Condensed Consolidated Interim Financial Statements for the periods ended

September 30, 2025 and 2024

(*Unaudited)*

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Polaris Renewable Energy Inc.

Consolidated Balance Sheets

(expressed in thousands of United States dollars; unaudited)

	Note Ref	As at September 30, 2025	As at December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		**$ 94,555**	$ 213,306
Accounts receivable	9	**12,099**	11,279
Prepaid expenses and other current assets		**5,291**	3,978
		111,945	228,563
Non-current assets			
Restricted cash		**4,576**	4,576
Other assets, net		**5,863**	5,092
Property, plant and equipment, net	10	**357,247**	352,677
Intangible assets, net		**48,856**	50,842
Construction in progress		**5,146**	5,001
Goodwill, net		**9,311**	8,555
Deferred tax assets		**8,062**	6,799
Total assets		**$ 551,006**	$ 662,105
Liabilities and Total Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 22,982**	$ 17,140
Current portion of long-term debt, net	11	**3,971**	16,267
Current portion of lease liabilities		**390**	428
Deferred consideration liability	4	**4,948**	-
		32,291	$ 33,835
Non-current liabilities			
Long-term debt, net	11	**214,042**	312,082
Lease liabilities		**2,012**	2,148
Decommissioning liabilities	4	**1,729**	-
Tax-Equity Liabilities	4,11	**4,510**	-
Deferred tax liability		**55,349**	54,514
Total liabilities		**309,933**	$ 402,579
Non-controlling interests		**(104)**	(221)
Equity attributable to the owners of the Company			
Share capital	12	**665,905**	666,380
Contributed surplus		**14,030**	14,092
Accumulated deficit		**(438,758)**	(420,725)
Total equity attributable to the owners of the Company		**241,177**	259,747
Total equity		**241,073**	$ 259,526
Total liabilities and total equity		**$ 551,006**	$ 662,105

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

Approved by the Board of Directors

(signed) Marc Murnaghan
Chief Executive Officer

(signed) Jaime Guillen
Director

Polaris Renewable Energy Inc.

Consolidated Statements of Operations and Comprehensive Earnings

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

	Note Ref	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Revenue					
Power revenue	6	**$ 19,035**	$ 17,658	**$ 60,937**	$ 56,992
Carbon emission reduction credits revenue		**2**	-	**29**	-
Direct costs					
Direct costs	7(a)	**(4,176)**	(3,403)	**(11,756)**	(10,142)
Depreciation and amortization of plant assets	7(a)	**(7,534)**	(7,355)	**(22,426)**	(21,958)
General and administrative expenses	7(b)	**(2,146)**	(1,908)	**(5,953)**	(5,572)
Other operating costs		**(40)**	(266)	**(213)**	(269)
Operating income		**5,141**	4,726	**20,618**	19,051
Interest income		**956**	745	**2,751**	1,702
Tax-equity income	3	**949**	-	**2,000**	-
Finance costs	8	**(5,804)**	(5,122)	**(27,513)**	(15,542)
Other (losses) gains		**(185)**	131	**(256)**	280
Earnings/(loss) and comprehensive earnings/(loss) before income taxes		**1,057**	480	**(2,400)**	5,491
Current and deferred income tax recovery (expense)		**(1,371)**	(20)	**(6,050)**	435
Total earnings/(loss) and comprehensive earnings/(loss)		**$ (314)**	$ 460	**$ (8,450)**	$ 5,926
Total earnings/(loss) and comprehensive earnings/(loss) attributable to:					
Owners of the Company		**$ (328)**	$ 451	**$ (8,566)**	$ 5,782
Non-controlling interests		**$ 14**	$ 9	**$ 116**	$ 144
Basic earnings per share	13	**$ (0.02)**	$ 0.02	**$ (0.41)**	$ 0.27
Diluted earnings per share	13	**$ (0.02)**	$ 0.02	**$ (0.41)**	$ 0.27

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

Polaris Renewable Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity

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

	Note Ref	Common Stock Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Total Attributable to the Owners of the Company	Non-Controlling Interest (Note 21)	Total Equity
Balance at January 1, 2024		**21,063,575**	**$ 666,394**	**$ 14,020**	**$ (411,072)**	**$ 269,342**	**$ 590**	**$ 269,932**
Dividends paid		-	-	-	(9,484)	(9,484)	-	(9,484)
Share-based compensation		-	-	177	-	177	-	177
Shares issued on vesting of RSUs	12	15,067	199	(181)	-	18	-	18
Share buyback program (NCIB)		(11,600)	(106)	14		(92)		(92)
Total earnings and comprehensive earnings		-	-		5,782	5,782	144	5,926
Balance at September 30, 2024		**21,067,042**	**666,487**	**14,030**	**(414,774)**	**265,743**	**734**	**266,477**
Dividends paid		-	-	-	(3,159)	(3,159)	-	(3,159)
Shares issued on conversion exercise of shares (NCIB)	12	(12,000)	(107)	62	-	(45)	-	(45)
Total earnings/(loss) and comprehensive earnings/(loss)		-	-	-	(2,792)	(2,792)	(955)	(3,747)
Balance, December 31, 2024		**21,055,042**	**666,380**	**14,092**	**(420,725)**	**259,747**	**(221)**	**259,526**
Dividends paid		-	-	-	(9,466)	(9,466)	-	(9,466)
Share-based compensation		-	-	158	-	158	-	158
Shares issued on vesting of RSUs	12	18,091	230	(230)	-	-	-	-
Share buyback program (NCIB)		(81,100)	(705)	10	-	(695)	-	(695)
Total earnings/(loss) and comprehensive earnings/(loss)		-	-	-	(8,566)	(8,566)	117	(8,449)
Balance at September 30, 2025		**20,992,033**	**665,905**	**14,030**	**(438,758)**	**241,177**	**(104)**	**241,073**

