First Quarter

Quarterly Report
For the Period Ended
March 31, 2024

INNERGEX

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

For over 30 years, Innergex has believed in a world where abundant renewable energy promotes healthier communities and creates shared prosperity. As an independent renewable power producer that develops, acquires, owns and operates run-of-river hydroelectric facilities, wind farms, solar farms and energy storage facilities, Innergex is convinced that generating power from renewable sources will lead the way to a better world. Innergex conducts operations in Canada, the United States, France and Chile and follows a sustainable development philosophy that balances people, our planet and prosperity. Its approach to building shareholder value is to generate sustainable and growing cash flows per share and provide an attractive risk-adjusted return on invested capital. The Corporation's shares are listed on the Toronto Stock Exchange ("TSX") under the symbols INE, INE.PR.A and INE.PR.C and its convertible debentures are listed under the symbols INE.DB.B and INE.DB.C.

KEY FIGURES

Innergex measures its performance using operating and financial key performance indicators ("KPIs"). Innergex believes that these indicators provide management and the reader with additional information about its production and cash-generating capabilities, as well as its financial strength.

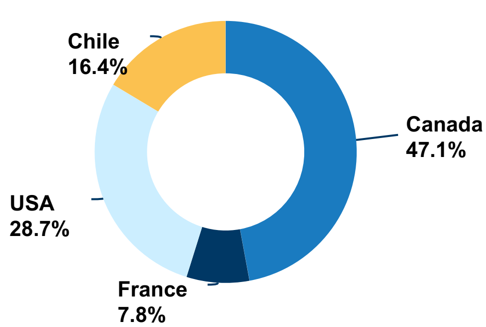
These indicators are not recognized measures under IFRS, have no standardized meaning prescribed by IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

Production KPIs	Financial KPIs
Production in comparison with Long-Term Average ("LTA") in megawatt/hours ("MWh") and gigawatt/hours ("GWh")	Revenues and Production Tax Credits and Revenues and Production Tax Credits Proportionate
Production and Production Proportionate	Adjusted EBITDA and Adjusted EBITDA Proportionate
	Adjusted Net Earnings (Loss)
	Free Cash Flow and Free Cash Flow per Share
	Payout Ratio

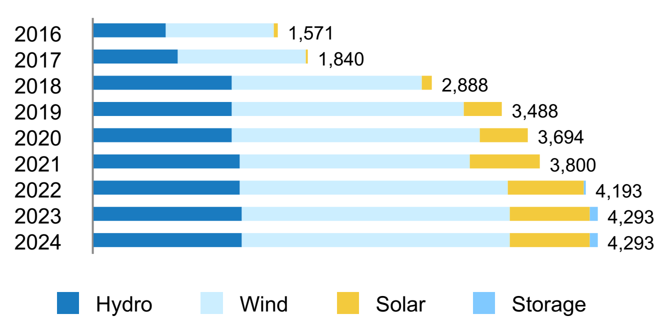
Operational Key Performance Indicators

As at May 8, 2024, the Corporation has four geographic segments and four operating technologies.

Gross Installed Capacity by Country



Gross Installed Capacity by Source of Energy (MW)



BUSINESS STRATEGY

Innergex develops, acquires, owns and operates renewable power-generating facilities with a focus on hydroelectric, wind and solar production as well as energy storage technologies. The Corporation's fundamental goal is to create wealth by efficiently managing its high-quality renewable energy assets and successfully pursuing its growth.

Innergex is committed to producing energy from sustainable renewable sources exclusively and to providing energy storage capacity, guided by its philosophy that balances investing in people, caring for our planet and generating prosperity by sharing economic benefits with local communities and creating shareholder value. Innergex is committed to developing, acquiring, owning and operating renewable energy facilities exclusively that generate sustainable cash flows, provide an attractive risk-adjusted return on invested capital and enable the distribution of a sustainable dividend.

Progressing with the Strategic Plan

The transition to a carbon-neutral economy will be led by the renewable energy sector. Innergex is well-positioned to continue its strategic growth and contribute to climate protection by further optimizing and growing its portfolio of renewable energy facilities. To do so, the Corporation has set four strategic goals.

Grow Responsibly
Focus growth on current markets

Build Expertise
Become an expert in deploying energy storage technologies

Optimize Operations
Leverage expertise and innovation to maximize returns from its high-quality assets

Diversify Activities
Increase diversification of the Corporation’s asset mix within its existing target markets

The Corporation relies on its experience to pursue the development of new projects. It adopts and masters new technologies, mainly energy storage, expands its customer base beyond traditional utilities and deploys new business models through which it offers more value for the electrons produced or stored.

Innergex has a solid track record, with decades of producing renewable energy from its high-quality assets. Its existing renewable energy facilities are operated by a dedicated team of skilled professionals who will continue optimizing operations and providing quality maintenance. As interest in the development of renewable energy soars, Innergex will always remain committed to the approach that has long delivered responsible and accretive growth. Its belief in nurturing and maintaining relationships to develop long-term partnerships with Indigenous and local communities and other stakeholders has enabled the Corporation to develop unique, value-creating renewable projects.

PORTFOLIO OF ASSETS

The Corporation owns interests in three groups of projects at various stages: the Operating Facilities, the Development Projects and the Prospective Projects.

As at May 8, 2024, the Corporation owns and operates 87 facilities in commercial operation (the “Operating Facilities”). Commissioned between 1986 and October 2023, the facilities have a weighted average age of approximately 10.9 years.

They mostly sell the generated power under long-term power purchase agreements, power hedge contracts[1] and short- and long-term industrial contracts (each, a “PPA”) to rated public utilities or other creditworthy counterparties, or on the open market. The PPAs have a weighted average remaining life of 12.0 years (weighted average based on gross long-term average production).

For most Operating Facilities in Canada and in France, PPAs include a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. For most Operating Facilities in the United States, power generated is sold through PPAs or on the open market mainly supported by financial or physical power hedges. In Chile, Operating Facilities sell the power generated through PPAs to power distribution companies and industrial customers, or on the open market. Please refer to the "Business Environment - Inflation" section of this MD&A for a discussion regarding inflation.

The Corporation also holds interests in projects under development that are either at an advanced development stage or under construction (the "Development Projects").

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

The table below outlines Operating Facilities and Development Projects as at May 8, 2024.

	Number of Facilities[1]		Gross[2] Installed Capacity (MW)		Net[3] Installed Capacity (MW)	
	Operating Facilities	Development Projects	Operating Facilities	Development Projects	Operating Facilities	Development Projects
HYDRO						
Canada	34	—	1,027	—	717	—
United States	3	—	70	—	40	—
Chile	4	2	170	112	166	85
Subtotal	41	2	1,267	112	923	85
WIND						
Canada	8	3	908	502	714	215
France	16	5	324	77	227	40
United States	8	1	714	330	714	330
Chile	3	—	332	—	332	—
Subtotal	35	9	2,278	909	1,987	585
SOLAR						
Canada	4	—	87	—	87	—
United States	2	2	450	230	450	230
Chile	3	—	153 [4]	—	153 [4]	—
Subtotal	9	2	689	230	690	230
STORAGE						
United States	—	—	—	30 [5]	—	30 [5]
France	1	—	9	—	6	—
Chile	1	1	50 [7]	35 [6]	50 [7]	35 [6]
Subtotal	2	1	59	65	56	65
Total	87	14	4,293	1,316	3,655	965

1. The number of Operating Facilities includes all facilities owned and operated by the Corporation, including non-wholly owned subsidiaries and joint ventures and associates.
2. Gross installed capacity is the total capacity of all Operating Facilities of Innergex, including non-wholly owned subsidiaries and joint ventures and associates.
3. Net installed capacity is the proportional share of the total capacity attributable to Innergex based on its ownership interest in each facility.
4. Capacity related to the hot water storage of the Pampa Elvira thermal solar facility (150 MWh storage capacity).
5. Battery storage capacity related to Hale Kuawehi of 30 MW/120 MWh (4 hours).
6. San Andrés battery energy storage capacity of 35 MW/175 MWh (5 hours).
7. Salvador battery energy storage capacity of 50 MW/250 MWh (5 hours).

More information on the Corporation's Prospective Projects is available in the "Prospective Projects" section of the Management's Discussion and Analysis.

2024 First Quarter (in thousands of Canadian dollars, except as noted and amounts per share)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") for the three months ended March 31, 2024, and reflects all material events up to May 8, 2024, the date on which this MD&A was approved by the Corporation's Board of Directors.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes for the three months ended March 31, 2024.

The unaudited condensed interim consolidated financial statements attached to this MD&A and the accompanying notes for the three months ended March 31, 2024, along with the 2023 comparative figures, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

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

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

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

TABLE OF CONTENTS

1- HIGHLIGHTS | First Quarter 2024 – Growth Initiatives

On January 26, 2024, the Innu Council of Pessamit, Innergex and the regional county municipality of Manicouagan ("RCM of Manicouagan") announced that their 300 MW Manicouagan wind project has been selected in Hydro-Québec's request for proposals. Commercial operation is scheduled for 2029, and the power purchase agreement with Hydro-Québec (S&P credit rating: AA-) is expected to be signed in Q2 2024 and is structured as a 30-year take-or-pay contract, indexed to a predefined percentage of the Consumer Price Index (“CPI”).

On January 26, 2024, Innergex, the Regional County Municipality of Lotbinière ("RCM of Lotbinière") and the Abenaki Councils of Odanak and Wôlinak announced that their 100 MW Lotbinière Ndakina wind project was selected in Hydro-Québec's request for proposals. Scheduled for commercial operation in late 2028, the power purchase agreement with Hydro-Québec (S&P credit rating: AA-) was signed on April 15, 2024, and is structured as a 30-year take-or-pay contract, indexed to a predefined percentage of the Consumer Price Index ("CPI").

On February 21, 2024, Innergex announced that its Board of Directors approved an update to its capital allocation strategy, specifically as it pertains to its dividend to support its long-term growth objectives. The change started with the dividend payment on April 15, 2024, to shareholders of record on March 28, 2024. The updated capital allocation strategy, which recalibrates the dividend and introduces a new payout ratio target range, will prioritize a self-funded model, increase financial flexibility and allow for additional growth investments in greenfield projects. With its new dividend payout ratio target range of 30% to 50% of Free Cash Flow[1] and its revised annual dividend for 2024 of $0.36 per common share, Innergex expects to free up approximately $75 million annually to support its growth ambitions.

On March 1, 2024, Innergex was awarded 350 GWh per year in Codelco's latest request for proposals in Chile. Under the terms of the agreement, Innergex will supply Codelco (S&P: BBB+) with clean energy produced by its portfolio of assets from 2026 to 2040.

On March 21, 2024, Innergex provided an update on its Dividend Reinvestment Plan (the "Plan"), under which the Corporation has the discretion to either purchase the additional common shares on the open market or issue them from treasury. The Corporation indicated that for the April 15, 2024, dividend and for future dividends declared until further notice, the Corporation will purchase common shares on the secondary market at the average price (excluding any brokerage commissions, fees and service charges) per common share paid by the agent for all common shares acquired in respect of an investment period being the Market Purchase Price (as defined in the Plan).

1. This measure is not recognized under IFRS and therefore may not be comparable to those presented by other issuers. For more information on the calculation and explanation, please refer to Section 4- CAPITAL AND LIQUIDITY | Free Cash Flow and Payout Ratio of this MD&A.

