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# POLARIS INFRASTRUCTURE ANNOUNCES Q1 2022 RESULTS

TORONTO, ON (May 5, 2022) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the "Company"), is pleased to report its financial and operating results for the three-months period ended March 31, 2022. 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**

- Consolidated energy production of 177,765 MWh (net) for the period ended March 31, 2022, of which 113,915 MWh (net) was contributed by the Company's geothermal facility in Nicaragua, the San Jacinto facility ("San Jacinto"), and an aggregate of 63,850 MWh (net) was contributed by the Company's hydroelectric facilities in Peru, being the Canchayllo facility ("Canchayllo"), the El Carmen facility ("El Carmen") and the 8 de Agosto facility ("8 de Agosto").

- The Company generated $16.1 million in revenue, including $15.7 million from energy sales and $0.4 million from the sale of carbon emission reduction ("CER") credits from San Jacinto for the period ended March 31, 2022, compared to $15.7 million in energy sales in the same period in 2021.

- Net earnings attributable to owners was $2.5 million or $0.13 per share – basic for the period ended March 31, 2022, compared to net loss of $0.9 million or $(0.05) per share – basic for the same period in 2021. Net earnings were higher due to higher revenue from CER credits sold in the quarter, coupled with other gains from valuation of conversion option liability, and lower depreciation, partly offset by higher finance costs. Adjusted EBITDA[(1)] was $12.1 million for the period ended March 31, 2022, compared to $11.9 million in the same period in 2021.

- For the period ended March 31, 2022, the Company generated $7.6 million in net cash flow from operating activities, ending with a strong cash position of $87.2 million[(2)].

- Continued progress on the construction of the Binary power plant at San Jacinto, which is on schedule for completion in the fourth quarter of 2022. An additional $6.8 million was spent in the quarter, bringing the total investment to date to $13.7 million.

- On February 11, 2022, the Company completed a Senior Debt Facility with three Development Financial Institutions for $110.0 million in total and settled the Senior and Subordinated project loans for the Company's wholly owned geothermal subsidiary in Nicaragua. Further to the December 2020 extension of Nicaragua's PPA to 2039, and consistent with the Company's strategy, the Debt Refinancing now aligns the amortization of the debt with the extended power purchase agreement ("PPA").

- On March 17, 2022, the Company announced it had signed a share purchase agreement ("SPA") to acquire a run-of-the-river hydro project with approximately 6.3 MWs capacity, in Ecuador, for $20.4 million. On the closing of this transaction, the Company will also assume approximately $7.0 million worth of debt from the Project lender. The hydro project includes two expansion opportunities with the introduction of a conduction channel from the adjacent Perlabi River, which the Company believes would increase the load factor of the hydro project. Such expansion is underway and is expected to be completed in the fourth quarter of 2022. The SPA is subject to customary closing conditions, including the approval of the acquisition by local regulatory bodies. It is expected that these conditions will take 60-90 days to finalize.

- On March 17, 2022, the Company also completed the acquisition of two solar projects, with expected total capacity of approximately 13 MWdc(3), located in Panama. Polaris Infrastructure agreed to pay $0.6 million purchase price in exchange for the licenses and permits required to complete the construction of the solar plants and to operate them once construction is complete, as well as the land where they will be built. Total construction cost is expected to be approximately $10.0 million, and the target commercial operation date (“COD”) is early 2023. In connection with the completion of this transaction, the Company will receive exclusive development rights for two additional development stage solar projects in Panama.

- On April 20, 2022, the Company announced it had signed a SPA to acquire a 32 MWdc(3) operational solar project named Canoa 1 (the “Project”) located in the Barahona Province, Dominican Republic. The Project reached COD in March 2020 and has a 20-year PPA in place with Edesur Dominicana SA (“EDESUR”), a local Dominican distributor. Polaris Infrastructure has agreed to pay $18.4 million in cash at closing in exchange for all of the issued and outstanding common shares as well as the licenses and permits of the Project. Such purchase price is subject to customary working capital adjustments from signing of the SPA until closing. The Company will assume non-recourse debt at the project level of approximately $35.0 million. The Project has a PPA denominated in US dollars with an estimated price for 2022 of $128.10 per Mwhr. Such PPA has an inflator of 1.22% per annum until the price reaches $142.80 per Mwhr at which point the price remains fixed until the end of the PPA in 2040. The closing of the acquisition is subject to customary conditions including approval of the share transfer by appropriate local ministries and the project lender. Closing is expected to occur within 90 days of signing.

- The Company remains focused on maintaining a quarterly dividend. For the period ended March 31, 2022, the Company declared and paid $2.9 million in dividends. The Company has declared the twenty-fifth consecutive quarterly dividend of $0.15 per outstanding common share, which will be paid on May 27, 2022.

- The Company continued to advance its environmental, social and governance (“ESG”) initiatives as part of its core strategy while continuing to maintain an excellent health and safety record. Readers are encouraged to refer to the Company’s ESG annual report, which is available on the Company’s website for additional details.

- The Company does not conduct business with or within Russia and Ukraine; however global instability is increasing market and foreign exchange volatility, worsening existing supply chain delays, and bringing inflationary pressures to the economy, impacting not only the entities with interests or exposures to both countries. Although the current exposure to these risks is determined as low, the Company continues evaluating them to determine if mitigation measures in place are appropriate or need to be adjusted, as needed.

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- Despite the unprecedented challenges faced as a result of the Covid-19 global pandemic and related variants, all facilities remained in operation and continue to operate to date. Over 99% of our employees in all locations are fully vaccinated.

