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Sustainable Development.

News Release

For immediate distribution

INNERGEX Q4 2022

- Acquisition of the remaining interest in the wind portfolio in France in Q4 2022 (adding net 99 MW)
- Acquisition of the remaining interest in the Mountain Air wind facilities in Idaho in Q4 2022 (adding net 52 MW)
- Agreement to acquire three solar facilities in Ontario in Q1 2023 (to add 60 MW)
- 30-year, 320 MW power purchase agreement effective for the Boswell Springs wind project in Wyoming

All amounts are in thousands of Canadian dollars, unless otherwise indicated.

LONGUEUIL, Quebec, February 22, 2023 – Innergex Renewable Energy Inc. (TSX: INE) ("Innergex" or the "Corporation") today released its operating and financial results for the fourth quarter and year ended December 31, 2022.

“In 2022, we vigorously continued to pursue the objectives laid out in our 2020-2025 Strategic Plan and I am extremely proud of our team and all they accomplished this year. In addition to concluding four acquisitions, we commissioned our first stand-alone battery energy storage facility in France, advanced two battery storage projects in Chile, improved efficiency at our operation sites, and completed the procurement agreement for our first 5 MW electrolyser for green hydrogen production. More than ever, we remain committed in our strategy to create long-term, sustainable wealth by continuing to follow our four objectives to grow responsibly, build expertise, optimize operations, and diversify activities,” said Michel Letellier, President and Chief Executive Officer at Innergex. “As the world rapidly evolves and climate change impacts are being increasingly experienced across the globe, we remain convinced in our mission and that Innergex will play an important role in leading the energy transition that is long overdue. With our long-term vision, our sustainable business model, and our approach of technology and geographical diversification, we remain well equipped to seize the opportunities that lay ahead and deliver strong results.”

RECENT DEVELOPMENTS

On October 4, 2022, the Corporation successfully completed the previously announced acquisition of the remaining 30.45% minority interest in its wind portfolio of 16 assets in France (the “French Acquisition”) for a total consideration of $96.4 million.

On October 5, 2022, concurrent with the closing of the French Acquisition, Innergex monetized its Euro/CAD foreign exchange forward contracts for a total gain of $43.5 million and simultaneously amended the Euro/CAD foreign exchange forward contracts for a total notional amount of $115.3 million amortizing until 2043 and allowing conversion at a fixed rate of CAD 1.4838/Euro.

On October 10, 2022, to take advantage of the currently favourable energy pricing environment in France, Innergex entered into two power purchase agreements for its Bois d'Anchat and Beaumont wind facilities (the “New PPAs”), which took effect on January 1, 2023, concurrently with the early termination of the current power purchase agreements. In addition, the New PPAs effectively increase the contracted period of the facilities to December 31, 2032.

On December 14, 2022, the Corporation acquired all the Class A shares of its 138 MW Mountain Air wind portfolio in Idaho, United States (the “Mountain Air Acquisition”), for a total consideration of US$47.5 million ($64.4 million) from its tax equity partner. These shares represent the remaining 37.75% of the outstanding shares of the portfolio not already owned by Innergex.

During 2022, the Corporation added 5 net new Prospective Projects for a total of 188 MW. Its portfolio now aggregates 79 projects for a total of 8,701 MW, with 15 projects currently at an advanced stage, for a total 1,093 MW of installed capacity.

