



POLARIS RENEWABLE ENERGY ANNOUNCES Q2 2022 RESULTS

TORONTO, ON (August 4, 2022) – Polaris Renewable Energy Inc. (TSX: PIF) (“Polaris Renewable Energy” or the “Company”), is pleased to report its financial and operating results for the three and six months ended June 30, 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.PolarisREI.com and have been posted on SEDAR at www.sedar.com. The dollar figures below are denominated in US Dollars unless noted otherwise.

HIGHLIGHTS

- On July 5, 2022, the Company changes its name from Polaris Infrastructure Inc. to Polaris Renewable Energy Inc. following the continuance of the Company from the laws of the Province of British Columbia to the laws of the Province of Ontario. The name change and continuance were approved by shareholders at the Company’s annual and special meeting held on June 23, 2022. The name change marks an important milestone for the Company as it more accurately depicts the Company’s operations and reflects the growth and progress made in the past few months.
- Quarterly consolidated energy production of 163,119 MWh (net) for the period ended June 30, 2022, of which 113,037 MWh (net) was contributed by the Company’s geothermal facility in Nicaragua, the San Jacinto facility (“San Jacinto”), and an aggregate of 50,082 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 \$15.2 million in revenue, including \$15.1 million from energy sales and \$0.1 million from the sale of carbon emission reduction credits from San Jacinto for the three months ended June 30, 2022, compared to \$14.2 million in energy sales in the same period in 2021.
- Net earnings attributable to owners was \$0.4 million or \$0.02 per share – basic for the three months ended June 30, 2022, compared to net earnings of \$0.2 million or \$0.01 per share – basic for the same period in 2021. The increase was the result of higher operating income during the period, partly offset by lower other gains recognized for the three months ended June 30, 2022.
- Adjusted EBITDA⁽¹⁾ was \$11.2 million for the period ended June 30, 2022, compared to \$10.0 million in the same period in 2021.
- For the three month period ended June 30, 2022, the Company generated \$21.8 million in net cash flow from operating activities, ending with a strong cash position of \$61.3 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 \$5.9 million was spent in the second quarter, bringing the total investment to date to \$19.6 million.
- Development of the Panama Solar projects, acquired in March 2022, continues as planned. During the second quarter of 2022 the Company spent \$2.1 million in additions to construction in progress and an additional \$3.0

million incurred in guarantees to bring the solar panels to Panama. Construction of the solar plant began in March 2022 and is expected to be completed in December 2022.

- On June 28, 2022 the Company announced it had completed the acquisition of a 32.6 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. After closing adjustments, the Company paid \$20.3 million in cash in exchange for all of the issued and outstanding common shares as well as the licenses and permits of the Project. The Company assumed 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 MWh. Such PPA has an inflator of 1.22% per annum until the price reaches \$142.80 per MWh at which point the price remains fixed until the end of the PPA in 2040.
- On March 17, 2022, the Company announced signing 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 \$6.2 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 to enhance energy production as well as the potential to add a further turbine of approximately 3 MWs to increase the capacity. The SPA is subject to customary closing conditions, including the approval of the acquisition by local regulatory bodies, which is currently ongoing.
- The Company remains focused on maintaining a quarterly dividend. For the three months ended June 30, 2022, the Company declared and paid \$2.9 million in dividends. The Company has declared the twenty-sixth consecutive quarterly dividend of \$0.15 per outstanding common share, which will be paid on August 26, 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 has been determined as low, the Company continues evaluating them to determine if mitigation measures in place are appropriate or need to be adjusted, as needed.
- Despite the unprecedented challenges faced as a result of the Covid-19 global pandemic (“COVID-19”) and related variants, all facilities remained in operation and continue to operate to date. Over 99% of our employees in all locations are vaccinated.

(1) A Non-GAAP measure used by the Company. Refer to Section 11: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure.

(2) Includes current and non-current restricted cash.

(3) MWdc refers to Megawatt direct current

OPERATING AND FINANCIAL OVERVIEW

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Energy production				
Consolidated Power (MWh) net	163,119	150,676	340,884	331,659
Financials				
Total revenue	\$ 15,184	\$ 14,161	\$ 31,250	\$ 29,840
Net earnings/(loss) attributable to owners	\$ 417	\$ 159	\$ 2,948	\$ (753)
Adjusted EBITDA (i)	\$ 11,188	\$ 9,978	\$ 23,285	\$ 21,842
Net cash flow from operating activities			\$ 21,761	\$ 24,152
Per share				
Net earnings/(loss) attributable to owners - <i>basic</i>	\$ 0.02	\$ 0.01	\$ 0.15	\$ (0.04)
Net earnings/(loss) attributable to owners - <i>diluted</i>	\$ 0.02	\$ 0.01	\$ 0.15	\$ (0.04)
Adjusted EBITDA (i) - <i>basic</i>	\$ 0.57	\$ 0.51	\$ 1.19	\$ 1.20

	As at June 30, 2022	As at December 31, 2021
Balance Sheet		
Cash	\$ 59,512	\$ 97,930
Restricted cash - non-current	\$ 1,780	\$ 3,835
Total current assets	\$ 73,728	\$ 110,143
Total assets	\$ 537,462	\$ 502,700
Current and Long-term debt (ii)	\$ 194,384	\$ 169,686
Total liabilities	\$ 279,388	\$ 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 June 30, 2022 quarterly consolidated power production was higher than the same period in 2021, due to higher production in Nicaragua and Peru.

For Nicaragua, second quarter 2022 production averaged 51.8 MWs (net), compared to 51.2 MWs (net) in the second quarter of 2021. The increase in average production was due to the planned major maintenance carried out in the second quarter of 2021, whereas it is expected to take place on the third quarter of 2022. On a quarter over quarter basis, average production was 51.8 MWs (net) in the second quarter 2022, 52.7 MWs (net) in the first quarter of 2022, and 51.4 MW (net) in the fourth quarter of 2021, which reflects the stabilization of steam pressure over time, expected by management.

Consolidated production in Peru for the three months ended June 30, 2022 was higher due to both higher water availability at 8 de Agosto and El Carmen and the fact that no operational issues have been reported during 2022, compared to the technical issues at the intake that occurred at 8 de Agosto in the comparative period of 2021, that were subsequently resolved. These increases were partly offset by the decrease in production at Canchayllo, which experienced lower water availability during the quarter.

"We are pleased with the second quarter results as we continue to build on our longer-term strategy by delivering operationally, generating strong cash flow and focusing on our diversification. Having closed the acquisition in the Dominican Republic in the quarter and with the expectation that the acquisition in Ecuador closes in the current quarter, we look forward to seeing the financial contribution in our results going forward. We are also happy with the fact that the Binary unit and the solar projects in Panama are on schedule and close to achieving commercial operation" noted *Marc Murnaghan*, Chief Executive Officer of Polaris Renewable Energy.

About Polaris Renewable Energy Inc.

Polaris Renewable Energy Inc. (*formerly, Polaris Infrastructure Inc.*) is a Canadian publicly traded company engaged in the acquisition, development, and operation of renewable energy projects in the Americas. We are a high-performing and financially sound contributor in the energy transition.

The Company's operations are in 4 Latin American countries and include a geothermal plant (~72 MW), 3 run-of-river hydroelectric plants (33 MW), 1 solar (photovoltaic) project in operation (32.6 MWdc) and 2 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, payment of the August dividend 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.PolarisREI.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 Renewable Energy's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris Renewable Energy'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 June 30, 2022 and in the Company's website www.polarisREI.com/Non-GAAP.