1- HIGHLIGHTS | First Quarter 2024 – Selected Information

	Three months ended March 31	
	2024	2023
OPERATING RESULTS		
Production (MWh)	2,522,980	2,312,655
Revenues and Production Tax Credits	242,535	218,328
Operating Income	63,019	62,969
Adjusted EBITDA[1]	164,734	145,100
Net Loss	(37,659)	(13,036)
Adjusted Net Loss[1]	(20,233)	(12,029)
PROPORTIONATE		
Production Proportionate (MWh)	2,586,369	2,359,970
Revenues and Production Tax Credits Proportionate[1]	252,000	224,455
Adjusted EBITDA Proportionate[1]	170,685	148,443
COMMON SHARES		
Dividends declared on Common Shares	18,339	36,749
Dividends declared on Series A Preferred Shares	689	689
Dividends declared on Series C Preferred Shares	719	719
Weighted Average Number of Common Shares (in 000s)	203,528	203,564

	Trailing twelve months ended March 31	
	2024	2023
CASH FLOW AND FREE CASH FLOW		
Cash Flow From Operating Activities[2]	325,580	398,690
Free Cash Flow[1,2]	241,787	135,686
Free Cash Flow per Share[1,2]	1.19	0.67
Payout Ratio[1,2]	53 %	108 %

	As at	
FINANCIAL POSITION	March 31, 2024	December 31, 2023
Total Assets	9,039,574	8,939,826
Total Liabilities	7,860,863	7,734,498
Equity Attributable to Owners	1,067,065	1,086,883
Non-Controlling Interests	111,646	118,445

1. These measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to Section 5- NON-IFRS MEASURES of this MD&A for more information.
2. For more information on the calculation and explanation, please refer to Section 4- CAPITAL AND LIQUIDITY | Free Cash Flow and Payout Ratio of this MD&A.

1- HIGHLIGHTS | First Quarter 2024 – Operating Performance

For the three months ended March 31, 2024, **Revenues and Production Tax Credits** were up 11% to $242.5 million compared with the same period last year. The increase is mainly explained by the higher production at the hydro facilities in British Columbia, the higher production at the hydro facilities in Chile, an increased wind regime at the facilities in Quebec, the Sault Ste. Marie Acquisition on March 9, 2023, and the commissioning of the Salvador battery energy storage facility in October 2023. The increase is partly offset by lower spot prices at the Chilean hydro facilities, lower wind regime in the United States and the French facilities. Revenues and Production Tax Credits Proportionate[1] were up 12% at $252.0 million compared with the same period last year.

For the three months ended March 31, 2024, **Operating, general, administrative and prospective projects expenses** were up 8% to $81.8 million compared with the same period last year. The higher expenses are mainly explained by higher royalties and tax on production related to higher production in British Columbia, higher toll expenses in Chile solar facilities and by the Sault Ste. Marie Acquisition on March 9, 2023. The increase is partly compensated by the lower tax on revenues in France.

The increase in realized gain on the power hedges is mainly related to the decrease in realized merchant power prices for the power hedge at the Phoebe solar facility in Texas.

As a result of the factors explained above, Adjusted EBITDA[1] was 14% higher at $164.7 million for the three months ended March 31, 2024, and Adjusted EBITDA Proportionate[1] was 15% higher at $170.7 million, compared with the same period last year.

Innergex recorded a net loss of $37.7 million ($0.21 net loss per share, on a basic and diluted basis) for the three months ended March 31, 2024, compared with a net loss of $13.0 million ($0.08 net loss per share - basic and diluted) for the corresponding period in 2023. The increase in net loss is mainly explained by the increase in depreciation and amortization mainly attributable to the acquisitions and commissioning activities, and by a change in the fair value of financial instruments related to the Phoebe power hedge, due to an increase in the forecasted power prices. These items were partly offset by the operating performance previously discussed.

[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 Section 5- NON-IFRS MEASURES of this MD&A for more information.

1- HIGHLIGHTS | First Quarter 2024 – Capital and Resources

The increase in total assets compared with December 31, 2023, results largely from the construction activities at the Hale Kuawehi solar and battery energy storage, Boswell Springs wind and San Andrés battery energy storage projects and from the increase in derivative financial instruments' fair values. These items were partly offset by depreciation and amortization.

The increase in total liabilities compared with December 31, 2023, results largely from the increase in long-term loans and borrowings stemming from the net draws made toward the construction of the Hale Kuawehi solar and battery energy storage, San Andrés battery energy storage and Boswell Springs wind projects. Moreover, the increase is also due to the change in the fair value of financial instruments, mainly related to the Phoebe power hedge. These items were partly offset by the scheduled principal repayments of long-term loans and borrowings.

The decrease in shareholders' equity compared with December 31, 2023, results largely from the dividends declared on common and preferred shares, and by the distributions to non-controlling interests, partly offset by the total comprehensive income.

The increase in cash flows from operating activities before changes in non-cash operating working capital items for the three months ended March 31, 2024, is mainly due to the respective operating performance of the hydroelectric, wind and solar segments previously discussed, and by the decrease in financial expenses paid as a result of the timing of interest payments on certain project and corporate debts. In addition, for the trailing twelve months ended March 31, 2024, Free Cash Flow[1] was favourably impacted by a gain realized upon disposition of a 30% non-controlling interest in Innergex's portfolio in France, by the Aela and Sault Ste. Marie acquisitions, and by higher production at the hydro facilities in British Columbia. The increase was partly offset by the lower spot prices at the Chilean hydro facilities, and by an increase in principal and interest payments stemming from the acquisitions and construction activities.

1- HIGHLIGHTS | Subsequent Events

On April 15, 2024, Innergex, the RCM of Lotbinière and the Abenaki Councils of Odanak and Wôlinak signed a 30-year PPA with Hydro-Québec (S&P credit rating: AA-) for the electricity to be generated by the 100 MW Lotbinière Ndakina community wind power project.

[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 Section 5- NON-IFRS MEASURES of this MD&A for more information.

2- OVERVIEW OF OPERATIONS | Business Environment

Seasonality of Operations

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

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

	Consolidated LTA and Quarterly Seasonality[1]								
In GWh and %	Q1		Q2		Q3		Q4		Total
HYDRO	512	14 %	1,242	33 %	1,171	31 %	804	22 %	3,729
WIND	1,784	28 %	1,554	24 %	1,342	21 %	1,743	27 %	6,423
SOLAR	335	21 %	460	29 %	461	30 %	313	20 %	1,569
Total	2,631	22 %	3,256	28 %	2,974	26 %	2,860	24 %	11,721

1. The consolidated long-term average production is the annualized LTA for the facilities in operation as at May 8, 2024. The LTA is presented in accordance with revenue recognition accounting rules under IFRS and excludes production from facilities that are accounted for using the equity method. Production in comparison to the LTA is a key performance indicator for the Corporation. For more information, please refer to the Key Figures section of this MD&A.

Inflation

The Corporation's operating facilities have shown resiliency toward inflation as most of its long-term PPAs contain partial or full indexation clauses that annually adjust for the effects of inflation. As such, inflation pressures on the Corporation's operating, general and administrative expenses are generally absorbed by higher revenues.

Interest rate

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. The Corporation generally uses a high proportion of long-term loans and borrowings to finance the capital requirements of its facilities. The Corporation is exposed to interest rate risk principally through floating-rate long-term loans and borrowings. It mitigates this risk by entering into fixed-rate financing agreements or interest rate swap agreements concurrently with entering into floating-rate loan facilities, typically with matching notional and amortization periods. As at March 31, 2024, excluding the construction financing of the Boswell Springs wind project, which is subject to a forward-starting interest rate swap, approximately 5.1% of the Corporation's total long-term loans and borrowings were exposed to interest rate fluctuations. The Corporation's long-term loans and borrowings have a weighted-average maturity of 12.4 years, therefore near-term fluctuations in interest rates have a limited effect on the Corporation's future cash flows.

(in thousands of Canadian dollars, except as noted and amounts per share)

2- OVERVIEW OF OPERATIONS | Prospective Projects

Innergex owns interests in numerous prospective projects at various stages of development. Some projects have secured land rights, filed an investigative permit application or have submitted or could submit a proposal under a Request for Proposals (collectively the "Prospective Projects"). The list of Prospective Projects is revised quarterly to add or remove projects, according to their advancement potential. Prospective projects are categorized in different stages based on the items below. There is no certainty that any Prospective Project will be realized.

In order to define the stage of each prospective project, their progression is measured according to their development maturity leading to obtaining a final notice to proceed to the construction phase combined with a success probability factor that the project will reach COD. Prospective projects are segregated into three different stages, i.e. early, mid and advanced.

Early Stage	The prospective projects in this category have a **LOW** development maturity combined with an **UNDETERMINED** success probability factor; or a **MID**-stage development maturity combined with an **UNDETERMINED** success probability factor.
Mid Stage	The prospective projects in this category have a **MID**-stage development maturity combined with a **MEDIUM** success probability factor; or a **HIGH**-stage development maturity combined with a **MEDIUM** success probability factor.
Advanced Stage	The prospective projects in this category have a **HIGH** development maturity combined with a **HIGH** success probability factor; or a **MID**-stage development maturity combined with **HIGH** success probability factor.

	Early Stage		Mid Stage		Advanced Stage		Total Capacity[1] (in MW)	Total number of projects
	Capacity[1] (in MW)	Number of projects	Capacity[1] (in MW)	Number of projects	Capacity[1] (in MW)	Number of projects		
CANADA								
Hydro	497	15	—	—	—	—	497	15
Solar	480	6	—	—	—	—	480	6
Wind	3,431	15	2,750	8	—	—	6,181	23
Storage	100	1	—	—	—	—	100	1
Subtotal	4,508	37	2,750	8	—	—	7,258	45
UNITED STATES								
Solar	290	2	359	2	565	3	1,214	7
Wind	—	—	400	1	—	—	400	1
Green hydrogen[2]	5	1	—	—	—	—	5	1
Subtotal	295	3	759	3	565	3	1,619	9
FRANCE								
Solar	—	—	86	6	86	1	172	7
Wind	21	1	147	7	134	7	302	15
Storage	19	1	—	—	—	—	19	1
Subtotal	40	2	233	13	220	8	493	23
CHILE								
Hydro	—	—	—	—	154	1	154	1
Solar	32	1	—	—	—	—	32	1
Wind	236	1	—	—	—	—	236	1
Storage	—	—	120	3	—	—	120	3
Subtotal	268	2	120	3	154	1	542	6
Total	5,111	44	3,862	27	939	12	9,912	83
Change from Q4 2023	+184	-5	+256	+9	-599	-6	-159	-2

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.

Compared to Q4 2023, two projects in Canada progressed to the development stage and two new projects were added for a net decrease of 40 MW. In the United States two projects were abandoned for a net decrease of 135 MW. In France, two projects progressed to the development stage, two new projects were added and two projects were abandoned, for a net decrease of 54 MW. In Chile, two new projects were added for a net increase of 70 MW. In total, 159 MW of net prospective projects were removed in the quarter due mainly to projects progressing to development phase.

(in thousands of Canadian dollars, except as noted and amounts per share)

2- OVERVIEW OF OPERATIONS | Development Activities

Innergex owns a portfolio of projects in the development stage with a gross installed capacity of approximately 881.9 MW. The table below outlines their status as at the date of this MD&A.

Name (Location)	Type	Gross installed capacity (MW)	PPA term (years)	Expected COD
Rucacura (Chile)	Hydro	3.0	— [1]	2025
Auxy Bois Régnier (France)	Wind	29.4	20	2025
Mesgi'g Ugju's'n 2 (Canada)	Wind	102.2	30	2026
Palomino (Ohio, U.S.)	Solar	200.0	—	2027
Pointe à Neveu (France)	Wind	16.8	20	2027
Oratorio (Auzouer) (France)	Wind	8.0	20	2027
Montjean 2 (France)	Wind	13.5	20	2028
Frontera (Chile)	Hydro	109.0	— [1]	2028
Lotbinière Ndakina (Canada)	Wind	100.0	30	2028
Manicouagan (Canada)	Wind	300.0	30	2029
Total Gross Installed Capacity in Development (MW)		881.9		

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

Updated status from the previous quarter for the following projects:

Rucacura
- Memorandum of understanding agreement in process with potential contractor.

Auxy Bois Régnier
- Geotechnical studies completed in Q4 2023, study reports received in Q1 2024.

Mesgi'g Ugju's'n 2 (MU2)
- The Bureau d'audiences publiques sur l'environnement public hearings were held in March 2024.
- Memorandum of understanding signed in Q1 2024 with original equipment manufacturer.
- Preliminary interconnection agreement signed.
- Discussion underway with the offtaker regarding the federal investment tax credit program.

