POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES Q2 2020 RESULTS

TORONTO, ON (August 6, 2020) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the "Company"), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, is pleased to report its financial and operating results for the three and six month periods ended June 30, 2020. This earnings release should be read in conjunction with Polaris Infrastructure's Consolidated Financial Statements and Management's Discussion and Analysis, which are available on the Company's website at www.polarisinfrastructure.com and have been posted on SEDAR at www.sedar.com. The dollar figures below are denominated in US Dollars unless noted otherwise.

HIGHLIGHTS

- We continue to manage coronavirus ("COVID-19") protocols through the second quarter of 2020 as the pandemic continued to present significant challenges to social and economic infrastructure worldwide. We have extended our mandates on social distancing, use of masks, appropriate testing of staff and reduced staffing where possible within our operating regions. Our facilities in Nicaragua and Peru remained operational throughout the first half of 2020 and continue to operate to date.

- On June 5, 2020, we closed on a $27.0 million loan financing, from which $22.0 million were drawn on June 5, 2020 and $5.0 million on July 17, 2020. This loan financing will allow us to continue growing in Latin America.

- We delivered a consolidated 165,541 MWh (net) of energy during the second quarter of 2020, of which 129,678 MWh (net) was contributed by our geothermal facility in Nicaragua and 35,863 MWh (net) was contributed by our hydroelectric facilities in Peru.

- We generated $18.9 million in revenue from energy sales for the period ended June 30, 2020.

- We reported $15.1 million in Adjusted EBITDA(1), for the second quarter of 2020.

- During the quarter ended June 30, 2020 we generated $10.9 million in cash flow from operations(2) compared to $9.1 million in the same period of 2019.

- We reported $1.0 million in total net loss and comprehensive loss attributable to us, equivalent to $0.07 per share – basic for the second quarter of 2020.

- We remain focused on maintaining a quarterly dividend. We declared and paid $2.4 million in dividends during the period ended June 30, 2020 and will pay the eighteenth quarterly dividend of $0.15 per outstanding common share on August 28, 2020.

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(1) The term Adjusted EBITDA is a Non-GAAP measure. Refer to *Use of Non-GAAP Measures* section below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported EBITDA, and adjusted EBITDA.

(2) The terms Cash Flow from Operations and Cash Flow from Operations per share are Non-GAAP measures. Refer to *Use of Non-GAAP Measures* section below for a reconciliation of cash provided by operating activities under IFRS to reported free cash flow, and free cash flow per share.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three and six months ended June 30, 2020 and 2019 are summarized below:

	Three months ended		Six months ended	
(all $ figures in thousands except loss per share)	**June 30, 2020**	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
Production MWh	165,541	136,136	347,949	283,738
Total revenue	$ 18,923	$ 17,269	$ 39,195	$ 35,870
Adjusted EBITDA (1)	15,121	14,432	32,107	30,307
Finance costs	(4,414)	(4,111)	(9,119)	(8,682)
Net earnings (loss) attributable to owners of the Company	(1,025)	(6,957)	3,335	(3,577)
Cash flow from operations(2)	10,886	9,097	22,465	20,038
Basic earnings (loss) per share attributable to owners of the Company	$ (0.07)	$ (0.44)	$ 0.21	$ (0.23)
Basic cash flow from operations(2)	$ 0.69	$ 0.58	$ 1.43	$ 1.28

	As at June 30, 2020	**As at December 31, 2019**
Total assets	$ 468,891	$ 463,744
Long-term debt	169,769	166,754
Total liabilities	263,017	256,518
Cash	48,242	32,597
Working capital	33,687	13,635

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(2) The terms Cash Flow from Operations and Cash Flow from Operations per share are Non-GAAP measures. Refer to *Use of Non-GAAP Measures* section below for a reconciliation of cash provided by operating activities under IFRS to reported free cash flow, and free cash flow per share.

During the three-month period ended June 30, 2020 we increased our power production to 165,541 MWh (net) from 136,136 MWh (net) in the same period of 2019, as a result of additional production from Generación Andina's 8 de Agosto facility and the increase in the Canchayllo facility and the San Jacinto facility's production reported in the quarter.

On a MW (net) basis, the San Jacinto facility produced 59.4 MW average (net) during the three-month period ended June 30, 2020, compared to 59.1 MW average (net) in the same quarter of 2019 and compared to 62.0 MW average (net) for the first quarter of 2020.

Production at the San Jacinto facility during this quarter was in part affected by unscheduled maintenance that was required as a result of having to postpone annual major maintenance from the second quarter of 2020 to the third quarter of 2020 due to COVID-19 related travel restrictions. The impact of the unscheduled maintenance on production was approximately 0.5 MWs (net) for the quarter. Due to COVID-19, the annual major maintenance at the San Jacinto facility is planned for August and is expected to last 17 days.

During the six-month period ended June 30, 2020, we increased our power production to 347,949 MWh (net) from 283,738 MWh (net) in the six-month period ended June 30, 2019, due to the increase in production from the Canchayllo facility coupled with additional production from the two Generación Andina facilities, partly offset by a decrease in production from the San Jacinto facility.

During the six months ended June 30, 2020, the San Jacinto facility produced 60.1 MW average (net) compared to 62.0 MW average (net) produced in the same period of 2019. The decrease in the MW average (net) production at the San Jacinto facility was mainly the result of lower steam production given the expected natural decline of the field.

