Management's Discussion and Analysis
For the three and six months ended June 30, 2026

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Renewable Energy Inc. ("Polaris" or the "Company") for the quarter ended June 30, 2026, and reflects all material events up to July 29, 2026, the date on which this MD&A was approved by the board of directors of the Company (the "Board"). This MD&A explains the financial results of Polaris and should be read in conjunction with the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2026 (the "Consolidated Financial Statements"). This MD&A supplements, but does not form part of, the Company's interim 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. 2026 HIGHLIGHTS

Significant events during 2026 and through the date of this MD&A are described below:

- Second quarter consolidated energy production totaled 199,130 MWh, representing a 8% decrease from 215,797 MWh in the same quarter last year. The decrease was consistent with management's expectations and primarily reflects higher curtailment in the Dominican Republic and the return to normalized hydrological conditions in Peru and Ecuador. The comparative period benefited from exceptionally strong hydrology, resulting in the highest annual hydroelectric production since those facilities commenced operations, a level that management did not expect to recur.
- The Company generated $19,935 in revenue from energy sales for the three-month period ended June 30, 2026, compared to $21,642 in the same period in 2025. The decrease in revenue is mainly attributable to lower energy production during the quarter partly offset by higher energy prices in Peru and Panama.
- Adjusted EBITDA was 13.7 million for the quarter ended June 30, 2026, compared to Adjusted EBITDA of 15.4 million in the same period in 2025.
- Net loss attributable to shareholders, was $0.8 million or $(0.04) per share or the quarter ended June 30, 2026, compared to earnings of $2.2 million or $0.10 per share in the same period in 2025.
- For the six months ended June 30, 2026, the Company generated $15.0 million in net cash flow from operating activities, ending with a cash position of $98.8 million, including restricted cash of $5.6 million.
- During the quarter the company continued to invest in expanding its renewable energy development pipeline, particularly in Mexico and Puerto Rico. Development expenditures, presented under G&A, increased as the Company advanced multiple utility-scale solar and battery energy storage opportunities that are expected to support future long-term growth.
- On June 5, 2026, Polaris through its wholly owned subsidiary Polaris Power US Inc. ("PPUS"), executed the Battery Energy Storage System Standard Offer Agreement ("SO1 Agreement") with the Puerto Rico Electric Power Authority ("PREPA") for the development of a 71.4 MW battery energy storage system ("BESS") project at the Company's Punta Lima Wind Farm site in Puerto Rico. Prior to execution, the SO1 Agreement received all required approvals, including approval by the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("PREB"); PREPA's Governing Board and the Financial Oversight and Management Board ("FOMB"). Closing of the transaction remains subject to the satisfaction or waiver, as applicable, of certain conditions precedent under the SO1 Agreement, primarily relating to customary legal and administrative matters. The Company expects Closing to occur no later than Q3 2026. The SO1 Agreement forms part of Puerto Rico's Accelerated Storage Addition Program ("ASAP"), an initiative designed to enhance grid reliability through the deployment of utility-scale energy storage systems. Under the agreement, PPUS will be responsible for the installation, operation and maintenance of the BESS and, upon commencement of commercial operations, is expected to receive monthly fixed and performance-based payments for providing energy storage, capacity and grid support services over a 20-year term. Gross capital expenditures are currently estimated at $70 million to $75 million, before giving effect to any available Investment Tax Credits ("ITCs"), subject to final engineering, procurement and construction costs. The Company expects the project to qualify for applicable U.S. ITCs, which, if realized, could be monetized and offset approximately 30% to 40% of eligible project costs representing an estimated benefit of $20 million to $25 million.
- On June 5, 2026, three Polaris-owned projects submitted under the Mexico Mixed Development Program were selected to advance to the final contract negotiation stage with the Mexico Comisión Federal de Electricidad ("CFE"). As part of this process on July 3, 2026, the Company executed the Mixed Investment Agreement ("CIM") with CFE, through its fiduciary trustee, for these three renewable energy projects. The CIM establishes the 30-year contractual framework governing the development, financing, construction, ownership and operation of the projects, representing approximately 250 MWdc of solar generation capacity and 61.6 MW / 192.0 MWh of battery energy

storage, with an aggregate estimated CAPEX of approximately US$240 million. Execution of the CIM represents a significant milestone toward project development, with the parties continuing to finalize the remaining definitive agreements, including the power purchase agreements, trust agreement, and operation and maintenance arrangements, prior to financial close and commencement of construction.

- The Company remains focused on maintaining a quarterly dividend. In respect to the three months ended June 30, 2026, the Company has declared and will pay a quarterly dividend of $0.15 per outstanding common share on August 21, 2026, to shareholders of record as of August 10, 2026.

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

	Three Months Ended		Six Months Ended	
(Expressed in thousands of USD, unless otherwise indicated)	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Energy production				
Consolidated Power MWh	**199,130**	215,797	**404,447**	432,289
Financials				
Total revenue	**$ 19,935**	$ 21,642	**$ 39,703**	$ 41,929
Net earnings (loss) attributable to owners	**$ (848)**	$ 2,203	**$ (1,479)**	$ (8,238)
Adjusted EBITDA	**$ 13,667**	$ 15,429	**$ 27,131**	$ 30,442
Net cash flow from operating activities	**$ 6,486**	$ 4,764	**$ 15,017**	$ 16,531
Per share				
Net earnings (loss) attributable to owners - *basic and diluted*	**$ (0.04)**	$ 0.10	**$ (0.07)**	$ (0.39)
Dividends declared per common share	**$ 0.15**	$ 0.15	**$ 0.15**	$ 0.15
Adjusted EBITDA per share- *basic*	**$ 0.65**	$ 0.73	**$ 1.29**	$ 1.44

Balance Sheet	**As at June 30, 2026**	**As at December 31, 2025**
Total cash and cash equivalents (Restricted and Unrestricted)	**$ 98,801**	$ 93,200
Total current assets	**$ 109,342**	$ 103,258
Total assets	**$ 528,092**	$ 535,569
Current and Long-term debt	**$ 216,751**	$ 217,344
Total liabilities	**$ 292,899**	$ 292,692

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.