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*(1) A Non-GAAP measure used by the Company. A non-GAAP performance measures is included in the 'Non-GAAP Performance Measures' section below.*
*(2) Includes current and non-current restricted cash.*
*(3) MWdc refers to Megawatt direct current.*

## OPERATING AND FINANCIAL OVERVIEW

| | Three Months Ended | | | |
|---|---|---|---|---|
| | | **March 31, 2022** | | **March 31, 2021** |
| **Energy production** | | | | |
| Consolidated Power (MWh) net | | **177,765** | | 180,984 |
| | | | | |
| **Financials** | | | | |
| Total revenue | **$** | **16,066** | $ | 15,679 |
| Net earnings/(loss) attributable to owners | **$** | **2,531** | $ | (912) |
| Adjusted EBITDA *(i)* | **$** | **12,097** | $ | 11,851 |
| Net cash flow from operating activities | **$** | **7,570** | $ | 17,069 |
| | | | | |
| **Per share** | | | | |
| Net earnings/(loss) attributable to owners - *basic* | **$** | **0.13** | $ | (0.05) |
| Net earnings/(loss) attributable to owners - *diluted* | **$** | **0.13** | $ | (0.05) |
| Adjusted EBITDA *(i) - basic* | **$** | **0.62** | $ | 0.70 |
| | | | | |
| **Balance Sheet** | | **As at March 31, 2022** | | **As at December 31, 2021** |
| Cash | **$** | **83,389** | $ | 97,930 |
| Restricted cash - current | **$** | **2,055** | $ | - |
| Restricted cash - non-current | **$** | **1,780** | $ | 3,835 |
| Total current assets | **$** | **98,367** | $ | 110,143 |
| Total assets | **$** | **492,023** | $ | 502,700 |
| Current and Long-term debt *(ii)* | **$** | **162,357** | $ | 169,686 |
| Total liabilities | **$** | **231,546** | $ | 241,876 |

*(i) A Non-GAAP measure used by the Company. A cautionary note regarding non-GAAP performance measures is included in the 'Non-GAAP Performance Measures' section below.*
*(ii) Net of transaction costs.*

During the three months ended March 31, 2022 quarterly consolidated power production MWs (net) was lower than the same period in 2021, due to lower production in Nicaragua partly offset by higher production from Peru.

For Nicaragua, first quarter 2022 production averaged 52.7 MWs (net), compared to 55.5 MWs (net) in the first quarter of 2021. On a quarter over quarter basis, production increased from 51.4 MWs (net) in the fourth quarter of 2021 to 52.7 MWs (net) in the first quarter 2022. Management is of the view that this increase is a result of reinstating a more outfield injection strategy in early December 2021 leading to more stability in wells 9-3 and 6-2.

Consolidated production in Peru for the three months ended March 31, 2022 was higher due to both higher water availability at 8 de Agosto and Canchayllo and technical issues at the intake that occurred at 8 de Agosto in the first quarter 2021 that were subsequently resolved. These increases were partly offset by the decrease in production at El Carmen, which experienced minor intake issues during the quarter. Such issues have been resolved and management expects higher availability going forward at both El Carmen and 8 de Agosto.

"We are pleased with the first quarter results as we continue to build on our longer-term strategy by delivering operationally, generating strong cash flow and focusing on our diversification. Once the announced acquisitions close, our jurisdictions will increase to five, with six plants in operation, and solar power added to our generation mix, while maintaining 100% of revenues derived in US dollars. In addition, we view all the new jurisdictions as very attractive markets for the Company to grow and develop further renewable projects" noted *Marc Murnaghan*, Chief Executive Officer of Polaris Infrastructure.

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**About Polaris Infrastructure Inc.**

Polaris Infrastructure Inc. is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in Latin America. The Company operates a 72 MW (net) geothermal facility in Nicaragua and three run-of-river hydroelectric facilities in Peru, with approximately 5 MW (net), 8 MW (net) and 20 MW (net) capacity, each. The Company also owns two solar projects with an expected total capacity of approximately 13 MWdc, currently under construction.

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**Cautionary Statements**

This news release contains "forward-looking information" within the meaning of applicable Canadian securities laws, which may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, business prospects and opportunities, expected closing dates and synergies of the acquisitions discussed above, 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 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 the Company's properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; the ability to file adjustments in respect of applicable power purchase agreements; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal or hydroelectric resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as a significant decline in general economic conditions; uncertainty of political stability in countries in which the Company operates; uncertainty of the ability of Nicaragua, Peru, Panama and Dominican Republic to sell power to neighbouring countries; economic insecurity in Nicaragua,  Peru, Panama and Dominican Republic; and other development and operating risks, as well as those factors discussed in the section entitled "Risks and Uncertainties" in the Company's annual and interim MD&A, copies of which are available on SEDAR. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. These factors should be carefully considered, and readers of this press release should not place undue reliance on forward-looking information.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is provided as at the date hereof and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty therein.

Additional information about the Company, including the Company's AIF for the year ended December 31, 2021, its annual and interim financial statements and related MD&A is available on SEDAR at www.sedar.com and on the Company's website at www.polarisinfrastructure.com.

## Non-GAAP Performance Measures

Certain measures in this press release do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered GAAP measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

This news release includes references to the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA per share, which are non-GAAP measures. These measures should not be considered in isolation or as an alternative to net earnings (loss) attributable to the owners of the Company or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Polaris Infrastructure's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris Infrastructure's operating performance. Management's determination of the components of non-GAAP performance measures are evaluated on a periodic basis in accordance with its policy and are influenced by new transactions and circumstances, a review of stakeholder uses and new applicable regulations. When applicable, changes to the measures are noted and retrospectively applied.

Descriptions and reconciliations of the above noted non-GAAP performance measures are included in Section 11: Non-GAAP Performance Measures in the Company's MD&A for the three months ended March 31, 2022 and in the Company's website **www.polarisinfrastructure.com/Non-GAAP**.