During the second quarter of 2020, production at the Canchayllo facility increased to 3.9 MW average (net) from 3.3 MW average (net) in the same quarter of 2019. The increase in the Canchayllo facility's net power generation was the result of higher water volume during the period. During the six months ended June 30, 2020, production at the Canchayllo facility increased to 4.1 MW average (net) from 3.7 MW average (net) reported in the same period of 2019.

The 8 de Agosto and El Carmen facilities started production in late 2019. The 8 de Agosto facility produced 12.6 MW average (net) and 12.8 MW average (net) during the three and six months period ended June 30, 2020, respectively. Peru's annual dry season, which typically begins in May, impacted energy production levels at the 8 de Agosto and El Carmen facilities. Production of 27,421 MWh (net) in the quarter was still lower than expected production of approximately 30,000 MWh (net) principally as a result of lower than anticipated water flows. It is our understanding that other facilities in the area have experienced similar conditions.

On February 25, 2020 the El Carmen facility reported a failure in one of its air-release valves, which resulted in water escaping from the penstock and into the powerhouse for approximately 30 minutes. Fortunately, no injuries were reported. The necessary repairs to restart operations were expected to be completed by mid-March 2020; however due to the travel restrictions within the country initiated by the Peruvian government as a response to COVID-19, they were completed on July 23, 2020. The plant re-commenced producing power on July 30, 2020 and all pre-commissioning and commissioning tests were successfully completed. We are working with our insurance providers to determine the applicable total coverage for this incident. An initial advance of $0.6 million was received from the insurance coverage. It is important to note that costs of approximately $0.4 million were incurred and expensed in the second quarter, while the insurance proceeds are recorded as Other Income.

"Polaris delivered another strong quarter of cash flow from continuing operations and with the closing of the Brookfield financing has strengthened its balance sheet in order to continue to grow and diversify the business" noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure.

About Polaris Infrastructure

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America. Currently, the Company operates a 72 MW average (net) geothermal project located in Nicaragua and three run-of-river hydroelectric facilities in Peru, with approximately 20 MW average (net), 8 MW average (net), and 5 MW average (net) of capacity.

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USE OF NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are not considered generally accepted accounting principles ("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.

Adjusted EBITDA

The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and do not reflect its operating performance. Adjusted EBITDA is not intended to be representative of net earnings from operations or an alternative measure to cash provided by operating activities determined in accordance with IFRS.

The table below reconciles Adjusted EBITDA and Net earnings and comprehensive earnings attributable to owners of the Company, calculated in accordance with IFRS.

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net earning (loss) and comprehensive earnings (loss) attributable to owners of the Company	$ (1,025)	$ (6,957)	$ 3,335	$ (3,577)
Add (deduct):				
Net loss attributable to non-controlling interest	-	(1,653)	31	(1,653)
Current and deferred tax expense	1,571	1,721	3,832	3,144
Finance costs	4,414	4,111	9,119	8,682
Interest income	(21)	(290)	(150)	(516)
Other losses (gains)	3,270	(513)	2,733	75
Impairment loss	-	-	-	132
Acquisition-related costs	(12)	34	42	70
Decommissioning liabilities adjustments	-	11,564	-	11,564
Depreciation and amortization of plant assets	6,485	5,951	12,912	11,786
Share-based compensation	439	464	253	600
Adjusted EBITDA	$ 15,121	$ 14,432	$ 32,107	$ 30,307

Cash Flow from Operations

Cash flow from operations is used by the Company to determine cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to Polaris Infrastructure's operating performance. Cash flow from operations is not intended to be representative of cash flows from operating activities determined in accordance with IFRS.

The table below reconciles Cash flow from operations and Net cash from operating activities, calculated in accordance with IFRS.

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net cash from (used in) Operating activities	$ 9,518	$ 15,278	$ 18,416	$ 22,793
Adjust for:				
Changes in non-cash working capital:	2,472	(3,479)	7,034	1,230
Interest income	(21)	(290)	(150)	(516)
Other gains (losses)	1,419	(881)	295	(698)
Income tax	(1,571)	(1,721)	(3,832)	(3,144)
Other adjustments	(931)	190	702	373
Cash flow from operations	$ 10,886	$ 9,097	$ 22,465	$ 20,038
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,706,299	15,706,299	15,702,189
Cash flows from operations	$ 0.69	$ 0.58	$ 1.43	$ 1.28

Cautionary Statements

This news release contains certain “forward-looking information” within the meaning of applicable Canadian securities laws, which may include, but is not limited to, statements with respect to future events or future performance, maintaining the Company’s dividend policy, and scheduled major maintenance at the San Jacinto facility. In addition, statements relating to estimates of recoverable geothermal energy “reserves” or “resources” or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal resources and reserves described can be profitably produced 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”, “scheduled”, “estimates”, “forecasts”, “predicts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. 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, general business, economic, competitive, political and social uncertainties; the actual results of current geothermal energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the geothermal industry; political instability or insurrection or war; labour force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2019 which is available on SEDAR. These factors should be considered carefully, and readers of this news release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes to be reasonable assumptions, there can be no assurance that such 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. The information in this news release, including such forward-looking information, is made as of the date of this news release and, other than as required by applicable securities laws, Polaris Infrastructure assumes no obligation to update or revise such information to reflect new events or circumstances.