Second Quarter 2023

Conference Call & Webcast

August 9, 2023

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 and Production Tax Credits, targeted Revenues and Production Tax Credits 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.

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 a dividend or may reduce the amount of the 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 this document, 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.

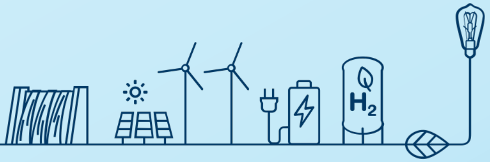
Agenda

1. Michel Letellier, President and CEO – Corporate Development and Growth Opportunities
2. Jean Trudel, CFO – Executing on New Initiatives and Financial Overview
3. Michel Letellier, President and CEO – Key Focus
4. Q&A
5. Appendix: Operating and Development facilities and Non-IFRS Measures

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

Michel Letellier, MBA

President and Chief Executive Officer

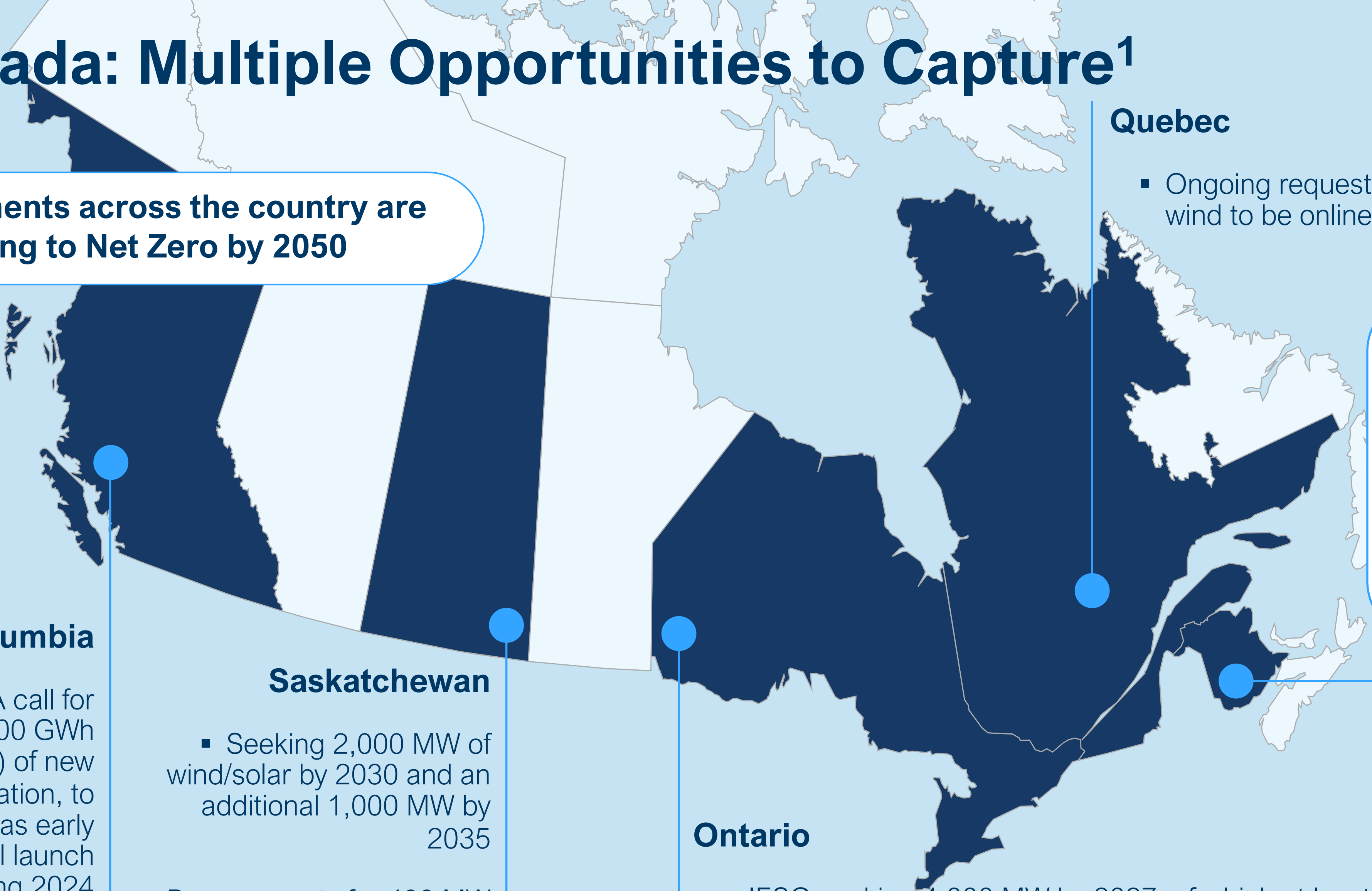


Ongoing Development and Construction Activities

Project	MW	Type	Location	Updates	COD
Innavik	7.5	Run of river hydro	QC (Canada)	Construction almost completed	2023
Salvador Battery Storage	50 MW/250 MWh storage[1]	Battery Energy Storage	Chile	Commissioning in process	2023
San Andrés Battery Storage	35 MW/175 MWh storage[1]	Battery Energy Storage	Chile	Installation started	2023
Boswell Springs	329.8	Wind	WY (U.S.)	Start of the concrete foundations work and generation-tie line 40% completed	2024
Hale Kuawehi	30.0 MW 30 MW/120 MWh storage[2]	Solar and battery storage	HI (U.S.)	56% PPA price increase approved by the PUC[3]	2024
