

On February 6, 2020, Hydro-Québec invested \$660,871 through a Private Placement in common shares of the Corporation at a price of \$19.08 per share, representing a total of 34,636,823 shares (19.9% of the issued and outstanding common shares on a non-diluted basis).

b) Equity-based compensation

Share option plan

During the first quarter of 2020, 141,939 share options were exercised resulting in 50,368 common shares issued. The difference between the 141,939 options exercised and the 50,368 common shares issued is the result of the exercise of the options without disbursement by the holders and the payroll withholding by the Corporation, as authorized by the share option plan and the Board of Directors.

In addition, 46,895 share options were granted during the three months ended March 31, 2020. The options granted under the share options plan vest over a period of four years following the grant date. Options must be exercised before March 2, 2027 at an exercise price of \$20.52.

c) Dividend Declared on common shares

The following dividends were declared on common shares by the Corporation:

	Three months ended March 31	
	2020	2019
Dividends declared on common shares (\$/share)	0.180	0.175

Dividend Declared on common shares not recognized at the end of the reporting period

The following dividends will be paid by the Corporation on July 15, 2020:

Date of announcement	Record date	Payment date	Dividend per common share (\$)	Dividend per Series A Preferred Share (\$)	Dividend per Series C Preferred Share (\$)
05/12/2020	6/30/2020	7/15/2020	0.1800	0.2255	0.359375

10. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a. Changes in non-cash operating working capital items

	Three months ended March 31	
	2020	2019
Accounts receivable	1,474	17,125
Prepaid and others	(2,370)	(1,885)
Accounts payable and other payables	(22,900)	(30,665)
	(23,796)	(15,425)

b. Additional information

	Three months ended March 31	
	2020	2019
Finance costs paid relative to operating activities before interest on leases	(36,305)	(37,056)
Interest on leases paid relative to operating activities	(1,010)	(233)
Capitalized interest relative to investing activities	(428)	(2,994)
Total finance costs paid	(37,743)	(40,283)
<i>Non-cash transactions:</i>		
Change in unpaid property, plant and equipment	(10,780)	70,986
Change in unpaid project development costs	—	(752)
Common shares issued through share options exercised	137	1,181
Shares vested in PSP plan	1,046	1,057
Unpaid distributions to non-controlling interests in subsidiaries	—	3,310
Remeasurement of other liabilities	(34,438)	—
New lease obligations	52,034	—
Common shares issued through dividend reinvestment plan	203	980
Unpaid withholding taxes on exercise of share options	512	—

c. Changes in liabilities arising from financing activities

	Three months ended March 31	
	2020	2019
Changes in long-term debt		
Long-term debt at beginning of period	4,412,842	4,470,252
Reclassified as held for sale	—	(96,515)
Increase of long-term debt	70,925	166,820
Repayment of long-term debt	(567,358)	(40,895)
Payment of deferred financing costs	—	(927)
Tax attributes	(6,351)	—
Production tax credits	(10,931)	—
Other non-cash finance costs	9,469	2,327
Net foreign exchange differences	85,673	(31,338)
Long-term debt at end of period	3,994,269	4,469,724
Changes in convertible debentures		
Convertible debentures at beginning of period	278,827	238,648
Accretion of convertible debentures	611	691
Convertible debentures at end of period	279,438	239,339

11. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

Fair value disclosures

Interest rate swaps

The fair value is calculated as the present value of the expected cash flows. Expected cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Corporation and of the counterparty.

Foreign exchange forwards

The fair value is calculated as the present value of the expected cash flows, representing the differential between the value of the contract at maturity and the value determined using the exchange rate the financial institution would use if the same contract was renegotiated at the statement of financial position date. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Corporation and of the counterparty, considering the offsetting agreements, as applicable.

Power and basis hedges

The fair value calculation of power and basis hedges gives rise to measurement uncertainty as the power price curves are constructed using various methodologies and assumptions, which consider certain unobservable inputs. As at March 31, 2020, the forward power prices used in the calculation of fair value were as follows:

With respect to the Phoebe power hedge, ERCOT South hub forward power prices are expected to be in a range of US \$16.65 to US\$106.68 per MWh between April 1, 2020 and June 30, 2031.

With respect to the Phoebe basis hedge, ERCOT South hub forward power prices are expected to be in a range of US \$21.43 to US\$106.68 per MWh between April 1, 2020 and December 31, 2021, while Phoebe node forward power prices are derived using a historical spread against the ERCOT South hub of US\$35.29 per MWh.

