

MANAGEMENT'S DISCUSSION AND ANALYSIS
ÉNERGIR INC.
FOR THE FIRST QUARTER OF FISCAL 2025
ENDED DECEMBER 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS**ÉNERGIR INC.**

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FINANCIAL REPORT**THREE-MONTH PERIODS ENDED DECEMBER 31, 2024 AND 2023**

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ÉNERGIR INC.

This Management's Discussion and Analysis ("MD&A") reports on the developments that have had significant impacts on the financial performance of Énergir Inc. for Q1-2025. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of Énergir Inc. for the three-month periods ended December 31, 2024 and 2023 and with Énergir Inc.'s MD&A and audited annual consolidated financial statements for the fiscal years ended September 30, 2024 and 2023. The interim consolidated financial statements are prepared in accordance with U.S. GAAP, and the reporting currency is the Canadian dollar. All amounts in this MD&A are in millions of Canadian dollars unless otherwise indicated. Variances may exist as numbers have been rounded. The business names "Énergir Inc." or "Énergir, L.P." refer to the consolidated activities, whereas "QDA" refers specifically to Énergir, L.P. for its natural gas distribution activity in Quebec.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

To help investors better understand the future outlook of Énergir Inc. and Énergir, L.P. and thereby make more informed investment decisions, certain statements in this MD&A may be forward-looking within the meaning of securities laws, in particular statements that describe actions, activities, events, economic conditions, results, or developments that Énergir Inc. or Énergir, L.P. expect or anticipate will or may occur in the future as well as other statements that are not historical facts. Such forward-looking information reflects the intentions, plans, expectations, and opinions of management regarding the growth, future operating results, future cash flows, and future performance, business prospects and opportunities of Énergir Inc. or Énergir, L.P. Forward-looking statements are often identified by words and expressions such as "plans," "expects," "expected," "budgeted," "scheduled," "estimated," "seeks," "aims," "forecasts," "intends," "anticipates," "believes," or by statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken, occur, or be achieved and other variants and similar expressions as well as the negative or conjugated forms, as they relate to Énergir Inc. or Énergir, L.P. The forward-looking statements in this MD&A include, in particular, statements on (i) the general development of the business, (ii) growth or profitability outlooks, (iii) decisions made by regulatory agencies in addition to the nature and timing of those decisions, (iv) competitive position, including the impact of global economic conditions (v) government implementations of laws, regulations, plans, and objectives designed to adapt to climate change as well as the positioning of Énergir, L.P. and its subsidiaries in relation thereto, (vi) the distribution of RNG in the various distribution networks, (vii) the liquidity position and financing capability of Énergir Inc. and Énergir, L.P., (viii) network development projects and new energy development projects, (ix) Énergir, L.P.'s anticipated distribution payments, and (x) the impact of geopolitical conflicts including the potential trade conflict that could arise between the United States and Canada. Such forward-looking statements reflect the current opinions of management and are based on information currently available to management.

Forward-looking statements involve known and unknown risks and uncertainties and other factors outside the control of management. A number of factors could cause the actual results of Énergir Inc. or Énergir, L.P. to differ significantly from historical results or current expectations, as described in the forward-looking statements, including but not limited to the general nature of the aforementioned; terms of decisions rendered by regulatory agencies; uncertainty that approvals will be obtained by Énergir, L.P. and its regulated subsidiaries from regulatory agencies and interested parties to carry out all of their activities and the socioeconomic risks associated with such activities; the competitiveness of natural gas and electricity in relation to other energy sources; environmental and social risks (including climate change) and their impacts on Énergir, L.P.'s business activities, whether due to acute or chronic physical events; political, regulatory, and technological changes, including the evolving risk of cyberattack and theft of personal information or identity, and market or legal changes; uncertainty related to the transition to a low-carbon economy as well as government implementations of climate-related and environment-related measures, plans, laws or regulations that are evolving constantly; the reliability or costs of natural gas and electricity supply; the integrity of the natural gas and electricity transportation and distribution systems; the evolution and profitability of development projects; the ability to complete attractive acquisitions and the related financing and integration aspects; the ability to complete new development projects; the ability to secure future financing; the availability and cost of labour as well as Énergir, L.P.'s ability to recruit and retain key resources; general economic conditions; the impact of inflation; exchange rate and interest rate fluctuations; the impact of an epidemic or pandemic outbreak or other public health crises; a potential U.S. or Canadian tax reform; the impact of a war or other geopolitical conflict; and other factors described in section G) RISK FACTORS RELATING TO ÉNERGIR INC. AND ÉNERGIR, L.P. of Énergir Inc.'s MD&A for the fiscal year ended September 30, 2024 and in its subsequent quarterly MD&As that might address changes to these risks. Although the forward-looking statements contained in this MD&A are based on what management believes to be reasonable assumptions, management cannot assure investors that actual results will be consistent with these forward-looking statements. Assumptions underlying the forward-looking statements contained in this MD&A include, among others, assumptions that no unforeseen changes in the legislative and regulatory framework of energy markets in Quebec and in the United States will occur; that the applications filed with various regulatory agencies will be approved as submitted; that natural gas prices will remain competitive; that the supply of natural gas and electricity will be maintained or will be available at competitive costs; that no significant event will occur outside the ordinary course