Mesgi'g Ugju's'n 2	102.2	Wind	QC (Canada)	Long-term PPA with Hydro-Québec signed	2026
Auxy Bois Régnier	29.4	Wind	France	PPA replaced at more favorable pricing conditions	2025

1. Battery storage capacity of 5 hours.
2. Battery storage capacity of 4 hours.
3. Public Utility Commission

Canada: Multiple Opportunities to Capture[1]



Governments across the country are committing to Net Zero by 2050

British Columbia

- A call for 3,000 GWh (~980 MW) of new clean generation, to be online as early as 2028, will launch in Spring 2024
- Subsequent calls expected as the transition to clean energy accelerates

Saskatchewan

- Seeking 2,000 MW of wind/solar by 2030 and an additional 1,000 MW by 2035
- Procurements for 400 MW wind and 200 MW solar underway
- Program for corporate offtake under development

Ontario

- IESO seeking 4,000 MW by 2027, of which at least 1,500 MW must be from storage
- A 2nd round of long-term procurements expected to launch in 2023 for an additional 1,500 MW by 2030
- Considering program for corporate offtake

Quebec

- Ongoing request for proposals for 1,500 MW wind to be online between 2027-2029

Federal Government

Clean Electricity Investment Tax Credits and Clean Hydrogen Investment Tax Credits expected to support the clean energy transition across the country

New Brunswick

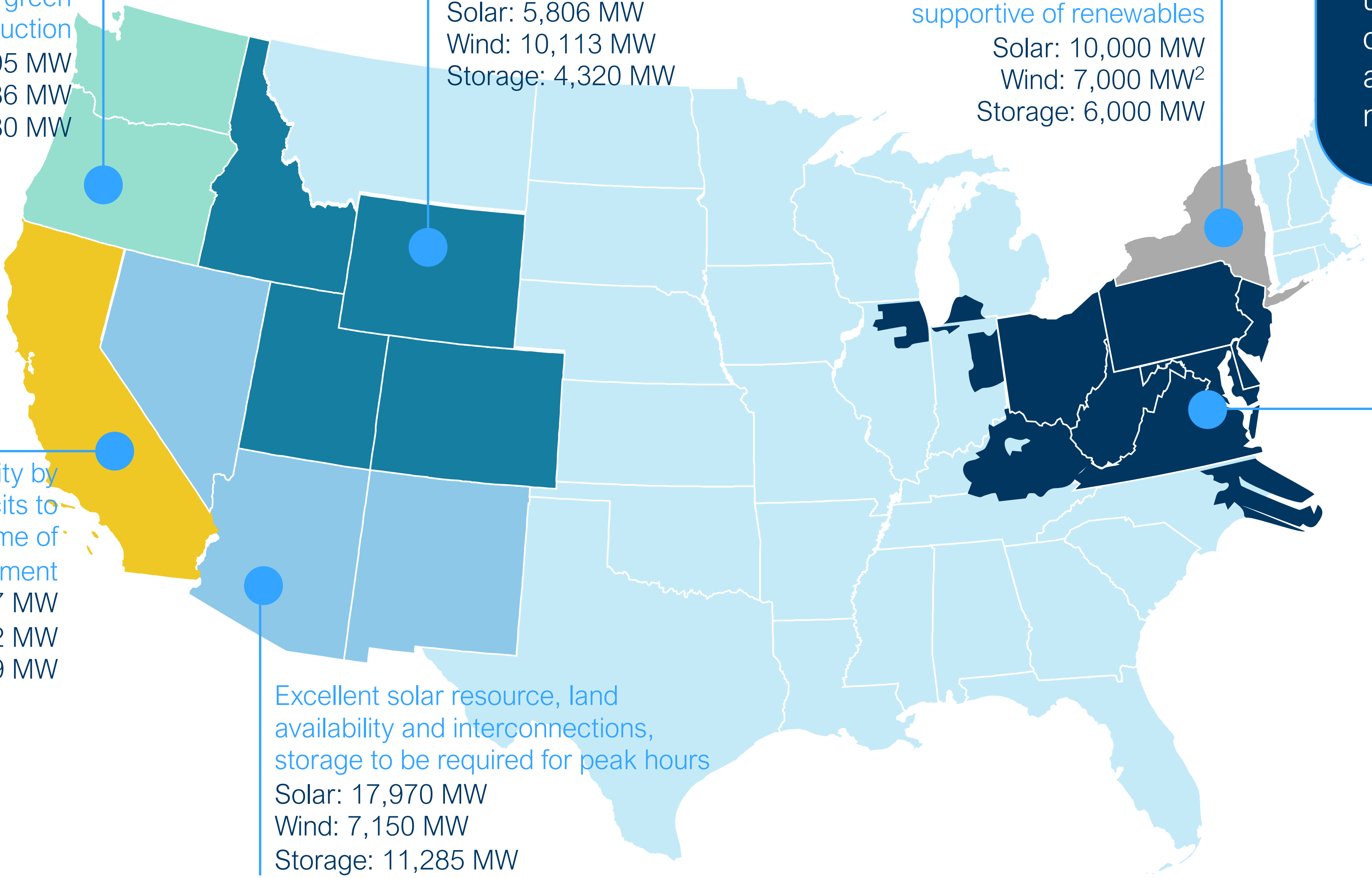
- Request for Expressions of Interest for up to 220 MW of renewables and 50 MW of storage with projects to be online by mid-2027