FINANCIAL HIGHLIGHTS

	Three months ended December 31			Year ended December 31				
	2022	2021	Change	2022	2021	February 2021 Texas Events (9 days)[3]	2021 Normalized	Change
Production (MWh)	2,357,039	2,583,157	(9)%	10,254,005	9,055,215	—	9,055,215	13 %
Long-Term Average (MWh) (“LTA”)	2,899,620	2,584,077	12 %	11,452,101	9,659,836	—	9,659,836	19 %
Revenues	203,636	202,388	1 %	870,494	747,208	(54,967)	692,241	26 %
Operating, general, administrative and prospective projects expenses	83,277	65,077	28 %	285,579	221,571	—	221,571	29 %
Adjusted EBITDA[1]	120,359	137,311	(12)%	584,915	525,637	(54,967)	470,670	24 %
Net (Loss) Earnings	(52,575)	5,743	1015 %	(91,115)	(185,394)	64,219	(121,175)	(25)%
Adjusted Net Loss[1]	(29,284)	(9,974)	(194)%	(34,860)	(6,951)	—	(6,951)	(402)%
Net (Loss) Earnings Attributable to Owners, $ per share - basic and diluted	(0.23)	(0.02)		(0.43)	(1.09)	0.35	(0.74)	
Production Proportionate (MWh)[1]	2,448,626	2,676,157	(9)%	10,792,047	9,853,366	—	9,853,366	10 %
Revenues Proportionate[1]	231,580	231,051	— %	995,758	913,147	(95,273)	817,874	22 %
Adjusted EBITDA Proportionate[1]	144,960	162,954	(11)%	696,362	673,745	(95,273)	578,472	20 %

	Trailing twelve months ended December 31				
	2022	2021	February 2021 Texas Events (9 days)[3]	2021 Normalized	Change
Cash Flow from Operating Activities	430,243	265,498	17,093	282,591	52 %
Free Cash Flow[1,2]	147,248	92,315	15,789	108,104	36 %
Payout Ratio[1,2]	100 %	143 %	(21)%	122 %	

1. These measures are not recognized measure under IFRS and therefore may not be comparable to those presented by other issuers. Production and Production Proportionate are key performance indicators for the Corporation that cannot be reconciled with an IFRS measure. Please refer to the “Non-IFRS Measures” section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022 for more information.
2. For more information on the calculation and explanation, please refer to the "Free Cash Flow and Payout Ratio" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022.
3. For the year ended December 31, 2021, the operating results, the Cash Flow From Operating Activities, Free Cash Flow and Payout Ratio are normalized to exclude the impacts of the February 2021 Texas Events. Normalized measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022 for more information.

OPERATING PERFORMANCE

THREE-MONTH PERIOD ENDED DECEMBER 31, 2022

Production was 81% of LTA. Innergex's share of production of joint ventures and associates[1] was 105% of LTA, translating into a Production Proportionate[1] at 82% of LTA. **Revenues** were up 1% at $203.6 million compared with the same period last year. The increase is mainly explained by the acquisition of Aela in Chile in June 2022; higher spot prices from the Chilean hydro facilities; favourable market prices from the US wind facilities; increased revenues from the new PPAs in place at some wind facilities in France; the commissioning of the Amazon Solar Farm Ohio - Hillcrest ("Hillcrest") facility in 2021; higher average selling prices at the Phoebe solar facility in the United States; and the acquisition of the San Andrés solar facility in Chile in January 2022. These items were partly offset by exceptionally low production at the hydro facilities in British Columbia and at Curtis Palmer due to drier weather; and lower selling prices at the Salvador facility in Chile. Revenues Proportionate[1] were stable at $231.6 million compared to the same period last year.

Operating, general, administrative and prospective projects expenses were up 28% at $83.3 million compared with the same period last year. The increase is mainly attributable to the Aela Acquisition, the commissioning of the Hillcrest solar facility and the impact of the 2022 Supplementary Budget Act in France on French facilities; the San Andrés Acquisition and the higher expenses following the Curtis Palmer Acquisition in October 2021. The increase was partly offset by lower maintenance costs at some hydro facilities in British Columbia. The Adjusted EBITDA[1] was down 12% at $120.4 million compared with the same period last year. The Adjusted EBITDA Proportionate[1] was down 11% at $145.0 million compared with the same period last year.

The Corporation recorded a net loss of $52.6 million ($0.23 net loss per share - basic and diluted) for the three-month period ended December 31, 2022, compared with net earnings of $5.7 million ($0.02 net earnings per share - basic and diluted) for the corresponding period in 2021. In addition to the hydroelectric, wind and solar segments' respective operating performance, the $58.3 million increase in net loss mainly stems from a $47.9 million increase in impairment of long-term assets following the impairment charges recognized in 2022 on the Hawaiian projects and on the safe harbor solar modules; a $16.4 million increase in finance costs mainly related to the Aela Acquisition and the Griffin Trail and Hillcrest facilities; and a $16.0 million increase in depreciation and amortization, mainly attributable to the Aela and San Andrés acquisitions.

