

**News Release  
For Immediate Distribution****INNERGEX AND HYDRO-QUÉBEC ANNOUNCE  
THE FIRST JOINT ACQUISITION UNDER THEIR STRATEGIC  
ALLIANCE AND CONCURRENT BOUGHT DEAL EQUITY  
FINANCING AND PRIVATE PLACEMENT BY INNERGEX**

- *Acquisition of the 60 MW Curtis Palmer run-of-river hydroelectric portfolio in the state of New York*
- *Leverages the Strategic Alliance between Innergex and Hydro-Québec via a joint 50-50 acquisition*
- *Expands Innergex's U.S. presence with entry in the attractive New York renewables market*
- *PPA with Niagara Mohawk Power Corporation (A3 / BBB+) expected to contribute US\$19.7 million (\$24.6 million) of average annual Free Cash Flow<sup>1</sup> to Innergex without any debt financing*
- *Innergex expects double-digit annual Free Cash Flow per Share<sup>1</sup> accretion and greater than 10% reduction in Payout Ratio<sup>1</sup> in the first full year of ownership*
- *Innergex to benefit from a \$175.0 million bought deal common equity financing and \$43.5 million concurrent private placement with Hydro-Québec*

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*All amounts are in Canadian dollars, unless otherwise indicated and are for continuing operations unless otherwise indicated.*

**LONGUEUIL, Québec, August 17, 2021** – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) and HQI US Holding LLC, a subsidiary of Hydro-Québec (“Hydro-Québec”) have entered into a Membership Interest Purchase Agreement with Atlantic Power to acquire Curtis Palmer, a 60 MW run-of-river hydroelectric portfolio located in Corinth, New York, consisting of the 12 MW Curtis Mills and 48 MW Palmer Falls facilities (“Curtis Palmer” or the “Facilities”) for upfront cash consideration of US\$310.0 million (\$387.5 million) and an earn-out provision subject to the evolution of NYISO market pricing. This joint acquisition is the first under the Strategic Alliance formed by Innergex and Hydro-Québec in 2020. Upon closing, Innergex will own indirectly a 50% interest in the Facilities with Hydro-Québec indirectly owning the remaining 50% interest. Innergex is also announcing a \$175.0 million bought deal equity financing of common shares and \$43.5 million concurrent private placement of common shares to Hydro-Québec.

“We are thrilled to announce this first joint acquisition with Hydro-Québec under the Strategic Alliance. The acquisition of Curtis Palmer represents an opportunity for Innergex to apply its 30 years of expertise in managing small run-of-river hydroelectric facilities, while leveraging Hydro-Québec’s

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<sup>1</sup> *Free Cash Flow, Free Cash Flow per Share and Payout Ratio are non-IFRS measures. See “Cautionary Statement Regarding Non-IFRS Measures”.*

experience in New York to get a foothold in a new market,” said Michel Letellier, President and Chief Executive Officer of Innergex. “We are also announcing today an equity financing that will be used to fund the purchase price of this acquisition and further our expansion and diversification efforts. We are very pleased with this support for Innergex and look forward to further grow in our Strategic Alliance with Hydro-Québec.”

“After having been commercial partners with the State of New York for more than 100 years, we are now entering a new phase by investing directly in the State’s hydropower generation infrastructure alongside Innergex, to which we will both bring our extensive expertise. This investment clearly demonstrates our commitment to developing the share of renewables in the energy mix of North America,” commented Sophie Brochu, President and CEO of Hydro-Québec.

“The Curtis Palmer facility is one of the highest quality assets in the Atlantic Power portfolio and an important hydro facility in the New York market,” said James J. Moore, Jr., Chief Executive Officer of Atlantic Power. “We are honored to have been stewards of it and now see it transferred to experienced operators like Innergex and Hydro-Québec.”

### **Financial Contribution to Innergex**

The Facilities have a power purchase agreement (“PPA”) for energy, RECs and capacity with Niagara Mohawk Power Corporation (A3 / BBB+) that expires upon the earlier of either December 31, 2027 or the delivery of cumulative 10,000 GWh (which is expected in 2026). Following the expiry of the PPA, it is expected that the Facilities will sell energy, RECs and capacity in the NYISO market. The New York renewable energy market benefits from state programs that support existing renewables and can offer additional upside potential to the Facilities, including the recent Tier 2 REC program, and the introduction of the social cost of carbon into energy markets.

