



Maxim Power Corp. Announces 2023 Third Quarter Financial and Operating Results

CALGARY, Alberta (November 6, 2023) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the third quarter and nine months ended September 30, 2023. The unaudited condensed consolidated interim financial statements, accompanying notes and Management's Discussion and Analysis ("MD&A") will be available on SEDAR+ and on MAXIM's website on November 6, 2023. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	2,468	57,091	2,468	141,263
Net income (loss)	(4,897)	23,970	8,818	49,433
Earnings (loss) per share – basic	(0.10)	0.48	0.18	0.99
Earnings (loss) per share – diluted	(0.10)	0.39	0.18	0.82
Adjusted EBITDA ⁽¹⁾	(1,545)	39,739	19,174	74,413
Total generation – (MWh)	31,627	280,290	31,627	1,064,693
Total fuel consumption – (GJ)	436,985	2,943,544	459,492	11,242,662
Average Alberta market power price (\$ per MWh)	151.60	221.41	162.00	145.11
Average realized power price (\$ per MWh)	78.03	203.68	78.03	132.68
Total net debt ⁽¹⁾	37,695	6,873	37,695	6,873
Total assets	389,432	390,014	389,432	390,014

(1) Select financial information was derived from the consolidated financial statements and is prepared in accordance with GAAP, except adjusted Earnings before Interest, Income Taxes, Depreciation and Amortization ("Adjusted EBITDA"), which is a non-GAAP measure (see **Non-GAAP Financial Measures** below). Net debt is included in the notes to the consolidated financial statements. It is calculated to include: loans and borrowings (including the convertible loan facility) less unrestricted cash

OPERATING RESULTS

During the third quarter of 2023, MAXIM recorded a net loss and negative Adjusted EBITDA⁽¹⁾ of \$4.9 million and \$1.5 million, respectively, as compared to net income of \$24.0 million and positive Adjusted EBITDA of \$39.7 million, respectively, in the same period of 2022. Net income in the third quarter of 2023 decreased as compared to the same period in 2022 primarily due to lower generation volumes at Milner 2 ("M2") as a result of offline repairs to the air inlet filter house and commissioning work in the third quarter of 2023, partially offset by the approved business interruption claims in 2023, less income tax expense in 2023 and higher unrealized and realized commodity swap losses in 2022. A significant portion of the decrease to Adjusted EBITDA⁽¹⁾ was due to the M2 unplanned outage in the third quarter of 2023, partially offset by the approved business interruption claims (see **Insurance Information Update** below).

M2 CCGT EXPANSION COMMISSIONING

As previously reported, MAXIM has successfully commissioned the Combined Cycle Gas Turbine (“CCGT”) expansion of M2. Construction of the heat recovery technology required to expand M2 into a CCGT facility commenced in 2021 and the project was originally expected to commission in the fourth quarter of 2022. Commissioning was delayed due to the non-injury fire on September 30, 2022, which caused damage to M2’s air inlet filter house. Repairs commenced shortly after and completed in August of 2023 to allow for the recommencement of commissioning activities. M2 began generating intermittent electricity to the grid on August 14, 2023, and achieved CCGT commercial operations on October 24, 2023.

The CCGT expansion of M2 is expected to increase the maximum generation capacity of the HR Milner (“Milner”) site to 300 MW and has been designed to lower operations and maintenance costs per MWh. The CCGT expansion of M2 captures waste heat that would otherwise exhaust into the atmosphere and converts it into useful low carbon dispatchable electricity for the Alberta power grid. The estimated final project cost of the CCGT expansion of M2 is currently \$164 million, excluding borrowing costs and the net effect of \$20 million of grant proceeds.

This significant milestone completes the coal to gas energy transformation and repowering project at the Milner site which saw over \$300 million of investment and successfully converted the legacy 150 MW coal-fired facility into a 300 MW CCGT facility. The CCGT expansion of M2 is expected to reduce the intensity of carbon emissions by more than 60% compared to the legacy coal-fired Milner facility.

INSURANCE INFORMATION UPDATE

MAXIM reaffirms coverage for the non-injury fire incident subject to the terms and conditions of the Corporation’s property insurance policy, including business interruption provisions. As of the date of this press release, MAXIM has cumulatively submitted claims for \$87.0 million, of which \$60.5 million relates to business interruption and \$26.5 million relates to property damage. As of the date of this press release, \$63.0 million has been paid by insurance companies in relation to these claims. MAXIM anticipates receiving a majority of the amounts claimed and the primary difference in the amounts claimed and received or recognized is due to timing of the approval by the insurers. MAXIM has only recognized insurance claims approved by the insurers and claims pending approval are not recognized in the interim financial statements.

