



Maxim Power Corp. Announces 2021 Second Quarter Financial and Operating Results

CALGARY, Alberta (August 11, 2021) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the second quarter ended June 30, 2021. 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 August 11, 2021. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<i>(\$ in thousands except per share amounts)</i>				
Revenue	44,342	4,460	74,372	11,718
Adjusted EBITDA ⁽¹⁾	21,441	(1,589)	30,864	606
Net income (loss)	29,589	(1,167)	56,015	(161)
Net income (loss) per share – basic	0.59	(0.02)	1.12	(0.00)
Net income (loss) per share – diluted	0.59	(0.02)	1.11	(0.00)
Total generation – (MWh) ⁽²⁾	389,101	107,501	713,591	149,802
Average Alberta market power price (\$ per MWh)	104.51	29.90	100.01	48.47
Average realized power price (\$ per MWh) ⁽²⁾	113.96	41.48	104.22	78.22
Total net debt ⁽³⁾	14,586	65,076	14,586	65,076
Total assets	295,366	241,896	295,366	241,896

(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"). 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.

(2) Total generation and average realized power prices for 2021 relate to Milner 2 ("M2") and 2020 relate to both M2 and HR Milner ("Milner")

(3) Total net debt was derived from the consolidated financial statements to include: loans and borrowings, trade and other payables, less total current assets.

OPERATING RESULTS

During the second quarter and first six months of 2021, revenues increased to \$44.3 million and \$74.4 million, as compared to \$4.5 million and \$11.7 million, respectively in the same periods in 2020. The increase is the direct result of the operations of M2, which was commissioned in the second quarter of 2020. Realized power prices in the second quarter and first six months of 2021 were \$113.96 per MWh and \$104.22 per MWh, respectively, as compared to \$41.48 per MWh and \$78.22 per MWh, respectively, in the same periods in 2020.

During the second quarter and first six months of 2021, Adjusted EBITDA increased to \$21.4 million and \$30.9 million respectively, as compared to (\$1.6mm) and \$0.6 million, respectively, in the same periods in 2020. As expected, the capacity and high reliability of M2 increased revenues and reduced operations and maintenance costs. Additionally, the Government of Alberta Technology Innovation and Emissions Reduction program benefits accrue to earnings through reduced carbon tax associated with M2. These favourable variances were partially offset by higher fuel costs due to higher generation volumes, higher per unit natural gas costs and net realized losses on commodity swaps in 2021 as compared to the same periods in 2020 and temporary output restrictions due to local transmission maintenance work which was completed by the end of February 2021.

Net income increased in the second quarter and first six months of 2021, primarily due to the receipt of Line Loss Proceeding payments and the same factors impacting Adjusted EBITDA. These favourable variances were partially offset by the recognition of a deferred tax expense and depreciation of M2.

M2 CCGT PROJECT UPDATE

On June 30, 2021, MAXIM announced that it is proceeding with the expansion of M2 into a combined cycle gas turbine ("CCGT") facility through the installation of heat recovery technology. The CCGT expansion project is anticipated to increase total generation capacity from 204 MW to approximately 300 MW and improve operational efficiency, resulting in lower operating and maintenance costs per MWh. The current estimated cost of the CCGT expansion project is \$125.0 million before financing costs and as at June 30, 2021 MAXIM has spent \$18.7 million towards this project. MAXIM anticipates the expansion will commence commercial operations during December 2022.

MAXIM, through a wholly owned subsidiary, has entered into an Engineering, Procurement, and Construction ("EPC") contract for the CCGT expansion project. The EPC contractor is the same party that constructed the existing M2 simple cycle plant. The EPC contractor has agreed to complete and deliver the expanded plant at a fixed-price, turnkey project. The EPC contract value is approximately \$86.0 million and the remaining project costs of \$39.0 million are owner's costs related to activities for which MAXIM is responsible. M2 will continue to operate in simple cycle mode during construction. Commissioning of the expanded facility is expected to occur over a 3-month period in the fall of 2022, during which there will be periodic outages of the existing M2 plant while work is carried out to connect this plant to the heat recovery technology.

FINANCING ARRANGEMENT

On June 30, 2021, MAXIM amended its senior secured credit facility. The amended senior secured credit facility increased from \$42.5 million to \$105.0 million to provide for construction financing, of which \$28.5 million is currently drawn, \$62.4 million is available for construction and the remainder is available for general corporate use and letters of credit. The construction facilities of up to \$62.4 million consist of two non-revolving construction loans and a \$5.0 million revolving credit facility. The construction loans have amortization requirements ranging from five to ten years commencing on completion of the CCGT expansion of M2. All loans under the senior secured credit facility mature on June 30, 2026. MAXIM has also extended the maturity date of its current subordinated convertible secured credit facility, with two related parties, to provide additional construction financing, if needed. Total capacity under this credit facility is unchanged at \$75.0 million of which \$29.4 million is currently drawn. The maturity date of this facility was extended to September 25, 2026 and the facility was broadened to make it available for the construction of the CCGT expansion and any wind power projects.

AUC LOSS FACTOR DECISION

The Corporation has received all three Line Loss Proceeding payments in the sum of \$52.9 million from the Alberta Electric System Operator ("AESO") relating to the years 2006 to 2016, of which \$18.6 million was received in May 2021, \$27.9 million was received in March 2021 and \$6.4 million was received in December 2020, inclusive of interest.

About MAXIM

Based in Calgary, Alberta, MAXIM is one of Canada's largest truly independent power producers. MAXIM is now focussed entirely on power projects in Alberta. Its core asset – the 204 MW H.R. Milner Plant, M2, in Grande Cache, AB – is a state-of-the-art natural gas-fired power plant that commissioned in Q2, 2020. MAXIM is currently increasing the capacity of M2 to approximately 300 MW and concurrently will realize an improvement in the efficiency of the plant by investing in heat recovery combined cycle technology. In addition, 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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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, the expected commissioning period for the CCGT expansion, the expected completion date of the CCGT expansion, the current cost estimates for the CCGT expansion, expected operational disruptions at M2, the value of the EPC contract (prior to any change orders) and MAXIM's financing plans with respect to the CCGT expansion.

Management has included the forward-looking statements above and a summary of assumptions and risks related to forward-looking statements provided in this press release in order to provide readers with a more complete perspective on MAXIM's future plans and operations and such information may not be appropriate for other purposes.

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. Readers are cautioned that the foregoing lists of factors are not exhaustive. 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.