1 Based on Innergex's current understanding of announced opportunities and climate plans

USA: Numerous Opportunities in Large Markets

Inflation Reduction Act

US$370 billion investment[1] in clean energy and solutions under the IRA to provide a degree of long-term stability and predictability to the sector never seen before



Clean fuel standards and GHG reduction goals to drive additional renewable procurement and green hydrogen production
Solar: 3,195 MW
Wind: 6,486 MW
Storage: 2,080 MW

Strong climate and renewable energy goals and positive business environment in certain regions
Solar: 5,806 MW
Wind: 10,113 MW
Storage: 4,320 MW

Large demand, nation-leading climate agenda and government supportive of renewables
Solar: 10,000 MW
Wind: 7,000 MW[2]
Storage: 6,000 MW

Goal of carbon neutrality by 2045. Capacity deficits to spur a high volume of storage procurement
Solar: 21,367 MW
Wind: 8,692 MW
Storage: 13,529 MW

Excellent solar resource, land availability and interconnections, storage to be required for peak hours
Solar: 17,970 MW
Wind: 7,150 MW
Storage: 11,285 MW

The largest competitive wholesale electric market in the US will need to decarbonize by replacing a significant amount of coal and gas plants
Solar: 25,491 MW
Wind: 6,184 MW
Storage: 7,953 MW

Solar includes an option to couple with battery energy storage
1 https://www.whitehouse.gov/wp-content/uploads/2022/12/Inflation-Reduction-Act-Guidebook.pdf
2 Includes offshore wind