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

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

	Note Ref	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Net inflow (outflow) of cash related to the following activities			
Operating			
Total (loss) earnings and comprehensive earnings attributable to owners of the Company		**$ (8,566)**	$ 5,782
Add/(Deduct) items not affecting cash:			
Non-controlling interests in net earnings of subsidiary		**117**	144
Current and deferred income tax (recovery)		**6,050**	(435)
Finance costs/interest on debt recognized		**16,168**	14,149
Depreciation and amortization	7(a)(b)	**22,650**	22,126
Accretion on debt and other time-based charges		**1,347**	869
Accretion recorded as financing cost -extinguishment of debt	11	**4,219**	-
Share-based compensation		**289**	154
Unrealized foreign exchange loss (gain)		**38**	41
Tax-equity income		**(2,000)**	-
Changes in non-cash working capital:			
Accounts receivable	9	**968**	(1,050)
Prepaid expenses and other assets		**(797)**	(946)
Accounts payable and accrued liabilities		**(1,318)**	(1,154)
Interest paid	11	**(10,902)**	(12,100)
Unearned revenue		**581**	(1,837)
Change in other assets		**398**	232
Net cash flow from operating activities		**29,242**	25,975
Investing			
Change in restricted cash		**-**	54
Additions to construction in progress		**(136)**	(2,771)
Additions to property, plant and equipment		**(275)**	(486)
Business acquisition, net	4	**(14,665)**	-
Net cash flow to investing activities		**(15,076)**	(3,203)
Financing			
Payments for extinguishment of debt	11	**(5,436)**	-
Dividends paid		**(9,466)**	(9,484)
Repayment of debt	11	**(116,919)**	(11,164)
Shares repurchase costs		**(705)**	-
Payments of the outstanding lease liability		**(392)**	(390)
Net cash flow to financing activities		**(132,917)**	(21,038)
Net (decrease) increase in cash		**(118,751)**	1,734
Cash, beginning of the year		**213,306**	40,053
Cash, end of the period		**$ 94,555**	$ 41,787

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

1. Organization

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

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

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

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

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

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

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

On March 3, 2025, the Company closed on the Equity Capital Contribution Agreement and LLC Agreement with respect to Punta Lima Wind Farm LLC. The operating onshore wind farm with a nameplate capacity of 26 MW is located in the Municipality of Naguabo, Puerto Rico. The transaction was accounted for as a business combination, and it is described in Note 4 below.

2. Basis of preparation and presentation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with IFRS Accounting Standards, have been omitted or condensed. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2024. In particular, the Company’s material accounting policies were presented in Note 3: Material Accounting Policies to the consolidated financial statements for the year ended December 31, 2024.

New accounting standards and interpretations have been issued and are effective for annual periods beginning after the current year. The following standard has been issued and is currently being evaluated to determine its potential impact on the Company's consolidated financial statements:

- IFRS 18 P*resentation and Disclosure in Financial Statements*, with mandatory application of the standard starting in reporting periods commencing on or after January 1, 2027.

In addition, *Amendments to the Classification and Measurement of Financial Instruments* (IFRS 9 and IFRS 7), effective for annual reporting periods beginning on or after January 1, 2026 have been assessed and are not expected to have a material impact on the Company's current or future consolidated financial statements.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The critical judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were those applied and disclosed in Note 4: Critical Judgments and Estimation Uncertainties to the Company's consolidated financial statements for the year ended December 31, 2024. In addition to significant judgment in connection with the acquisition completed during the first quarter of the year where management was required to make estimates in determining the purchase price allocation. The purchase price allocation involves estimates of the fair value of identifiable assets acquired and liabilities assumed, including property, plant and equipment, intangible assets, tax-equity liability and provisions. These estimates are based on information available as of the acquisition date and are subject to change as additional information becomes available. In accordance with IFRS 3, the Company has a measurement period of up to 12 months from the acquisition date to finalize these estimates. Adjustments to the provisional amounts recognized may be made during this period as new information is obtained about facts and circumstances that existed as of the acquisition date. Sources of estimation uncertainty include estimates to determine the recoverable amount of property, plant and equipment, construction in progress, the valuation of other assets and liabilities, and the determination of the accounting method for a business combinations.

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company (the "Board") on October 29, 2025.

3. Material Accounting Policies

Business combinations or asset acquisitions

When an entity is acquired, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under IFRS 3, Business Combinations, or an asset acquisition. Management determines that a transaction is defined as a business combination by analyzing the inputs, processes and outputs existing at the moment of closing the transaction.

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the fair values of assets transferred, liabilities assumed, and the equity instruments issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

When the Company acquires less than 100% of a controlled subsidiary, the Company elects on a transaction-by-transaction basis, whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

When an Asset Retirement Obligation (ARO) or a decommissioning liability is acquired in a business combination, at the acquisition date, they are recognized at fair value in accordance with IFRS 3, and the related right-of-use (ROU) assets are recognized. Subsequent to initial recognition, ARO is re-measured in accordance with IAS 37, and any changes to the liability are reflected as adjustments to the carrying amount of the related ROU asset. The adjusted ROU asset is depreciated prospectively over the remaining term.

In the case of tax equity financing arrangements where the Company contributes capital in exchange for substantial economic returns in form of cash flows generated by the project, while obtaining operational control, the company also assesses the arrangement in accordance with IFRS 10 – Consolidated Financial Statements to determine whether it exercises control over the project entity, based on its power to direct the relevant activities and its exposure to variable returns. In this case, the Group consolidates the project entity and accounts for the tax equity investor’s interest as a liability in the consolidated financial statements. The Company's share of the profits and losses of the project are allocated in accordance with the contractual terms of the partnership agreement, which may differ from the legal ownership percentages.