MANAGEMENT'S DISCUSSION AND ANALYSIS

of business, such as a disaster, including those caused by the effects of climate change, a major service interruption or cyberattack; that Énergir, L.P. can continue to distribute substantially all of its adjusted net income ⁽¹⁾; that Énergir Inc. will be able to present its information in accordance with GAAP beyond 2027 or, after 2027, will adopt IFRS that permit the recognition of regulatory assets and liabilities; that liquidity needs for Énergir, L.P.'s development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from the Partners of Énergir, L.P., and issuances of debt securities; and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects; in addition to the other assumptions described in this MD&A and in Énergir Inc.'s MD&A for the fiscal year ended September 30, 2024. These forward-looking statements are made as of the date of this MD&A, and management assumes no obligation to update or revise them to reflect new events or circumstances, except as required under applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. All forward-looking statements in this MD&A are qualified by these cautionary statements. Readers are cautioned to not place undue reliance on these forward-looking statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance about the reliability of financial information and the preparation of financial statements for publication purposes.

The President and Chief Executive Officer as well as the Chief Financial Officer of Énergir Inc., together with management, are responsible for establishing and maintaining appropriate disclosure controls and procedures ("DC&P") and ICFR, as required by *National Instrument 52-109 Certification of Disclosures in Issuers' Annual and Interim Filings*.

Énergir Inc.'s internal control framework is based on the criteria published in the updated version of the report entitled *Internal Control – Integrated Framework* issued in May 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

During Q1-2025, there were no internal control changes that would materially affect or be reasonably likely to materially affect Énergir Inc.'s ICFR.

The President and Chief Executive Officer and the Chief Financial Officer of Énergir Inc., together with management, have concluded that the DC&P and ICFR were suitably designed as at December 31, 2024.

A) OVERVIEW OF ÉNERGIR INC. AND OTHER

OVERVIEW OF ÉNERGIR INC.

Énergir Inc. mainly holds a 71.0% interest in Énergir, L.P., for which it acts as the General Partner. With more than \$11 billion in assets, Énergir, L.P. is a diversified energy business whose mission is to meet, in an increasingly sustainable way, the energy needs of approximately 540,000 customers and the communities it serves in Quebec and Vermont. Énergir, L.P. is the largest natural gas distribution company in Quebec; through its joint ventures ⁽²⁾, it also generates electricity from wind power. And through its subsidiaries and other investments, Énergir, L.P. has a presence in the United States, where it generates electricity from hydraulic, wind, and solar sources; it is also the largest electricity distributor and the sole pipeline natural gas distributor in the State of Vermont. Énergir, L.P. values energy efficiency and invests its resources and continues its efforts in innovative energy projects such as renewable natural gas and liquefied and compressed natural gas. Through its subsidiaries, it also provides a variety of energy services.

CUSTOMS TARRIFS

The announcement regarding the potential imposition of a 25% tariff on Canadian products and a 10% tariff on energy products starting March 4, 2025, by the United States on Canada has created an atmosphere of uncertainty for many businesses in North America. These tariffs could significantly impact the Canadian economy. Significant pressure could be felt particularly on the aluminum, steel, agriculture, and energy industries, which could notably lead to an increase in production costs and a reduction in the competitiveness of Canadian products in the American market. Énergir Inc. continues to closely monitor the development of this matter and will deploy all necessary resources to mitigate the impact on its operations of a potential tariff increase.

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

⁽²⁾ The terms subsidiary, entity subject to significant influence, and joint venture are used within the meaning defined by GAAP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK MANAGEMENT

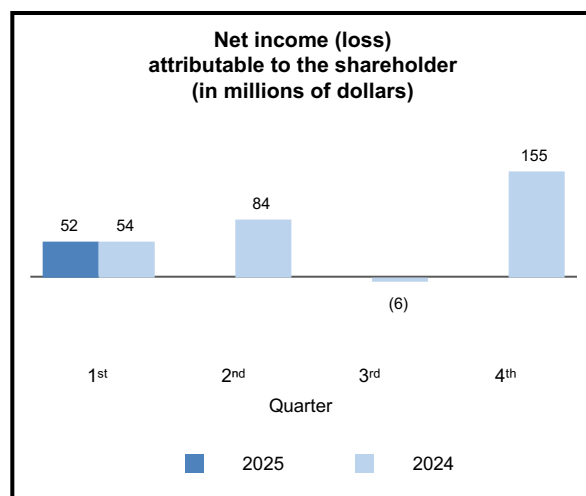
Énergir Inc. has established and applies practices for identifying, assessing, and managing risks in order to reduce the scope of the main risks that could have a significant impact on its activities, financial position, and net income. In this MD&A, the Cautionary Note Regarding Forward-Looking Statements section and other sections address how these risks have evolved since the end of the fiscal year ended September 30, 2024.

