POLARIS
RENEWABLE ENERGY

Condensed Consolidated Interim Financial Statements for the periods ended September 30, 2024 and 2023

(*Unaudited)*

Polaris Renewable Energy Inc.
Consolidated Balance Sheets
(expressed in thousands of United States dollars; unaudited)

	Note Ref	As at September 30, 2024	As at December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		**$ 41,787**	$ 40,053
Accounts receivable	7	**11,680**	10,630
Prepaid expenses and other current assets		**4,138**	3,359
		57,605	54,042
Restricted cash		**4,576**	4,630
Other assets, net		**5,545**	5,693
Construction in progress	8	**5,053**	4,135
Property, plant and equipment, net	9	**359,044**	376,887
Intangible assets, net		**53,022**	55,014
Deferred tax asset		**8,004**	6,644
Goodwill		**12,355**	12,355
Total assets		**$ 505,204**	$ 519,400
Liabilities and Total Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 14,959**	$ 15,078
Current portion of long-term debt, net	10	**16,323**	15,846
Current portion of lease liabilities		**432**	399
Other liabilities		**-**	30
		31,714	$ 31,353
Non-current liabilities			
Long-term debt, net	10	**146,993**	156,533
Lease liabilities		**2,148**	2,346
Deferred tax liability		**57,872**	59,236
Total liabilities		**238,727**	$ 249,468
Non-controlling interests		**734**	590
Equity attributable to the owners of the Company			
Share capital	11	**666,487**	666,394
Contributed surplus		**14,030**	14,020
Accumulated deficit		**(414,774)**	(411,072)
Total equity attributable to the owners of the Company		**265,743**	269,342
Total equity		**266,477**	$ 269,932
Total liabilities and total equity		**$ 505,204**	$ 519,400

Subsequent Events (Note 15)

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

Approved by the Board of Directors

(signed) Marc Murnaghan
Chief Executive Officer

(signed) Jaime Guillen
Director

Polaris Renewable Energy Inc.

Consolidated Statements of Operations and Comprehensive Earnings

(expressed in thousands of United States dollars, except for shares and per share amounts; unaudited)

	Note Ref	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue					
Power revenue	4	**$ 17,658**	$ 18,842	**$ 56,992**	$ 59,774
Direct costs					
Direct costs	5(a)	**(3,403)**	(3,427)	**(10,142)**	(9,962)
Depreciation and amortization of plant assets	5(a)	**(7,355)**	(7,229)	**(21,958)**	(21,666)
General and administrative expenses	5(b)	**(1,908)**	(1,955)	**(5,572)**	(6,020)
Other operating costs		**(266)**	(18)	**(269)**	(21)
Operating income		**4,726**	6,213	**19,051**	22,105
Interest income		**745**	603	**1,702**	1,264
Finance costs	6	**(5,122)**	(5,582)	**(15,542)**	(16,128)
Other (losses) gains		**131**	(119)	**280**	(793)
Earnings and comprehensive earnings before income taxes		**480**	1,115	**5,491**	6,448
Current income tax expense		**(1,002)**	(75)	**(2,307)**	(405)
Deferred income tax recovery		**982**	(29)	**2,742**	4,429
Total earnings and comprehensive earnings		**$ 460**	$ 1,011	**$ 5,926**	$ 10,472
Total earnings and comprehensive earnings attributable to:					
Owners of the Company		**$ 451**	$ 1,018	**$ 5,782**	$ 10,336
Non-controlling interests		**$ 9**	$ (7)	**$ 144**	$ 136
Basic earnings per share	12	**$ 0.02**	$ 0.05	**$ 0.27**	$ 0.49
Diluted earnings per share	12	**$ 0.02**	$ 0.05	**$ 0.27**	$ 0.49

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

Polaris Renewable Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in thousands of United States dollars, except for share information; unaudited)

	Note Ref	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit	Total Attributable to the Owners of the Company	Non-Controlling Interests	Total Equity
Balance at January 1, 2023		**21,025,775**	**$ 666,041**	**$ 13,836**	**$ (410,200)**	**$ 269,677**	**$ 535**	**$ 270,212**
Dividends paid		-	-	-	(9,462)	(9,462)	-	(9,462)
Share-based compensation		-	-	233	-	233	-	233
Total earnings and comprehensive earnings		-	-		10,336	10,336	136	10,472
Balance at September 30, 2023		**21,025,775**	**666,041**	**14,069**	**(409,326)**	**270,784**	**671**	**271,455**
Dividends paid		-	-	-	(3,154)	(3,154)	-	(3,154)
Share-based compensation				88		88		88
Shares issued on exercise of stock options	11	60,000	567	(137)	-	430	-	430
Shares issued on conversion exercise of shares (NCIB)	11	(22,200)	(214)	-	-	(214)	-	(214)
Total earnings and comprehensive earnings		-	-	-	1,408	1,408	(81)	1,327
Balance, December 31, 2023		**21,063,575**	**666,394**	**14,020**	**(411,072)**	**269,342**	**590**	**269,932**
Dividends paid		-	-	-	(9,484)	(9,484)	-	(9,484)
Share-based compensation		-		177	-	177	-	177
Shares issued on vesting of RSUs	11	15,067	199	(181)	-	18	-	18
Shares issued on conversion exercise of shares (NCIB)		(11,600)	(106)	14	-	(92)	-	(92)
Total earnings and comprehensive earnings		-	-	-	5,782	5,782	144	5,926
Balance at September 30, 2024		**21,067,042**	**666,487**	**14,030**	**(414,774)**	**265,743**	**734**	**266,477**

