Strategy and Capital Allocation Update

Fourth Quarter and Fiscal Year 2023

Conference Call & Webcast

February 22, 2024

INNERGEX

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 pay a dividend 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; availability of capital resources and timely performance by third parties of contractual obligations; favourable economic and financial market conditions; average merchant spot prices consistent with external price curves and internal forecasts; no material changes in the assumed U.S. dollar to Canadian dollar and Euro to Canadian dollar exchange rate; no significant variability in interest rates; 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, unexpected operations and maintenance activity and increased asset maintenance on ageing equipment; 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; resource assessment and performance variability; 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 Indigenous communities and 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.

Presenters and Agenda

Michel Letellier, MBA
President and
Chief Executive Officer

Jean Trudel, MBA
Chief Financial Officer

1 Strategy and Capital Allocation Update
- Growth Strategy & Market Outlook
- Development Approach & Investment Proposition
- Balance Sheet Review & Funding Strategy

2 Q4 and Fiscal Year 2023 Highlights

3 2024 Guidance and Conclusion

Strategy and Capital Allocation Update

1

Key Messages

- Pivoting our strategy toward accelerated growth through our highly visible prospective portfolio
- Reprioritizing our capital allocation to support greenfield development opportunities on a self-funded basis
- Targeted strategy underpinned by the large and growing need for renewable energy in our core markets where we have sustainable advantages
- Disciplined growth, targeting accretive risk-adjusted returns that support delivering enhanced shareholder value

Large, Diversified, Global, 100% Renewable Player

~90%
Contracted Revenues

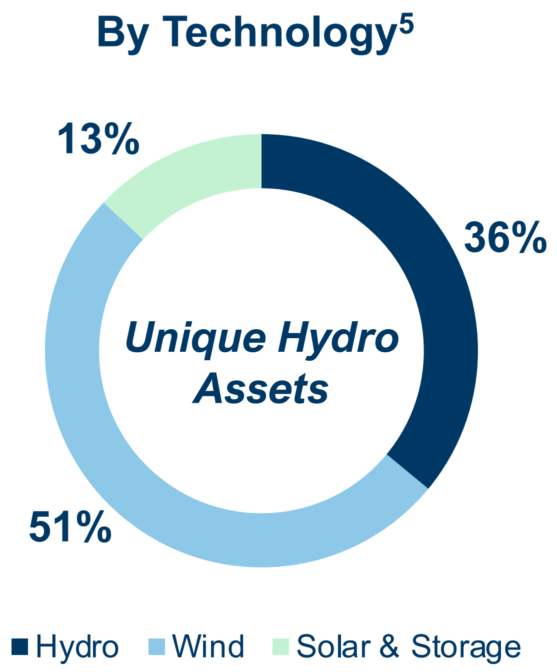
>12yrs
PPA Remaining Terms[1,2]

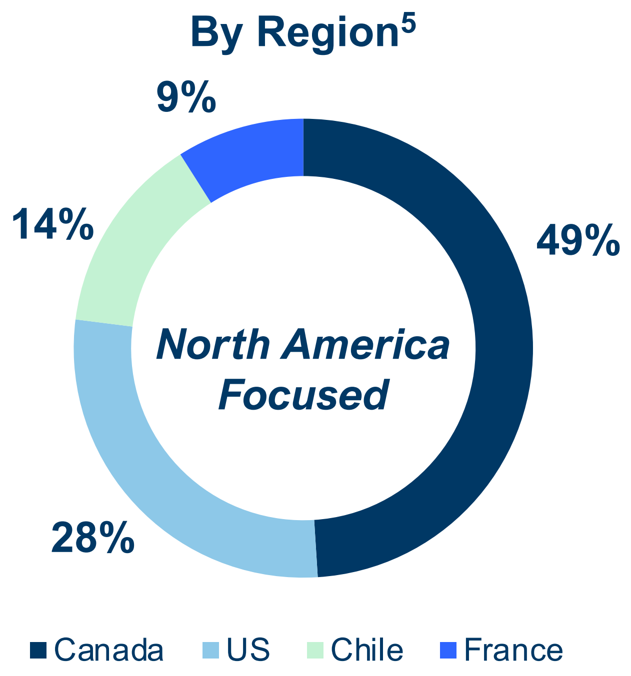
>95%
Total debt[3] at fixed or hedged rates

>10 GW
Global Prospective Project Portfolio

$1.5B
Market Cap[4]

BBB-
Investment Grade Rating (Fitch)





~4.2 GW Total Operating Assets

Note: All amounts in this presentation are in Canadian dollars, unless otherwise indicated.
1. Remaining weighted average life of Power Purchase Agreements, excluding projects under construction and in development, before consideration of renewal options.
2. Excluding merchant facilities.
3. Excluding the construction financing of the Boswell Springs wind project which is subject to a forward-starting interest rate swap.
4. As of February 21, 2024.
5. Based on Adjusted EBITDA proportionate 2024 Guidance excluding corporate G&A and prospective expenses.