For additional information about the risk factors that could affect the activities of Énergir Inc., refer to section G) RISK FACTORS RELATING TO ÉNERGIR INC. AND ÉNERGIR, L.P. in Énergir Inc.'s annual MD&A for the fiscal year ended September 30, 2024 available on SEDAR+ at www.sedarplus.com.

B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY

SEASONAL ACTIVITIES

The interim financial results of Énergir Inc. are not necessarily representative of the results to be expected for the fiscal year, since they reflect seasonal cycles that influence the energy consumption levels of customers and the electricity production levels of the wind farms. This trend was reflected in the interim consolidated financial results of Énergir Inc., as shown in the graph to the right. This trend, however, was not observable in Q4-2024 due to a gain realized on the disposal of an investment.



1. HIGHLIGHTS

	Q1		
	2025	2024	Change
Financial performance			
Revenues	826.2	846.4	(20.2)
Gross margin	389.5	368.3	21.2
Net income	86.3	90.6	(4.3)
Net income attributable to:			
The shareholder	52.2	54.3	(2.1)
Non-controlling interests	34.0	36.3	(2.3)
Adjusted net income attributable to the shareholder ⁽¹⁾	52.2	54.3	(2.1)
Cash flows related to operating activities	7.5	59.1	(51.6)
Purchases of property, plant and equipment	146.7	150.4	(3.7)
Cash and capital management			
Dividends declared	22.0	28.0	(6.0)
Total assets	11,594.0	10,823.0	771.0
Total debt ⁽²⁾	6,546.2	5,745.9	800.3
Equity attributable to the shareholder	932.5	828.6	103.9

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading below.

⁽²⁾ Total debt is the sum of bank loans, long-term debt, and the current portion of long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2. NON-GAAP FINANCIAL MEASURE

The financial information has been prepared in accordance with GAAP. In management's opinion, the below-described financial measure provides additional information considered useful for analyzing Énergir Inc.'s financial performance. However, this measure is not defined by GAAP and should not be considered in isolation or as a substitute for other financial measures that are in accordance with GAAP. In addition, results obtained from this financial measure may not be comparable with the results of similar financial measures used by other issuers. For these reasons, the non-GAAP financial measure is presented as complementary information. This section provides a description of the non-GAAP financial measure used by the management of Énergir Inc.

NON-GAAP FINANCIAL MEASURE	
Adjusted net income (loss) attributable to the shareholder	Adjusted net income (loss) attributable to the shareholder is the net income (loss) attributable to the shareholder, less specific items identified by management as being outside Énergir Inc.'s ongoing operations. Énergir Inc. believes that this measure permits lenders and management to evaluate Énergir Inc.'s profitability based on its ongoing operations by excluding items that affect the comparability of its financial results and that could potentially misrepresent performance trends during analyses. Excluding these items does not mean that they are not recurring.

In Q1-2025 and Q1-2024, Énergir Inc. had no adjustments to its net income.

3. NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER

For Q1-2025, net income attributable to the shareholder was down \$2.1 million year over year. This change was essentially due to:

- a \$1.5 million decrease in the net income attributable to the shareholder of the Natural Gas Transportation segment in Q1-2025, mainly due to the disposal of the investment in PNGTS ⁽³⁾ during Q4-2024.

partly offset by:

- a \$2.5 million increase in QDA's net income attributable to the shareholder in Q1-2025, mainly due to the various parameters of the 2025 rate case and to a decrease in operating expenses in Q1-2025 that should, however, partly reverse by the end of fiscal 2025.

C) SEGMENT RESULTS

1. ENERGY DISTRIBUTION SEGMENT

The Energy Distribution segment's activities are regulated, and its rates are set using the cost-of-service method. Under the cost-of-service method, an entity can recover almost all of the expenses it incurs for regulated activities as well as a reasonable return on the equity invested. In accordance with current regulatory frameworks, the majority of amounts arising from variances are also returnable to or recoverable from customers; such variances may arise from supply costs, profit and loss sharing mechanisms, rate stabilization mechanisms, and the revenue decoupling mechanism. Given these factors, year-over-year changes in revenues or gross margin do not necessarily lead to corresponding changes in net income. The key factors contributing to this segment's results are authorized rate of return, capital structure, and level of regulatory assets and liabilities.

It should be noted that "regulatory timing difference" refers to the delay between the moment when revenues and costs are recognized and the moment anticipated in the rate case or that of the previous fiscal year.