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

Polaris Renewable Energy Inc.
Consolidated Statements of Cash Flows
(expressed in thousands of United States dollars; unaudited)

	Note Ref	Nine Months Ended September 30, 2024	September 30, 2023
Net inflow (outflow) of cash related to the following activities			
Operating			
Total earnings and comprehensive earnings attributable to owners of the Company		**$ 5,782**	$ 10,336
Add/(Deduct) items not affecting cash:			
Non-controlling interests in net earnings of subsidiary		**144**	136
Current and deferred income tax (recovery)		**(435)**	(4,024)
Finance costs/interest on debt recognized	6	**14,149**	14,782
Depreciation and amortization	9, 5	**22,126**	21,839
Accretion on debt	6,10	**869**	916
Share-based compensation		**154**	243
Unrealized foreign exchange loss (gain)		**41**	-
Changes in non-cash working capital:			
Accounts receivable	10	**(1,050)**	(1,120)
Prepaid expenses and other assets		**(946)**	(200)
Accounts payable and accrued liabilities		**(1,154)**	372
Interest paid	10	**(12,100)**	(12,858)
Unearned revenue		**(1,837)**	2,494
Change in other assets		**232**	877
Net cash flow from operating activities		**25,975**	33,793
Investing			
Change in restricted cash		**54**	-
Additions to construction in progress	8	**(2,771)**	(4,782)
Additions to property, plant and equipment	9	**(486)**	(2,803)
Net cash flow to investing activities		**(3,203)**	(7,585)
Financing			
Dividends paid		**(9,484)**	(9,462)
Repayment of debt	10	**(11,164)**	(10,705)
Payments of the outstanding lease liability		**(390)**	(376)
Net cash flow to financing activities		**(21,038)**	(20,543)
Foreign exchange (loss) gain on cash held in foreign currency		**-**	11
Net increase in cash		**1,734**	5,676
Cash, beginning of the year		**40,053**	35,325
Cash, end of the period		**$ 41,787**	$ 41,001

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

1. Organization

The Company was incorporated under the British Columbia Business Corporations Act but completed the endorsement process to continue as an Ontario Corporation on July 5, 2022. The registered office of the Company is located at 7 St. Thomas Street, Suite 606, Toronto, Ontario M5S 2B7.

Polaris Renewable Energy Inc. is engaged in the acquisition, exploration, development, and operation of renewable energy projects in Latin America.

The Company, through its subsidiaries Polaris Energy Nicaragua, S.A. ("PENSA") and San Jacinto Power International Corporation ("SJPIC"), owns and operates a 82-megawatt ("MW") capacity geothermal facility (the "San Jacinto Project"), located in northwest Nicaragua, near the city of Leon. PENSA entered into the San Jacinto Exploitation Agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate the San Jacinto Project.

Through its subsidiary Empresa de Generación Eléctrica Canchayllo SAC ("EGECSAC"), the Company owns and operates a run-of-river hydroelectric project with a rated capacity of approximately 5 MW located in the Canchayllo district of Peru. Also in Peru, through its subsidiary Generación Andina SAC ("GASAC"), the Company owns and operates two run-of-river hydroelectric projects, with capacity of approximately 8 MW and 20 MW.

The Company, through its subsidiary Emerald Solar Energy SRL ("Emerald"), owns and operates a solar plant, Canoa 1, with 25 MW capacity, located in the Barahona Province, Dominican Republic.

The Company also owns 83.16% of the shares issued and outstanding of Hydroelectric San Jose de Minas ("HSJM"), a subsidiary that operates a hydroelectric plant with 6 MW capacity, located along the Cubi river in San Jose de Minas, Ecuador.

Through its subsidiary Polaris Renewable Energy SA, the Company constructed, owns and operates two solar projects located in Vista Hermosa, in the Coclé Province in Panama. The solar projects, named Vista Hermosa Solar Park I and II, have a capacity of approximately 10 MW and began operations in April 2023.

2. Basis of preparation and presentation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with IFRS Accounting Standards, have been omitted or condensed. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2023, with the adoption of amendment to IAS 1, Presentation of Financial Statements, related to the clarifications and requirements of the assessment of covenants related to financial liabilities and associated disclosures. In particular, the Company's significant accounting policies were presented in Note 3: Material Accounting Policies to the consolidated financial statements for the year ended December 31, 2023.

During the first quarter of 2024, the Company changed its methodology to estimate its current and deferred income tax for the interim periods. Historically, management's position is that they had not been able to derive a reliable estimate of the annual effective tax rate ("AETR"), and as such, had taken the position that the actual effective rate based on a year-to-date actual tax calculation may represent the best estimate of the annual effective tax rate. Whereas management ascertained that a reliable estimate may be established, starting in 2024 management adopted, as allowed by IAS 34, a method to calculate the AETR for interim financial reporting. The Company will use a weighted average of rates across jurisdictions expected for the full financial year, as it represents a reasonable approximation of the methodology used under IAS 12 guidance where used where income tax expense and deferred income tax liability are calculated by applying the tax rate for each individual jurisdiction to measure of income of each jurisdiction.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The critical judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied and disclosed in Note 4: Critical Judgments and Estimation Uncertainties to the Company’s consolidated financial statements for the year ended December 31, 2023. Sources of estimation uncertainty include estimates to determine the recoverable amount of property, plant and equipment, construction in progress, the valuation of other assets and liabilities including environmental rehabilitation provisions, and the determination of the accounting method for business combinations.