France and Chile: Attractive Regions

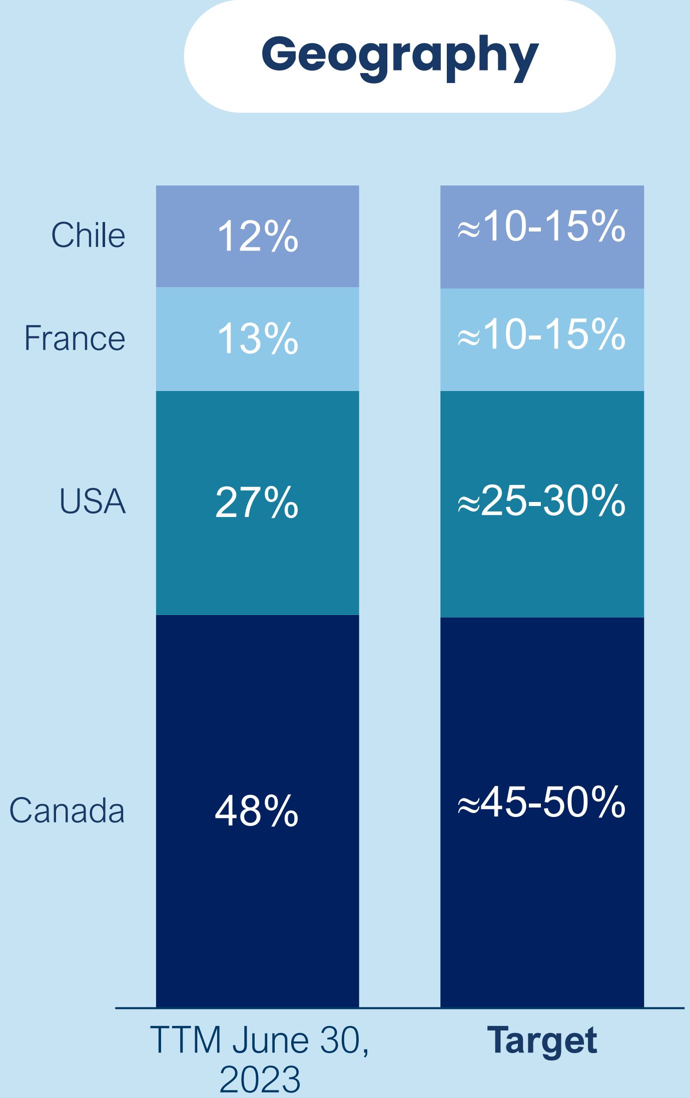
France

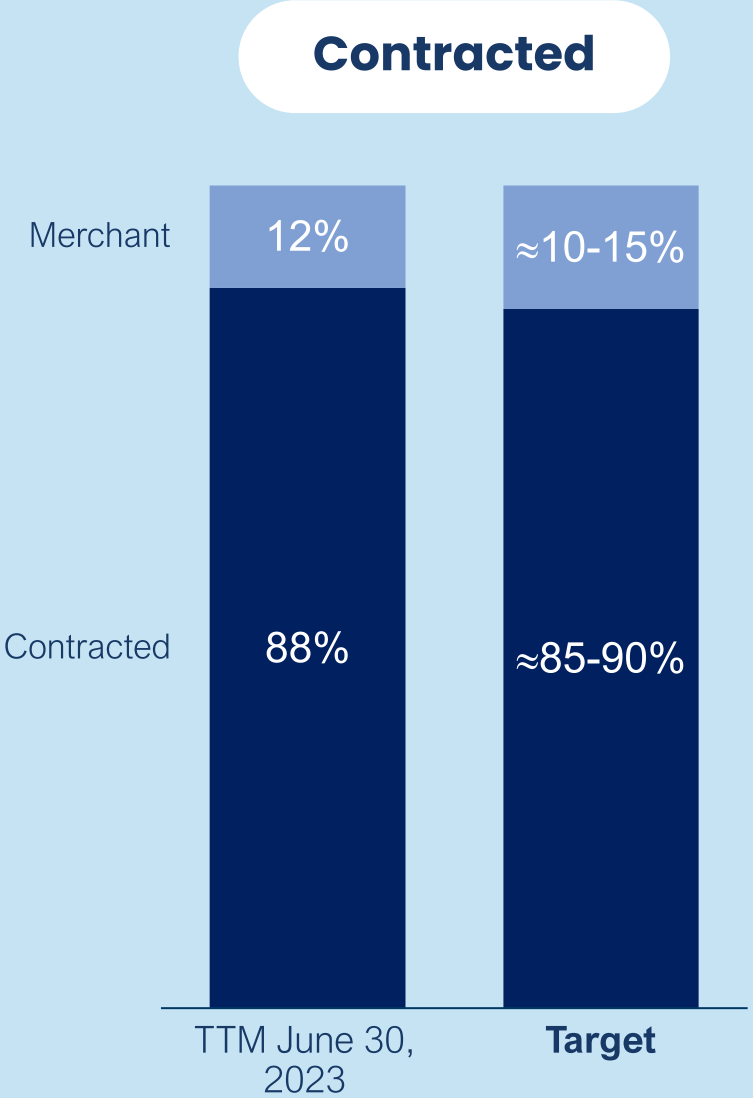
- Strong commitment to energy transition from the French administration and massive renewable energy roll-out to tackle the phase out of aging nuclear and fossil-fired power fleet
- Clear potential for onshore wind and especially solar PV, at the core of the government's agenda
- Electrification of industrial and domestic end-uses critical to achieving decarbonisation targets
- Highly structured power sector with attractive long-term offtake regime (up to 20 years partially indexed to mitigate inflation risk)

Chile

- New RFP process of 5,400 GWh/year with Distribution Companies ("DisCos"), for 20 years, with zone blocks and a premium for storage and hydro with hourly regulation, expected to show higher prices
- Long-term corporate PPA opportunities with several offtakers (10-15 years)
- New Government Storage RFP for 2,000 MW for 15 years starting in 2026
- New local carbon credits offset market

Our Diversification Target (in Revenues)





Measured as a % of total Consolidated Revenues and Production Tax Credits of the trailing twelve months ended June 30, 2023. This measure is not a recognized measure under IFRS and therefore may not be comparable to that presented by other issuers. Please refer to the ''Non-IFRS Measures'' section of the Management's Discussion and Analysis for the three-month period ended June 30, 2023 for more information.

