MAHA
ENERGY

2022 ANNUAL REPORT

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Information regarding AGM

The Annual General Meeting of shareholders of Maha Energy AB (publ) will be held on Wednesday, May 24, 2023, 2:00 p.m. CEST at Setterwalls on Sturegatan 10 in Stockholm, Sweden. The notice and the complete proposals will be available at www.mahaenergy.ca.

To be entitled to participate, shareholders must be included in the register of shareholders, maintained by Euroclear Sweden AB, in their own names, as of Monday, May 15, 2023 and must notify Maha Energy AB of their attendance no later than Wednesday, May 17, 2023. Shareholders who have their shares registered in the name of a nominee must request temporary entry in the transcription of the share register that is kept by Euroclear Sweden AB (so-called voting rights registration) in order to be entitled to participate and vote their shares at the meeting. The shareholder must inform the nominee well in advance of Monday, May 15, 2023, at which time the register entry must have been made. Voting rights registration that has been requested by the shareholder, at such time that the registration has been completed by the nominee and no later than Wednesday, May 17, 2023, will, however, be taken into account in the preparation of the share register. According to the Swedish Companies Act, a shareholder who wishes to attend by proxy, must present a proxy in writing, dated and signed by the shareholder.

Corporate Calendar

The Company plans to publish its' 2023 Quarterly Reports as follows:

Quarter 01

Three Month Report 2023

15 May, 2023

Quarter 02

Six Month Report 2023

14 August, 2023

Quarter 03

Nine Month Report 2023

14 November, 2023

Quarter 04

Year End Report 2023

28 February, 2024

2022 MAHA HIGHLIGHTS

NEW

MANAGEMENT TEAM, NEW REFERENCE SHAREHOLDER & REFRESHED STRATEGY

2,145+

EARNINGS PER SHARE

(Basic & Diluted vs USD 0.19 per share in 2021)

0.19

USD

3,213

BOEPD

PRODUCTION

USD
$55.1 MILLION
EBITDA

PERSON HOURS WORKED

906,800+

SAFETY AWARENESS AND TRAINING MAN HOURS

USD
$89.8 MILLION
REVENUE

USD
$22.9 MILLION
NET RESULT IN 2022

1,347
SAFETY OBSERVATION CARDS

Letter to Shareholders

During the last quarter of 2022 and into the first quarter of 2023, transformational changes were set in motion at Maha Energy, highlighted by a refreshed board of directors and executive management team that enhanced our existing governance structure and brought a new vision and experience set to our leadership. Maha's new perspective, operational outlook, and strategy are fully supported by the Company's new reference shareholder, an investment fund managed by Starboard, a Brazilian private equity firm with extensive Latin America energy expertise.

Starboard brings unparalled experience to Maha, particularly given it was the architect and creator of 3R Petroleum, an important Brazilian independent oil and gas company listed on the Brazilian Stock Exchange. The benefit of this relationship has already been demonstrated by Maha's ability to achieve certain strategic milestones within only a few short months. Our team has taken steps to improve our capital structure and strengthen our balance sheet due to the SEK 203 million (USD ~20 million) capital increase (equity financing) which has had a very solid demand, and is furthering this objective with the ongoing and active optimization of our asset base. This transaction also attracted important institutional investors from different parts of the world, notably from the Nordics, USA and Brazil, highlighting a positive signal that Maha received from the market after all of the recent changes.

The sale of our onshore Brazilian assets to PetroRecôncavo S.A. which was concluded on 28 February 2023 for a total consideration that could reach up to USD 186.9 million, positioned the Company with the financial flexibility to pursue different assets that could offer greater upside for production growth and profitability. As such, shortly after indicating our intention to sell those assets, we announced a business combination with DBO Energy, holder of a 15% stake in 3R Offshore, providing opportunistic access to the Papa Terra and Peroá offshore cluster in Brazil. 3R is regarded as an excellent operator, and gaining exposure to 3R Offshore's assets, expertise and solid operational track record through DBO represents a potential strategic growth transaction. Upon the closing of the business combination with DBO, which is expected to be concluded in April 2023, after the approval at Maha's Extraordinary General Meeting held on 29 March 2023, we expect that Maha will not only gain ~18.5 MMboe of 2P reserves and current net production that approximates the volumes sold to PetroRecôncavo, but will also stand to benefit from further upside through the planned ramp-up at Papa Terra, and Peroá fields, as well as the potential Malombe development (part of the Peroá cluster). This demonstrates the effectiveness of our strategy and an indication of how management prioritizes shareholder value.

The Block 70 asset in Oman remains a strategic project currently being developed and evaluated by Maha. In 2022, we entered into a farmout arrangement whereby upon the transaction's completion, our new and local partner, Mafraq Energy LLC (Mafraq), took a 35% working interest in Block 70, requiring Mafraq to fund its prorated share of future expenditures on the block, and to reimburse Maha for 35% of all past costs. Following this agreement and proper governmental approvals, Maha and Mafraq signed a Joint Operating Agreement on 28 January 2023 that defines the relationship between the companies within the asset, and Maha maintained as the sole operator. Given their technical expertise, as well as local presence and track record, Mafraq's interest in our Block served to further validate the prospectivity of this asset.

Compared to 2021, revenue in 2022 was USD 89.8 million or 31.5% higher, and although operating netback was impacted by workover costs and inflation, Maha's full year 2022 operating netback of USD 60.7 million was much higher than the full year 2021 operating netback of USD 46.1 million. Maha closed the year with gross debt of USD 46.1 million and a cash position of USD 23.2 million (including cash relating to the discontinued operations). Maha ended 2022 with EBITDA of USD 55.1 million, 15.3% higher than USD 47.8 million in 2021.

We remain optimistic in the future production potential of Maha as the 3R Offshore assets continue to be drilled, developed and optimized (which will benefit Maha upon closing the business combination with DBO) and as we strive to leverage our substantial cash position to complete opportunistic acquisitions at attractive multiples, building our stable portfolio of producing assets that feature meaningful growth and production upside. In addition to bolstering our operational assets, we have also bolstered our team. In early 2023, Maha appointed a new Chief Financial Officer (CFO), Guilherme Guidolin de Campos, as well as welcomed Ms. Barbara Bittencourt, Chief Legal Officer (CLO), and Mr. Jakob Sintring, Head of Investor Relations (IR). These appointments bolster the team while further showcasing our commitment to providing shareholders full transparency around our communications and our ongoing compliance with high standards of governance and integrity.

On behalf of the Maha team, we would like to personally thank each of you for your invaluable support and the confidence in our refreshed Board of Directors and Executive Management as we lead Maha to its next stage. We are committed to maintaining stakeholder trust, improving Maha's market position with enhanced performance, continuing to be a responsible operator, and ensuring a positive working environment for our employees. These are the key elements to creating sustainable, long-term shareholder value.

We are excited about the future potential of Maha and we appreciate you taking the journey with us.

