

ÉNERGIR INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands of dollars - unaudited)

Three months ended December 31

	2024	2023
REVENUES (Note 4)	826,156	846,408
DIRECT COSTS	436,616	478,131
GROSS MARGIN	389,540	368,277
EXPENSES (OTHER REVENUES)		
Operating and maintenance	165,111	162,045
Amortization	90,592	85,749
Interest on long-term debt	73,493	65,894
Financial and other expenses, net	(6,773)	(5,162)
	322,423	308,526
INCOME BEFORE THE UNDERNOTED	67,117	59,751
Share in the earnings of equity-accounted interests	34,694	48,195
INCOME BEFORE INCOME TAXES	101,811	107,946
Income taxes	15,530	17,358
NET INCOME	86,281	90,588
NET INCOME ATTRIBUTABLE TO:		
The shareholder	52,233	54,307
Non-controlling interests	34,048	36,281
	86,281	90,588

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

ÉNERGIR INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of dollars - unaudited)

	Three months ended December 31	
	2024	2023
NET INCOME	86,281	90,588
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in translation adjustments of foreign operations	111,036	(47,867)
Change in translation adjustments related to net investment hedging activities, net of income taxes	(43,003)	19,495
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of income taxes	168	168
Other comprehensive income (loss) related to equity-accounted interests, net of income taxes	457	(6,930)
	68,658	(35,134)
COMPREHENSIVE INCOME	154,939	55,454
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
The shareholder	101,731	30,887
Non-controlling interests	53,208	24,567
	154,939	55,454

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

ÉNERGIR INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three months ended December 31, 2024 and 2023

(in thousands of dollars - unaudited)

	Attributable to the shareholder				Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss) (Note 9)			
Balance as at September 30, 2024	182,094	215,567	325,374	130,236	853,271	770,428	1,623,699
Net income	—	—	52,233	—	52,233	34,048	86,281
Other comprehensive income	—	—	—	49,498	49,498	19,160	68,658
Redemption of a non-controlling interest	—	(495)	—	—	(495)	(1,148)	(1,643)
Dividends	—	—	(22,000)	—	(22,000)	—	(22,000)
Distributions	—	—	—	—	—	(19,786)	(19,786)
Balance as at December 31, 2024	182,094	215,072	355,607	179,734	932,507	802,702	1,735,209
Balance as at September 30, 2023	182,094	366,755	143,821	133,068	825,738	766,674	1,592,412
Net income	—	—	54,307	—	54,307	36,281	90,588
Other comprehensive loss	—	—	—	(23,420)	(23,420)	(11,714)	(35,134)
Dividends	—	—	(28,000)	—	(28,000)	—	(28,000)
Distributions	—	—	—	—	—	(19,280)	(19,280)
Balance as at December 31, 2023	182,094	366,755	170,128	109,648	828,625	771,961	1,600,586

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

ÉNERGIR INC.
CONSOLIDATED BALANCE SHEETS

(in thousands of dollars - unaudited)

	December 31	September 30
	2024	2024
ASSETS		
Current assets		
Cash and cash equivalents	244,044	251,201
Restricted cash and cash equivalents	519	324
Trade and other receivables (Note 5)	497,845	242,231
Regulatory assets	212,405	224,414
Income taxes receivable	27,202	22,302
Inventories	142,636	103,406
Prepaid expenses	41,250	32,451
Derivative financial instruments (Note 14)	40,410	9,914
Other current assets	223	280
Total current assets	1,206,534	886,523
Noncurrent assets		
Restricted cash and cash equivalents	57,539	62,873
Property, plant and equipment	6,184,040	5,935,870
Intangible assets (Note 6)	769,818	1,352,534
Regulatory assets	1,062,557	1,191,051
Investments (Note 7)	1,400,410	1,280,807
Goodwill	573,582	547,548
Derivative financial instruments (Note 14)	23,429	3,342
Other noncurrent assets	318,738	312,918
Total noncurrent assets	10,390,113	10,686,943
TOTAL ASSETS	11,596,647	11,573,466
LIABILITIES		
Current liabilities		
Bank loans	66,381	52,124
Accounts payable and accrued liabilities	439,763	425,912
Regulatory liabilities	122,345	106,741
Obligations related to greenhouse gas emission allowances (Note 6)	—	584,680
Income taxes payable	1,844	22
Distributions payable	18,125	18,125
Dividends payable	22,000	22,265
Derivative financial instruments (Note 14)	10,884	21,502
Current portion of long-term debt (Note 8)	106,551	240,985
Total current liabilities	787,893	1,472,356
Noncurrent liabilities		
Long-term debt (Note 8)	6,373,287	5,854,178
Regulatory liabilities	986,398	937,722
Deferred income taxes	856,421	807,069
Derivative financial instruments (Note 14)	331,516	420,175
Other noncurrent liabilities	525,923	458,267
Total noncurrent liabilities	9,073,545	8,477,411
TOTAL LIABILITIES	9,861,438	9,949,767
EQUITY		
Share capital	182,094	182,094
Additional paid-in capital	215,072	215,567
Retained earnings	355,607	325,374
Accumulated other comprehensive income (Note 9)	179,734	130,236
Equity attributable to the shareholder	932,507	853,271
Non-controlling interests	802,702	770,428
TOTAL EQUITY	1,735,209	1,623,699
TOTAL LIABILITIES AND EQUITY	11,596,647	11,573,466