As previously reported, MAXIM submitted an additional insurance claim for a delay in start up related to the non-injury fire incident under its Course of Construction (“COC”) insurance policy, which includes a provision for Delay in Start Up (“DSU”) coverage relating to the CCGT expansion of M2. The Corporation has received a denial of coverage under this policy from the insurer and is currently evaluating its options in relation to this claim. No amounts have been recognized by the Corporation in relation to this claim.

NORMAL COURSE ISSUER BID UPDATE

MAXIM's current Normal Course Issuer Bid ("NCIB") program allows for the purchase and cancellation of up to 2,526,477 common shares of the Corporation (the "Shares") with daily purchase limits of 2,296 Shares from August 31, 2023 to August 30, 2024. As a result of amendments to the senior credit facilities, due to the non-injury fire incident, the Corporation was required to pause purchases under its NCIB until after the CCGT expansion of M2 achieved substantial completion. Now that the CCGT expansion of M2 has achieved this milestone, the Corporation intends to resume the purchase and cancellation of Shares.

NON-GAAP FINANCIAL MEASURES

Management evaluates MAXIM's performance using a variety of measures. The non-GAAP measure discussed below should not be considered as an alternative to or to be more meaningful than net income of the Corporation, as determined in accordance with GAAP, when assessing MAXIM's financial performance or liquidity.

This measure does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows before interest, income taxes, and depreciation and amortization and certain other non-recurring income and expenses.

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
GAAP Measures from Condensed Consolidated Statement of Operations				
Net income (loss)	(4,897)	23,970	8,818	49,433
Income tax expense (recovery)	(1,462)	7,120	2,680	12,427
Finance expense, net	1,292	1,779	3,909	5,219
Depreciation and amortization	1,753	3,476	5,602	7,745
	(3,314)	36,345	21,009	74,824
Adjustments:				
Other expense (income)	(5,229)	(2)	(43,757)	39
Business interruption insurance claim	5,500	-	40,022	-
Unrealized loss (gain) on commodity swaps	1,324	3,248	1,412	(841)
Share-based compensation	174	148	488	391
Adjusted EBITDA	(1,545)	39,739	19,174	74,413

Adjusted EBITDA is calculated as described above from its most directly comparable GAAP measure, net income, and adjusts for specific items that are not reflective of the Corporation's underlying operations and excludes other non-cash items.

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows attributable to shareholders before finance expense, income taxes, depreciation and amortization, and certain other non-recurring or non-cash income and expenses. Financing expense, income taxes, depreciation and amortization are excluded from the Adjusted EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA for the third quarter and first nine months ended September 30, 2023 and September 30, 2022 management excluded certain non-cash and non-recurring transactions. In both 2023 and 2022, Adjusted EBITDA excluded unrealized gains or losses on commodity swaps, share-based compensation and all items of other income and expense except for business interruption insurance as it reflects a portion of earnings that would have been earned if M2 was operational.

About MAXIM

Based in Calgary, Alberta, MAXIM is one of Canada's largest truly independent power producers. MAXIM is now focused entirely on power projects in Alberta. Its core asset – the 300 MW H.R. Milner Plant, M2, in Grande Cache, AB – is a state-of-the-art combined cycle gas-fired power plant that commissioned in Q4, 2023. MAXIM continues to explore additional development options in Alberta including its currently permitted gas-fired generation projects and the permitting of its wind power generation project. MAXIM trades on the TSX under the symbol "MXG". For more information about MAXIM, visit our website at www.maximpowercorp.com. For further information please contact:

Bob Emmott, President and COO, (403) 263-3021

Kyle Mitton, CFO and Vice President, Corporate Development, (403) 263-3021

Forward-looking statements

This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to MAXIM's plans and other aspects of MAXIM's anticipated future operations, management focus, objectives, strategies, financial, operating and production results. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement. Specifically, this press release contains forward-looking information concerning, among other things, expected benefits and costs of the CCGT expansion of M2, including the reduction of carbon emissions by more than 60% and the increase in generation capacity to 300 MW, current expectation on MAXIM's periodic outages resulting in intermittent generation of electricity (and related revenue) from its Milner operations and MAXIM's insurance claim related to the same.

Forward-looking information is based on certain assumptions and analysis made by MAXIM in light of our experience and MAXIM's perception of historical trends, current conditions, expected future developments and other factors MAXIM believes appropriate under the circumstances. These include, among other things, assumptions regarding the, insurance coverage, estimated final project costs, generation capacity following the expansion of M2 and reduction in carbon emissions.

MAXIM's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that MAXIM will derive there from. Risk factors include that MAXIM may not generate full MW capacity from the CCGT expansion of M2 and that MAXIM may not be covered by insurance for the air inlet filter house repairs and business interruption. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect MAXIM's business, operations or financial results are included in the reports on file with applicable securities regulatory authorities, including but not limited to MAXIM's Annual Information Form for the year ended December 31, 2022, which may be accessed on MAXIM's SEDAR+ profile at www.sedarplus.ca. These forward-looking statements are made as of the date of this press release and MAXIM disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.