

For the year ended December 31, 2023

NON-GAAP PERFORMANCE MEASURES

Certain measures in the MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered GAAP measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

The MD&A includes references to the Company's adjusted EBITDA and adjusted EBITDA per share, which are non-GAAP measures. These measures should not be considered in isolation or as an alternative to net earnings (loss) attributable to the owners of the Company or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Polaris Renewable's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris Renewable's operating performance. Management's determination of the components of non-GAAP performance measures are evaluated on a periodic basis in accordance with its policy and are influenced by new transactions and circumstances, a review of stakeholder uses and new applicable regulations. When applicable, changes to the measures are noted and retrospectively applied.

The Company complies with National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-112") and its companion policy (the "Companion Policy"). NI 52-112 and the Companion Policy sets out disclosure requirements for non-GAAP financial measures, non-GAAP ratios, and other financial measures and replaces the previous guidance in CSA Staff Notice 52-306 (Revised).

ADJUSTED EBITDA

The Company uses adjusted EBITDA and adjusted EBITDA per share to assess its operating performance without the effects of the following items (*as applicable in a given period*): current and deferred tax expense, hybrid taxes presented within general and administrative expenses, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation, decommissioning liabilities adjustments and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature, items not related to or having a disproportionate effect on results for a particular period, and not reflective of operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use adjusted EBITDA and adjusted EBITDA per share to evaluate the Company's performance. The presentation of adjusted EBITDA and adjusted EBITDA per share is not meant to be a substitute for Net Earnings/Loss and Net Earnings/Loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The following table reconciles net earnings and comprehensive earnings attributable to owners of the Company to Non-GAAP Performance Measures adjusted EBITDA:

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Total earnings and comprehensive earning attributable to Owners of the Company	\$ 1,408	\$ 3,001	\$ 11,744	\$ 2,499
Add (deduct):				
Total earnings attributable to non-controlling interest	(81)	(86)	55	(66)
Current and deferred tax expense (recovery)	(1,319)	(259)	(5,086)	(1,464)
Finance costs	5,797	2,606	21,925	19,477
Interest income	(622)	(272)	(1,886)	(677)
Other losses (gains)	845	(266)	1,638	(2,160)
Costs incurred in business acquisition	-	(12)	-	788
Decommissioning liabilities adjustments	-	1	-	22
Depreciation and amortization	7,281	6,953	28,947	26,119
Share-based compensation	82	(8)	326	383
Adjusted EBITDA	\$ 13,391	\$ 11,658	\$ 57,663	\$ 44,921
Basic weighted average number of shares outstanding	21,068,776	21,025,774	21,049,775	20,127,720
Adjusted EBITDA per share	\$ 0.64	\$ 0.55	\$ 2.74	\$ 2.23