In these condensed consolidated interim financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (“US”) dollars, the Company’s and its subsidiaries functional and reporting currency.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company (the “Board") on October 30, 2024.

3. Segment Information

The Company currently operates in five reportable operating segments:

- Nicaragua - Acquisition, exploration, development and operation of a geothermal project;
- Peru - Acquisition, development and operation of hydroelectric projects;
- Dominican Republic - Acquisition, development and operation of solar projects;
- Ecuador - Acquisition, development and operation of hydroelectric projects; and
- Panama - Acquisition, development and operation of solar projects.

The Company has designated its Chief Executive Officer as the chief operating decision maker, who evaluates the performance of the Company’s reportable operating segments and makes recommendations to the Board to allocate available resources based on various criteria, including the availability of proven resources, costs of development, availability of financing, actual and expected financial performance, and existing debt covenants.

The reported segment earnings, including revenue and expenses, as well as assets and liabilities are presented below. Corporate represent expenses, assets and liabilities for Canada, not related to the Company’s reportable operating segments. These represent corporate headquarters and other minor North America holdings, which are not considered individually as reportable operating segments, but are presented below for reconciliation purposes to the Company’s total loss, revenue, expenses, assets and liabilities in these condensed consolidated interim financial statements.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

For the Three Months Ended September 30,	Nicaragua 2024	Nicaragua 2023	Peru 2024	Peru 2023	Dominican Republic 2024	Dominican Republic 2023	Ecuador 2024	Ecuador 2023	Panama 2024	Panama 2023	Corporate 2024	Corporate 2023	Total 2024	Total 2023
Revenue														
Power revenue	$13,407	$14,398	$ 1,216	$ 1,390	$2,162	$1,892	$ 511	$ 539	$ 362	$ 623	$ -	$ -	$17,658	$18,842
Direct costs														
Direct costs	(1,857)	(1,950)	(895)	(843)	(403)	(351)	(121)	(144)	(125)	(139)	(2)	-	(3,403)	(3,427)
Depreciation and amortization of plant assets	(5,757)	(5,685)	(692)	(716)	(600)	(410)	(183)	(181)	(124)	(77)	1	(160)	(7,355)	(7,229)
General and administrative expenses	(338)	(282)	(117)	(122)	(34)	(84)	(76)	(120)	(24)	(65)	(1,319)	(1,282)	(1,908)	(1,955)
Other operating costs	-	-	-	-	-	-	-	-	-	-	(266)	(18)	(266)	(18)
Operating income	5,455	6,481	(488)	(291)	1,125	1,047	131	94	89	342	(1,586)	(1,460)	4,726	6,213
Interest income	241	253	7	-	43	-	-	-	1	2	453	347	745	602
Finance costs	(3,118)	(3,607)	(1,225)	(1,144)	(662)	(686)	(105)	(132)	(2)	(28)	(10)	15	(5,122)	(5,582)
Other (losses) gains	68	(1)	168	(496)	(120)	(7)	(31)	(82)	-	51	46	417	131	(118)
Earnings (loss) and comprehensive earnings (loss) before income taxes	2,646	3,126	(1,538)	(1,931)	386	354	(5)	(120)	88	367	(1,097)	(681)	480	1,115
Current Income Tax (expense)	(803)	-	(23)	(39)	(207)	74	31	11	-	(118)	-	(3)	(1,002)	(75)
Deferred Income Tax recovery (expense)	589	1,332	373	(1,140)	20	(244)	-	88	-	-	-	(65)	982	(29)
Total earnings (loss) and comprehensive earnings (loss)	$ 2,432	$ 4,458	$(1,188)	$(3,110)	$ 199	$ 184	$ 26	$ (21)	$ 88	$ 249	$(1,097)	$ (749)	$ 460	$ 1,011

