Management's Discussion and Analysis
For the year ended December 31, 2024

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Renewable Energy Inc. ("Polaris" or the "Company") for the year ended December 31, 2024, and reflects all material events up to February 19, 2025 the date on which this MD&A was approved by the board of directors of the Company (the "Board"). This MD&A should be read in conjunction with the Company's Consolidated Financial Statements for the twelve months ended December 31, 2024. This MD&A supplements, but does not form part of, the Company's annual financial statements. All amounts in this MD&A, unless specifically identified as otherwise, are expressed in U.S. dollars.

This MD&A contains forward-looking information and, as such, is based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note at the end of this MD&A regarding the risks associated with the forward-looking information and the risk factors set out under the headings "RISKS AND UNCERTAINTIES" in this MD&A, and "Forward-Looking Statements" and "Risk Factors" in the Company's annual information form ("AIF") for the year ended December 31, 2024 available on SEDAR+ at www.sedarplus.ca

In this MD&A and in the Company's Consolidated Financial Statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Certain financial measures in this MD&A do not have any standardized meaning as prescribed by IFRS Accounting Standards and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. The Company uses non-GAAP financial measures, which the Company believes, that together with measures in accordance with IFRS, provide investors with a wholesome ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have a standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures used by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-GAAP financial measures in this MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted EBITDA per share. Reconciliations and definitions associated with the above-noted non-GAAP financial measures can be found in Section 13: Non-GAAP Performance Measures in this MD&A.

Contents

1. 2024 HIGHLIGHTS

- For the quarter ended December 31, 2024 consolidated energy production increased by 2% when compared to the same quarter in 2023, while annual consolidated energy production was 764,756 MWh for the year ended December 31, 2024 versus 800,951 for the year ended December 31, 2023.
- The Company generated $75.8 million in revenue from energy sales for the year ended December 31, 2024, compared to $78.5 million in the same period in 2023. Lower revenue resulted from, principally, lower production in the Company's geothermal facility in Nicaragua.
- Adjusted EBITDA was $55.0 million for the year ended December 31, 2024, compared to Adjusted EBITDA of $57.7 million in the same period in 2023, principally due to lower revenue from the Company's geothermal facility in Nicaragua.
- During the quarter ended December 31, 2024, the Company closed a private placement of $175 million senior secured green bonds (the "Green Bonds"). The Green Bonds have a tenor of five years and a fixed coupon rate of 9.5% percent per annum, with interest payable in semi-annual installments. The Green Bonds include a tap feature, allowing the Company access to an additional $50 million in funding for potential future uses. Net proceeds of the Green Bonds will be used to refinance certain existing debt facilities and fund other investments in renewable energy assets.
- For the year ended December 31, 2024, the Company generated $35.1 million in net cash flow from operating activities, ending with a cash position of $217.9 million, including $120 million used in January 2025 to settle the existing debt facilities, as mentioned above, and including restricted cash of $4.6 million.
- Net earnings attributable to shareholders, was $3.0 million or $0.14 per share – basic for the year ended December 31, 2024, compared to net earnings of $11.7 million or $0.56 per share – basic in 2023.
- During the year, the Company concluded its phase 1 optimization project in the Dominican Republic, consisting of replacing approximately 50% of its photovoltaic ("PV") panels at the solar plant Canoa 1. The replaced panels are expected to boost productivity of the plant by at least 15%.
- On August 20, 2024, the Company announced that the Toronto Stock Exchange (the "TSX") accepted its notice of intention to renew its normal course issuer bid ("NCIB"), under which Polaris may purchase up to 2,045,613 of its common shares during the twelve-month period commencing August 23, 2024. During the year ended December 31, 2024, the Company repurchased and cancelled 23,600 common shares, for total consideration of $0.2 million at an average price of C$12.16 per share.
- 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 and it is expected to close in the first quarter of 2025.
- The Company remains focused on maintaining a quarterly dividend. For the year ended December 31, 2024, the Company declared and paid $12.6 million in dividends. The Company has declared and will pay a quarterly dividend of $0.15 per outstanding common share on February 28, 2025, to shareholders of record as of February 17, 2025.

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

		Three Months Ended		Year Ended		
		December 31, 2024	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
Energy production						
Consolidated Power MWh		**195,797**	192,820	**764,756**	800,951	649,756
Financials						
Total revenue	**$**	**18,781**	$ 18,748	**$ 75,773**	$ 78,522	$ 62,600
Net earnings (loss) attributable to owners	**$**	**(2,792)**	$ 1,408	**$ 2,990**	$ 11,744	$ 2,499
Adjusted EBITDA	**$**	**13,566**	$ 13,391	**$ 55,042**	$ 57,663	$ 44,921
Net cash flow from operating activities	**$**	**9,079**	$ 10,167	**$ 35,054**	$ 43,960	$ 33,506
Per share						
Net earnings (loss) attributable to owners - *basic and diluted*	**$**	**(0.13)**	$ 0.07	**$ 0.14**	$ 0.56	$ 0.12
Adjusted EBITDA - *basic*	**$**	**0.64**	$ 0.64	**$ 2.60**	$ 2.74	$ 2.23

Balance Sheet		**As at December 31, 2024**	**As at December 31, 2023**	**As at December 31, 2022**
Total cash and cash equivalents (Restricted and Unrestricted)	**$**	**217,882**	$ 44,683	$ 39,965
Total current assets	**$**	**228,563**	$ 54,042	$ 50,609
Total assets	**$**	**662,105**	$ 519,400	$ 535,102
Current and Long-term debt	**$**	**328,349**	$ 172,379	$ 184,408
Total liabilities	**$**	**402,579**	$ 249,468	$ 264,890

3. BUSINESS OVERVIEW AND STRATEGY

Polaris is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in Latin America and the Caribbean. The Company operates an 82 MW geothermal facility in Nicaragua, three run-of-river hydroelectric facilities in Peru, with combined capacity of approximately 33 MW, a 25 MW solar plant facility in Dominican Republic, a 6 MW run-of-river hydroelectric facility in Ecuador, and a 10 MW solar plant in Panama.