Palomino
- Commercial discussions are ongoing with multiple interested offtakers.
- Feasibility and System Impact Studies completed, awaiting results of Facilities Study and draft Large Generator Interconnection Agreement from PJM and AEP by Q3 2024.
- Limited notice to proceed agreement executed for procurement of high voltage breakers and main transformer.

Pointe à Neveu
- Environmental authorization received in Q1 2024.

Oratorio (Auzouer)
- Prefectural approval received on February 19, 2024.
- Interconnection procedure in progress.

Montjean 2
- Land register recalibration completed by a surveyor.
- Wind farm construction plans updated according to required technical specifications.
- Work continues to secure land.
- Choice of interconnection solution underway and request for capacity reservation.

Frontera
- Transmission line point of connection in permitting. Electricity substation owner is developing all technical studies.
- Preparation of the documentation to obtain building permits from the local administration.

(in thousands of Canadian dollars, except as noted and amounts per share)

Lotbinière Ndakina

- PPA signed on April 12, 2024.
- Field inventory underway in preparation for the submission of our environmental impact study scheduled in Q1 2025.
- Implementation of our local integration plan to promote the project's benefits for the host community.

Manicouaguan

- PPA expected to be signed in Q2 2024
- Implementation of our local integration plan to promote the project's benefits for the host community.

2- OVERVIEW OF OPERATIONS | Construction Activities

The table below outlines the projects that are under construction as at the date of this MD&A.

Name (Location)	Type	Ownership (%)	Gross installed capacity (MW)	Gross estimated LTA[1] (GWh)	PPA term (years)	Expected COD
San Andrés Battery Energy Storage (Chile)	Storage	100	35.0 [4]	—	—	2024
Lazenay (France)	Wind	25	9.0	27.8	20	2024
Hale Kuawehi (Hawaii, U.S.)	Solar Storage	100	30.0 30.0 [2]	87.4	25 [3]	2024
Boswell Springs (Wyoming, U.S.)	Wind	100	329.8	1,262.0	30	2024
Total Gross Installed Capacity in Construction Activities (MW)			433.8			

1. This information is intended to inform readers of the projects' potential impact on the Corporation's results. Actual results may vary. These estimates are up-to-date as at the date of this MD&A.
2. Battery storage capacity of 30 MW/120 MWh (4 hours).
3. PPA is a fixed lump sum capacity payment for the availability of dispatchable energy.
4. Battery storage capacity of 35 MW/175 MWh (5 hours).

Updated status for the following projects:

San Andrés Battery Energy Storage

- Interconnection completed.
- Real-time information system testing with the National Electrical Coordinator.
- Actual power delivery ongoing and daily functional operation testing in progress.
- Project COD expected in Q2 2024.

Lazenay

- Balance of plant work almost completed.
- First wind turbine generator component deliveries in progress since the end of Q1 2024.
- Commissioning work expected to be completed in July.
- Project COD expected in Q4 2024.

Hale Kuawehi

- Major deliveries are completed.
- Major components installation in Q3 2024.
- Project COD expected in Q4 2024.

Boswell Springs

- Wind turbine generators delivery to start in Q2 2024, as well as installation.
- Project COD expected in Q4 2024.

(in thousands of Canadian dollars, except as noted and amounts per share)

2- OVERVIEW OF OPERATIONS | Operating Facilities

Energy segment	Location	Three months ended March 31, 2024		Three months ended March 31, 2023	
		Production (MWh)	Production as a % of LTA	Production (MWh)	Production as a % of LTA
HYDRO	Quebec	134,955	109 %	131,827	106 %
	Ontario	23,666	97 %	23,604	97 %
	British Columbia	303,471	162 %	105,528	49 %
	United States	116,259	116 %	118,506	118 %
	Chile	73,427	93 %	59,801	79 %
	Subtotal	**651,779**	**127 %**	**439,266**	**82 %**
WIND	Quebec	640,492	92 %	519,748	75 %
	France	211,173	97 %	239,022	103 %
	United States	618,700	94 %	721,756	110 %
	Chile	147,533	70 %	157,347	74 %
	Subtotal	**1,617,897**	**91 %**	**1,637,873**	**91 %**
SOLAR	Ontario[2]	21,583	110 %	12,540	94 %
	United States	165,557	76 %	149,296	67 %
	Chile	66,163	67 %	73,680	73 %
	Subtotal	**253,303**	**76 %**	**235,516**	**70 %**
TOTAL PRODUCTION[1]		**2,522,980**	**96 %**	**2,312,655**	**87 %**
Innergex's share of production of joint ventures and associates		63,389	116 %	47,315	98 %
PRODUCTION PROPORTIONATE[1]		**2,586,369**	**96 %**	**2,359,970**	**87 %**

1. Some facilities are treated as joint ventures and associates and accounted for using the equity method; their revenues are not included in the Corporation's consolidated revenues and, for consistency, their electricity production figures have been excluded from production and included in production proportionate.
2. The Acquisition of Sault Ste. Marie was completed on March 9, 2023.

Production for the three months ended March 31, 2024, was 96% of LTA. The result is mostly explained by below-average wind regimes in facilities across all regions, as well as lower irradiation and economic curtailment at the Phoebe facility in Texas and at the Salvador and San Andrés facilities in Chile. These items were partly offset by higher water flows in British Columbia and Quebec hydro facilities and at the Curtis Palmer Facility. Innergex's share of production of joint ventures and associates was 116% of LTA, translating into a Production Proportionate at 96% of LTA.

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS

	Three months ended March 31			
	2024	2023	Change	
Revenues	222,422	197,399	25,023	13 %
Production Tax Credits	20,113	20,929	(816)	(4)%
Revenues and Production Tax Credits	242,535	218,328	24,207	11 %
Operating expenses	56,399	51,246	5,153	10 %
General and administrative expenses	15,643	19,709	(4,066)	(21)%
Prospective projects expenses	9,805	4,498	5,307	118 %
ERP implementation	2,511	2,569	(58)	(2)%
Depreciation and amortization	95,158	77,337	17,821	23 %
Operating Income	63,019	62,969	50	— %
Finance costs	84,849	84,802	47	— %
Other net income	(219)	(440)	221	50 %
Share of losses of joint ventures and associates	2,889	4,673	(1,784)	(38)%
Change in fair value of financial instruments	15,511	(1,881)	17,392	925 %
Income tax recovery	(2,352)	(11,149)	8,797	79 %
Net loss	(37,659)	(13,036)	(24,623)	(189)%
Net Loss attributable to:				
Owners of the parent	(41,425)	(14,336)	(27,089)	(189)%
Non-controlling interests	3,766	1,300	2,466	190 %
	(37,659)	(13,036)	(24,623)	(189)%
Basic net loss per share attributable to owners ($)	(0.21)	(0.08)		
Diluted net loss per share attributable to owners ($)	(0.21)	(0.08)		

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

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS | Hydroelectric Segment

	Three months ended March 31		
Hydroelectric Segment	2024	2023	Change
Production (MWh)	651,779	439,266	48 %
LTA (MWh)	514,490	538,420	(4)%
LTA (%)	127 %	82 %	48 %
Revenues	74,873	58,829	27 %
Operating, general and administrative expenses	21,839	18,093	21 %
Adjusted EBITDA[1]	53,034	40,736	30 %
PROPORTIONATE			
Production Proportionate (MWh)	687,592	454,750	51 %
LTA Proportionate (%)	128 %	82 %	51 %
Revenues Proportionate[1]	80,043	60,461	32 %
Adjusted EBITDA Proportionate[1]	55,881	40,481	38 %

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 Section 5- NON-IFRS MEASURES of this MD&A for more information.

For the three months ended March 31, 2024, the increase of 27% in Revenues in the hydroelectric segment compared with the same period last year is mainly explained by higher production at the facilities in British Columbia and in Chile. The increase is partly offset by lower spot prices at the Chilean facilities. The increase of 21% in Operating, general and administrative expenses is mainly explained by higher royalties and production tax related to higher production in British Columbia. As a result, Adjusted EBITDA[1] increased by 30% to $53.0 million.

For the three months ended March 31, 2024, the increase of 32% in Revenues Proportionate[1] in the hydroelectric segment mainly stems from the increase in consolidated revenues and revenues from the joint ventures and associates due to the Innavik facility now delivering power to the Inukjuak village and to higher production at the facilities in British Columbia. There were no significant impacts from joint ventures and associates on Operating, general and administrative expenses compared with the same period last year. As a result, Adjusted EBITDA Proportionate[1] increased by 38% to $55.9 million.

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS | Wind Segment

	Three months ended March 31		
Wind Segment	2024	2023	Change
Production (MWh)	1,617,897	1,637,873	(1)%
LTA (MWh)	1,781,924	1,796,898	(1)%
LTA (%)	91 %	91 %	— %
Revenues and production tax credits	146,022	143,587	2 %
Operating, general and administrative expenses	28,346	30,106	(6)%
Adjusted EBITDA[1]	117,676	113,481	4 %
PROPORTIONATE			
Production Proportionate (MWh)	1,645,473	1,669,704	(1)%
LTA Proportionate (%)	91 %	91 %	— %
Revenues and Production Tax Credits Proportionate[1]	150,317	148,082	2 %
Adjusted EBITDA Proportionate[1]	120,780	117,079	3 %

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 Section 5- NON-IFRS MEASURES of this MD&A for more information.

For the three months ended March 31, 2024, Revenues and production tax credits increased by 2% in the wind power generation segment compared with the same period last year, mainly due to higher production at facilities in Quebec and higher prices for facilities in Chile and the United States. The increase was partly offset by lower production from the facilities in France and in the United States. The decrease of 6% in Operating, general and administrative expenses is mainly explained by the impact of the lower tax on revenues in France and by lower major repairs in Quebec facilities. As a result, Adjusted EBITDA[1] increased by 4% to $117.7 million, compared with the same period last year.

For the three months ended March 31, 2024, the increase of 2% in Revenues and Production Tax Credits Proportionate[1] mainly stems from the increase in consolidated revenues but slightly impacted by the joint ventures' and associates' revenues, which decreased compared to the same period last year due to lower production. There were no significant impacts from joint ventures and associates on Operating, general and administrative expenses compared with the same period last year. As a result, Adjusted EBITDA Proportionate[1] increased by 3% to $120.8 million.

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS | Solar Segment

	Three months ended March 31		
Solar Segment	2024	2023	Change
Production (MWh)	253,303	235,516	8 %
LTA (MWh)	335,499	335,632	— %
LTA (%)	76 %	70 %	6 %
Revenues	21,640	15,912	36 %
Operating, general and administrative expenses	7,446	4,253	75 %
Realized gain on power hedges	(4,046)	(2,225)	82 %
Adjusted EBITDA[1]	18,239	13,884	31 %

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 Section 5- NON-IFRS MEASURES of this MD&A for more information.

For the three months ended March 31, 2024, Revenues increased by 36% in the solar power generation segment compared with the same period last year, mainly due to the Sault Ste. Marie Acquisition on March 9, 2023 and the commisioning of the Salvador battery storage facility in October 2023. The increase of 75% in Operating, general and administrative expenses is explained mainly by increased expenses from the Sault Ste. Marie Acquisition and by higher toll expenses in Chile. The increase in realized gain on the power hedges is mainly related to the decrease in merchant prices for the Phoebe power hedge. As a result, Adjusted EBITDA[1] increased by 31% to $18.2 million, compared with the same period last year.

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS | Net Earnings (Loss)

Net loss of $37.7 million ($0.21 net loss per share, on a basic and diluted basis) for the three months ended March 31, 2024, compared with a net loss of $13.0 million ($0.08 net loss per share - basic and diluted) for the corresponding period in 2023.