Paulo Thiago Mendonça

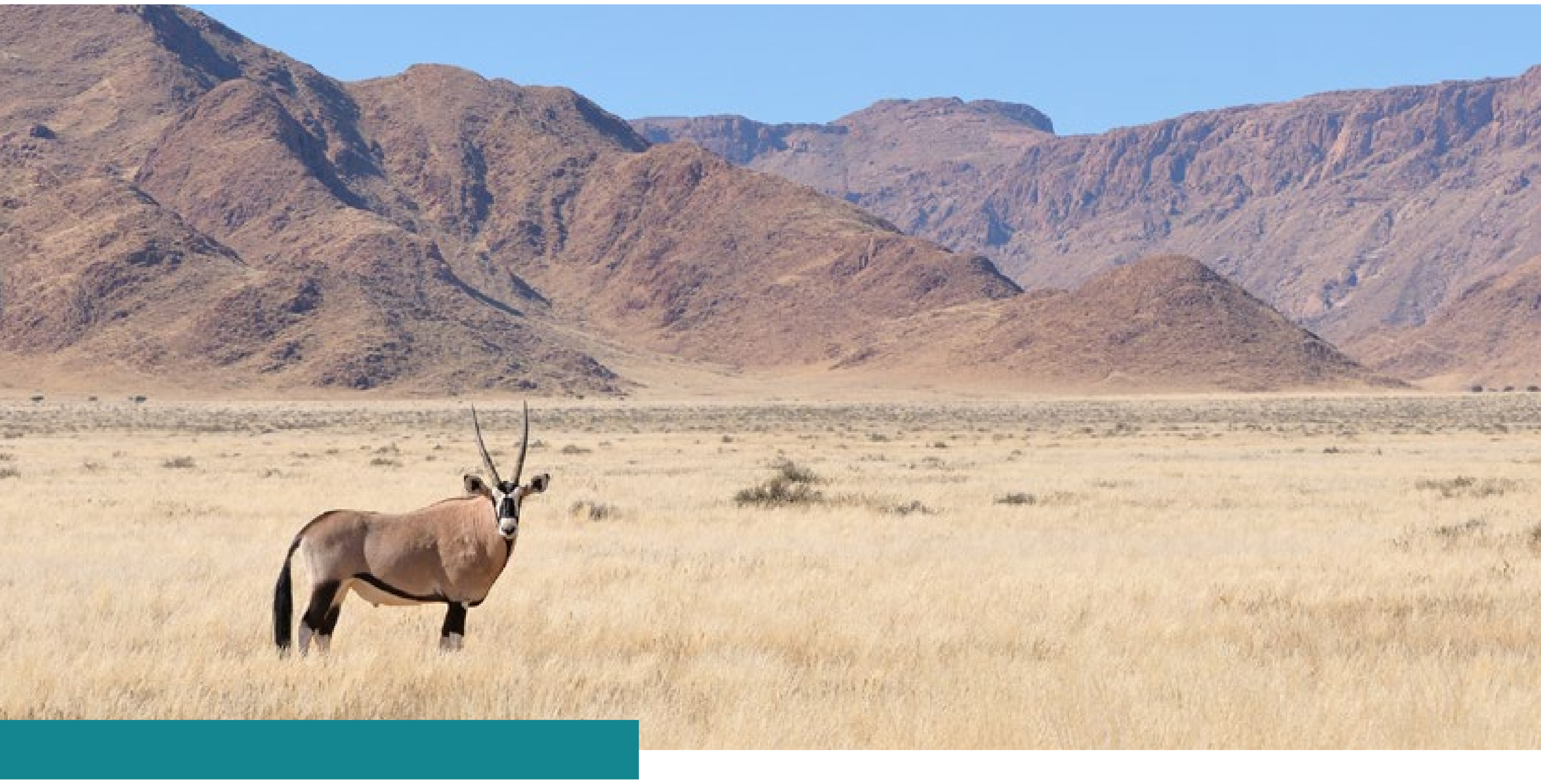
Chief Executive Officer (CEO)

About Maha

Maha is an independent Swedish listed international upstream oil and gas company focused on the exploration, development and production of underperforming crude oil and natural gas assets globally. Led by a diverse team of industry experts, the Company's strategy reflects a cash-flow approach and is focused on optimizing its existing asset base while pursuing opportunistic and accretive global M&A targeting mature oil and gas fields.

In support of this strategy, Maha has attracted as a significant shareholder an investment fund managed by a Brazilian private equity firm, Starboard. Starboard brings a proven track record in oil & gas and finance, including orchestrating Brazilian Stock Exchange listed 3R Petroleum. The recent agreement for the sale of Maha's Brazilian subsidiary, which currently operates the Tie and Tartaruga fields, positions Maha favourably to look for other opportunistic assets, as the Company becomes well capitalized during a period in the public markets where funding is more expensive and challenging. This transaction also demonstrates how Maha can pivot its strategic mindset to one conducive for a Company seeking stable, profitable and scalable assets.

Further, Maha is also investigating the divestiture of its US assets, which would bring liquidity and cash reserves to help fund new investments and pursue the acquisition of new assets at attractive entry multiples. In Oman, Maha is aiming to achieve successful results within its initial testing production plan together with its experienced local partner, Mafraq. A business combination announced with DBO Energy, a private upstream oil and gas company focused on mature offshore fields in Brazil, affords Maha exposure to 3R Offshore, a JV with 3R Petroleum. Upon closing of the DBO combination, Maha is positioned to benefit from meaningful proved plus probable reserves volumes, cashflow and value. Maha Energy is traded on the Nasdaq Main Market in Stockholm under the ticker symbol 'MAHA-A'.



Maha: A Renewed Strategy & Outlook

With the changes and transactions advanced by Maha during 2022, the Company has evolved to become an innovative and progressive energy platform designed to grow by profitably acquiring and developing producing oil and gas assets. Building on our industry expertise, capital discipline and local partnerships, we will target mature assets globally, focusing on fields with existing production but offering sizeable growth potential in production, reserves and cash flow with relatively low-capital expenditures, stable cash flow generation and with attractive entry acquisition prices. The ultimate goal for Maha is to maximize shareholder returns and drive profitability, while operating with high-integrity in an ethical and responsible manner that benefits all stakeholders.

Near term priorities included improving Maha's capital structure, balance sheet and cash position. Upon completion of the Company's two announced M&A transactions, including (i) farming out a portion of our Oman asset, and (ii) completion of the divestiture of our onshore Brazil asset, Maha will be positioned with a solid balance sheet featuring a strong cash position and receivables from these transactions that exceeds the current public market value of the entire company. We are also currently evaluating opportunities to optimize the capital expenditures and operating expenses of our existing asset base to capture enhanced returns for deployed capital.

The recent transaction signed with PetroRecôncavo, combined with the business combination with DBO 2.0 (which holds a 15% stake in 3R Offshore assets) clearly illustrates Maha's new strategic vision. By selling the current Brazilian assets for a purchase price (plus earn outs) of more than four times the amount involved in the business combination with DBO (which, on its turn, holds equity interest in 3R Offshore and, indirectly, in its assets which have similar operational KPIs), Maha has demonstrated that capital allocation and opportunistic transactions will guide the Company's new long-term strategy, with the ultimate goal of providing our shareholders with above average returns.

The optimization of Maha's asset portfolio is a core foundation of our strategy being advanced both organically and via acquisitions and divestments.

Organic Optimization

Maha's asset in Oman is an example of an area offering significant growth potential given its vast undeveloped resource and reserves despite its relatively early stage of development. With significant capital invested to date, this asset has been de-risked through extensive seismic data and 8 new production wells drilled, providing Maha another opportunity to spend modest levels of capital with the potential for substantial growth and area expansion. By partnering with Mafraq, a local entity having regional expertise, Maha has gained further validation of the value of this asset, and we intend to deploy capital and resources to expand it based on success.

M&A Optimization

Maha has established a robust pipeline of acquisition & divestiture transactions that are currently closed or nearing completion:

» Divestment of the Brazil onshore assets at Tartaruga and Tie fields, which was closed on 28 February 2023;

» Anticipated conclusion of our business combination with DBO Energy, which features a 15% equity stake in 3R Offshore and exposure to the Peroá gas cluster and the large oil-in-place Papa Terra assets being operated by 3R; and

» A potential divestment of our US assets in the Illinois Basin and LAK Ranch

In addition, we have executed several non-disclosure agreements that enable Maha to analyze and evaluate additional potential M&A transactions or other asset opportunities in Brazil, other countries in Latin America, the Middle East, and Europe.