INNERGEX

Leveraging Our Strengths and Competitive Advantages

Full life cycle project developer

Long track record of strong community partnerships; partner of choice

Experienced asset owner and operator

Long-lived hydro assets enhancing portfolio and cash flow quality

Seasoned leadership team

Innergex's Balanced Growth Strategy

Organic

Sustainable and Accretive Development

Focus on Core Markets

Optimize Asset Value

M&A — Consider selective opportunities with focus on greenfield

Canadian Home Market Offers Clear Growth Potential

>50 GW of potential new renewables capacity through 2035

Upcoming RFPs	~1 GW In 2024	Several ready-to-bid projects for 2024 RFPs	Ramping up ahead of 2025 RFP	Potential ~2 GW+ in 2024

British Columbia

- Ongoing procurement opportunities through 2030 and beyond
- Established market leadership and expertise
- Diversified, large-scale development portfolio provides bidding optionality
- Track record of local partnerships

Saskatchewan

- Potential for ~2-3 GW of wind and solar procurements through 2035
- Continuing to build up wind and solar development portfolio

Ontario

- IESO LT procurements for ~5 GW through 2030
- Solar and hydro market presence
- Diversified wind, solar and storage development portfolio
- Long-term energy and capacity contracts

Quebec

- ~5 GW of potential incremental wind capacity awards through 2028-2035
- Diversified, large-scale development portfolio provides bidding optionality
- Established market leadership and expertise
- Track record of local partnerships

INNERGEX

1. Internal estimates

Targeted Approach in Core Markets

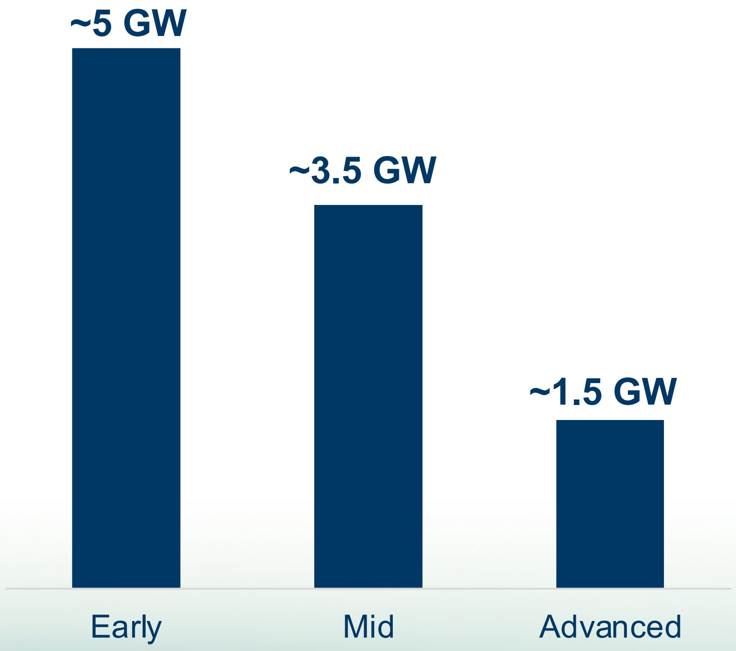
Potential Addressable Markets[2]	**U.S.** >50 GW	**France**[1] ~50 GW	**Chile** ~15-20 GW
Our Approach	• Optimize market footprint to concentrate on areas that leverage Innergex's capabilities • Expand existing platform to increase optionality and serve broad customer demand • Focus on leveraging development expertise and knowledge gained in the US to pursue selective and accretive opportunities • Focusing on high-quality corporate and utility offtakers	• Capitalize on clear and long-term contracting mechanisms, including annual tenders of ~4 GW+ per year for wind and solar • Prioritize onshore wind, solar and BESS opportunities, and increase efforts in solar given favorable social acceptability and shorter development time • Accelerate investments in development, supported by strategic long-term partner	• Increase BESS investments, in both hybrid and standalone fashion, to complement existing portfolio, reduce curtailments and capitalize on price arbitrage • Leverage large, balanced and diversified portfolio to support unique customer product offering • Develop solutions for both corporate PPAs (mining industry) and government contracts

1. According to France Energy and Climate Strategy published in December 2023.
2. U.S. represents new wind ,solar and storage capacity by 2030. France represents new onshore wind and solar capacity by 2035. Chile represents new renewables capacity by 2035.