YEAR ENDED DECEMBER 31, 2022

Production was 90% of LTA. Innergex's share of production of joint ventures and associates[1] was 100% of LTA, translating into a Production Proportionate[1] at 90% of LTA. **Revenues** were up 26% at $870.5 million compared with last year, for which Revenues were normalized to exclude the February 2021 Texas Events. The increase is mainly due to the acquisition of Aela in Chile in June 2022; the acquisition of the Curtis Palmer hydroelectric portfolio in New York in October 2021; the acquisition of the remaining 50% interest in Energía Llaima in Chile in July 2021, for which results are now included in Innergex's consolidated revenues; the commissioning of the Griffin Trail wind facility in Texas in July 2021; higher selling prices at the Phoebe solar facility; the BC Hydro Curtailment Payment[2]; higher production from the wind facilities in Quebec; the acquisition of the Licán hydro facility in Chile in August 2021; the acquisition of the San Andrés solar facility in Chile in January 2022; and the commissioning of the Tonnerre storage facility in France in July 2022. These factors were partly offset by exceptionally low production at the facilities in British Columbia due to drier weather. Revenues Proportionate[1] increased by 22% to $995.8 million over last year.

Operating, general, administrative and prospective projects expenses were up 29% at $285.6 million compared with last year. The increase is mainly attributable to the Aela Acquisition; the commissioning of the Hillcrest solar facility; the Curtis Palmer Acquisition; the impact of the 2022 Supplementary Budget Act in France on French facilities; higher maintenance costs at some facilities in British Columbia following the floods that occurred at the end of 2021; the commissioning of the Griffin Trail wind facility in Texas; and the acquisition of the remaining 50% interest in Energía Llaima and of Licán. The Adjusted EBITDA[1] was up 24% at $584.9 million compared with last year. The Adjusted EBITDA Proportionate[1] was up 20% at $696.4 million compared with last year.

Innergex recorded a net loss of $91.1 million ($0.43 net loss per share - basic and diluted) for the year ended December 31, 2022, compared with a net loss of $185.4 million ($1.09 net loss per share - basic and diluted) for the corresponding period in 2021. In addition to the hydroelectric, wind and solar segments' respective operating performance previously discussed, the decrease in net loss, this is explained by the impacts of the February 2021 Texas Events in 2021 and by the recognition of an aggregate $112.6 million share of impairment charges in the Flat Top and Shannon joint ventures in 2021 recognized during the same year. These items were partly offset by an $80.4 million increase in depreciation and amortization and a $65.6 million increase in finance costs, mainly attributable to the recent acquisitions and commissionings and a $10.9 million increase in impairment of long-term assets following the impairment charges recognized in 2022 on the Hawaiian projects and on the safe harbor solar modules, partly offset by the impairment charges recognized in 2021.

1. This is not a recognized measure 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.
2. The BC Hydro Curtailment Payment refers to the curtailment notices sent by BC Hydro in May 2020 for six hydro facilities which were disputed by the Corporation on the basis that, under its Electricity Purchase Agreements with BC Hydro, BC Hydro can exercise this right but is required to compensate Innergex for energy that would have been produced at the facilities in the absence of the curtailment. For the period from May 22, 2020 to July 20, 2020, actual eligible energy revenue that would have been produced at the facilities in the absence of the curtailment amounts to $12.5 million ($14.2 million on a Revenues Proportionate[1] basis). The dispute was settled in the first quarter of 2022 to Innergex's satisfaction (please refer to the "Capital and Liquidity" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022 for more information).