1.1 QDA

	Q1-2025	Growth (Decrease)	Q1-2024
Revenues	451.0	(39.5)	490.5
Net income attributable to the shareholder	42.8	2.5	40.3
Adjusted net income attributable to the shareholder ⁽¹⁾	42.8	2.5	40.3
Normalized natural gas deliveries (in millions of cubic metres)	1,721	(33)	1,754

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

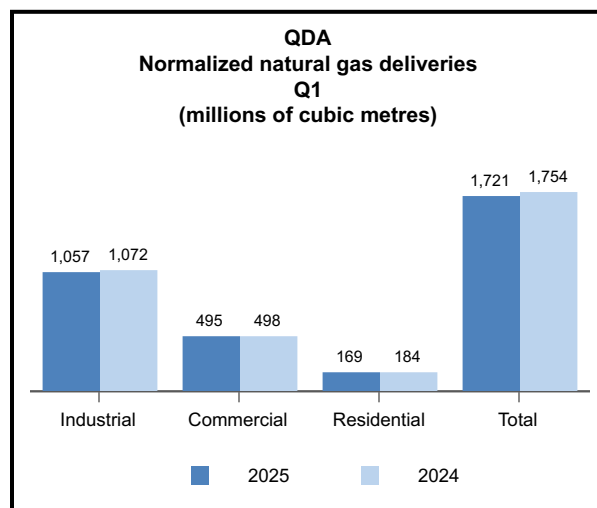
⁽³⁾ For additional information about this transaction, refer to the Natural Gas Transportation heading in section D) SEGMENT RESULTS of Énergir Inc.'s MD&A for the fiscal year ended September 30, 2024.

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Revenues and volumes

For Q1-2025, consumption of normalized natural gas deliveries were down 1.9% year over year. This decrease came mainly from the industrial market, in particular the petrochemical and refinery sectors. Consumption in the residential market was also down, mainly due to energy efficiency measures.

QDA's first-quarter revenues decreased year over year, mainly due to an approximate 20% year-over-year decrease in the price of natural gas in Q1-2025, partly offset by an overall rate increase of 7.65%



Adjusted net income attributable to the shareholder ⁽⁴⁾

Summary of QDA's regulatory framework

The net income amounts authorized in the fiscal 2023 to 2025 regulatory filings were determined using the following parameters:

Fiscal years ended September 30	2025	2024	2023
Authorized rate of return on deemed common equity ⁽¹⁾	8.90%	8.90%	8.90%
Deemed capital structure (Debt; Equity) ⁽¹⁾	54%; 46%	54%; 46%	54%; 46%
Average rate base in rate case (in millions of \$)	2,862	2,672	2,619

⁽¹⁾ All of QDA's assets are financed through the deemed capital structure, which is used to set rates according to the required return. Deemed equity is broken down as follows: 7.5% preferred equity and 38.5% common equity.

QDA's fiscal 2025 rate case, as authorized by the Régie in November 2024, presented a \$24.3 million ⁽⁵⁾ increase in net income compared to the net income realized in fiscal 2024 (\$0.3 million increase in Q1-2025). This increase stems essentially from:

- increases in both rate-base and non-rate-base investments; and
- an increase in income taxes recovered through rates.

partly offset by:

- a \$10.9 million proportionate share in distribution service overearnings attributable to Énergir, L.P.'s Partners during fiscal 2024.

Change in adjusted net income attributable to the shareholder ⁽⁴⁾

For Q1-2025, QDA's adjusted net income attributable to the shareholder was up \$2.5 million year over year. This increase was driven essentially by the impact of various parameters in the 2025 rate case, as previously explained, and by a favourable impact of a decrease in operating expenses that should, however, partly reverse by the end of fiscal 2025.

⁽⁴⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

⁽⁵⁾ This change is presented at 100%, whereas the net income attributable to the shareholder represents 71% of Énergir, L.P.'s net income, less Énergir Inc.'s tax applicable to the segment, if any.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Regulatory filings

The following section provides an update on developments in regulatory filings since September 30, 2024.

Fiscal 2026

Phase 1 of the 2026 rate case

In December 2024, QDA filed a request to renew the 8.9% rate of return on deemed common equity for fiscal years 2026 and 2027. A decision by the Régie is expected in spring 2025.