The Company classifies its tax equity liability arising from the tax equity structure, as a financial instrument measured at amortized cost. Gain or loss on the tax equity liability (through the partial settlement by delivering non-cash attributes or to a lesser extent through cash distributions) is recognized, net of interest accreted, in the consolidated statements of income (loss).

Acquisition costs are expensed to earnings as incurred. The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceeds the sum mentioned above, the excess amount (gain on a bargain purchase) is recognized through earnings immediately.

If the business combination is achieved in stages, the acquisition-date carrying amount of the acquirer's previously held interest in the acquiree is re-measured at its acquisition-date fair value with any resulting gain or loss recognized in net earnings (loss).

4. Acquisition of Punta Lima Wind Farm LLC

On March 3, 2025, the Company closed on the Equity Capital Contribution Agreement ("ECCA") and Limited Liability Company Agreement ("LLCA") with respect to Punta Lima Wind Farm LLC ("PLWF", an indirect subsidiary wholly owned by Santander Bank N.A. “Santander”). PLWF is an operating onshore wind farm with a nameplate capacity of 26.0 MW’s located in the Municipality of Naguabo, Puerto Rico. PLWF was reconstructed and recommissioned by Santander and has a 20-year power purchase agreement (“PPA”) in place with Puerto Rico Electric Power Authority (PREPA) terminating in March 2044.

Puerto Rico does not operate a spot market for energy. All wind energy producers, including PLWF, sell their output under Power Purchase Agreements with the Puerto Rico Electric Power Authority (PREPA), the sole off-taker on the island through Luma, the entity responsible for transmission and distribution of electricity on the island. Given the limited supply of renewable energy and the regulatory emphasis on clean energy procurement, it is reasonable to expect that a project like PLWF would be able to secure a similar PPA under comparable terms if required. As such, the existing PPA does not confer a distinct economic advantage, and therefore no significant intangible value has been attributed to it in the purchase price allocation.

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

The transaction has been completed using a tax-equity structure which results in the Company becoming the manager and operator of the Project with a controlling equity interest and Santander retaining a tax equity interest in the Project. Tax equity structures in the U.S. are designed to allocate renewable tax incentives such as investment tax credits ("ITCs") and accelerated tax depreciation to tax equity partners. The structure grants them also the majority of the Project's U.S. taxable earnings along with a small portion of cash flows, while Polaris will receive most of the cash flows and a minimal part of the earnings until a contractually determined point at which the allocations are adjusted (the "Flip Date"). The Company anticipates the Flip Date will happen in 2029. Subsequent to the Flip Date the majority of the Project's taxable earnings and cash flows are allocated to Polaris.

The total equity contribution of $20 million from Polaris had the following payment schedule: $15 million on March 3, 2025, the Closing Date, and $5 million on December 3, 2025, recorded as deferred consideration payable with fair market value (FMV) of $4,780.5 using a 6.2% discount rate on acquisition date on the balance sheet (FMV YTD $4,948).

The acquisition has been accounted for as a business combination in accordance with IFRS 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 was established based on fair values of assets acquired and liabilities assumed as at acquisition date, summarized as follows:

		Fair Value allocation as at March 3, 2025
Consideration	**$**	**19,780**
Identifiable assets acquired:		
Cash		335
Receivables and other assets		1,788
Prepaids		185
Property, plant and equipment		24,551
Right of use asset		560
Total assets acquired	**$**	**27,419**
Less liabilities assumed:		
Accounts payable and accrued liabilities		(551)
Decommissioning Liability		(560)
Deferred tax liability		(756)
Total liabilities assumed	**$**	**(1,867)**
Tax Equity Liability (Class A + C Units)		(6,528)
Net assets acquired	**$**	**19,024**
Goodwill	**$**	**756**

The trade and other receivables acquired as part of the acquisition with a fair value of $1,788 have been collected.

Punta Lima Wind Farm has in place three long-term land leases under one consolidated arrangement. However, because the lease payments under this arrangement are variable in nature, based on land use and revenue generated, the arrangement does not meet the recognition criteria under IFRS 16 Leases. As such, payments will be expensed in the statement of operations and comprehensive earnings in the period the related activity occurs.

In addition, the lease agreement includes a decommissioning obligation requiring the removal of certain wind turbines at the end of the lease term. Its discounted value was calculated using a risk free rate of 3.8%. As at the reporting date, the liability is recognized at $1.7 million on the statement of financial position, while its fair market value is estimated at $1.4 million.

The Company recognized a tax equity liability representing the present value of estimated future cash distributions and tax benefits to be provided to the tax equity partners under the terms of the ECCA and the LLCA. This liability reflects the expected allocation of returns to the investor based on the projected performance of the project and applicable tax attributes until the Flip Date. At that time, the tax equity financing will be classified as a non-controlling interest. At all times, both before and after the projects' flip point, the Polaris retains control over PLWF.

Transaction costs related to due diligence fees, legal costs and other professional fees of $370 were incurred in relation to the acquisition and were expensed as Other Operating Costs in the Consolidated Statements of Operations and Comprehensive Earnings throughout H2 2024 and Q1 2025.

Upon final determination of fair values as at the acquisition date, the Company expects that some balance sheet items such as Property, plant and equipment, Assumed liabilities and Deferred tax liability would change and therefore may result in changes to the Goodwill amount preliminarily recognized as of March 31, 2025. Furthermore, the final recognition of the business combination could differ from amounts presented and could also result in favourable or unfavourable impacts, among others, on the currently recorded amortization and income tax expenses. These changes would be recorded retrospectively as at the acquisition date.