Jean Trudel, MBA

Chief Financial Officer

Q2 Financial Highlights

In millions of Canadian dollars	Three Months Ended June 30			Six Months Ended June 30		
CONSOLIDATED	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Production (GWh)	2,951.1	2,855.9	3%	5,263.7	5,160.5	2%
Revenues and Production Tax Credits	269.5	238.5	13%	487.9	446.3	9%
Operating, general, administrative, and prospective project expenses	79.3	66.9	19%	154.7	125.1	24%
Adjusted EBITDA[1]	187.0	159.3	17%	332.1	309.1	7%
Net Earnings (Loss)	24.8	(24.6)	201%	11.8	(59.5)	120%
PROPORTIONATE						
Production Proportionate[1] (GWh)	3,123.9	2,991.5	4%	5,483.9	5,349.6	3%
Revenues and Production Tax Credits Proportionate[1]	285.1	251.5	13%	509.6	467.6	9%
Adjusted EBITDA Proportionate[1]	199.2	168.8	18%	347.6	323.9	7%

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.

Estimated Normalized Results

In millions of Canadian dollars	Three-Month Period Ended June 30, 2023 As reported	Variation	Normalized[2] (Estimated)
Revenues and Production Tax Credits	269.5	20	289
Adjusted EBITDA[1]	187.0	20	207
Adjusted EBITDA Proportionate[1]	199.1	20	219

In millions of Canadian dollars	Trailing Twelve Months Ended June 30, 2023 As reported	Variation	Normalized[2] (Estimated)
Free Cash Flow[1]	115.3	68 to 82	183 to 197
Payout Ratio[1]	127%	-47% to -52%	75% to 80%

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. The Normalized Revenues and Production Tax Credits, Normalized Adjusted EBITDA, Normalized Free Cash Flow and Normalized Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Reference to Normalized Revenues and Production Tax Credits, Adjusted EBITDA, Free Cash Flow and Payout Ratio are to the reported measures, adjusted for a production of 100% LTA in all jurisdictions, excluding Chile. The full periods are normalized to the trailing 12 months.

Executing on Funding Initiatives to Increase Liquidity

Financing of the 330 MW Boswell Springs[1] Wind Project

- Closing of a $704 million construction financing and a $65 million letter of credit
- Eligibility for the 10% Domestic Content PTC Bonus is currently being evaluated
- Tax equity investment process is well advanced and expected to close during Q3 2023

Completed

Long-term partnership agreement in France

- Crédit Agricole Assurances to take a 30% minority interest in Innergex's portfolio of operating and development projects in France
- Proceeds to immediately reduce corporate leverage
- Proceeds: $188 million

Announced on August 7, 2023

Hydro Portfolio non-recourse project financing

- Innergex advancing financing of 3 unlevered Canadian hydro assets
- Protect our Fitch Investment Grade rating BBB- for the upcoming years
- Targeted proceeds: $170 million
- Additional hydro facilities financing to come

In Progress

[1] Potential eligibility for up to 120% of Production Tax Credits, which includes a 10% Energy Community PTC Bonus and a 10% Domestic Content PTC Bonus. Eligible to the Energy Community Tax Credit PTC Bonus.

Capital Allocation

Sources of Capital

- **Cash flow from operations**
- **RCF[1] available funds ~$500 million**
- **Non-Recourse Project Debt**
- **Tax Equity Partners**

Uses of Capital

- Funding Capex for 800 MW of existing:
  - projects under construction, 453 MW
  - projects under development, 241 MW
  - prospective projects, 106 MW
- Funding $35-40 million of annual prospective investments
- Annual scheduled principal and interest debt repayments
- $0.72 per share annual dividend to shareholders