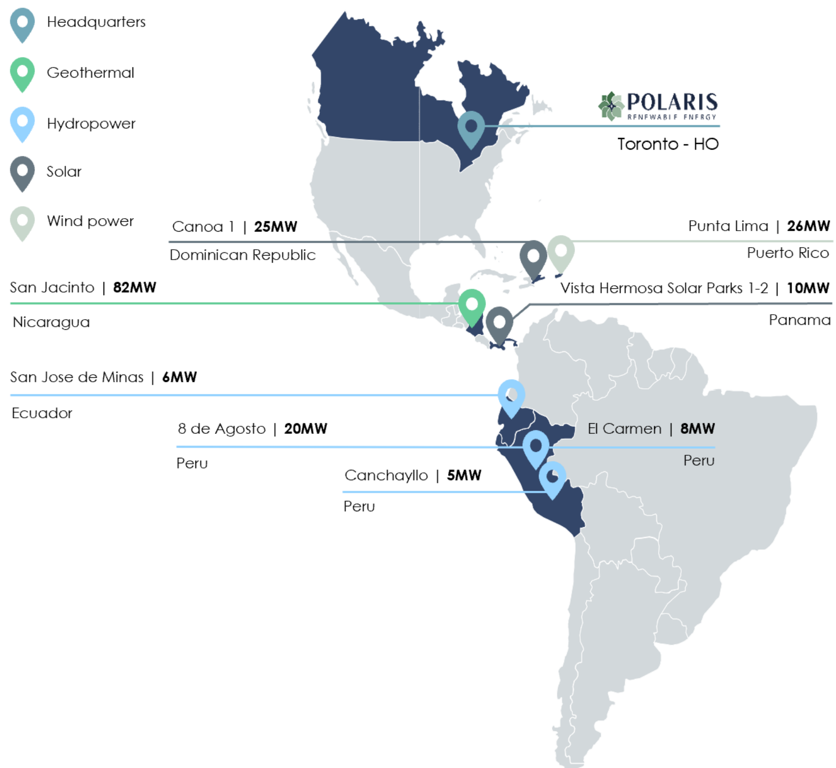
The Company's mission is to be a highly performing renewable energy company, while creating sustainable stakeholder value. Our vision is to become a leader in the renewable energy industry, contributing to a greener future, driven by our values.

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.

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 and battery energy storage 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.



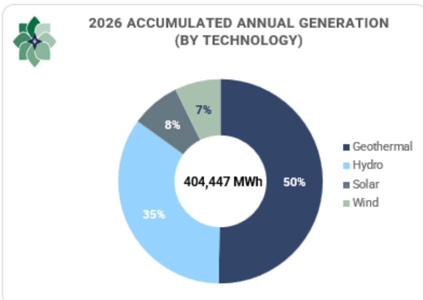
While continuing to pursue opportunities to enhance its current operations, the Company also has the following key near-term goals:

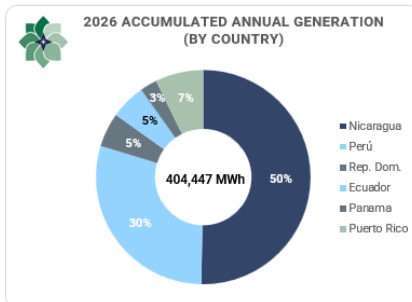
- continued progress on corporate development, acquisition initiatives and related integration;
- balancing sustainable or increased dividends with deploying excess cash flow into growth and diversification;
- continued deployment and improvements of the Company's responsible business strategy in all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

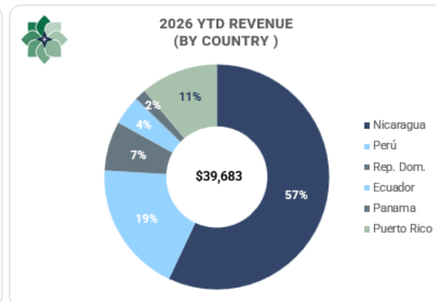
The Company's long-term goals are to continue to grow and diversify its operations in the Latin American and the Caribbean region through renewable energy projects and energy storage with attractive return profiles. Latin America hosts some of the world's most dynamic renewable energy markets. The Company 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.

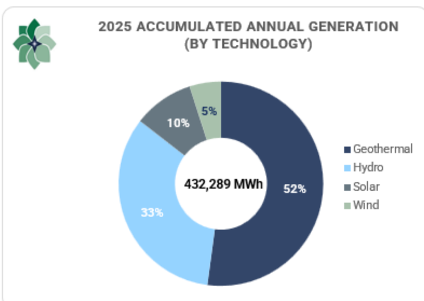
Further details around events, transactions and activities relating to Polaris's properties which occurred during the period ended June 30, 2026 and to the date of this MD&A are discussed below.