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

ÉNERGIR INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars - unaudited)

Three months ended December 31

	2024	2023
OPERATING ACTIVITIES		
Net income	86,281	90,588
Adjustments to reconcile net income and operating cash flows:		
Distributions received from equity-accounted interests	34,846	45,857
Amortization of property, plant and equipment	69,364	64,448
Amortization of regulatory assets and liabilities, intangible assets, financing costs and other	26,194	26,457
Use of greenhouse gas emission allowances	64,066	70,439
Share in the earnings of equity-accounted interests	(34,694)	(48,195)
Deferred income taxes	7,630	15,471
Change in regulatory assets and liabilities related to the cost of energy	(2,857)	(12,738)
Change in other regulatory assets and liabilities	27,318	15,146
Change in other operating assets and liabilities (Note 10)	(271,408)	(203,558)
Other	765	(4,844)
Cash flows related to operating activities	7,505	59,071
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(146,734)	(150,368)
Disposals of property, plant and equipment	45	180
Purchases of intangible assets	(3,266)	(3,150)
Purchases of investment fund units	(449)	(1,769)
Disposals of investment fund units	417	1,882
Purchases of equity-accounted interests and other investments (Note 7)	(43,469)	(31,747)
Other	(10,444)	(8,524)
Cash flows related to investing activities	(203,900)	(193,496)
FINANCING ACTIVITIES		
Change in bank loans	10,650	13,430
Change in term credits (Note 8)	346,737	181,296
Issuances of other long-term debt, net of issuance costs	(53)	(38)
Repayments of other long-term debt (Note 8)	(141,710)	(23,818)
Redemption of a non-controlling interest	(1,643)	—
Dividends	(22,265)	(29,000)
Distributions	(19,786)	(19,275)
Cash flows related to financing activities	171,930	122,595
IMPACT OF EXCHANGE RATE FLUCTUATIONS	12,169	(943)
NET CHANGE	(12,296)	(12,773)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING	314,398	162,304
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END	302,102	149,531

Supplemental disclosure of cash flow information (Note 10)

The accompanying notes to the interim consolidated financial statements are an integral part of these statements.

1. BASIS OF PRESENTATION

The interim consolidated financial statements of Énergir Inc. include the accounts of Énergir Inc. and all of its subsidiaries as well as those of variable interest entities for which Énergir Inc. is the primary beneficiary. Énergir Inc. mainly holds an investment of 71.0% in Énergir, L.P. for which it acts as the General Partner. All intercompany transactions and balances are eliminated. The investments in jointly controlled enterprises ("joint ventures") and in enterprises over which Énergir Inc. exercises significant influence ("entities subject to significant influence") are accounted for using the equity method.

These interim consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and do not contain all the information required for annual consolidated financial statements. These interim consolidated financial statements and accompanying notes should be read in conjunction with the most recent audited consolidated financial statements and accompanying notes for the fiscal year ended September 30, 2024.