MAHA'S ASSETS

AN ONGOING EVOLUTION TO MAXIMIZE VALUE

OMAN

Mafraq: Exploratory onshore asset

In October 2020, Maha entered into an exploration and production sharing agreement for Block 70, which includes the shallow undeveloped Mafraq heavy oil field in the Sultanate of Oman. Block 70 spans 639 km^2 and is located in the middle of the prolific oil producing Ghaba Salt Basin in the central part of Oman. The site has been de-risked through extensive 2D and 3D seismic data, along with five wells that were drilled prior to 2020, including one production test well.

Maha entered into a farmout agreement with Mafraq in August 2022, approved by Royal Decree from the Sultanate of Oman, that reduced the Company's working interest to 65% from 100%. Under the terms of the farmout, Maha will be reimbursed for 35% of all past costs, while Mafraq Energy will pay its share of future expenditures on Block 70.

With a Joint Operating Agreement signed on January 28th 2023, Maha, in partnership with Mafraq Energy continues to execute our phased development approach. This consists of an initial committed work program equivalent to approximately USD ~20 million, comprised of multiple wells plus seismic reprocessing to obtain additional reservoir information that can inform development of a full Field Development Plan. Eight wells have been drilled to date, including the initial Mafraq-7 well, which was spudded in September 2022, five weeks ahead of schedule.

» 8 production wells drilled to date;

» 21.0 MMbbls 2C contingent net resources (65% W.I.) [1]

» 515 Mbbls 2P net reserves (65% W.I.) [1]

USA

Onshore Producing Assets

Maha has production from the Illinois Basin, Illinois/Indiana and a shut-in asset at LAK Ranch, Wyoming and is currently evaluating divestment opportunities to streamline and focus the asset base.

Further Asset Optimization

Maha is currently evaluating the divestment of its US assets with a view to maximizing value for shareholders and will provide market updates as developments unfold.

ILLINOIS BASIN

light oil (35 deg. API)

Maha owns a 97% working interest in the Illinois Basin (IB), which had 401 BOEPD of production in 2022, and features 2.7 MMboe of net proven + probable (2P) reserves and a 2P net NPV10 of USD 20.7 million at year end 2022. IB offers over 40 potential drilling locations, minimal recoveries to date and low operating costs, positioning it as a strategic and attractive asset with long-term development potential.

LAK RANCH

medium oil (19 deg. API)

Maha owns 99% of this heavy oil asset, which is currently shut-in, but estimated to have original oil in place (OOIP) (best case estimate) of 62 MMboe, with less than 150,000 barrels having been produced to date.

[1] *65% Working Interest (McDaniel & Associates Certification of Reserves on 31 December 2022)*

BRAZIL

Gaining Offshore Exposure While Divesting Onshore

Business combination with DBO Energy announced in December 2022 is underway and the sale of our onshore Brazilian assets to PetroRecôncavo S.A. was concluded on 28 February 2023.

Proposed DBO Energy Combination

Maha has entered into a binding business combination with DBO Energy, a private upstream oil and gas company focusing on mature fields in Brazil. In 2021, DBO entered into an agreement with 3R Petroleum to create 3R Offshore, of which DBO holds 15% and 3R Petroleum holds 85%. 3R Offshore holds a 100% and 62.5% working interest in the Peroá and Papa Terra-cluster, respectively, located offshore Brazil.

Upon closing of the DBO combination expected in the first half of 2023, Maha anticipates gaining an estimated 18.5 MMboe of 2P reserves, which offer a net NPV10 of USD 145 million [2],[3], along with approximately 2,000 BOEPD net production. The assets in DBO comes with infrastructure, including the Papa Terra FPSO and Peroá production platform, yielding lower operating costs. This transaction reinforces the construction of a diversified portfolio balanced between mature oil and gas onshore and offshore assets.

Assets Being Acquired Through DBO Combination

PEROÁ, CANGOÁ AND MALOMBE

(DBO has 15% indirect working interest)

The Peroá gas cluster is located in the Espírito Santo basin, offshore Brazil in shallow waters, and includes the Peroá and Cangoá producing fields along with the Malombe discovery, all of which are being developed via the Peroá platform. Approximately 72.4% gas has been recovered and remaining 2P reserves are estimated at 19 MMboe gross per year-end 2022.

With limited additional capex, the Peroá platform has capacity for Malomb to be tied back to the platform in the future, driving estimated peak production volumes of approximately 16,000 BOEPD (gross). The cluster benefits from a 55km gas pipeline connection to the Cacimbas gas processing plant operated by Petrobras, along with an unmanned platform featuring operating costs that average approximately USD 5/boe.

» USD 23 million NPV10 of net 2P (YE 2022)

» 440 BOEPD Net production (Q4 2022)

» Offtake agreement: Petrobras

PAPA TERRA

(DBO has a 9.375% indirect working interest)

Papa Terra is a heavy oil field located in deep waters in the Campos Basin, approximately 100km off the coast of the State of Rio de Janeiro, Brazil and features state-of-the-art assets with six years of operations. Historical investments into infrastructure total approximately USD 3 billion (gross) and all assets are owned by the license holders. Approximately 2.4% of the oil has been recovered as of October 2022 and gross 2P reserves are estimated to be 166 MMboe per year-end 2022. This represents a 11.4% recovery factor, which compares with an average of 15.6% for the Campos Basin, suggesting further upside potential beyond the 2P reserves.

Papa Terra was discovered in 2003 and production started in November 2013. The field is developed with an FPSO (3R-3) and a Tension Leg Wellhead Platform (3R-2), both owned pro rata by the owners of the oil field, with a combined processing capacity of 140,000 barrels of oil per day, an injection capacity of 340,000 barrels of water per day, a storage capacity of 1.4 million barrels and slots to connect up to 21 producing wells and 11 injecting wells. Currently, 6 production wells and 3 injection wells are active and all systems have idle capacity to implement revitalization and redevelopment activities.

» USD 122 million NPV10 of net 2P (YE 2022)

» 1,635 BOEPD Net production (Q4 2022)

» Partners include 3R Petroleum (53.125%), MTI Energy (37.5%) and DBO (9.375%)

[2] Based on public reserve reports from DeGolyer and MacNaughton and Gaffney Cline. Value estimates are based on oil price of USD 71/bbl in 2023 and USD 66/bbl thereafter and a gas price of USD 5.0-5.5/mcf

[3] Institutional Presentation, 3R Petroleum, August 2022

Maha remains interested in continuing to invest in Brazil, as the country's royalty framework is very low, ranging from 5% up to 10% for onshore and offshore operations, respectively. This supports attractive free cash flow per barrel economics compared to other jurisdictions around the world.

Successful Divestment of Brazil Onshore Assets: Tartaruga and Tie fields

Maha closed the sale of its Brazilian onshore assets (Tie and Tartaruga) to PetroRecôncavo on 28 February 2023, for a total consideration of up to USD 186.9 million (purchase price of USD 138 million, USD 36.1 million in earnout milestones plus working capital and net cash adjustments).

TIE FIELD

light oil (36-38 degree API)

Maha purchased 100% working interest in the field in 2017 and following several years of development and optimization work, took production to an average of 2,620 BOEPD during 2022. Oil gets trucked to two customers nearby while the associated gas is compressed and sold on the local market. Maha also held interests in six other exploration blocks in the Recôncavo Basin which are in varying stages of exploration.