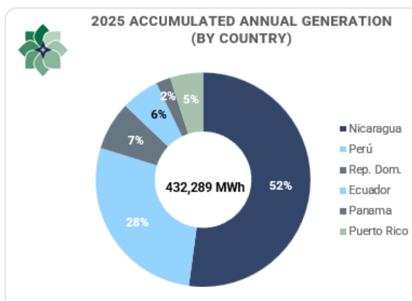
4. OPERATING SEGMENT PERFORMANCE

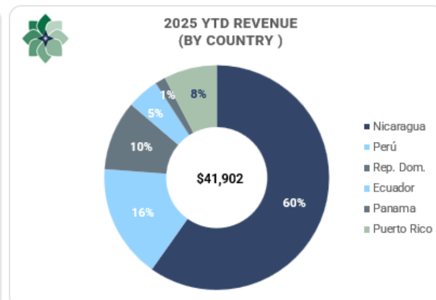












CONSOLIDATED RESULTS

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production in MWh				
Nicaragua (Geothermal)	**105,078**	110,895	**203,398**	225,319
Peru (Hydroelectric)	**50,794**	54,778	**118,953**	119,627
Dominican Republic (Solar)	**12,003**	15,647	**20,952**	31,729
Puerto Rico (Wind)	**16,562**	17,814	**29,260**	21,372
Ecuador (Hydroelectric)	**9,810**	12,687	**21,363**	24,686
Panama (Solar)	**4,883**	3,976	**10,523**	9,556
Total consolidated power production in MWh	**199,130**	215,797	**404,447**	432,289

During the three months ended June 30, 2026, quarterly consolidated energy was 199,130 MWh compared to 215,797 MWh in the same period of 2025 representing a decrease of 16,667 MWh (7.7%). This performance was consistent with management's expectations, reflecting anticipated operating conditions, including increased curtailment in the Dominican Republic and the normalization of hydrological conditions in Peru and Ecuador following the exceptionally favorable water availability experienced in the prior-year period. As previously anticipated, the comparative quarter benefited from unusually strong hydrology, which resulted in record hydroelectric generation levels that were not expected to be sustained. For the six-month period ended June 30, 2026, consolidated generation totaled 404,447 MWh, down 27,842 MWh (6.4%) from 432,289 MWh in the prior-year period. The year-over-year decrease primarily reflects lower production in the Company's geothermal and hydroelectric operations, as well as the curtailment impact in the Dominican Republic, partially offset by stronger performance in Panama.

In Nicaragua, although the steam units operated in line with expectations, had lower production from the binary unit due to constraints to the brine reinjection capacity and lower steam production in one of the cycling wells. In the Dominican Republic, production continued to be significantly impacted by grid curtailment, although curtailment levels during the second quarter

(29%) improved compared to the first quarter of 2026. Puerto Rico reported a modest decrease for the three months period in wind generation due to lower wind resource, while Panama delivered higher production as a result of improved solar resource and plant performance.

Overall, the Company's diversified portfolio continued to mitigate the impact of localized resource variability and operational events across individual assets.

NICARAGUA – Geothermal Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
San Jacinto - MWh	**105,078**	110,895	**203,398**	225,319
Financial				
Revenue	**$ 11,685**	$ 12,331	**$ 22,618**	$ 25,055

(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 six months ended June 30, 2026, power production decreased compared to the same period in 2025, primarily due to the impact of the Q1 planned bi-annual major maintenance of Unit 3 (no major maintenance was performed in 2025), which was out of service for approximately 16.5 days, as well as additional downtime in the binary system resulting from higher-than-anticipated sediment levels coming from production wells after being reopened. Plant availability remained otherwise consistently high during the period.

PERU – Hydroelectric Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
8 de Agosto - MWh	**31,155**	33,231	**73,311**	72,229
El Carmen - MWh	**10,938**	12,055	**26,684**	27,969
Canchayllo - MWh	**8,701**	9,492	**18,957**	19,429
Total Peru in MWh	**50,794**	54,778	**118,953**	119,627
Financial				
Revenue	**$ 3,007**	$ 3,323	**$ 7,515**	$ 6,877

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.

Under the terms of the applicable PPAs, the Company bills at the spot-plus-prima 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 monthly spot and PPA rates, whether favourable or unfavourable, is subject to 1% monthly interest to be compensated over 24 months. The RER regulatory year applicable to renewable energy projects in Peru runs from May 1 to April 30.

The PPA prices are indexed to inflation and are adjusted when cumulative CPI exceeds 5%. Effective May 1,2026, PPA prices increased to reflect inflation as follows:

Contracted PPA price $/MWh	May 1 2026-Apr 30,2027	May 1 2025-Apr 30,2026	May 1 2024-Apr 30,2025
8 de Agosto (Hydroelectric)	$ 68.70	$ 63.50	$ 63.50
El Carmen (Hydroelectric)	$ 71.30	$ 65.90	$ 65.90
Canchayllo (Hydroelectric)	$ 66.40	$ 61.40	$ 61.40

The Canchayllo and Generacion Andina facilities are subject to contractual pricing 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.

The following tables summarize the effective PPA prices adjusted performance for the three hydroelectric facilities in Peru:

Effective price $/MWh	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
8 de Agosto (Hydroelectric)	$ 66.50	$ 63.50	$ 63.50	$ 63.50
El Carmen (Hydroelectric)	$ 70.20	$ 65.10	$ 65.40	$ 65.90
Canchayllo (Hydroelectric)	$ 66.40	$ 61.40	$ 61.40	$ 61.40

Effective price $/MWh	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
8 de Agosto (Hydroelectric)	$ 62.00	$ 56.90	$ 58.30	$ 57.60
El Carmen (Hydroelectric)	$ 65.20	$ 61.60	$ 61.60	$ 62.40
Canchayllo (Hydroelectric)	$ 61.40	$ 61.40	$ 61.40	$ 61.40

During the three and six months ended June 30, 2026, power production in Peru was above management expectations. In H1 ended June 30, 2026, generation totaled 118,953 MWh, compared to 119,627 MWh in the prior-year period, remaining broadly in line despite lower water availability during the month of June. The quarterly decrease reflects more normalized hydrological conditions following exceptionally high precipitation and water availability experienced in 2025 (highest on records of the facilities), as well as the onset of drier conditions associated with El Niño.

