

Management's Discussion and Analysis For the year ended December 31, 2025

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, 2025, and reflects all material events up to February 18, 2026 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, 2025 (the "Consolidated Financial Statements"). 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 "FINANCIAL RISKS" AND "EXTERNAL RISKS" 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, 2025 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards. 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. 2025 HIGHLIGHTS
2. OPERATIONS AND FINANCIAL HIGHLIGHTS
3. BUSINESS OVERVIEW AND STRATEGY
4. OPERATING SEGMENT PERFORMANCE
5. DEVELOPMENT PROPERTIES
6. RESPONSIBLE BUSINESS STRATEGY
7. CONSOLIDATED FINANCIAL RESULTS
8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION
9. SUMMARY OF UNAUDITED QUARTERLY RESULTS
10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES
11. FINANCIAL RISKS
12. EXTERNAL RISKS
13. NON-GAAP PERFORMANCE MEASURES
14. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL INFORMATION

Management's Discussion and Analysis For the year ended December 31, 2025

1. 2025 HIGHLIGHTS

Significant events during 2025 and through the date of this MD&A are described below:

- For the quarter ended December 31, 2025 consolidated energy production increased by 1% when compared to the same quarter in 2024, while annual consolidated energy production was 810,731 MWh for the year ended December 31, 2025 versus 764,756 MWh for the year ended December 31, 2024.
- The Company generated \$80.5 million in revenue for the year ended December 31, 2025, compared to \$75.8 million in 2024. The increase in revenue is mainly attributable to the addition of Punta Lima Wind Farm to the Company's portfolio in March 2025.
- Adjusted EBITDA was \$56.5 million for the year ended December 31, 2025, compared to Adjusted EBITDA of \$55.0 million in the same period in 2024.
- Net loss attributable to shareholders, was \$2.7 million or \$(0.13) per share – basic for the year ended December 31, 2025, compared to net earnings of \$3.0 million or \$0.14 per share – basic in 2024.
- For the year ended December 31, 2025, the Company generated \$35.2 million in net cash flow from operating activities, ending with a cash position of \$93.2 million, including restricted cash of \$4.6 million.
- In January 2025, the Company settled four (4) of its outstanding credit facilities. The early settlement was part of the terms and purpose of the senior secured green bonds ("Green Bonds") issued on December 3, 2024 and part of the Company's debt optimization strategy to reduce borrowing costs.
- On March 3, 2025, the Company announced the closing of an Equity Capital Contribution Agreement ("ECCA") with respect to Punta Lima Wind Farm LLC ("PLWF"), which owns and operates an onshore wind facility with a nameplate capacity of 26.0 MW located in the Municipality of Naguabo, Puerto Rico (the "PLWF Project"). The PLWF Project is subject to a Power Purchase Agreement ("PPA") with a term through 2044, with a current contract price of \$149.14 per MWh. The PPA includes a variable price inflator during the first 11 years, after which the price resets to \$129.36 per MWh and resumes annual escalations. The transaction was completed using a tax-equity structure, under which Polaris, through a wholly owned subsidiary holder of Class B units, operates the PLWF Project, while Santander Bank N.A. ("Santander"), indirect holder of Class A and Class C units, retains a tax-equity interest. The equity capital contribution under the ECCA amounted to \$20 million.
- On August 11, 2025, Polaris completed the submission of the Battery Energy Storage System Standard Offer ("BESS") Agreement to the Puerto Rico Energy Bureau ("PREB"). On September 30, 2025, PREB directed the Puerto Rico Electric Power Authority ("PREPA") to file the executed agreement within five days of receiving approval from the Financial Oversight and Management Board ("FOMB"). Since that time, Polaris has continued to actively engage with PREPA and PREB to respond to requests and procedural requirements as part of the ongoing regulatory review process. While the timing of final approvals remains subject to regulatory processes outside of the Company's control, the project continues to make progress. Upon receipt of all required approvals, the BESS project is expected to advance to construction, which is currently estimated to take approximately 12 months, after which Polaris would be entitled to receive monthly fixed and performance-based payments for providing energy storage, capacity and grid support services.
- On August 21, 2025, 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 2,029,745 of its common shares during the twelve-month period commencing August 25, 2025. During the year ended December 31, 2025, the Company repurchased and cancelled 169,800 common shares, for total consideration of \$1.5 million at an average price of C\$12.09 per share.
- The Company remains focused on maintaining a quarterly dividend. For the year ended December 31, 2025, 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 27, 2026, to shareholders of record as of February 17, 2026.

Management's Discussion and Analysis For the year ended December 31, 2025

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

(Expressed in thousands of USD, unless otherwise indicated)	Three Months Ended		Year Ended		
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2023
Energy production					
Consolidated Power MWh	197,208	195,797	810,731	764,756	800,951
Financials					
Total revenue	\$ 19,514	\$ 18,779	\$ 80,480	\$ 75,773	\$ 78,522
Net earnings (loss) attributable to owners	\$ 5,821	\$ (2,792)	\$ (2,746)	\$ 2,990	\$ 11,744
Adjusted EBITDA	\$ 13,225	\$ 13,566	\$ 56,517	\$ 55,042	\$ 57,663
Net cash flow from operating activities	\$ 6,002	\$ 9,079	\$ 35,243	\$ 35,054	\$ 43,960
Per share					
Net earnings (loss) attributable to owners - <i>basic and diluted</i>	\$ 0.28	\$ (0.13)	\$ (0.13)	\$ 0.14	\$ 0.56
Dividends declared per common share	\$ 0.15	\$ 0.15	\$ 0.60	\$ 0.60	\$ 0.60
Adjusted EBITDA per share- <i>basic</i>	\$ 0.63	\$ 0.64	\$ 2.68	\$ 2.60	\$ 2.74
			As at	As at	As at
			December 31,	December	December
			2025	31, 2024	31, 2023
Balance Sheet					
Total cash and cash equivalents (Restricted and Unrestricted)			\$ 93,200	\$ 217,882	\$ 44,683
Total current assets			\$ 103,258	\$ 228,563	\$ 54,042
Total assets			\$ 535,569	\$ 662,105	\$ 519,400
Current and Long-term debt			\$ 217,344	\$ 328,349	\$ 172,379
Total liabilities			\$ 292,692	\$ 402,579	\$ 249,468

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, 26 MW onshore wind project in Puerto Rico, 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 highly 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.