Funding sources identified for the next 3 years

1 Revolving Credit Facilities available funds include the closing of the 3rd initiative

Michel Letellier, MBA

President and Chief Executive Officer

Key Focus

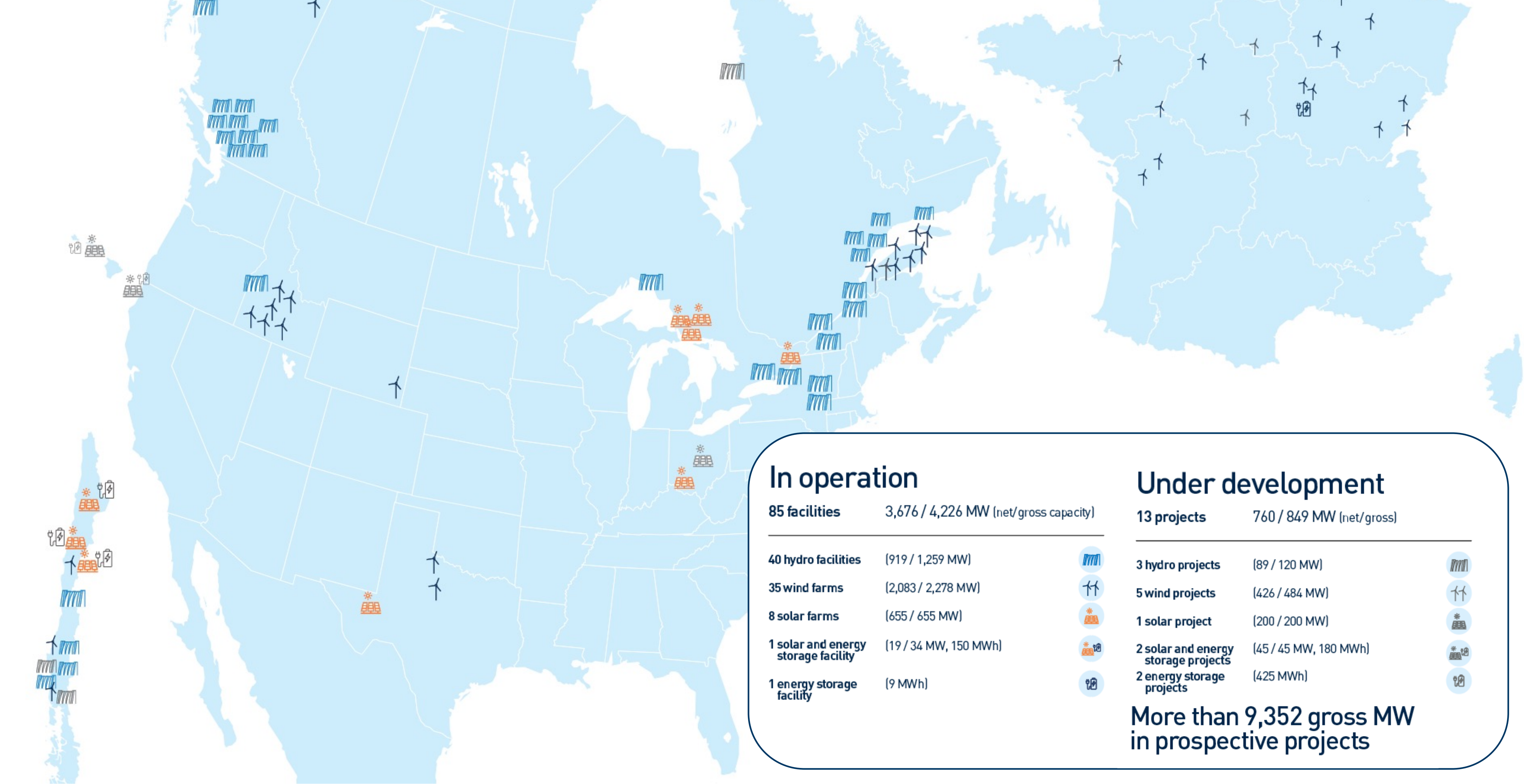
- Complete the financing of the three hydro assets

- Commission the Innavik, Salvador and San Andrés projects and advance Boswell Springs and Hale Kuawehi

- Drive growth primarily through greenfield development

Question period

A Global Player



In operation

85 facilities 3,676 / 4,226 MW (net/gross capacity)

40 hydro facilities	(919 / 1,259 MW)
35 wind farms	(2,083 / 2,278 MW)
8 solar farms	(655 / 655 MW)
1 solar and energy storage facility	(19 / 34 MW, 150 MWh)
1 energy storage facility	(9 MWh)

Under development

13 projects 760 / 849 MW (net/gross)

3 hydro projects	(89 / 120 MW)
5 wind projects	(426 / 484 MW)
1 solar project	(200 / 200 MW)
2 solar and energy storage projects	(45 / 45 MW, 180 MWh)
2 energy storage projects	(425 MWh)

More than 9,352 gross MW in prospective projects

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 and Production Tax Credits Proportionate, Adjusted EBITDA, Adjusted EBITDA Proportionate, Adjusted Net Loss, Free Cash Flow, Adjusted Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues and Production Tax Credits Proportionate, Adjusted EBITDA and Adjusted EBITDA Proportionate

Changes in the Non-IFRS measures effective January 1, 2023

On January 1, 2023, the Corporation amended the presentation of its consolidated statements of earnings to enhance relevance of the financial statements. As a result, production tax credits ("PTCs"), previously recognized in other net income (expenses), have been reclassified directly below revenues to better represent the nature of PTCs as income arising in the course of the Corporation's ordinary activities through generation of electricity. In addition, certain subtotals have been removed from the consolidated statements of earnings, which now includes an operating income subtotal.