The Facilities have an attractive cash flow profile and are expected to generate average annual Adjusted EBITDA<sup>2</sup> of US\$42.5 million (\$53.1 million) and average annual Free Cash Flow of US\$39.5 million (\$49.4 million) through the end of the PPA, without debt financing on a 100% basis. The purchase price implies a multiple of average annual Adjusted EBITDA of 7.3x and an average annual Free Cash Flow yield of 13% through year 2025. The additional 60 MW of capacity from Curtis Palmer will increase Innergex’s hydro portfolio to 1,259 MW and total portfolio to 3,801 MW of gross capacity.

During its first full year of ownership, Curtis Palmer is expected to contribute to Innergex’s financial results by providing double-digit accretion to Free Cash Flow per Share, reducing the Payout Ratio by more than 10%, and reducing overall corporate leverage by 0.4x. Innergex expects the Facilities’ contribution to Free Cash Flow per Share and Payout Ratio to be sustained throughout the term of the PPA. With Free Cash Flow representing a return on capital in excess of 50% during the term of the

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<sup>2</sup> Adjusted EBITDA is non-IFRS measures. See “Cautionary Statement Regarding Non-IFRS Measures”.

PPA without debt financing, Innergex expects the Facilities to continue to generate an attractive return on investment for its shareholders in the long run.

The acquisition is expected to close in Q4 2021 and is subject to regulatory approvals including FERC and HSR, as well as customary closing conditions.

### **Leveraging the Strategic Alliance between Hydro-Québec and Innergex**

In February 2020, Hydro-Québec and Innergex announced the creation of a Strategic Alliance that would allow both corporations to accelerate their respective growth strategies and mutually benefit from their complementary skills and knowledge. The acquisition of Curtis Palmer will be the first co-investment with Hydro-Québec through the Strategic Alliance and the second opportunity for Hydro-Québec to subscribe for additional common shares of Innergex, following the acquisition of the remaining 50% interest in Energía Llaima SpA in July 2021. This acquisition under the Strategic Alliance will benefit from Hydro-Québec's decades of experience in the New York market coupled with Innergex's experience operating run-of-river hydroelectric assets.

### **Concurrent Equity Offering and Private Placement in Innergex**

Innergex has entered into an agreement with a syndicate of underwriters led by CIBC Capital Markets, National Bank Financial Inc., BMO Capital Markets and TD Securities Inc. (collectively the "Underwriters"), pursuant to which the Underwriters have agreed to purchase on a bought deal basis, an aggregate of 9,021,000 common shares at an offering price of \$19.40 per share (the "Offering Price") for aggregate gross proceeds to the Corporation of approximately \$175.0 million (the "Offering"). In connection with the Offering, Innergex has granted the Underwriters an over-allotment option, exercisable in whole or in part, at any time for a period of 30 days following the closing of the Offering, to purchase up to an aggregate of an additional 1,353,150 common shares at the Offering Price.

Innergex has also entered into a subscription agreement with a wholly-owned subsidiary of Hydro-Québec to purchase 2,242,000 common shares at the Offering Price, for gross proceeds to the Corporation of \$43.5 million through a private placement (the "Private Placement") as part of Hydro-Québec's rights contained in the Investor Rights Agreement between Innergex and Hydro-Québec, dated February 6, 2020. As part of the Private Placement, Hydro-Québec owns the option, exercisable following the exercise of the over-allotment option by the Underwriters and prior to the expiry of the Underwriters' over-allotment option, to purchase additional common shares under the Private Placement at the Offering Price as to allow Hydro-Québec to maintain a 19.9% ownership of the common shares following the exercise of the Underwriters' over-allotment option. The common shares offered in the Private Placement are being sold directly to Hydro-Québec without an underwriter or placement agent.