In March 2026, Peru had an energy supply shortage that drove spot market prices to approximately $125/MWh, compared with the historical range of $27–30/MWh. As Canchayllo had already satisfied its annual PPA obligations, it sold its generation into the spot market and benefited from the higher prices. The Generación Andina facilities continued to recognize revenue under their PPAs while receiving cash settlements based on spot market prices under the applicable settlement mechanism.

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
Canoa 1 - MWh	**12,003**	15,647	**20,952**	31,729
Financial				
Revenue	**$ 1,614**	$ 2,078	**$ 2,817**	$ 4,214

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. The PPA price is subject to an annual escalator of 1.22%, resulting in a current contracted price of $134.43/MWh. The escalator will continue until the contracted price reaches $142.80/MWh, after which the price will remain fixed for the remainder of the PPA term, which expires in 2040. Upon expiry, the PPA may be renewed for an additional five-year term at a price equal to 80% of the final contracted price in effect at the end of the original term.

During 2026, curtailment of renewable generation in the Dominican Republic increased significantly, with the Company experiencing average curtailment of approximately 29% for the second quarter and 35%YTD, compared to approximately 7% throughout H1 2025. As a result, power production YTD decreased to 20,952 MWh, compared to 31,729 MWh in H1 2025. Although curtailment moderated during the second quarter compared to the first quarter of 2026, its duration and timing of normalization remain uncertain. The Company, together with other renewable energy producers, continues to engage with the Government of the Dominican Republic and the Ministry of Energy and Mines to support long-term solutions to these system-wide constraints.

PUERTO RICO - Wind Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
Punta Lima - MWh	**16,562**	**17,814**	**29,260**	21,372
Financial				
Revenue	**$ 2,501**	$ 2,657	**$ 4,404**	$ 3,187

Punta Lima Wind Farm, Puerto Rico

On March 3, 2025, the Company, via a tax-equity structure, acquired controlling equity interest with respect to PLWF, a 26.0 MW onshore wind facility located in Naguabo, Puerto Rico. The project operates under a 20-year PPA with PREPA, expiring 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. The current contracted PPA price is $151.02/MWh. Following 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.

Puerto Rico generated 16,562 MWh during the three months ended June 30, 2026, compared to 17,814 MWh in the same period of 2025, with the decrease primarily reflecting lower wind resource during the quarter. For the six-month period ended June 30, 2026, PLWF generated 29,260 MWh, compared to 21,372 MWh in the prior-year period, reflecting a full six months of operations in 2026 versus only four months of results in 2025 following the acquisition.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
San Jose de Minas - MWh	**9,810**	**12,687**	**21,363**	**24,686**
Financial				
Revenue	**$ 766**	**$ 991**	**$ 1,668**	**$ 1,927**

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 team 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.

Ecuador generated 9,810 MWh during the three months ended June 30, 2026, compared to 12,687 MWh in the same period of 2025. The decrease reflects lower water availability resulting from drier conditions during the quarter, compared to the exceptionally strong hydrological conditions experienced in 2025, which represented the best year since HSJM commenced commercial operations. For the six-month period ended June 30, 2026, production totaled 21,363 MWh, compared to 24,686 MWh in the prior-year period.

PANAMA - Solar Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Power production				
Vista Hermosa - MWh	**4,883**	3,976	**10,523**	9,555
Financial				
Revenue	**$ 361**	$ 262	**$ 661**	$ 642

Vista Hermosa Solar Park I & II, Panama

Located in the village of Vista Hermosa in Panama, Vista Hermosa Solar Parks have a combined installed capacity of 10 MW and currently operate without power purchase agreements, selling electricity directly into the spot market.

For the three and six months ended June 30, 2026 power production in the Vista Hermosa plants increased when compared to same periods of 2025, reflecting consistent solar resource availability and better plant availability year over year. The effective average spot price realized during the quarter was $73.93/MWh, compared to $65.90/MWh in the corresponding period of the prior year. For the six months ended June 30, 2026, the effective average spot price was $62.82/MWh, compared to $67.20/MWh for the corresponding prior-year period.

5. BUSINESS DEVELOPMENT

Polaris continues to execute on its strategy of growing its renewable energy portfolio through disciplined development of utility-scale renewable energy and energy storage projects across the Americas. During the quarter, the Company increased its investment in project development activities, advancing opportunities through site option acquisition, permitting, engineering, commercial negotiations and regulatory processes.

These activities are primarily focused on expanding the Company's long-term pipeline and positioning projects to reach construction-ready status. Although many of these expenditures are recognized as expenses as incurred, with certain amounts classified as prepaid deposits as at June 30, 2026, management considers them strategic investments that are expected to support the Company's future growth and project development objectives.

To support this long-term growth strategy, the Company incurs development expenditures to advance its project pipeline. These expenditures include costs associated with identifying, evaluating and progressing projects that are expected to provide future economic benefits but do not yet qualify for capitalization under IFRS. These development costs also include corporate development overhead, such as personnel, occupancy and other administrative expenses that are not directly attributable to specific projects. Certain expenditures may relate to opportunities that are ultimately not acquired or do not proceed to construction.

While these activities contributed to higher development-related expenses during the period, management believes they position the Company to deliver long-term growth in one of Latin America's most attractive renewable energy markets.