1.2 ENERGY DISTRIBUTION IN VERMONT

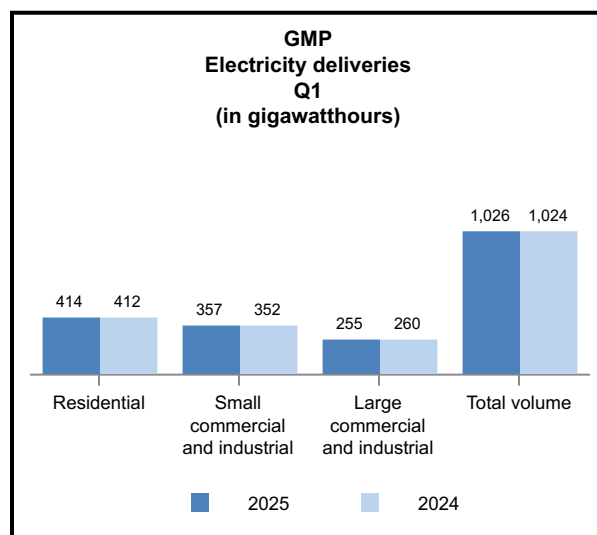
	Q1-2025	Exchange rate	Growth	Q1-2024
Revenues	362.8	10.0	8.2	344.6
Net income attributable to the shareholder	28.1	0.8	0.6	26.7
Adjusted net income attributable to the shareholder ⁽¹⁾	28.1	0.8	0.6	26.7
Electricity volumes (in gigawatthours)	1,026	—	2	1,024
Natural gas volumes (in millions of cubic metres)	107	—	—	107

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

Revenues and volumes

The electricity deliveries are comparable to those of Q1-2024.

The first-quarter revenue growth, excluding the exchange rate impact, came mainly from the parameters of GMP's 2025 rate case, which includes a 5.29% increase in the base rates compared to fiscal 2024.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Adjusted net income attributable to the shareholder ⁽⁶⁾

Summary of the regulatory framework for GMP and VGS

Fiscal years ended September 30	2025		2024		2023	
	GMP	VGS	GMP	VGS	GMP	VGS
Authorized rate of return on common equity	9.97%	9.66%	9.58%	9.24%	8.57%	8.92%
Capital structure (Debt; Equity)	50.2%; 49.8%	50%; 50%	50.1%; 49.9%	50%; 50%	50%; 50%	50%; 50%
Average rate base in rate case (in millions of US\$)	1,967	273	1,853	271	1,770	262

Impact of the multiyear regulation plan and of GMP's 2025 rate case authorized by the VPUC

The 2025 rate case presented a US\$9.2 million ⁽⁷⁾ year-over-year increase in authorized net income (US\$2.3 million in Q1-2025). This increase mainly reflects:

- an increase in the authorized rate of return on common equity in the 2025 rate case compared to that of the 2024 rate case; and
- an increase in rate-base investments.

Change in adjusted net income attributable to the shareholder ⁽⁶⁾

Excluding the exchange rate impact, the segment's adjusted net income was comparable to that of Q1-2024. Although the parameters of GMP's 2025 rate case presented an increase in its authorized net income and although the storm costs were lower in Q1-2025 than in Q1-2024, these favourable factors were offset by (i) GMP supply costs being above those anticipated in the 2025 rate case, and (ii) an increase in GMP's amortization expense arising from greater-than-expected capital asset deployments at the end of fiscal 2024.

2. NATURAL GAS TRANSPORTATION SEGMENT

	Q1-2025	Disposal of PNGTS	Growth (Decrease)	Q1-2024
Revenues	1.3	—	0.1	1.2
Net income attributable to the shareholder	4.2	(5.0)	(1.5)	10.7
Adjusted net income attributable to the shareholder ⁽¹⁾	4.2	(5.0)	(1.5)	10.7

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

Year over year, adjusted net income decreased due to the disposal of the investment in PNGTS ⁽⁸⁾ during the fourth quarter of fiscal 2024 and also due to an unfavourable impact of a lower tax amortization expense in Q1-2025.

3. ELECTRICITY PRODUCTION SEGMENT

	Q1-2025	Decrease	Q1-2024
Net income attributable to the shareholder	0.9	(1.0)	1.9
Adjusted net income attributable to the shareholder ⁽¹⁾	0.9	(1.0)	1.9

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

First-quarter adjusted net income was down year over year, mainly due to a decline in power generation caused by unfavourable weather conditions.

⁽⁶⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

⁽⁷⁾ This change is presented at 100%, whereas the net income attributable to the shareholder represents 71% of Énergir, L.P.'s net income, less Énergir Inc.'s tax applicable to the segment, if any.

⁽⁸⁾ For additional information about this transaction, refer to the Natural Gas Transportation heading in section D) SEGMENT RESULTS of Énergir Inc.'s MD&A for the fiscal year ended September 30, 2024.

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4. ENERGY SERVICES, STORAGE AND OTHER SEGMENT

	Q1-2025	Growth (Decrease)	Q1-2024
Revenues	26.9	(0.3)	27.2
Net income attributable to the shareholder	1.8	0.3	1.5
Adjusted net income attributable to the shareholder ⁽¹⁾	1.8	0.3	1.5
LNG volumes (millions of cubic metres)	30.7	1.7	29.0

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

The segment's revenues and adjusted net income are comparable to those of Q1-2024.

5. CORPORATE AFFAIRS SEGMENT

	Q1-2025	Exchange rate	Growth	Q1-2024
Revenues	(15.8)	—	1.3	(17.1)
Net loss attributable to the shareholder	(25.6)	(0.3)	1.5	(26.8)
Adjusted net loss attributable to the shareholder ⁽¹⁾	(25.6)	(0.3)	1.5	(26.8)

⁽¹⁾ This financial measure is not defined by GAAP. For additional information, refer to the Non-GAAP Financial Measure heading in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.