TARTARUGA FIELD

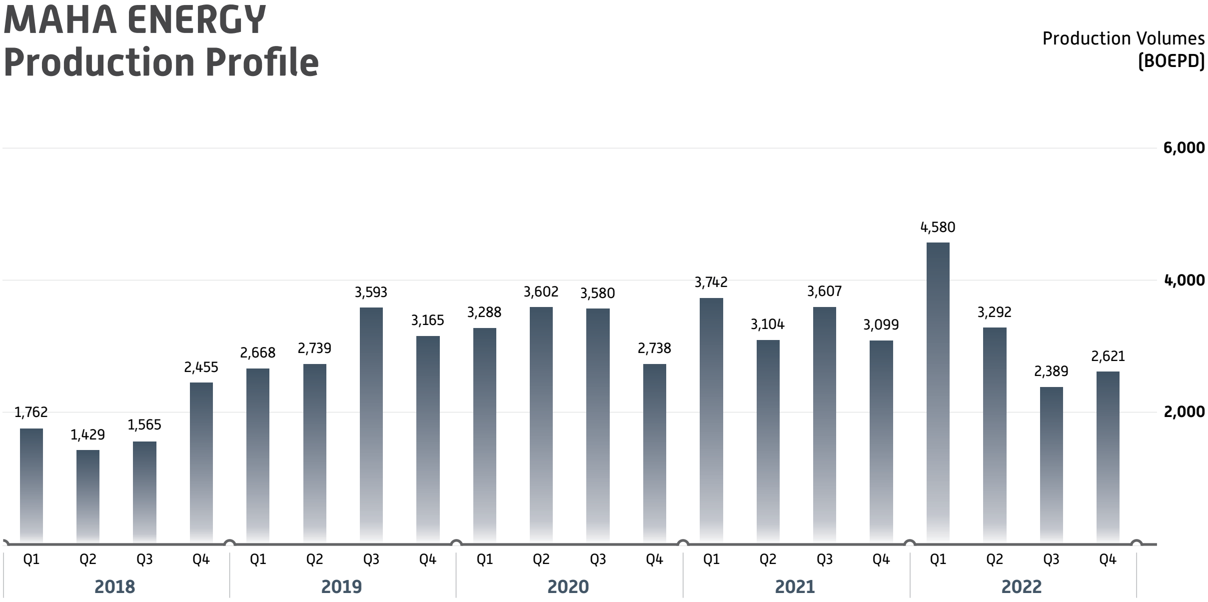
light oil (41 degree API)

Maha held production stable at Tartaruga during 2022 at 192 BOEPD. This field produces from two wells which have collectively produced over 1 million bbls since the initial discovery.

Recently, Maha sent a bidding offer to acquire the remaining 25% participation which is currently held by Petrobras.

Divesting of the onshore Brazil assets provides Maha with a prudent opportunity to enhance the balance sheet, resulting in a higher cash position on closing than the Company's current market capitalization. This transaction will grant the necessary liquidity and cash reserves to enable the Company to pursue the optimization of its asset allocation strategy via new investments and the acquisition of new assets at attractive entry multiples, with a focus on creating value for its shareholders.

MAHA ENERGY
Production Profile



Road Map

2022 proved to be a revolutionary year for Maha, complete with a new significant shareholder, a refreshed Board & management team, and a very active corporate development period that manifested in the latter half of the year.

Under the stewardship of our refreshed board, and the leadership of our new management team, Maha is focused on expansion via strategic and value-focused M&A at attractive entry multiples, organic growth opportunities and the preservation of our balance sheet strength – all of which are ultimately designed to drive shareholder value creation.

Maha's success in accelerating these goals is clearly demonstrated by the achievements reported in the latter part of 2022 and first few weeks of 2023, which includes (i) the conclusion of the farm out of a 35% working interest on our Block 70 asset in Oman to our partner, Mafraq Energy; (ii) the announcement of the signing of a binding term sheet regarding a significant business combination with DBO Energy, followed by the execution of the relevant investment agreement on February 2023; (iii) a successful equity raise to enhance the Company's capital structure; (iv) an agreement to divest of our onshore Brazilian assets affording further financial flexibility; and (v) confirmation that we are exploring potential divestment opportunities for our US assets and potential acquisition opportunities globally.

With the expertise, operational excellence, and process optimization that Maha now possesses, we anticipate being in a position to return to production growth in the short and medium term as we continue to remain optimistic about the outlook for sustained oil and natural gas demand associated with further growth in the global economy over the coming decade. This demand is expected to support robust oil prices into 2023 and beyond as the world continues its return to pre-pandemic activity levels.

We will continue to execute on our strategy of acquiring mature, oil-weighted assets at attractive valuations where we see opportunities to enhance and expand production, reserves and cash flow potential while allocating capital in a prudent and measured manner. Our enhanced financial and operational position underpin Maha's continued evolution to become a leading international exploration and production company, with a top-tier board and management team forging our path, and supported by influential, experienced partners.

2022 OPERATING HIGHLIGHTS

2022 Revenue
USD
89.8
MILLION
(2021: USD 68.3 million)

10
Wells drilled in 2022

64
Active production wells in 2022

2022 Average Realized Product Price
USD 80.90/BOE
(2021: USD 56.62/BOE)

2022 Average Production
3,213 BOEPD
(2021: 3,387 BOEPD)

31%
Revenue Growth 2022 vs 2021

Operating Netback in 2022
USD
60.7
MILLION
(2021: USD 46.1 million)

Growth in Operating Netback
32%
2022 vs 2021

Maha Asset Portfolio as at Year End 2022

Portfolio Position as at Dec 31/22	Country	Concession name	Maha Working Interest (%)	Status	Net Area (acres)	BOEPD [1]	Partner
Divestment Transaction closed Feb 28/23	Brazil	Tie (REC-T 155)	100%	Producing	1,511	2,620[1]	–
	Brazil	REC-T 155	100%	Exploration	4,276	–	–
	Brazil	REC-T 129	100%	Exploration	7,241	–	–
	Brazil	REC-T 142	100%	Exploration	6,856	–	–
	Brazil	REC-T 224	100%	Exploration	7,192	–	–
	Brazil	REC-T 117	100%	Exploration	6,795	–	–
	Brazil	REC-T 118	100%	Exploration	7,734	–	–
	Brazil	Tartaruga	75%	Producing	5,944	192[1]	Petrobras (25%)
Pending Acquisition	Brazil	Peroá Cluster	15%	Producing	Offshore	554[2]	3R Offshore (85%)
	Brazil	Papa Terra	9.375%	Producing	Offshore	603[2]	3R Offshore (53.125%) MTI Energy (37.5%)
Considering Divestment	USA	IB Basin (various)	97%	Producing	3,134	399[1]	Keepes Petroleum (3%)
	USA	LAK Ranch	99%	Pre-Production	6,475	3 [1]	SEC (1%)
Active Development	Oman	Block 70	65%	Pre-Production	157,900	–	–

(1) As per 2022 full year report net production volumes to Maha before royalties. 1BBL = 6,000SCF of gas. Approximately 88% of Maha's oil equivalent production is crude oil.
(2) Based on the net production to DBO as at October 2022.

Where We Came From and *Where We're Going*

» 2018

» Custom hydraulic jet pump at the Tie Field installed, almost doubling the Tie production.

» 2019

» Company exceeds 3,000 BOEPD average annual production volumes.

» Gas to Wire (GTW), a Brazilian company, is contracted to process and convert gas to electricity at the Brazilian fields.

» Maha invited to bid for Block 70 onshore Oman. The Company submits a competitive bid and enters into negotiations with Omani Government.

» 2020

» Maha Energy AB admitted to Nasdaq Stockholm main board as small cap company – first day trading is 17 December 2020.

» GTW generators commissioned for commercial export of electricity at the Tartaruga field.

» Drilling of Tie-3 well started.

» Maha awarded Block 70 in Oman.

» Maha acquired Illinois Basin in the USA.

» Maha assumes the GRI and SASB frameworks as guidelines for ESG disclosure.

» 2021

» Refinancing agreement with Brazilian investment Bank, BTG Pactual, for USD 70 million to finance Company's production expansion and objectives.

» Itaparica formation was discovered, extensively tested, and flowed 42° API oil to surface at initial and unstable rate of 139 BOEPD.