For the Nine Months Ended September 30,	Nicaragua 2024	Nicaragua 2023	Peru 2024	Peru 2023	Dominican Republic 2024	Dominican Republic 2023	Ecuador 2024	Ecuador 2023	Panama 2024	Panama 2023	Corporate 2024	Corporate 2023	Total 2024	Total 2023
Revenue														
Power revenue	$ 39,207	$ 43,028	$ 7,764	$ 7,796	$ 5,986	$ 5,604	$2,188	$2,213	$1,847	1,133	-	-	$ 56,992	$ 59,774
Direct costs														
Direct costs	(5,578)	(5,811)	(2,748)	(2,566)	(1,078)	(987)	(335)	(361)	(401)	(240)	(2)	3	(10,142)	(9,962)
Depreciation and amortization of plant assets	(17,232)	(17,096)	(2,073)	(2,135)	(1,740)	(1,231)	(546)	(546)	(368)	(182)	1	(476)	(21,958)	(21,666)
General and administrative expenses	(938)	(850)	(361)	(349)	(140)	(414)	(270)	(293)	(86)	(65)	(3,777)	(4,049)	(5,572)	(6,020)
Other operating costs	-	-	-	-	-	-	-	-	-	-	(269)	(21)	(269)	(21)
Operating income	15,459	19,271	2,582	2,746	3,028	2,972	1,037	1,013	992	646	(4,047)	(4,543)	19,051	22,105
Interest income	718	674	29	-	72	2	-	14	3	2	880	572	1,702	1,264
Finance costs	(9,563)	(10,572)	(3,619)	(3,044)	(1,986)	(2,055)	(328)	(384)	(4)	(28)	(42)	(45)	(15,542)	(16,128)
Other (losses) gains	2	(19)	128	(446)	(155)	(7)	(34)	(82)	(2)	49	341	(288)	280	(793)
Earnings (loss) and comprehensive earnings (loss) before income taxes	6,616	9,354	(880)	(744)	959	912	675	561	989	669	(2,868)	(4,304)	5,491	6,448
Current Income Tax (expense)	(1,607)	-	(23)	(207)	(677)	-	-	(35)	-	(160)	-	(3)	(2,307)	(405)
Deferred Income Tax recovery (expense)	1,364	3,053	1,266	1,193	112	(244)	-	88	-	-	-	339	2,742	4,429
Total earnings (loss) and comprehensive earnings (loss)	$ 6,373	$ 12,407	$ 363	$ 242	$ 394	$ 668	$ 675	$ 614	$ 989	$ 509	$(2,868)	$(3,968)	$ 5,926	$ 10,472

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

Assets and liabilities	As at September 30, 2024	As at December 31, 2023
Corporate	$ **29,564**	$ 25,265
Nicaragua	**281,117**	297,497
Peru	**96,727**	101,248
Dominican Republic	**62,161**	58,768
Ecuador	**25,546**	25,910
Panama	**10,089**	10,712
Total assets	$ **505,204**	$ **519,400**
Corporate	$ **4,211**	$ 7,536
Nicaragua	**258,259**	274,834
Peru	**91,310**	92,286
Dominican Republic	**58,973**	55,278
Ecuador	**24,393**	24,725
Panama	**10,450**	10,699
Total non-current assets	$ **447,596**	$ **465,358**
Corporate	$ **1,492**	$ 1,243
Nicaragua	**141,227**	148,364
Peru	**51,075**	53,062
Dominican Republic	**39,524**	40,507
Ecuador	**5,201**	5,988
Panama	**208**	301
Total liabilities	$ **238,727**	$ **249,465**

4. Revenue

Revenue by project is summarized in the following table:

Project	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Nicaragua *(i)*				
San Jacinto (Geothermal)	$ **13,407**	$ 14,398	$ **39,207**	$ 43,028
Peru *(ii)*				
Generación Andina (Hydroelectric)	**655**	734	**6,539**	6,197
Canchayllo (Hydroelectric)	**561**	656	**1,225**	1,599
Dominican Republic (iii)				
Canoa 1 (Solar)	**2,162**	1,892	**5,986**	5,604
Ecuador (iv)				
San Jose de Minas (Hydroelectric)	**511**	539	**2,188**	2,213
Panama (v)				
Vista Hermosa (Solar)	**362**	623	**1,847**	1,133
Total power revenue	$ **17,658**	$ 18,842	$ **56,992**	$ 59,774

(i) *The Company's San Jacinto plant sells energy to two Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. ("Disnorte") and Distribuidora De Electricidad del Sur, S.A. ("Dissur"). Energy is billed 5 days after the delivery month and the receivable is collected 45 days after billing.*

(ii) *For Peru, under the terms of the PPAs, the Company bills at the spot rate for current energy generation. The difference between the spot rate and the PPA rate (plus an effective annual interest rate of 12%) is calculated annually each May for the previous 12 months and is paid evenly over the following 12 months. Energy is billed 10 business days after the delivery month and the receivable is collected 30 days after billing.*

(iii) *In the Dominican Republic, the Company bills energy 30 days after delivery and collects the receivable 30 days after billing.*

(iv) *For Ecuador, energy is billed 10 days after the delivery month and the receivable is collected 40 days after billing.*

(v) *For Panama, energy is sold at spot, billed 18 days after delivery month and the receivable is collected 15 days after billing. See note 15 Subsequent Events regarding future changes on the selling conditions.*

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

The Company has determined that it has one performance obligation which is the delivery of electricity to its customers. There is no revenue recognized from unfulfilled performance obligations. Note 7 to these condensed consolidated interim financial statements provides details on the Company's contract balances related to this revenue.

5. Direct Costs, General and Administrative and Other Expenses

(a) Direct costs related to the production of energy:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Depreciation and amortization	**$ 7,355**	$ 7,229	**$ 21,958**	$ 21,666
Employee costs	**1,343**	1,339	**4,069**	3,778
General liability insurance	**809**	775	**2,311**	2,227
Land, building and other Municipal and Federal Taxes	**539**	609	**1,672**	1,888
Maintenance	**544**	489	**1,522**	1,454
Other direct costs	**168**	215	**568**	615
	$ 10,758	$ 10,656	**$ 32,100**	$ 31,628

(b) General and administrative expenses:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salaries and benefits	**$ 891**	$ 902	**$ 2,712**	$ 2,560
Share-based compensation	**88**	79	**220**	244
Facilities and support	**226**	234	**847**	811
Professional fees	**500**	412	**1,259**	1,707
Insurance	**42**	45	**130**	135
Minimum asset taxes	**-**	154	**-**	257
Depreciation of other assets	**61**	59	**168**	173
Other general and administrative expenses	**100**	70	**236**	133
	$ 1,908	$ 1,955	**$ 5,572**	$ 6,020