The $24.6 million increase in net loss mainly stems from:

- a $17.8 million increase in depreciation and amortization, mainly attributable to the acquisitions and commissioning activities;
- an unfavourable $17.4 million change in the fair value of financial instruments, mainly related to an unfavourable shift in the merchant power curves for the Phoebe power hedge; and
- an $8.8 million decrease in income tax recovery, mainly due to adjustments recognized in the current year in relation to the deferred taxes of prior years.

These items were partly offset by the hydroelectric, wind and solar segments' respective operating performance previously discussed.

3- FINANCIAL PERFORMANCE ON OPERATING RESULTS | Adjusted Net Loss

The Adjusted Net Loss[1] seeks to provide a measure that eliminates the earnings impacts of certain derivative financial instruments and non-recurring events, which do not represent the Corporation's operating performance. Adjusted Net Loss[1] is not a recognized measure under IFRS, has no standardized meaning prescribed by IFRS and therefore may not be comparable with measures presented by other issuers. Please refer to the "Non-IFRS Measures" section for more information.

References to "Adjusted Net Loss[1]" 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 financial instruments, realized loss on the termination of interest rate swaps, realized gain on foreign exchange forward contracts, impairment charges, Enterprise Resource Planning ("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 losses of joint ventures and associates related to the above items, net of related tax.

The table below shows a summary statement of Adjusted Net Loss[1] (Please refer to the Section 5- NON-IFRS MEASURES for a reconciliation to the consolidated statements of earnings:

	Three months ended March 31	
	2024	2023
Revenues and production tax credits	242,535	218,328
Expenses:		
Operating	56,399	51,246
General and administrative	15,643	19,709
Prospective projects	9,805	4,498
Depreciation and amortization	95,158	77,337
Earnings before the following:	65,530	65,538
Finance costs	84,849	84,802
Other net income	(191)	(407)
Share of losses of joint ventures and associates	3,085	4,750
Realized gain on power hedges	(4,046)	(2,225)
Income tax expense (recovery)	2,066	(9,353)
Adjusted Net Loss[1]	(20,233)	(12,029)

1. Adjusted Net Loss is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the Section 5- NON-IFRS MEASURES for more information.

Adjusted Net Loss[1] of $20.2 million for the three months ended March 31, 2024, compared with an Adjusted Net Loss[1] of $12.0 million for the corresponding period in 2023.

The $8.2 million increase in Adjusted Net Loss[1] mainly stems from:
- a $17.8 million increase in depreciation and amortization mainly attributable to the acquisitions and commissioning activities; and
- an $11.4 million increase in income tax expense, mainly due to adjustments recognized in the current year in relation to the deferred taxes of prior years.

These items were partly offset by the hydroelectric, wind and solar segments' respective operating performance previously discussed.

(in thousands of Canadian dollars, except as noted and amounts per share)

3- FINANCIAL PERFORMANCE AND OPERATING RESULTS | Non-Controlling Interests

Attribution of earnings of $3.8 million to non-controlling interests for the three months ended March 31, 2024, compared with an attribution of earnings of $1.3 million for the corresponding period in 2023.

The $2.5 million increase in earnings attributed to non-controlling interests is mainly due to:

- higher revenues from higher production at the Harrison Hydro, Kwoiek Creek, and Mesgi'g Ugju's'n facilities; and
- the allocation of earnings to the non-controlling interest in Innergex France following the closing of the 30% non-controlling interest in Q4 2023.

4- CAPITAL AND LIQUIDITY | Capital Structure

The Corporation's capital structure consists of the following components, as shown below:

As at	March 31, 2024	December 31, 2023
Equity[1]		
Common shares[2]	1,628,135	1,877,713
Preferred shares[3]	79,180	81,480
Non-controlling interests	111,646	118,445
	1,818,961	2,077,638
Long-term loans and borrowings[1]		
Corporate revolving credit facility	560,094	473,725
Other corporate debts	325,000	325,000
Project-level debts	4,921,861	4,889,469
Tax equity financing	383,455	383,100
Convertible debentures	285,703	285,105
Deferred financing costs	(70,897)	(75,252)
	6,405,216	6,281,147
	8,224,177	8,358,785

1. Common and preferred shares are presented at their fair value as at March 31, 2024, and December 31, 2023, while non-controlling interests and long-term loans and borrowings are presented at their respective book value.
2. Consists of the number of common shares outstanding as at March 31, 2024, and December 31, 2023, multiplied by the prevailing share price of $7.99 (2023 - $9.19) at the close of markets.
3. Consists of the number of preferred shares outstanding as at March 31, 2024, and December 31, 2023, multiplied by the prevailing share price of $12.70 and $18.00 (2023 - $12.20 and $20.00), for the Series A and Series C preferred shares, respectively, at the close of markets.

Innergex's strategy in managing its capital is: (i) to develop or acquire high-quality renewable power production and storage facilities that generate sustainable and stable cash flows, with the objective of achieving a high return on invested capital, and (ii) to pay a dividend.

Innergex determines the amount of capital required, and its allocation between debt and equity, for the acquisition and development of new electricity-generating facilities by considering the specific characteristics of stability and growth of each facility. This determination is made in order to distribute a dividend while maintaining an acceptable level of indebtedness. Generally, the Corporation expects to finance 70% to 85% of its construction costs mostly through non-recourse long-term debt financing or tax equity financing for qualifying projects in the United States.

The fair value of common shares was impacted mainly by a lower share price. The preferred shares structure remained consistent compared to December 31, 2023, and the fair value was impacted by a lower preferred shares price. The decrease in non-controlling interests stems mainly from the distributions allocated to the non-controlling interests during the year.

The increase in long-term loans and borrowings is mainly due to the net draws made toward the projects under construction, partly offset by the scheduled principal repayments of long-term loans and borrowings.

The effective all-in interest rate on the Corporation's long-term loans and borrowings was 5.29% as at March 31, 2024 (5.26% as at December 31, 2023). The increase is mainly due to new indebtedness at higher interest rates.

Credit Agreements – Material Financial and Non-Financial Conditions

As at March 31, 2024, the Corporation and its subsidiaries have met all material financial and non-financial conditions related to their credit agreements, trust indentures and PPAs. When they are not met, certain financial and non-financial covenants included in the credit agreements, trust indentures and PPAs entered into by various subsidiaries of the Corporation could limit the capacity of these subsidiaries to transfer funds to the Corporation. These restrictions could have a negative impact on the Corporation's ability to meet its obligations.

(in thousands of Canadian dollars, except as noted and amounts per share)

4- CAPITAL AND LIQUIDITY | Tax Equity Financing

The Corporation owns equity interests in some facilities that are eligible for tax incentives available for renewable energy facilities in the United States. With its current portfolio of renewable energy facilities, Innergex cannot fully monetize such tax incentives. To take full advantage of these incentives, the Corporation partners with Tax Equity Investors (“TEI”) who invest in these facilities in exchange for a share of the tax credits. The TEIs are allocated a portion of the renewable energy facilities' taxable income (losses), PTCs/ITCs produced and a portion of the cash generated by the facility until they achieve an agreed-upon after-tax investment return (“Flip Point”). After the Flip Point, TEIs will retain a lesser portion of the cash and the taxable income (losses) generated by the facility.

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

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

Elements affecting amortized cost of the tax equity financing	Description
Production Tax Credits (“PTC”)	Allocation of PTCs to the TEI derived from the power generated during the period and recognized in revenues and production tax credits as earned and as a reduction in tax equity financing
Investment Tax Credits (“ITC”)	Allocation of ITCs to the TEI stemming from the construction activities and recognized as a reduction in both the cost of the assets to which they relate and the tax equity financing
Taxable income (loss), including tax attributes such as accelerated tax depreciation	Allocation of taxable income and other tax attributes to the TEI recognized in other net income as earned and as a reduction in tax equity financing
Interest expense	Interest expense using the effective interest rate method recognized in finance costs as incurred and as an increase in tax equity financing
Pay-go contributions	Additional cash contributions made by the TEI when the annual production exceeds the contractually determined threshold and recognized as an increase in tax equity financing
Cash distributions	Cash allocation to the TEI, recognized as a reduction in tax equity financing

Inflation Reduction Act of 2022 (“IRA”)

The Inflation Reduction Act (“IRA”) was signed into law in August 2022 by the United States Government. Among other things, the IRA provides an extension of the ITC and PTC programs for facilities that begin construction prior to January 1, 2025. In addition, solar projects starting construction before January 1, 2025, may qualify to receive PTCs in lieu of ITCs. For projects commencing construction after January 1, 2025, the IRA initiates the transition toward a technology-neutral tax credit system, which is essentially the same in function and amount as the ITC/PTC programs. This new technology-neutral structure extends until power sector emissions are reduced by 75% from the 2022 level or begin stepping down after 2032, whichever is later.

As at March 31, 2024, facilities benefiting from the PTC program earn US$28/MWh generated, subject to annual CPI inflation adjustment. In addition, the current ITC rates represent 30% of allowable capital costs.

(in thousands of Canadian dollars, except as noted and amounts per share)

4- CAPITAL AND LIQUIDITY | Financial Position

As at	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	164,857	159,244
Restricted cash	48,527	40,099
Other current assets	309,764	318,763
Total current assets	523,148	518,106
Non-current assets		
Property, plant and equipment	6,647,058	6,560,814
Intangible assets	1,248,603	1,273,059
Investments in joint ventures and associates	125,353	130,009
Goodwill	178,723	176,608
Other non-current assets	316,689	281,230
Total non-current assets	8,516,426	8,421,720
Total assets	9,039,574	8,939,826
LIABILITIES		
Current liabilities	711,080	566,447
Non-current liabilities		
Long-term loans and borrowings	6,012,516	6,032,269
Other non-current liabilities	1,137,267	1,135,782
Total non-current liabilities	7,149,783	7,168,051
Total liabilities	7,860,863	7,734,498
SHAREHOLDERS' EQUITY		
Equity attributable to owners	1,067,065	1,086,883
Non-controlling interests	111,646	118,445
Total shareholders’ equity	1,178,711	1,205,328
	9,039,574	8,939,826

(in thousands of Canadian dollars, except as noted and amounts per share)

Working Capital Items

As at March 31, 2024, working capital[1] was negative at $187.9 million, from negative $48.3 million on December 31, 2023, mainly explained by:

- Current assets amounted to $523.1 million as at March 31, 2024, a $5.0 million increase compared with December 31, 2023.
- Current liabilities amounted to $711.1 million as at March 31, 2024, a $144.6 million increase compared with December 31, 2023, mainly due to a $169.3 million increase in the current portion of long-term loans and borrowings, which is primarily related to the classification of the subordinated unsecured term loan as current, following the upcoming maturity in February 2025, and the classification of the contingent consideration provision included in the Curtis Palmer purchase price as current, which will be paid in the first quarter of 2025, partly offset by a $31.1 million decrease in accounts payable, mainly due to the reduction of the dividend paid to shareholders and to timing of payments related to construction activities.
- Derivative financial instruments also contributed unfavourably to the working capital balance (please refer to the "Financial Position – Derivative Financial Instruments and Risk Management" subsection below for more information).

As at March 31, 2024, the Corporation had $950.0 million in revolving term credit facility and had drawn $560.1 million as cash advances, while $4.7 million had been used to issue letters of credit, leaving $385.2 million available. The Corporation considers its current level of working capital[1] and revolving term credit facility availability sufficient to meet its needs.

Non-Current Assets

Non-current assets amounted to $8,516.4 million as at March 31, 2024, an increase of $94.7 million compared with December 31, 2023. The increase is mainly due to the construction and development activities, contributing to an increase in property, plant and equipment and project development costs by an aggregate amount of $60.7 million and to the increase in the exchange rates, mainly due to the appreciation of the U.S. dollar.

Derivative financial instruments also favourably impacted non-current assets (please refer to the "Financial Position – Derivative Financial Instruments and Risk Management" subsection below for more information).

These items were partially offset by a depreciation and amortization expense of $95.2 million.