Given the absence of an accounting standard specifically addressing regulatory assets and liabilities ("RAL") in IFRS published by the International Accounting Standards Board ("IASB") in 2015 Énergir Inc. obtained an exemption from the Canadian Securities Administrators ("CSA") permitting it to apply U.S. GAAP to prepare its annual and interim consolidated financial statements. In 2021, the IASB published an exposure draft on a new standard covering RAL, i.e., IFRS 14, *Regulatory Deferral Accounts*, that would apply to all entities with rate-regulated activities. In March 2023, the CSA approved an extension of the exemption until the first of the following dates: January 1, 2027 or no later than (i) an IASB-prescribed date for the application of this standard or (ii) two years after the IASB has published a final version of this standard.

2. SEASONAL ACTIVITIES

Interim period operating results are not necessarily representative of the results to be expected for the fiscal year, as seasonal cycles influence the energy consumption levels of customers and electricity production levels of the wind farms. Historically, revenues and profitability are higher in the first two quarters of a fiscal year than in the last two quarters.

3. ACCOUNTING CHANGES

STANDARDS ISSUED BUT NOT YET IN EFFECT

Segment information

In November 2023, *Financial Accounting Standards Board* ("FASB") published ASU 2023-07, *Segment Reporting (ASC 280) – Improvements to Reportable Segment Disclosures*. The guidance therein seeks to improve segment reporting, mainly through the addition of information about significant expenses and the indicators used to assess segment performance. This guidance will be applied retrospectively to annual financial statements beginning in the fiscal year ending September 30, 2025 and to interim financial statements beginning in the fiscal year September 30, 2026. Énergir Inc. is currently assessing the impact of adopting this guidance on its interim consolidated financial statements.

Income taxes

In December 2023, FASB published ASU 2023-09, *Incomes Taxes (ASC 740) – Improvements to Income Tax Disclosures*. The guidance therein seeks to provide details about the statutory and effective tax rate reconciling items and to improve disclosures about income taxes paid by jurisdiction. This guidance will be applied prospectively to the annual financial statements for the fiscal year ending September 30, 2026. Énergir Inc. is currently assessing the impact of adopting this guidance on its interim consolidated financial statements.

Statements of income

In November 2024, FASB published ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*. The guidance therein aims to improve disclosure by providing a breakdown of certain expenses in the notes to the financial statements. This guidance will be applied prospectively to interim and annual financial statements beginning on or after the fiscal year ending September 30, 2028. Énergir Inc. is currently assessing the impact of adopting this guidance on its interim consolidated financial statements.

ÉNERGIR INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars - unaudited)

4. REVENUES

	Three months ended December 31	
	2024	2023
Revenues from customers	829,076	837,896
Alternative revenue programs ⁽¹⁾	1,335	13,194
Amortization of commercial programs	(4,255)	(4,682)
	826,156	846,408

⁽¹⁾ The alternative revenue programs consist of rate stabilization mechanisms related to temperature and wind and of a revenue decoupling mechanism.

As at December 31, 2024, the Other noncurrent assets item included an amount of \$66,773 (\$69,091 as at September 30, 2024) to reflect amounts paid under commercial programs.

5. TRADE AND OTHER RECEIVABLES

	December 31 2024	September 30 2024
Trade accounts receivable ⁽¹⁾	483,881	230,220
Other receivables	13,964	12,011
	497,845	242,231

⁽¹⁾ Refer to Note 2 for additional information on how the effects of seasonal cycles influence the energy consumption levels of customers.

6. INTANGIBLE ASSETS

At the end of the 2021-2023 compliance period in December 2024, Énergir Inc. remitted its greenhouse gas ("GHG") emission allowances in order to satisfy its regulatory compliance obligations. As a result, the intangible assets and GHG emission allowance obligations were derecognized from the interim consolidated balance sheet as at December 31, 2024 in an amount of \$584,680. This transaction did not have an impact on the interim consolidated statement of cash flows or on the interim consolidated statement of income.

7. INVESTMENTS

During the first quarter of fiscal 2025, Green Mountain Power Corporation ("GMP") paid \$42,893 (US\$30,647) to raise its ownership interest in Vermont Transco LLC ("Transco") (\$31,579 (US\$23,203) as at September 30, 2024). The purpose of the invested funds is to rebalance Transco's capital structure and to finance investments in electricity transmission activities.