6. Finance Costs

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest on debt	**$ 4,401**	$ 4,999	**$ 13,925**	$ 14,782
Accretion on debt	**285**	302	**869**	916
Banking fees and other finance costs	**436**	281	**748**	761
Borrowing costs capitalized to qualifying assets (i)	**-**	-	**-**	(331)
	$ 5,122	$ 5,582	**$ 15,542**	$ 16,128

(i) For the three months ended March 31, 2023, $0.3 million of interest was capitalized as part of borrowing costs incurred to fund the construction of the solar plant in Panama, which concluded on March 31, 2023.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

7. Accounts Receivable

		September 30, 2024		December 31, 2023
Nicaragua *(i)*				
San Jacinto (Geothermal)	$	**9,555**	$	8,474
Peru *(ii)*				
Generación Andina (Hydroelectric)		**60**		228
Canchayllo (Hydroelectric)		**21**		8
Dominican Republic *(iii)*				
Canoa 1 (Solar)		**1,499**		1,063
Ecuador *(iv)*				
San Jose de Minas (Hydroelectric)		**297**		481
Panama (v)				
Vista Hermosa I (Solar)		**124**		188
Vista Hermosa II (Solar)		**124**		**188**
	$	**11,680**	$	**10,630**

(i) The balance is comprised of amounts due by Disnorte and Dissur, which have 45 days payment term from invoice date.
(ii) The average credit period granted to customers is 30 days from the invoice date.
(iii) The balance is due by EDESUR and has a credit period of 30 days from the issuance of the invoice (Note 6).
(iv) The average credit period granted to customers is 40 days from invoice date.
(v) The balance has a credit period of 15 days from the issuance of the invoice

The Company assessed the risk of credit losses for its accounts receivable and concluded it is immaterial, therefore it has not recorded a loss allowance (Note 13 (b) Credit Risk).

8. Construction in Progress

		December 31, 2023		2024 Transfers from PPE [1]		2024 Activity		2024 Transfers to PP&E		September 30, 2024
San Jacinto improvements	$	**25**	$	**-**	$	**638**	$	**(497)**	$	**166**
HSJM		**579**				**25**		**-**		**604**
Canoa 1 Improvement		**3,531**		**4,172**		**1,752**		**(5,172)**		**4,283**
	$	**4,135**	$	**4,172**	$	**2,415**	$	**(5,669)**	$	**5,053**

(i) Transfers from PPE consist of over 40,000 PV solar panels with book value of $5,172 and accumulated depreciation of $1,000, replaced by newer technology. These panels are to be used in a future expansion of the solar park and expected to generate DCF exceeding its carrying value.

9. Property, Plant and Equipment, net

The following is a summary of the activity related to the Company's PP&E:

		December 31, 2023		Transferred to CIP		2024 Activity		2024 Transfers from CIP		September 30, 2024
San Jacinto geothermal project	$	**547,001**	$	**-**	$	**257**	$	**497**	$	**547,755**
Generación Andina hydroelectric projects		**64,804**		**-**		**123**		**-**		**64,927**
Canchayllo hydroelectric project		**10,365**		**-**		**27**		**-**		**10,392**
Canoa 1 solar project		**37,283**		**(5,172)**		**37**		**5,172**		**37,320**
Vista Hermosa Solar Park, I and II		**11,205**		**-**		**68**		**-**		**11,273**
Accumulated depreciation		**(299,886)**		**1,000**		**(19,825)**		**-**		**(318,711)**
Capital spares		**6,115**		**-**		**(27)**		**-**		**6,088**
	$	**376,887**	$	**(4,172)**	$	**(19,340)**	$	**5,669**	$	**359,044**

PP&E assets currently in operation are being depreciated on a straight-line basis over the remaining term of their estimated useful lives.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

10. Long-term Debt, net

	San Jacinto Debt	Generación Andina Debt	APG Debt	Canoa 1 Debt	HSJM Debt	Total
Loans and other borrowings – December 31, 2023	$ 93,765	$ 19,470	$ 22,800	$ 31,674	$ 4,670	$ 172,379
Accrued interest expense	-	1,232	-	-	-	1,232
Accretion of deferred transaction costs and debt discount	410	-	334	125	-	869
Repayments of debt	(7,500)	(1,030)	(400)	(1,357)	(877)	(11,164)
Loans and other borrowings – September 30, 2024	$ 86,675	$ 19,672	$ 22,734	$ 30,442	$ 3,793	$ 163,316
Current	$ 10,000	$ 2,081	$ 1,100	$ 1,719	$ 1,423	$ 16,323
Non-current	76,675	17,591	21,634	28,723	2,370	146,993
Unamortized debt discount	2,925	16,174	1,565	1,180	-	21,844
Principal balance	**$ 89,600**	**$ 35,846**	**$ 24,299**	**$ 31,622**	**$ 3,793**	**$ 185,160**
Fair value as of September 30,2024 (i)	91,640	16,929	22,838	29,409	3,487	164,303
Annual Interest rate	**11.96% (variable)**	**No interest**	**8.75% (fixed)**	**7.00% (fixed)**	**7.95% (fixed) 10.70% (variable)**	
Maturity dates	**9/15/2036**	**6/15/2038**	**6/5/2028**	**9/30/2037**	**7/25/2028**	