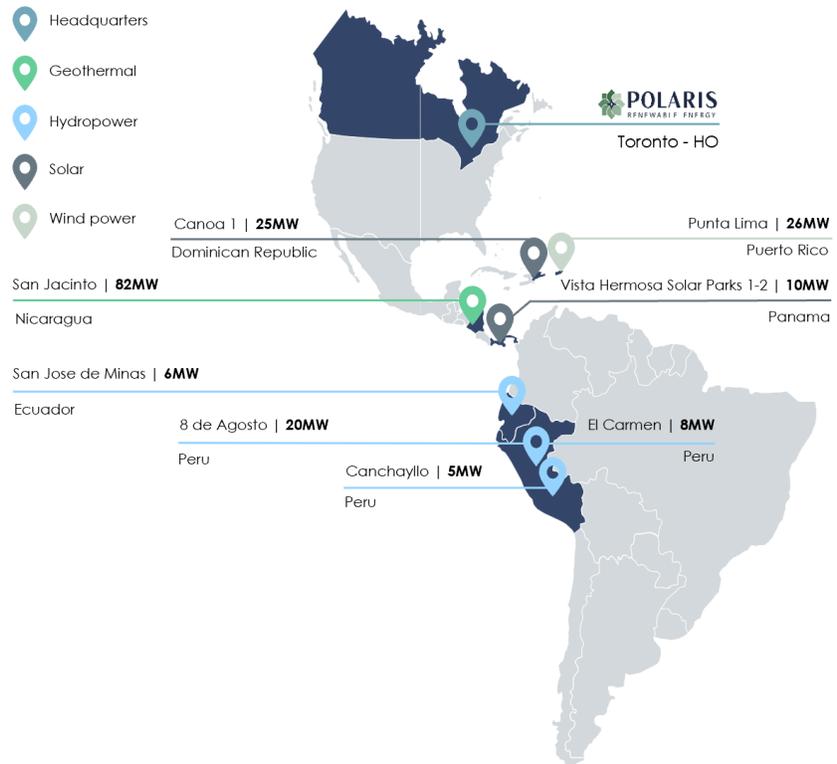
Senior management of the Company has extensive experience in critical areas of renewable energy, finance, development, governance and sustainable operations. The Board is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic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

Management’s Discussion and Analysis For the year ended December 31, 2025

The Company currently operates in Nicaragua, Peru, Dominican Republic, Ecuador, Puerto Rico and Panama, which are Latin American and Caribbean nations and territories with rapidly growing energy needs and governments that have mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. Polaris 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 and improvements of the Company's responsible business 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.

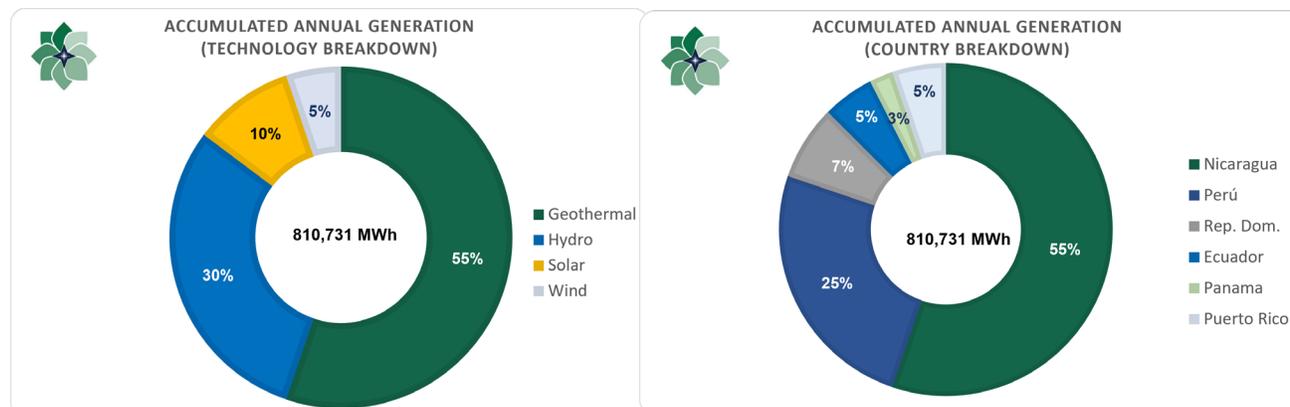
The Company’s long-term goals are to continue to grow and diversify its operations in the Latin American and the Caribbean region through renewable energy projects and energy storage with attractive return profiles. Latin America hosts some of the world’s most dynamic renewable energy markets. The Company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

As highlighted, on August 21, 2025, 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 25, 2025, Polaris may purchase up to 2,029,745 of its common shares, representing approximately 10% of the Company’s public float (as

Management’s Discussion and Analysis For the year ended December 31, 2025

such term is defined in the TSX Company Manual), provided that the Board has approved the repurchase of up to 176,125 common shares, which represented approximately 0.95% of the Company’s public float as at August 21, 2025 and of which Polaris has already acquired 113,125 common shares. Further details around events, transactions and activities relating to Polaris's properties which occurred during the year ended December 31, 2025 and to the date of this MD&A are discussed below.

4. OPERATING SEGMENT PERFORMANCE



CONSOLIDATED RESULTS

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production in MWh				
Nicaragua (Geothermal)	110,992	116,400	447,528	468,983
Peru (Hydroelectric)	53,565	54,298	202,924	181,867
Dominican Republic (Solar)	10,645	14,315	58,699	59,934
Puerto Rico (Wind)	9,355	-	42,056	-
Ecuador (Hydroelectric)	8,039	6,395	40,800	34,407
Panama (Solar)	4,612	4,387	18,724	19,565
Total consolidated power production in MWh	197,208	195,797	810,731	764,756

During the three months ended December 31, 2025, quarterly consolidated power production was similar to the same period in 2024 despite the addition on PLWF, primarily reflecting lower generation in Nicaragua and increased curtailment in the Dominican Republic.

In Nicaragua, fourth quarter of 2025 production was lower compared to same period in 2024, primarily due to reduced output from cycling wells, and the natural decline of the steamfield.