CASH FLOW FROM OPERATING ACTIVITIES, FREE CASH FLOW[3] AND PAYOUT RATIO[3]

For the three-month period ended December 31, 2022, cash flows from operating activities totalled $93.6 million, compared with $75.8 million in the same period last year. The increase relates primarily to the realized gain on financial instruments following the monetization of the foreign exchange forward contracts concurrent with the closing of the French Acquisition, to the Aela and San Andrés acquisitions, and to the timing of interest payments for certain BC project debts in Q4 2022, partly offset by an increase in finance costs paid relative to the Green Bonds issued as part of a refinancing of the non-recourse debt in Chile following the Aela Acquisition.

For the year ended December 31, 2022, cash flows from operating activities totalled $430.2 million, compared with $265.5 million in the same period last year. The increase relates primarily to the contribution from the Energía Llaima, Licán, Curtis Palmer, San Andrés and Aela acquisitions, the Hillcrest and Griffin Trail commissionings, and the BC Hydro Curtailment Payment. The realized gain on financial instruments following the settlement of both the interest rate swaps, as part of Innergex's refinancing of the non-recourse debt of its Chilean facilities, the foreign exchange forward contract concurrent with the closing of the French Acquisition, net unfavourable impact of the February 2021 Texas Events, and the timing of interest payments for certain BC project debts in Q4 2022, also contributed to increased cash flows from operating activities. These items were partly offset by an increase in finance costs paid mainly related to the Griffin Trail and Hillcrest facilities commissioned in 2021 and to the Green Bonds issued as part of a refinancing of the non-recourse debt in Chile following the Aela Acquisition and from the unfavourable difference between sales at the Phoebe node and purchases at the ERCOT South hub.

The following table summarizes the Free Cash Flow[3] and Payout Ratio[3] normalized for the year ended December 31, 2021 to exclude the impacts of the February 2021 Texas Events.

Free Cash Flow and Payout Ratio calculation[1]	Year ended December 31			
	2022	2021	February 2021 Texas Events (9 days)[2]	**2021 Normalized**[2]
Free Cash Flow[1,2,3]	147,248	92,315	15,789	108,104
Dividends declared on common shares	146,957	132,229	—	132,229
Payout Ratio[1,2]	100 %	143 %	(21)%	122 %
Adjusted Payout Ratio[1,2]	85 %			98 %

1. Free Cash Flow, Payout Ratio and Adjusted Payout Ratio 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.
2. For the year ended December 31, 2021, the Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are normalized to exclude the impacts of the February 2021 Texas Events. Normalized measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022 for more information.
3. Free Cash Flow for the year ended December 31, 2022 includes the one-time BC Hydro Curtailment Payment received during the first quarter of 2022.

For the year ended December 31, 2022, the dividends on common shares declared by the Corporation amounted to 100% of Free Cash Flow[3] compared with 143% for the corresponding period last year. Excluding the impacts from the February 2021 Texas Events (refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022 for more information), the dividends on common shares declared by the Corporation for the corresponding period last year amounted to 122% of Normalized Free Cash Flow[3,4].

3. This is not a recognized measure 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.
4. Normalized measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three-month period and the year ended December 31, 2022 for more information.

SUBSEQUENT EVENTS

On January 23, 2023, the Corporation announced that it has entered into an agreement to acquire the 60 MW Sault Ste. Marie solar portfolio located in northwestern Ontario for a purchase price of $50.2 million, along with the assumption of $169.5 million of existing debt. The portfolio is composed of the Sault Ste. Marie 1 (20 MW), Sault Ste. Marie 2 (30 MW) and Sault Ste. Marie 3 (10 MW) solar facilities. The acquisition is expected to close in Q1 2023 and is subject to certain regulatory approvals in Canada, key third party consents and other customary closing conditions.

On February 1, 2023, Innergex has completed the refinancing of the subordinated unsecured term loan with a non-revolving term credit facility of $75.0 million bearing interest at a fixed rate of 6.25% and maturing on February 1, 2025, and a non-revolving term credit facility of $75.0 million bearing interest at a variable rate of 4.87%, based on the bankers’ acceptance rates plus a spread of 1.85% which depends on leverage ratio, maturing on February 1, 2025. Concurrently, the Corporation concluded an interest rate swap to hedge a $50.0 million portion of the credit facility notional that is subject to variable interest rates.