Further information is provided below with regards to the methodology for constructing the forward power price curves.

Phoebe power hedge: The fair value of the power hedge is derived from forward power prices that are not based on observable market data for the entirety of the contracted period. The power ERCOT South hub forward price curves are constructed using various assumptions depending on the following observable market data available as of the valuation date: (1) observable monthly market prices through December 2024 for the ERCOT South hub, as obtained from the Intercontinental Exchange (ICE) open interest data; (2) quoted prices obtained from ICE through December 2030; (3) for the six remaining months until June 2031, a heat rate based on the calendar year forward electricity price and the NYMEX natural gas calendar strip resulting in calendar year average power prices, adjusted for seasonality based on calendar year 2021.

Phoebe basis hedge: The fair value of the basis hedge is derived from observable forward power prices at the ERCOT South hub for the duration of the contract period and a Phoebe node forward price curve constructed using various assumptions depending on the following observable market data available as of the valuation date: (1) forward power prices at the ERCOT South hub for the duration of the contract period; (2) historical spread between the ERCOT South hub and the Phoebe node prices from July 2019 onwards (“Observable Period”); and (3) historical spread prior to July 2019 between the ERCOT South hub and a proxy to the Phoebe node, adjusted for the average price differential between the Phoebe node and its proxy during the Observable Period.

The fair value estimates are subject to a credit risk adjustment that reflects the credit risk of the Corporation and of the counterparty.

The changes in the fair value of the derivative instrument are recognized in the consolidated statements of earnings, as unrealized net loss (gain) on financial instruments.

Sensitivities

An increase in the ERCOT South forward prices would cause an increase in the power hedge floating leg expected outflows and thus a decrease in the instrument fair value. A decrease in the ERCOT South forward prices would have the opposite effect.

A wider spread between the Phoebe node prices and the ERCOT South hub would result in larger outflows and thus a decrease in the basis hedge fair value. A narrower spread would have the opposite effect.

Financial risk management

The Corporation is exposed to a variety of financial risks: market risk (e.g. interest rate, foreign exchange, and power price and others), credit risk and liquidity risk. The Corporation’s objective with respect to financial risk management is to secure the long-term internal rate of return of its energy projects by mitigating uncertainty related to the fluctuation of certain key variables.

Management is responsible for establishing controls and procedures to ensure that financial risks are managed within acceptable levels. The Corporation does not use derivative financial instruments for speculative purposes.

Market risk

Market risk is related to fluctuations in the fair value or future cash flows of a financial instrument from market price variations. Market risk includes interest rate, foreign exchange, and power price risks.

Power price risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in market prices of electricity.

Most sales of electricity are made pursuant to long-term agreements where the offtakers are committed to take and pay for the total production at pre-determined prices, up to certain annual limits and generally subject to annual inflation. For some of the Corporation’s facilities, power generated is sold on the open market and supported by power hedges to address market price risk exposure.

12. COVID-19

To combat the spread of the COVID-19, authorities in all regions where we operate have put in place restrictive measures for businesses. However, these measures have not impacted the Corporation in a material way to date as electricity production has been deemed essential service in every region where we operate. Our renewable power production is sold mainly through power purchase agreements to solid counterparts. It is not excluded that current or future restrictive measures might have an adverse effect on the financial stability of the Corporation's suppliers and other partners, or on the Corporation's operating results and financial position. The issuance of permits and authorizations, negotiations and finalizations of agreements with regards to development and acquisition projects, construction activities and procurement of equipment could be adversely impacted by the COVID-19 restrictive measures.

Construction activities at our Hillcrest solar project continued without interruption while construction activities for the Innavik hydro project have been delayed. Yonne II wind project is delayed with construction planned to begin in 2020 and commissioning being postponed to 2021.

13. CONTINGENCIES

The Corporation is subject to various claims that arise in the normal course of business. Management believes that adequate provisions have been made in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have an adverse effect on the financial position of the Corporation.

On March 23, 2017, the Comptroller of the Water Rights issued adjusted rental statements to the Harrison Hydro L.P. and its subsidiaries for the years 2011 and 2012 for an amount of \$3,300 in aggregate regarding water rental rates to be charged under the Water Act. The amount claimed was paid under protest and Harrison Hydro L.P. and its subsidiaries filed a notice of appeal of the decision to the Environmental Appeal Board.

