POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES Q3 2020 RESULTS

TORONTO, ON (November 5, 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 nine month periods ended September 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 third 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 period ended September 30, 2020 and continue to operate to date.

- We delivered a consolidated 142,194 MWh (net) of energy during the third quarter of 2020, of which 118,857 MWh (net) was contributed by our geothermal facility in Nicaragua and 23,337 MWh (net) was contributed by our hydroelectric facilities in Peru.

- We generated $17.1 million in revenue from energy sales for the period ended September 30, 2020.

- We reported $1.3 million in total net earnings and comprehensive earnings attributable to us, equivalent to $0.08 per share – basic for the third quarter of 2020.

- We reported $13.0 million in Adjusted EBITDA(1), for the third quarter of 2020.

- Consolidate cash balance of $58.6 million.

- We successfully executed the annual maintenance program at the San Jacinto facility in August which, as expected, results in lower generation for the quarter compared to the first and second quarter.

- During the quarter ended September 30, 2020 we generated $9.8 million in operating cash flow(1) compared to $8.5 million in the same period of 2019.

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

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(1) The terms Adjusted EBITDA and Operating cash flow are Non-GAAP measures. 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, and a reconciliation of cash provided by operating activities under IFRS to operating cash flow.

FINANCIAL OVERVIEW

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

	Three months ended		Nine months ended	
(all $ figures in thousands except loss per share)	**September 30, 2020**	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
Production MWh	142,194	142,435	490,143	426,174
Total revenue	$ 17,054	$ 17,586	$ 56,249	$ 53,456
Adjusted EBITDA (1)	13,006	14,282	45,113	44,589
Finance costs	(4,117)	(4,812)	(13,236)	(13,506)
Net earnings attributable to owners of the Company	1,322	2,771	4,657	(818)
Operating cash flow(2)	9,843	8,470	32,308	28,508
Basic earnings (loss) per share attributable to owners of the Company	$ 0.08	$ 0.18	$ 0.30	$ (0.05)
Diluted earnings per share attributable to owners of the Company	$ 0.08	$ 0.17	$ 0.28	$ (0.05)
Basic operating cash flow(2)	$ 0.63	$ 0.54	$ 2.06	$ 1.82

	As at September 30, 2020	**As at December 31, 2019**
Total assets	$ 470,474	$ 463,744
Long-term debt	172,423	166,754
Total liabilities	265,606	256,518
Cash	58,627	32,597
Working capital	43,651	13,635

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

(2) The terms Operating cash flow and Operating cash flow per share are Non-GAAP measures. See the Non-GAAP Performance Measures section below for a reconciliation of net cash provided by operating activities under IFRS to reported operating cash flow and operating cash flow per share.

During the three-month period ended September 30, 2020 we produced 142,194 MWh (net) compared to 142,435 MWh (net) in the same period of 2019, as a result of a decrease in production from the San Jacinto facility due to scheduled major maintenance to Unit 3 performed during the quarter, partly offset by the additional production from Generación Andina's 8 de Agosto and El Carmen facilities.

On a MW (net) basis, the San Jacinto facility produced 53.83 MW average (net) during the three-month period ended September 30, 2020, compared to 60.25 MW average (net) in the same quarter of 2019 and compared to 59.38 MW average (net) for the second quarter of 2020. Production at the San Jacinto facility during this quarter was principally affected by the annual major maintenance that had been postponed from the second quarter of 2020 due to COVID-19 related travel restrictions. The annual major maintenance at the San Jacinto facility was performed in August and lasted a total of 17 days.

During the nine-month period ended September 30, 2020, we increased our power production to 490,143 MWh (net) from 426,174 MWh (net) in the nine-month period ended September 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 nine months ended September 30, 2020, the San Jacinto facility produced 58.38 MW average (net) compared to 61.17 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 combined result of an increase in the cyclical behavior in certain wells that have been off-line more often during this period and lower steam production given the expected natural decline of the field.

The 8 de Agosto facility produced 5.17 MW average (net) and 10.21 MW average (net) during the three- and nine-months period ended September 30, 2020, respectively. The reduction was due to the fact that the third quarter coincides with the peak of the dry season in Peru. Typically, the dry season begins in May and ends in October, which impacts energy production levels at all the operating facilities in Peru.

The El Carmen facility was restarted officially on August 4, 2020. Accordingly, the plant was operational for just over half of the third quarter. Since the plant was brought back online, it has remained in service and operational without any further technical issues. Given this, we expect the fourth quarter of 2020 to be the first full quarter with both the 8 de Agosto and El Carmen facilities online for the full quarter.

During the third quarter of 2020, production at the Canchayllo facility decreased to 3.81 MW average (net) from 4.26 MW average (net) in the same quarter of 2019. The decrease in the Canchayllo facility's net power generation was the result of lower water volume during the period, which coincides with the dry season in Peru. During the nine months ended September 30, 2020, production at the Canchayllo facility increased to 4.00 MW average (net) from 3.87 MW average (net) reported in the same period of 2019.

"Polaris delivered another strong quarter of cash flow from continuing operations despite executing annual maintenance at San Jacinto and the fact that the third quarter is the dry season in Peru. All plants are now fully operational and are expected to remain that way for the current and subsequent quarter." 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		Nine Months Ended	
(in thousands)	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net earnings and comprehensive earnings (loss) attributable to Owners of the Company	$ 1,322	$ 2,771	$ 4,657	$ (818)
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest	-	-	31	(1,653)
Current and deferred tax expense	658	1,886	4,490	5,030
Finance costs	4,117	4,812	13,236	13,506
Interest income	(154)	(351)	(304)	(867)
Other losses	646	(420)	3,379	(345)
Acquisition costs	-	-	-	132
Decommissioning liabilities adjustments	1	-	43	70
Impairment loss	-	-	-	11,564
Depreciation and amortization of plant assets	6,446	5,749	19,358	17,535
Share-based compensation	(30)	(165)	223	435
Adjusted EBITDA	$ 13,006	$ 14,282	$ 45,113	$ 44,589

Operating cash flow

Operating cash flow 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. Operating cash flow is not intended to be representative of cash flows from operating activities determined in accordance with IFRS.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net cash from (used in) Operating activities	$ 11,724	$ 8,879	$ 30,140	$ 31,672
Adjust for:				
Changes in non-cash working capital:	(2,357)	1,211	4,677	2,441
Interest income	(154)	(351)	(304)	(867)
Other gains (losses)	487	143	782	(555)
Income tax	(658)	(1,886)	(4,490)	(5,030)
Other adjustments	801	474	1,503	847
Operating cash flow	$ 9,843	$ 8,470	$ 32,308	$ 28,508
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,706,299	15,706,299	15,703,574
Operating cash flow	$ 0.63	$ 0.54	$ 2.06	$ 1.82

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, financial and other projections as well as statements with respect to future events or future performance, management’s expectations regarding our growth, results of operations, business prospects and opportunities, and the effects of the COVID-19 pandemic. 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.

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 our exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective resources or energy generation capacities; inability to complete hydro projects in the required time to meet COD; variations in project parameters and production rates; defects and adverse claims in the title to our properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal or hydroelectric resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support our properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of our Shares and Warrants; impact of issuance of additional equity securities on the trading price of our Shares and Warrants; 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 where we operate; uncertainty of the ability of Nicaragua and Peru to sell power to neighboring countries; economic insecurity in Nicaragua and Peru; and other development and operating risks, 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.