DIVIDEND DECLARATION

The following dividends will be paid by the Corporation on April 17, 2023:

Date of announcement	Record date	Payment date	Dividend per common share	Dividend per Series A Preferred Share	Dividend per Series C Preferred Share
February 22, 2023	March 31, 2023	April 17, 2023	$0.180	$0.202750	$0.359375

2022 GUIDANCE ACHIEVEMENTS

In 2022, the Corporation partly met its 2022 Growth Targets.

	2022			2021
	Actual[1]		Target[4]	Actual Normalized[3]
Production (GWh)[2]	10,254	**+13 %**	+22 %	9,055
Revenues	870,494	**+26 %**	+25 %	692,241
Operating, general, administrative and prospective projects expenses	285,579	**+29 %**	+27 %	221,571
Adjusted EBITDA[2]	584,915	**+24 %**	+25 %	470,670
Adjusted EBITDA Proportionate[2]	696,362	**+20 %**	+21 %	578,472
Free Cash Flow per Share[2]	0.72		0.75	0.6
Number of facilities in operation	84		84	79
Net installed capacity (MW)	3,634		3,484	3,101

1. Results from continuing operations unless otherwise indicated.
2. These measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Production is a key performance indicator for the Corporation that cannot be reconciled with an IFRS measure. Please refer to the "Non-IFRS Measures" section of the MD&A for the three-month period and year ended December 31, 2022 for more information.
3. For the year ended December 31, 2021, the Financial Performance and Operating Results are normalized to exclude the impacts of the February 2021 Texas Events. Please refer to the "February 2021 Texas Events" section for more information.
4. Target revised in August 2022. Please refer to the MD&A for the period ended June 30, 2022.

The Production target was not met mainly due to:
- Exceptionally low hydrology levels in British Columbia during the later part of 2022;
- Lower generation from the US facilities; and
- Other weather-related events.

The financial targets were partly met due to the following factors:
- Exceptionally low hydrology levels in British Columbia during the later part of 2022;
- The enactment of the new 2022 Supplementary Budget Act in France, which aims to share additional revenues recognized for certain power purchase agreements with the French government.

Partly mitigated by higher prices at the Chilean and US facilities.

NON-IFRS MEASURES

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 these indicators are important, as they provide management and the reader with additional information about Innergex's production and cash generation capabilities, its ability to sustain current dividends and its ability to fund its growth. These indicators also facilitate the comparison of results over different periods. Innergex's share of Revenues of joint ventures and associates, Revenues Proportionate, Adjusted EBITDA, Innergex's share of Adjusted EBITDA of joint ventures and associates, Adjusted EBITDA Proportionate, Adjusted Net Loss, Free Cash Flow, Adjusted Free Cash Flow, Payout Ratio and Adjusted Payout Ratio are not measures recognized by IFRS and have no standardized meaning prescribed by IFRS.

Revenues Proportionate, Adjusted EBITDA and Proportionate measures

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

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

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

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

	Three months ended December 31, 2022				Three months ended December 31, 2021			
	Consolidation	Share of joint ventures	PTCs	Proportionate	Consolidation	Share of joint ventures	PTCs	Proportionate
Revenues	203,636	11,368	16,576	231,580	202,388	12,259	16,404	231,051
Net earnings (loss)	(52,575)	—	—	(52,575)	5,743	—	—	5,743
Income tax expense	(12,982)	—	—	(12,982)	37,158	—	—	37,158
Finance costs	83,864	4,362	—	88,226	67,417	4,541	—	71,958
Depreciation and amortization	93,756	4,155	—	97,911	77,748	4,241	—	81,989
Impairment of long-term assets	47,868	—	—	47,868	12	—	—	12
EBITDA	159,931	8,517	—	168,448	188,078	8,782	—	196,860
Other net expense (income), before PTCs	(6,660)	(105)	—	(6,765)	(18,161)	219	—	(17,942)
Production tax credits ("PTCs")	(16,576)	—	16,576	—	(16,404)	—	16,404	—
Share of earnings of joint ventures and associates	286	(286)	—	—	(791)	791	—	—
Change in fair value of financial instruments	(16,622)	(101)	—	(16,723)	(15,411)	(553)	—	(15,964)
Adjusted EBITDA	120,359	8,025	16,576	144,960	137,311	9,239	16,404	162,954

