



Maxim Power Corp. Declares a Special Dividend of \$0.50 per Share and Announces 2024 Third Quarter Financial and Operating Results, Amendment of the Senior Credit Facility, and Conversion and Termination of the Convertible Loan Facility

CALGARY, Alberta (November 7, 2024) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the declaration of a \$0.50 per share special dividend, the release of financial and operating results for the third quarter ended September 30, 2024, an amendment of the Senior Credit Facility, and conversion and termination of the Convertible Loan Facility. 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 7, 2024. 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,	
	2024	2023	2024	2023
Revenue	25,659	2,468	77,434	2,468
Net income (loss)	10,744	(4,897)	22,287	8,818
Earnings (loss) per share – basic	0.21	(0.10)	0.44	0.18
Earnings (loss) per share – diluted	0.18	(0.10)	0.39	0.18
Adjusted EBITDA ⁽¹⁾	12,675	(1,545)	32,884	19,174
Total generation – (MWh)	465,584	31,627	1,307,781	31,627
Total fuel consumption – (GJ)	3,687,425	436,985	10,637,942	459,492
Average Alberta market power price (\$ per MWh)	55.36	151.60	66.56	162.00
Average realized power price (\$ per MWh)	55.11	76.03	59.21	78.03
Loans and borrowings	79,869	81,602	79,869	81,602
Total net debt (net cash) ⁽¹⁾	(19,144)	37,695	(19,144)	37,695
Total assets	445,663	389,432	445,663	389,432
Free cash flow ⁽¹⁾	15,062	(17,188)	29,779	(16,951)

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

OPERATING RESULTS

During the third quarter and first nine months of 2024, revenues, Adjusted EBITDA⁽¹⁾, net income and FCF⁽¹⁾ increased as compared to 2023. The increase is primarily due to M2 continuing operations in the third quarter and first nine months of 2024, whereas it was primarily offline during the same periods of 2023 due to the Non-Injury Fire. In addition, FCF⁽¹⁾ increased due to lower capital spending in 2024 as compared to the same periods in 2023.

Average realized power prices compared to average market power prices were lower in the first nine months of 2024 due to an unplanned outage in January 2024 at M2 coinciding with a period of higher market power prices.

M2 CCGT OPERATIONS

As previously reported, M2 had been experiencing a temporary capability derate of the legacy cooling tower system. As a result, generation from M2 decreased in the second and third quarter of 2024 as compared to the first quarter of 2024. Following a planned maintenance outage in early October 2024, management believes that the generating capacity has been fully restored.

DECLARATION OF SPECIAL DIVIDEND

On November 7, 2024, MAXIM's board of directors approved the declaration and distribution of a special dividend (the "Special Dividend") of \$0.50 per common share of MAXIM ("Common Share"). The aggregate amount of the Special Dividend will be approximately \$31.8 million, which is payable in cash, and will be funded from surplus cash. The Special Dividend is payable on November 29, 2024 to the holders of the Common Shares, of record, as of the ex-dividend date, which is the close of business on November 21, 2024. The Special Dividend will be an eligible dividend as defined by the Income Tax Act. In connection with the Special Dividend, MAXIM's board of directors approved certain amendments to its by-laws to facilitate payment of the dividend and make other modernizing changes. These amendments will be presented to MAXIM shareholders for ratification at the next annual meeting.

AMENDMENT TO SENIOR CREDIT FACILITY

As previously reported, the Corporation voluntarily repaid the outstanding principal on both the Fixed Rate Construction Facility and the Bank Term Facility #1, for a total principal repayment of \$49.9 million and there are no further amounts owing under the Senior Credit Facility.

On November 7, 2024, MAXIM amended its Senior Credit Facility to increase and merge the combined availability of Revolver Facility #1 and Letter of Credit Facility #1 from \$19.1 million to \$25.0 million, release \$10.1 million of restricted cash (refer to Note 7b of the December 31, 2023 Consolidated Financial Statements) and to modify other terms of the agreement to provide the Corporation with more flexibility to operate its business.

Following the amendment, Revolver Facility #1 has capacity of \$25.0 million, of which \$6.2 million is being used to issue cash collateralized letters of credit. The Corporation can elect to remove the \$6.2 million cash collateral related to the letters of credit, in exchange for a higher margin fee. Currently, \$18.8 million is available under the Senior Credit Facility.

As of the date of this MD&A, the Corporation has \$71.4 million of unrestricted and restricted cash, of which \$63.0 million is unrestricted and \$8.4 million is restricted.