As a result of these changes to the consolidated statements of earnings, certain Non-IFRS measures have been amended as follows:

- PTCs are presented directly in Revenues and Production Tax Credits (a subtotal presented in the primary financial statements of the Corporation, thus excluded from the Non-IFRS Measures);
- PTCs are presented directly in Adjusted EBITDA, along with the realized portion of the change in fair value of power hedges;
- Other income related to PTCs has been retreated from the Revenues Proportionate and Adjusted EBITDA Proportionate measures; and
- Proportionate measures include only Innergex's share of Revenues and Production Tax Credits, and Adjusted EBITDA, of the joint ventures and associates.

The comparative figures have also been adjusted to conform with the revised measures. The above amendments seek to improve the clarity of the measures, and to enhance comparability with current industry practices. In addition, the inclusion of the realized portion of the change in fair value of power hedges to the Adjusted EBITDA measure enhances comparability of the Corporation's performance over time.

Non-IFRS Measures

<u>Description of the measures</u>

References in this document to "Revenues and Production Tax Credits Proportionate" are to Revenues and Production Tax Credits, plus Innergex's share of Revenues and Production Tax Credits of the joint ventures and associates.

References in this document to “Adjusted EBITDA” are to operating income, to which are added (deducted) depreciation and amortization, ERP implementation, impairment charges, and the realized portion of the change in fair value of power hedges. 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.

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 and Production Tax Credits 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. Readers are cautioned that Revenues and Tax Credits Proportionate, should not be construed as an alternative to Revenues and Production Tax Credits, 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 operating income, as determined in accordance with IFRS. Please refer to Section 3- FINANCIAL PERFORMANCE AND OPERATING RESULTS results for more information.

	Three months ended June 20, 2023			Three months ended June 20, 2022		
	Consolidation	**Share of joint ventures**	**Proportionate**	**Consolidation**	**Share of joint ventures**	**Proportionate**
Revenues	251,912	15,586	267,498	219,746	12,944	232,690
Production tax credits	17,629	—	17,629	18,767	—	18,767
Revenues and Production Tax Credits	269,541	15,586	285,127	238,513	12,944	251,457
Operating income	93,322	8,136	101,458	92,526	5,218	97,744
Depreciation and amortization	93,594	4,069	97,663	79,113	4,222	83,335
ERP implementation	3,349	—	3,349	—	—	—
Realized loss on the power hedges	(3,276)	—	(3,276)	(12,329)	—	(12,329)
Adjusted EBITDA	186,989	12,205	199,194	159,310	9,440	168,750

Non-IFRS Measures

	Six months ended June 20, 2023			Six months ended June 20, 2022		
	Consolidation	Share of joint ventures	Proportionate	Consolidation	Share of joint ventures	Proportionate
Revenues	449,311	21,713	471,024	408,469	21,288	429,757
Production tax credits	38,558	—	38,558	37,814	—	37,814
Revenues and Production Tax Credits	487,869	21,713	509,582	446,283	21,288	467,571
Operating income	156,291	7,362	163,653	161,868	6,359	168,227
Depreciation and amortization	170,931	8,186	179,117	159,344	8,418	167,762
ERP implementation	5,918	—	5,918	—	—	—
Realized loss on the power hedges	(1,051)	—	(1,051)	(12,059)	—	(12,059)
Adjusted EBITDA	332,089	15,548	347,637	309,153	14,777	323,930

Non-IFRS Measures

Adjusted Net Loss

References to "Adjusted Net Loss" 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 loss on the termination of interest rate swaps, realized gain on foreign exchange forward contracts, impairment charges, ERP implementation, items that are outside of the normal course of the Corporation's cash generating operations, 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 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 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 the 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 should not be construed as an alternative to net earnings, as determined in accordance with IFRS. Please refer to Section 3- Adjusted Net Loss for more information.

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

	Three months ended June 30		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Net earnings (loss)	24,805	(24,590)	11,769	(59,520)
Add (Subtract):				
Share of unrealized portion of the change in fair value of financial instruments of joint ventures and associates, net of related income tax	(315)	(345)	(439)	(1,005)
Unrealized portion of the change in fair value of financial instruments	(16,812)	27,712	(16,468)	68,497
Realized gain on foreign exchange forward contracts	(1)	—	(34)	(487)
Income tax expense (recovery) related to above items	—	(4,323)	(1,065)	(11,367)
Adjusted Net loss	11,260	(1,546)	(85)	(3,882)