8. LONG-TERM DEBT

In December 2024, Énergir Inc. used its term credit to repay a series of secured senior notes totalling \$141,710 (US\$100,000).

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in accumulated other comprehensive income by component are detailed as follows:

	Translation adjustments	Net investment hedges	Cash flow hedges	Employee future benefits	Equity- accounted interests	Total
Balance as at September 30, 2024	231,128	(92,241)	(8,168)	(76)	(407)	130,236
Other comprehensive income (loss) before reclassifications to income	78,834	(32,847)	—	—	137	46,124
Other comprehensive income reclassified to income	—	—	146	—	54	200
Income taxes (recovered)	—	3,264	(39)	—	(51)	3,174
	78,834	(29,583)	107	—	140	49,498
Balance as at December 31, 2024	309,962	(121,824)	(8,061)	(76)	(267)	179,734
Balance as at September 30, 2023	235,206	(96,162)	(8,600)	(12)	2,636	133,068
Other comprehensive income (loss) before reclassifications to income	(33,985)	16,903	—	—	(2,918)	(20,000)
Other comprehensive income reclassified to income	—	—	147	—	17	164
Income taxes (recovered)	—	(4,314)	(39)	—	769	(3,584)
	(33,985)	12,589	108	—	(2,132)	(23,420)
Balance as at December 31, 2023	201,221	(83,573)	(8,492)	(12)	504	109,648

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Three months ended December 31	
	2024	2023
Change in other operating assets and liabilities:		
Trade and other receivables	(244,529)	(211,842)
Inventories	(36,853)	(19,904)
Prepaid expenses	(7,444)	(2,722)
Accounts payable and accrued liabilities	19,423	28,488
Income taxes payable and receivable	(2,005)	2,422
	<u>(271,408)</u>	<u>(203,558)</u>
Other cash information:		
Interest paid	101,636	98,302
Income taxes paid (recovered)	9,948	(545)

Accounts payable and accrued liabilities included an amount of \$29,384 as at December 31, 2024 related to the purchase of property, plant and equipment (\$31,384 as at December 31, 2023). These transactions had no impact on cash and are therefore not reflected in the interim consolidated statements of cash flows.

11. EMPLOYEE FUTURE BENEFITS

COMPONENTS OF THE NET PROJECTED BENEFIT COST

The following table presents the components of the net projected benefit cost of the defined benefit pension ("DBP") plans and the postretirement benefit ("PRB") plans:

	Three months ended December 31			
	2024	2023	2024	2023
	DBP plans	DBP plans	PRB plans	PRB plans
Current service cost	6,493	4,899	1,188	977
Interest cost	12,605	13,890	1,760	1,820
Expected return on plan assets	(16,001)	(16,069)	(856)	(748)
Amortization of net actuarial losses (gains)	1,415	798	(309)	(543)
Amortization of past service costs	—	—	(254)	(254)
Net cost	<u>4,512</u>	<u>3,518</u>	<u>1,529</u>	<u>1,252</u>
Representing:				
Unrecognized revenue of QDA ⁽¹⁾	(1,589)	(284)	(230)	(462)
Recognized cost	<u>6,101</u>	<u>3,802</u>	<u>1,759</u>	<u>1,714</u>

⁽¹⁾ The unrecognized revenue of the natural gas distribution activity in Quebec ("QDA") is the difference between the net projected benefit cost estimated upon preparation of the rate case and the actuarially determined cost. This budgetary difference is recorded as a RAL.

PRESENTATION OF THE RECOGNIZED COST ON THE INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Three months ended December 31			
	2024	2023	2024	2023
	DBP plans	DBP plans	PRB plans	PRB plans
Operating and maintenance	6,696	6,138	1,294	1,282
Financial and other expenses	(595)	(2,336)	465	432
Recognized cost	<u>6,101</u>	<u>3,802</u>	<u>1,759</u>	<u>1,714</u>

ÉNERGIR INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars - unaudited)