Consolidated production in Peru for the three months ended December 31, 2025, was in line with the comparative period in 2024 due to greater water availability at both 8 de Agosto and El Carmen, partially offsetting a lower hydrology resource for Canchayllo.

In Ecuador, fourth quarter of 2025 production increased compared to the same period in 2024, driven by favorable hydrological conditions and high plant availability at San José de Minas. Similar to Peru, generation in Ecuador is highly seasonal, with production typically increasing during the rainy season, which generally runs from October–November through May–June.

In the Dominican Republic, production at the Canoa 1 facility decreased during the fourth quarter of 2025 compared to the same period in 2024. While the repowering project completed in 2024 has improved plant efficiency, higher levels of curtailment

Management's Discussion and Analysis For the year ended December 31, 2025

during the quarter limited realized generation despite adequate solar resource availability. Effects of curtailment in the quarter are estimated to have been approximately 3,500 MWh.

In Panama, production at the Vista Hermosa I and II solar plants was modestly higher than the comparative period in 2024, reflecting stable operations and consistent irradiation levels during the quarter.

In Puerto Rico, production at the Punta Lima wind facility was modest, primarily due to lower wind resource availability during the quarter.

During the twelve months ended December 31, 2025, power production was 810,731 MWh compared to 764,756 MWh for the twelve months ended December 31, 2024. The increase was primarily driven by higher production in Peru and Ecuador resulting from favorable hydrology and strong plant availability, as well as incremental production from the PLWF Project in Puerto Rico. These increases were partially offset by lower production in Nicaragua due to normalized geothermal output and reduced realized generation in the Dominican Republic, mainly attributable to higher curtailment levels.

NICARAGUA – Geothermal Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
San Jacinto - MWh	110,992	116,400	447,528	468,983
Financial				
Revenue	\$ 12,342	\$ 12,944	\$ 49,765	\$ 52,151

(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, that generates electricity using heat recovered from geothermal fluids through a closed-loop system.

San Jacinto is located in northwest Nicaragua, near the city of Leon which is approximately 90 km northwest of Managua. PENSA is party to the San Jacinto Power Purchase Agreement (the "San Jacinto 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 San Jacinto PPA is \$111.20 per MWh.

During the twelve months ended December 31, 2025, power production was lower as a result of typical declines in steam production together with increased instability observed in certain wells compared to prior year. Plant availability continued to be consistently high throughout the year. Subsequent to year end, scheduled major maintenance activities were carried out in January 2026.

PERU – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
8 de Agosto - MWh	34,199	32,354	122,984	107,351
El Carmen - MWh	11,245	11,692	45,364	42,799
Canchayllo - MWh	8,120	10,253	34,576	31,716
Total Peru in MWh	53,564	54,299	202,925	181,867
Financial				
Revenue	\$ 3,426	\$ 3,254	\$ 12,239	\$ 11,018

Management's Discussion and Analysis For the year ended December 31, 2025

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. The Canchayllo facility, with a rated capacity of approximately 5 MW, is located in the Canchayllo district of Peru. The El Carmen and 8 de Agosto facilities ("Generacion Andina") with a capacity of approximately 8 MW and 20MW respectively, are located in the Huanuco region. These facilities are subject to contractual mechanisms where lower production results in reduced effective pricing. As such, a stronger hydrology not only boosts output but also contributes to maintaining favorable pricing levels.

During 2025, power production in Peru increased to 202,925 MWh compared to 181,867 MWh in the prior year. The increase was primarily driven by significantly improved resource availability across the Company's hydroelectric facilities, following 2024, which was the driest year on record in the region. Hydrological conditions in 2025 were particularly favorable, with the dry season delivering the strongest inflows since operations commenced.

Nonetheless, production at the Canchayllo plant was slightly lower in Q4 relative to the prior year, as its generation is counter-seasonal. Specifically, Canchayllo benefits from additional water flows only when an upstream hydroelectric facility releases water through its floodgates during extremely dry periods. In years when the dry season is milder, these floodgates remain closed or open later in the season, resulting in reduced generation at Canchayllo.

Overall, strong resource availability and solid plant performance supported higher annual production and revenues in Peru, which exceeded management expectations.

Under the terms of the applicable 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 variance between spot and PPA rates, whether favourable or unfavourable, is subject to 1% interest to be compensated over 24 months. The RER year is the applicable fiscal year to the renewable energy sector in Peru, which starts every May 1st. There was no inflation adjustment to the PPA price for the RER year commenced May 1, 2025 ; however, an inflation adjustment in the range of 6% to 8% is expected for the RER year commencing May 1, 2026.

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

Effective price \$/MWh	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
8 de Agosto (Hydroelectric)	\$ 63.50	\$ 63.50	\$ 62.00	\$ 56.90
El Carmen (Hydroelectric)	\$ 65.40	\$ 65.90	\$ 65.20	\$ 61.60
Canchayllo (Hydroelectric)	\$ 61.40	\$ 61.40	\$ 61.40	\$ 61.40

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

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
Canoa 1 - MWh	10,645	14,315	58,699	59,934
Financial				
Revenue	\$ 1,414	\$ 1,878	\$ 7,796	\$ 7,864

Management’s Discussion and Analysis For the year ended December 31, 2025

Emerald’s Canoa 1 - Barahona, Dominican Republic

Through its subsidiary, Emerald Solar Energy SRL (“Emerald”), the Company owns and operates a 25 MW solar project (“Canoa 1”) located in the Barahona Province, Dominican Republic, with a PPA expiring in 2040.

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 in 2022, 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.

During 2025, the Company experienced curtailment of renewable generation in the Dominican Republic, averaging approximately 7% on a monthly basis through October, with significantly higher levels observed during November 2025, December 2025 and January 2026. Effects of curtailment in the quarter are estimated to have been approximately 3,500 MWh.

Curtailment is primarily driven by system-level constraints, including limited grid flexibility, transmission bottlenecks, and the operational inflexibility of certain thermal generation units. The expectation is that curtailment will moderate during 2026, although it is not expected to be fully eliminated in the near term.