The Corporate Affairs segment's results reflect the elimination of intersegment revenues and direct costs and include the interest on long-term debt incurred to finance equity interests, the development expenses incurred for various projects, and the corporate expenses not allocated to other Énergir Inc. business segments.

The change in this segment's adjusted net loss was mainly due to lower interest rates on subordinated debentures and term credits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

D) CONSOLIDATED FINANCIAL POSITION ⁽⁹⁾

The following table examines the main changes between the Consolidated Balance Sheets as at December 31, 2024 and September 30, 2024.

Balance sheet items	December 31 2024	September 30 2024	Change in exchange rate impact	Increase (Decrease) ⁽¹⁾	Explanation ⁽²⁾
Trade and other receivables	497.8	242.2	11.6	244.0	▪ Increase in the price of gas and the volumes billed by QDA
Inventories	142.6	103.4	3.6	35.6	▪ Increase in the price of gas and in QDA's natural gas inventory volume
Property, plant and equipment	6,184.0	5,935.9	180.5	67.6	▪ Greater investments made in QDA's and GMP's energy distribution and transmission networks
Intangible assets	769.8	1,352.5	2.6	(585.3)	▪ Decrease due to the remittance of GHG emission allowances for the 2021-2023 compliance period
Net regulatory assets, including current and noncurrent portions	166.2	371.0	17.3	(222.1)	▪ Decrease in the net regulatory assets related to GMP's electric power purchase derivative contracts ▪ Net change in regulatory assets/liabilities related to the mechanism for sharing QDA's profits and losses
Investments	1,400.4	1,280.8	69.1	50.5	▪ Increase in GMP's ownership interest in Transco
Goodwill	573.6	547.5	25.5	0.6	▪ Comparable
Bank loans	66.4	52.1	4.0	10.3	▪ Increase related to the impact of the seasonal nature of operations
Accounts payable and accrued liabilities	439.8	425.9	10.3	3.6	▪ Comparable
Long-term debt, including current portion	6,479.8	6,095.2	167.4	217.2	▪ Increase in long-term debt to finance the investments in QDA's and GMP's network
Deferred income tax liability	856.4	807.1	37.4	11.9	▪ Change in the temporary differences of U.S. companies
Net liability related to derivative financial instruments, including the current portion	278.6	428.4	16.1	(165.9)	▪ Decrease in the net liability due to an increase in the fair value of the electric power purchase derivative contracts held by GMP
Other noncurrent liabilities, including the current portion	525.9	1,042.9	7.3	(524.3)	▪ Decrease due to the remittance of GHG emission allowances for the 2021-2023 compliance period
Additional paid-in capital	215.1	215.6	—	(0.5)	▪ Comparable

⁽¹⁾ Excluding the change in exchange rate impact.

⁽²⁾ The explanations are not necessarily representative of the changes expected for the fiscal year because they reflect the impacts of seasonal cycles.

⁽⁹⁾ The consolidated financial position for the interim MD&A, which had historically been compared to the financial position of the same quarter of the previous year, will, going forward, be compared to the financial position of fiscal year-end. This change will align the comparative period with that presented in the consolidated financial statements.

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E) CASH AND CAPITAL MANAGEMENT

Énergir Inc.'s cash and capital management strategy aims to maintain a strong financial profile and to make sure its liquidity requirements are met. In so doing, Énergir Inc. can meet its financial obligations and reinvest in existing assets to sustain network reliability, maintain its income-generating capacity, and carry out its investment projects.

This section discusses Énergir Inc.'s financial position, cash flows, and liquidity.

1. CASH FLOW SUMMARY

		Q1		
		2025	2024	Change
Cash flows related to operating activities	a	7.5	59.1	(51.6)
Cash flows related to investing activities	b	(203.9)	(193.5)	(10.4)
Cash flows related to financing activities	c	171.9	122.6	49.3

a) Cash flows related to operating activities

Cash flows generated by operating activities were down \$51.6 million in Q1-2025, mainly due to:

- an unfavourable impact for GMP of a change in its other operating assets and liabilities, partly offset by a favourable impact of the parameters in its 2025 rate case;
- an absence of distributions received from PNGTS following Énergir Inc.'s disposal of the units thereof in August 2024; and
- an unfavourable impact for QDA of a higher gas price on the change in its other operating assets and liabilities, partly offset by a favourable impact of the parameters in its 2025 rate case.

b) Cash flows related to investing activities

Cash flows used by investing activities were up \$10.4 million in Q1-2025, mainly due to:

- greater property, plant and equipment investment by QDA in its distribution network; and
- an increase in GMP's investment in Transco of \$42.9 million (US\$30.6 million) in Q1-2025 compared to an increase of \$31.6 million (US\$23.2 million) in Q1-2024.

c) Cash flows related to financing activities

Cash flows generated by financing activities were up \$49.3 million in Q1-2025, mainly due to a net increase in debt of \$44.7 million. This increase came from a net increase in debt of \$215.6 million in Q1-2025 compared to \$170.9 million in Q1-2024.

