

POLARIS

For the period ended September 30, 2021

NON-GAAP PERFORMANCE MEASURES

Certain measures in this MD&A 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.

This MD&A include references to the Company’s adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”), adjusted EBITDA per share, operating cash flow and operating cash flow 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, cash flow from operating activities 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.

ADJUSTED EBITDA

The Company uses Adjusted EBITDA and Adjusted EBITDA per share to assess its operating performance without the effects of the following items (*as applicable in a given period*): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation, decommissioning liabilities adjustments and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature, items not related to or having a disproportionate effect on results for a particular period, and not reflective of operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the Company’s performance. The presentation of Adjusted EBITDA and Adjusted EBITDA per share is not meant to be a substitute for Net Earnings/Loss and Net Earnings/Loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The following table reconciles net earnings and comprehensive earnings (loss) attributable to owners of the Company to Non-GAAP Performance Measures Adjusted EBITDA:

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For the period ended September 30, 2021

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net earnings and comprehensive earnings (loss) attributable to Owners of the Company	\$ 2,175	\$ 1,322	\$ 1,422	\$ 4,657
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest	-	-	-	31
Current and deferred tax (recovery) expense	978	658	2,983	4,490
Finance costs	4,136	4,117	12,808	13,236
Interest income	(115)	(154)	(227)	(304)
Other losses (gains)	(2,950)	646	(4,840)	3,379
Decommissioning liabilities adjustments	-	(12)	17	42
Depreciation and amortization	6,410	6,485	19,801	12,912
Share-based compensation	223	(30)	735	223
Adjusted EBITDA	\$ 10,857	\$ 13,032	\$ 32,699	\$ 38,666

Basic weighted average number of shares outstanding	19,424,089	15,706,299	18,575,137	15,706,299
Adjusted EBITDA per share	\$ 0.56	\$ 0.83	\$ 1.76	\$ 2.46

OPERATING CASH FLOW

Operating Cash Flow and Operating Cash Flow per share are 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 the Company's operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Operating Cash Flow to evaluate the Company's performance. The presentation of Operating Cash Flow and Operating Cash Flow per share are not meant to be a substitute for cash flows from operating activities presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The following table reconciles Net cash from (used in) Operating activities to Non-GAAP Performance Measures Operating cash flow:

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Net cash from (used in) Operating activities	\$ 33,903	\$ 30,140
Adjust for:		
Changes in non-cash working capital:	(6,908)	7,034
Interest income	(227)	(150)
Other gains (losses)	(523)	295
Other adjustments	(827)	(6,968)
Operating cash flow	\$ 25,418	\$ 30,351
Basic weighted average number of shares outstanding	18,575,137	15,706,299
Operating cash flow per share	\$ 1.37	\$ 1.93