Production of 58,699 MWh for the calendar year 2025 represents a 2% decrease compared to 2024. Despite the impact of curtailment during 2025—particularly in the latter part of the year—overall performance remained relatively stable. Results would have been more adversely affected had it not been for the benefits derived from the replacement of solar panels in 2024 with more efficient, higher-yield technology, which partially offset the effects of curtailment and supported generation and revenue levels during the year.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
San Jose de Minas - MWh	8,039	6,395	40,800	34,407
Financial				
Revenue	\$ 628	\$ 499	\$ 3,186	\$ 2,687

San Jose de Minas, Ecuador

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 located along the river Cubi, in San Jose de Minas, Ecuador. HSJM represents approximately 6.0 MW capacity and has been operating since July 1, 2020. The project has been selling at a PPA price of \$78.10 per MWh since the contract was signed in 2014. The current PPA has a 15-year term which expires in 2029. It is management’s current expectation that at time HSJM will enter into an additional 15-year PPA that will be negotiated and at such time and that the pricing will be similar to the current pricing.

For Ecuador, production in the fourth quarter of 2025, was 8,039 MWh resulting in annual production of 40,800 MWh compared to 34,407 MWh in the prior year. Annual production exceeded management’s expectations, as 2025 benefited from the highest level of resource availability since the commencement of operations at the plant.

Management's Discussion and Analysis For the year ended December 31, 2025

PANAMA - Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
Vista Hermosa - MWh	4,612	4,389	18,724	19,565
Financial				
Revenue	\$ 236	\$ 204	\$ 1,177	\$ 2,051

Vista Hermosa Solar Park I & II, Panama

Located in the village of Vista Hermosa in Panama, Vista Hermosa Solar Parks have a total capacity of 10 MW.

The Vista Hermosa solar project does not currently have PPAs or other contracts but does have the ability to sell into the spot market.

The effective average spot price obtained for the fourth quarter was \$51.17 per MWh, while the average spot price for year ended December 31, 2025, was \$62.86 per MWh (and the average spot price for the year ended December 31, 2024 was \$104.83 per MWh). The annual average spot price is in line with management expectations for the next 4-5 years.

PUERTO RICO - Wind Energy Production

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Power production				
Punta Lima - MWh	9,355	-	42,056	-
Financial				
Revenue	\$ 1,452	\$ -	\$ 6,272	\$ -

Punta Lima Wind Farm, Puerto Rico

On March 3, 2025, the Company closed on the ECCA and Limited Liability Company Agreement ("LLCA") with respect to PLWF. PLWF owns and operates an onshore wind farm with a nameplate capacity of 26.0 MW located in the Municipality of Naguabo, Puerto Rico. It started production in October 2012 until it was rendered inoperative by Hurricane Maria in 2017.

The PLWF Project was re-constructed and re-commissioned by Santander and has a 20-year PPA in place with PREPA, which will terminate in March 2044. Under the current PPA, the price began at \$147.28 per MWh and increases annually for the first 11 years, reaching a peak of \$167.17 per MWh. After year 11, the price decreases to \$129.36 per MWh, then resumes annual escalations. This upward trend continues until the year 2040, at which point the price stabilizes at \$141.00 per MWh for the remainder of the contract term.

The transaction has been completed using a tax-equity structure which results in the Company becoming the manager and operator of the PLWF Project with a controlling equity interest and Santander retaining a tax equity interest in the PLWF Project. Polaris's equity capital contribution was \$20 million. The acquisition has been accounted for as a business combination in accordance with IFRS Accounting Standards 3 - Business Combinations, using the acquisition method whereby the assets acquired and liabilities assumed are recorded at fair value. The allocation of the purchase price is detailed in "Note 4 - Acquisition of Punta Lima Wind Farm LLC", in the Consolidated Financial Statements.

Generation at the PLWF Project reflected lower-than-expected wind resource availability during the quarter, and annual production was slightly below target.

No comparative figures are available for 2024, as the facility was not yet part of the Company's portfolio. However, total production for calendar year 2025, including energy generated prior to the March 2025 acquisition, amounted to 54,512 MWh, which was within management's expectations of production on an annual basis.

Management's Discussion and Analysis For the year ended December 31, 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 \$132.80 per MWh. To fully optimize the revenue opportunity at Canoa 1 within the current power sales contract the Company has begun initial work to explore the use of storage technology alongside solar panels.

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, a key development milestone remains pending: the finalization and amendment of the interconnection agreement with the government-owned transmission company, which is necessary to connect the additional capacity to the grid. Progress on this front has been impacted by limited investment by the government in transmission infrastructure, which has also contributed to system-wide curtailment during 2025. These structural challenges may affect the timeline and commercial operation of Canoa 2 until adequate transmission capacity is secured.

PUERTO RICO DEVELOPMENT, ACCELERATED STORAGE ADDITION PROGRAM (ASAP)

In 2024 the Puerto Rican authorities approved the Accelerated Storage Addition Program ("ASAP"), an initiative launched to expedite the integration of Battery Energy Storage Systems at existing power generation facilities. On August 11, 2025, Polaris completed the submission of the BESS Standard Offer Agreement ("SO1 Agreement") to the Puerto Rico Energy Bureau ("PREB"). By participating in ASAP, a producer can generate additional income through the provision of grid services facilitated by BESS. The SO1 Agreement has been submitted with a BESS capacity of 71.4 MW (35.7 MW x 2).

While the timing of final approvals remains subject to regulatory processes outside of the Company's control, the project continues to make progress. Upon receipt of all required approvals, the BESS project is expected to advance to an approximately 12-month construction phase prior to its commercial operation date (expected in 2027) and its corresponding entitlement to receive monthly fixed and performance-based payments for providing energy storage, capacity and grid support services.

6. RESPONSIBLE BUSINESS STRATEGY

As the Company continues to grow and diversify its renewable energy portfolio across Latin America and the Caribbean, responsible business considerations are an integral component of its governance framework, risk management processes, and operational practices. Responsible business practices are embedded within the Company's business strategy and corporate values and are intended to support disciplined decision-making across operations.

The Company's framework is anchored by four pillars -Our Practice, Our People, Our Partners, and Our Planet- which address governance, workforce development, stakeholder engagement, and environmental management. These pillars are guided by the Company's materiality assessment and are implemented through defined policies, programs, and key performance indicators, which are monitored by management and overseen by the Board through its Human Resources & ESG Committee.