» Tie-3 well initial testing flowed oil and gas at a rate of 472 BOEPD.

» 2022

- Tie-4 well tests 4,695 BOEPD through Tie Permanent Facilities; Tie-5 well drilled and free flowed 766 BOEPD without an artificial lift.
- Started an exploration and appraisal drilling campaign on Block 70 in Oman. Drilling commenced in September 2022, and total of 5 production appraisal wells drilled by year end 2022.
- Completed a management, Board and shareholder refresh; three new members joined the six-person Board.
- Gained new reference shareholder through a Starboard Private Equity investment fund. Starboard is a Brazilian private equity firm who has extensive experience in oil & gas financing, and was a key architect of 3R Petroleum, an important Brazilian independent oil & gas company. The investment fund managed by Starboard took ~19.9% ownership stake of Maha with representation on the Board and management team.
- Entered into a farmout agreement with Mafraq Energy LLC for Block 70 in Oman (35%/65%), having a Royal Decree from Oman's Sultanate, with the assignment concluded in January 2023.
- Announced business combination with DBO Energy, which holds 15% in 3R Offshore, for consideration of up to 36,775,410 new shares in Maha, reinforcing the construction of a diversified portfolio balanced between mature oil and gas onshore and offshore assets.
  - Increases Maha's net 2P reserves by ~18.5 MMboe and an estimated ~2,000 boe/d net production to be added in 2023 with further upside through ramp-up at Papa Terra, Peroá and potential Malombe development[4].
  - Adds 1P and 2P reserves with an estimated value (NPV10) of USD 86 million and USD 145 million respectively (net of future contingent payments) based on public reserve reports[4], [5].
- Completed new share issuance of 23.9 MM shares, raising total proceeds of approximately SEK 203 million / USD 19.75 million and bringing new investors to the shareholder base.
- Announced divestiture of onshore Brazilian assets to PetroRecôncavo.

» 2023 & BEYOND

- In 28 February, Maha closed the divestiture of the Brazilian onshore assets to PetroRecôncavo, further strengthening cash position for future acquisitions.
- Bolstered management team with appointment of new CFO, Guilherme Guidolin de Campos, Barbara Bittencourt, Chief Legal Officer and Jakob Sintring, Head of Investor Relations.
- After approval at the Extraordinary General Meeting, the business combination with DBO 2.0 is expected to close during the course of April 2023.
- Move towards production on acquired assets, including Block 70 in Oman, in partnership with Mafraq Energy.
- Conclude the divestiture of US assets & subsequently reinvest the proceeds in new projects that align with our strategic goals (optimizing capital structure & existing asset base while pursuing M&A opportunities w/ cash flow-oriented approach) and carry greater value creation.
- Continue seeking additional acquisition opportunities in mature onshore and offshore oilfields with attractive entry multiples, with Brazil remaining the primary jurisdiction of interest due to royalty and tax advantages.
- Maintain financial flexibility and strong balance sheet/ Capital Structure.

[4] *Based on public reserve reports from DeGolyer and MacNaughton and Gaffney Cline. Value estimates are based on oil price of USD 71/bbl in 2023 and USD 66/bbl thereafter and a gas price of USD 5.0-5.5/mcf*

[5] *Institutional Presentation, 3R Petroleum, August 2022*

An Interview with Maha's CEO

Through the final quarter of 2022, Maha experienced transformational change, largely related to a refresh of the board of directors and the appointment of a new CEO, Mr. Paulo Mendonça. The new board and the appointment of a new CEO came in place after Starboard Group entered Maha as the largest major shareholder. Starboard Group is a Brazilian private equity firm with significant experience and a stellar track record in the oil and gas business, particularly within the Brazilian market.

Starboard was the architect and creator of the successful Brazilian oil and gas company, 3R Petroleum, an important Brazilian oil and gas company listed on the Brazilian Stock Exchange. Paulo was paramount in developing 3R into one of the leading junior oil companies in Latin America. In addition to his experience at 3R, Paulo has led significant transactions in the O&G industry valued at over USD 5 billion. These changes are all elements of the Company's new strategy, which is focusing on profitably expanding Maha's production, reserves and cash flow through both organic and acquisition growth, maximizing the return to shareholders.

Paulo Mendonça
Chief Executive Officer (CEO)

What originally attracted you to the Maha opportunity?

As a partner of Starboard and very focused in the Brazilian oil and gas market, I was familiar with Maha and really felt its success could be unlocked by taking the Company in a very different strategic direction and refocusing efforts operationally to enhance specific assets with value creation upside. For example, the onshore assets in Brazil were profitable, yet there seemed to be limited success in enhancing them and improving their scalability, despite previous attempts to do so. I view Maha as an exceptional platform to support continued profitable growth in energy development here in Brazil and elsewhere by incorporating new opportunities into the asset portfolio. This belief represents the basis for our strategy going forward, which is expected to underpin our ability to grow production and increase profitability for shareholders.

What do you see as Maha's near-term priorities?

During the first few months at Maha, the focus was on establishing strategic objectives for the firm, and we are well on our way to meeting or exceeding several of these goals, particularly improving Maha's capital structure, balance sheet and cash position, supported by our SEK 203 million (~USD 20 million) capital raise. In addition, we have begun to rationalize our assets with the divestment of onshore Brazil and our combination with DBO, giving us exposure to the significant upside of the offshore Brazil assets. We've also announced the intent to divest of our underperforming assets in the U.S., all of which serves to both improve Maha's financial flexibility along with the growth potential of our assets.

With the finalization of our recent M&A transactions, Maha is diligently working to realize the identified corporate and operational *synergies and further de-risk our business profile by adding the sale of natural gas to the Company's revenue. We are also excited about the results from the production testing of our Omani assets and to benefit from steady and growing production going forward.*

How does the asset in Oman fit within Maha's portfolio and development plans?

In August of 2022, the Company announced a 35% working interest farmout of Block 70 to Mafraq Energy, a partner who brings significant local expertise and a track record of Omani development, sending a strong signal about the profitability potential of this asset. This partnership was consolidated with the signing of the Joint Operating Agreement between both companies on January 28, 2023.

Given Maha's substantial cash position as well as the farmout, Maha has the resources to advance this project forward at an accelerated pace.

What was the strategy behind divesting the onshore Brazil assets but then acquiring exposure to the offshore assets via the business combination with DBO?

Maha's team recognized a unique financial arbitrage opportunity by effecting these two transactions, which would have a minimal net impact to current production but a significant impact on the Company's longer-term growth potential. Not only do we have high confidence in 3R as an excellent operator, but the offshore Brazil assets are also opportunistic with a clear development path and self-funded capital expenditure program to recover incremental production and reserves. We see numerous capital efficient opportunities to nearly double production within 24 months, which was not possible with the recently divested onshore assets. Also, having the seasoned and successful team of DBO connected with Maha as one of the reference shareholders will definitely enhance the company's capability of sourcing and developing new assets.

What is your longer-term vision for Maha?

Maha is a company open for business, and represents a unique platform geared to growing production through a combination of optimizing existing assets while also seeking to acquire new producing assets at attractive entry prices – particularly where we see a clear path to expanding volumes in a capital efficient manner.

With cash available for deployment, the right team in place to drive growth, and a sound go-forward strategy, Maha has set out to find, secure and purchase good producing assets at attractive entry prices that can further support growing our production base. We believe there may be a lot of assets for sale in the secondary market across Latin America, and Brazil specifically, as companies who previously purchased Brazilian assets have run into capacity or capital constraints or have lost interest in the oil and gas sector. Also, there is a big inflation tendency across the globe, obliging countries to raise their local interest rates to peak levels, making this period in time challenging in finding equity support with investors. We believe that Maha is in a unique position due to its solid capital structure and is closely monitoring potential opportunistic acquisitions at attractive multiples.