Non-Current Liabilities

Non-current liabilities amounted to $7,149.8 million as at March 31, 2024, an decrease of $18.3 million compared with December 31, 2023. The increase is mainly due to a $19.8 million increase in the non-current portion of long-term loans and borrowings. This increase stems from the net draws made toward the construction of the Hale Kuawehi solar and battery energy storage project, San Andrés battery energy storage and the Boswell Springs wind projects, as well as to an increase in exchange rates, mainly due to the appreciation of the U.S. dollar.

Derivative financial instruments also unfavourably impacted non-current liabilities (please refer to the "Financial Position – Derivative Financial Instruments and Risk Management" subsection below for more information).

These items were partly offset by the reclassification of the subordinated unsecured term loan as current following its upcoming maturity in February 2025, and also by the scheduled principal repayments.

Shareholders' Equity

As at March 31, 2024, Shareholders' equity decreased by $26.6 million compared with December 31, 2023. The decrease is mainly due to the dividends declared on common and preferred shares totalling $19.7 million, the distributions to non-controlling interests totalling $14.5 million and the buyback of common shares under the Normal Course Issuer Bid totalling $5.0 million. The decrease is partly offset by the total comprehensive income of $11.0 million.

[1] Working capital represents the excess or deficiency of current assets over current liabilities.

Derivative Financial Instruments and Risk Management

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

The aggregate fair value of derivative financial instruments amounted to a net asset of $10.3 million as at March 31, 2024, from a net asset of $4.3 million as at December 31, 2023. The favourable change relates mainly to the interest hedging derivatives, favourably impacted by an upward shift in the interest rate curves.

Off-Balance-Sheet Arrangements

As at March 31, 2024, the Corporation had issued letters of credit totalling $472.0 million, including $4.7 million from its corporate facilities, to meet its obligations under its various PPAs and other agreements. These letters of credit were issued as payment securities for various projects under construction and as performance or financial guarantees under PPAs and other contractual obligations. As at that date, Innergex had also issued a total of $40.7 million in corporate guarantees used mainly to guarantee certain activities of prospective projects. The corporate guarantees were also used for payment security related to its development activities in Hawaii and to meet obligations under PPAs for the Antoigné, Porcien and Vallottes wind facilities in France.

Tax equity investors in U.S. projects generally require sponsor guarantees as a condition to their investment. To support the tax equity investments at Foard City, Phoebe, Hillcrest, Griffin Trail and Boswell, Innergex has executed, either directly or through its Alterra Power Corp subsidiary, guarantees effective on funding of the tax equity investments indemnifying the tax equity investors against certain breaches of project-level representations, warranties and covenants and other events. The Corporation believes these indemnifications cover matters that are substantially under its control and are very unlikely to occur. With respect to the Phoebe facility, Alterra has also provided a guarantee in favour of the project, which will become effective only in the unlikely event that the Phoebe tax equity investors call upon their guarantee.

4- CAPITAL AND LIQUIDITY | Cash Flows

	Three months ended March 31	
	2024	2023
OPERATING ACTIVITIES		
Cash flows from operating activities	81,032	53,305
FINANCING ACTIVITIES		
Cash flows from financing activities	13,569	60,586
INVESTING ACTIVITIES		
Cash flows used in investing activities	(85,830)	(120,498)
Effects of exchange rate changes on cash and cash equivalents	(3,158)	861
Net change in cash and cash equivalents	5,613	(5,746)
Cash and cash equivalents, beginning of period	159,244	162,971
Cash and cash equivalents, end of period	164,857	157,225

(in thousands of Canadian dollars, except as noted and amounts per share)

Cash Flows from Operating Activities

For the three months ended March 31, 2024, cash flows from operating activities totalled $81.0 million, compared with $53.3 million in the same period last year. In addition to the hydroelectric, wind and solar segments' respective operating performance previously discussed, the increase is mainly due to the decrease in financial costs paid as a result of the timing of interest payments on certain project and corporate debts, compared with the first quarter of 2023.

Cash Flows from Financing Activities

For the three months ended March 31, 2024, cash flows from financing activities totalled $13.6 million, compared with $60.6 million in the same period last year. The decrease stems mainly from the net draws of $72.6 million on long-term loans and borrowings in 2024, mainly due to net draws related to the construction activities, partly offset by the scheduled principal repayments on long-term loans and borrowings, compared with the net draws of $115.7 million in 2023, mainly due to net draws related to the construction activities and the Sault Ste. Marie Acquisition.

Cash Flows used in Investing Activities

For the three months ended March 31, 2024, cash flows used in investing activities totalled $85.8 million, compared with $120.5 million in the same period last year. This decrease is mainly due to the consideration paid for the Sault Ste. Marie Acquisition in 2023, and by the decrease in additions to property, plant and equipment due to the construction activities, partly offset by the proceeds obtained on the sale of safe harbor solar modules during the first quarter of 2023 and the additions made toward the Hale Kuawehi solar and battery energy storage project and the San Andrés battery energy storage project. In 2024, additions to property, plant and equipment of $73.2 million related mainly to the Boswell Springs wind, the San Andrés battery energy storage and the Hale Kuawehi facilities under construction, compared with $111.9 million mainly related to the Boswell Springs wind and the Salvador and San Andrés battery energy storage facilities under construction in 2023.

4- CAPITAL AND LIQUIDITY | Free Cash Flow and Payout Ratio

Free Cash Flow and Payout Ratio[1]	Trailing twelve months ended March 31 2024	2023
Cash flows from operating activities	325,580	398,690
Add (Subtract) the following items:		
Changes in non-cash operating working capital items	36,648	6,807
Prospective projects expenses	32,469	25,218
Maintenance capital expenditures, net of proceeds from dispositions	(23,768)	(15,688)
Scheduled debt principal payments	(184,559)	(158,412)
Free Cash Flow attributed to non-controlling interests[2]	(46,864)	(26,489)
Dividends declared on Preferred shares	(5,632)	(5,632)
Chile portfolio refinancing - hedging impact[4]	4,671	3,660
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	12,783	21,413
Gain on disposition of non-controlling interests[6]	88,054	—
Free Cash Flow[1]	241,787	135,686
Weighted-average number of shares outstanding	203,556,158	203,545,519
Free Cash Flow per Share[1]	1.19	0.67
Dividends declared on common shares	128,648	146,973
Payout Ratio[1]	53 %	108 %

1. Free Cash Flow, Free Cash Flow per Share and Payout Ratio are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to Section 5- NON-IFRS MEASURES for more information.
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 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 trailing twelve months ended March 31, 2023, 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 trailing twelve months ended March 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 trailing twelve months ended March 31, 2024, 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.

(in thousands of Canadian dollars, except as noted and amounts per share)

Free Cash Flow

For the trailing twelve months ended March 31, 2024, the Corporation generated Free Cash Flow[1] of $241.8 million, compared with $135.7 million for the corresponding period last year.

Free Cash Flow[1] increased by $106.1 million compared with Free Cash Flow[1] in the comparative period, mainly due to:

- a gain realized upon disposition of a 30% non-controlling interest in Innergex's portfolio in France;
- the contribution to cash flows from operating activities before changes in non-cash operating working capital items from the Aela and Sault Ste. Marie acquisitions, along with the commissioning of the Salvador battery energy storage facility;
- the higher production at the hydro facilities in British Columbia and at the Curtis Palmer hydro facilities in the United States, in addition to increased wind regimes and revenues from new PPAs in France; and
- favourable change in the merchant pricing related to the Phoebe offtake.

These items were partly offset by:

- a decrease in cash flows from operating activities attributable to lower spot prices at the Chilean hydro facilities;
- an increase in scheduled debt principal payments mainly stemming from the Sault Ste. Marie facilities;
- an increase in maintenance capital expenditures mainly stemming from the recent weather-related damages at the Foard City facility and from major component replacements at the wind facilities in Quebec; and
- an increase in Free Cash Flow[1] attributed to non-controlling interests mainly attributable to the performance of the Curtis Palmer and Harrison Hydro facilities.

Free Cash Flow per Share

For the trailing twelve months ended March 31, 2024, the Free Cash Flow[1] generated by the Corporation divided by the weighted-average number of shares outstanding amounted to $1.19, compared with $0.67 for the corresponding period last year.

[1] Free Cash Flow is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the Section 5- NON-IFRS MEASURES for more information.

Scheduled debt principal payments

Innergex's facilities have useful lives exceeding the current amortization period for existing debt. The table below presents a comparison of the project-level debt maturities compared to their power purchase agreements' ("PPA") maturities and useful lives:

	As at March 31, 2024			
	Long-term loans and borrowings, before deferred financing costs	Remaining years to debt Maturity[1]	Remaining years to PPA Maturity[1]	Remaining useful life[1]
Corporate debt and convertible debentures	1,170,797	3.1	5.7	37.2
Project-level debt:				
Chile Green Bonds	962,050	12.2	11.8	34.6
Hydro	1,798,749	24.9	27.7	63.4
Wind	1,676,933	9.6	8.8	20.5
Solar	484,129	3.3	8.7	26.8
Tax equity financing	383,455	6.0	7.9	26.7
	6,476,113	12.4	12.0	40.3

1. Figures provided in years on a weighted average basis.

Assuming debt amortization schedules were aligned with the useful lives of the assets, and including the gain realized in the French portfolio, the Free Cash Flow and Free Cash Flow per Share for the trailing twelve months ended March 31, 2024, would have been $269.2 million and 1.32, respectively ($163.7 million and 0.80, respectively for the same period last year).

Payout Ratio

For the trailing twelve months ended March 31, 2024, the dividends on common shares declared by the Corporation amounted to 53% of Free Cash Flow[1], compared with 108% for the corresponding period last year.

4- CAPITAL AND LIQUIDITY | Information on Capital Stock

The Corporation's Equity Securities

	As at		
	May 7, 2024	March 31, 2024	December 31, 2023
Number of common shares	203,457,234	203,771,534	204,321,371
Number of 4.75% convertible debentures[1]	148,023	148,023	148,023
Number of 4.65% convertible debentures[1]	142,056	142,056	142,056
Number of Series A Preferred Shares	3,400,000	3,400,000	3,400,000
Number of Series C Preferred Shares	2,000,000	2,000,000	2,000,000
Number of stock options outstanding	402,803	402,803	289,111

1. The 4.75% and the 4.65% debentures mature on June 30, 2025, and October 31, 2026, respectively.

As at the closing of the market on May 7, 2024, and since March 31, 2024, the decrease in the number of common shares of the Corporation is attributable to 314,300 common shares purchased and cancelled by the Corporation under the Normal Course Issuer Bid.

As at March 31, 2024, the decrease in the number of common shares since December 31, 2023, was due to the 630,202 common shares purchased and cancelled by the Corporation under the Normal Course Issuer Bid for a total cash consideration of $5.0 million, partly offset by the issuance of 80,355 common shares related to the DRIP.

(in thousands of Canadian dollars, except as noted and amounts per share)

Normal Course issuer Bid

The Corporation received approval from the Toronto Stock Exchange ("TSX") to proceed with a normal course issuer bid on its common shares (the "Bid"). Under the Bid, the Corporation could purchase for cancellation up to 10,220,086 of its common shares, representing approximately 5.0% of the 204,401,736 issued and outstanding common shares of the Corporation as at February 21, 2024. The Bid commenced on February 26, 2024, and will terminate on February 25, 2025.

4- CAPITAL AND LIQUIDITY | Dividends

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

The following dividends were declared by the Corporation:

	Three months ended March 31			
	2024		2023	
	($/share)	Total	($/share)	Total
Dividends declared on common shares	0.0900	18,339	0.1800	36,749
Dividends declared on Series A Preferred Shares	0.2028	689	0.2028	689
Dividends declared on Series C Preferred Shares	0.3594	719	0.3594	719

The following dividends will be paid by the Corporation on July 15, 2024:

Date of announcement	Record date	Payment date	Dividend per common share	Dividend per Series A Preferred Share	Dividend per Series C Preferred Share
May 8, 2024	June 30, 2024	July 15, 2024	$0.0900	$0.2028	$0.3594

On February 21, 2024, the Board of Directors approved an update to its capital allocation strategy and revised its annual dividend for 2024 to $0.36 per common share to support its growth plans.