In 2025, the Company continued to focus on consistent execution and measurable performance. Governance and oversight are integrated into the Company's overall governance structure, with regular reporting, defined accountabilities, and alignment with the enterprise risk management framework. All operating assets are covered by the Company's Integrated Management System ("IMS"), which integrates environmental, social, health, safety, and operational controls under a continuous improvement approach.

Key activities during the year included:

- **Workforce development and ethical governance:** Delivery of mandatory employee training programs covering the Code of Business Conduct and Ethics, anti-corruption, cybersecurity and information security awareness (including AI and social media), acceptable use of assets, occupational health and safety, and environmental management. During 2025, employees completed an average of approximately 32 training hours per full-time equivalent including these topics.

Management's Discussion and Analysis For the year ended December 31, 2025

- **Health, safety, and human capital management:** Continued implementation of health and safety programs across all sites, supported by hazard identification, near-miss reporting, safety training, and behavior-based safety initiatives. The Company reported zero workplace fatalities during 2025.
- **Community engagement and social investment:** Ongoing implementation of stakeholder engagement plans across jurisdictions, supporting structured dialogue with local communities and authorities. Community initiatives focused on education, health and well-being, local infrastructure, sustainable livelihoods, sports and recreation, and environmental education, including school renovations, donation of educational materials and equipment, scholarships, purified water initiatives, support for agricultural projects, sports equipment donations, and improvements to community infrastructure.
- **Diversity, equity, and inclusion:** Continued implementation of diversity and equity awareness initiatives across the workforce, supporting representation, equal opportunity, and inclusion across organizational levels.
- **Environmental management:** Operation of a diversified renewable energy portfolio comprising geothermal, hydroelectric, solar, and wind assets. During 2025, renewable energy generation contributed to the avoidance of greenhouse gas emissions through the displacement of fossil-fuel-based generation. Environmental and social risk assessments were completed across operating assets, and environmental management practices addressing water use, waste management, biodiversity, and regulatory compliance continued to be applied through the Company's Integrated Management System.

In addition, during 2025 the Company completed the voluntary compensation of its Scope 1 and Scope 2 greenhouse gas emissions generated during the 2024 reporting year, through the cancellation of 980 tons of CO₂ equivalent under the Clean Development Mechanism ("CDM") registry. This action was undertaken as part of the Company's environmental management practices and followed its established internal processes for emissions measurement and compensation.

Responsible business considerations are integrated into planning, governance, and performance management processes and are intended to support the Company's ability to respond to evolving regulatory, environmental, and market conditions.

Readers are encouraged to consult the Company's Responsible Business Report for additional information regarding governance, programs, metrics, and activities, which is available on the Company's website at www.polarisREI.com.

Management's Discussion and Analysis For the year ended December 31, 2025

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue				
Power revenue	\$ 19,498	\$ 18,779	\$ 80,435	\$ 75,771
Carbon emission reduction credits revenue	\$ 16	\$ 2	45	2
Direct costs				
Direct costs	(4,520)	(3,609)	(16,276)	(13,751)
Depreciation and amortization of plant assets	(7,533)	(7,251)	(29,959)	(29,209)
General and administrative expenses	(1,880)	(1,937)	(7,833)	(7,509)
Impairment loss	(2,189)	(5,278)	(2,189)	(5,278)
Other operating income (costs)	21	(307)	(192)	(576)
Operating income	\$ 3,415	\$ 399	\$ 24,033	\$ 19,450
Interest income				
	901	1,153	3,652	2,855
Tax-equity income				
	865	-	2,865	-
Finance costs				
	(5,960)	(6,339)	(33,473)	(21,881)
Other (losses) gains				
	(761)	143	(1,017)	423
Earnings (loss) and comprehensive earnings (loss) before income taxes	\$ (1,541)	\$ (4,644)	\$ (3,941)	\$ 847
Current Income Tax (expense)				
	728	(1,205)	(6,507)	(3,512)
Deferred Income Tax recovery				
	6,448	2,102	7,633	4,844
Total earnings (loss) and comprehensive earnings	\$ 5,636	\$ (3,747)	\$ (2,815)	\$ 2,179
Total earnings (loss) and comprehensive earnings attributable to:				
Owners of the Company	\$ 5,821	\$ (2,792)	\$ (2,746)	\$ 2,990
Non-controlling interests	\$ (185)	\$ (955)	\$ (69)	\$ (811)
Basic earnings (loss) per share	\$ 0.28	\$ (0.13)	\$ (0.13)	\$ 0.14

Three months ended December 31, 2025 versus December 31, 2024

The most significant differences between the consolidated results for the three months ended December 31, 2025 and December 31, 2024 relate to the inclusion of the results of PLWF in the consolidated financial statements in 2025, and the level of impairment losses recognized in each period.

During the fourth quarter of 2025, the consolidated results include revenues and expenses from PLWF following the completion of the transaction, whereas no such contribution was included in the fourth quarter of 2024.

In addition, impairment losses in Ecuador recognized during the fourth quarter of 2025 amounted to \$2.2 million, compared to \$5.3 million recognized in the fourth quarter of 2024, as detailed in Note 16 to the Consolidated Financial Statements.

Management's Discussion and Analysis For the year ended December 31, 2025

Revenue for the three months ended December 31, 2025 was \$19.5 million, compared to \$18.8 million in the same period of 2024, reflecting the addition of PLWF to the Company's portfolio.

Consistent with the addition of PLWF to the Company's portfolio, depreciation and amortization expense increased during the quarter, and direct costs of energy production were \$4.5 million for the three months ended December 31, 2025, compared to \$3.6 million in the same period of 2024. The increase reflects incremental operating and maintenance expenses associated with PLWF.

General and administrative expenses for the three months ended December 31, 2025 were \$1.9 million, compared to the \$1.9 million expense in the same period of 2024. Lower costs in Q4 2025 related to ERP implementation and reduced bonus accruals for general and administrative personnel were offset by incremental consulting and professional fees incurred in connection with business development activities and the evaluation of potential merger and acquisition opportunities.

During Q4 2025, management reassessed the economic viability of the Perlabi canal expansion project in Ecuador along with the deterioration in the socio-political environment in Ecuador. As a result of this reassessment, management concluded that proceeding with the expansion in Ecuador was no longer in the best interest of the Group, and the project was formally cancelled. Accordingly, an impairment charge of \$2.2 million was required for the period ending December 31, 2025, as compared with an impairment charge of \$5.3 million for the three months ended December 31, 2024.