The net proceeds of the Offering and Private Placement will be used to fund the purchase price of the acquisition of Curtis Palmer, with the remainder of the net proceeds, or should the acquisition of Curtis

Palmer not successfully close, the net proceeds of the Offering and Private Placement will be used for general corporate purposes including future growth initiatives.

In connection with the Offering, Innergex will file via SEDAR ([www.sedar.com](http://www.sedar.com)) a preliminary short form prospectus in all provinces of Canada by August 23, 2021. The Offering and Private Placement are subject to all standard regulatory approvals, including that of the Toronto Stock Exchange, and are expected to close on or about September 3, 2021.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This news release does not constitute an offer to sell or the solicitation of any offer to buy, nor will there be any sale of these securities, in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province, state or jurisdiction.

#### **Conference Call and Presentation**

Innergex will make available an audio conference and support material relative to this announcement on its website at [www.innergex.com/investors/](http://www.innergex.com/investors/).

#### ***About Innergex Renewable Energy Inc.***

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 which develops, acquires, owns and operates 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 manages a large portfolio of high-quality assets currently consisting of interests in 77 operating facilities with an aggregate net installed capacity of 3,071 MW (gross 3,741 MW) and an energy storage capacity of 150 MWh, including 38 hydroelectric facilities, 32 wind farms and 7 solar farms. Innergex also holds interests in 8 projects under development, 2 of which are under construction, with a net installed capacity of 168 MW (gross 205 MW) and an energy storage capacity of 329 MWh, as well as prospective projects at different stages of development with an aggregate gross capacity totaling 6,931 MW. Its approach to building shareholder value is to generate sustainable cash flows, provide an attractive risk-adjusted return on invested capital and to distribute a stable dividend.

#### ***About Hydro-Québec***

Hydro-Québec generates, transmits and distributes electricity. It is Canada's largest electricity producer and ranks among the world's largest hydropower producers. Its sole shareholder is the Québec government. As a recognized leader in hydropower and large transmission systems, Hydro-Québec exports clean, renewable power and commercializes its expertise and innovations on world markets. Its research institute, IREQ, conducts R&D in energy efficiency, energy storage and other energy-related fields. Hydro-Québec invests \$100 million in research every year.

### **Cautionary Statement Regarding Forward-Looking Information**

To inform readers of the Corporation's future prospects, this press release contains forward-looking information within the meaning of applicable securities laws ("Forward-Looking Information"), including anticipated completion of the Curtis Palmer acquisition, the Offering and the Private Placement and timing for such completion, the Corporation's projected financial performance, sources and impact of funding, project acquisitions, 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, 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 press release.

Forward-Looking Information includes future-oriented financial information or financial outlook within the meaning of securities laws, including information regarding the Corporation's expected production, projected Adjusted EBITDA, projected Free Cash Flow, projected Free Cash Flow per Share and intention to pay dividend quarterly, 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 potential financial impact of completed and future acquisitions, and of the Corporation's ability to sustain current dividends and to fund its growth. Such information may not be appropriate for other purposes.

Forward-looking Information is based on certain key assumptions made by Innergex, including, without restrictions, assumptions concerning project performance, economic, financial and financial market conditions, expectations and assumptions concerning availability of capital resources and timely performance by third-parties of contractual obligations, receipt of regulatory approvals and expected closing of the Curtis Palmer acquisition and of the Offering and the Private Placement. Although Innergex believes that the expectations and assumptions on which such 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 they will prove to be correct. The forward-looking information contained in this press release is made as of the date hereof and Innergex 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.

For more information on the 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 or on the principal assumptions used to derive this information, please refer to the "Forward Looking Information" section of the Management's Discussion and Analysis for the three- and six-month periods ended June 30, 2021.

### **Cautionary Statement Regarding Non-IFRS measures**

The unaudited condensed interim consolidated financial statements for the three- and six-month periods ended June 30, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). However, some measures referred to in this press release are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods Adjusted EBITDA, Free Cash Flow, Adjusted Free Cash Flow and Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS. Please refer to the "Non-IFRS Measures" section of the Management's Discussion and Analysis for the three- and six-month periods ended June 30, 2021.

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