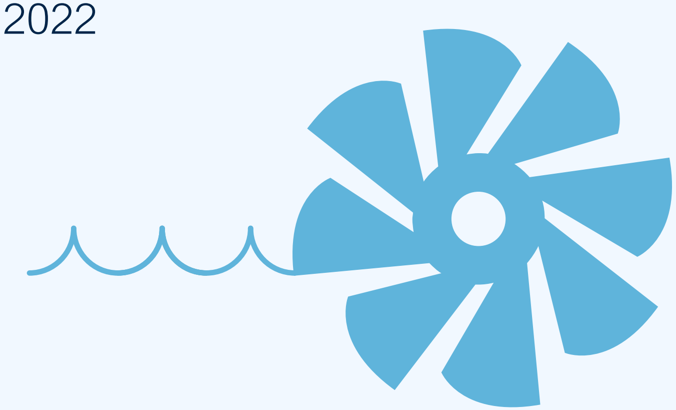
Renewable Energy.
Sustainable Development.

Second Quarter 2022

Conference Call & Webcast

August 4, 2022



FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this document contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including the Corporation's growth targets, 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 with Hydro-Québec), 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 document.

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 targeted production, the estimated targeted revenues, targeted Revenues Proportionate, targeted Adjusted EBITDA and targeted Adjusted EBITDA Proportionate, targeted Free Cash Flow, targeted Free Cash Flow per Share and intention to pay dividend quarterly, the estimated project size, costs and schedule, including obtainment 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, acquisitions and commissioned projects; project performance; availability of capital resources and timely performance by third parties of contractual obligations; favourable market conditions for share issuance to support growth financing; favourable economic and financial market conditions; the Corporation's success in developing and constructing new facilities; successful renewal of PPAs; sufficient human resources to deliver service and execute the capital plan; no significant event occurring outside the ordinary course of business such as a natural disaster, pandemic or other calamity; continued maintenance of information technology infrastructure and no material breach of cybersecurity. Please refer to Section 1 - Highlight of the Management's Discussion and Analysis for the three- and six-month period ended June 30, 2022 for details regarding the assumptions used with respect to the 2022 growth targets and to Section 5 - Outlook of the Annual Report for the 2020-2025 Strategic Plan outlook.

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: performance of major counterparties; equipment supply; delays and cost overruns in the design and construction of projects; health, safety and environmental risks; equipment failure or unexpected operations and maintenance activity; variability of installation performance and related penalties; increase in water rental cost or changes to regulations applicable to water use; availability and reliability of transmission systems; assessment of water, wind and solar resources and associated electricity production; global climate change; variability in hydrology, wind regimes and solar irradiation; preparedness to facing natural disasters and force majeure; pandemics, epidemics or other public health emergencies; cybersecurity; reliance on shared transmission and interconnection infrastructure; inability of the Corporation to execute its strategy for building shareholder value; inability to raise additional capital and the state of the capital market; inability to secure new PPAs or renew any PPA; reliance on various forms of PPAs; volatility of supply and demand in the energy market; fluctuations affecting prospective power prices; uncertainties surrounding development of new facilities; obtainment of permits; inability to realize the anticipated benefits of completed and future 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; regulatory and political risks; risks related to U.S. production and investment tax credits, changes in U.S. corporate tax rates and availability of tax equity financing; exposure to many different forms of taxation in various jurisdictions; social acceptance of renewable energy projects; relationships with stakeholders; inability to secure appropriate land; foreign market growth and development risks; liquidity risks related to derivative financial instruments; interest rate fluctuations and refinancing; financial leverage and restrictive covenants governing current and future indebtedness; changes in general economic conditions; foreign exchange fluctuations; possibility that the Corporation may not declare or pay a dividend; insufficiency of insurance coverage; ability to attract new talent or to retain officers or key employees; litigation; credit rating may not reflect actual performance of the Corporation or a lowering (downgrade) of the credit rating; revenues from certain facilities will vary based on the market (or spot) price of electricity; host country economic, social and political conditions; adverse claims to property title; reliance on intellectual property and confidential agreements to protect the Corporation's rights and confidential information; and reputational risks arising from misconduct of representatives of the Corporation.

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 the 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.

AGENDA

1. Q2 Financial Highlights
2. Q2 Financial Proportionate Highlights
3. Q2 Results
4. Updated 2022 Growth Targets
5. Subsequent Financial Events
6. Q2 Corporate Development
7. Construction Activities
8. Development Activities
9. Prospective Projects
10. Subsequent Event
11. Question Period

Appendix: Non-IFRS Measures

Note: All amounts in this presentation are in Canadian dollars, unless otherwise indicated.