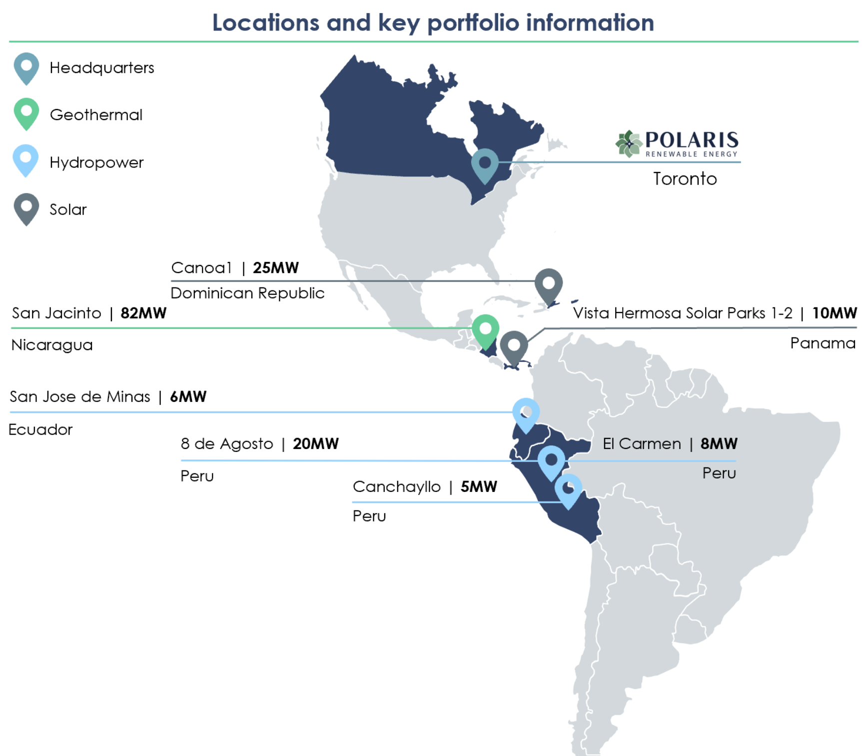
The Company's mission is to be a high performing renewable energy company, while creating sustainable stakeholder value. Our vision is to become a leader in the renewable energy industry, contributing to a greener future, driven by our values.

Senior management of the Company has extensive experience in critical areas of renewable energy, finance, development, governance and sustainable operations. The Board is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic direction to the Company and who, as a group, have deep knowledge and extensive experience operating in Latin America and the Caribbean.

The Company currently operates in Nicaragua, Peru, Dominican Republic, Ecuador, and Panama, which are Latin American and Caribbean nations with rapidly growing energy needs and governments that have mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. Polaris Renewable Energy is committed to its strategic goals of continued growth, both organically and through acquisitions, and diversification of its renewable energy portfolio.

Additionally, Polaris is committed to sustainable development by investing in the local communities surrounding its facilities.

The initiatives are aimed at improving, among other things, the quality of education, shared infrastructure, health of individuals, access to sports, local economy through effective agricultural enhancement and the environment.



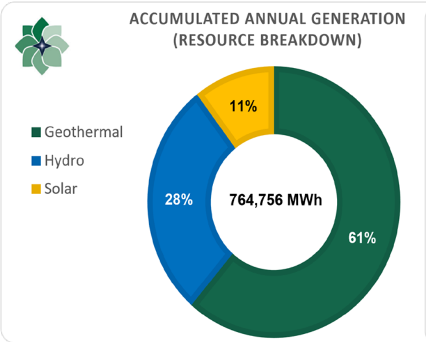
While continuing to pursue opportunities to enhance its current operations, the Company also has the following key near-term goals:

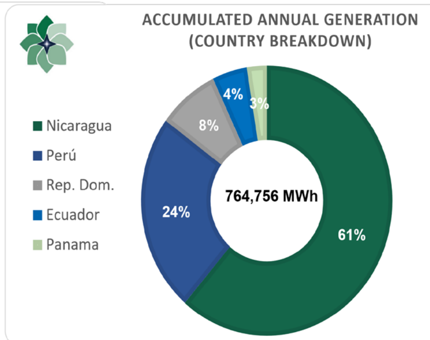
- continued progress on corporate development, acquisition initiatives and related integration;
- balancing sustainable or increased dividends with deploying excess cash flow into growth and diversification;
- continued deployment of the Company's sustainability strategy in all jurisdictions;
- maintenance of an excellent health and safety record at all operating facilities; and
- continued back-office IT and cyber security related enhancements.

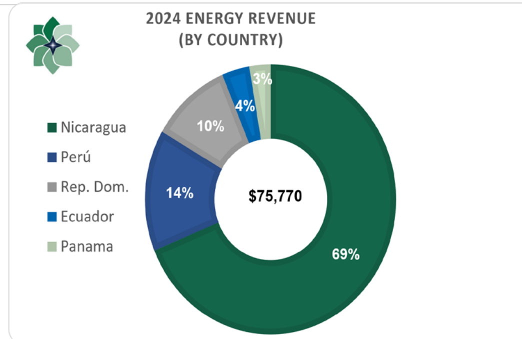
The Company's long-term goals are to continue to grow and diversify its operations in the Latin American region through renewable energy projects with attractive return profiles. Latin America hosts some of the world's most dynamic renewable energy markets. The Company firmly believes there is significant potential for renewable energy projects in various Latin American countries that have not been developed. Furthermore, the emphasis on renewable energy is growing and provides attractive, long-term return profiles and renewable energy credit options.

As highlighted, on August 20, 2024, the Company filed a notice (the "Notice") with the TSX of its intention to renew its NCIB. The Notice included information regarding the number of common shares approved by the Board that the Company intended to acquire under the NCIB, the date on which the NCIB would commence and terminate, and how the common shares would be acquired, being through the facilities of the TSX. The Notice also included the business reasons behind conducting the NCIB, namely, to increase shareholder value. Under the renewed NCIB, during the twelve-month period commencing August 23, 2024, Polaris may purchase up to 2,045,613 of its common shares, representing approximately 10% of the Company's public float (as such term is defined in the TSX Company Manual), provided that the Board has approved the repurchase of up to 194,595 common shares, which represented approximately 0.95% of the Company's public float as at August 20, 2024. Further details around events, transactions and activities relating to Polaris Renewable's properties which occurred during the year ended December 31, 2024 and to the date of this MD&A are discussed below.

4. OPERATING SEGMENT PERFORMANCE







CONSOLIDATED RESULTS

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production in MWh				
Nicaragua (Geothermal)	**116,400**	112,195	**468,983**	499,130
Peru (Hydroelectric)	**54,298**	54,514	**181,867**	195,912
Dominican Republic (Solar)	**14,315**	12,830	**59,934**	56,059
Ecuador (Hydroelectric)	**6,395**	8,301	**34,407**	36,640
Panama (Solar)	**4,389**	4,980	**19,565**	13,211
Total consolidated power production in MWh	**195,797**	192,820	**764,756**	800,951

During the three months ended December 31, 2024, quarterly consolidated power production was higher than the same period in 2023, mainly driven by an expected increase in production in Nicaragua driven by greater stability in the geothermal well compared to the same period in 2023, as well as better generation in Dominican Republic resulting from the repowering project executed during 2024, partly offset by lower production in Ecuador.

For Nicaragua, the fourth quarter of 2023 saw an incremental temporary instability in cycling wells that depressed production. In 2024 the Company made the decision to lower the throughput of the Binary unit by approximately 2.0 MWs in order to maintain declines from the steam field within a targeted range, hence the stabilization of production and better results when compared with the same quarter of the prior year.

Consolidated production in Peru for the three months ended December 31, 2024, was in line with the comparative period in 2023 due to greater water availability at both Canchayllo and El Carmen, partially offsetting a lower hydrology resource for 8 de Agosto.

The Canoa 1 facility in the Dominican Republic, produced 14,315 MWh in the three months ended December 31, 2024. This is a 12% increase versus the fourth quarter of 2023 despite lower irradiation. This increase reflects the enhanced productivity of the new solar panels for which the company finalized installation at the end of Q3 2024.