5. Segment Information

The Company currently operates in six reportable operating segments:

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

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

The reported segment earnings, including revenue and expenses, as well as assets and liabilities are presented below. Corporate represent expenses, assets and liabilities for Canada, not related to the Company's reportable operating segments.

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

Assets and liabilities	As at September 30, 2025	As at December 31, 2024
Corporate	**$ 87,421**	$ 200,265
Nicaragua	**246,489**	275,288
Peru	**98,122**	94,961
Dominican Republic	**60,196**	61,819
Puerto Rico	**29,776**	-
Ecuador	**19,197**	19,786
Panama	**9,805**	9,985
Total assets	**$ 551,006**	**$ 662,105**
Corporate	**$ 3,762**	$ 4,137
Nicaragua	**235,208**	252,442
Peru	**88,693**	89,396
Dominican Republic	**56,624**	58,197
Puerto Rico	**26,260**	-
Ecuador	**18,215**	18,797
Panama	**10,299**	10,572
Total non-current assets	**$ 439,061**	**$ 433,542**
Corporate	**$ 185,494**	$ 172,718
Nicaragua	**55,110**	137,359
Peru	**26,925**	48,562
Dominican Republic	**37,941**	39,049
Puerto Rico	**3,208**	-
Ecuador	**978**	4,465
Panama	**278**	425
Total liabilities	**$ 309,933**	**$ 402,579**

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

For the Three Months Ended September 30,	Nicaragua 2025	Nicaragua 2024	Peru 2025	Peru 2024	Dominican Republic 2025	Dominican Republic 2024	Puerto Rico 2025	Puerto Rico 2024		Ecuador 2025	Ecuador 2024	Panama 2025	Panama 2024		Corporate 2025	Corporate 2024	Total 2025	Total 2024
Revenue																		
Power revenue	$ 12,368	$ 13,407	$ 1,936	$ 1,216	$ 2,168	$ 2,162	$ 1,633	$ -		$ 631	$ 511	$ 299	$ 362		$ -	$ -	$ 19,035	$ 17,658
Carbon credits	-	-	-	-	-	-	-	-		-	-	-	-		2	-	2	-
Direct costs																		
Direct costs	(1,768)	(1,857)	(835)	(895)	(396)	(403)	(926)	-		(120)	(121)	(130)	(125)		(0)	(2)	(4,176)	(3,403)
Depreciation and amortization of plant assets	(5,696)	(5,757)	(655)	(692)	(553)	(600)	(319)	-		(184)	(183)	(126)	(124)		(1)	1	(7,534)	(7,355)
General and administrative expenses	(275)	(338)	(145)	(117)	(61)	(34)	(167)	-		(65)	(76)	(28)	(24)		(1,405)	(1,319)	(2,146)	(1,908)
Other operating costs	-	-	-	-	-	-	-	-		-	-	-	-		(40)	(266)	(40)	(266)
Operating income	4,629	5,455	301	(488)	1,158	1,125	221	-		262	131	15	89		(1,444)	(1,586)	5,141	4,726
Interest income	8	241	7	7	24	43	-	-		-	-	-	1		917	453	956	745
Tax-equity income							949	-									949	-
Finance costs	(1,714)	(3,118)	(525)	(1,225)	(621)	(662)	-	-		(101)	(105)	(1)	(2)		(2,842)	(10)	(5,804)	(5,122)
Other (loses) gains	-	68	-	168	57	(120)	(157)	-		(93)	(31)	-	-		8	46	(185)	131
Earnings (loss) and comprehensive earnings (loss) before income taxes	2,923	2,646	(217)	(1,538)	618	386	1,013	-		68	(5)	14	88		(3,361)	(1,097)	1,057	480
Current and deferred income tax recovery (expense)	(1,209)	(214)	377	350	(216)	(187)	-	-	-	-	31	-	-	-	(323)	-	(1,371)	(20)
Total earnings (loss) and comprehensive earnings (loss)	$ 1,714	$ 2,432	$ 160	$ (1,188)	$ 402	$ 199	$ 1,013	$ -		$ 68	$ 26	$ 14	$ 88		$ (3,684)	$ (1,097)	$ (314)	$ 460

Polaris Renewable Energy Inc.

Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2025 and 2024
(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