(in thousands of Canadian dollars, except as noted and amounts per share)

5- NON-IFRS MEASURES

This MD&A has been prepared in accordance with IFRS. However, some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes these indicators are important, as they provide management and the reader with additional information about 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, Free Cash Flow per Share 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

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 March 31, 2024			Three months ended March 31, 2023		
	Consolidation	Share of joint ventures	Proportionate	Consolidation	Share of joint ventures	Proportionate
Revenues	222,422	9,465	231,887	197,399	6,127	203,526
Production tax credits	20,113	—	20,113	20,929	—	20,929
Revenues and Production Tax Credits	242,535	9,465	252,000	218,328	6,127	224,455
Operating income	63,019	1,447	64,466	62,969	(774)	62,195
Depreciation and amortization	95,158	4,504	99,662	77,337	4,117	81,454
ERP implementation	2,511	—	2,511	2,569	—	2,569
Realized gain on power hedges	4,046	—	4,046	2,225	—	2,225
Adjusted EBITDA	164,734	5,951	170,685	145,100	3,343	148,443

(in thousands of Canadian dollars, except as noted and amounts per share)

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 March 31	
	2024	2023
Net loss	(37,659)	(13,036)
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	(308)	(124)
Unrealized portion of the change in fair value of financial instruments	19,557	344
ERP implementation	2,511	2,569
Realized gain on foreign exchange forward contracts	(28)	(33)
Income tax recovery related to above items	(4,306)	(1,749)
Adjusted Net loss	(20,233)	(12,029)

(in thousands of Canadian dollars, except as noted and amounts per share)

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

	Three months ended March 31, 2024			Three months ended March 31, 2023		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS
Revenues	222,422	—	222,422	197,399	—	197,399
Production Tax Credits	20,113	—	20,113	20,929	—	20,929
Operating expenses	56,399	—	56,399	51,246	—	51,246
General and administrative expenses	15,643	—	15,643	19,709	—	19,709
Prospective projects expenses	9,805	—	9,805	4,498	—	4,498
ERP implementation	2,511	(2,511)	—	2,569	(2,569)	—
Depreciation and amortization	95,158	—	95,158	77,337	—	77,337
Impairment of long-term assets	—	—	—	—	—	—
Operating income	63,019	2,511	65,530	62,969	2,569	65,538
Finance costs	84,849	—	84,849	84,802	—	84,802
Other net income	(219)	28	(191)	(440)	33	(407)
Share of (earnings) losses of joint ventures and associates	2,889	196	3,085	4,673	77	4,750
Change in fair value of financial instruments	15,511	(19,557)	(4,046)	(1,881)	(344)	(2,225)
Income tax expense (recovery)	(2,352)	4,418	2,066	(11,149)	1,796	(9,353)
Net loss	(37,659)	17,426	(20,233)	(13,036)	1,007	(12,029)

(in thousands of Canadian dollars, except as noted and amounts per share)

Free Cash Flow, Free Cash Flow per Share and Payout Ratio

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 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.

References to “Free Cash Flow per Share” are to Free Cash Flow divided by the weighted-average number of common shares outstanding during the period.

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. Free Cash Flow per Share is a measure of the Corporation's ability to derive shareholder returns on a per-share basis from its cash generating operations, in the normal course of business, and through strategic transactions.

Innergex believes that the presentation of these measures enhance the understanding of the Corporation's cash generation capabilities, its ability to pay a dividend and its ability to fund its growth. In addition, Free Cash Flow per Share enhances the understanding of the impacts to shareholder returns regarding the Corporation's capital structure decisions. Free Cash Flow and Free Cash Flow per Share are used by investors in this regard. Readers are cautioned that Free Cash Flow and Free Cash Flow per Share 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 pay a dividend and its ability to fund its growth. Payout Ratio is used by investors in this regard.

6- ADDITIONAL CONSOLIDATED INFORMATION | Geographic Segments – Revenues

	Three months ended March 31	
	2024	2023
Revenues and Production Tax Credits		
Canada	107,112	73,953
United States	70,175	73,459
Chile	33,405	33,624
France	31,843	37,292
	242,535	218,328

6- ADDITIONAL CONSOLIDATED INFORMATION | Geographic Segments – Non-current Assets

	As at	
	March 31, 2024	December 31, 2023
Non-current assets, excluding derivative financial instruments and deferred tax assets[1]		
Canada	3,312,394	3,355,393
United States	2,684,575	2,597,848
Chile	1,614,333	1,585,033
France	721,881	731,897
	8,333,183	8,270,171

1. Includes the investments in joint ventures and associates.

(in thousands of Canadian dollars, except as noted and amounts per share)

6- ADDITIONAL CONSOLIDATED INFORMATION | Historical Quarterly Financial Information

	Three months ended							
(in millions of dollars, unless otherwise stated)	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Production (MWh)	2,522,980	2,703,285	2,654,439	2,951,098	2,312,655	2,357,039	2,736,471	2,855,891
Revenues and Production Tax Credits	242.5	261.5	292.2	269.5	218.3	220.2	268.7	238.5
Operating income (loss)	63.0	(36.5)	99.8	93.3	63.0	(4.7)	108.5	92.5
Adjusted EBITDA[1]	164.7	175.4	180.2	187.0	145.1	135.4	167.6	159.3
Net (loss) earnings	(37.7)	(122.0)	4.4	24.8	(13.0)	(52.6)	21.0	(24.6)
Net (loss) earnings attributable to owners of the parent	(41.4)	(113.9)	9.1	20.7	(14.3)	(45.3)	23.3	(25.2)
Basic net (loss) earnings attributable to owners of the parent ($ per share)	(0.21)	(0.57)	0.04	0.10	(0.08)	(0.23)	0.11	(0.13)
Diluted net (loss) earnings attributable to owners of the parent ($ per share)	(0.21)	(0.57)	0.04	0.10	(0.08)	(0.23)	0.11	(0.13)
Dividends declared on common shares	18.3	36.8	36.8	36.8	36.7	36.7	36.7	36.7
Dividends declared on common shares, $ per share	0.090	0.180	0.180	0.180	0.180	0.180	0.180	0.180

1. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the Section 5- NON-IFRS MEASURES for more information.

The Corporation's production, revenues, net earnings and cash flows are variable with each season, depending on the geography and source of energy. Please refer to the "Overview of Operations | Business Environment - Seasonality of Operations" section of this MD&A for more information on seasonality.

7- ACCOUNTING POLICIES AND INTERNAL CONTROLS | Material Accounting Policies

Changes in accounting policies

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current, such that an entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date, subject to the entity complying with specific loan covenants. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1), confirming that only covenants with which a entity must comply on or before the reporting date affect the classification. In addition, when non-current liabilities are subject to future covenants, entities will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2024. The Corporation adopted the amendments on January 1, 2024, with no impact to the consolidated financial statements.

New accounting standards and interpretations issued but not yet effective

Presentation and Disclosure in Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The impact for the Corporation is being assessed by management.

7- ACCOUNTING POLICIES AND INTERNAL CONTROLS | Internal Controls

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

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

- Internal control over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the period beginning on January 1, 2024, and ended on March 31, 2024, there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

8- FORWARD-LOOKING INFORMATION

To inform readers of the Corporation's future prospects, this MD&A contains forward-looking information within the meaning of applicable securities laws (“Forward-Looking Information”), including the Corporation’s 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 MD&A.

Future-Oriented Financial Information: Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, including information regarding the Corporation's 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; no adverse political and regulatory intervention; 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 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.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

	Notes	Three months ended March 31 2024	2023
Revenues		222,422	197,399
Production tax credits		20,113	20,929
Revenues and production tax credits		242,535	218,328
Expenses			
Operating		56,399	51,246
General and administrative		15,643	19,709
Prospective projects		9,805	4,498
ERP implementation		2,511	2,569
Depreciation and amortization		95,158	77,337
Operating income		63,019	62,969
Finance costs	3	84,849	84,802
Other net income	4	(219)	(440)
Share of losses of joint ventures and associates		2,889	4,673
Change in fair value of financial instruments	5 b)	15,511	(1,881)
Loss before income tax		(40,011)	(24,185)
Income tax recovery		(2,352)	(11,149)
Net loss		(37,659)	(13,036)
Net loss attributable to:			
Owners of the parent		(41,425)	(14,336)
Non-controlling interests		3,766	1,300
		(37,659)	(13,036)
Net loss per share attributable to owners:			
Basic net loss per share ($)	6	(0.21)	(0.08)
Diluted net loss per share ($)	6	(0.21)	(0.08)

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

(in thousands of Canadian dollars, except as noted and amounts per share)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Notes	Three months ended March 31 2024	2023
Net loss		(37,659)	(13,036)
Items of comprehensive income (loss) that will be subsequently reclassified to earnings:			
Foreign currency translation differences for foreign operations		30,059	3,311
Change in fair value of financial instruments designated as net investment hedges	5	(3,787)	770
Change in fair value of financial instruments designated as cash flow hedges	5	29,581	(36,086)
Change in fair value of financial instruments of joint ventures and associates designated as cash flow hedges		1,356	(1,837)
Related deferred income tax		(8,506)	8,975
Other comprehensive income (loss)		48,703	(24,867)
Total comprehensive income (loss)		11,044	(37,903)
Total comprehensive income (loss) attributable to:			
Owners of the parent		3,300	(38,797)
Non-controlling interests		7,744	894
		11,044	(37,903)

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

(in thousands of Canadian dollars, except as noted and amounts per share)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	Notes	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		164,857	159,244
Restricted cash		48,527	40,099
Accounts receivable		223,486	232,694
Derivative financial instruments	5	37,324	38,017
Prepaids and other		48,954	48,052
Total current assets		523,148	518,106
Non-current assets			
Property, plant and equipment	7	6,647,058	6,560,814
Intangible assets		1,248,603	1,273,059
Project development costs		36,203	34,255
Investments in joint ventures and associates		125,353	130,009
Derivative financial instruments	5	92,492	63,689
Deferred tax assets		90,751	87,860
Goodwill		178,723	176,608
Other long-term assets		97,243	95,426
Total non-current assets		8,516,426	8,421,720
Total assets		9,039,574	8,939,826
LIABILITIES			
Current liabilities			
Accounts payable and other payables		249,323	280,382
Derivative financial instruments	5	37,141	30,780
Current portion of long-term loans and borrowings and other liabilities		424,616	255,285
Total current liabilities		711,080	566,447
Non-current liabilities			
Derivative financial instruments	5	82,376	66,610
Long-term loans and borrowings		6,012,516	6,032,269
Other liabilities		515,276	540,550
Deferred tax liabilities		539,615	528,622
Total non-current liabilities		7,149,783	7,168,051
Total liabilities		7,860,863	7,734,498
SHAREHOLDERS' EQUITY			
Equity attributable to owners		1,067,065	1,086,883
Non-controlling interests		111,646	118,445
Total shareholders’ equity		1,178,711	1,205,328
Total liabilities and shareholders’ equity		9,039,574	8,939,826

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

(in thousands of Canadian dollars, except as noted and amounts per share)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Three months ended March 31, 2024	Equity attributable to owners								
	Common share capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive Income	Total	Non-controlling interests	Total shareholders' equity
Balance January 1, 2024	1,267	2,582,968	131,069	2,819	(1,764,130)	132,890	1,086,883	118,445	1,205,328
Net (loss) earnings	—	—	—	—	(41,425)	—	(41,425)	3,766	(37,659)
Other comprehensive income	—	—	—	—	—	44,725	44,725	3,978	48,703
Total comprehensive (loss) income	—	—	—	—	(41,425)	44,725	3,300	7,744	11,044
Common shares issued through dividend reinvestment plan	742	—	—	—	—	—	742	—	742
Buyback of common shares	—	(5,047)	—	—	—	—	(5,047)	—	(5,047)
Share-based payments and Performance Share Plan	—	806	—	—	—	—	806	—	806
Shares purchased - Performance Share Plan	—	128	—	—	—	—	128	—	128
Dividends declared on common shares (Note 9)	—	—	—	—	(18,339)	—	(18,339)	—	(18,339)
Dividends declared on preferred shares (Note 9)	—	—	—	—	(1,408)	—	(1,408)	—	(1,408)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(14,543)	(14,543)
Balance March 31, 2024	2,009	2,578,855	131,069	2,819	(1,825,302)	177,615	1,067,065	111,646	1,178,711