Non-IFRS Measures

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

	Three months ended June 30, 2023			Three months ended June 30, 2022			Six months ended June 30, 2023			Six months ended June 30, 2022		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS
Revenues	251,912	—	251,912	219,746	—	219,746	449,311	—	449,311	408,469	—	408,469
Production Tax Credits	17,629	—	17,629	18,767	—	18,767	38,558	—	38,558	37,814	—	37,814
Operating expenses	55,789	—	55,789	50,546	—	50,546	107,035	—	107,035	90,584	—	90,584
General and administrative expenses	16,584	—	16,584	10,540	—	10,540	36,293	—	36,293	24,679	—	24,679
Prospective projects expenses	6,903	—	6,903	5,788	—	5,788	11,401	—	11,401	9,808	—	9,808
ERP implementation	3,349	(3,349)	—	—	—	—	5,918	(5,918)	—	—	—	—
Depreciation and amortization	93,594	—	93,594	79,113	—	79,113	170,931	—	170,931	159,344	—	159,344
Operating Income	93,322	3,349	96,671	92,526	—	92,526	156,291	5,918	162,209	161,868	—	161,868
Finance costs	90,539	—	90,539	77,159	—	77,159	175,341	—	175,341	143,560	—	143,560
Other net income	(3,101)	1	(3,100)	(216)	—	(216)	(3,541)	34	(3,507)	(1,298)	487	(811)
Share of (earnings) losses of joint ventures and associates	(4,384)	202	(4,182)	(1,222)	469	(753)	289	279	568	986	1,367	2,353
Change in fair value of financial instruments	(17,248)	20,524	3,276	40,041	(27,712)	12,329	(19,129)	20,180	1,051	80,556	(68,497)	12,059
Income tax expense (recovery)	2,711	(3,833)	(1,122)	1,354	4,199	5,553	(8,438)	(2,721)	(11,159)	(2,416)	11,005	8,589
Net earnings (loss)	24,805	(13,545)	11,260	(24,590)	23,044	(1,546)	11,769	(11,854)	(85)	(59,520)	55,638	(3,882)

Non-IFRS Measures

Free Cash Flow and Payout Ratio

<u>Changes in the Non-IFRS measures effective January 1, 2023</u>

On January 1, 2023, the Corporation revised the calculation of its Free Cash Flow and Payout Ratio measures to exclude the prospective project expenses. The comparative figures have been adjusted to conform with the revised measures.

The amendments are aimed at increasing relevance of the measure, allowing investors to understand how the operations contribute to funding the Corporation's growth and its dividend, while the legacy measure focused exclusively on demonstrating how the operations contributed to funding the Corporation's dividend, after the decision to invest in its growth through advancing the development of its prospective projects. The revised measure also enhances comparability with current industry practices.

<u>Description of the measures</u>

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less prospective projects expenses, 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, expenses related to the implementation of a cloud-based Enterprise Resource Planning solution, 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.

Free Cash Flow 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.

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 Section 4- Free Cash Flow and Payout Ratio for the reconciliation of Free Cash Flow.

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.

Non-IFRS Measures

Free Cash Flow and Payout Ratio calculation[1]	Trailing twelve months ended June 30	
	2023	2022
Cash flows from operating activities[1]	392,250	308,384
Add (Subtract) the following items:		
Changes in non-cash operating working capital items	4,231	45,659
Prospective projects expenses	26,333	24,652
Maintenance capital expenditures, net of proceeds from disposals	(18,649)	(9,095)
Scheduled debt principal payments	(167,262)	(161,411)
Free Cash Flow attributed to non-controlling interests[2]	(28,652)	(35,900)
Dividends declared on Preferred shares	(5,632)	(5,632)
Chile portfolio refinancing - hedging impact[3]	4,830	—
Add (subtract) the following specific items[4]:		
Realized (gain) loss on termination of interest rate swaps[3]	(71,735)	(377)
Realized (gain) loss on termination of foreign exchange forwards[5]	(43,458)	—
Principal and interest paid related to pre-acquisition period	1,312	—
Acquisition and integration costs	21,774	9,660
Realized gain on the Phoebe basis hedge	—	(2,300)
Free Cash Flow	115,342	173,640
Dividends declared on common shares	146,993	142,824
Payout Ratio	127 %	82 %

1. 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.

2. 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.

3. The Free Cash Flow for the trailing twelve months ended June 30, 2023 excludes the $75.4 million realized gain on settlement of the interest rate hedges entered into to manage the Corporation's exposure to the risk of increasing interest rates during the negotiations surrounding the refinancing of the non-recourse debt assumed in the Aela Acquisition and at Innergex's existing Chilean projects. Instead, the gain is amortized in the Free Cash Flow using the effective interest rate method over the period covered by the unwound hedging instruments.

4. 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.

5. The Free Cash Flow for the trailing twelve months ended June 30, 2023 excludes the $43.5 million realized gain on settlement of the foreign exchange forward contracts concurrent with the closing of the French Acquisition.