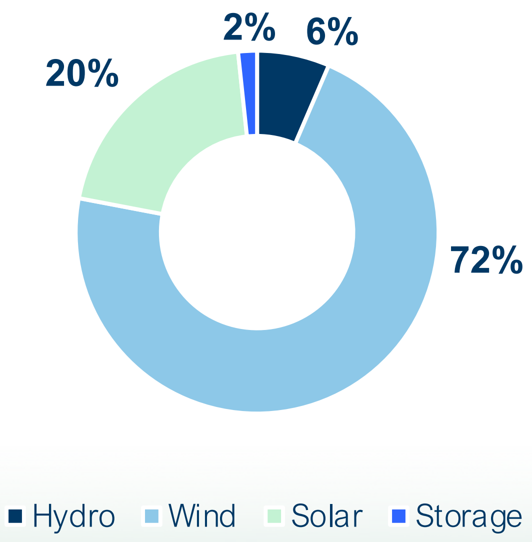
Large and Diversified Prospective Project Portfolio

Highly visible development portfolio with significant optionality for accretive growth

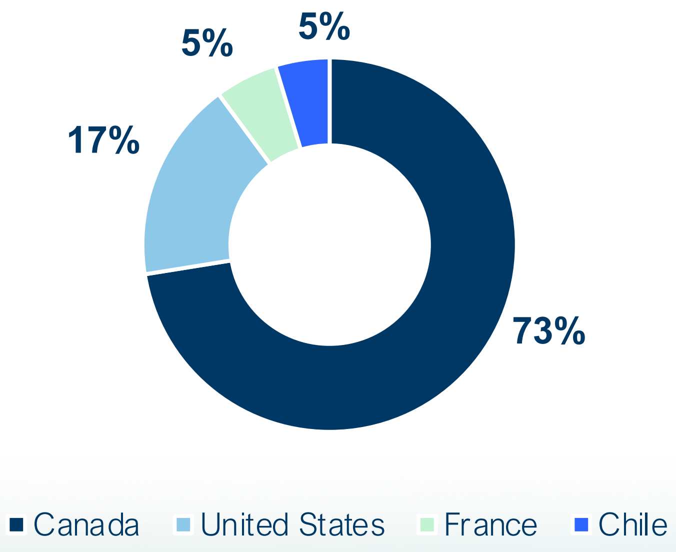
By Development Stage



By Technology



By Region



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

Development Process and Return Targets

Project Assessment
Market assessment, resources, land, interconnection, strategic value

Prospecting
Securing land, permits

Origination & Procurement
Complete costing analysis, supplier agreements, offtake contract with high-quality counterparties

Financing
Capital structure, return optimization

Construction
Risk management, on-site oversight, prioritize fixed-price EPC[1] contracts

Commercial Operation
Producing and selling electricity, asset management, high availability ratio

Social acceptability and community partnerships paramount throughout all phases

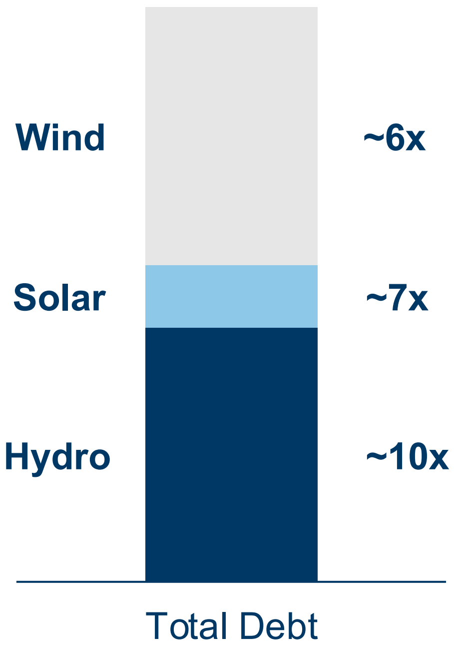
Investment Proposition

- **Double-digit target returns**
- **Sustainable Free Cash Flow/share growth**
- **30% to 50% dividend payout**

1. Engineering, procurement, and construction (EPC) contracts

Prudent Balance Sheet Management

Net Debt to Adjusted EBITDA proportionate[1,3,4]



Wind and Solar: Leverage in line with industry average[1]

Hydro: Unique exposure with long-lived assets[2]

Overall leverage:

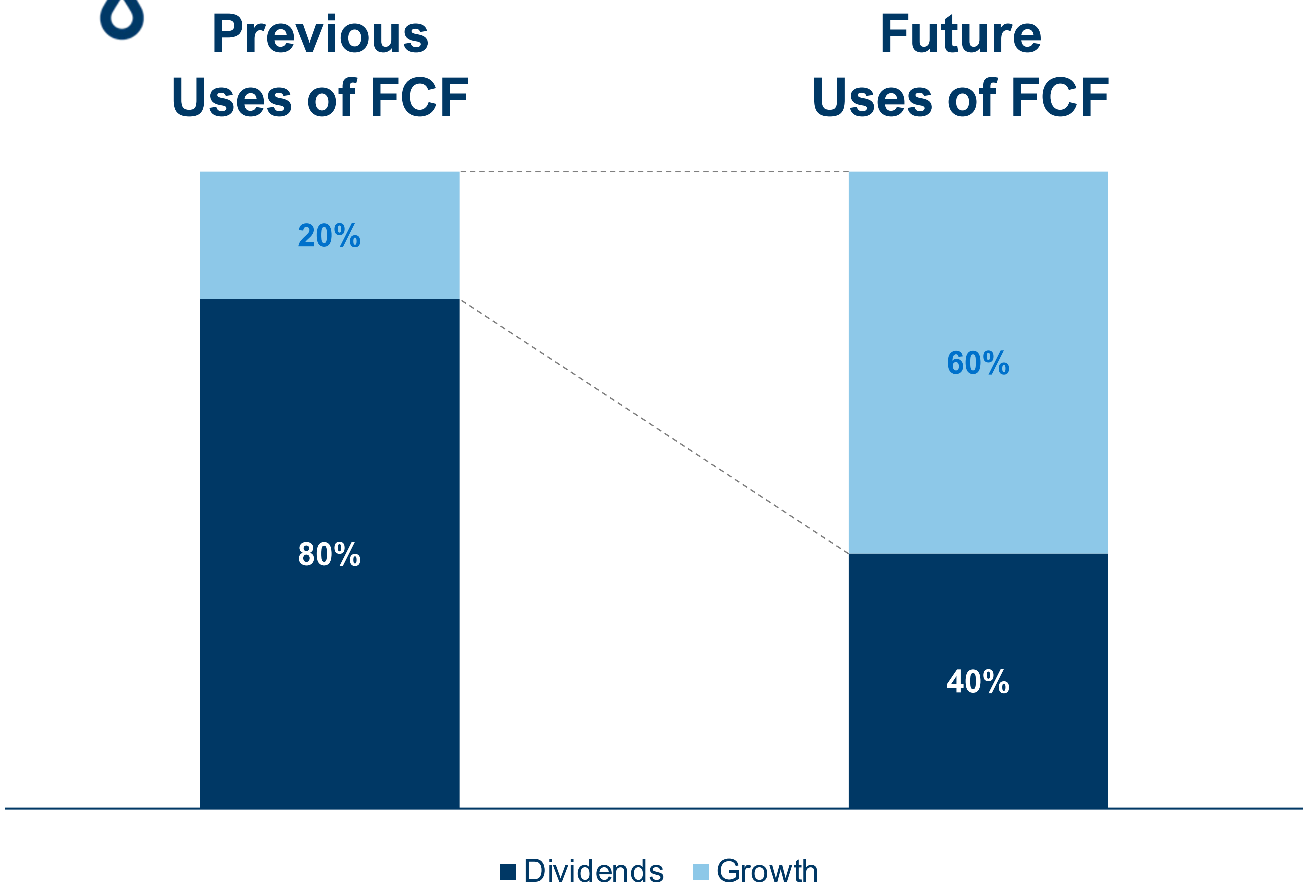
~7.5x

Balance Sheet Highlights

1. Leverage profile well-supported by high-quality, long-lived hydro assets
2. Project debt substantially amortized alongside contract maturities
3. Committed to maintaining investment grade credit rating

1. Excludes existing Boswell debt as project has not yet been commissioned.
2. Based on useful life assumptions of 75 years for Hydro, 35 years for Solar and 30 years for Wind.
3. Total debt includes corporate debt allocation to each operating segment.
4. 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.