12. SEGMENT INFORMATION

Three months ended December 31, 2024

	Energy Distribution			Natural Gas Transportation	Electricity Production	Energy Services, Storage and Other	Corporate Affairs	Total
	QDA	Vermont ⁽¹⁾	Total					
Revenues from external customers	442,273	362,779	805,052	—	—	20,420	684	826,156
Intersegment revenues	8,690	—	8,690	1,289	—	6,484	(16,463)	—
Total revenues	450,963	362,779	813,742	1,289	—	26,904	(15,779)	826,156
Share in the earnings of equity-accounted interests	—	29,313	29,313	3,851	3,751	—	(2,221)	34,694
Net income (loss)	65,742	39,727	105,469	5,867	3,164	3,859	(32,078)	86,281
Net income (loss) attributable to:								
The shareholder	42,767	28,086	70,853	4,162	924	1,807	(25,513)	52,233
Non-controlling interests	22,975	11,641	34,616	1,705	2,240	2,052	(6,565)	34,048
Goodwill	75,057	435,942	510,999	273	—	62,310	—	573,582
Total assets	4,902,045	5,954,476	10,856,521	245,598	38,729	453,608	2,191	11,596,647

⁽¹⁾ Énergir Inc.'s business activities are carried out in Canada except for the energy distribution activities in Vermont, United States.

Three months ended December 31, 2023

	Energy Distribution			Natural Gas Transportation ⁽¹⁾	Electricity Production	Energy Services, Storage and Other	Corporate Affairs	Total
	QDA	Vermont ⁽¹⁾	Total					
Revenues from external customers	479,831	344,571	824,402	—	—	21,433	573	846,408
Intersegment revenues	10,671	—	10,671	1,226	—	5,777	(17,674)	—
Total revenues	490,502	344,571	835,073	1,226	—	27,210	(17,101)	846,408
Share in the earnings of equity-accounted interests	—	27,276	27,276	13,790	7,141	—	(12)	48,195
Net income (loss)	62,259	37,790	100,049	15,130	6,137	2,792	(33,520)	90,588
Net income (loss) attributable to:								
The shareholder	40,312	26,718	67,030	10,742	1,865	1,466	(26,796)	54,307
Non-controlling interests	21,947	11,072	33,019	4,388	4,272	1,326	(6,724)	36,281
Goodwill	75,057	401,361	476,418	273	—	62,310	—	539,001
Total assets	4,930,421	5,050,777	9,981,198	347,966	44,359	460,881	(11,433)	10,822,971

⁽¹⁾ The Vermont energy distribution activities and Portland Natural Gas Transmission System's transportation activities are carried out in the United States; all of Énergir Inc.'s other activities are carried out in Canada.

13. RELATED PARTY TRANSACTIONS

The related party transactions presented below were carried out in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	Three months ended December 31	
	2024	2023
CONSOLIDATED STATEMENTS OF INCOME		
Direct costs		
Electricity transmission services provided by Transco to GMP	12,104	12,714
Operations and maintenance		
Management services provided by CDPQ Global Infrastructure Inc. to Énergir, L.P.	1,664	1,602
Interest on long-term debt		
Interest on the shareholder's subordinated debentures	17,485	18,087
	December 31	September 30
	2024	2024
CONSOLIDATED BALANCE SHEETS		
Accounts payable and accrued liabilities		
Interest payable on the shareholder's subordinated debentures	17,485	18,087
Long-term debt		
Subordinated debentures payable to the shareholder	892,798	892,798

14. FINANCIAL INSTRUMENTS

NON-DERIVATIVE FINANCIAL INSTRUMENTS

For its investment funds, Énergir Inc. applies a practical expedient that permits measuring the investment at net asset value.

The fair value of long-term debt, including current portions, is based on future cash flows discounted at interest rates that Énergir Inc. could have obtained on the interim consolidated balance sheet dates for borrowings with similar conditions and maturity dates. The fair value of long-term debt, with a carrying amount of \$6,479,838, was \$6,246,604 as at December 31, 2024 (\$6,095,163 and \$5,919,668, respectively, as at September 30, 2024).

Fair value represents the estimate of the consideration that would be agreed upon in an arm's length transaction between willing and knowledgeable parties. Fair value is determined at a specific date and could be amended during future periods as a result of market conditions or other factors.

DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments

The fair value of derivative financial instruments reflects the amounts that Énergir Inc. estimates it would receive upon settlement of favourable contracts or would be obliged to pay to terminate unfavourable contracts at the reporting date. This fair value for derivative financial instruments is estimated using spot rates or forward rates or prices at the close of markets on the reporting date. In the absence of such information for a given instrument, the forward rate or price of a similar instrument is used. A risk premium is added to the risk-free interest rate when estimating fair value to reflect the credit risk of Énergir Inc., Énergir, L.P., the subsidiaries, and each counterparty.

ÉNERGIR INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars - unaudited)

The fair values of the various categories of derivative financial instruments are as follows:

	December 31, 2024		September 30, 2024	
	Assets	Liabilities	Assets	Liabilities
Derivative instruments designated as net investment hedges				
Cross-currency swaps (a)	—	3,886	1,205	—
	—	3,886	1,205	—
Derivative instruments not designated as hedges (b)				
Forward exchange contracts (c)	—	4,813	—	—
Instruments related to natural gas:				
Fixed-price swaps	2,686	61	1,232	557
RNG fixed-price purchase contract (d)	1,035	—	1,867	—
Instruments related to electricity:				
Power purchase agreements (e)	60,118	333,640	8,952	441,120
	63,839	338,514	12,051	441,677
Total derivative instruments	63,839	342,400	13,256	441,677
Portions presented on the consolidated balance sheets				
Current	40,410	10,884	9,914	21,502
Noncurrent	23,429	331,516	3,342	420,175
	63,839	342,400	13,256	441,677

(a) Énergir, L.P. entered into these cross-currency swaps denominated in U.S. dollars to manage its exposure to the exchange risk related to the net investment in foreign operations.

(b) These derivative financial instruments, except for the foreign exchange contract, are related to rate-regulated activities, and the offsetting entry of the remeasurements is recognized as a RAL on the interim consolidated balance sheets. Accordingly, no gain or loss has been recorded in income or in Other comprehensive income under the regulatory treatment. The loss related to the foreign exchange contract has been recognized in income as it was not designated as a hedging item and is not related to rate-regulated activities.

(c) A new foreign exchange contract was signed during the quarter to hedge future monetary cash flows.

(d) During fiscal 2023, the Vermont Public Utilities Commission authorized Vermont Gas Systems ("VGS") to enter into a fixed-price purchase contract for renewable natural gas ("RNG") denominated in U.S. dollars. VGS concluded that this RNG purchase contract did not meet the normal purchases and normal sales criteria due to an option permitting the resale of RNG on the market. As a result, VGS recognizes this contract at fair value.

(e) These GMP power purchase agreements do not satisfy normal purchases and normal sales criteria given that power supply was exceeding demand. As a result, GMP recognizes these derivative contracts at fair value.

The notional amounts of the various categories of derivative financial instruments are as follows:

	December 31, 2024	September 30, 2024
Instruments related to exchange rates:		
Cross-currency swaps (in thousands of dollars)	200,000	200,000
Forward exchange contracts (in thousands of dollars)	181,461	—
Instruments related to natural gas:		
Fixed-price swaps (in thousands of gigajoules)	6,715	5,861
RNG fixed-price purchase contract (in thousands of gigajoules)	6,963	5,776
Instruments related to electricity:		
Power purchase agreements (in thousands of megawatthours)	33,450	33,931

Fair value hierarchy of derivative financial instruments

As at December 31, 2024, the fair values of all derivative financial instruments were measured according to Level 2, except for the RNG fixed-price purchase contract and most of the power purchase agreements. The measurement of these agreements is classified as Level 3, since the valuation technique uses significant unobservable assumptions concerning forward prices on the electric power and RNG markets. The fair values of these derivative financial instruments were calculated using discounted future cash flows.

As at December 31, 2024, the fair values of Level 3 derivative financial instruments were measured using the assumptions presented in the table below. The weighted averages were calculated based on the relative quantity of contracted power of each contract:

	Risk-free rate (in %)	Weighted average risk- free rate (in %)	Discount rate (in %)	Forward price	Weighted average forward price
RNG fixed-price purchase contract	4.15 to 4.70	4.44	5.44	US\$11.07/GJ to US\$31.57/GJ	US\$20.47/GJ
Power purchase agreements	3.44 to 3.82	4.18	4.82	US\$30.51/MWh to US\$144.56/MWh	US\$59.72/MWh

The following table presents the changes in the net fair values of the financial instruments classified in Level 3 of the fair value hierarchy:

	Three months ended December 31	
	2024	2023
Balance at beginning	(428,698)	(206,540)
Change in fair value related to unrealized gains (losses)	160,980	(111,012)
Change in fair value related to unrealized gains on additions of derivative instruments	8,691	—
Translation adjustments of foreign operations	(22,399)	8,098
Balance at end	(281,426)	(309,454)

15. FINANCIAL INSTRUMENT RISK MANAGEMENT

OVERVIEW OF RISK MANAGEMENT

Énergir Inc. is exposed to market risk, credit risk, and liquidity risk. The existing strategies, policies, and controls are designed to ensure that the risks assumed by Énergir Inc. related to its financial instruments comply with regulatory requirements, its objectives, and its risk tolerance. Risks are managed within limits approved by its board of directors and applied by management.

MARKET RISK

There are several classes of market risk. Risk factors such as changes in exchange rates, interest rates, inflation rates and in natural gas and electricity prices have an impact on the fair values of financial assets and liabilities.

Exchange rate risk

The secured senior notes and a portion of the term credit facilities denominated in U.S. dollars as well as the cross-currency swaps of Énergir Inc. are designated as hedges of an equivalent portion of net investments in foreign operations. As such, the impact of exchange rate changes on the portion designated as hedges of these instruments is recognized in Other comprehensive income, partly reducing translation adjustments of foreign operations. Moreover, forward exchange contracts are used to manage the exchange risk exposure on transactions in U.S. dollars.

Interest rate risk

Énergir Inc. is exposed to changes in the interest rates on its bank loans and on the floating rate portion of its long-term debt. It manages such risk mainly through a policy of fixing interest rates whereby it maintains a significant

portion of its long-term debt at a fixed rate. For QDA, under a regulatory treatment, the financial impacts of the differences between the actual interest rates and those used when setting the rates for a given year are reflected in the rates of a future fiscal year and, consequently, have no impact on net income.

Energy cost risk

In Quebec, natural gas must be sold to customers at cost and is not subject to hedging with derivative financial instruments. In Vermont, GMP and VGS use an adjustment mechanism that minimizes the risk of fluctuating electricity and natural gas prices and volumes. Derivative financial instruments related to electricity and natural gas are used to manage customer exposure to volatility in electricity and natural gas prices. Furthermore, all energy price fluctuations, including gains and losses on derivative financial instruments, are recorded as RAL such that they can be reflected through future rates pursuant to decisions by regulatory agencies.

CREDIT RISK

Credit risk is the risk that a customer, with whom Énergir Inc. or one of its subsidiaries enters into sales transactions for goods or services, or a counterparty to derivative financial instruments, is unable to fulfill its obligations under the agreements into which it has entered, and that such a situation results in a financial loss. Énergir Inc. is monitoring the situation and its impacts on credit risk. The maximum counterparty credit risk exposure is the carrying amount of the financial instruments reported in assets on the interim consolidated balance sheets.

LIQUIDITY RISK

Liquidity risk is the risk that Énergir Inc. would be unable to pay its financial commitments as they become due. Énergir Inc. manages liquidity risk by forecasting its cash flows in order to determine its financing needs and by ensuring that it has sufficient cash and credit facilities to fulfill its needs and to meet its obligations as they become due. To satisfy its financing needs, Énergir Inc. has access to a combination of committed and demand credit facilities as well as to capital markets, directly through Énergir Inc., Énergir, L.P. or some of its subsidiaries and joint ventures. However, any significant reduction in the ability of Énergir Inc., Énergir, L.P. or some of its subsidiaries or joint ventures to access capital markets at acceptable conditions, or any significant increase in their financing costs, by reason of, for example, significant deterioration in economic conditions, the general condition of financial markets, a negative financial market perception of their financial position or outlook, or a downgrade of their credit ratings, could have an unfavourable impact on Énergir Inc.'s activities, financial position, or net income.

16. SUBSEQUENT EVENTS

DECLARATION OF A DIVIDEND

On February 11, 2025, Énergir Inc.'s board of directors declared a dividend of \$34,000 payable to the shareholder on April 1, 2025.

17. COMPARATIVE INFORMATION

Certain prior year comparative information has been reclassified to conform with the current year's presentation.