For the Nine Months Ended September 30,	Nicaragua		Peru		Dominican Republic		Puerto Rico		Ecuador		Panama		Corporate		Total	
	2025	2024	**2025**	2024	**2025**	2024	2025	**2024**	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Revenue																
Power revenue	**$ 37,423**	$ 39,207	**$ 8,813**	$ 7,764	**$ 6,382**	$ 5,986	**$ 4,820**	$ -	**$ 2,558**	$ 2,188	**$ 941**	$ 1,847	**-**	-	**$ 60,937**	$ 56,992
Carbon emission reduction credits revenue													**29**	-	**29**	$ -
Direct costs																
Direct costs	**(5,242)**	(5,578)	**(2,474)**	(2,748)	**(1,178)**	(1,078)	**(2,008)**	-	**(429)**	(335)	**(421)**	(401)	**(4)**	(2)	**(11,756)**	(10,142)
Depreciation and amortization of plant assets	**(17,090)**	(17,232)	**(1,969)**	(2,073)	**(1,655)**	(1,740)	**(795)**	-	**(540)**	(546)	**(375)**	(368)	**(2)**	1	**(22,426)**	(21,958)
General and administrative expenses	**(817)**	(938)	**(375)**	(361)	**(208)**	(140)	**(335)**	-	**(235)**	(270)	**(91)**	(86)	**(3,892)**	(3,777)	**(5,953)**	(5,572)
Impairment loss	**-**	-		-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other operating costs	**-**	-	**-**	-	**-**	-	**(10)**	-	**-**	-	**-**	-	**(203)**	(269)	**(213)**	(269)
Operating income	**14,274**	15,459	**3,995**	2,582	**3,341**	3,028	**1,672**	-	**1,354**	1,037	**54**	992	**(4,072)**	(4,047)	**20,618**	19,051
Interest income	**88**	718	**9**	29	**66**	72	**-**	-	**3**	-	**1**	3	**2,584**	880	**2,751**	1,702
Tax-equity income [1]	**-**	-	**-**	-	**-**	-	**2,000**	-	**-**	-	**-**	-	**-**	-	**2,000**	-
Finance costs	**(12,883)**	(9,563)	**(4,229)**	(3,619)	**(1,913)**	(1,986)	**-**	-	**(350)**	(328)	**(3)**	(4)	**(8,135)**	(42)	**(27,513)**	(15,542)
Other (losses) gains	**-**	2	**(1)**	128	**63**	(155)	**(299)**	-	**(134)**	(34)	**-**	(2)	**115**	341	**(256)**	280
Earnings (loss) and comprehensive earnings (loss) before income taxes	**1,479**	6,616	**(226)**	(880)	**1,557**	959	**3,373**	-	**873**	675	**52**	989	**(9,508)**	(2,868)	**(2,400)**	5,491
Current and deferred income tax recovery (expense)	**(5,729)**	(243)	**1,132**	1,243	**(517)**	(565)	**-**	-	**-**	-	**(3)**	-	**(933)**	-	**(6,050)**	435
Total earnings (loss) and comprehensive earnings (loss)	**$ (4,250)**	$ 6,373	**$ 906**	$ 363	**$ 1,040**	$ 394	**$ 3,373**	$ -	**$ 873**	$ 675	**$ 49**	$ 989	**$ (10,441)**	$ (2,868)	**$ (8,450)**	$ 5,926

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

6. Revenue

Revenue by project is summarized in the following table:

Project	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Canada				
Carbon Credits	**$ 2**	$ -	**$ 29**	$ -
Nicaragua *(i)*				
San Jacinto (Geothermal)	**$ 12,368**	$ 13,407	**37,423**	39,207
Peru *(ii)*				
Generación Andina (Hydroelectric)	**1,500**	**655**	**7,519**	**6,539**
Canchayllo (Hydroelectric)	**436**	**561**	**1,294**	**1,225**
Dominican Republic (iii)				
Canoa 1 (Solar)	**2,168**	**2,162**	**6,382**	**5,986**
Ecuador (iv)				
San Jose de Minas (Hydroelectric)	**631**	**511**	**2,558**	**2,188**
Panama (v)				
Vista Hermosa (Solar)	**299**	**362**	**941**	**1,847**
Puerto Rico (vi)				
Punt Lima (Wind)	**1,633**	-	**4,820**	-
Total revenue	**$ 19,037 $ -**	**$ 17,658**	**$ 60,966**	**$ 56,992**

(i) San Jacinto plant sells energy to two Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. ("Disnorte") and Distribuidora De Electricidad del Sur, S.A. ("Dissur").

(ii) For Peru, under the terms of the PPAs, the Company bills at the spot rate for current energy generation. The difference between the spot rate and the PPA rate (plus an effective annual interest rate of 12%) is calculated annually each May for the previous 12 months and is paid evenly over the following 12 months.

(iii) In the Dominican Republic, the energy is sold to the power distributor Empresa Distribuidora de Electricidad del Sur ("EDESUR")

(iv) For Ecuador, under the terms of the PPA, the energy is delivered to the national grid and the Company bills to various clients as per regulator's monthly publication of payment settlement.

(v) In Panama, energy is sold at spot rate.

(vi) Punta Lima Wind Farm sells energy to Puerto Rico Electric Power Authority.

The Company has determined that it has one performance obligation which is the delivery of electricity to its customers. There is no revenue recognized from unfulfilled performance obligations. Note 9 to these condensed consolidated interim financial statements provides details on the Company's contract balances and terms related to this revenue.

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

7. Direct Costs, General and Administrative and Other Expenses

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

	Three Months Ended		Nine Months Ended	
	September 30, 2025	**September 30, 2024**	**September 30, 2025**	**September 30, 2024**
Direct costs other than amortization:				
Employee costs	**1,414**	1,343	**4,431**	4,069
General liability insurance	**909**	809	**2,892**	2,311
Land, building and other Municipal and Federal Taxes	**659**	539	**1,816**	1,672
Maintenance	**1,007**	544	**2,041**	1,522
Other direct costs	**187**	168	**576**	568
	4,176	**3,403**	**11,756**	10,142
Depreciation and amortization	**$ 7,534**	$ 7,355	**$ 22,426**	$ 21,958
Direct Costs	**$ 11,710**	$ 10,758	**$ 34,182**	**$ 32,100**

(b) General and administrative expenses:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	**September 30, 2024**	**September 30, 2025**	**September 30, 2024**
Salaries and benefits	**$ 999**	$ 891	**$ 2,790**	$ 2,712
Share-based compensation	**94**	88	**208**	220
Facilities and support	**351**	226	**928**	847
Professional fees	**548**	500	**1,698**	1,259
Insurance	**36**	42	**111**	130
Depreciation of other assets	**60**	61	**224**	168
Other general and administrative expenses	**58**	100	**(6)**	236
	$ 2,146	$ 1,908	**$ 5,953**	$ 5,572

8. Finance Costs

	Three Months Ended		Nine Months Ended	
	September 30, 2025	**September 30, 2024**	**September 30, 2025**	**September 30, 2024**
Interest on debt	**$ 5,142**	$ 4,780	**$ 15,968**	$ 14,149
Accretion on debt and other liabilities-including debt extinguishment	**499**	285	**11,002**	869
Banking fees and other finance costs	**163**	57	**543**	524
	$ 5,804	$ 5,122	**$ 27,513**	$ 15,542