"Maha is a company open for business, and represents a unique platform geared to growing production..."

In addition to the changes made to your asset base, what other steps has Maha taken to position the Company optimally for growth?

In the latter part of 2022, Maha successfully raised money in Sweden via the completion of a SEK 203 million (~USD 20 million) equity financing. While a relatively modest raise, the financing was significantly oversubscribed with unexpected demand that successfully established a new shareholder base from countries such as the US, Norway and Brazil. Moreover, the new shareholders have a long-term investment profile, meaning that they believe and support Maha's long-term growth strategy.

Many of our new and legacy shareholders are very keenly watching what Maha is going to do. We are committed to setting realistic milestones, upholding transparency in our communications and continuing to deliver on what we said we would do. To further this goal, in February of 2023, we announced two key management appointments that will serve to enhance communication with the market and with our shareholders; support the continued development of internal policies related to compliance, regulatory, ESG and other; and to maintain full adherence with the high standards of governance required for Swedish-listed companies.

We are pleased to introduce several new members of our management team who joined Maha in the first quarter of 2023. Mr. Guilherme Guidolin de Campos is our new Chief Financial Officer (CFO), with nearly 25 years of experience, including most recently serving as Finance Director of Maha Energy (Oman) Ltd., and previously as CFO for Viracopos International Airport and Interim Project Head for BHP Billington Brazil. Ms. Barbara Bittencourt joins Maha as Chief Legal Officer (CLO), responsible for Compliance, ESG and transactions and regulatory issues. She brings over 15 years of experience in energy and natural resources, having served as a partner of Brazilian law firm, Demarest Advogados within the Energy and Natural Resources practice. The Company is also very pleased to welcome Mr. Jakob Sintring as Maha's new Head of Investor Relations (IR), bringing 20 years of IR experience within the commodities industry, including as Head of IR and Communications at Kopy Goldfields AB, and previously in senior positions at Alliance Oil Company and Tethys Oil. He will be instrumental in ensuring a trusted, constructive and regular dialogue between Maha and our shareholders, along with the broader investment community. The Company is very confident that with our enhanced team, Maha is well positioned to build on our growing momentum and unwavering dedication to increasing value for shareholders.

Sustainability at Maha

Ethical, safe, responsible and sustainable operations are essential to the success of Maha's business. We uphold these values in our commitment to protecting the environment, fostering positive and lasting relationships with communities, creating shared prosperity and empowering people. We are committed to providing shareholders and other stakeholders with pertinent information related to our environmental, social and governance (ESG) approach and performance.

This Report incorporates Maha Energy's Sustainability Reporting requirements for 2022 and is in accordance with the Swedish Annual Accounts Act and encompasses Maha Energy AB and its subsidiaries. The Board of Directors has reviewed, approved, and is responsible for this Report.

In keeping with our reporting from previous years, Maha continues to incorporate into its business strategy the internationally recognized Global Reporting Initiative to (GRI) and Sustainability Accounting Standards Board (SASB) frameworks, while also respecting the United Nations Sustainable Development Goals (UN SDGs).

2,146
2022 Safety Training Person-Hours
Employees & Contractors

100%
of water withdrawn and produced is used and re-injected for operations at LAK Ranch, Tie & Illinois Basin facilities

14%
Increase in Gas to Wire energy transmission in 2022 vs 2021

30% lower
discharged water volumes in 2022 vs 2021 or 2020

100%
of employees reviewed Company Policies

85%
Local employment across operating areas

100%
Continue to achieve *100% spill clean-up* and target *0 spills*

Environment

Maha is committed to delivering long - term shareholder value while operating in an economically, environmentally, and socially sustainable manner. With a history of successfully incorporating environmental management strategies across all aspects of our business operations, Maha continues to set and meet our environmental goals year-over-year. It is of great importance to the Company that our operations are conducted in a manner that respects and protects the environment, thus ensuring that we are consistently in compliance with the applicable environmental laws and regulations.

MATERIAL RISKS	RISK MANAGEMENT
Ecological Impacts Negative ecological impacts can lead to reputational and operational risks, higher operational costs, and legislation costs to mitigate potential harm. Reputational risks can lead to community and governmental interference as well as environmental license and operational delays.	With careful and proactive environmental management, along with good communication between Maha's neighbours, authorities, and within the Company, we can continue to work in an environmentally responsible manner. Since 2021, Maha has taken an active role in educating and discussing spill prevention tactics with employees, contractors, and sub-contractors. Although spill volumes were higher in 2022 than 2021, they remain significantly better than 2020 when we initiated our focus on spills and we continue to achieve 100% spill clean-up and to target a goal of 0 spills.
Water Handling A significant component of Maha's operations involves matters related to water. Inadequate water storage and disposal can impact the environment, operations, and create potential delays in obtaining regulatory approvals. Impact on the local water table and local rivers/streams and lakes, if applicable, used for drinking water can be impacted by the Company's operations. Both directly by run-off water, spills and indirectly through penetration by wellbores. This can have a direct impact on humans, as well as the Company's reputation and community relations.	Maha endeavours to use produced water and minimize water discharge. At the LAK Ranch, Tie, and Illinois Basin facilities, 100% of water withdrawn and produced is used and re-injected for operations. At the Tartaruga field, produced water is collected and transported to a governmental licensed disposal facility and/or injected onsite. All facilities storage tanks have enhanced regular integrity checks, to help manage and control stored water. Protection of the local drinking water supply and the local water table is of the highest concern. As such, the Company maintains well developed sites with spill and run-off control. Maha also has secondary spill and incident material on hand to minimize any spill impact on the surface ecology. In 2022, discharged water volumes were around 30% lower than in 2021 or 2020. These discharged water volumes are produced water from the TTG field, which are trucked offsite for processing and re-injection into an approved sub-surface zone. The volumes reduced in 2022 because the company re-injected water volumes later in the year into the producing reservoir as per industry standard practices. Maha also monitors all operational sites by testing surrounding water wells periodically. All tests are performed by an independent licensed third party. When drilling through the water aquifer, sufficient casing and cementing techniques are used to safely seal off any shallow potable water-bearing zone. Further, only water-based fluids are used whilst drilling these sections.
Emissions Exploration and extraction activities require energy, including fossil fuels and electricity, and may result in releases of emissions from flaring, venting or fugitive emission sources. These emissions contribute to climate change and can have a negative impact on local air quality, impacting human health. These can have an impact on the Company's reputation, community relations and are increasingly a target of government regulation.	Maha completed an inaugural greenhouse gas emissions baseline inventory in 2022, based on 2021 operating data. This has been updated in 2023 for the 2022 operating year. Our initial inventory allows us to identify areas for emissions improvement for consideration in our capital and operational plans, to develop an action plan and target, and to subsequently monitor our successes in reducing our greenhouse gas emissions footprint.

EMISSIONS

Maha's ongoing efforts described to the right are aimed to minimize or eliminate potentially harmful releases of Greenhouse Gas (GHG) emissions into the atmosphere. These projects included converting gas to power onsite equipment as well as transfer power back to the local energy grid; compress the natural gas for sale to industrial end-users; and injection of the gas back into the reservoir which can enhance production while sequestering the gas.

In 2022, Maha completed a company-wide greenhouse gas emissions baseline for the year 2021, and in early 2023 updated this to include an estimate of 2022 emissions. This includes Scope 1 (direct) and Scope 2 (indirect) emissions, as well as establishing a key performance indicator of emissions intensity (i.e. emissions per barrel). This inventory gives Maha important information on where its key sources of emissions are, which will be incorporated into decision-making and reduction initiatives. As new potential assets are added to the portfolio, Maha will continue prioritizing emissions reduction initiatives through capital investment, efficiency enhancements and other measures that can reduce impact.