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Jean Trudel, MBA

Chief Financial Officer

1. Q2 FINANCIAL HIGHLIGHTS

In millions of Canadian dollars	Three Months Ended June 30			Six Months Ended June 30		
CONSOLIDATED	**2022**	**2021**	**Change**	**2022**	**2021 Norm.**[2]	**Change**
Production (GWh)	2,855.9	2,396.0	19%	5,160.5	4,182.0	23%
Revenues	219.7	170.6	29%	408.5	305.3	34%
Operating, general, administrative and prospective projects expenses	66.9	47.9	40%	125.1	94.5	32%
Adjusted EBITDA[1]	152.9	122.7	25%	283.4	210.8	34%
Net (Loss) Earnings	(24.6)	50.2	(149%)	(59.5)	(103.5)	(42%)

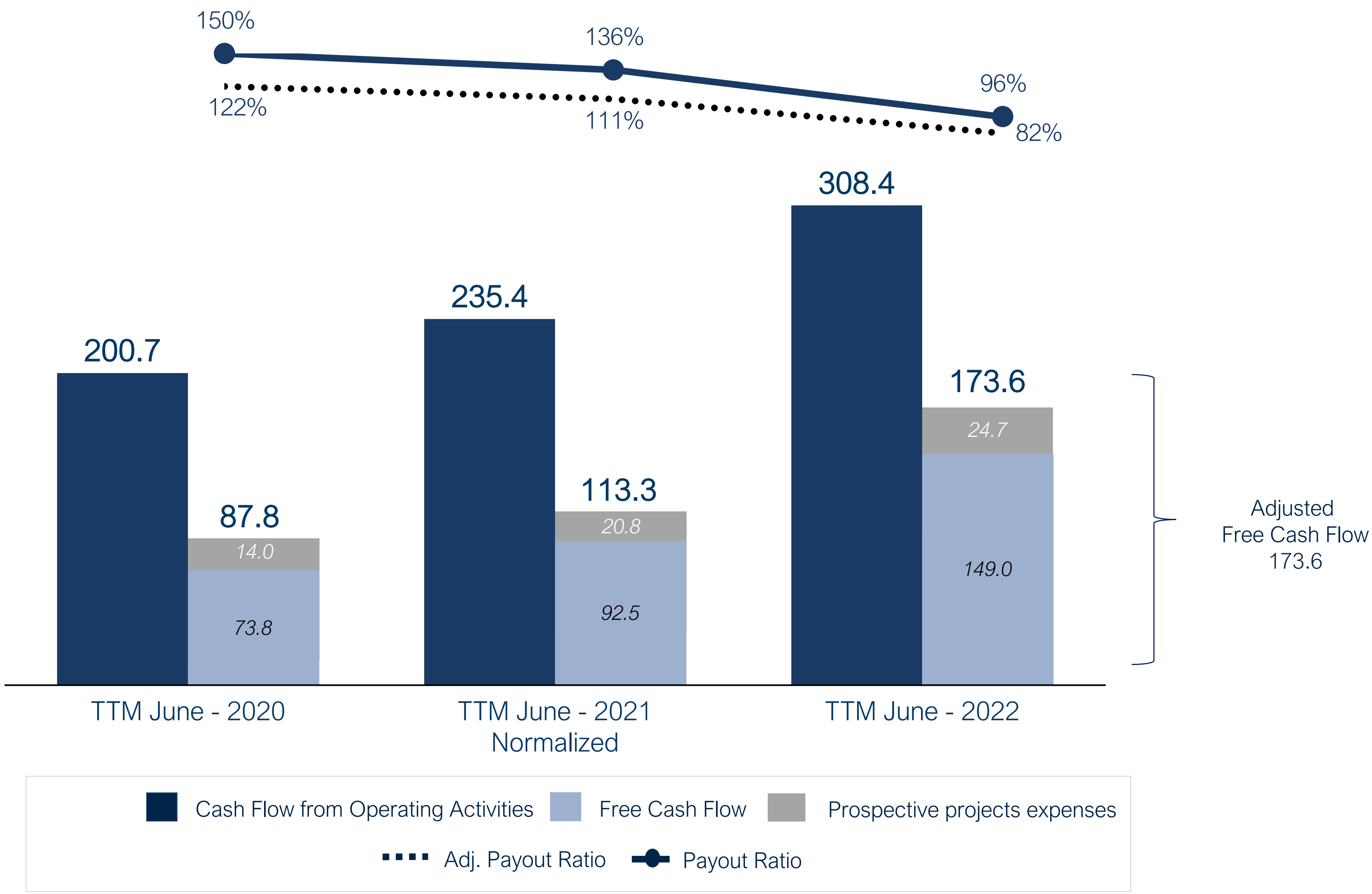
1. These measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section of this presentation for more information.
2. Normalized to exclude the impacts of the February 2021 Texas Events.

2. Q2 FINANCIAL PROPORTIONATE HIGHLIGHTS

In millions of Canadian dollars	Three Months Ended June 30			Six Months Ended June 30		
PROPORTIONATE	**2022**	**2021**	**Change**	**2022**	**2021 Norm.[2]**	**Change**
Production Proportionate[1] (GWh)	2,991.6	2,588.9	16%	5,349.6	4,638.5	15%
Revenues Proportionate[1]	251.5	198.4	27%	467.6	364.9	28%
Adjusted EBITDA Proportionate[1]	181.1	146.0	24%	336.0	259.6	29%

1. These measures 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 presentation for more information.
2. Normalized to exclude the impacts of the February 2021 Texas Events.