The increase in debt for Q1-2025 was used to support Énergir Inc.'s operating activities, mainly the unfavourable impact of working capital on cash in Q1-2025, as well as QDA's and GMP's investing activities, explained by:

- a \$265.1 million increase in Énergir, L.P.'s term credit, used in part to repay a series of secured senior notes totalling \$141.7 million (US\$100 million); and
- an increase in GMP's term credit of \$82.2 million (US\$58.7 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS

2. CAPITAL STRUCTURE ACTIVITIES

Unused credit facilities and financing outlook

As at December 31, 2024, Énergir, L.P. had various term credit facilities totalling \$1,137.2 million and operating credit facilities totalling \$145.5 million. The amounts available on the various term and operating credit facilities totalled \$365.0 million as at December 31, 2024.

During the next three quarters of fiscal 2025, Énergir Inc. notably expects to require funds to finance:

- Énergir, L.P.'s investments in property, plant and equipment related mainly to improvements and extensions to be made to the energy distribution networks in Quebec and Vermont and that could amount to approximately \$475.0 million;
- Énergir, L.P.'s investments in intangible assets, including purchases of GHG emission allowances under the C&T Regulation;
- the investment opportunities of Énergir, L.P.;
- the capital contributions needed for Énergir, L.P.'s joint ventures and entities subject to significant influence;
- the refinancing or repayment of \$106.6 million in long-term debt coming due in the next 12 months; and
- distributions to the non-controlling partners of Énergir, L.P. and its subsidiaries as well as the dividends paid by Énergir Inc.

The available sources of financing are:

- cash flows related to operating activities;
- available credit facilities and operating lines of credit; and
- if necessary, new financings in the form of debt or share issuances.

Restrictive covenants

As at December 31, 2024, Énergir Inc. and Énergir, L.P. and its subsidiaries were in compliance with all of the major requirements of the various trust deeds, credit agreements, and other loan agreements governing their long-term debt.

Credit ratings

As at December 31		
Énergir Inc.	2024	2023
Corporate (S&P/DBRS)	A/A	A/A
First mortgage bonds / Secured senior notes (S&P/DBRS)	A/A	A/A
Énergir, L.P.	2024	2023
Corporate (S&P/DBRS)	A/A	A/A
First mortgage bonds (S&P/DBRS)	A/A	A/A
Commercial paper (DBRS)	R-1(low)	R-1(low)

In January 2025, the S&P rating agency reconfirmed the credit ratings assigned to Énergir Inc. and Énergir, L.P.

F) ACCOUNTING CHANGES

STANDARDS ISSUED BUT NOT YET IN EFFECT

Segment disclosures

In November 2023, 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. For additional information about the assessment of this standard's impact on the consolidated financial statements, refer to Note 3 to Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

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. For additional information about the assessment of this

MANAGEMENT'S DISCUSSION AND ANALYSIS

standard's impact on the consolidated financial statements, refer to Note 3 to Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

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. For additional information about the assessment of this standard's impact on the consolidated financial statements, refer to Note 3 to Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

Exemption permitting financial information to be reported according to U.S. GAAP

Given the absence of an accounting standard specifically addressing RAL in IFRS, in 2015 Énergir Inc. obtained an exemption from the CSA permitting it to use 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 to 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 the final version of this standard.

Énergir Inc. has therefore been using U.S. GAAP to prepare its annual and interim consolidated financial statements and plans to continue doing so. Énergir Inc. is continuing to assess the impact of applying this new standard should IFRS be adopted.

G) FINANCIAL INSTRUMENTS

No significant changes were made with respect to financial instruments during Q1-2025. For additional information, refer to section I) FINANCIAL INSTRUMENTS of Énergir Inc.'s MD&A for the fiscal year ended September 30, 2024 and to Notes 14 and 15 of Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

RISKS RELATED TO DERIVATIVE FINANCIAL INSTRUMENTS

Although Énergir Inc. does not hold or issue derivative financial instruments for speculative purposes, it is exposed to market, credit, and liquidity risks. As at December 31, 2024, the credit risk relating to counterparties to derivative financial instruments was low, as all the counterparties to the financial instruments in an asset position had strong credit ratings. No changes have been made to the methods used to manage the credit and liquidity risk related to the counterparties to the derivative financial instruments since September 30, 2024. Énergir Inc. is therefore continuing to monitor and manage the credit and liquidity risk related to these counterparties. For additional information about financial instrument risks and how they are managed, refer to Note 15 to Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

H) ADDITIONAL INFORMATION

Shares issued and outstanding

As at February 7, 2025, a total of 2,977,158 shares were issued and outstanding.