(i) Fair value is calculated based on discounted future cash flow of debt service using average rate, published by the Central bank in each country the debt is held, for similar financial instruments.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
San Jacinto Debt Facility				
Interest recorded as financing cost	**2,881**	3,249	**8,848**	9,544
Accretion recorded as financing cost	**133**	147	**410**	453
Generación Andina Debt				
Interest recorded as financing cost	**405**	413	**1,232**	1,256
APG Debt				
Interest recorded as financing cost	**543**	593	**1,642**	1,657
Accretion recorded as financing cost	**110**	112	**334**	333
Canoa Debt				
Interest recorded as financing cost	**575**	602	**1,735**	1,809
Accretion recorded as financing cost	**42**	43	**125**	130
SJM Debt				
Interest recorded as financing cost	**101**	127	**312**	367
Other				
Interest recorded as financing cost	**120**	15	**380**	(182)
Total				
Interest recorded as financing cost	**$ 4,625**	$ 4,999	**$ 14,149**	$ 14,451
Accretion recorded as financing cost	**285**	302	**869**	916

(i) Summary of San Jacinto Credit Agreements

During the first part of 2023 the interest rate on the Refinanced Debt Facility was LIBOR plus 7%. In the second half of 2023, in the absence of LIBOR, and following guidance provided by the agreement, the interest rate converted to 90-day SOFR plus 7.01%, spread.

Under the terms of the agreement, which has a carrying amount of $86,675 (2023-$96,120) PENSA is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.40:1)
- Debt to Assets Ratio (Financial Debt to total Assets < 50%)

As of September 30, 2024, PENSA is compliant with all the financial and operational covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

(ii) Summary of Generación Andina Credit Agreement

As at September 30, 2024, the Generación Andina ("GA") loans bear no interest. No interest will be charged during the life of the loan, except for default interest on any overdue amount. The termination date of the loan is June 15, 2038. The loan is payable in 36 semi-annual installments, ending June 15, 2038. As of September 30, 2024, the Company is compliant with all the covenants required under the APG Credit Agreement.

Under the terms of the agreement, which has a carrying amount of $19,672 (2023-$20,079) GASAC is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.1:1)

As of September 30, 2024, GASAC is in line with all the covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

(iii) Summary of Andean Power Generation Ltd. (BVI) ("APG Ltd. (BVI)") Credit Agreement

The APG debt has a 8.75% fixed annual interest rate, payable semi-annually and a term of 8 years. Repayment of the principal occurs in installments with various amounts due throughout the term of the loan, and $20.2 million due on maturity.

Under the terms of the agreement, which has a carrying amount of $22,734 (2023-$22,888) APG is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.05:1)

As of September 30, 2024, APG is compliant with the financial Covenant related to this Credit Agreement although it may be non- compliant at the end of the next reporting period due to timing differences between revenue earned and cash received in the current fiscal period. However, the non-compliance with the financial Covenant will not trigger a default as the company has, as per the Credit Agreement, until April 15, 2025, to retroactively remediate and re-calculate compliance which the Company would cure if necessary.

(iv) Summary of Canoa 1 Credit Agreement

The Canoa 1 loan has a term of 17 years, a 7% fixed interest rate, and requires quarterly payments of principal and interest.

Under the terms of the agreement, which has a carrying amount of $30,442 (2023-$31,846) Emerald is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.20:1)
- Financial Debt to Equity Ratio (< =85:15)

As of September 30, 2024, Emerald is compliant with all the covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

(v) Summary of HSJM Credit Agreement

HSJM has two credit facilities which are due on May 7, 2026, and July 25, 2028 and with total carrying amount of $3,793 (2023-4,943). These loans have fixed interest rate of 7.95% and variable of 10.70%, respectively and require monthly payments of principal and interest. There are no covenants associated with these credit facilities.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

11. Share Capital

	Number of Shares Authorized	Number of Shares Issued and Fully Paid	Number of Shares Reserved for Issue Under Stock Options (Exercisable)
Balance at January 1, 2023	**21,025,775**	**21,025,775**	**148,000**
Stock options vested	-	-	40,000
Balance at September 30, 2023	**21,025,775**	**21,025,775**	**188,000**
Shares issued on exercise of stock options	60,000	60,000	(60,000)
Stock options forfeited or expired	-	-	(18,000)
Repurchase and cancellation of shares (NCIB) (i)	(22,200)	(22,200)	-
Balance at December 31, 2023	**21,063,575**	**21,063,575**	**110,000**
Shares issued in connection with RSUs vested (ii)	15,067	15,067	-
Stock options vested	-	-	57,943
Repurchase and cancellation of shares (NCIB) (i)	(11,600)	(11,600)	-
Balance at September 30,2024	**21,067,042**	**21,067,042**	**167,943**

(i) During the year ended December 31, 2023, the Company purchased and cancelled 22,200 shares under its NCIB program. During the nine months ended September 30, 2024 the Company purchased and cancelled 11,600 shares under its NCIB program.

(ii) On January 5, 2023, the Company granted 38,100 RSUs to certain employees, with a three years vesting period. The first tranche of such grant (net of 2,400 units forfeited in 2023) vested on February 1, 2024, for which 12,400 shares were issued.