CONVERSION AND TERMINATION OF CONVERTIBLE LOAN FACILITY

On November 7, 2024, MAXIM received a notice of conversion from the lenders under the Convertible Loan Facility ("Convertible Loan") to convert amounts owing thereunder, being \$29.4 million, into Common Shares. Under the terms of the Convertible Loan and effective immediately, the lenders under this facility will receive 13,083,735 Common Shares based on a conversion price of \$2.25 per Common Share. In addition, MAXIM and the lenders under the Convertible Loan have mutually agreed to terminate the facility and as a result, no further amounts will be owing or available under this facility. Following the conversion of the Convertible Loan, the Corporation will have 63,638,577 Common Shares outstanding.

MANAGEMENT UPDATE

Following completion of the Combined Cycle Gas Turbine (“CCGT”) expansion of M2, and nearly a year of successful operations, the Corporation’s cash position significantly outweighs its debt obligations. With its surplus cash, the Corporation has elected to both reduce debt and reward shareholders through the Special Dividend. The Corporation intends to retain sufficient liquidity on a go-forward basis to maintain operations and continue to invest in its development portfolio.

NORMAL COURSE ISSUER BID UPDATE

MAXIM’s current normal course issuer bid (“NCIB”) program is for the September 16, 2024 to September 15, 2025 period. Under the current NCIB, the Corporation may purchase for cancellation up to 2,529,885 Common Shares of the Corporation. Collectively under this program and as of the date of this MD&A, the Corporation has repurchased and cancelled 9,710 Common Shares at a weighted average price of \$3.93 per share.

The current NCIB follows the expiration of MAXIM’s previous NCIB which was effective from August 31, 2023 and expired on August 30, 2024. Under MAXIM’s previous NCIB, MAXIM completed the purchase of 312,904 Common Shares at a weighted average price of \$4.36 per share.

NON-GAAP FINANCIAL MEASURES

Management evaluates MAXIM’s performance using a variety of measures. Adjusted EBITDA and FCF, as discussed below are non-GAAP measures and 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. These measures do 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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
GAAP Measures from Condensed Consolidated Statements of Operations				
Net income (loss)	10,744	(4,897)	22,287	8,818
Income tax expense (recovery)	2,740	(1,462)	5,970	2,680
Finance expense, net	913	1,292	3,155	3,909
Depreciation and amortization	3,639	1,753	10,903	5,602
	18,036	(3,314)	42,315	21,009
Adjustments:				
Other income	(58)	(5,229)	(3,037)	(43,757)
Business interruption insurance claim	-	5,500	-	40,022
Unrealized loss (gain) on commodity swaps	(5,584)	1,324	(7,196)	1,412
Share-based compensation	281	174	802	488
Adjusted EBITDA	12,675	(1,545)	32,884	19,174

Adjusted EBITDA is calculated as described above from its most directly comparable GAAP measure, net income (loss), 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 third quarter and first nine months ended September 30, 2024 and September 30, 2023 management excluded certain non-cash and non-recurring transactions. In both 2024 and 2023, 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.

Free Cash Flow

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Funds generated from operating activities before change in non-cash working capital	17,858	(3,411)	37,526	14,649
Property, plant and equipment additions	(1,500)	(11,704)	(3,466)	(25,484)
Repayment of loans and borrowings	(713)	(713)	(2,138)	(2,138)
Interest expense and bank charges	(1,921)	(2,162)	(5,888)	(6,168)
Interest income	1,338	802	3,745	2,190
Free cash flow	15,062	(17,188)	29,779	(16,951)

FCF is calculated as described above from its most directly comparable GAAP measure from the Statement of Cash Flows, the funds generated from operating activities before change in non-cash working capital, and adjusts for specific items that are reflective of the Corporation's underlying FCF. FCF is an important metric as it represents the amount of cash that is available to potentially invest in growth initiatives, pay dividends and repurchase shares. In calculating FCF for the three and nine months ended September 30, 2024 and September 30, 2023, management uses the funds generated from operating activities before change in non-cash working capital for the period and deducts property, plant and equipment additions, repayment of loans and borrowings, interest expense and bank charges and adds interest income.

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 statements concerning, among other things, investment opportunities, liquidity, generating capacity of M2, timing and amount of the Special Dividend.

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.

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 will retain sufficient liquidity to maintain operations and continue to invest in its development portfolio. 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.