



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

CALGARY, Alberta (May 9, 2023) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the first quarter ended March 31, 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 May 9, 2023. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,	
	2023	2022
(\$ in thousands except per share amounts)		
Revenue	-	35,792
Net income	7,751	16,898
Earnings per share – basic	0.15	0.34
Earnings per share – diluted	0.14	0.28
Adjusted EBITDA⁽¹⁾	11,731	15,893
Total generation – (MWh)	-	393,591
Total fuel consumption – (GJ)	21,546	4,179,531
Average Alberta market power price (\$ per MWh)	142.00	89.80
Average realized power price (\$ per MWh)	-	90.94
Loans and borrowings	82,296	83,570
Net debt⁽¹⁾	30,961	48,464
Total assets	382,622	364,569

(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 first quarter of 2023, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization, ("Adjusted EBITDA"⁽¹⁾) of \$7.8 million and \$11.7 million, respectively, as compared to \$16.9 million and \$15.9 million, respectively, in the same period of 2022. Net income in the first quarter of 2023 decreased as compared to the same period in 2022 primarily due to the non-injury fire incident ("Incident") at Milner 2 ("M2") which resulted in no generation from M2 in the first quarter of 2023 and unrealized and realized commodity swap gains in 2022, partially offset by the business interruption claim in 2023. A significant portion of the decrease to Adjusted EBITDA was due to the Incident at M2, partially offset by the business interruption claim. (see **Insurance Information Update** below).

M2 RETURN TO SERVICE UPDATE

MAXIM has disassembled the damaged air inlet filter house caused by the Incident at M2, procured a replacement air inlet filter house and is actively expediting the construction process to restore M2 to operational service as soon as possible. Installation of the new air inlet filter house commenced in April 2023, with completion expected late in July 2023. MAXIM does not expect to be generating electricity from the HR Milner ("Milner") site until the end of July 2023, at which point MAXIM anticipates commencing hot commissioning activities for the Combined Cycle Gas Turbine ("CCGT") expansion of M2. Hot commissioning activities are anticipated to occur over an approximate three-month period, during which there will be periodic outages of the facility resulting in intermittent generation of electricity. The CCGT expansion will increase total generation capacity of M2 from 204 MW to 300 MW and lower operations and maintenance costs per MWh as a result of operational efficiencies.

M2 CCGT EXPANSION PROJECT UPDATE

As previously reported, start up of the CCGT expansion project will be delayed due to the Incident. Construction of the CCGT expansion project is currently greater than 99% complete, however, hot-commissioning activities cannot occur until M2 is returned to service.

The estimated project cost, excluding borrowing costs and the net effect of \$20 million of grant proceeds, is currently \$162 million. The estimated project costs increased from \$155 million due to incremental costs anticipated to be incurred as a result of the delay in commissioning and exclude the costs related to procuring the new air inlet filter house, which are expected to be recovered from insurance coverage.

Completion of the CCGT expansion of M2 will allow for the capture of waste heat that would otherwise exhaust into the atmosphere and turn it into useful low carbon electricity for the Alberta power grid. The CCGT expansion of M2 will reduce the intensity of carbon emissions by more than 60% compared to the legacy coal-fired H.R. Milner facility.

At this time, MAXIM forecasts it has sufficient liquidity to complete both the CCGT expansion of M2 and the replacement of the air inlet filter house and will fund these costs using cash on hand, available funds through the existing senior and subordinated credit facilities, and anticipated insurance proceeds, as required.

FINANCING UPDATE

MAXIM has amended and received consent for certain terms and conditions under the senior and subordinated credit facilities to make the necessary changes to maintain compliance and appropriately address the impact from the Incident at M2 and timing of the commissioning of the CCGT expansion of M2. Changes of most significance include revising the timing of the completion of the CCGT expansion of M2, including the air inlet filter house repair program, pausing the Corporation's normal course issuer bid until after the CCGT expansion of M2 has achieved substantial completion and addressing other standard administrative changes for an event of this nature.

There were no changes to the availability of the senior and subordinated credit facilities which give access to an additional \$92 million of funding under various terms and conditions.

INSURANCE INFORMATION UPDATE

As previously reported, MAXIM reaffirms insurance coverage for the Incident, subject to the terms and conditions of the Corporation's Property Insurance ("PI") policy, including Business Interruption ("BI") provisions. The Corporation continues to progress an insurance claim for property damage and lost earnings under the PI policy. The PI policy provides \$200 million in total coverage, including BI. The PI insurance coverage related to the property damage from the Incident is subject to a customary deductible. The sub-limitations on the BI provision of the PI policy include a 45-day deductible, a monthly cap of \$5.5 million gross margin (plus 10% margin allowance), and a policy cap of \$66 million total gross margin. The Corporation is comfortable that the PI policy limit of \$200 million, less any coverage related to the BI provision, is sufficient to cover the property damage related to the Incident.

To date, MAXIM has submitted claims for \$45.8 million, of which \$36.3 million relates to BI and \$9.5 million relates to PI. To date, \$25.0 million has been paid by the insurance company in relation to these claims. The Corporation continues to progress the insurance claims for damages and future lost earnings.

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.

Three months ended March 31 (\$000's)	2023	2022
GAAP Measures from Condensed Consolidated Interim Statement of Income		
Net income	7,751	16,898
Income tax expense	2,280	5,105
Finance expense, net	1,356	1,683
Depreciation and amortization	2,009	2,105
	13,396	25,791
Adjustments:		
Other income	(19,963)	-
Unrealized gain on commodity swaps	-	(10,017)
Business interruption insurance claim	18,150	-
Share-based compensation	148	119
Adjusted EBITDA	11,731	15,893

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 excluding 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 quarter ended March 31, 2023 and March 31, 2022 management included business interruption insurance claim proceeds as it reflects a portion of earnings that would have been earned if M2 was operational and excluded certain non-cash and non-recurring transactions. In both 2023 and 2022, Adjusted EBITDA excluded all items of other income and expense including: unrealized gains on commodity swaps and share-based compensation.

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 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 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:

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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, the timing of resuming M2 operations and repairs and replacement of the air inlet filter house, the timing of hot commissioning activities and damages to the M2 facility, expected benefits and costs of the CCGT expansion of M2, current expectation on MAXIM's inability to generate 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 timing of resuming M2 operations and repairs, the timing of hot commissioning activities, insurance coverage, MAXIM's current assessment of damages to the M2 facility, estimated project costs and MAXIM's current expectations on its inability to generate electricity (and related revenue) from its Milner operations.

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 MAXIM's inability to repair the damage caused by the Incident in a timely manner, or at all, that MAXIM will not continue to have access to its credit facilities or that it will be in default thereunder, that MAXIM may not be able to resume electricity generating (and associated revenue generating) activities in the timelines described herein, that MAXIM will not have access to the necessary labour, equipment and materials to conduct all necessary repairs and that MAXIM may not be covered by insurance for the subject damages 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.sedar.com. 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.