For Ecuador, in the fourth quarter of 2024, HSJM's production of 6,395 MWh was lower than the comparative period in 2023 (8,301 MWh) due to resource availability. Overall, and similar to Peru, production in Ecuador is driven by the dry and rainy season, with the rainy season generally starting in October-November and running until May-June.

In Panama, Vista Hermosa Solar Park production of 4,389 MWh for the three months ended December 31, 2024, was marginally lower than the same period in 2023 and below management's expectations due to resource (irradiation) availability.

During the twelve months ended December 31, 2024, power production was 764,756 MWh compared to 800,951 MWh for the twelve months ended December 31, 2023. The principal reasons for the reduction are the following:

- Lower overall hydrology in Peru;

- The fact that the Major Maintenance program in Nicaragua was executed in 2024 whereas this program was not completed in 2023;
- The Company made the decision to lower the throughput of the Binary unit in order to avoid instability in two of its cycling wells. This resulted in the Binary unit running at approximately 8MWs in the short-term vs running at approximately 10MWs in 2023.

NICARAGUA – Geothermal Energy Production

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production				
San Jacinto - MWh	**116,400**	112,195	**468,983**	499,130
Financial				
Revenue	**$ 12,944**	$ 12,475	**$ 52,151**	$ 55,503

(i) Production is net of plant use and plant downtime both planned and unplanned.

San Jacinto - Tizate – San Jacinto, Nicaragua

Through its subsidiary, Polaris Energy Nicaragua S.A. ("PENSA"), the Company owns and operates an 82 MW capacity geothermal facility, including the Binary Unit.

San Jacinto is located in northwest Nicaragua, near the city of Leon which is approximately 90 km northwest of Managua. PENSA has the San Jacinto Power Purchase Agreement ("PPA") in place with Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. and Distribuidora De Electricidad del Sur, S.A. PENSA entered into the San Jacinto exploitation agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate San Jacinto. The current effective price of the PPA is $111.20 per MWh.

During the twelve months ended December 31, 2024, and other than lower power production as a result of the major maintenance for Units 4 and 5 performed during April 2024, power production was lower as a result of typical declines in steam production as well as programmed lower production from the Binary unit to avoid instability in two of its cycling wells arising as a result of colder fluids entering the production zone of these wells. We will continue to monitor the enthalpy of the field, which has been improving, to assess whether we can increase the production of the Binary unit without impacting the broader field.

PERU – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production				
8 de Agosto - MWh	**32,354**	34,241	**107,351**	116,900
El Carmen - MWh	**11,692**	13,181	**42,799**	44,632
Canchayllo - MWh	**10,252**	7,091	**31,717**	34,380
Total Peru in MWh	**54,298**	54,514	**181,867**	195,912
Financial				
Revenue	**$ 3,254**	$ 3,462	**$ 11,018**	$ 11,258

8 de Agosto, El Carmen and Canchayllo, Peru

The Company operates three run-of-river hydroelectric facilities in central Peru with approximately 33 MW combined capacity. El Carmen and 8 de Agosto ("Generacion Andina") with a capacity of approximately 8 MW and 20MW capacity respectively, are located in the Huanuco region.

Canchayllo hydroelectric, with a rated capacity of approximately 5 MW, is located in the Canchayllo district of Peru.

In Peru, the dry season starts in May and extends throughout October, with the 2024 dry season being the driest in the region since 1978, according to the Peruvian Ministry of Environment.

Although hydrology and production levels recovered in the last quarter of 2024, for the twelve months ended December 31, 2024, production at the Peruvian facilities was lower compared to the same periods in 2023 due to deficient hydrology for the Generacion Andina plants. In the case of Canchayllo, although the last three months of 2024 improved water flow benefited the generation for the quarter vs the same quarter in 2023, its full year generation was impacted by the 2 months of paused production to clean the debris from a minor landslide which occurred in March 2024.

Under the terms of the PPAs, the Company bills at the spot rate for current energy generation with the difference between PPA price for the year and spot price being compensated in the following year. The RER year is the applicable fiscal year to the renewable energy sector in Peru, the which start every May 1st. There was no inflation adjustment to the PPA price for the RER year commenced May 1, 2024 and there is no adjustment expected for the 2025 RER year.

Notwithstanding the lower production, total revenue from the sale of energy in Peru for the twelve months ended December 31, 2024, was similar to that of the same period in 2023. From January through April 2024 effective prices and production were higher vs the same period in 2023, positively impacting revenue in 2024.

The following tables summarize the final PPA prices adjusted for inflation for the three hydro facilities in Peru:

Effective price $/MWh	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
8 de Agosto (Hydroelectric)	$ **58.30**	$ **57.60**	$ **59.60**	$ **61.70**
El Carmen (Hydroelectric)	$ **61.60**	$ **62.40**	$ **63.80**	$ **65.90**
Canchayllo (Hydroelectric)	$ **61.40**	$ **61.40**	$ **61.40**	$ **61.40**

Effective price $/MWh	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
8 de Agosto (Hydroelectric)	$ **61.30**	$ **61.80**	$ 61.80	$ 47.30
El Carmen (Hydroelectric)	$ **65.70**	$ **65.90**	$ 65.90	$ 62.50
Canchayllo (Hydroelectric)	$ **61.40**	$ **61.40**	$ 61.40	$ 58.20

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production				
Canoa 1 - MWh	**14,315**	12,830	**59,934**	56,059
Financial				
Revenue	$ **1,878**	$ 1,663	$ **7,864**	$ 7,267

Emerald's Canoa 1 - Barahona, Dominican Republic
Since June 28, 2022, through its subsidiary, Emerald Solar Energy SRL ("Emerald"), the Company owns and operates a 25 MW solar project located in the Barahona Province, Dominican Republic. The name of this Project is Canoa 1.

Canoa 1 started commercial operations on March 7, 2020 and has a PPA in place with Edesur, denominated in US dollars, with an estimated price on the year of acquisition of $128.10 per MWh. The PPA has an inflator of 1.22% per annum until the price reaches $142.80 per MWh at which point the price remains fixed until the end of the PPA in 2040. The PPA can be subsequently renewed for a five-year term, at a price 20% lower than the PPA price in place in 2040.

Production of 59,934 MWh for the year reflects the benefits of the recently completed optimization program which replaced certain panels with newer, more efficient technology and, despite lower resource availability, is within the Company's expected range.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production				
San Jose de Minas - MWh	**6,395**	**8,301**	**34,407**	**36,640**
Financial				
Revenue	**$ 499**	**$ 649**	**$ 2,687**	**$ 2,862**

San Jose de Minas, Ecuador

Since September 7, 2022, through its subsidiary Hidroelectrica San Jose de Minas (“HSJM”), the Company owns 83.16% of the issued and outstanding common shares of a hydroelectric project with 6.0 MW capacity and operating since July 1, 2020, located along the river Cubi, in San Jose de Minas, Ecuador.

At the time of acquisition, the expectation of future growth from developing new projects in the country was reflected by the recognition of $3.8 million in goodwill and $4.6 million of other intangible assets. However, in the fourth quarter of 2024, management revised this expectation and recorded an impairment loss of $5.3 million as stated on Note 16 (Goodwill and Impairment of Assets) to the Audited Consolidated Financial Statements for the year ended December 31, 2024.