3. Q2 RESULTS | CASH FLOW FROM OPERATING ACTIVITIES, FREE CASH FLOW[1] & PAYOUT RATIO[1]



1. These measures 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 presentation for more information
2. Normalized to exclude the impacts of the February 2021 Texas Events.

4. UPDATED 2022 GROWTH TARGETS

In millions of Canadian dollars	2022 Targets	
CONSOLIDATED	**February 2022**	**August 2022**
Production (GWh) [1]	≈ +18%	≈ +22%
Revenues	≈ +16%	≈ +25%
Operating, general, administrative and prospective projects expenses	≈ +18%	≈ +27%
Adjusted EBITDA[1]	≈ +15%	≈ +25%
Adjusted EBITDA Proportionate[1]	≈ +14%	≈ +21%
Free Cash Flow per Share	0.73	0.75
Number of facilities in operations	82	84
Net installed capacity (MW)	3,156	3,484

1. These measures 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 presentation for more information.

5. SUBSEQUENT FINANCIAL EVENTS

Capital Structure

As part of Innergex's refinancing of the non-recourse debt of its Chilean facilities, the interest rate swaps, previously entered into to mitigate the risk of interest rate fluctuations during the negotiation process, were settled on July 25, 2022 in favour of Innergex, for US$ 41.2 million ($53.1 million).

Offtake Agreement

On July 25, 2022, Innergex sent a Notification of Early termination to Longueval's PPA offtaker in order to take advantage of current favorable energy pricing environment in France

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Michel Letellier, MBA

President and Chief Executive Officer

6. Q2 CORPORATE DEVELOPMENT

Acquisition of Aela wind farms (332 MW) - Chile

- On June 9, 2022, Innergex completed the previously announced acquisition of all of the ordinary shares of Aela for a cash consideration of US$324.3 million ($408.2 million), and the assumption of the existing non-recourse debt.
- 332 MW portfolio of three newly-built operating wind assets in Chile.
- Incorporates wind technology to Innergex's existing hydro and solar assets in Chile.
- Assets contracted under two long-term power purchase agreements with an average remaining tenor of 16 years.

Battery energy storage systems under development (85 MW/425 MWh) - Chile

- On May 10, 2022, Innergex announced that it has awarded Mitsubishi Power an order for two utility-scale battery energy storage systems.
- Projects colocated with solar energy and enabling peak shifting by storing excess solar energy during the day and dispatching at night.
- Details of the projects:
    - Salvador solar facility to add 50 MW/250 MWh (5 hours) of energy storage.
    - San Andrés solar facility to add 35 MW/175 MWh (5 hours) of energy storage.

7. CONSTRUCTION ACTIVITIES

Hale Kuawehi, 30 MW – 30 MW/120 MWh storage (4 hours) – Hawaii, U.S.

- Major construction suspended until there is more certainty around module pricing and the battery supplier design.
- Contractor is completing civil works (site grading, fencing and site access roads).
- PPA repricing discussions taking place in Q3 2022.
- Project schedule under revision.