Illustrative Uses of Retained Cash Flows



Funding Highlights

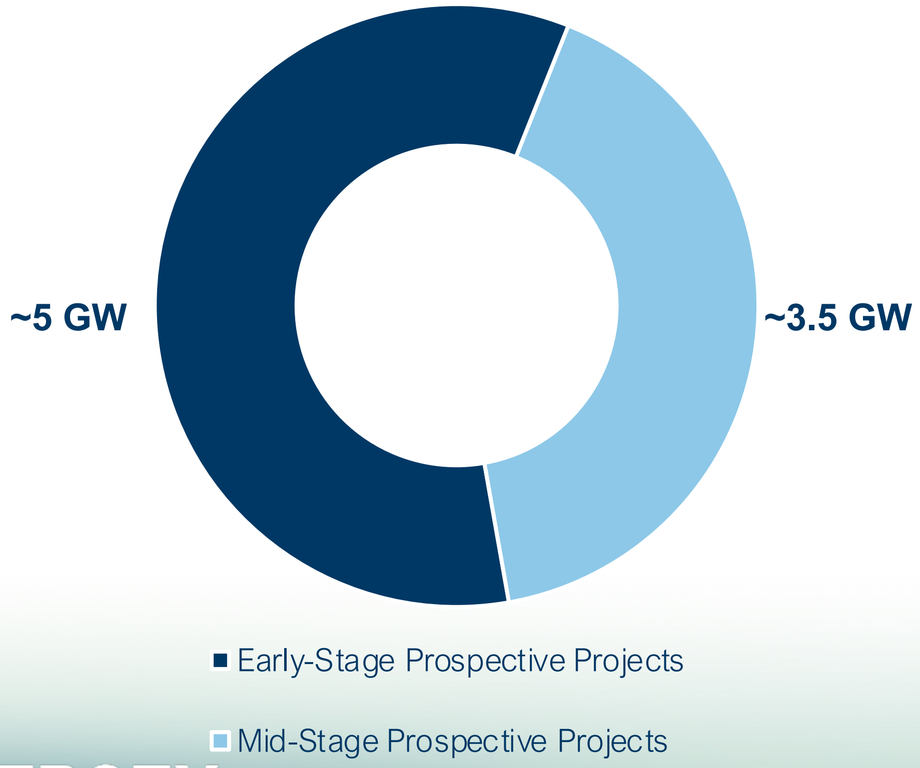
1. Prioritize self-funded model
2. Increase financial flexibility via higher retained cash
3. Leverage capital recycling, partnerships and refinancings as sources of funding and to optimize portfolio

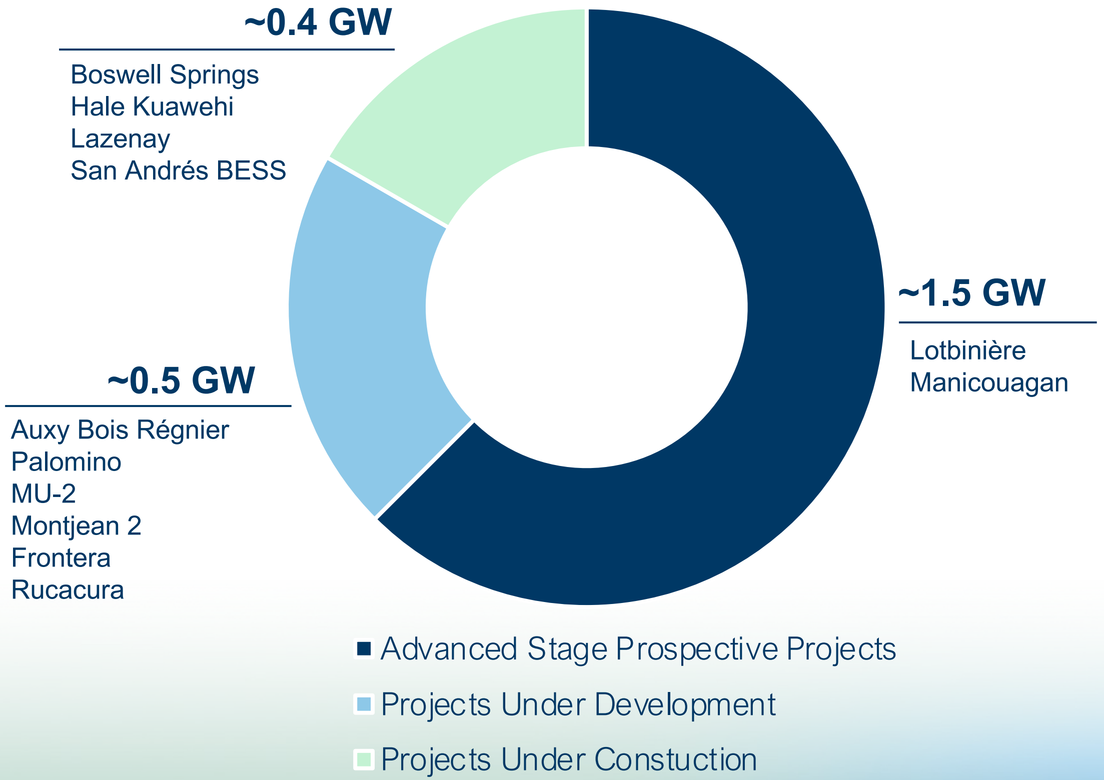
New capital allocation priorities unlock ~$75M per year for increased investments in organic growth