For Ecuador, production in the fourth quarter of 2024, was 6,395 MWh which resulted in annual production of 34,407 MWh. This total annual production is marginally below the Company's expectations. The fourth quarter of 2024 was impacted by a late and weak start of the rainy season, typically commencing in October.

PANAMA - Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Power production				
Vista Hermosa - MWh	**4,389**	4,980	**19,565**	13,211
Financial				
Revenue	**$ 204**	$ 499	**$ 2,051**	$ 1,632

Vista Hermosa Solar Park I & II, Panama

In March 2023, the Company completed the construction of the solar plant with total capacity of 10 MW, located in the village of Vista Hermosa, Corregimiento de Pueblos Unidos, Aguadulce district, Coclé Province, in Panama. Upon completing construction, in April 2023, the plant was connected to the national transmission network (National Interconnected System) at the ETESA Substation (Electric Transmission Company) of Llano Sánchez through an air-underground electric sub-transmission line of about 3 Km in length.

The Vista Hermosa solar project does not have contracts for 2024, but does have the ability to sell into the spot market. The effective average spot price obtained for the fourth quarter was $46.48 per MWH, while the average spot price for year ended December 31, 2024, was $104.83 per MWh (2023-$123.54). The Q4-2024 spot price is in line with long-term expectations. Accordingly, production and revenue for the quarter is within the range of the Company’s expectations.

On October 30, 2024, the Company signed an offtake agreement for the 10MW solar plant operation in Panama, subject to approval, including the concession to export energy (Firm Rights), by regulatory bodies. The Firm Rights for the period from January to December 2025 were not awarded after a bidding process was completed. In addition to the annual bidding for Firm Rights, there are also monthly bids for Firm Rights. The offtaker under the offtake agreement signed in October 30, 2024 will participate in every monthly bid for Firm Rights, however, there is no certainty on whether the offtke agreement will be executed in 2025.

5. DEVELOPMENT PROPERTIES

DOMINICAN REPUBLIC DEVELOPMENT, CANOA 1 & 2 - BARAHONA

Canoa 1's current operating capacity is 25 MW with a PPA price of $131.20 per MWh. In order to optimize production, the Company executed phase 1 of the replacement of new and more efficient solar panels. In addition, the Company has commenced the development process to employ storage technology, in addition to solar panels, to fully optimize the revenue opportunity at Canoa 1 within the current power sales contract.

On October 18, 2022, the National Energy Commission (CNE) issued the definitive concession for Canoa 2 project, also owned by the Company's subsidiary Emerald. The concession will allow for the capacity installed to be doubled from Canoa 1's current operating capacity of 25 MW to approximately 50 MW. On May 24, 2023, a PPA for Canoa 2 was signed with the local distributor. However, the key development milestone to finalize and amend is the inter-connection agreement with the government owned transmission company to enable the additional capacity to be connected to the current network has not been achieved yet.

6. SUSTAINABILITY STRATEGY

Polaris remains committed to the belief that long-term returns are bolstered by a healthy balance among all stakeholders including equity and debtholders, employees, customers, the communities our business operates in, and the environment. The Company is committed to the continuous improvement of its practices which are reviewed and revised on an annual basis.

The Company's four (4) pillars of Sustainability, by which our strategy is governed, are "Our Practice", "Our People", "Our Partners", "Our Planet". The Company's Sustainability strategy is divided into these four key areas, which address governance, social (internal and external), and environmental aspects that are relevant to the business as well as to internal and external stakeholders. The Company continues to implement its strategy including specific KPIs to support its commitments to material topics. Readers are encouraged to read the Company's Annual Sustainability Report available on the Company's website.

Key highlights of the Company's sustainability initiatives to date include:

- Training employees including Code of Business Conduct and Ethics, Human Rights including Modern Slavery and Child Labour, Harassment and Violence at the Workplace; Cybersecurity & Ransomware awareness; Environmental Education & Health and Safety education; diversity and inclusion, among others.
- Contributions to local educational organizations such as sponsorship of a robotics project, laptops and server donations, monthly internet payment for local schools, donations of school and sports supplies.
- Continuing the support for local water and sanitation committees, through technical workshops and assistance to strengthen their management; donation of water consumption meters to new houses in the communities, to guarantee the sustainability of the water system that was donated several years ago.
- Awareness campaigns with employees and the local communities in connection with International Women's Day, Earth Day, World Day for Safety and Health at Work, World Environmental Day and World Habitat Day, including tree donation and reforestation campaigns, waste management awareness and hosting Environmental Fairs in some of the jurisdictions where we operate.
- Supporting local community agricultural projects such beekeeping, coffee and watermelon production.
- Donations of infrastructure improvements and medical supplies to certain communities including renovations to local schools and their computer lab.
- Engaging our employees and local communities by hosting activities including reforestation and cleaning campaigns; and sports tournaments.
- Continued development of the Company's Integrated Management System, stakeholder engagement and community grievance mechanisms.
- Compensation of the own Company's emissions (Scope 1 & 2) with carbon credits.

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue				
Power revenue	**$ 18,779**	$ 18,748	**$ 75,771**	$ 78,522
Carbon emission reduction credits revenue	**$ 2**	$ -	**2**	-
Direct costs				
Direct costs	**(3,609)**	(3,696)	**(13,751)**	(13,658)
Depreciation and amortization of plant assets	**(7,251)**	(7,281)	**(29,209)**	(28,947)
General and administrative expenses	**(1,937)**	(1,834)	**(7,509)**	(7,854)
Other operating costs	**(307)**	-	**(576)**	(21)
Impairment Loss	**(5,278)**	-	**(5,278)**	-
Operating income	**$ 399**	$ 5,937	**$ 19,450**	$ 28,042
Interest income	**1,153**	621	**2,855**	1,886
Finance costs	**(6,339)**	(5,797)	**(21,881)**	(21,925)
Other (losses) gains	**142**	(845)	**423**	(1,638)
Earnings (loss) and comprehensive earnings (loss) before income taxes	**$ (4,645)**	$ (83)	**$ 847**	$ 6,365
Current Income Tax (expense)	**(1,205)**	17	**(3,512)**	(388)
Deferred Income Tax recovery	**2,102**	1,393	**4,844**	5,822
Total earnings (loss) and comprehensive earnings	**$ (3,748)**	$ 1,327	**$ 2,179**	$ 11,799
Total earnings (loss) and comprehensive earnings attributable to:				
Owners of the Company	**$ (2,792)**	$ 1,408	**$ 2,990**	$ 11,744
Non-controlling interests	**$ (956)**	$ (81)	**$ (811)**	$ 55
Basic earnings (loss) per share	**$ (0.13)**	$ 0.07	**$ 0.14**	$ 0.56

Three months ended December 31, 2024 versus December 31, 2023

Revenue was $18.8 million during the three months ended December 31, 2024, compared to $18.7 million in the same period of 2023. Increased revenue from the geothermal operation was offset by the lower revenue due to resource scarcity in the hydro plants.