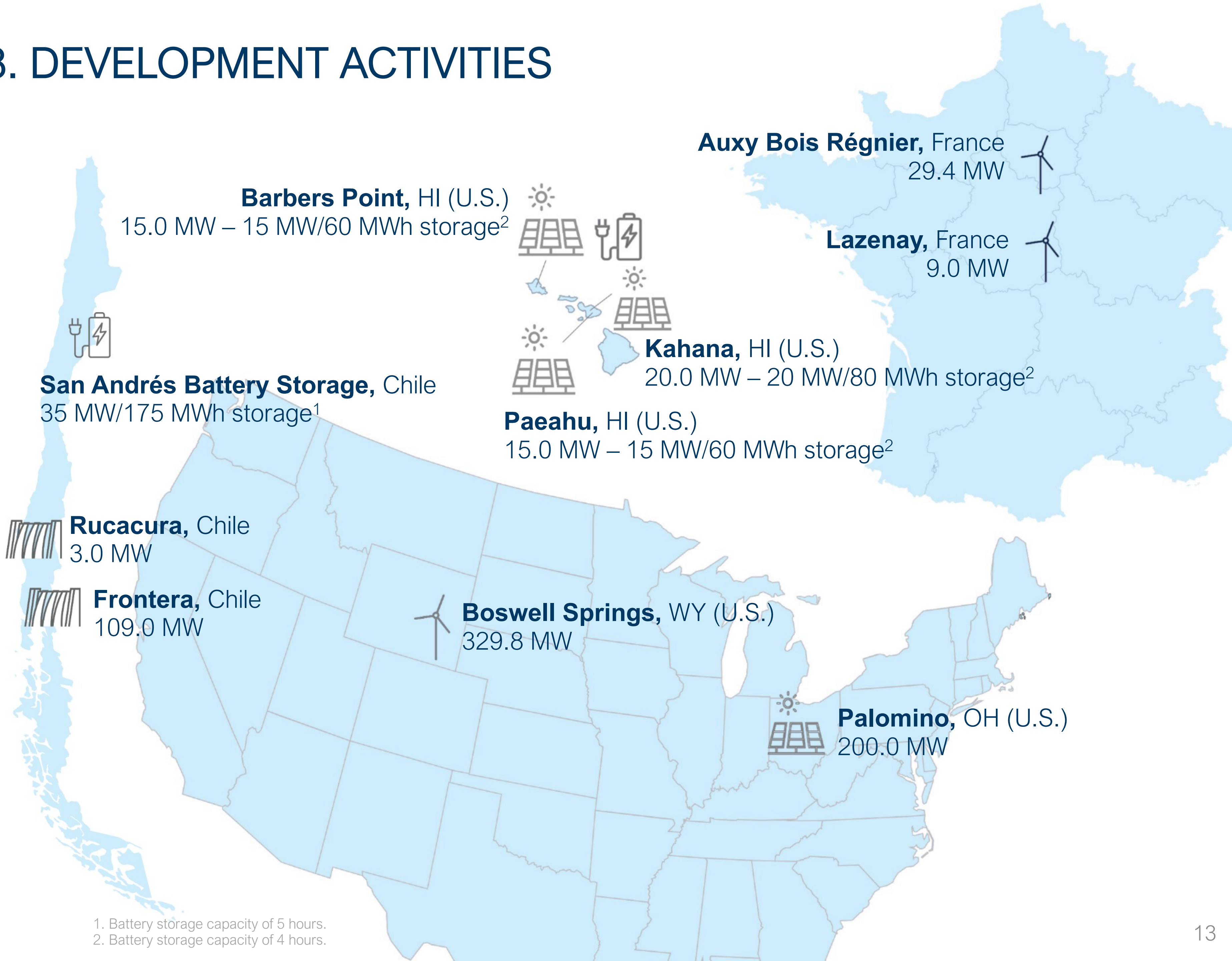
Innavik, 7.5 MW – Quebec, Canada

- Derivation structure concreting scheduled to be completed in Q3 2022.
- Powerhouse superstructure and envelope completed and turbines/generators installation scheduled to start in Q3 2022.
- Footing of dam sheet piles started.
- Spillway concrete work scheduled to be completed in Q4 2022.
- Transmission line structures installed and hardware and cable installation should be completed in Q4 2022.
- Conversion of the OMHK residences is progressing as per schedule. Conversion of the other residences will start in 2023.

Salvador Battery Storage 50 MW/250 MWh storage (5 hours) – Chile

- Mobilization and site preparation started on June 9, 2022.
- Switchgear procurement underway.
- COD expected in Q2 2023.

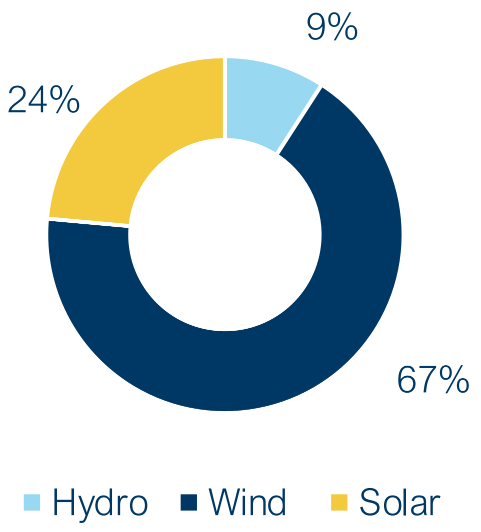
8. DEVELOPMENT ACTIVITIES



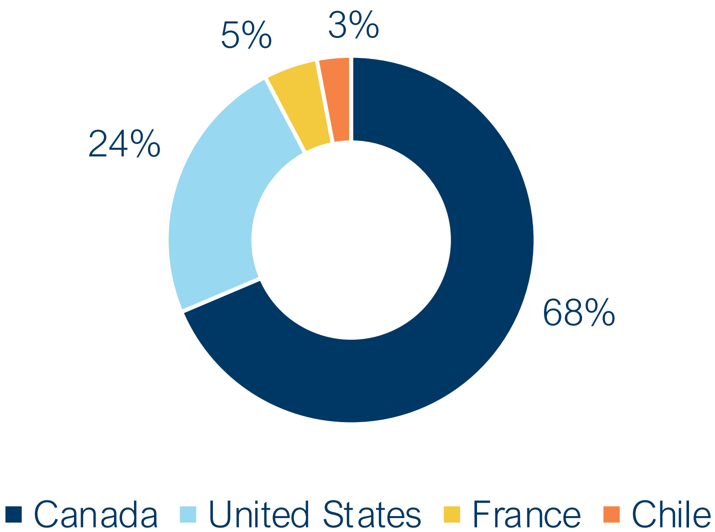
1. Battery storage capacity of 5 hours.
2. Battery storage capacity of 4 hours.