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

(in thousands of Canadian dollars, except as noted and amounts per share)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Equity attributable to owners								
Three months ended March 31, 2023	Common shares capital account	Contributed surplus	Preferred shares	Convertible debentures	Deficit	Accumulated other comprehensive (loss) income	Total	Non-controlling interests	Total shareholders' equity
Balance January 1, 2023	485	2,581,173	131,069	2,819	(1,596,021)	196,670	1,316,195	170,232	1,486,427
Net (loss) earnings	—	—	—	—	(14,336)	—	(14,336)	1,300	(13,036)
Other comprehensive loss	—	—	—	—	—	(24,461)	(24,461)	(406)	(24,867)
Total comprehensive (loss) income	—	—	—	—	(14,336)	(24,461)	(38,797)	894	(37,903)
Common shares issued through dividend reinvestment plan	448	—	—	—	—	—	448	—	448
Share-based payments and Performance Share Plan	—	1,032	—	—	—	—	1,032	—	1,032
Shares vested - Performance Share Plan	1,991	(2,995)	—	—	—	—	(1,004)	—	(1,004)
Shares purchased - Performance Share Plan	—	107	—	—	—	—	107	—	107
Dividends declared on common shares	—	—	—	—	(36,749)	—	(36,749)	—	(36,749)
Dividends declared on preferred shares	—	—	—	—	(1,408)	—	(1,408)	—	(1,408)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(13,354)	(13,354)
Balance March 31, 2023	2,924	2,579,317	131,069	2,819	(1,648,514)	172,209	1,239,824	157,772	1,397,596

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

(in thousands of Canadian dollars, except as noted and amounts per share)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended March 31	
		2024	2023
OPERATING ACTIVITIES	Notes		
Net loss		(37,659)	(13,036)
Items not affecting cash:			
Depreciation and amortization		95,158	77,337
Share of losses of joint ventures and associates		2,889	4,673
Unrealized portion of change in fair value of financial instruments	5	19,557	344
Production tax credits and tax attributes allocated to tax equity investors		(19,228)	(22,156)
Other		835	286
Finance costs	3	84,849	84,802
Finance costs paid	10 b)	(64,912)	(70,422)
Distributions received from joint ventures and associates		3,124	4,926
Income tax recovery		(2,352)	(11,149)
Income tax paid		(476)	(1,363)
Effect of exchange rate fluctuations		1,950	(1,481)
		83,735	52,761
Changes in non-cash operating items	10 a)	(2,703)	544
		81,032	53,305
FINANCING ACTIVITIES			
Dividends paid on common and preferred shares		(37,440)	(37,704)
Distributions to non-controlling interests		(14,543)	(13,354)
Increase in long-term debt, net of deferred financing costs	10 c)	123,642	379,519
Repayment of long-term debt	10 c)	(51,075)	(263,838)
Payment of other liabilities		(2,096)	(3,140)
Payment for buyback of common shares		(5,047)	—
Purchase of common shares under the Performance Share Plan		128	107
Payment of payroll withholding on exercise of stock options and Performance Share Plan		—	(1,004)
		13,569	60,586
INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired		—	(47,810)
Change in restricted cash		(7,626)	(15,326)
Additions to property, plant and equipment, net		(73,201)	(111,858)
Additions to intangible assets		(1,567)	(1,077)
Additions to project development costs		(1,813)	(4,378)
Proceeds from disposition of assets held for sale		—	59,426
Other		(1,623)	525
		(85,830)	(120,498)
Effects of exchange rate changes on cash and cash equivalents		(3,158)	861
Net change in cash and cash equivalents		5,613	(5,746)
Cash and cash equivalents, beginning of period		159,244	162,971
Cash and cash equivalents, end of period		164,857	157,225

Additional information is presented in Note 10 – Additional Information to the Consolidated Statements of Cash Flows
The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

(in thousands of Canadian dollars, except as noted and amounts per share)

DESCRIPTION OF BUSINESS

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

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 8, 2024.

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

1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

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

Basis of Measurement

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and assets and liabilities acquired in business combinations that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange.

Functional Currency and Presentation Currency

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

2. MATERIAL ACCOUNTING POLICIES

Changes in accounting policies

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current, such that an entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date, subject to the entity complying with specific loan covenants. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1), confirming that only covenants with which a entity must comply on or before the reporting date affect the classification. In addition, when non-current liabilities are subject to future covenants, entities will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2024. The Corporation adopted the amendments on January 1, 2024, with no impact to the consolidated financial statements.

New accounting standards and interpretations issued but not yet effective

Presentation and Disclosure in Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The impact for the Corporation is being assessed by management.

3. FINANCE COSTS

	Three months ended March 31	
	2024	2023
Interest expense on long-term corporate and project loans	66,848	63,221
Interest expense on tax equity financing	6,753	7,591
Interest expense on convertible debentures	3,428	3,390
Amortization of financing fees	2,776	3,318
Inflation on compensation interest	(541)	188
Interests on lease liabilities	2,261	2,314
Accretion of long-term loans and borrowings and other liabilities	2,340	2,761
Other	984	2,019
	84,849	84,802

4. OTHER NET INCOME

	Three months ended March 31	
	2024	2023
Interest revenues	(1,808)	(1,260)
Tax attributes allocated to tax equity investors	(211)	(1,227)
Acquisition and integration costs	—	3,107
Loss (gain) on foreign exchange	1,922	(1,514)
Other (income) expenses, net	(122)	454
	(219)	(440)

(in thousands of Canadian dollars, except as noted and amounts per share)

5. DERIVATIVE FINANCIAL INSTRUMENTS

a) Financial position

The following table shows a reconciliation from the opening balances to the closing balances for the derivative financial instruments :

Financial assets (liabilities)	Foreign exchange forwards (Level 2)	Interests hedging derivatives (Level 2)	Power hedges (Level 3)	Total
As at January 1, 2024	(8,616)	79,102	(66,170)	4,316
Unrealized portion of change in fair value recognized in earnings (loss) [1]	(230)	1,417	(20,744)	(19,557)
Change in fair value recognized in other comprehensive income (loss)	(3,787)	30,303	(722)	25,794
Amortization of accumulated other comprehensive income recognized in revenue	—	—	722	722
Net foreign exchange differences	—	720	(1,696)	(976)
As at March 31, 2024	(12,633)	111,542	(88,610)	10,299

1. Refer to Note 5 b) – Derivative Financial Instruments for a reconciliation to the change in fair value recognized in earnings (loss).

b) Change in fair value of financial instruments recognized in the consolidated statements of earnings (loss)

	Three months ended March 31	
	2024	2023
Unrealized portion of change in fair value of financial instruments	19,557	344
Realized portion of change in fair value of financial instruments:		
Realized gain on power hedges	(4,046)	(2,225)
Change in fair value of financial instruments	15,511	(1,881)

(in thousands of Canadian dollars, except as noted and amounts per share)

6. EARNINGS (LOSS) PER SHARE

Basic	Three months ended March 31 2024	2023
Net loss attributable to owners of the parent	(41,425)	(14,336)
Dividends declared on preferred shares	(1,408)	(1,408)
Net loss attributable to common shareholders	(42,833)	(15,744)
Weighted average number of common shares	203,528,460	203,564,172
Basic net loss per share ($)	(0.21)	(0.08)

Diluted	Three months ended March 31 2024	2023
Net loss attributable to common shareholders	(42,833)	(15,744)
Diluted weighted average number of common shares	203,528,460	203,564,172
Diluted net loss per share ($)	(0.21)	(0.08)

Instruments that are excluded from the dilutive elements	Three months ended March 31 2024	2023
Stock options	402,803	345,642
Shares held in trust related to the Performance Share Plan	713,732	528,322
Convertible debentures	13,604,473	13,604,473
	14,721,008	14,478,437

(in thousands of Canadian dollars, except as noted and amounts per share)

7. PROPERTY, PLANT AND EQUIPEMENT

	Lands	Hydroelectric facilities	Wind farm facilities	Solar facilities	Storage facilities	Facilities under construction	Other	Total
Cost								
As at January 1, 2024	327,429	2,628,157	3,510,671	857,400	105,272	742,259	67,843	8,239,031
Additions[1]	839	495	1,505	23	86	58,628	4,226	65,802
Dispositions	—	(301)	—	—	—	—	(416)	(717)
Other changes[2]	243	—	(6,336)	230	(52)	—	—	(5,915)
Net foreign exchange differences	5,751	13,115	37,513	15,837	2,392	17,761	297	92,666
As at March 31, 2024	334,262	2,641,466	3,543,353	873,490	107,698	818,648	71,950	8,390,867
Accumulated depreciation								
As at January 1, 2024	(33,776)	(497,506)	(799,597)	(195,639)	(729)	(115,428)	(35,542)	(1,678,217)
Depreciation[3]	(2,422)	(13,375)	(30,770)	(5,588)	(2,099)	—	(2,218)	(56,472)
Dispositions	—	—	—	—	—	—	301	301
Net foreign exchange differences	(490)	(976)	(3,422)	(2,227)	(8)	(2,210)	(88)	(9,421)
As at March 31, 2024	(36,688)	(511,857)	(833,789)	(203,454)	(2,836)	(117,638)	(37,547)	(1,743,809)
Carrying amounts as at March 31, 2024	297,574	2,129,609	2,709,564	670,036	104,862	701,010	34,403	6,647,058

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

1. The financing costs related to a specific project financing are entirely capitalized to the specific property, plant and equipment. Financing costs related to the revolving credit facilities are capitalized for the portion of the financing used for a specific property, plant and equipment. Additions in the current period include $13,104 of capitalized financing costs incurred prior to commissioning.
2. Includes remeasurements of right-of-use assets and asset retirement obligations of $243 and $(6,158), respectively.
3. An amount of $247 of the depreciation expense for the land leases is capitalized as a construction cost in facilities under construction.

(in thousands of Canadian dollars, except as noted and amounts per share)

8. LONG-TERM LOANS AND BORROWINGS

As at March 31, 2024, the Corporation and its subsidiaries have met all material financial and non-financial conditions related to their credit agreements.

a) Corporate Indebtedness

Subordinated Unsecured Term Loan

The Corporation reclassified the $150,000 subordinated unsecured term loan as current, following the upcoming maturity on February 1, 2025.

b) Increase of the EDC letter of credit facility

On March 27, 2024, the Corporation increased by $50,000 its existing letter of credit facility guaranteed by Export Development Canada ("EDC"), up to an amount of $250,000.

9. SHAREHOLDERS' CAPITAL

Common Shares

a) Normal Course issuer Bid

The Corporation received approval from the Toronto Stock Exchange ("TSX") to proceed with a normal course issuer bid on its common shares (the "Bid"). Under the Bid, the Corporation could purchase for cancellation up to 10,220,086 of its common shares, representing approximately 5.0% of the 204,401,736 issued and outstanding common shares of the Corporation as at February 21, 2024. The Bid commenced on February 26, 2024 and will terminate on February 25, 2025.

Equity-based compensation

a) Stock option plan

A compensation expense of $5 was recorded during the three months ended March 31, 2024 with respect to the stock option plan.

Granted
During the three months ended March 31, 2024, 120,386 options were granted. The options granted vest in three equal tranches from February 23, 2027, to February 23, 2029 and must be exercised before February 24, 2031 at an exercise price of $7.64 per share.

Fair value is determined at the date of the grant and each tranche is recognized on a graded-vesting basis over the period during which the options vest and is measured using the Black-Scholes pricing model taking into account the terms and conditions upon which the options were granted.