Direct costs of energy production were $3.6 million for the three months ended December 31, 2024, compared to $3.7 million in the same period of 2023. The depreciation and amortization expense associated with energy production for the three months ended December 31, 2024 and 2023 was $7.3 million.

General and administrative expenses for the three months ended December 31, 2024 were $1.9 million, comparable to the $1.8 million expense in the same period of 2023.

In the fourth quarter of 2024 the company recorded an impairment loss related to the operation in Ecuador for $5.3 million. The country risk premium for Ecuador increased 21% year over year and management reviewed its expansion plans for the hydro. It was determined that based on the current socio-political environment of Ecuador, the expected construction and launch date of the canal expansion was to be deferred and therefore impacting assumptions on expected future cash inflows resulting from the expansion. Factors assessed by management in determining the impairment testing include not only discount rates and future production and pricing but also planned expansions, relevant operating costs and capital expenditures.

The adjustment to assumptions resulted in a write-off of the $3.8 million Goodwill recognized in Ecuador and a pro rata impairment of $1.5 million on the other intangible assets to align the carrying value of the assets of the Ecuadorian CGU to its recoverable amount.

Interest income for the three months ending December 31, 2024 was $1.2 million, due to higher cash balances compared to the same period of 2023, and including the deposit on December 3, 2024 of approximately $170 million from net proceeds from the issuance of the Green Bonds, which generated $578 in interest.

For the three months ending December 31, 2024, finance costs were $6.3 million, compared to $5.8 million finance costs recorded in the same period of 2023. The increase reflects additional accretion of transaction expenses related to the Green Bonds.

Other losses for three months ended December 31, 2024 were $0.1 million, differing from the $0.8 million recorded in the same period in 2023 given the settlement agreement with contractors in Ecuador that occurred back in 2023.

Loss attributable to owners of $2.8 million for the three months ended December 31, 2024, compared to earnings of $1.4 million for the same period in 2023 reflects the impact of the impairment loss recorded as explained in "BUSINESS OVERVIEW AND STRATEGY - ECUADOR – Hydroelectric Energy Production - San Jose de Minas, Ecuador.

Twelve months ended December 31, 2024, versus December 31, 2023

Revenue was $75.8 million during the twelve months ended December 31, 2024, compared to $78.5 million in the same period of 2023. The decrease resulted, mainly, from lower generation in the Nicaraguan geothermal facility due to major maintenance in 2024 (no major maintenance in 2023) as well as natural decline.

Direct costs of energy production (other than depreciation and amortization) were largely consistent on a year-over-year basis despite inflationary pressures: $13.8 million for the twelve months ended December 31, 2024, compared to $13.7 million in the same period of 2023. The depreciation and amortization expense associated with energy production for the twelve months ended December 31, 2024 was $29.2 million, versus $28.9 million expense in the same period in 2023.

General and administrative expenses for the twelve months ended December 31, 2024 were $7.5 million or $0.4 million lower than 2023, mainly due to timing of professional fees related to general information technology enhancements.

In the fourth quarter of 2024 the company recorded an impairment loss related to the operations in Ecuador for $5.3 million as explained in "BUSINESS OVERVIEW AND STRATEGY - ECUADOR – Hydroelectric Energy Production - San Jose de Minas, Ecuador. This non-cash transaction negatively impacted operating income.

Other operating costs of $0.6 million in 2024 represent transaction costs incurred during the year, including those related to the signing of the ECCA with respect to Punta Lima Wind Farm LLC in Puerto Rico. There were no similar transactions in 2023.

Interest income for the twelve months ended December 31, 2024 increased to $2.9 million, from $1.9 million in the same period of 2023, due to higher cash balances in 2024.

For the twelve months ended December 31, 2024 and 2023 finance costs were $21.9 million.

Other gains for the twelve months ended December 31, 2024 for $0.4 million are not comparable to a $1.6 million loss recorded in 2023 as a result of settlement payments and lost disputes/fines.

Earnings attributable to owners was $3.0 million for the twelve months ended December 31, 2024, compared to $11.7 million earnings for the same period in 2023. The decrease is largely driven by the $5.3 million impairment loss related to the Ecuadorian hydro operation, and by the tax impact ($3.0 million) of geothermal unit 3 of Nicaragua ending its tax holiday and becoming taxable for 2024 onwards, paired with a lower income tax recovery.

8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

The following is a summary and explanation of cash inflows and outflows for the following years:

	Year Ended	
	December 31, 2024	**December 31, 2023**
Net cash from (used in)		
Operating activities	**$ 35,054**	$ 43,960
Investing activities	**(3,309)**	(11,377)
Financing activities	**141,507**	(27,713)
Foreign exchange gain on cash held in foreign currency	**1**	(142)
Increase (decrease) in cash	**$ 173,253**	$ 4,728

- Net cash from operating activities for the twelve months ended December 31, 2024 of $35.1 million, lower than the $44.0 million for the same period in 2023, mainly due to the effect of the recoverable pricing adjustments to Revenue in Peru: because in 2023 there was a PPA overpayment (excess cash received) of $3.5 million, during 2024 the Peruvian facilities had to partially compensate by collecting $2.8 million less, for a combined effect of $6.2 million the on cash flow variance year over year. Additionally, Nicaraguan facilities invoiced and collected $3.0 million less in 2024 vs 2023.
- Net cash used in investing activities for the twelve months ended December 31, 2024 was $3.3 million, compared to $11.4 million in the same period of 2023. Periods are not comparable since in 2023 the company was still constructing the Vista Hermosa Solar Park (completed in April 2023), and settling of the last liabilities related to the construction of the Binary Unit in Nicaragua concluded in December 2022.
- Net cash from financing activities for twelve months ended December 31, 2024 of $27.7 million, was largely impacted by the issuance of the Green Bonds for $175.0 million in December 2024. Normalizing for the effect of the Green Bonds, the cash used in financing activities in 2024 would have been comparable to the $27.7 million net cash outflow from financing activities reported in 2023.

The following is a summary of key balance sheet items as at the following period ends:

	December 31, 2024	**As at December 31, 2023**
Total Cash (Restricted and Unrestricted) (i)	**$ 217,882**	$ 44,683
Total current assets	**$ 228,563**	$ 54,042
Total assets	**$ 662,105**	$ 519,400
Current and Long-term debt	**$ 328,349**	$ 172,379
Total liabilities	**$ 402,579**	$ 249,468

(i) See Note 12 Restricted Cash to the to the Consolidated Financial Statements for details on Restricted Cash

The disparity in terms of Total assets and Current and Long-term debt is, predominantly, from the issuance of Green Bonds for $175 million, partly offset by a slight decrease in the carrying value of property, plant and equipment and intangible assets. This resulted in a $144 million increase in Assets and a $152 million increase in liabilities. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, the Generación Andina SAC facilities and Canchayllo, Canoa 1, HSJM and, Vista Hermosa Solar Park. The Company believes that its current working capital and future cash flow will be sufficient to allow it to fulfill current obligations (including those obligations and commitments noted below) and allow it to continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects to satisfy these requirements through financing or monetization of assets or undertake activities as appropriate under specific circumstances.