WATER MANAGEMENT

Maha's practices for sourcing, handling, storing and disposing of water consistently meet or exceed government and industry standards. We maintain well-developed sites with strict spill and run-off controls as key measures to protecting any nearby surface water sources. Secondary spill containment and incident materials are readily available to minimize any spill impact on surface ecology. In accordance with local regulations, the Company regularly monitors and analyzes surface water quality using external third-party and independent auditors. Additionally, Maha uses proven technology to limit potential contamination risks during drilling.

LAND & BIODIVERSITY

Proactive land and biodiversity management is an integral part of Maha's ongoing environmental stewardship efforts. Maha's approach mitigates potential risks and costs while ensuring that development planning accounts for surface disturbances, as well as protection of species at risk. This is demonstrated by our work at the Tartaruga asset, where Maha is supporting a turtle conservation project dedicated to research, education, and conservation.

Environmental Initiatives at Maha's Operating Assets

As part of the overarching culture of our business, Maha embodies a philosophy of being proactive rather than reactive in our environmental management and we focus on efforts designed to minimize our impact. Examples of our initiatives in 2022 across the producing areas include:

TARTARUGA

- As this asset is located on the coast, Maha's operations were set up to minimize disruption to local wildlife and habitat;
- Instead of traditional rig, a short mast rig was used which served to minimize light pollution during turtle nesting season.

TIE FIELD

- Gas to Wire project allows electricity generation with gas that would otherwise be flared, powering equipment onsite, with the excess being contributed back to the local grid;
- All produced (non-potable) water gets reinjected as part of Maha's Tie water injection scheme, meaning zero water discharge at this location;
- Taking gas that would otherwise be flared, Maha generates Compressed Natural Gas for sale to industrial users, providing an important source of gas to the local community.

LAK RANCH & ILLINOIS BASIN

- Reduced discharged produced water to zero as 100% is used and re-injected for waterflood operations;
- Special pump jacks were used in the operation to allow simultaneous irrigation activities as well as oil production;
- Proactive spill prevention management program features education and conversations; improved system structures; and routine facility integrity checks.

Social

Maha is committed to conducting our operations safely and respectfully, in a way that protects the health and safety of our workers, shareholders and surrounding communities. We actively promote inclusion, diversity and teamwork across all areas of our business while also contributing to surrounding communities through financial initiatives and by utilizing local contracting wherever possible. Maha believes that the success of our business is driven by the strong efforts and ingenuity of our people, and therefore the Company strives to ensure that respect for employees and the people with whom we collaborate is an integral part of our business practice.

MATERIAL RISKS	RISK MANAGEMENT
Community Relations Interference with local job opportunities may impact the relationship between Maha and the surrounding communities. Negative relationships with communities near Maha's operations can cause non-technical delays in Maha's production due to potential protests and blockades. Other impacts of Maha's operations on surrounding communities may include increased traffic, noise, light, air emissions, smell, and spills, which not only may directly impact communities but may also impact the Maha-community relation.	Through local hiring and contracting, Maha supports good-standing economic relations with the neighboring communities. Maha has also connected with sub-contractors and encouraged local hiring. Additionally, Maha launched the MahaConnect communication tool to allow local stakeholders to easily connect with Maha and submit inquiries, questions, appreciation, or grievances. Maha has taken measures to prevent, mitigate, and manage potential community and environmental impacts. Additionally, through MahaConnect and field based focal points, the local community is encouraged to voice their concerns and/or observations.
Employee Relations and Talent Retention Negative relationships with employees can result in reputational damage, decreased work quality, morale, and decreased talent retention.	Respect at and outside the workplace is an integral part of Maha's business practice. It is Maha's view that respect in the workplace creates empowerment at every level along with increased productivity. In 2022, Maha continued to foster a respectful work environment through a series of workplace expectation discussions, reminders, and training sessions. The Company maintains social and workplace guiding principles as part of the HSE policies and procedures. Key values are clearly posted at all Maha locations.
Stakeholder Relations External perceptions of the industry and other industry peers can have an impact on Maha.	Transparent and open communication between Maha and external entities is of utmost importance. Through accurate reporting and transparent disclosures, Maha eliminates potential misperceptions of the industry and Company. Additionally, Maha values feedback and encourages two-way open dialogue between the Company and stakeholders. Global investors and stakeholders can connect with Maha using dedicated communication channels found on the Company website. Local stakeholders can connect with Maha through the MahaConnect program.

THE MAHA TEAM

Maha recognizes that recruiting and retaining diverse talent is key to the ongoing success and growth of our operations. We ensure that all employment-related decisions are based on merit, relevant qualifications, performance, and experience. Maha promotes equal opportunities for all employees, regardless of gender, social or ethnic origin, religion, age, functional ability, sexual orientation, nationality, political opinion, or trade union membership. Maha ensures that employees have equal rights, obligations, and opportunities regarding employment and working conditions, training, and development.

Beyond promoting equal opportunities, Maha also has a zero tolerance for discrimination. With facilities and operations spanning several countries and our workforce being representative of that diversity in culture, religion, ethnic origin, nationality and political opinion, Maha considers the acceptance and respect of all peoples to be of top priority for the successful operation of our business. As a key component of our ongoing efforts to eliminate discrimination in the workforce, Maha has prioritized the fostering of a sense of community and culture of respect. This means that Maha treats everyone with fairness, dignity, and respect, while also requiring the same attitude and approach from our employees and other stakeholders.

HEALTH & SAFETY

Maha is committed to conducting its operations in a manner that ensures the health and safety of our workers and the public. We strive to go above and beyond in our efforts to eliminate potential occupational hazards or risks that could negatively impact a member of our Team.

Maha's Health, Safety & Environment (HSE) Policy acts as a critical guide in maintaining and improving the safe work environment that we have established with safety being viewed as a mindset and a culture rather than a protocol. We track and evaluate key measures of performance and use these to inform our business decisions, as well as how we manage our various operations. HSE objectives are incorporate into annual corporate targets with our performance reviewed regularly at all levels of the organization. Maha's management encourages and enforces individual responsibility as well as team coordination of individual risk assessments, safe work practices, and safety conversations. We receive and consider all employee and stakeholder safety concerns through the DuPont™ STOP® Safety Program, a Behavioral safety program intended to pivot people's thinking and behavior towards a safety-oriented mindset. Participants are given safety information with real-world examples, and imparted with skills that allow them to work in a safer and more conscientious manner, reducing workplace accidents and injuries.

1,347

Safety Cards Collected during 2022

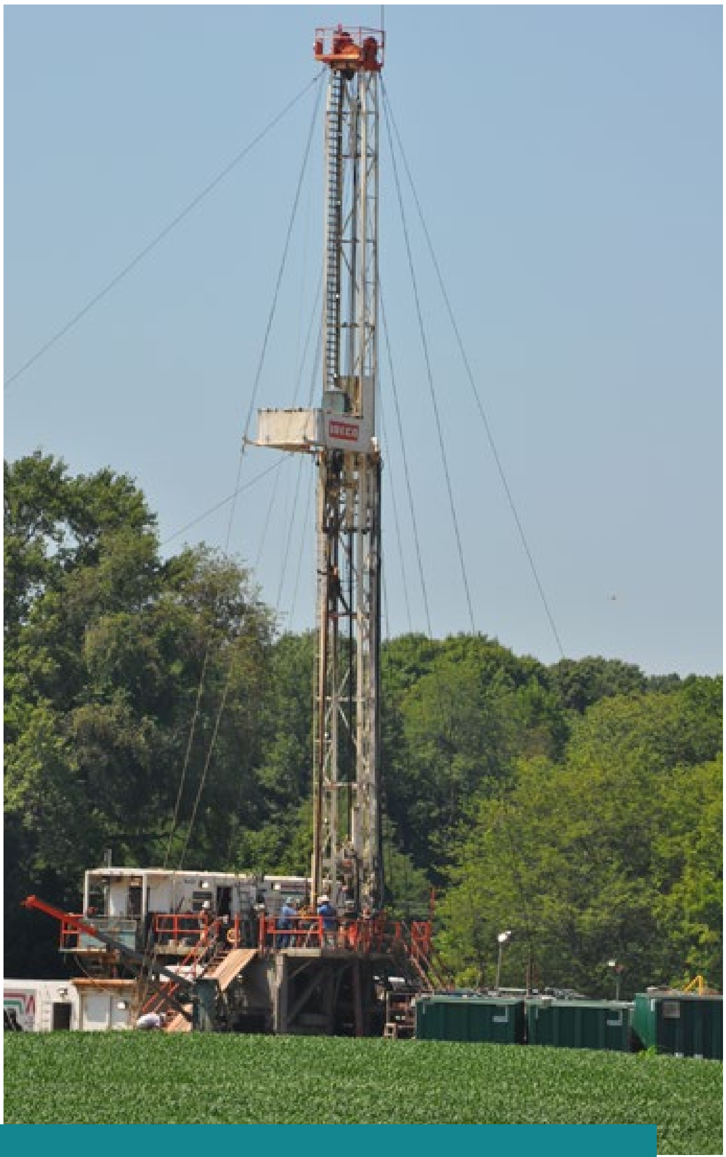
This helps Maha review, analyze, and address potential safety risks