9. PROSPECTIVE PROJECTS

Prospective projects by energy



Prospective projects by region



	Stage of project development (in MW)[1]			Total
	Advanced Stage	Mid Stage	Early Stage	
Hydro	154	-	529	**683**
Wind	149	2,872	2,021	**5,042**
Solar	605	150	1,010	**1,765**
Green Hydrogen	-	-	5[2]	**5**
Total	**908**	**3,022**	**3,565**	**7,495**
Changes from Q1 2022	**+400**	**+369**	**+47**	**+816**

1. Only Gross Installed Capacity is disclosed for Prospective Projects as the net capacity is not yet defined at this stage.
2. In this table, the electrolyser was attributed to the United States until additional progress is achieved. The production is estimated at 800,000 kg per year, which corresponds to approximately 5 MW based on current assumptions.

10. SUBSEQUENT EVENT

Full commissioning of Tonnerre battery energy storage system (9 MW / 9MWh) - France

- Full commissioning announced on July 22, 2022.
- Located in the vicinity of Innergex's Yonne and Yonne II wind farms in France.
- Provide grid stability and help balance and secure the French power transmission system.
- Revenues will stem from:
  - 7-year Contract for Difference offering a fixed-price contract for capacity certificate with the Réseau de Transport d'Électricité (RTE).
  - Prevailing energy pricing, currently on the rise in France.

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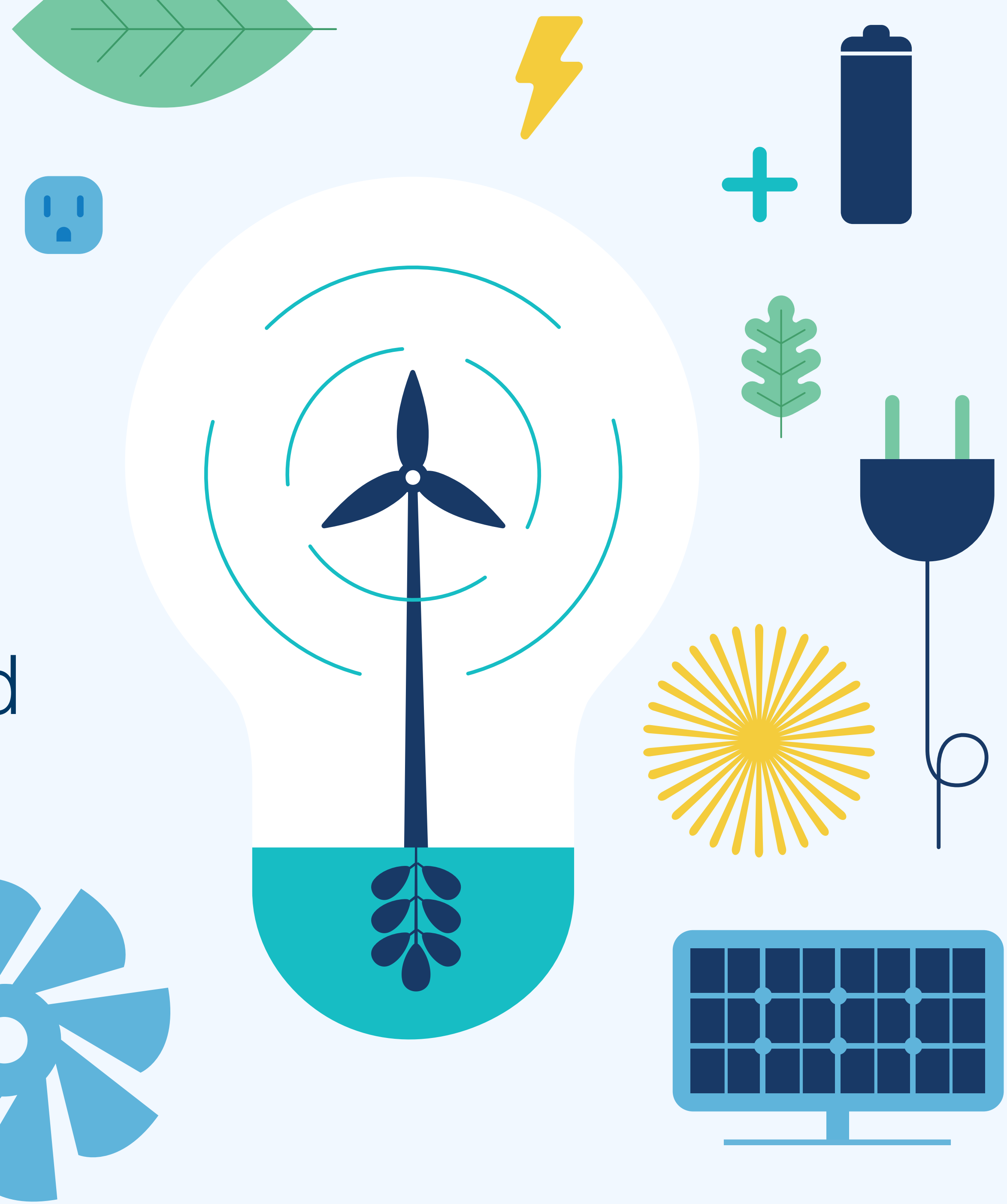
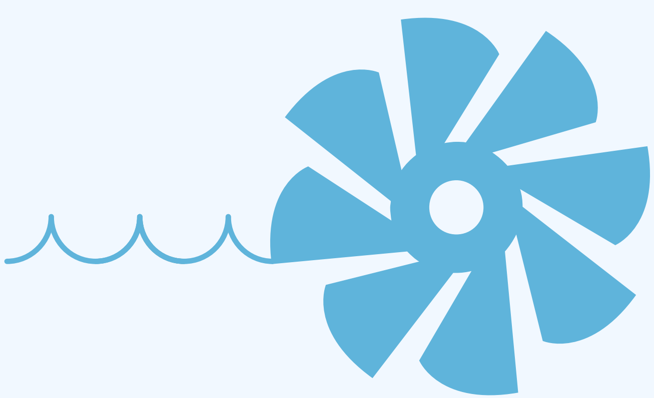