Total liabilities of $402.6 million as at December 31, 2024, would have been $226 million adjusting for the impact of the Green Bonds- versus $249.5 million December 31, 2023, mainly reflecting debt issuance partly offset by debt repayment during the period.

Remaining contractual maturities of the Company's financial liabilities as at December 31, 2024 are as follows:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 17,120	$ -	$ -	$ -	$ 17,120
Debt, current and long-term	15,757	30,412	394,147	90,162	530,478
Interest obligations	48,710	91,273	81,110	24,863	245,956
Lease liabilities	428	785	828	535	2,576
	$ 82,015	**$ 122,470**	**$ 476,085**	**$ 115,560**	**$ 796,130**

The following are the principal obligations for the remaining terms of the loans as of December 31, 2024:

	San Jacinto debt (i)	*Generación Andina*	*APG Ltd. (BVI) (i)*	*Canoa 1*	*Green Bond*	*San Jose de Minas(i)*
2025	10,000	2,092	950	1,770		1,456
2026	10,000	2,113	1,300	1,924		1,010
2027	8,010	2,134	1,300	2,086		600
2028	7,421	2,155	20,200	2,256		400
2029	7,065	2,177	-	2,395	175,000	-
2030	6,846	2,198	-	2,423		-
2031	6,736	2,220	-	2,484		-
2032	6,703	2,243	-	2,531		-
2033	6,749	2,265	-	2,592		-
2034	6,854	2,288	-	2,662		-
2035	7,002	2,310	-	2,738		-
2036	3,714	2,334	-	2,807		-
2037	-	4,726	-	2,690		-
2038	-	3,549	-	-		-
Total	***$ 87,100***	***$ 34,804***	***$ 23,750***	***$ 31,358***	***$ 175,000***	***$ 3,466***

(i) APG Ltd. (BVI) and San Jose de Minas loans were fully repaid on January 8, 2025, while San Jacinto debt was repaid on January 15, 2025.

As of the date of this MD&A the obligations related to San Jacinto debt, APG Ltd (BVI) and San Jose de Minas debts have been extinguished using proceeds from the Green Bonds. Refer to Note 28 Subsequent Events to the Consolidated Financial Statements for the year ended December 31, 2024.

The San Jacinto debt in Nicaragua had a 15-year term (2022 - 2037), 90-day SOFR plus a 6.75% spread plus SOFR index spread of 0.266%. The debt was repaid in full on January 15, 2025. See Note 28 in the audited Consolidated Financial Statements

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

San Jose de Minas (Ecuador) had two credit facilities. They were due in 2026 and 2028 with fixed rate (7.95%) and variable rate (10.80 % at December 31, 2024) respectively and required monthly payments of principal and interest. The two loans were repaid in full on January 8, 2025. See Note 28 to the audited Consolidated Financial Statements.

Interest on the APG Ltd. (BVI) credit facility was payable semi-annually. This credit facility was repaid in full on January 8, 2025.

In Peru, the Generación Andina credit facility bears no interest.

The Green Bonds mature on December 3, 2029, and have a fixed annual coupon rate of 9.5%, with interest payable in semi-annual installments. A debt service coverage ratio of greater than 1.75:1 is the main financial covenant for this facility. The proceeds of the Green Bonds, most of which are administered by a trustee working as an intermediary between the Company and the bondholders, are and will be used to finance or refinance investments in renewable energy production and storage.

As at December 31, 2024, the Company is in compliance with all of its covenants under its credit facilities. The Company plans to make payments of interest on the Green Bonds and the Canoa 1 credit facilities out of current cash and cash generated by operations.

The Company had no off-balance sheet arrangements as at December 31, 2024.

Additional discussion relating to the above financial instruments are included in Note 18 (Long Term debt) to the Consolidated Financial Statements for the year ended December 31, 2024. Readers are also encouraged to refer to discussion relating to the Company's Capital Management in Note 27 to the Consolidated Financial Statements for the years ended December 31, 2024.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company enters into agreements for geothermal concessions. Below are the minimum annual payments required as at December 31, 2024:

		December 31, 2024
No later than one year	$	30
For years 2 - 5		120
Thereafter		300
Total commitments for expenditures	**$**	**450**

OUTSTANDING SHARE INFORMATION

The following table summarizes the Company's common shares and securities potentially convertible into common shares as at the following dates:

As at	February 19, 2025	December 31,2024
Common shares issued and outstanding	**21,065,742**	21,055,042
Share options outstanding (i)	**223,099**	223,099
Deferred share units (fully vested)	**32,745**	32,745
Restricted share units ("RSUs") (ii)	**52,938**	41,605

(i) *The outstanding stock options as of the MD&A date have a weighted average exercise price of Cdn$17.28 and weighted 2.18 year remaining contractual life. Exercise prices range from Cdn $13.10 to Cdn$19.80 and expire from August 2026 to February 2029. Of the outstanding stock options, 171,033 are exercisable at a weighted average exercise price of Cdn$17.94.*

(ii) *RSUs were granted in January 31 & August 10, 2023, and February 9, 2024. They vest one third per year at the end of each period. On January 31, 2024, a total of 13,000 shares were issued as the equivalent number of RSUs vested. On August 10, 2024, RSUs vested (2,668) and the equivalent number of shares were issued . Subsequent to year end, on January 31, 2025 a total of 10,900 RSUs vested and on February 9, 2025, a total of 4,523 RSUs vested, therefore the equivalent number of shares were issued accordingly. Additionally, on February 7, 2025, a total of 22,233 RSUs were issued with the same vesting terms as described above. They vest one third per year at the end of each period.*

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

The information provided below highlights unaudited quarterly results for the past two years:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Production MWh (i)	**195,797**	168,639	186,886	213,434
Total revenue	**$ 18,781**	$ 17,658	$ 18,702	$ 20,632
Direct cost of power production	**$ (10,860)**	$ (10,758)	$ (10,933)	$ (10,409)
Net earnings (loss) attributable to owners of the Company	**$ (2,792)**	$ 451	$ 985	$ 4,346
Basic weighted average number of shares outstanding	**21,088**	21,103	21,101	21,099
Earnings (loss) per share attributed to owners of the Company - basic	**$ (0.13)**	$ 0.02	$ 0.05	$ 0.21
Adjusted EBITDA (ii)	**$ 13,566**	$ 12,417	$ 13,319	$ 15,741
Total Cash (Unrestricted and Restricted)	**$ 217,882**	$ 46,363	$ 45,243	$ 45,643
Total equity attributable to Owners of the Company	**$ 259,747**	$ 265,743	$ 268,507	$ 270,605

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Production MWh (i)	192,820	178,753	211,765	217,613
Total revenue	$ 18,748	$ 18,842	$ 20,817	$ 20,115
Direct cost of power production	$ (10,977)	$ (10,656)	$ (10,630)	$ (10,342)
Net earnings (loss) attributable to owners of the Company	$ 1,408	$ 1,018	$ 4,622	$ 4,696
Basic weighted average number of shares outstanding	21,069	21,044	21,080	21,026
Earnings per share attributed to owners of the Company - basic	$ 0.07	$ 0.05	$ 0.22	$ 0.22
Adjusted EBITDA (ii)	$ 13,391	$ 13,734	$ 15,386	$ 15,325
Total Cash (Unrestricted and Restricted)	$ 44,683	$ 45,641	$ 41,904	$ 40,600
Total equity attributable to Owners of the Company	$ 269,342	$ 270,784	$ 272,839	$ 271,288

(i) Production is lower in the third quarter of the year which coincides with the dry season in those countries where the Company has hydroelectric plants and therefore there is less resource available for energy generation (Peru and Ecuador) as well as the hurricane or rainy season (and therefore less irradiance) in those countries where the Company has solar plants (Dominican Republic and Panama).