	Year ended December 31, 2022				Year ended December 31, 2021			
	Consolidation	Share of joint ventures	PTCs	Proportionate	Consolidation	Share of joint ventures	PTCs	Proportionate
Revenues	870,494	60,535	64,729	995,758	747,208	111,921	54,018	913,147
Net loss		—	—	(91,115)		—	—	(185,394)
Recovery of Income tax	(6,577)	—	—	(6,577)	(26,240)	(31)	—	(26,271)
Finance costs	317,842	17,757	—	335,599	252,255	23,382	—	275,637
Depreciation and amortization	336,053	16,801	—	352,854	255,640	23,051	—	278,691
Impairment of long-term assets	47,868	—	—	47,868	36,986	112,609	—	149,595
EBITDA	604,071	34,558	—	638,629	333,247	159,011	—	492,258
Other net expense (income), before PTCs	(4,190)	(342)	—	(4,532)	(41,637)	1,947	—	(39,690)
Production tax credits (“PTCs”)	(64,729)	—	64,729	—	(47,984)	(6,034)	54,018	—
Share of (earnings) loss of joint ventures and associates	(14,382)	14,382	—	—	189,889	(189,889)	—	—
Change in fair value of financial instruments	64,145	(1,880)	—	62,265	92,122	129,055	—	221,177
Adjusted EBITDA	584,915	46,718	64,729	696,362	525,637	94,090	54,018	673,745

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 portion of the Phoebe basis hedge, realized loss on the termination of interest rate swaps, realized gain on foreign exchange forward contracts, impairment charges, items that are outside of the normal course of the Corporation's cash generating operations such as the February 2021 Texas Events, the net income tax expense (recovery) related to these items, and the share of loss (earnings) of joint ventures and associates related to the above items, net of related income tax.

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

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

	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
Net (loss) earnings	(52,575)	5,743	(91,115)	(185,394)
Add (Subtract):				
February 2021 Texas Events:				
Revenues	—	—	—	(54,967)
Power hedge	—	—	—	70,756
Share of loss of Flat Top and Shannon	—	—	—	64,197
Share of impairment of Flat Top and Shannon	—	—	—	112,609
Share of unrealized portion of the change in fair value of financial instruments of joint ventures and associates, net of related income tax	(76)	(377)	(1,381)	20,226
Unrealized portion of the change in fair value of financial instruments	25,336	(15,751)	141,859	18,502
Impairment of long-term assets	47,868	12	47,868	36,986
Realized gain on settlement of foreign exchange forwards	(43,458)	—	(43,458)	—
Realized (gain) loss on termination of interest rate swaps	(59)	(377)	(71,735)	2,508
Realized gain on the Phoebe basis hedge	—	(955)	—	(2,546)
Realized gain on foreign exchange forward contracts	—	(2,193)	(3,214)	(4,074)
Income tax recovery related to above items	(6,320)	3,924	(13,684)	(85,754)
Adjusted Net loss	(29,284)	(9,974)	(34,860)	(6,951)

Free Cash Flow and Payout Ratio

References to "Free Cash Flow" are to cash flows from operating activities before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, the portion of Free Cash Flow attributed to non-controlling interests, and preferred share dividends declared, plus or minus other elements that are not representative of the Corporation's long-term cash-generating capacity, such as gains and losses on the Phoebe basis hedge due to their limited occurrence, realized gains and losses on contingent considerations related to past business acquisitions, transaction costs related to realized acquisitions, realized losses or gains on refinancing of certain borrowings or derivative financial instruments used to hedge the interest rate on certain borrowings or the exchange rate on equipment purchases, and tax payments related to fiscal strategies for the purpose of improving the long-term cash generating capacity of Innergex.