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

9. Accounts Receivable

	September 30, 2025	December 31, 2024
Nicaragua *(i)*		
San Jacinto (Geothermal)	$ **9,170**	$ 9,429
Peru *(ii)*		
Generación Andina (Hydroelectric)	**174**	179
Canchayllo (Hydroelectric)	**8**	5
Dominican Republic *(iii)*		
Canoa 1 (Solar)	**1,416**	1,161
Ecuador *(iv)*		
San Jose de Minas (Hydroelectric)	**419**	383
Panama (v)		
Vista Hermosa I (Solar)	**110**	61
Vista Hermosa II (Solar)	**108**	**61**
Puerto Rico *(vi)*		
Punta Lima Wind Farm	**694**	-
	$ **12,099**	$ **11,279**

(i) The balance is comprised of amounts due by Disnorte and Dissur, whith 45 days payment term from invoice date.
(ii) The average credit period granted to customers is 30 days from the invoice date.
(iii) The balance is due by EDESUR and has a credit period of 30 days from the issuance of the invoice.
(iv) The average credit period granted to customers is 40 days from invoice date.
(v) The balance has a credit period of 15 days from the issuance of the invoice
(vi) The balance is due by Puerto Rico Electric Power Authority, which have 47 days payment term from invoice date.

The Company assessed the risk of credit losses for its accounts receivable and concluded it is immaterial, therefore it has not recorded a loss allowance (Note 14 (b) Credit Risk).

10. Property, Plant and Equipment, net

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

	December 31, 2024	2025 Acquisitions	2025 Activity	September 30, 2025
San Jacinto geothermal project	$ 547,847		$ (728)	$ 547,119
Generación Andina hydroelectric projects	64,913		25	64,938
Canchayllo hydroelectric project	10,418		15	10,433
Canoa 1 solar project	37,364		82	37,446
Vista Hermosa Solar Park, I and II	11,274		68	11,342
Punta Lima Wind Farm	-	25,827	3	25,830
Accumulated depreciation	(325,252)	(1,275)	(19,367)	(345,894)
Capital spares	6,113		(80)	6,033
	$ 352,677	$ 24,552	$ (19,982)	$ 357,247

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

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

11. Long-term debt, net

	Green Bond	San Jacinto Debt	Generación Andina Debt	APG Debt	Canoa 1 Debt	HSJM Debt	Long-term debt, net	Tax Equity Laibility	Total
Loans and other borrowings – December 31, 2024	$ 169,021	$ 84,305	$ 19,044	$ 22,295	$ 30,218	$ 3,466	$ 328,349	$ -	$ 328,349
Proceeds from financing	$ -						$ -	$ 6,528	6,528
Accretion interest expense	-	-	1,205	-	-	-	1,205	-	1,205
Deferred transaction costs		2,774	-	1,445	-	-	4,219	-	4,219
Accretion of deferred transaction costs and debt discount	903	21	-	10	117	-	1,051	90	1,141
Non-cash settlement								(2,000)	(2,000)
Repayments of debt principal	-	(87,100)	(1,040)	(23,750)	(1,455)	(3,466)	(116,811)	(108)	(116,919)
Loans and other borrowings – September 30, 2025	$ 169,924	$ -	$ 19,209	$ -	$ 28,880	$ -	$ 218,013	$ 4,510	$ 222,523
Current	$ -	$ -	$ 2,102	$ -	$ 1,869	$ -	$ 3,971	$ -	$ 3,971
Non-current	169,924	-	17,107	-	27,011	-	214,042	4,510	218,552
Unamortized debt discount	5,076	-	14,555	-	1,021	-	20,652	-	20,652
Principal balance	**$ 175,000**	**$ -**	**$ 33,764**	**$ -**	**$ 29,901**	**$ -**	**$ 238,665**	**$ 4,510**	**$ 243,175**
Fair value as of September 30,2025 (i)	177,415		17,708		28,097		45,805		45,805
Annual Interest rate	**9.5% (fixed)**		**No interest**		**7.00% (fixed)**				
Maturity dates	**12/3/2029**		**6/15/2038**		**9/30/2037**				

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

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

		Nine Months Ended	
		September 30, 2025	September 30, 2024
San Jacinto Debt Facility			
Interest paid & recorded as financing cost		**434**	8,848
Accretion recorded as financing cost		**21**	410
Accretion recorded as financing cost -extinguishment of debt		**2,774**	-
Generación Andina Debt			
Interest paid & recorded as financing cost		**1,205**	1,232
APG Debt			
Interest paid & recorded as financing cost		**40**	1,642
Accretion recorded as financing cost		**10**	334
Accretion recorded as financing cost -extinguishment of debt		**1,445**	
Green Bond			
Interest payable & recorded as financing cost		**12,469**	-
Accretion recorded as financing cost		**903**	
Canoa Debt			
Interest paid & recorded as financing cost		**1,640**	1,735
Accretion recorded as financing cost		**117**	125
SJM Debt			
Interest paid & recorded as financing cost		**35**	312
PLW			
Accretion tax equity & deferred consideration		**296**	
Other			-
Interest paid & recorded as financing cost		**145**	380
Total		**21,534**	15,017
Interest recorded as financing cost	**$**	**15,968**	$ 14,149
Accretion recorded as financing cost		**1,347**	869
Accretion recorded as financing cost -extinguishment of debt		**4,219**	-
Prepayment premium		**5,436**	-
Bank fees		**543**	524
Total		**27,513**	15,542

(i) Summary of early repayment of Credit Agreements

In January 2025 the Company settled four (4) of its outstanding debts. The early settlement was part of the terms and purpose of the $175 million Green Bonds issued on December 3, 2024 and part of the Company's debt optimization strategy to reduce borrowing costs and better align debt re-payment to PPA terms.