On July 26, 2019, the Environmental Appeal Board of British Columbia rendered a decision granting the appeal and ordering the Comptroller of Water Rights to reimburse to each of the Limited Partnerships its proportionate share of the adjusted water rental amounts of \$3,181 overcharged to Harrison Hydro L.P. and its subsidiaries for the years 2011 and 2012. On November 22, 2019, the Environmental Appeal Board of British Columbia rendered another decision confirming that the sum will accrue interest starting June 28, 2017 until the date it is refunded. On January 20, 2020, the Comptroller of Water Rights filed with the Supreme Court of British Columbia a petition for judicial review of the Environmental Appeal Board's order to return the amount in water rental fees to Harrison Hydro L.P. and its subsidiaries, with interest. On January 31, 2020, the Comptroller of Water Rights transferred an amount of \$3,318, representing the principal of \$3,181 with interest accrued between June 28, 2017 and January 31, 2020, to a trust account established by Harrison Hydro L.P. and its subsidiaries' external legal counsel, bearing interest in favor of the Appellants. There has been no additional development since then, and appeal procedures are following their normal course. The Corporation recognized the amount in the fiscal 2019 consolidated statement of earnings against Operating expenses.

14. SEGMENT INFORMATION

Operating segments

The Corporation produces and sells electricity generated by its hydroelectric, wind and solar facilities to publicly-owned utilities or other creditworthy counterparties. The Corporation's Management analyzes the results and manages operations based on the type of technology, resulting in different cost structures and skill set requirements for the operating teams. The Corporation consequently has three operating segments: (a) hydroelectric power generation (b) wind power generation and (c) solar power generation.

During the period ended March 31, 2019, concurrent with reaching an agreement to sell, and the subsequent sale of, its ownership interests in HS Orka, the Corporation's geothermal power generation segment has been reclassified as discontinued operations (see Note 3).

"Revenues Proportionate" are Revenues plus Innergex's share of Revenues of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the operating joint ventures and associates' other revenues related to PTCs. "Adjusted EBITDA" represents net earnings (loss) before income tax expense, finance cost, depreciation and amortization, adjusted to exclude other net (revenues) expenses, share of (earnings) loss of joint ventures and associates, and change in fair value of financial instruments. "Adjusted EBITDA Proportionate" represents Adjusted EBITDA plus the Corporation's share of Adjusted EBITDA of the operating joint ventures and associates, other revenues related to PTCs, and Innergex's share of the operating joint ventures and associates' other revenues related to PTCs. Adjusted EBITDA and Adjusted EBITDA Proportionate are not recognized measures under IFRS and have no standardized meaning prescribed by IFRS. They may therefore not be comparable to similar measures presented by other issuers. Readers are cautioned that Adjusted EBITDA and Adjusted EBITDA Proportionate should not be construed as an alternative to net earnings (loss), as determined in accordance with IFRS.

Except for Revenues Proportionate, Adjusted EBITDA and Adjusted EBITDA Proportionate described above, the accounting policies for these segments are the same as those described in the significant accounting policies. The Corporation accounts for inter-segment and management sales at the carrying amount.

Three months ended March 31, 2020				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	27,957	95,805	8,354	132,116
Innergex's share of revenues of joint ventures and associates	4,791	8,742	583	14,116
PTCs and Innergex's share of PTCs generated	—	18,139	—	18,139
Segment Revenues Proportionate	32,748	122,686	8,937	164,371
Segment Adjusted EBITDA	16,540	80,839	5,696	103,075
Innergex's share of Adjusted EBITDA of joint ventures and associates	1,327	5,805	324	7,456
PTCs and Innergex's share of PTCs generated	—	18,139	—	18,139
Segment Adjusted EBITDA Proportionate	17,867	104,783	6,020	128,670

As at March 31, 2020	Hydroelectric	Wind	Solar	Segment totals ¹
Investments in joint ventures and associates	180,610	255,442	16,851	452,903
Acquisition of property, plant and equipment during the period	237	194	52,420	52,851

1. Segment totals include only operating projects.

Three months ended March 31, 2019				
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment revenues	28,038	94,826	3,555	126,419
Innergex's share of revenues of joint ventures and associates	5,284	9,033	492	14,809
PTCs and Innergex's share of PTCs generated	—	6,820	—	6,820
Segment Revenues Proportionate	33,322	110,679	4,047	148,048
Segment Adjusted EBITDA	17,278	84,968	3,317	105,563
Innergex's share of Adjusted EBITDA of joint ventures and associates	1,046	5,134	251	6,431
PTCs and Innergex's share of PTCs generated	—	6,820	—	6,820
Segment Adjusted EBITDA Proportionate	18,324	96,922	3,568	118,814