	Three Months Ended		Six Months Ended	
Pipeline Development Expenditures	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Pipeline Development Overhead	**72**	54	**222**	103
Project development platform Mexico	**164**	47	**253**	100
Project development platform Puerto Rico	**11**	10	**11**	10
Project development platform Other jurisdictions	**6**	-	**10**	24
	$ 253	$ 111	**$ 496**	$ 236

Below is a summary of significant business development activity thus far in 2026.

PUERTO RICO DEVELOPMENT, ACCELERATED STORAGE ADDITION PROGRAM (ASAP)

The Company is advancing a BESS project in Puerto Rico under the Accelerated Storage ASAP program, an initiative aimed at accelerating the deployment of energy storage solutions to enhance grid reliability. The project contemplates a total storage capacity of 71.4 MW and is expected to generate additional revenue through the provision of energy storage, capacity and ancillary grid support services.

The project is currently estimated to require gross capital expenditures of approximately $70 million to $75 million , before giving effect to any available U.S. Investment Tax Credits, and remains subject to final engineering, procurement and construction costs. The Company expects the project to qualify for applicable ITCs which, if realized, could be monetized and offset approximately 30% to 40% of eligible project costs, representing an estimated benefit of approximately $20 million to $25 million.

During 2026, the project achieved several key development milestones, including approval of the SO1 Agreement by PREB, PREPA's Governing Board and the FOMB, followed by execution of the SO1 Agreement with PREPA on June 5, 2026. Closing of the transaction remains subject to the satisfaction or waiver, as applicable, of certain conditions precedent under the SO1 Agreement, primarily relating to customary legal and administrative matters. The Company expects Closing to occur no later than Q3 2026. The project is advancing toward construction and commercial operation. Construction is currently expected to take approximately 12 months, with commercial operations targeted for the third quarter of 2027, subject to customary development, permitting, procurement, construction and commissioning activities. Upon commencement of operations, the project is expected to generate stable revenues through monthly fixed and performance-based payments under a 20-year contractual term.

MEXICO MIXED DEVELOPMENT PROGRAM

The Company continued advancing its strategic expansion into the Mexican renewable energy market through the Mixed Development Program launched by CFE. Following the selection of its three projects in June 2026, Polaris achieved key development milestones, including the execution of the Mixed Investment Agreement in July 2026, which establishes the contractual framework governing the development, financing, construction, ownership and operation of the projects. In parallel, the Company continued progressing commercial, legal, technical, environmental and financing workstreams, as well as establishing the local corporate and operational infrastructure required to support project execution.

The projects represent approximately 250 MW of solar generation capacity and 192 MWh of battery energy storage capacity located in strategic energy regions across Mexico, with an aggregate estimated CAPEX of approximately US$240 million.

The Company is also actively pursuing participation in additional renewable energy procurement processes launched by the Mexican government, beyond the Mixed Development Program, as part of its strategy to further expand its development pipeline in the country.

6. RESPONSIBLE BUSINESS STRATEGY

As the Company continues to grow and diversify its renewable energy portfolio across Latin America and the Caribbean, responsible business remains embedded as a core component of its governance framework, risk management processes, and operational practices. These considerations support disciplined decision-making and alignment with long-term value creation.

The Company's responsible business 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.

Key responsible business-related activities during the period included:

- **Workforce development and ethical governance:** The Company continued the delivery of mandatory training programs covering the Code of Business Conduct and Ethics, anti-corruption, cybersecurity and information security (including AI awareness), and operational policies. The Company has recorded approximately 4,255 total training hours, representing an average of 20 hours per employee on an annualized basis. Governance practices were further supported through the continued rollout of updated corporate policies, cybersecurity enhancements, and implementation of audit recommendations. No cybersecurity breaches, human rights incidents, or whistleblower reports were recorded year-to-date.
- **Community engagement and social investment:** The Company continued to advance its community engagement programs across its jurisdictions, with initiatives focused on education, health, infrastructure, sports and recreation, and local economic development. Activities during the quarter included educational materials and school equipment, support for student arts and robotics programs, school infrastructure upgrades, sanitation and water-related improvements, health care and diagnostic equipment, and support for local livelihood and entrepreneurship initiatives. These programs are aligned with stakeholder engagement plans and aim to support long-term community relationships and shared value creation.
- **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:** The Company operates a diversified renewable energy portfolio comprising geothermal, hydroelectric, solar, and wind assets. During the period, renewable energy generation contributed to the avoidance of greenhouse gas emissions through the displacement of fossil-fuel-based generation. Environmental management practices remain focused on water stewardship, waste management, regulatory compliance, and environmental awareness. Activities during the period included environmental education initiatives, site and river clean-up and reforestation activities with students and employees, biodiversity training and internal monitoring, and employee environmental awareness sessions across multiple jurisdictions.

Responsible business considerations remain integrated into the Company's planning, governance, and performance management processes and support its 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 responsible business governance, programs, metrics, and activities, which is available on the Company's website at www.polarisREI.com.