Visibility on Growth

~ 10.9 GW of identified projects to deliver accretive growth

Existing Development and Construction Projects





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

Balanced Returns to Shareholders

1. Dividend of $0.36 per share within a 30% to 50% dividend payout ratio range
2. Growing Free Cash Flow per share driven by accretive greenfield projects
3. Opportunistic buybacks and strategic capital recycling to create additional value

Q4 and Full Year 2023 Highlights

2

Q4 and Fiscal Year 2023 Highlights

Q4 2023

94%

Production Proportionate[1] as % of Long Term Average

Compares to 82% in prior year

$276M

Revenues and Production Tax Credits Proportionate[1]

+19.2% YoY

$186M

Adj. EBITDA Proportionate[1]

+30% YoY

2023

90%

Production Proportionate[1] as % of Long Term Average

Flat versus prior year

$1.1B

Revenues and Production Tax Credits Proportionate[1]

+10.7% YoY

$735M

Adj. EBITDA Proportionate[1]

+11.6% YoY

$197-212M

Range of Normalized Free Cash Flow[1]

69-75%

Range of Normalized 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.

2024 Guidance and Conclusion

3

2024 Guidance

Fiscal Year 2024	
Adjusted EBITDA Proportionate[1]	Free Cash Flow per share[1]
$725M - $775M	$0.70 to $0.85

Assumptions	
Production	At long-term averages
Asset availability	~95%

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.

Corporate Priorities for 2024

Construction	Advancing construction projects towards commissioning
Development	Bid over 500 MW in upcoming RFPs 400 MW of new capacity awards from 2024 bidding activity Ramp up development activities
Financing	Strengthen financial flexibility from active portfolio management

Generating Sustainable Value Creation

1

100% renewable energy project developer and operator

2

Long-lived hydro assets enhancing portfolio and cash flow quality

3

Diversified by geography and technology

4

Highly contracted cash flow profile including inflation indexation

5

Disciplined execution of growth strategy to deliver balanced shareholder returns

Strategic Update: Key Takeaways

1. Pursue disciplined and sustainable growth, with a focus on greenfield opportunities in our core markets

2. Increase financial flexibility and prioritize self-funded model

3. Optimize existing portfolio value

Q&A

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Appendix

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Construction Projects

Project	Location	Type	Ownership	Gross MW	Updates	COD
San Andres	Chile	Battery Storage	100%	35 MW/175 MWh storage	Interconnection completed Permitting in progress	2024
Lazenay	France	Wind	25%	9.0 MW	Foundations poured Start of underground cabling	2024
Hale Kuawehi	HI (U.S.)	Solar and battery storage	100%	30.0 MW 30 MW/120 MWh storage	Deliveries of major components on time	2024
Boswell Springs	WY (U.S.)	Wind	100%	329.8 MW	Construction activities on schedule, site closed for the winter season	2024

2023 Accomplishments

Operations

- Commissioned Salvador energy storage facility in Chile (50 MW/250 MWh)
- Acquired Sault Ste. Marie solar portfolio in Ontario (60 MW)
- Became the sole owner of the 34 MW Pampa Elvira solar thermal facility in 2023, which consists of 150 MWh of thermal energy storage
- Delivered the 7.5 MW Innavik hydro project in Inukjuak

Development / Construction

- Advanced 330 MW Boswell Springs wind project in Wyoming
- Advanced 30 MW Hale Kuawehi solar and 30 MW/120 MWh (4 hours) battery storage project in Hawaii
- Advanced 9 MW Lazenay wind project to construction
- Concluded interconnection agreements for the 29.4 MW Auxy Bois Régnier wind project
- Added ~1.4 GW of net capacity to prospective portfolio

PPA

- Signed a 30-year PPA for 102 MW to be added to the Mesgi'g Ugju's'n (MU2) wind facility in the Regional County Municipality ("RCM") d'Avignon
- Renewed 10-year PPA with Codelco in Chile

RFP selection

- Selected by Hydro Quebec for 100 MW MRC de Lotbinière wind project
- Selected by Hydro Quebec for 300 MW Manicouagan wind project

Financing

- Closed a partnership with Crédit Agricole Assurances for a 30% minority interest in Innergex's France portfolio to accelerate and fund growth
- Achieved Tax Equity commitment for the 330 MW Boswell Springs wind project in Wyoming, USA
- Closed on financing of three unlevered hydro assets

Illustrative Quebec Wind Project Economics (~100 MW Gross Capacity)

~$300M Capex
~$1M of Devex

~20-25%
equity funding
~75-80%
debt funding

~$7-10M
of annual
Free Cash Flow
In line with double-digit levered after-tax IRR target

Non-IFRS Measures

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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 pay a dividend 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 the 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

Description of the measures

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 Production 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 for more information.