The early settlements were executed through the repayment of the outstanding principal amounts, plus accrued interest and a prepayment penalty, in accordance with the debt agreements.

	San Jacinto Credit Agreement	APG Credit Agreement	HSJM Credit Agreement 1	HSJM Credit Agreement 2	Total
Date of debt repayment in full	1/15/2025	1/08/2025	1/08/2025	1/08/2025	
Outstanding principal amount	87,100	23,750	1,917	1,473	114,240
Accrued interest	869	46	5	30	950
Premium for extinguishment of debt	4,248	1,188	-	-	5,436
Total paid	$ 92,217	$ 24,984	$ 1,922	$ 1,503	$ 120,626
Debt carrying amount	84,326	22,322	1,917	1,473	110,038

(ii) Summary of Senior Secured Bond Agreement

On December 3, 2024, the Company closed a private placement of USD 175 million senior secured green bonds. The Green Bonds have a tenor of five years and a fixed coupon rate of 9.5% percent per annum, with interest payable in semi-annual installments. The Green Bonds includes a tap feature, allowing the Company to access up to an additional $50 million in funding for potential future uses.

Under the terms of the Green Bonds, the Company is required to comply with the following financial covenants at the end of each interim and annual reporting period:

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

- Debt Service Coverage Ratio (>= 1.75:1)
- Minimum liquidity >= $15.0 million

As of September 30, 2025, the Company is in line with all the covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

(iii) Summary of Generación Andina Credit Agreement

As at September 30, 2025, the Generación Andina ("GASAC") loans bear no interest. No interest will be charged during the life of the loan, except for default interest on any overdue amount. The termination date of the loan is June 15, 2038. The loan is payable in 36 semi-annual installments, ending June 15, 2038.

Under the terms of the agreement, which has a carrying amount of $19,209 (2024-$19,672) GASAC is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.1:1)

As of September 30, 2025, GASAC is in line with all the covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

(iv) Summary of Canoa 1 Credit Agreement

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

Under the terms of the agreement, which has a carrying amount of $28,880 (2024-$30,442) Emerald is required to comply with the following financial covenants at the end of each interim and annual reporting period:

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

As of September 30, 2025, Emerald is compliant with all the covenants related to this Credit Agreement and there is no indication that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting period.

On October 14, 2025, the Company announced that it had entered into a US$3.5 million Working Capital Facility and a US$10.0 million Letter of Credit Facility, both structured as revolving credit arrangements. As of the reporting date, no amounts had been drawn under these facilities, and therefore no related debt was outstanding.

12. Share Capital

	Number of Shares Authorized, Issued and Fully Paid	Number of Shares Reserved for Issue Under LTIP (RSU.DSU.PSU)	Number of Shares Reserved for Issue Under Stock Options (Exercisable)
Balance at January 1, 2024	**21,063,575**	**200,000**	**110,000**
Shares issued in connection with RSUs vested	15,067	(15,067)	
Stock options vested	-	-	57,943
Repurchase and cancellation of shares (NCIB) [1]	(11,600)	-	-
Balance at September 30, 2024	**21,067,042**	**184,933**	**167,943**
Repurchase and cancellation of shares (NCIB) [1]	(12,000)	-	-
Balance at December 31, 2024	**21,055,042**	**184,933**	**167,943**
Shares issued in connection with RSUs vested	18,091	(18,091)	-
Stock options vested	-	-	31,033
Repurchase and cancellation of shares (NCIB) [1]	(81,100)	-	-
Balance at September 30,2025	**20,992,033**	**166,842**	**198,976**

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

(i) During the year ended December 31, 2024, the Company purchased and cancelled 23,600 shares under its NCIB program. During the nine months ended September 30, 2025 the Company purchased and cancelled 81,100 shares under its NCIB program.

(ii) On February 9, 2025, the Company granted 22,233 RSUs to certain employees, with a three years vesting period. On February 1 and 12, 2025, tranches of 10,900 and 4,523 RSUs, respectively, vested. Upon vesting, the same number of common shares were issued to the eligible participants.

(i) Stock options

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

The table below summarizes the information related to stock options outstanding and exercisable as at September 30, 2025:

	Outstanding Options			Exercisable Options	
Range $CDN	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price ($CDN)	Number of Options Outstanding	Weighted Average Exercise Price ($CDN)
0.00 - 99.99	223,099	1.53	$ 17.28	198,976	$ 17.64

There has been no stock options granted during 2025. For the periods ended September 30, 2025 and 2024, the Company recognized shared-based compensation expense associated with options, with a corresponding increase in contributed surplus, of $0.2 million.

(ii) Restricted Share Units ("RSUs)

On February 9, 2025, the Company granted 22,233 RSUs to certain employees, with a three year vesting period starting on the first anniversary of the grant.

	Number of RSUs Outstanding
Balance at January 1, 2024	**43,703**
RSU vested	(15,067)
RSUs awarded	13,570
Balance at September 30, 2024	**42,206**
RSU vested	(601)
Balance at December 31, 2024	**41,605**
RSUs vested	(18,091)
RSUs awarded	68,303
Balance at September 30,2025	**91,817**

(iii) Deferred Share Units ("DSUs")

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

	Number of DSUs Outstanding	Fair Value of DSU's end of period
Balance at January 1, 2024	**22,623**	**$ 226**
DSUs awarded in lieu of Directors Fees	6,199	
Dividend reinvestment DSUs	1,261	
Balance at September 30, 2024	**30,083**	**$ 207**
DSUs awarded in lieu of Directors Fees	2,141	
Dividend reinvestment DSUs	521	
Balance at December 31, 2024	**32,745**	**$ 303**
DSUs awarded in lieu of Directors Fees	8,924	
Dividend reinvestment DSUs	1,795	
Balance at September 30,2025	**43,464**	**$ 424**

(iv) Preferred Share Units ("PSUs")

On September 16, 2025, under the Company's LTIP, selected employees were granted a total of 58,785 PSUs with market-based vesting conditions ("Market PSUs"). These units vest on December 31, 2027 and become eligible for vesting based on the Company achieving certain stock price target. The fair value of the Market PSUs was determined at the grant date using the Black Scholes option pricing model.

