



Maxim Power Corp. Reports Successful Operations of the CCGT Expansion of M2 with Revenue of \$41 million and Net Income of \$28 million in 2023

CALGARY, Alberta (March 14, 2024) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the fourth quarter and year ended December 31, 2023. The audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis ("MD&A") will be available on SEDAR+ and on MAXIM's website on March 14, 2024. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	38,990	-	41,458	141,263
Net income (loss)	19,477	(7,156)	28,295	42,277
Earnings (loss) per share – basic	0.39	(0.14)	0.56	0.84
Earnings (loss) per share – diluted	0.32	(0.14)	0.49	0.72
Adjusted EBITDA ⁽¹⁾	31,512	1,697	50,686	76,110
Total generation – (MWh)	485,222	-	516,849	1,064,693
Total fuel consumption – (GJ)	3,855,880	17,878	4,315,372	11,264,897
Average Alberta market power price (\$ per MWh)	81.61	213.92	133.63	162.46
Average realized power price (\$ per MWh)	80.35	-	80.21	132.68
Total net debt ⁽¹⁾	48,945	31,295	48,945	31,295
Total assets	425,840	382,109	425,840	382,109

⁽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 2023, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"⁽¹⁾) of \$28.3 million and \$50.7 million, respectively, as compared to net income of \$42.3 million and Adjusted EBITDA⁽¹⁾ of \$76.1 million, respectively, in the same period of 2022. Net income in 2023 decreased as compared to the same period in 2022 primarily due to the M2 unplanned outage from the non-injury fire which resulted in less generation from M2 in 2023 and net unrealized and realized commodity swap losses in 2023, partially offset by the property and business interruption claim in 2023. A significant portion of the decrease to Adjusted EBITDA⁽¹⁾ was also due to the M2 unplanned outage from the non-injury fire in part of 2023, partially offset by the business interruption claim.

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 a 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 increased the maximum generation capacity of the 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 final project costs of the CCGT expansion of M2 are \$162.1 million, excluding borrowing costs and the net effect of \$20.0 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 and more than 20% compared to the simple cycle operations of M2.

INSURANCE INFORMATION UPDATE

During the fourth quarter of 2023, MAXIM settled its claim under the property insurance policy for \$85.0 million, which represents substantially all of the costs incurred directly in relation to the damages to the air inlet filter house and related business interruption coverage allowable under the policy. Of the \$85.0 million, \$62.7 million relates to business interruption and \$22.3 million relates to property damage. As of the date of this press release, \$85.0 million has been paid by the insurance companies in relation to these claims. The final project costs to repair the air inlet filter house were \$23.6 million.

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 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 the financial statements in relation the DSU claim.

NORMAL COURSE ISSUER BID UPDATE

MAXIM's current normal course issuer bid ("NCIB") program is for the August 31, 2023 to August 30, 2024 period. Under this NCIB, the Corporation may purchase for cancellation up to 2,526,477 common shares of the Corporation. Collectively under this program and as of the date of this press release, the Corporation has repurchased and cancelled 112,264 common shares for \$0.5 million at a weighted average price of \$4.45 per share. MAXIM's NCIB program is limited to \$2.0 million for the 2024 calendar year under the senior credit facility. Any excess is subject to approval from the lenders under the senior credit facility.

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 flow before interest, income taxes, and depreciation and amortization and certain other non-recurring income and expenses.

(\$000's)	Three months ended		Twelve months ended	
	December 31		December 31	
	2023	2022	2023	2022
GAAP Measures from Consolidated Statement of Operations				
Net income (loss)	19,477	(7,156)	28,295	42,277
Income tax expense (benefit)	6,427	(2,109)	9,107	10,318
Finance expense, net	1,512	1,147	5,421	6,366
Loss on write-off of asset	-	7,861	-	7,861
Asset impairment charge	2,002	-	2,002	-
Depreciation and amortization	4,093	2,806	9,695	10,551
	33,511	2,549	54,520	77,373
Adjustments:				
Other income	(20,771)	(11,486)	(64,528)	(11,447)
Business interruption insurance claim	13,159	9,478	53,181	9,478
Unrealized loss on commodity swaps	5,409	1,011	6,821	170
Share-based compensation	204	145	692	536
Adjusted EBITDA	31,512	1,697	50,686	76,110

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, loss on write-off of asset and impairment charges 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 year ended December 31, 2023 and December 31, 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 project 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:

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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% compared to the legacy coal-fired Milner facility and more than 20% compared to the simple cycle operations of M2, the increase in generation capacity to 300 MW, MAXIM's insurance claim related to the same and MAXIM's initiative to optimize its debt structure.

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, 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. 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, 2023, 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.