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

	Three months ended December 31, 2023			Three months ended December 31, 2022		
	Consolidation	Share of joint ventures	Proportionate	Consolidation	Share of joint ventures	Proportionate
Revenues	243,523	14,699	258,222	203,636	11,364	215,000
Production tax credits	18,003	—	18,003	16,576	—	16,576
Revenues and Production Tax Credits	261,526	14,699	276,225	220,212	11,364	231,576
Operating income	(36, 494)	6,681	(29,813)	(6,504)	3,870	(2,634)
Depreciation and amortization	87,927	4,345	92,272	93,756	4,153	97,909
ERP implementation	3,558	—	3,558	1,815	—	1,815
Impairment of long-term assets	118,857		118,857	47,868	—	47,868
Realized loss on the power hedges	1,573	—	1,573	(1,559)	—	(1,559)
Adjusted EBITDA	175,421	11,026	186,447	135,376	8,023	143,399

Non-IFRS Measures

	Twelve months ended December 31, 2023			Twelve months ended December 31, 2022		
	Consolidation	Share of joint ventures	Proportionate	Consolidation	Share of joint ventures	Proportionate
Revenues	969,890	61,081	1,030,971	870,494	60,535	931,029
Production tax credits	71,684	—	71,684	64,729	—	64,729
Revenues and Production Tax Credits	1,041,574	61,081	1,102,655	935,223	60,535	995,758
Operating income	219,575	30,962	250,537	263,366	29,919	293,285
Depreciation and amortization	361,292	16,556	377,848	336,053	16,799	352,852
ERP implementation	12,651	—	12,651	2,357	—	2,357
Impairment of long-term assets	118,857	—	118,857	47,868		47,868
Realized loss on the power hedges	(24,632)	—	(24,632)	(37,479)	—	(37,479)
Adjusted EBITDA	687,743	47,518	735,261	612,165	46,718	658,883

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 be marked-to-market. When hedge accounting is not applied, changes in the fair value of the derivatives are 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 do 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 Earnings (Loss) for more information.

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

	Three months ended December 31		**Nine months ended December 31**	
	2023	**2022**	**2023**	**2022**
Net loss	(121,964)	(52,575)	(105,814)	(91,115)
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	(1,186)	(76)	(1,917)	(1,381)
Unrealized portion of the change in fair value of financial instruments	6,141	25,336	(9,649)	141,859
Impairment of long-term assets	118,857	47,868	118,857	47,868
Realized gain on settlement of foreign exchange forwards (French Acquisition)	—	(43,458)	—	(43,458)
Realized loss (gain) on termination of interest rate swaps	2,405	(59)	(1,307)	(71,735)
ERP implementation	3,558	1,815	12,651	2,357
Realized gain on foreign exchange forward contracts	(71)	—	(449)	(3,214)
Income tax (recovery) expense related to above items	(14,906)	(6,320)	(14,424)	(13,684)
Adjusted Net loss	(7,166)	(27,469)	(2,052)	(32,503)

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 December 31, 2023			Three months ended December 31, 2022			Twelve months ended December 31, 2023			Twelve months ended December 31, 2022		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS
Revenues	243,523	—	243,523	203,636	—	203,636	969,890	—	969,890	870,494	—	870,494
Production Tax Credits	18,003	—	18,003	16,576	—	16,576	71,684	—	71,684	64,729	—	64,729
Operating expenses	63,653	—	63,653	62,591	—	62,591	232,795	—	232,795	207,768	—	207,768
General and administrative expenses	14,941	—	14,941	13,568	—	13,568	69,242	—	69,242	53,071	—	53,071
Prospective projects expenses	9,084	—	9,084	7,118	—	7,118	27,162	—	27,162	24,740	—	24,740
ERP implementation	3,558	(3,558)	—	1,815	(1,815)	—	12,651	(12,651)	—	2,357	(2,357)	—
Depreciation and amortization	87,927	—	87,927	93,756	—	93,756	361,292	—	361,292	336,053	—	336,053
Impairment of long-term assets	118,857	(118,857)	—	47,868	(47,868)	—	118,857	(118,857)	—	47,868	(47,868)	—
Operating income	(36,494)	122,415	85,921	(6,504)	49,683	43,179	219,575	131,508	351,083	263,366	50,225	313,591
Finance costs	88,420	—	88,420	83,864	—	83,864	348,386	—	348,386	317,842	—	317,842
Other net expenses (income)	26,170	71	26,241	(8,475)	—	(8,475)	27,031	449	27,480	(6,547)	3,214	(3,333)
Share of (earnings) losses of joint ventures and associates	(4,004)	744	(3,260)	286	214	500	(16,791)	1,210	(15,581)	(14,382)	1,881	(12,501)
Change in fair value of financial instruments	6,973	(8,546)	(1,573)	(16,622)	18,181	1,559	13,676	10,956	24,632	64,145	(26,666)	37,479
Income tax (recovery) expense	(32,089)	15,348	(16,741)	(12,982)	6,182	(6,800)	(46,913)	15,131	(31,782)	(6,577)	13,184	6,607
Net loss	(121,964)	114,798	(7,166)	(52,575)	25,106	(27,469)	(105,814)	103,762	(2,052)	(91,115)	58,612	(32,503)