On the same date the Company granted 315,000 PSUs with performance-based vesting conditions (“Performance PSUs”). These unit are eligible to vest on December 31, 2029, based on the achievement of specified financial performance targets. Fair value of the Performance PSUs is measured at the market closing share price on the date of grant and compensation expense for Performance PSUs is recognized only when it is probable that the performance conditions will be achieved. Compensation expense recognized related to Performance PSUs is reversed if the Company determines that it is no longer probable that the performance conditions will be achieved.

13. Earnings per Share

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

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total earnings attributable to owners of the Company	**$ (328)**	$ 451	**$ (8,566)**	$ 5,782
Basic weighted average number of shares outstanding	**21,052,685**	21,103,064	**21,070,542**	21,101,004
Basic earnings per share	**$ (0.02)**	$ 0.02	**$ (0.41)**	$ 0.27

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total earnings attributable to owners of the Company	**$ (328)**	$ 451	**$ (8,566)**	$ 5,782
Diluted weighted average number of shares outstanding	**21,158,217**	21,131,604	**21,138,452**	21,131,953
Diluted earnings per share	**$ (0.02)**	$ 0.02	**$ (0.41)**	$ 0.27

14. Financial Instruments and Risk Management

(a) Fair value of financial assets and liabilities

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices, directly or indirectly observable for the asset or liability.
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2025, the carrying amounts of accounts receivable, restricted cash, accounts payable and accrued liabilities which are measured at their amortized cost are considered similar to their fair value or approximate fair value due to their short-term maturity.

The fair value of the long-term debt is disclosed in note 11. The fair value of the tax-equity liability resulting from the acquisition of the operation in Puerto Rico, is disclosed in note 4.

(b) Financial risk management

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

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of the Company is the US dollar and currently most of the Company's transactions are denominated in US dollars. Further, the Company translates significant amounts received in local currency to US dollars immediately. As at September 30, 2025 and December 31, 2024, the Company had cash and accounts payable of CDN$248,730 and CDN$(178,169), respectively. The Company determined that a 10% change in the Canadian dollar against the US dollar would have impacted total earnings and comprehensive earnings by $0.0 million for the period ended September 30, 2025.

As at September 30, 2025, and December 31, 2024, the Company had current assets and accounts payable of PEN$5,527,822 and PEN$4,383,433 respectively held in its Peruvian subsidiaries. The Company determined that a 10% change in the Peruvian Soles against the US dollar would have impacted total earnings and comprehensive earnings by $0.1 million for the period ended September 30, 2025.

As at September 30, 2025, and December 31, 2024, the Company had cash, current assets and accounts payable of DOP$50,104,700 and DOP$36,053,339 respectively held in its Dominican Republic subsidiaries. The Company determined that a 10% change in the Dominican Republic peso against the US dollar would have impacted total earnings and comprehensive earnings by 0.1 million for the period ended September 30, 2025.

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

Commodity prices

The Company's commodities mainly consist of power produced. The Company is not exposed to commodity price risk with respect to the power it produces as 98% of power currently produced is sold under the terms of a PPA which establishes a fixed price and escalator.

Interest rate risk

As of September 30, 2025, the Company has no financial instrument with variable interest rate.

Credit risk

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

The Company considers that "default" may occur when the account receivable balance is 180 days past due, from the date of payment stated in the invoice.

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

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

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

From the credit risk assessment performed during the period, the Company has concluded that exposure to credit risk related to the amounts receivable from customers is not material, as of September 30, 2025.

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

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

The following are maturities for the Company's financial liabilities as at September 30, 2025:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 22,982	$ -	$ -	$ -	$ 22,982
Debt, current and long-term	3,971	7,869	184,177	42,648	238,665
Interest obligations not inlcuded in accruals	18,705	36,701	22,683	5,324	83,413
Lease liabilities (i)	390	746	852	414	2,402
	$ 46,048	**$ 45,316**	**$ 207,712**	**$ 48,386**	**$ 347,462**

(i) Lease liabilities in the above table include Punta Lima Wind Farm minimum land lease payments assuming that PLWF will generate at least 6,500 MWh per year from 2025 to 2053.

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 of under this arrangement are variable in nature, based on land use and revenue generated, the arrangement does not meet the recognition criteria under IFRS 16 Leases. Assuming PLWF annual production will always be greater than 6,500 MWh, the minimum annual payments will be as follows:

	September 30, 2025
Less than one year	$ **461**
For years 2 - 5	**1,905**
Thereafter	**11,709**
Total commitments for expenditures	**$ 14,075**

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 agreement is shown below:

		September 30, 2025
Less than one year	$	747
For years 2 - 5		3,349
Thereafter		2,855
Total operating lease commitments	$	6,951

15. Capital Management

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

i) maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations; and

ii) finance internally generated growth as well as potential acquisitions.

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

In preparing its budgets, the Company considers externally imposed capital requirements pursuant to the terms of the Senior Secured Green Bonds Agreements, the loan agreements for the GA projects and the Canoa Debt agreement (Note 11). These externally imposed capital requirements will affect the Company's approach to capital management. The Company's externally imposed capital requirements include maintaining minimum debt service coverage and solvency ratios for GASAC, Emerald, and the Company.

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