The following assumptions were used to estimate the fair value of the options issued during the period:

Risk-free interest rate	3.59 %
Expected annual dividend per common share	$ 0.36
Expected life of options	6
Expected volatility	30.71 %

Expected volatility is estimated by considering historic average share price volatility.

(in thousands of Canadian dollars, except as noted and amounts per share)

b) Performance Share Plan (the "PSP") and Deferred Share Unit Plan (the “DSU”)

A compensation expense of $1,034 was recorded during the three months ended March 31, 2024 with respect to the PSP and DSU plans.

Performance Share Plan

During the three months ended March 31, 2024, 164,716 performance share rights vested and 794,370 share rights were granted. The performance share rights granted during the period vest on December 31, 2026.

Deferred Share Unit Plan

During the three months ended March 31, 2024, 68,779 units were granted.

Dividends

a) Dividend Declared

	Three months ended March 31			
	2024		2023	
	($/share)	Total	($/share)	Total
Dividends declared on common shares	0.0900	18,339	0.1800	36,749
Dividends declared on Series A preferred shares	0.2028	689	0.2028	689
Dividends declared on Series C preferred shares	0.3594	719	0.3594	719

Dividend declared subsequent to period end and not recognized at the end of the reporting period.

The following dividends will be paid by the Corporation on July 15, 2024:

Date of announcement	Record date	Payment date	Dividend per common share	Dividend per Series A Preferred Share	Dividend per Series C Preferred Share
May 8, 2024	June 30, 2024	July 15, 2024	$ 0.0900	$ 0.2028	$ 0.3594

(in thousands of Canadian dollars, except as noted and amounts per share)

10. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a) Changes in non-cash operating items

	Three months ended March 31	
	2024	2023
Accounts receivable	13,036	(2,292)
Prepaids and other	(536)	(5,296)
Accounts payable and other payables	(14,107)	8,132
Change in tax equity liabilities	(1,096)	—
	(2,703)	544

b) Additional information

	Three months ended March 31	
	2024	2023
Finance costs paid relative to operating activities before interest on leases	(61,374)	(65,895)
Interest on leases paid relative to operating activities	(3,538)	(4,527)
Capitalized interest relative to investing activities	(10,036)	(2,415)
Capitalized interest on leases relative to investing activities	(473)	(103)
Total finance costs paid	(75,421)	(72,940)
Non-cash transactions:		
Change in unpaid property, plant and equipment	(10,250)	(25,763)
Change in other long-term assets	23	(173)
Change in unpaid project development costs	(629)	(464)
Remeasurement of other liabilities	(8,170)	11,480
Initial measurement of other liabilities	8	433
Common shares issued through equity based compensation	—	1,991

c) Changes in liabilities arising from financing activities

	Three months ended March 31	
	2024	2023
Changes in long-term loans and borrowings		
Long-term loans at beginning of period	6,281,147	5,759,210
Increase in long-term debt	123,642	383,629
Repayment of long-term debt	(51,075)	(263,838)
Payment of deferred financing costs	—	(4,110)
Business acquisitions	—	164,262
Tax attributes	(211)	(1,227)
Production tax credits	(19,017)	(20,929)
Change in tax equity liabilities related to operating activities	(1,096)	—
Other non-cash finance costs	11,890	12,588
Net foreign exchange differences	59,936	5,231
Long-term loans and borrowings at end of period	6,405,216	6,034,816

(in thousands of Canadian dollars, except as noted and amounts per share)

11. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

Fair value disclosures

Other investments

The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

Long-term loans and borrowings

The fair value of each debt instrument is estimated utilizing standard financial industry practices where future expected cash flows are discounted at discount rates based on the interest rate and credit conditions prevailing in the financial markets as of the valuation date. Notably, for fixed rate instruments, contractual cash flows are discounted at an appropriate yield to maturity. For floating rate instruments, future expected contractual interest payments represent the sum of future expected levels of the reference interest rate index and the instrument’s quoted margin, whereas discount rates represent the sum of future expected levels of the reference index and an appropriate discount margin. Appropriate yields to maturity and discount margins are estimated utilizing the available quoted or indicative pricing of individual debt instruments or indices whose credit is deemed comparable to the debt instruments being evaluated.

Contingent considerations

The purchase price of the Curtis Palmer acquisition on October 25, 2021, included a contingent consideration provision, based on the evolution of the New York Independent System Operator ("NYISO") market pricing during calendar years 2023 and 2024, limited to US$30,000. The fair value calculation of the contingent consideration gives rise to measurement uncertainty as the market pricing curves are constructed using certain unobservable inputs, such as capacity revenues that are derived from the NYISO seasonal auction capacity prices and the trading prices for voluntary Renewable Energy Certificates.

Interest rate swaps

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

Foreign exchange forwards

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

Power hedges

The fair values of the power hedges are calculated using a discounted cash flow model. The fair value calculation of power hedges gives rise to measurement uncertainty as the power price curves are constructed using various methodologies and assumptions, which consider certain unobservable inputs. As at March 31, 2024, the forward power prices used in the calculation of fair value were as follows:

With respect to the Phoebe power hedge, the ERCOT South Hub forward power prices are expected to be in a range of US$28.50 to US$124.51 per MWh between April 1, 2024 and June 30, 2031.

With respect to the Salvador power hedges, the withdrawal node future power prices are expected to be in a range of US $0.00 to US$191.19 per MWh between April 1, 2024 and December 31, 2030.

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

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

Phoebe power hedge: The fair value of the power hedge is derived from forward power prices that are not based on observable market data for the entirety of the contracted period. The power ERCOT South Hub forward price curves are constructed using various assumptions depending on historical market prices and a combination of observable exchange prices and over-the-counter broker quotes obtained through June 2031.

Salvador power hedges: The fair value of the power hedges is derived from future power price forecasts that are not based on observable market data. Such forecasts are constructed using various assumptions depending on historical market prices, supply, demand and congestion volumes observed on the Chilean grid, as well as econometric models. In addition, as the notional volume of the power hedges is not contractually fixed, the estimated volume is determined using various assumptions such as the expected demand and volume of power to be successfully settled through the market bidding process.

Interest rate benchmark reform

The Corporation holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships.

Canadian Dollar Offered Rate ("CDOR")

The Corporation currently holds interest rate swaps that have floating legs indexed to CDOR. On June 28, 2024 the remaining CDOR 1-month, 2-month and 3-month tenors will either cease or no longer be representative. The Corporation’s CDOR swaps and cash flow hedging relationships extend beyond the anticipated cessation date of CDOR.

The Corporation has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by the interbank offered rates ("IBOR") reform. The Corporation’s hedged items and hedging instruments continue to be indexed to CDOR. The benchmark rates are quoted each day and the CDOR cash flows are exchanged with counterparties as usual.

The Corporation expect to start the transition towards the Canadian Overnight Repo Rate Average ("CORRA") for some hedged items and hedging instruments. All instruments should be transitionned during Q2 2024. There is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship, which may experience ineffectiveness attributable to market participants’ expectations of when the shift from the existing IBOR benchmark rate to the alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Corporation has measured its hedging instruments indexed to CDOR using available quoted market rates for CDOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in CDOR on a similar basis. The Corporation’s notional amount exposure to CDOR designated in hedging relationships is $1,251,237 as at March 31, 2024.

Financial risk management

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

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

a) Market risk

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

12. SEGMENT INFORMATION

Operating segments

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

"Revenues and Production Tax Credits Proportionate" are Revenues and Production Tax Credits plus Innergex's share of Revenues and Production Tax Credits of the operating joint ventures and associates. "Adjusted EBITDA" represents 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. "Adjusted EBITDA Proportionate" represents Adjusted EBITDA plus Innergex's share of Adjusted EBITDA of the operating joint ventures and associates. Revenues and Production Tax Credits Proportionate, Adjusted EBITDA and Adjusted EBITDA Proportionate are not recognized measures under IFRS and have no standardized meaning prescribed by IFRS. They may therefore not be comparable to similar measures presented by other issuers. Readers are cautioned that these measures should not be construed as an alternative to net earnings (loss), as determined in accordance with IFRS.

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

	Three months ended March 31, 2024			
Operating segments	Hydroelectric	Wind	Solar	Segment results
Segment Revenues and Production Tax Credits	74,873	146,022	21,640	242,535
Segment Revenues and Production Tax Credits Proportionate	80,043	150,317	21,640	252,000
Segment Adjusted EBITDA	53,034	117,676	18,239	188,949
Segment Adjusted EBITDA Proportionate	55,881	120,780	18,239	194,900

	Three months ended March 31, 2024			
	Hydroelectric	Wind	Solar	Segment totals [1]
Acquisition of property, plant and equipment	495	2,231	23	2,749

1. Segment totals include only operating projects.

(in thousands of Canadian dollars, except as noted and amounts per share)

Operating segments	Three months ended March 31, 2023 Hydroelectric	Wind	Solar	Segment results
Segment Revenues and Production Tax Credits	58,829	143,587	15,912	218,328
Segment Revenues and Production Tax Credits Proportionate	60,461	148,082	15,912	224,455
Segment Adjusted EBITDA	40,736	113,481	13,884	168,101
Segment Adjusted EBITDA Proportionate	40,481	117,079	13,884	171,444

	Three months ended March 31, 2023 Hydroelectric	Wind	Solar	Segment totals [1]
Property, plant and equipment acquired through business acquisitions	—	—	116,411	116,411
Acquisition of property, plant and equipment	1,051	2,910	400	4,361

1. Segment totals include only operating projects.

The following table presents a reconciliation of the non-IFRS measures to their closest IFRS measures:

	Three months ended March 31, 2024			Three months ended March 31, 2023		
	Consolidation	Share of joint ventures	Proportionate	Consolidation	Share of joint ventures	Proportionate
Revenues	222,422	9,465	231,887	197,399	6,127	203,526
Production tax credits	20,113	—	20,113	20,929	—	20,929
Revenues and production tax credits	242,535	9,465	252,000	218,328	6,127	224,455
Operating income (loss)	63,019	1,447	64,466	62,969	(774)	62,195
Depreciation and amortization	95,158	4,504	99,662	77,337	4,117	81,454
ERP implementation	2,511	—	2,511	2,569	—	2,569
Realized gain on power hedges	4,046	—	4,046	2,225	—	2,225
Adjusted EBITDA	164,734	5,951	170,685	145,100	3,343	148,443
Unallocated expenses:						
General and administrative	14,410	—	14,410	18,503	—	18,503
Prospective projects	9,805	—	9,805	4,498	—	4,498
Segment Adjusted EBITDA	188,949	5,951	194,900	168,101	3,343	171,444

(in thousands of Canadian dollars, except as noted and amounts per share)

Geographic segments

As at March 31, 2024, excluding its investments in joint ventures and associates which are accounted for as equity method, the Corporation had interests in the following operating assets: 34 hydroelectric facilities, 8 wind farms and 4 solar farms in Canada, 16 wind farms and 1 storage facility in France, 3 hydroelectric facilities, 8 wind farms and 2 solar farms in the United States, and 4 hydroelectric facilities, 3 wind farms, 3 solar farms and 1 storage facility in Chile. The Corporation operates in four principal geographical areas, which are detailed below:

	Three months ended March 31	
	2024	2023
Revenues and production tax credits		
Canada	107,112	73,953
United States	70,175	73,459
Chile	33,405	33,624
France	31,843	37,292
	242,535	218,328

	As at	
	March 31, 2024	December 31, 2023
Non-current assets, excluding derivative financial instruments and deferred tax assets [1]		
Canada	3,312,394	3,355,393
United States	2,684,575	2,597,848
Chile	1,614,333	1,585,033
France	721,881	731,897
	8,333,183	8,270,171

1. Includes the investments in joint ventures and associates

(in thousands of Canadian dollars, except as noted and amounts per share)

SHAREHOLDER INFORMATION

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Common Shares - TSX: INE

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

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

Convertible Debentures - TSX: INE.DB.B

Convertible Debentures - TSX: INE.DB.C

Dividend Reinvestment Plan (DRIP)

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

Credit Rating by Fitch Rating

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

Independent Auditor

KPMG LLP

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