Non-IFRS Measures

Free Cash Flow, Payout Ratio and Normalized Payout Ratio

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

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.

On October 26, 2023, Innergex disposed of a non-controlling 30% participation in its French portfolio. Until recently, Innergex relied on leverage and equity issuance to fund its capital requirements. The Corporation amended the presentation of its Free Cash Flow and Payout Ratio to include the gains realized on strategic transactions, which allow the Corporation to finance its growth without having to increase leverage or dilute shareholders. The change was applied retrospectively with no impact on comparative information.

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. The revised measure also enhances comparability with current industry practices.

Description of the measures

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 dispositions, scheduled debt principal payments, the portion of Free Cash Flow attributed to non-controlling interests, preferred share dividends declared, and gains realized on strategic transactions, 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 ERP 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 pay a dividend and its ability to fund its growth from its cash generating operations, in the normal course of business, and through strategic transactions.

Innergex believes that the presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to pay a dividend 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.

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 pay a dividend and its ability to fund its growth. Payout Ratio is used by investors in this regard.

References to “Normalized Payout Ratio” are to dividends declared on common shares divided by the estimated Free Cash Flow had production levels been equal to their long-term average in all jurisdictions, excluding Chile, and excluding gains realized on strategic transactions. Innergex believes that this is a measure of its ability to pay a dividend and its ability to fund its growth, free from circumstantial impacts on production and the immediate benefits of strategic transactions. Normalized Payout Ratio is used by investors in this regard.

Non-IFRS Measures

Free Cash Flow and Payout Ratio calculation	Trailing twelve months ended December 31	
	2023	2022
Cash flows from operating activities[1]	297,853	430,243
Add (Subtract) the following items:		
Changes in non-cash operating working capital items	33,401	14,518
Prospective projects expenses	27,162	24,740
Maintenance capital expenditures, net of proceeds from dispositions	(25,316)	(11,051)
Scheduled debt principal payments	(186,458)	(156,862)
Free Cash Flow attributed to non-controlling interests[2]	(38,377)	(29,271)
Dividends declared on Preferred shares	(5,632)	(5,632)
Chile portfolio refinancing - hedging impact[4]	4,578	2,578
Add (subtract) the following specific items[3]:		
Realized (gain) loss on termination of interest rate swaps[4]	2,405	(71,735)
Realized gain on termination of foreign exchange forwards[5]	—	(43,458)
Principal and interest paid related to pre-acquisition period	1,312	—
Acquisition, integration and ERP implementation expenses	15,948	17,918
Realized gain on the Phoebe basis hedge	—	—
Gain on disposition of non-controlling interests[6]	88,054	—
Free Cash Flow	214,930	171,988
Dividends declared on common shares	147,058	146,957
Payout Ratio	68%	85%
Normalized Payout Ratio	69% - 75%	

1. Cash flows from operating activities for the year ended December 31, 2022 include the one-time BC Hydro Curtailment Payment received during Q1 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. Certain 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, ERP implementation expenses. 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. Gains realized on strategic transactions, which allow the Corporation to finance its growth without having to increase leverage or dilute shareholders, are also added to the Free Cash Flow and Payout Ratio.

4. The Free Cash Flow for the year ended December 31, 2022 excludes the $71.7 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.

5. The Free Cash Flow for the year ended December 31, 2023 excludes the $43.5 million realized gain on settlement of the foreign exchange forward contracts concurrent with the closing of the French Acquisition.

6. The Free Cash Flow for the year ended December 31, 2023, includes a gain realized following the disposition of a 30% non-controlling participation in Innergex's French operating and development portfolio. This amount represents a gain over funds invested in operations and development, including the historical prospective project expenses, net of the current income tax payable following the transaction. As such, this amount is not comparable to the gain recognized in equity attributable to owners of the Corporation.