The Payout Ratio is a measure of the Corporation's ability to sustain current dividends as well as its ability to fund its growth from its cash generating operations, in the normal course of business. The Payout Ratio level reflects the Corporation's decision to invest yearly in advancing the development of its Prospective Projects, for which investments must be expensed as incurred. The Corporation considers such investments essential to its long-term growth and success, as it believes that the greenfield development of renewable energy projects offers the greatest potential internal rates of return and represents the most efficient use of management's expertise and value-added skills.

Innergex believes that the presentation of this measure enhances the understanding of the Corporation's cash generation capabilities, its ability to sustain current dividends and its ability to fund its growth. Free Cash Flow is used by investors in this regard. Readers are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS. Please refer to the "Free Cash Flow and Payout Ratio" section for the reconciliation of Free Cash Flow.

References to "Adjusted Free Cash Flow" are to Free Cash Flow excluding prospective project expenses. Adjusted Free Cash Flow is used by investors to evaluate the Corporation's cash generation capabilities and its ability to sustain current dividends, before the impacts of the Corporation's decision to invest yearly in its growth through investing in the development of its Prospective Projects.

References to “Payout Ratio” are to dividends declared on common shares divided by Free Cash Flow. Innergex believes that this is a measure of its ability to sustain current dividends as well as its ability to fund its growth. Payout Ratio is used by investors in this regard.

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

Free Cash Flow and Payout Ratio calculation	Year ended December 31				
	2022	2021	February 2021 Texas Events (9 days)[6]	2021 Normalized[6]	2020
Cash flows from operating activities[1]	430,243	265,498	17,093	282,591	235,108
Add (Subtract) the following items:					
Changes in non-cash operating working capital items	14,518	21,455	—	21,455	7,765
Maintenance capital expenditures, net of proceeds from disposals	(11,051)	(8,029)	—	(8,029)	(2,828)
Scheduled debt principal payments	(156,862)	(160,973)	—	(160,973)	(151,623)
Free Cash Flow attributed to non-controlling interests[2]	(29,271)	(25,076)	—	(25,076)	(13,491)
Dividends declared on Preferred shares	(5,632)	(5,632)	—	(5,632)	(5,942)
Chile portfolio refinancing - hedging impact[3]	2,578	—	—	—	—
Add (subtract) the following specific items[4]:					
Realized loss on contingent considerations	—	547	—	547	3,021
Realized (gain) loss on termination of interest rate swaps[3]	(71,735)	2,508	—	2,508	1,664
Realized (gain) loss on termination of foreign exchange forwards[5]	(43,458)	—	—	—	—
Acquisition, integration and restructuring costs	17,918	4,563	—	4,563	—
Realized gain on the Phoebe basis hedge	—	(2,546)	(1,304)	(3,850)	19,586
Free Cash Flow[6]	147,248	92,315	15,789	108,104	93,260
Dividends declared on common shares	146,957	132,229	—	132,229	125,543
Payout Ratio[6]	100 %	143 %	(21)%	122 %	135 %
Adjust for the following items:					
Prospective projects expenses	24,740			27,367	16,708
Adjusted Free Cash Flow	171,988			135,471	109,968
Adjusted Payout Ratio	85 %			98 %	114 %