Question period



NON-IFRS MEASURES

This document has been prepared in accordance with IFRS. However, some measures referred to in this document 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 Innergex's production and cash generation capabilities, its ability to sustain current dividends and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Revenues Proportionate, Adjusted EBITDA, Adjusted EBITDA Proportionate, Adjusted Net Loss, 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, Adjusted EBITDA and corresponding Proportionate measures

References in this document to "Revenues Proportionate" are to Revenues, plus Innergex's share of Revenues of the joint ventures and associates, other income related to PTCs, and Innergex's share of the operating joint ventures' and associates' other income related to PTCs.

References in this document to “Adjusted EBITDA” are to net earnings (loss), to which are added (deducted) income tax expense (recovery), finance costs, depreciation and amortization, impairment charges, other net income, share of (earnings) loss of joint ventures and associates, and change in fair value of financial instruments. References in this document to "Adjusted EBITDA Proportionate" are to Adjusted EBITDA, plus Innergex's share of Adjusted EBITDA of the joint ventures and associates, other income related to PTCs, and Innergex's share of other income related to PTCs of the joint ventures and associates.

Innergex believes that the presentation of these measures enhances the understanding of the Corporation's operating performance. Adjusted EBITDA is used by investors to evaluate the operating performance and cash generating operations, and to derive financial forecasts and valuations. Revenues Proportionate and Adjusted EBITDA Proportionate measures are used by investors to evaluate the contribution of the joint-ventures and associates to the Corporation’s operating performance and cash generating operations, and the contribution of such for financial forecasts and valuations purposes. In addition, Revenues Proportionate and Adjusted EBITDA Proportionate measures help investors seize the relative importance of PTCs generated by the operations, and evaluate their contribution to the Corporation’s operating performance, as PTCs form an important part of certain wind projects’ economics in the United States. Readers are cautioned that Revenues Proportionate, should not be construed as an alternative to Revenues, as determined in accordance with IFRS. Readers are also cautioned that Adjusted EBITDA and Adjusted EBITDA Proportionate should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to the "Financial Performance and Operating Results" section for more information.

NON-IFRS MEASURES

Below is a reconciliation of the non-IFRS measures to their closest IFRS measures:

	Three months ended June 30, 2022				Three months ended June 30, 2021			
	Consolidation	Share of joint ventures	PTCs	Proportionate	Consolidation	Share of joint ventures	PTCs	Proportionate
Revenues	219,746	12,944	18,767	251,457	170,605	18,302	9,493	198,400
Net loss (earnings)	(24,590)	—	—	(24,590)	50,199	—	—	50,199
Income tax expense (recovery)	1,354	—	—	1,354	(43,856)	(804)	—	(44,660)
Finance costs	77,159	4,476	—	81,635	58,719	5,210	—	63,929
Depreciation and amortization	79,113	4,222	—	83,335	59,169	5,610	—	64,779
Impairment of long-term assets	—	—	—	—	6,314	—	—	6,314
EBITDA	133,036	8,698	—	141,734	130,545	10,016	—	140,561
Other net income (expense), before PTCs	(216)	(14)	—	(230)	168	2	—	170
Production tax credits ("PTCs")	(18,767)	—	18,767	—	(9,493)	—	9,493	—
Share of losses of joint ventures and associates	(1,222)	1,222	—	—	(2,993)	2,993	—	—
Change in fair value of financial instruments	40,041	(466)	—	39,575	4,458	773	—	5,231
Adjusted EBITDA	152,872	9,440	18,767	181,079	122,685	13,784	9,493	145,962