Interest income for the three months ended December 31, 2025 was \$0.9 million, compared to \$1.2 million in the same period of 2024. The prior-year period benefited from higher average cash balances following the issuance of the Green Bonds in December 2024.

For the three months ended December 31, 2025, finance costs were \$6.0 million, compared to \$6.3 million finance costs recorded in the same period of 2024. The slightly higher finance costs in the fourth quarter of 2024 resulted from a four-week overlap between interest expense accrued on the Green Bonds and interest expense incurred on senior lenders' debt.

Other losses of \$0.8 million for three months ended December 31, 2025 relate to miscellaneous non-recurring items recognized during the period.

Earnings attributable to owners of \$5.8 million for the three months ended December 31, 2025, compared to losses of \$2.8 million for the same period in 2024 reflect the impact of deferred taxes in 2025, partly offset by the factors described above.

Twelve months ended December 31, 2025 versus December 31, 2024

Revenue was \$80.5 million during the twelve months ended December 31, 2025, compared to \$75.8 million in the same period of 2024. The increase was primarily driven by the addition of the PLWF Project to the Company's portfolio in March 2025 and higher revenues in Peru and Ecuador, reflecting strong resource availability and plant performance, partially offset by lower revenues in Nicaragua.

Direct costs of energy production were consistent on a year-over-year basis if we were to adjust for PLWF addition. Direct cost of energy production was \$16.3 million for the twelve months ended December 31, 2025, compared to \$13.8 million in the same period of 2024, reflecting incremental operating and maintenance costs related to the addition of the Punta Lima Wind Farm.

Depreciation and amortization of plant assets increased modestly for the twelve months ended December 31, 2025 to \$30.0 million, versus the \$29.2 million expense in the same period in 2024, reflecting the expanded asset base during the year.

General and administrative expenses increased by \$0.2 million to \$7.8 million, mainly due to growth related expenditures in Puerto Rico associated with the ASAP project.

For the twelve months ended December 31, 2025, finance costs were \$33.5 million, including \$9.7 million (versus \$nil for the same period in 2024) expensed due to the early repayment of credit facilities in Ecuador, Nicaragua, and Peru and the corresponding liquidation of accrued interest and pre-payment penalty fees (Note 18 of the Consolidated Financial Statements).

Management’s Discussion and Analysis For the year ended December 31, 2025

However, interest income for the twelve months ended December 31, 2025 increased to \$3.7 million, from \$2.9 million in the same period of 2024, due to higher cash balances held in higher interest savings accounts.

Tax-equity income of \$2.9 million recorded in 2025 relates to the PLWF Project and represents non-cash income arising from the accounting treatment of the project’s tax-equity financing structure entered into in March 2025.

Current and deferred income taxes for the twelve months ended December 31, 2025 were \$1.1 million versus \$1.3 million recovery for the same period in 2024. This mainly reflects the end of the tax holidays in Nicaragua. Since February 28, 2025 approximately 80% of revenue in Nicaragua is taxable (as compared with the same period beginning starting March 27, 2024, where 40% of the revenue was taxable), as well as tax withholdings on certain cash distributions from the subsidiaries, offset by higher deferred income tax recovery.

Losses attributable to owners was \$2.7 million for the twelve months ended December 31, 2025, compared to \$3.0 million earnings for the same period in 2024. This increase is fundamentally a reflection of the finance costs expenses incurred for debt settlement in January 2025, partly offset by higher operating income, interest income and tax-equity income.

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, 2025	December 31, 2024
Net cash from (used in)		
Operating activities	\$ 35,243	\$ 35,054
Investing activities	(20,215)	(3,309)
Financing activities	(139,824)	141,507
Foreign exchange gain on cash held in foreign currency	114	1
Increase (decrease) in cash	\$ (124,682)	\$ 173,253

- Net cash from operating activities for the twelve months ended December 31, 2025 was \$35.2 million, similar to the comparable period in 2024. Cash inflows in 2025 benefited from collections from the PLWF Project, partially offset by higher interest payments.
- Net cash used in investing activities for the twelve months ended December 31, 2025 was \$20.2 million, compared to \$3.3 million in the same period of 2024. The increase primarily reflects the \$20.0 million cash payment related to the acquisition of the PLWF in 2025, with no comparable transaction in the prior year.
- Net cash used in financing activities for twelve months ended December 31, 2025 is not directly comparable to the net cash from financing activities in 2024. In December 2024, the Company received \$171 million in net proceeds from the issuance of Green Bonds, while in January 2025 the Company used \$121 million of those proceeds to repay other outstanding borrowings. In addition, the Company used \$1.5 million in 2025 to repurchase common shares under the NCIB program (2024 – \$0.2 million).

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

	As at	
	December 31, 2025	December 31, 2024
Total Cash (Restricted and Unrestricted)	\$ 93,200	\$ 217,882
Total current assets	\$ 103,258	\$ 228,563
Total assets	\$ 535,569	\$ 662,105
Current and Long-term debt	\$ 217,344	\$ 328,349
Total liabilities	\$ 292,692	\$ 402,579

Management's Discussion and Analysis For the year ended December 31, 2025

The year-over-year decrease in total assets and current and long-term debt primarily reflects the issuance of the \$175 million Green Bonds in 2024, followed by a reduction in cash balances in 2025 as part of the proceeds were used to repay four credit facilities. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, Generación Andina facilities and Canchayllo, Canoa 1, HSJM, Vista Hermosa Solar Park and Punta Lima. The Company believes that its current working capital and future cash flows 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. However, additional funding requirements or the outcome of these matters cannot be predicted with certainty at this time.