1. Cash flows from operating activities for the year ended December 31, 2022 include the one-time BC Hydro Curtailment Payment received during the first quarter of 2022.
2. The portion of Free Cash Flow attributed to non-controlling interests is subtracted, regardless of whether an actual distribution to non-controlling interests is made, in order to reflect the fact that such distributions may not occur in the period they are generated.
3. The Free Cash Flow for the year ended December 31, 2022 excludes the $71.7 million realized gain on settlement of the interest rate hedges entered into to manage the Corporation's exposure to the risk of increasing interest rates during the negotiations surrounding the refinancing of the non-recourse debt assumed in the Aela Acquisition and at Innergex's existing Chilean projects. Instead, the gain is amortized in the Free Cash Flow using the effective interest rate method over the period covered by the unwound hedging instruments.
4. These items are excluded from the Free Cash Flow and Payout Ratio calculations as they are deemed not representative of the Corporation's long-term cash-generating capacity, and include items such as gains and losses on the Phoebe basis hedge due to their limited occurrence (maturity attained on December 31, 2021), realized gains and losses on contingent considerations related to past business acquisitions, transaction costs related to realized acquisitions, realized losses or gains on refinancing of certain borrowings or derivative financial instruments used to hedge the interest rate on certain borrowings or the exchange rate on equipment purchases, and tax payments related to fiscal strategies for the purpose of improving the long-term cash generating capacity of Innergex.
5. For the year ended December 31, 2022, the Free Cash Flow for the twelve months ended December 31, 2022 excludes the $43.5 million realized gain on settlement of the foreign exchange forward contracts concurrent with the closing of the French Acquisition.
6. For the year ended December 31, 2021, the Free Cash Flow and Payout Ratio are normalized to exclude the impacts of the February 2021 Texas Events. Normalized measures are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the "February 2021 Texas Events" section of the Management's Discussion and Analysis for the three-month period and year ended December 31, 2022, for more information.

ADDITIONAL INFORMATION

Innergex's 2022 fourth quarter and year-end audited consolidated financial statements, the notes thereto and the Management's Discussion and Analysis can be obtained on SEDAR at www.sedar.com and in the "Investors" section of the Corporation's website at www.innergex.com.

CONFERENCE CALL AND WEBCAST

The Corporation will hold a conference call and webcast on Thursday, February 23, 2023 at 9 AM (EST). Investors and financial analysts are invited to access the conference by dialing 1 888 390-0605 or 416 764-8609 or via https://bit.ly/3IHMgXT or the Corporation's website at www.innergex.com. Journalists as well as the public may access this conference call via a listen mode only. A replay of the conference call will be available after the event on the Corporation's website.

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 84 operating facilities with an aggregate net installed capacity of 3,634 MW (gross 4,184 MW) and an energy storage capacity of 159 MWh, including 40 hydroelectric facilities, 35 wind facilities, 8 solar facilities and 1 battery energy storage facility. Innergex also holds interests in 11 projects under development with a net installed capacity of 696 MW (gross 733 MW) and an energy storage capacity of 605 MWh, 5 of which are under construction, as well as prospective projects at different stages of development with an aggregate gross installed capacity totaling 8,701 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.

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 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 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 targeted production, the estimated targeted revenues, targeted Revenues Proportionate, targeted Adjusted EBITDA and targeted Adjusted EBITDA Proportionate, targeted Free Cash Flow, targeted Free Cash Flow per Share and intention to pay dividend quarterly, the estimated project size, costs and schedule, including obtainment of permits, start of construction, work conducted and start of commercial operation for Development Projects and Prospective Projects, the Corporation's intent to submit projects under Requests for Proposals, the qualification of U.S. projects for PTCs and ITCs and other statements that are not historical facts. Such information is intended to inform readers of the potential financial impact of expected results, of the expected commissioning of Development Projects, of the potential financial impact of completed and future acquisitions and of the Corporation's ability to sustain current dividends and to fund its growth. Such information may not be appropriate for other purposes.

Forward-Looking Information is based on certain key assumptions made by the Corporation, including, without restriction, those concerning hydrology, wind regimes and solar irradiation; performance of operating facilities, acquisitions and commissioned projects; project performance; availability of capital resources and timely performance by third parties of contractual obligations; favourable market conditions for share issuance to support growth financing; favourable economic and financial market conditions; the Corporation’s success in developing and constructing new facilities; successful renewal of PPAs; sufficient human resources to deliver service and execute the capital plan; no significant event occurring outside the ordinary course of business such as a natural disaster, pandemic or other calamity; continued maintenance of information technology infrastructure and no material breach of cybersecurity. Please refer to Section 5 - OUTLOOK | Strategic Plan 2020-2025 of the 2022 Annual Report regarding the assumptions used with respect to the 2025 growth targets.

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 twelve-month periods ended December 31, 2022.

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For more information

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