On August 10, 2023, the Company granted 13,570 RSUs to certain employees, with a three years vesting period. The first tranche of this grant vested on August 10, 2024, for which 2,668 shares were issued.

(i) Stock options

The Company's Omnibus Long-Term Incentive Plan (the "LTIP") adopted in June 2012 and most recently amended and approved in June 2024, provides that stock options may be granted to directors, senior officers, employees and consultants of the Company or any of its affiliates and employees of management companies engaged by the Company. The LTIP was amended to convert the limit on the number of common shares in the capital of the Corporation issuable under the Omnibus Plan, from a rolling limit of 7.5% of the issued and outstanding Common Shares to a fixed number of 1,000,000 Common Shares (representing 4.7% of the issued and outstanding shares as of the amendment date). Options granted under the LTIP are for a contractual term not to exceed five years from the date of their grant, and vesting is determined by the Company's Board.

The table below summarizes the information related to stock options outstanding and exercisable as at September 30, 2024:

	Outstanding Options			Exercisable Options	
Range $CDN	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price ($CDN)	Number of Options Outstanding	Weighted Average Exercise Price ($CDN)
0.00 - 99.99	223,099	2.53	$ 17.28	167,943	$ 18.00

On February 9, 2024 the Company granted 9,271 options to certain officers, with a three year vesting period and exercise price of $13.10 (CAD). Options were valued using a Black-Scholes pricing model. For the periods ended September 30, 2024 and 2023, the Company recognized shared-based compensation expense associated with options, with a corresponding increase in contributed surplus, of $0.3million.

(ii) Restricted Share Units ("RSUs)

On February 9, 2024, the Company granted 13,570 RSUs to certain officers, with a three years vesting period starting on the first anniversary of the grant.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

	Number of RSUs Outstanding
Balance at January 1, 2023	-
RSUs awarded	38,100
RSU forfeited	(2,400)
RSUs awarded	8,003
Balance at September 30, 2023	**43,703**
Balance at December 31, 2023	**43,703**
RSUs vested	(15,668)
RSUs awarded	13,570
Balance at September 30,2024	**41,605**

(iii) Deferred Share Units ("DSUs")

	Number of DSUs Outstanding	Fair Value of DSU's end of period
Balance at January 1, 2023	**17,248**	**$ 179**
DSUs awarded in lieu of Directors Fees	2,002	
Dividend reinvestment DSUs	737	
Balance at September 30, 2023	**19,987**	**$ 210**
DSUs awarded in lieu of Directors Fees	2,330	
Dividend reinvestment DSUs	306	
Balance at December 31, 2023	**22,623**	**$ 226**
DSUs awarded in lieu of Directors Fees	6,199	
Dividend reinvestment DSUs	1,262	
Balance at September 30,2024	**30,084**	**$ 275**

12. Earnings per Share

The following table summarizes the common shares used in calculating net loss per common share. Basic and diluted weighted average number of shares outstanding includes RSUs and DSUs issued by the Company. Stock options have anti-dilutive effect in the calculation of earnings per share and therefore not included.

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Total earnings attributable to owners of the Company	**$ 451**	$ 1,018	**$ 5,782**	$ 10,336
Basic weighted average number of shares outstanding	**21,103,064**	21,043,630	**21,101,004**	21,043,371
Basic earnings per share	**$ 0.02**	$ 0.05	**$ 0.27**	$ 0.49

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Total earnings attributable to owners of the Company	**$ 451**	$ 1,018	**$ 5,782**	$ 10,336
Diluted weighted average number of shares outstanding	**21,131,604**	21,161,897	**21,131,953**	21,155,875
Diluted earnings per share	**$ 0.02**	$ 0.05	**$ 0.27**	$ 0.49

13. Financial Instruments and Risk Management

(a) Fair value of financial assets and liabilities

IFRS Accounting Standards requires disclosure about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The following are the three levels of the fair value hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

- Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability.
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2024, the carrying amounts of accounts receivable, restricted cash, accounts payable and accrued liabilities which are measured at their amortized cost are considered similar to their fair value or approximate fair value due to their short-term maturity.

The fair value of the long-term debt is disclosed in note 10.

(b) Financial risk management

The Company is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risks relating to interest rates, foreign exchange rates and commodity prices.

Interest rate risk

PENSA Refinanced Debt Facility bears interest at 90-day SOFR plus 6.75%. The total rate as at September 30, 2024 is 11.96%. The Company determined that a hypothetical 10 basis point increase in the 90-day SOFR would have resulted in an increase of $0.1 million in financing costs for the period ended September 30, 2024

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of the Company is the US dollar and currently most of the Company's transactions are denominated in US dollars. Further, the Company translates significant amounts received in local currency to US dollars immediately. As at September 30, 2024 and December 31, 2023, the Company had cash and accounts payable of CDN$473,318 and CDN$2,289,352, respectively. The Company determined that a 10% change in the Canadian dollar against the US dollar would have impacted total earnings and comprehensive earnings by $0.04 million for the period ended September 30, 2024.

As at September 30, 2024, and December 31, 2023, the Company had current assets and accounts payable of PEN$1,388,522 and PEN$2,335,323 respectively held in its Peruvian subsidiaries. The Company determined that a 10% change in the Peruvian Soles against the US dollar would have impacted total earnings and comprehensive earnings by $0.03 million thousand for the period ended September 30, 2024.