Related party transactions

All related party transactions are 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. For additional information about related party transactions, refer to Note 13 to Énergir Inc.'s interim consolidated financial statements for the three-month periods ended December 31, 2024 and 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I) QUARTERLY RESULTS

	2025 Q1	2024 Q4	2024 Q3	2024 Q2
Revenues	826.2	551.7	600.2	952.6
Net income (loss) attributable to the shareholder	52.2	154.7	(5.7)	83.5

	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Revenues	846.4	594.2	601.4	1,099.4
Net income (loss) attributable to the shareholder	54.3	(32.1)	(12.8)	82.2

The significant items that have affected the results of the various quarters are as follows:

- **Q1-2025 vs Q1-2024:** Net income attributable to the shareholder decreased by \$2.1 million, as explained in section B) CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY.
- **Q4-2024 vs Q4-2023:** Net income attributable to the shareholder increased by \$186.8 million, mainly due to:
 - a \$184.2 million increase, excluding the change in exchange rate impact, in the Natural Gas Transportation segment, mainly due to a gain realized upon the sale of units in PNGTS.
- **Q3-2024 vs Q3-2023:** Net income attributable to the shareholder increased by \$7.1 million, mainly due to:
 - an increase in QDA in Q3-2024, mainly due to the various parameters of the 2024 rate case, which had presented a net income increase resulting from higher rate-base and non-rate-base investments as well as to a favourable impact of lower operating expenses; and
 - an increase, excluding the exchange rate impact, in the Vermont Energy Distribution segment, mainly due to GMP's rate case parameters, which had presented an increase in authorized net income, partly offset by an increase in storm-related costs;
 partly offset by:
 - a decrease, excluding the exchange rate impact, in the Corporate Affairs segment, mainly due to higher interest rates on the shareholder's subordinated debentures and on term credits; and
 - a decrease in the Energy Services, Storage and Other segment, mainly due to a gain upon the acquisition, in 2023, of the shares and units held in Intragaz.
- **Q2-2024 vs Q2-2023:** Net income attributable to the shareholder increased by \$1.3 million, mainly due to:
 - an increase in QDA in Q2-2024, mainly due to the various parameters of the 2024 rate case, which had presented a net income increase resulting from higher rate-base and non-rate-base investments, as well as to a favourable impact of lower operating expenses; and
 - an increase in the Vermont Energy Distribution segment in Q2-2024, mainly due to GMP's rate case parameters, which had presented an increase in authorized net income, partly offset by an increase in storm-related costs in Q2-2024;
 partly offset by:
 - a decrease in the Corporate Affairs segment, mainly due to higher interest rates on the shareholder's subordinated debentures and on term credits.

This MD&A has been prepared as of February 11, 2025.

Additional information about Énergir Inc., including its Annual Information Form, interim and annual MD&As, interim consolidated financial statements, and audited consolidated financial statements for the fiscal year ended September 30, 2024, can be found on SEDAR+ at www.sedarplus.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLOSSARY

The most commonly used abbreviations in this report are listed in the table below.

UNITS OF MEASURE AND GENERAL TERMS	
C&T Regulation	<i>Regulation respecting a cap-and-trade system for greenhouse gas emission allowances</i>
DBRS	Dominion Bond Rating Service
GHG	Greenhouse gas
LNG	Liquefied natural gas
Management	The management of Énergir Inc., in its capacity as General Partner of Énergir, L.P.
QX-202X	This term is used to identify a particular quarter and fiscal year; for example, Q1-2025 is used to identify the first quarter of fiscal 2025 (ended December 31, 2024)
RAL	Regulatory assets and liabilities
RNG	Renewable natural gas
S&P	Standard & Poor's
GOVERNMENT AND REGULATORY AGENCIES	
CSA	Canadian Securities Administrators
Régie	Régie de l'énergie (Quebec)
VPUC	Vermont Public Utility Commission
ACCOUNTING AND FINANCIAL TERMS	
ASU	Accounting Standard Update
GAAP	U.S. generally accepted accounting principles
IASB	International Accounting Standards Board
IFRS	IFRS accounting standards
ENTITIES	
Énergir Management	Énergir Management, L.P.
Gaz Métro LNG	Gaz Métro LNG L.P.
GMP	Green Mountain Power Corporation
Intragaz	Includes all of the following companies: Intragaz inc.; Intragaz Holding, Limited Partnership; Intragaz Exploration, Limited Partnership; Intragaz, Limited Partnership; and their respective subsidiaries
NNEEC	Northern New England Energy Corporation
NNEIC	Northern New England Investment Company, Inc.
Noverco	Noverco Inc.
PNGTS	Portland Natural Gas Transmission System
QDA	Énergir, L.P.'s natural gas distribution activity in Quebec
SDB	Seigneurie de Beauré
Transco	Vermont Transco LLC
VGS	Vermont Gas Systems, Inc.