As at March 31, 2019	Hydroelectric	Wind	Solar	Segment totals ¹
Acquisition of property, plant and equipment during the period	1,677	23	173	1,873

1. Segment totals include only operating projects.

Segment Adjusted EBITDA is reconciled to the most comparable IFRS measure, namely, net earnings (loss) from continuing operations, in the following table:

	Three months ended March 31	
	2020	2019
Segment Adjusted EBITDA	103,075	105,563
Unallocated expenses:		
General and administrative	9,017	7,889
Prospective projects	3,639	4,431
Adjusted EBITDA	90,419	93,243
Other net (revenues) expenses	(23,497)	726
Share of loss of joint ventures and associates	20,054	6,890
Change in fair value of financial instruments	27,709	(5,312)
EBITDA	66,153	90,939
Finance costs	60,330	52,971
Depreciation and amortization	53,567	46,466
Income tax recovery	(813)	(4,078)
Net loss from continuing operations	(46,931)	(4,420)

Geographic segments

As at March 31, 2020, excluding its investments in joint ventures and associates which are accounted for as equity method, the Corporation had interests in the following operating assets: 29 hydroelectric facilities, six wind farms and one solar farm in Canada, 15 wind farms in France, and one hydroelectric facility, one wind farm and three solar farms in the United States. The Corporation operates in four principal geographical areas, which are detailed below:

	Three months ended March 31	
	2020	2019
Revenues		
Canada	83,875	96,131
France	36,390	29,461
United States	11,851	827
	132,116	126,419

As at	March 31, 2020	Dec. 31, 2019
Non-current assets, excluding derivatives financial instruments and deferred tax assets¹		
Canada	3,568,894	3,629,942
France	933,307	891,764
United States	1,468,530	1,293,983
Chile	154,510	142,268
	6,125,241	5,957,957

1. Includes the investments in joint ventures and associates

15. SUBSEQUENT EVENTS

Closing of the financing of the Hillcrest Solar Project

On May 7, 2020, the Corporation announced the closing of a US\$191,800 (\$270,898) construction financing, tax equity commitment, and a 7-year term loan facility for the Hillcrest solar project. The construction term loan amounting to US\$82,000 (\$115,817) and the tax equity bridge loan amounting to US\$109,800 (\$155,082), are both bearing interest at LIBOR +1.75% and are maturing in 2027. At commercial operation, a tax equity partner will provide the tax equity investment to be used to repay the tax equity bridge loan and the construction loan will be converted into a 7-year term loan bearing interest at LIBOR +2.25% for the first four years and at LIBOR +0.125% thereafter until maturity.

16. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior quarter's financial statements to enhance comparability with the current quarter's consolidated financial statements.

As a result, certain line items have been amended in the consolidated statements of cash flows and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current quarter's presentation.

SHAREHOLDER INFORMATION

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Credit Rating by Standard & Poor's

Innergex Renewable Energy Inc.	BBB-
Series A Preferred Shares	P-3
Series C Preferred Shares	P-3

Transfer Agent and Registrar

For information concerning share certificates, dividend payments, a change of address, or electronic delivery of shareholder documents, please contact:

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2001 Robert-Bourassa,
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Montreal QC H3A 2A6
Tel. 1 800 387.0825
416 682.3860
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Dividend Reinvestment Plan (DRIP)

Innergex Renewable Energy Inc. offers a Dividend Reinvestment Plan (DRIP) for its shareholders of common shares. This plan enables eligible holders of common shares to acquire additional common shares of the Corporation by reinvesting all or part of their cash dividends. For more information about the Corporation's DRIP, please visit our website at innergex.com or contact the DRIP administrator: AST Trust Company (Canada). Please note that if you wish to enrol in the DRIP but own your shares indirectly through a broker or financial institution, you must contact this intermediary and ask them to enrol in the DRIP on your behalf.

Common Shares - TSX: INE

Series A Preferred Shares - TSX: INE.PR.A

Series C Preferred Shares - TSX: INE.PR.C

Convertible Debentures - TSX: INE.DB.B

Convertible Debentures - TSX: INE.DB.C

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