As at September 30, 2024, and December 31, 2023, the Company had cash, current assets and accounts payable of DOP$49,872,363 and DOP$54,234,612 respectively held in its Dominican Republic subsidiaries. The Company determined that a 10% change in the Dominican Republic peso against the US dollar would have impacted total earnings and comprehensive earnings by 0.1 million for the period ended September 30, 2024.

The Company does not enter into any foreign exchange contracts to mitigate this risk.

Commodity prices

The Company's commodities mainly consist of power produced. The Company is not exposed to commodity price risk with respect to the power it produces as 96% of power currently produced is sold under the terms of a PPA which establishes a fixed price and escalator.

Credit risk

The Company is exposed to credit risk with respect to amounts receivable from its customers. Credit risk is the potential loss from the customer failing to perform payment of the amount receivable, defined in the invoice. The Company manages credit risk with policies and procedures for customer analysis, exposure measurement, and exposure monitoring and mitigation.

The Company considers that "default" may occur when the account receivable balance is 90 days past due, from the date of payment stated in the invoice.

(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

Once a balance receivable has been identified as in default, the Company assesses the alternatives to recover such balances, with reasonable effort. If the Company concludes the balances cannot be recovered, the amounts are then written-off.

In estimating expected credit losses on trade receivables, the Company has estimated the probability of default is 0.1% based on the Company's historical default rates, as the Company does not expect these rates to significantly increase in the future. Historically, the Company has not suffered losses for balances identified as in default and does not expect to incur significant losses in the future due to the nature of its customers (distribution utilities). The Company applies the simplified approach to assess expected credit losses for trade receivables, whereby the loss allowance for the account receivable is measured at an amount equal to the lifetime expected credit losses. The Company shall recognize in the statements of earnings, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

From the credit risk assessment performed during the period, the Company has concluded that exposure to credit risk related to the amounts receivable from customers is not material, as of September 30, 2024.

The Company is also exposed to credit risk with respect to its amounts of cash and cash equivalents. The Company deposits its cash with reputable financial institutions, mostly based in North America, for which management believes the risk of loss to be remote.

Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash, credit facilities and other financial resources available to meet its obligations. The Company forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through a combination of cash flows from operations, credit facilities and accessing capital markets.

The following are maturities for the Company's financial liabilities as at September 30, 2024:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 14,959	$ -	$ -	$ -	$ 14,959
Debt, current and long-term	13,742	31,724	44,952	94,741	185,159
Interest obligations	11,960	26,051	18,925	27,732	84,668
Lease liabilities	432	825	826	497	2,580
	$ 41,093	**$ 58,600**	**$ 64,703**	**$ 122,970**	**$ 287,366**

The following are maturities for the Company's financial liabilities as at December 31, 2023

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 15,078	$ -	$ -	$ -	$ 15,078
Debt, current and long-term	15,825	32,614	46,585	101,300	196,324
Interest obligations	16,576	28,329	21,634	33,030	99,569
Lease liabilities	404	897	806	637	2,744
	$ 47,883	**$ 61,840**	**$ 69,025**	**$ 134,967**	**$ 313,715**

As at September 30, 2024, the Company is in compliance with all of its covenants.

14. Capital Management

The Company's capital structure is comprised of net long-term debt, as further disclosed in Note 11, and shareholders' equity (consisting of issued capital and contributed surplus offset by accumulated deficit). The Company's objectives when managing its capital structure are to:

i) maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations; and
ii) finance internally generated growth as well as potential acquisitions.

In order to facilitate the management of capital, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed by the Company's Board.

In preparing its budgets, the Company considers externally imposed capital requirements pursuant to the terms of the PENSA Debt Refinancing Agreements, the loan agreements for the Canchayllo and GA projects and the Canoa Debt agreement (Note 10). These externally imposed capital requirements will affect the Company's approach to capital management. The Company's externally imposed capital requirements include maintaining minimum debt service coverage and solvency ratios for PENSA, SJPIC, EGECSAC, GASAC and Emerald, and restrictions on the use of revenue from all the projects.

15. Subsequent Events

Subsequent to quarter end, on October 29, 2024, the Company announced it had signed an Equity Capital Contribution Agreement ("ECCA") with respect to Punta Lima Wind Farm LLC ("PLWF" or the "Project"), a wholly owned subsidiary of Santander Bank N.A. ("Santander"). The Project operates an onshore wind farm with a nameplate capacity of 26.0 MW's located in the Municipality of Naguabo, Puerto Rico. The transaction is being completed using a tax-equity structure which will result in Polaris, through a wholly owned subsidiary, operating the Project and Santander retaining a tax equity interest in the Project. The agreed upon equity contribution is $20 Million. The transaction is subject to customary closing conditions, including the approval of the acquisition by local regulatory bodies. The transaction is expected to close in the first quarter of 2025.

Additionally, on October 30, 2024, the Company signed an offtake agreement for the 10MW solar plant operation in Panama, subject to approval by regulatory bodies, which is expected in December 2024. Under the terms of the 5-year agreement, the off-taker will purchase 100% of the energy produced at an initial price of $80.00/MWh with an escalation price of $0.50 per year until it reaches $82.00/MWh on the last year of the contract.

****