Remaining contractual maturities of the Company's financial liabilities as at December 31, 2025 are as follows:

	Less than 1 Year		1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	\$ 15,258	\$ -	\$ -	\$ -	\$ -	15,258
Debt, current and long-term	4,036	8,632	184,194	40,437	237,299	
Interest obligations	18,671	36,915	18,382	4,753	78,721	
Lease liabilities	361	842	856	467	2,526	
	\$ 38,326	\$ 46,389	\$ 203,432	\$ 45,657	\$ 333,804	

The following are the principal obligations for the remaining terms of the loans as of December 31, 2025:

	Generación Andina	Canoa 1	Green Bond
2026	2,113	1,924	
2027	2,134	2,086	
2028	2,155	2,256	
2029	2,177	2,395	175,000
2030	2,198	2,423	
2031	2,220	2,484	
2032	2,243	2,531	
2033	2,265	2,592	
2034	2,288	2,662	
2035	2,310	2,738	
2036	2,334	2,807	
2037	4,726	2,690	
2038	3,548	-	
Total	\$ 32,711	\$ 29,588	175,000

In Peru, the Generación Andina credit facility bears no interest. A debt service coverage ratio of greater than 1.10:1 is the main financial covenant for Generación Andina. As at December 31, 2025, the Company is in compliance with all of its covenants.

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.

Management's Discussion and Analysis For the year ended December 31, 2025

Bond Issuance - December 3, 2024	\$	175,000
Bond costs accrued in 2024		(6,079)
Adjustment to bond costs accrued in prior year		(29)
Net Green Bonds Proceeds to be allocated	\$	168,892
Debt Repayment (Note 18)		(120,625)
PLWF acquisition (Note 4) -including transaction costs		(20,505)
Used proceeds to December 31, 2025	\$	(141,130)
Unused proceeds as of December 31, 2025		27,762
Green Bonds Proceeds available December 31, 2025	\$	27,762

As at December 31, 2025, the Company is in compliance with all of its covenants.

For both of these loans, the Company plans to make debt service payments out of current cash and cash generated by operations.

The Canoa 1 loan in the Dominican Republic has a term of 17 years maturing in 2037, a 7% fixed interest rate, and requires quarterly payments of principal and interest while keeping a debt service coverage ratio of greater than 1.20:1 and financial debt to equity ratio of 85:15 or less. As of December 31, 2025, the Company was in compliance with all covenants. Certain covenants, including the debt service coverage ratio, are assessed on a prospective basis and are not tested at the reporting date. Based on management's short-term cash flow projections, prospective debt service coverage ratio levels may be constrained in the subsequent reporting period ending March 31, 2026, depending on operating performance.

The Company had no off-balance sheet arrangements as at December 31, 2025.

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, 2025. 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 year ended December 31, 2025.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Concessions: The Company enters into agreements for geothermal concessions. Below are the minimum annual payments required as at December 31, 2025:

	December 31, 2025	
No later than one year	\$	30
For years 2 - 5		60
Thereafter		300
Total commitments for expenditures	\$	390

Land Leases: The PLWF lease arrangement payments are variable. Based on expected production levels, minimum annual payments are estimated to be at least \$0.5 million per year through the end of the PPA term in 2044.

The following table reconciles the beginning and ending carrying amounts of the Company's decommissioning obligation requiring the removal of certain wind turbines at the end of the lease term.

	Punta Lima Wind Farm	
Balance, December 31, 2024	\$	-
Addition of Decommissioning Liability		560
Accretion		53
Changes in discount rate ⁽ⁱ⁾		1,067
Balance, December 31, 2025	\$	1,680

Management's Discussion and Analysis For the year ended December 31, 2025

Maintenance Contracts: The Company enters into agreements for specialized Operations and Maintenance as follows:

	December 31, 2025	
Less than one year	\$	752
For years 2 - 5		3,349
Thereafter		2,855
Total commitments for expenditures	\$	6,956

RELATED PARTY TRANSACTIONS

Transactions for the year ending December 31, 2025 are disclosed and explained in note 22 to the Consolidated Financial Statements which accompanies this MD&A and transactions related to the tax-equity partners are described in note 23 (b). The Company's related parties include its subsidiaries and key management personnel. Transactions between the Company and its subsidiaries are eliminated on consolidation.

For the year ended December 31, 2025 the Company paid cash compensation and short-term benefits of \$1.4 million (2024-\$1.2 million) to its key management, being Directors of the company and officers who are the CEO, CFO, VP LATAM and the Chief Administrative Officer ("CAO") whose role was added to key management personnel in 2025. In addition, the related parties received \$0.3 million as non-cash/equity based compensation (2024-\$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.

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 18, 2026	December 31, 2025
Common shares issued and outstanding	20,894,533	20,903,333
Share options outstanding (i)	223,099	223,099
Deferred share units ("DSUs")	48,955	48,955
Performance Share units ("PSUs") (ii)	301,125	268,785
Restricted share units ("RSUs") (iii)	111,119	91,687

- (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) On September 16, 2025 the Company granted 58,785 PSUs with market conditions ("Market PSUs") vesting on December 31, 2027 and become eligible for vesting based on the Company achieving certain stock price target. The fair value of these Market PSUs was determined at the grant date using the Black Scholes method. Also 2,105,000 PSUs were granted and become eligible for vesting based on the Company's financial performance ("Performance PSUs") in December 31, 2029. Performance PSUs are valued at the market closing share price on the date of grant and compensation expense for PSUs is recognized when it is probable that the performance conditions will be achieved.
- (iii) RSUs granted on February 9, 2024 and February 7, 2025 vest one-third per year at the end of each period. RSUs awarded in September 2025 (6,750 RSUs) to certain employees, vest 50% on December 31, 2026 and 50% on December 2027. RSUs awarded to management (39,190 RSUs) on September 16, 2026, vest on December 31, 2027.

Management's Discussion and Analysis For the year ended December 31, 2025

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

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

	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Production MWh (i)	197,208	181,235	215,797	216,491
Total revenue	\$ 19,514	\$ 19,037	\$ 21,642	\$ 20,287
Direct cost of power production	\$ (12,052)	\$ (11,710)	\$ (11,797)	\$ (10,675)
Net earnings (loss) attributable to owners of the Company	\$ 5,821	\$ (328)	\$ 2,203	\$ (10,441)
Basic weighted average number of shares outstanding	21,025	21,053	21,070	21,093
Earnings (loss) per share attributed to owners of the Company - basic	\$ 0.28	\$ (0.02)	\$ 0.10	\$ (0.49)
Adjusted EBITDA (ii)	\$ 13,225	\$ 12,781	\$ 15,429	\$ 15,013
Total Cash (Unrestricted and Restricted)	\$ 93,200	\$ 99,131	\$ 90,663	\$ 91,593
Total equity attributable to Owners of the Company	\$ 243,167	\$ 241,177	\$ 244,863	\$ 245,992

	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 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

- (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 favourable wind conditions and solar irradiance) in those countries where the Company has solar plants (Dominican Republic and Panama) or wind projects (Puerto Rico).
- (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 Accounting Standards measure. Adjusted EBITDA was \$13.2 million for the three months ended December 31, 2025, was comparable to \$13.6 million for the same period in 2024. Adjusted EBITDA was \$56.5 million for the twelve months ended December 31, 2025, compared to a \$55.0 million for the same period in 2024, principally as a result of the acquisition of PLWF in Puerto Rico.