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue				
Power revenue	**$ 19,934**	$ 21,642	**$ 39,683**	$ 41,902
Carbon emission reduction credits revenue	**$ 1**	$ -	**20**	27
Direct costs				
Direct costs	**(4,367)**	(4,223)	**(8,417)**	(7,580)
Depreciation and amortization of plant assets	**(7,735)**	(7,574)	**(15,436)**	(14,892)
General and administrative expenses	**(2,377)**	(2,022)	**(4,733)**	(3,980)
Operating income	**$ 5,456**	$ 7,823	**$ 11,117**	$ 15,477
Interest income	**792**	758	**1,472**	1,795
Tax-equity income	**366**	1,051	**734**	1,051
Finance costs	**(5,694)**	(5,825)	**(11,366)**	(21,709)
Other (losses) gains	**56**	(50)	**(141)**	(71)
Earnings (loss) and comprehensive earnings (loss) before income taxes	**$ 975**	$ 3,757	**$ 1,815**	$ (3,457)
Current and deferred income tax recovery (expense)	**(1,757)**	(1,484)	**(3,152)**	(4,679)
Total earnings (loss) and comprehensive earnings	**$ (782)**	$ 2,273	**$ (1,337)**	$ (8,136)
Total earnings (loss) and comprehensive earnings attributable to:				
Owners of the Company	**$ (848)**	$ 2,203	**$ (1,479)**	$ (8,238)
Non-controlling interests	**$ 66**	$ 70	**$ 142**	$ 102
Basic earnings (loss) per share	**$ (0.04)**	$ 0.10	**$ (0.07)**	$ (0.39)

Three months ended June 30, 2026 versus June 30, 2025

Revenue decreased by $1.7 million compared to Q2 2025, due to lower consolidated energy production stemming from the combined effect of Nicaragua's natural decline and lower binary unit output, lower resource availability in the hydro plants and higher curtailment in the Dominican Republic.

Direct operating costs increased modestly by $0.1 million (3.4%), primarily due to higher operating and maintenance activities across the portfolio.

G&A expenses increased by 18% compared to the comparative period, primarily reflecting higher non-cash share based compensation to employees and management as well as higher investment in the Company's development platform. This was partially offset by efficiencies realized in the Puerto Rico procurement process compared to Q2 2025.

Interest income remained relatively consistent with the prior-year period, reflecting comparable average cash balances and investment yields. Similarly Finance costs remained substantially consistent with the prior-year period.

Tax-equity income decreased by $0.7 million, reflecting the expected reduction in the allocation of tax benefits under the Punta Lima tax-equity structure as it matures.

Earnings before income taxes decreased by $2.8 million, primarily due to lower operating income and reduced tax-equity income.
Overall, the quarter was characterized by resource-driven production declines, while operating costs and finance costs remained relatively stable.

Six months ended June 30, 2026 versus June 30, 2025

Revenue was $39.7 million during the six months ended June 30, 2026 , compared to $41.9 million in the same period of 2025. The 5% decrease was primarily attributable to lower generation resulting from increased curtailment in the Dominican Republic and reduced geothermal production in Nicaragua following the scheduled major maintenance outage in the first quarter and a temporary decline in output from a cycling well in June. These decreases were partially offset by a full six months of operations at Punta Lima Wind Farm following its acquisition in March 2025, higher realized electricity prices in Peru, and increased generation and stronger realized prices in Panama.

For the six months ended June 30, 2026 direct costs rose by $0.8 million. The increase is due to the integration of Punta Lima Wind Farm and higher operating and maintenance activities across the portfolio.

General and administrative expenses for the six months ended June 30, 2026, increased by $0.7 million primarily due to higher non-cash share based compensation, the recording of Minimum Asset Tax in the DR (no minimum asset tax recorded in 2025 as income taxes applied due to higher generation and revenues) together with increasing corporate costs associated with the Company's strategic growth initiatives. During the period the Company expanded activities related to project origination, permitting, engineering, commercial negotiations, legal and regulatory support, and project management, principally in connection with the Company's growing development pipeline in Mexico and Puerto Rico. These expenditures represent strategic investments intended to support future growth and do not necessarily qualify for capitalization under IFRS.

For the six months ended June 30, 2026, finance costs were significantly lower than the comparative period of 2025 which saw the early repayment of credit facilities in Ecuador, Nicaragua, and Peru and its corresponding liquidation of accrued interest and pre-payment penalty fees (Note 11). Excluding this item, finance costs were generally consistent with the prior-year period.

Interest income decreased by $0.3 million, primarily reflecting lower average cash balances available for investment during the period.

Net results improved significantly from a loss of $8.2 million attributable to shareholders in the prior-year period to a loss of $1.4 million in 2026. The improvement was primarily driven by lower finance costs, which more than offset the decline in operating income resulting from lower generation and increased curtailment in the Dominican Republic.

8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

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

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net cash from (used in)				
Operating activities	**$ 6,486**	**$ 4,764**	**$ 15,017**	$ 16,531
Investing activities	**$ (253)**	**$ (273)**	**(1,491)**	(15,007)
Financing activities	**$ (5,003)**	**$ (5,421)**	**(8,917)**	(128,743)
Foreign exchange gain (loss) on cash held in foreign currency	**$ 26**	**$ -**	**(14)**	-
Increase (decrease) in cash	**$ 1,256**	**$ (930)**	**$ 4,595**	$ (127,219)

- Net cash from operating activities for the six months ended June 30, 2026 was $15.0 million, compared to $16.5 million in H1 2025. The decrease was primarily driven by lower operating income, reflecting reduced revenues and higher operating and administrative expenses during the period, as discussed above. The increase in operating cash receipts during the quarter, compared with the corresponding period in 20025, was primarily driven by exceptional market conditions in the Peruvian electricity market during March 2026. This resulted in the receipt of $1.3 million (net) of incremental cash from the Generacion Andina operations in April 2026. As these amounts relate to future periods, they were recorded as unearned revenue at quarter-end.

- Net cash used in investing activities for the six months ended June 30, 2026 was $1.5 million, compared to $15.0 million in the same period of 2025. The prior-year period included higher capital expenditures, primarily related to acquisitions of PLWF in Puerto Rico. In the current quarter, cash outflows were similar for current and prior year.