(ii) Refer to Section 13: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure. Adjusted EBITDA was $13.6 million for the three months ended December 31, 2024, was comparable to $13.4 million for the same period in 2023. Adjusted EBITDA was $55.0 million for the twelve months ended December 31, 2024, compared to a $57.7 million for the same period in 2023, principally as a result of lower production in Nicaragua where the company conducted major maintenance in Q2 2024 (No major maintenance in 2023).

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

RECENT PRONOUNCEMENTS ISSUED AND EARLY ADOPTION OF STANDARDS

The Company's Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards. The significant accounting policies applied, and recent accounting pronouncements are described in Note 2 (Basis of Preparation and Presentation) and Note 3 (Material Accounting Policies) to the Company's Consolidated Financial Statements for the year ended December 31, 2024.

The Company reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2024. There are currently no pronouncements that are expected to have a significant impact on the Company's Consolidated Financial Statements upon adoption, with the exception of IFRS 18, superseding IAS 1 Presentation of Financial Statements and it is mandatorily effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 will introduce significant changes to numerous requirements, primarily on presentation of financial statements

CRITICAL ACCOUNTING ESTIMATES

In preparing the Consolidated Financial Statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates represent estimates that are uncertain, and for which changes in those estimates could materially impact the Company's Consolidated Financial Statements. Such estimates primarily relate to unsettled transactions and events as at the date of the Consolidated Financial Statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Significant estimates and judgments made by management in the application of accounting policies are outlined in Note 4 (Critical Judgments and Estimation Uncertainties) to the Consolidated Financial Statements and the notes thereto for the year ended December 31, 2024.

11. FINANCIAL RISKS

The acquisition, development and operation of renewable energy projects involves numerous risks due to the inherent nature of the business and influence by global economic trends. Additionally, there are also risks related to local social, political, environmental, and economic conditions, as well as currency and inflation-related risks in the emerging market of Latin America and the Caribbean. As such, the Company is subject to several financial and operational risks that may significantly impact on its production, profitability, financial instruments, and levels of cash flows from operations. The Company believes that it has undertaken prudent measures, policies, practices and procedures to manage such risks and uncertainties but there can be no assurance that such challenges will not impact the Company's financial condition in the future.

The risks and uncertainties discussed in our current AIF and other filings with Canadian provincial securities regulatory authorities should be read in conjunction with the risks and uncertainties discussed throughout this MD&A. The AIF and other filings with Canadian provincial securities regulatory authorities are available on SEDAR+ at www.sedarplus.ca.

The following discussion summarizes the Company's principal financial risks and related uncertainties:

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by seeking to arrange to have sufficient cash, credit facilities and other financial resources available to meet its obligations. The Company forecasts cash flows for a period of at least 12 months to identify financial requirements and ensure that these are met. To maintain or adjust its capital structure, the Company, upon approval by the Board and receipt of any required approvals of the TSX, if any,, may issue shares, pay dividends, or undertake activities as appropriate under specific circumstances. As part of its capital allocation strategy, the Company examines opportunities to divest non-core assets that fail to meet the Company's investment portfolio criteria.

CURRENCY RISK

Currency fluctuations may affect the Company's capital costs and the costs incurred as a result of the Company's operations. Although all of the Company's power purchase agreements are denominated in US dollars, a portion of the Company's operating and capital expenses are incurred in Nicaraguan Córdoba, Peruvian Nuevo Sol, Dominican Peso and Canadian dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production and administration, which could materially and adversely affect the Company's earnings and financial condition. The Company may enter into forward contracts or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of these foreign currencies.

CREDIT RISK

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash and short-term investments, companies/government entities that have payables to the Company, insurance providers and lenders. The Company seeks to limit counterparty risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure, and monitoring their financial condition.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flow or fair value of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss due to a decline in the fair value of any short-term securities included in cash and cash equivalents and short-term investments is limited because these investments, although readily convertible into cash, are generally held to maturity. The Company's cash flow exposure to interest rate risk relates principally to its floating rate senior facilities and other debt. Management mitigates this risk by entering into fixed-rate financing agreements or, from time-to-time, may enter into hedging agreements.

HUMAN RESOURCE RISK

Human resource risk relates to the potential impact upon our business as a result of changes in the workplace. Human resource risk can occur in several ways:

- potential disruption as a result of labour action at our generating facilities,
- reduced productivity due to high turnover in positions,
- inability to complete critical work due to inability to fill vacant positions;
- failure to maintain fair compensation with respect to market rate changes, and
- reduced competencies due to insufficient training, failure to transfer knowledge from existing employees, or insufficient expertise within current employees.

The human resources risk is managed by:

- implementing various engagement and empowerment initiatives aimed at attracting, retaining and developing talent through special awards, celebrations, leadership development opportunities while supporting diversity.
- monitoring industry compensation and aligning salaries with those benchmarks,
- using performance evaluation and incentive pay to align employee goals with corporate goals;
- monitoring and managing target levels of employee turnover, and
- ensuring current and new employees have the appropriate training and qualifications to perform their job

INCOME TAX RISK

Our operations are complex and located in several jurisdictions. The computation of the provision for income taxes involves tax interpretations, regulations and legislation that are continually changing. Our tax filings are subject to audit by taxation authorities. Management believes that it has adequately provided for income taxes as required by IFRS Accounting Standards, based on all information currently available. The Company and the subsidiaries in which we hold economic interests are subject to changing laws, treaties and regulations in and between countries. Various tax proposals in the countries we operate in could result in changes to the basis on which deferred taxes are calculated or could result in changes to income or non-income tax expense. There has recently been an increased focus on issues related to the taxation of multinational corporations. A change in tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher income or non-income tax expense that could have a materially adverse impact to the Company.

12. EXTERNAL RISKS

ENVIRONMENTAL AND CLIMATE CHANGE RISKS

The Company is subject to various federal, provincial and municipal laws relating to environmental matters, and takes all the required steps, including capital and operating expenditures to ensure compliance with environmental laws and regulations in each of the jurisdictions where it operates. The failure to comply with existing environmental laws and regulations could limit the Company's ability to produce energy and carry normal operations in those countries. As of the date of this MD&A, the Company is not aware of any non-compliance with the current environmental legislation.

Climate change could pose significant environmental, social and operational risks to the Company. If environmental laws and regulations change, the Company could be subject to more stringent environmental laws and regulations in the future, including the reduction of the hydrology resources necessary to produce energy in Peru or Ecuador, which could have an adverse effect on the Company's business, financial condition and/or results of operation. Physical risks resulting from climate change may include natural disasters and severe weather, such as floods or drought, or changing weather patterns, which could have a negative impact to the Company's plants and facilities, or their inputs and processes required to produce geothermal, hydroelectric or solar power, disrupting the business or diminishing its financial condition or results of operations. The Company is committed to evaluating potential impacts to its business on an ongoing basis and to making investments to mitigate potential identified impacts.