NON-IFRS MEASURES

	Six months ended June 30, 2022				Six months ended June 30, 2021			
	Consolidation	Share of joint ventures	PTCs	Proportionate	Consolidation	Share of joint ventures	PTCs	Proportionate
Revenues	408,469	21,288	37,814	467,571	360,256	72,963	26,916	460,135
Net loss	(59,520)	—	—	(59,520)	(167,673)	—	—	(167,673)
Income tax recovery	(2,416)	—	—	(2,416)	(85,139)	(31)	—	(85,170)
Finance costs	143,560	8,900	—	152,460	118,319	14,305	—	132,624
Depreciation and amortization	159,344	8,418	—	167,762	118,054	14,565	—	132,619
Impairment of long-term assets	—	—	—	—	6,314	112,609	—	118,923
EBITDA	240,968	17,318	—	258,286	(10,125)	141,448	—	131,323
Other net income, before PTCs	(1,298)	(189)	—	(1,487)	(347)	1,870	—	1,523
Production tax credits ("PTCs")	(37,814)	—	37,814	—	(20,882)	(6,034)	26,916	—
Share of losses of joint ventures and associates	986	(986)	—	—	204,991	(204,991)	—	—
Change in fair value of financial instruments	80,556	(1,366)	—	79,190	92,167	129,840	—	222,007
Adjusted EBITDA	283,398	14,777	37,814	335,989	265,804	62,133	26,916	354,853

NON-IFRS MEASURES

Adjusted Net (Loss) Earnings

References to "Adjusted Net (Loss) Earnings" are to net earnings or losses of the Corporation, to which the following elements are added (subtracted): unrealized portion of the change in fair value of derivative financial instruments; realized portion of the Phoebe basis hedge, realized loss on the termination of interest rate swaps, realized gain on foreign exchange forward contracts, impairment charges, items that are outside of the normal course of the Corporation's cash generating operations such as the February 2021 Texas Events, the net income tax expense (recovery) related to these items, and the share of loss (earnings) of joint ventures and associates related to the above items, net of related income tax.

The Adjusted Net (Loss) Earnings seeks to provide a measure that eliminates the earnings impacts of certain derivative financial instruments and other items that are outside of the normal course of the Corporation's cash generating operations, which do not represent the Corporation's operating performance. Innergex uses derivative financial instruments to hedge its exposure to various risks. Accounting for derivatives requires that all derivatives are marked-to-market. When hedge accounting is not applied, changes in the fair value of the derivatives is recognized directly in net earnings (loss). Such unrealized changes have no immediate cash effect, may or may not reverse by the time the actual settlements occur and do not reflect the Corporation's business model toward derivatives, which are held for their long-term cash flows, over the whole life of a project. In addition, the Corporation uses foreign exchange forward contracts to hedge its net investment in its French subsidiaries. Management therefore believes realized gains (losses) on such contracts does not reflect the operations of Innergex.

Innergex believes that the presentation of this measure enhances the understanding of the Corporation's operating performance. Adjusted Net Loss is used by investors to evaluate and compare Innergex's profitability before the impacts of unrealized portion of the change in fair value of derivative financial instruments and other items that are outside of the normal course of the Corporation's cash generating operations. Readers are cautioned that Adjusted Net (Loss) Earnings 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) Earnings.

Below is a reconciliation of Adjusted Net (Loss) Earnings to its closest IFRS measure:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net (loss) earnings	(24,590)	50,199	(59,520)	(167,673)
Add (Subtract):				
February 2021 Texas Events:				
Revenues	—		—	(54,967)
Power hedge	—		—	70,756
Share of loss of Flat Top and Shannon	—		—	64,197
Share of impairment of Flat Top and Shannon	—		—	112,609
Share of unrealized portion of the change in fair value of financial instruments of joint ventures and associates, net of related income tax	(345)	344	(1,005)	20,781
Unrealized portion of the change in fair value of financial instruments	27,712	2,158	68,497	18,681
Impairment of long-term assets	—	6,314	—	6,314
Realized loss on termination of interest rate swaps	—	—	—	2,885
Realized gain on the Phoebe basis hedge	—	(1,445)	—	(246)
Realized gain on foreign exchange forward contracts	—	(433)	(487)	(748)
Income tax recovery related to above items	(4,323)	(38,479)	(11,367)	(81,471)
Adjusted Net (Loss) Earnings	(1,546)	18,658	(3,882)	(8,882)

NON-IFRS MEASURES

Below is a reconciliation of Adjusted Net (Loss) Earnings adjustments to each line item of the consolidated statements of earnings:

	Three months ended June 30						Six months ended June 30					
	2022			2021			2022			2021		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS
Revenues	219,746	—	219,746	170,605	—	170,605	408,469	—	408,469	360,256	(54,967)	305,289
Operating expenses	50,546	—	50,546	30,163	—	30,163	90,584	—	90,584	61,156	—	61,156
General and administrative expenses	10,540	—	10,540	11,023	—	11,023	24,679	—	24,679	20,773	—	20,773
Prospective projects expenses	5,788	—	5,788	6,734	—	6,734	9,808	—	9,808	12,523	—	12,523
Adjusted EBITDA	152,872	—	152,872	122,685	—	122,685	283,398	—	283,398	265,804	(54,967)	210,837
Finance costs	77,159	—	77,159	58,719	—	58,719	143,560	—	143,560	118,319	—	118,319
Other net income	(18,983)	—	(18,983)	(9,325)	433	(8,892)	(39,112)	487	(38,625)	(21,229)	748	(20,481)
Depreciation and amortization	79,113	—	79,113	59,169	—	59,169	159,344	—	159,344	118,054	—	118,054
Impairment of long-term assets	—	—	—	6,314	(6,314)	—	—	—	—	6,314	(6,314)	—
Share of (earnings) losses of joint ventures and associates	(1,222)	469	(753)	(2,993)	(472)	(3,465)	986	1,367	2,353	204,991	(203,072)	1,919
Change in fair value of financial instruments	40,041	(27,712)	12,329	4,458	(713)	3,745	80,556	(68,497)	12,059	92,167	(92,076)	91
Income tax (recovery) expense	1,354	4,199	5,553	(43,856)	38,607	(5,249)	(2,416)	11,005	8,589	(85,139)	86,956	1,817
Net (loss) earnings	(24,590)	23,044	(1,546)	50,199	(31,541)	18,658	(59,520)	55,638	(3,882)	(167,673)	158,791	(8,882)

NON-IFRS MEASURES

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, the portion of Free Cash Flow attributed to non-controlling interests, and preferred share dividends declared, plus or minus other elements that are not representative of the Corporation's long-term cash-generating capacity, such as gains and losses on the Phoebe basis hedge due to their limited occurrence, realized gains and losses on contingent considerations related to past business acquisitions, transaction costs related to realized acquisitions, realized losses or gains on refinancing of certain borrowings or derivative financial instruments used to hedge the interest rate on certain borrowings or the exchange rate on equipment purchases, and tax payments related to fiscal strategies for the purpose of improving the long-term cash generating capacity of Innergex.

The Payout Ratio is a measure of the Corporation's ability to sustain current dividends as well as its ability to fund its growth from its cash generating operations, in the normal course of business. 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.

Innergex believes that the presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and its ability to fund its growth. Free Cash Flow is used by investors in this regard. 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. Adjusted Free Cash Flow is used by investors to evaluate the Corporation's cash generation capabilities and its ability to sustain current dividends, before the impacts of the Corporation's decision to invest yearly in its growth through investing in the development of its Prospective Projects.

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 as well as its ability to fund its growth. Payout Ratio is used by investors in this regard.

References to "Adjusted Payout Ratio" are to dividends declared on common shares divided by Adjusted Free Cash Flow. Adjusted Payout Ratio is used by investors to evaluate the Corporation's ability to sustain current dividends, before the impacts of the Corporation's decision to invest yearly in its growth through investing in the development of its Prospective Projects.

NON-IFRS MEASURES

Free Cash Flow and Payout Ratio calculation[1]	Trailing twelve months ended June 30			
	2022	2021	February 2021 Texas Events (9 days)[4]	2021[4] Normalized
Cash flows from operating activities[4]	308,384	252,213	(16,801)	235,412
Add (Subtract) the following items:				
Changes in non-cash operating working capital items	45,659	596	33,894	34,490
Maintenance capital expenditures, net of proceeds from disposals	(9,095)	(4,921)	—	(4,921)
Scheduled debt principal payments	(161,411)	(155,540)	—	(155,540)
Free Cash Flow attributed to non-controlling interests[1]	(35,900)	(18,506)	—	(18,506)
Dividends declared on Preferred shares	(5,632)	(5,787)	—	(5,787)
Add (subtract) the following non-recurring elements[2]:				
Realized loss on contingent considerations	—	3,568	—	3,568
Realized (gain) loss on termination of interest rate swaps	(377)	2,885	—	2,885
Transaction costs related to realized acquisitions	9,660	1,696	—	1,696
Realized (gain) loss on the Phoebe basis hedge	(2,300)	498	(1,304)	(806)
Free Cash Flow[3]	148,988	76,702	15,789	92,491
Dividends declared on common shares	142,824	125,711	—	125,711
Payout Ratio[3]	96%	164%	(28)%	136%
Adjust for the following items:				
Prospective projects expenses	24,652			20,830
Adjusted Free Cash Flow	173,640			113,321
Adjusted Payout Ratio	82%			111%

1. 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.
2. These items are excluded from the Free Cash Flow and Payout Ratio calculations as they are deemed not representative of the Corporation's long-term cash-generating capacity, and include items such as gains and losses on the Phoebe basis hedge due to their limited occurrence (maturity attained on December 31, 2021), realized gains and losses on contingent considerations related to past business acquisitions, transaction costs related to realized acquisitions, realized losses or gains on refinancing of certain borrowings or derivative financial instruments used to hedge the interest rate on certain borrowings or the exchange rate on equipment purchases, and tax payments related to fiscal strategies for the purpose of improving the long-term cash generating capacity of Innergex.
3. For the trailing twelve months ended June 30, 2021, the Free Cash Flow and Payout Ratio are normalized to exclude the impacts of the February 2021 Texas Events. Normalized measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three- and six-month periods ended June 30, 2022 for more information.
4. Cash flows from operating activities for the trailing twelve months ended June 30, 2022 include the one-time BC Hydro Curtailment Payment received during the first quarter of 2022.