- Net cash used in financing activities for six months ended June 30, 2026 is not directly comparable to the net cash from financing activities Q1 in 2025. The prior-year period was impacted by a non-recurring financing event.

As a result of the above, cash increased by $4.6 million in H1 2026, compared to a decrease of $127.3 million in H1 2025.

The Company continues to deploy capital toward advancing its development pipeline while maintaining a disciplined balance sheet. Development expenditures are expected to fluctuate depending on project maturity, permitting activities, engineering requirements and commercial negotiations. Management believes these investments position the Company for future construction opportunities and long-term cash flow growth.

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

	June 30, 2026	As at December 31, 2025
Total Cash (Restricted and Unrestricted)	**$ 98,801**	$ 93,200
Total current assets	**$ 109,342**	$ 103,258
Total assets	**$ 528,092**	$ 535,569
Current and Long-term debt	**$ 216,751**	$ 217,344
Total liabilities	**$ 292,899**	$ 292,692

The modest decrease in total assets compared to the prior period primarily reflects ongoing depreciation of property, plant and equipment, resulting in a net reduction in total assets, partially offset by an increase in current assets. Current assets increased mainly due to a rise in total cash. Total debt remained substantially unchanged at $216.8 million, while total liabilities were stable at $292.9 million compared to $292.7 million at December 31, 2025.

The Company believes it has sufficient liquidity to fund its working capital requirements and routine capital expenditures associated with maintaining its existing operating assets. Based on current cash balances, expected operating cash flows and available credit facilities, management believes the Company has adequate resources to meet its current obligations and commitments and to continue operating for the foreseeable future. As the Company's development pipeline advances toward construction- including the recently awarded projects in Mexico- additional capital will be required to fund a portion of the associated development and capital expenditures. The Company expects to finance these requirements through a combination of project-level debt and internally generated cash flows and, where appropriate, other financing alternatives. The timing and amount of any additional funding will depend on the pace at which development milestones are achieved and projects reach financial close.

Remaining contractual maturities of the Company's financial liabilities as at June 30, 2026 are as follows:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 18,515	$ -	$ -	$ -	$ 18,515
Debt, current and long-term	4,117	8,809	184,387	37,921	235,234
Interest obligations	18,603	36,761	9,899	4,113	69,376
Lease liabilities	385	961	859	395	2,600
	$ 41,620	$ 46,531	$ 195,145	$ 42,429	$ 325,725

The following are the principal obligations for the remaining terms of the loans as of June 30, 2026:

	Generación Andina	*Canoa 1*	*Green Bond*
2026	1,062	917	
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	2,689	
2038	3,550	-	
Total	***$ 31,662***	***$ 28,580***	***$ 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 June 30, 2026, the Company is in compliance with 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 Bond are and will be used to finance or refinance investments in renewable energy production and storage. As at June 30, 2026, the Company is in compliance with 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 matures in 2037, has 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. During the first half of 2026, the Canoa project experienced elevated levels of curtailment, consistent with conditions affecting a number of renewable energy generators in the Dominican Republic. The resulting reduction in energy production and revenues causing the company to obtain a waiver regarding the DSCR covenant as of June 30, 2026. Accordingly, no event of default exists under the Canoa 1 Credit Agreement and the loan continues to be classified in accordance with its contractual repayment terms. The Company expects to continue meeting its scheduled interest and principal payment obligations and does not anticipate any interruption to debt service as a result of the covenant waiver.

The Company had no off-balance sheet arrangements as at June 30, 2026.

Additional discussion relating to the above financial instruments are included in Note 9 (Long Term debt) to the condensed consolidated financial statements for the period ended June 30, 2026. 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

Land Leases: Punta Lima Wind Farm has three long-term land leases under one consolidated arrangement. Because the lease payments under this arrangement are variable in nature, IFRS 16 measurement rules result in $nil lease liability and therefore, variable lease payments under this agreement are recognized as an expense in profit or loss in the period in which they are incurred. Assuming PLWF annual production will always be greater than 6,000 MWh, the minimum annual payments will be at least $450 per year until the end of the PPA in 2044.

CAPEX: Punta Lima Wind Farm has until March 2028 to complete the installation of a 1 MW BESS (battery for frequency regulation for the Punta Lima project pursuant to the amended PPA. The planned ASAP program BESS project (71 MW), once constructed, will be sufficient to meet operational requirements.

Maintenance Contract: The Company has entered into a multi-year Operations and Maintenance (O&M) agreement for PLWF. The contract, ending in 2034, includes fixed and variable components (CPI adjusted) based on plant availability and energy output. The fixed component liability of the O&M until its end in 2034 is $7.0 million.

Tax-Equity Liability: In connection with the acquisition of PLWF in Q1 2025 through a tax-equity financing structure, the Company contracted a tax-equity liability with Class A and Class investors. This liability is expected to be settled primarily through the allocation of tax benefits, supplemented by modest cash payments, and is anticipated to be fully settled by Q2 2029.

Tax-Equity Liability		June 30, 2026
Balance beginning of the year	$	3,616
Accretion finance charge		112
Tax benefit (Class A &C units) amortization		(734)
Cash distributions to Class A and Class C members		(30)
Balance end of the period	**$**	**2,964**

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	July 29, 2026	June 30,2026
Common shares issued and outstanding	**20,892,618**	20,892,618
Share options outstanding (i)	**223,099**	223,099
Deferred share units ("DSUs")	**58,751**	58,751
Performance Share units ("PSUs") (ii)	**268,785**	268,785
Restricted share units ("RSUs") (iii)	**111,119**	111,119

(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, 202,067 are exercisable at a weighted average exercise price of Cdn$17.57.