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(w) (Material Accounting Policies) to the Company's Consolidated Financial Statements for the year ended December 31, 2025.

Management's Discussion and Analysis For the year ended December 31, 2025

The Company reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2026. 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 Accounting Standards 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 Accounting Standards 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 Accounting Standards, 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 3 to the audited consolidated financial statements and the notes thereto for the year ended December 31, 2025.

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 the Company's 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. In addition, the Company has access to an undrawn \$3.5 million working capital facility and an unused \$10.0 million letter of credit facility, which provide additional liquidity flexibility.

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

Management's Discussion and Analysis For the year ended December 31, 2025

could materially and adversely affect the Company's earnings and financial condition. The Company does not enter into any foreign exchange contracts to mitigate this risk.

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 Company's cash flow exposure to interest rate risk is limited as management has mitigated this risk by entering into fixed-rate financing agreements. The Company may be exposed to interest rate risk in connection with future financings or refinancing activities, and management continues to monitor market conditions on an ongoing basis ended.

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 it holds 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 in the jurisdictions in which it operates. The Company undertakes operating expenditures as required to support compliance with applicable

Management's Discussion and Analysis For the year ended December 31, 2025

environmental, health, and safety regulations. As of the date of this MD&A, the Company is not aware of any material non-compliance with current environmental legislation.

Environmental regulation and climate change may present risks that could adversely affect the Company's operations, financial condition, or results of operations. Changes in environmental laws, regulations, or permitting requirements could result in more stringent compliance obligations, increased costs, or operational constraints.

Climate change is recognized as a potential operational and strategic risk, particular on the assets that are dependent on hydrological or meteorological conditions. Physical risks associated with climate change may include extreme weather events such as floods, droughts, landslides, or changes in precipitation patterns, which could disrupt operations, damage infrastructure, or reduce the availability of natural resources required for power generation. Reduced hydrological resources in certain jurisdictions, including Peru or Ecuador, could adversely impact hydroelectric or geothermal generation.

The Company integrates climate-related considerations into its risk management framework and operational planning processes. Mitigation and adaptation measures implemented to date include infrastructure reinforcement, environmental management practices, updated operational protocols, and ongoing monitoring through the Integrated Management System. Other assets remain subject to continuous monitoring and evaluation to inform future risk assessments.

In addition to physical risks, the Company may be exposed to transition risks associated with evolving climate-related policies, regulatory frameworks, and market expectations. Such changes could result in additional compliance requirements or operational challenges. Depending on market conditions, regulatory developments, and the Company's ability to respond, these changes may also present potential opportunities.

The Company continues to evaluate environmental and climate-related risks as part of its risk management processes and considers mitigation and adaptation measures where appropriate, with the objective of supporting operational continuity and asset integrity.

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.

13. NON-GAAP PERFORMANCE MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed by IFRS Accounting Standards 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 Accounting Standards.

This MD&A include references to the Company's Adjusted EBITDA and Adjusted EBITDA per share, which are non-GAAP measures. These measures should not be considered in isolation or as an alternative to net earnings (loss) attributable to the owners of the Company or other measures of financial performance calculated in accordance with IFRS Accounting Standards. Rather, these measures are provided to complement IFRS Accounting Standards measures in the analysis of Polaris's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris's

Management's Discussion and Analysis For the year ended December 31, 2025

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. 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 Accounting Standards, 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 Accounting Standards but rather should be evaluated in conjunction with such IFRS Accounting Standards 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, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Total earnings (loss) and comprehensive earning attributable to Owners of the Company	\$ 5,821	\$ (2,792)	\$ (2,746)	\$ 2,990
Add (deduct):				
Total earnings attributable to non-controlling interest	(185)	(956)	(69)	(811)
Current and deferred tax (recovery) and Minimum Asset Tax	(7,091)	(636)	(1,041)	(1,071)
Finance costs	5,960	6,339	33,473	21,881
Interest income	(901)	(1,153)	(3,652)	(2,855)
Tax Equity Income	(865)	-	(2,865)	-
Unrealized Foreign Exchange	0	3	38	(41)
Depreciation and amortization	7,533	7,251	29,959	29,209
Transaction Costs	-	307	-	554
Impairment loss	2,189	5,278	2,189	5,278
Other non-recurring	662	(146)	839	(382)
Share-based compensation	103	70	393	290
Adjusted EBITDA	\$ 13,225	\$ 13,566	\$ 56,517	\$ 55,042
Basic weighted average number of shares outstanding	21,024,528	21,103,064	21,058,944	21,155,652
Adjusted EBITDA per share	\$ 0.63	\$ 0.64	\$ 2.68	\$ 2.60

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").

Management's Discussion and Analysis For the year ended December 31, 2025

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, 2025.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is 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 Accounting Standards. Internal controls over financial reporting include those policies and procedures that 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 year ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

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; the ability to successfully capitalize on expansion opportunities in Puerto Rico and the Dominican Republic and to increase the load factor on Canoa Solar Park in Dominican Republic; future dividends; expected annual energy production; sufficiency of cash flows from operations; the ability to satisfy capital requirements; 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 and global tariffs, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of

Management's Discussion and Analysis For the year ended December 31, 2025

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 and global tariffs, 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 and territories in which the Company operates; uncertainty of the ability of Nicaragua, Peru, Panama, Dominican Republic, Ecuador and Puerto Rico to sell power to neighbouring countries; economic insecurity in Nicaragua, Peru, Panama, Dominican Republic, Ecuador and Puerto Rico; 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, 2025 is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.polarisREI.com.