VOLUME RISK

Volume risk relates to the variances from our expected production. The financial performance of our hydro, geothermal and solar operations is highly dependent upon the availability of their input resources in a given year. Shifts in weather or climate patterns, seasonal precipitation and the timing and rate of melting and runoff may impact the water flow to our facilities. The strength and consistency of the wind resource at our facilities impacts production. The operation of thermal facilities can also be impacted by ambient temperatures and the availability of water and fuel. Where we are unable to produce sufficient quantities of output in relation to contractually specified volumes, we may be required to pay penalties or purchase replacement power in the market.

The volume risk is managed by the Company by:

- actively managing our assets and their condition in order to be proactive in facility maintenance so that our facilities are available to produce when required;
- placing our facilities in locations we believe to have adequate resources to generate electricity to meet the requirements of our contracts. However, we cannot guarantee that these resources will be available when we need them or in the quantities that we require; and
- diversifying our fuels and geography as one way of mitigating regional or fuel-specific events.

13. NON-GAAP PERFORMANCE MEASURES

Certain measures in this 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.

This MD&A include references to the Company's adjusted earnings before interest, taxes, depreciation and amortization 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). Upon adoption of NI 52-112, the Company reviewed its related policies and use of non-GAAP measures by stakeholders and determined that it would no longer disclose Operating Cash Flow and Working Capital.

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, 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 including transaction costs. 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 (loss) attributable to owners of the Company to Non-GAAP Performance Measures Adjusted EBITDA:

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
Total earnings (loss) and comprehensive earnings attributable to Owners of the Company	**$ (2,792)**	$ 1,408	**$ 2,990**	$ 11,744
Add (deduct):				
Total earnings attributable to non-controlling interest	**(956)**	(81)	**(811)**	55
Current and deferred tax expense (recovery) and Minimum Asset Tax	**(636)**	(1,319)	**(1,071)**	(5,086)
Finance costs	**6,339**	5,797	**21,881**	21,925
Interest income	**(1,153)**	(622)	**(2,855)**	(1,886)
Other losses (gains)	**(142)**	845	**(423)**	1,638
Depreciation and amortization	**7,251**	7,281	**29,209**	28,947
Transaction Costs	**307**	-	**554**	-
Impairment loss	**5,278**	-	**5,278**	-
Share-based compensation	**70**	82	**290**	326
Adjusted EBITDA	**$ 13,566**	$ 13,391	**$ 55,042**	$ 57,663
Basic weighted average number of shares outstanding	**21,088,456**	21,068,776	**21,155,652**	21,049,775
Adjusted EBITDA per share	**$ 0.64**	$ 0.64	**$ 2.60**	$ 2.74

14. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators ("NI 52-109").

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the Company's annual filings, interim filings, or other reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed in such reports is then accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

The Company has filed certificates as required in Canada under NI 52-109, signed by its Chief Executive Officer and Chief Financial Officer certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting including as to the appropriateness of the financial disclosures in the Company's annual filings and the effectiveness of such disclosure controls and procedures as of December 31, 2024.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting are a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Internal controls over financial reporting include those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the annual or interim financial statements.

There has been no change in the internal controls over financial reporting during the period ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

RELATED PARTY TRANSACTIONS

Transactions for the year ending December 31, 2024 are disclosed and explained in note 22 to the Consolidated Financial Statements which accompanies this MD&A.

For the year ended December 31, 2024 the Company paid cash compensation of $1.2 million to its key management, being officers who are the CEO, CFO and VP LATAM, and Directors (2023-$1.2 million) and $0.2 million as non-cash/equity based compensation (2023-$0.2 million). The non-cash/equity-based compensation consisted of the issuance of share-based compensation and deferred share units pursuant to the Company's Omnibus Long-Term Incentive Plan.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, which may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, business prospects and opportunities. In addition, statements relating to estimates of recoverable energy "resources" or energy generation capacities are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that electricity can be profitably generated from the described resources in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "estimates", "goals", "intends", "targets", "aims", "likely", "typically", "potential", "probable", "projects", "continue", "strategy", "proposed", or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information in this MD&A includes, but is not limited to: the expected production capacity of the Binary Unit at San Jacinto; additional changes to the wells and steamfield to increase production; the ability to successfully capitalize on expansion opportunities in Dominican Republic and to increase the load factor on Canoa Solar Park in Dominican Republic; future development of and costs related to the Perlabi project, in Ecuador; the completion and timing of the Project pursuant to the ECCA receipt of regulatory approval in respect of the offtake agreement for the 10MW solar plan operation in Panama; execution of agreements with respect to annual and monthly bids for Firm Rights; future dividends; expected annual energy production; sufficiency of cash flows from operations; the ability to satisfy capital requirements and the replacement of debt; the result of changes to the reinjection system over the long-term; and the verification process and timing regarding the sale of carbon emission credits.

A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others: failure to discover and establish economically recoverable and sustainable resources through exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective resources or energy generation capacities; variations in project parameters and production rates; defects and adverse claims in the title to the Company's properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; the ability to file adjustments in respect of applicable power purchase agreements; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal or hydroelectric resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of the common shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as a significant decline in general economic conditions; uncertainty of political stability in countries in which the Company operates; uncertainty of the ability of Nicaragua, Peru, Panama, Dominican Republic and Ecuador to sell power to neighbouring countries; economic insecurity in Nicaragua, Peru, Panama, Dominican Republic and Ecuador; and other development and operating risks, as well as those factors discussed in the section entitled " Financial Risks" and "External Risks" in this MD&A. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. These factors should be carefully considered, and readers of this MD&A should not place undue reliance on forward-looking information.

Such forward-looking information is based on a number of material factors and assumptions, including: the Company's historical financial and operating performance; that contracted parties provide goods and/or services on the agreed timeframes; the success and timely completion of planned exploration and expansion programs, including the Company's ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; the Company's ability to negotiate and obtain PPAs on favourable terms; the Company's ability to obtain necessary regulatory approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; the Company's ability to solicit competitive bids for drilling operations and obtain access to critical resources; the growth rate in net electricity consumption; continuing support and demand for renewables; continuing availability of government initiatives to support the development of renewable energy generation; the accuracy of volumetric reserve estimation methodology and probabilistic analysis used to estimate the quantity of potentially recoverable energy; environmental, administrative or regulatory barriers to the exploration and development of geothermal or hydroelectric resources of the Company's properties; geological, geophysical, geochemical and other conditions at the Company's properties; the reliability of technical data, including hydrological, extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; the accuracy of capital expenditure estimates; availability of all *necessary capital to fund exploration, development and expansion programs; the Company's competitive position; the ability to continue as a going concern and general economic conditions.*

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is provided as at the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty therein.

Additional information about the Company, including the Company's AIF for the year ended December 31, 2024 is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.polarisREI.com.

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