(i) On September 16, 2025 and January 19, 2026, the Company granted 58,785 PSUs and 32,340 PSUs, respectively, 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.

(ii) 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, 2025 and on January 19, 2026 (32,667 RSU), vest on December 31, 2027 and December 31, 2028, respectively.

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

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

		June 30, 2026		March 31, 2026		December 31, 2025		September 30, 2025
Production MWh (i)		**199,130**		205,317		197,208		181,235
Total revenue	**$**	**19,935**	$	19,768	$	19,514	$	19,037
Direct cost of power production	**$**	**(12,102)**	$	(11,751)	$	(12,052)	$	(11,710)
Net earnings (loss) attributable to owners of the Company	**$**	**(848)**	$	(631)	$	5,821	$	(328)
Basic weighted average number of shares outstanding		**20,955**		20,956		21,025		21,053
Earnings (loss) per share attributed to owners of the Company - basic	**$**	**(0.04)**	$	(0.03)	$	0.28	$	(0.02)
Adjusted EBITDA (ii)	**$**	**13,667**	$	13,464	$	13,225	$	12,781
Total Cash (Unrestricted and Restricted)	**$**	**98,801**	$	97,539	$	93,200	$	99,131
Total equity attributable to Owners of the Company	**$**	**235,341**	$	239,402	$	243,167	$	241,177

		June 30, 2025		March 31, 2025		December 31, 2024		September 30, 2024
Production MWh (i)		215,797		216,491		195,797		168,639
Total revenue	$	21,642	$	20,287	$	18,781	$	17,658
Direct cost of power production	$	(11,797)	$	(10,675)	$	(10,860)	$	(10,758)
Net earnings (loss) attributable to owners of the Company	$	2,203	$	(10,441)	$	(2,792)	$	451
Basic weighted average number of shares outstanding		21,070		21,093		21,088		21,103
Earnings per share attributed to owners of the Company - basic	$	0.10	$	(0.49)	$	(0.13)	$	0.02
Adjusted EBITDA (ii)	$	15,429	$	15,013	$	13,566	$	12,417
Total Cash (Unrestricted and Restricted)	$	90,663	$	91,593	$	217,882	$	46,363
Total equity attributable to Owners of the Company	$	244,863	$	245,992	$	259,747	$	265,743

(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 favorable 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.

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.

Effective January 1, 2026, the Company adopted the amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures, relating to the derecognition of financial liabilities settled through electronic payment systems, including wire transfers, electronic funds transfers, and similar payment methods. The adoption of these amendments did not have a material impact on the Company's condensed consolidated interim financial statements.

The Company has also 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. The impacts identified from the adoption of IFRS 18 have been disclosed in Note 2 to the interim condensed consolidated 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, while a weakening will have an opposite effect. A reasonable change in foreign exchange rates against the US dollar would not have had a material impact on the Company's net loss and comprehensive loss for the period.

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 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, tropical storms, hurricanes and landslides, as well as changes in precipitation, temperature and other weather patterns. These conditions could disrupt operations, damage generation, transmission, or other infrastructure, restrict access to facilities or reduce the availability of natural resources required for power generation.

Reduced hydrological resources, typically experienced under the effects of El Niño, in certain jurisdictions, including Peru or Ecuador, could adversely affect hydroelectric generation and other operations dependent on water availability. Similarly, variations in wind conditions, including those associated with nature climate variability such as La Niña, could affect generation at wind operations. La Niña typically reduces vertical wind shear over parts of the Atlantic. Lower wind shear makes it easier for tropical systems to organize and intensify, and La Niña has historically been associated with increased Atlantic hurricane activity. This can result in precautionary turbine shutdowns; damage to blades, nacelles, substations or transmission infrastructure; restricted site access following storms and grid outages even when the wind farm itself remains operational.

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 preventive maintenance, environmental management practices contingency preparedness, updated operational protocols, and ongoing monitoring through the Environmental and Social Management System. Other assets remain subject to continuous monitoring and evaluation to inform future risk assessment and operational plannings Although these measures are intended to enhance operational resilience, they may not eliminate all operational or financial impacts associated with climate variability, extreme weather events or longer-term changes in climate conditions.

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 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		Six Months Ended	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
Total earnings (loss) and comprehensive earning attributable to Owners of the Company	**$ (848)**	$ 2,203	**$ (1,479)**	$ (8,238)
Add (deduct):				
Total earnings attributable to non-controlling interest	**66**	70	**142**	102
Current and deferred tax expense (recovery) and Minimum Asset Tax	**1,929**	1,484	**3,443**	4,679
Finance costs	**5,694**	5,825	**11,366**	21,709
Interest income	**(792)**	(758)	**(1,472)**	(1,795)
Tax Equity Income	**(366)**	(1,051)	**(734)**	(1,051)
Unrealized Foreign Exchange	**(21)**	9	**(18)**	30
Depreciation and amortization	**7,735**	7,574	**15,436**	14,892
Share-based compensation	**270**	73	**447**	**114**
Adjusted EBITDA	**$ 13,667**	$ 15,429	**$ 27,131**	$ 30,442
Basic weighted average number of shares outstanding	**20,955,077**	21,069,930	**20,955,385**	21,079,619
Adjusted EBITDA per share	**$ 0.65**	$ 0.73	**$ 1.29**	$ 1.44

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 interim filings and the effectiveness of such disclosure controls and procedures as of June 30, 2026.

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 period ended June 30, 2026 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 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.

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