MAHA'S 2022 SAFETY PERFORMANCE

Key Performance Indicators help Maha review quantifiable health and safety data, which in turn allows for strategies to be implemented to reduce future risks.

0	0	0	2,146
Lost Time Injuries (LTI)	Total Recordable Injuries (TRI)	Fatalities	Safety Awareness and Training Person-Hours

COMMUNITY RELATIONS



Maha respects the rights of our surrounding communities and strives to engage with these communities in a transparent and considerate manner. Maha prioritizes our efforts to minimize any potential negative impacts our operations may have on these areas and people. Beyond this, we seek to ensure that local communities benefit from our operations, both directly and indirectly. Hiring local talent provides immediate individual benefit, contributes to the local economy, makes good economic sense for our Company, and also benefits local communities. The majority of of Maha's in-country general managers are citizens of the country in which they operate. Maha considers this a significant practice because these managers contribute their vast industry experience and education, while also helping the Company to liaise with surrounding communities and navigate the local culture.

Community Engagement Initiatives at Maha's Operating Assets

Among our ongoing efforts to connect and maintain trusted relationships with surrounding communities Maha is proud of our initiatives in 2022 across those areas with producing assets. With the evolution of our asset portfolio into 2023, we intend to launch similar programs and support projects in our new areas of focus and operations.

TARTARUGA

Maha supported the SAPOTI Cultural Enrichment Program – a non-formal and non-traditional education project to help children and young adults with reading, public speaking and theatrical performances, designed to engage those groups in story-telling and reading.

» 300+ community members in Tararuga participated.

» Prior to sale of onshore assets, Maha planned to continue this program near the Tie Field as well.

TIE FIELD

» Maha employs local contracting wherever possible.

» 96% of our contracted companies are hired from the communities surrounding our facilities and operations.

LAK RANCH & ILLINOIS BASIN

» Local stakeholders can connect with Maha through a two-way communication channel called MahaConnect that allows local stakeholders to formally connect with the Company.

» MahaConnect enables the Company to understand and address local questions, concerns and inquiries and has resulted in incredible improvements in facilitating a positive and productive dialogue with surrounding communities.

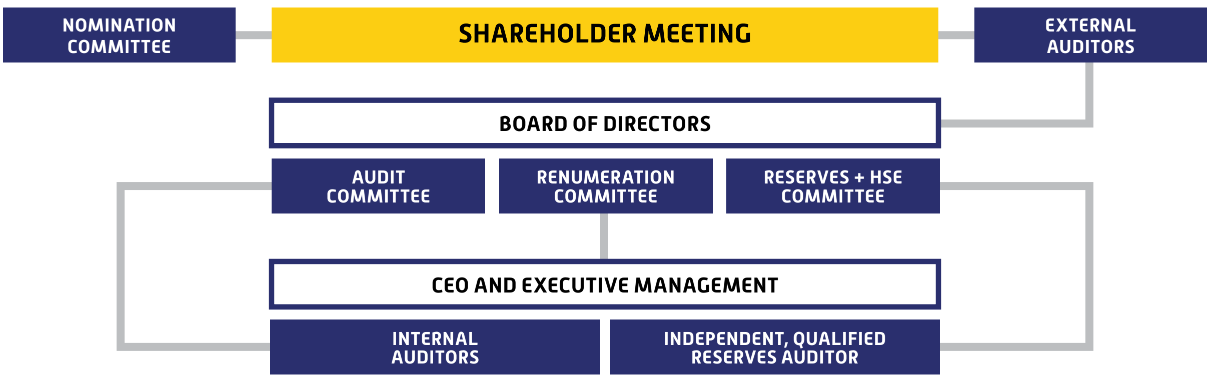
» Maha provides a monetary scholarship to a high school senior in Wyoming with plans to pursue tertiary education. Students submit a short essay about their goals and ambitions for further education, with one candidate selected for Maha support each year.

Governance

Corporate Governance is an integral part of Maha's foundation which guides our corporate culture, business objectives, and enables the accommodation of stakeholder interests. Maha is committed to delivering value to all our stakeholders (including shareholders, employees, contractors, and the communities in which we operate) by prioritizing transparency and accountability. For Maha, strong corporate governance ensures anticipation and mitigation of risks, as well as oversight of our operational protocols and practices to ensure activities are undertaken in an ethical, safe, reliable, and responsible manner.

MATERIAL RISKS	RISK MANAGEMENT
Ethical Misconduct Non-compliance may lead to investigation, litigation, and reputational damage.	The Board of Directors approve Corporate Policies, Procedures, and Guidelines and these documents are readily available to all employees and contractors. All employees and contractors are responsible to review, understand, and follow these policies as well as adhere to applicable laws and regulations. All employees are also required to sign off that they have read, understood, and comply with key Company Policies.
Policies Inadequate handling of key policies and procedures intended to manage the organization's most significant risks may lead to improper risk management	The Board of Directors reviews and approves on a prescribed frequency the key policies. The policies are then distributed within the company and communicated to all staff. In 2022, 100% of employees reviewed the updated Company Policies.
Emerging ESG Regulation Uplisting to Nasdaq Main Market in Stockholm requires Maha to disclose information relating to ESG. Non-compliance with ESG related regulation may have an impact on the Company business.	Ongoing monitoring of regulatory landscape and attending to investor interests prepare Maha to comply with appropriate regulatory requirements. The Company continues to enhance its ESG initiatives, procedures, and reporting to better its business strategy. This has included expanding its ESG framework to include GHG emissions (Scope 1 and 2) quantification and reporting. Maha's executive management teams as well as the Board of Directors have reviewed and approved the ESG section of this report.

Maha's business model is built on the corporate governance foundation, which aims to decrease associated risk of unethical behavior, unclear responsibilities, and avoid potential conflicts of interests. Our Corporate Governance Framework further strengthens and clarifies Maha's corporate governance foundation and ensures that business is conducted in a responsible manner. Our governance structure includes our Board of Directors and its committees, together with our executive team.



GOVERNANCE POLICIES

Since its foundation in 2013, Maha has been guided by its comprehensive Corporate Governance policies and has aligned its business practices to the Swedish Code of Corporate Governance. The Code of Conduct, Anti-Corruption Policy, Whistleblower Policy, HSE Policy, Dividend Policy and Remuneration Policy: these corporate policies outline the general ethical principles and behavior that we expect of our employees. All policies and procedures are readily available to all Maha employees and it is expected that employees must review, understand, and comply with these policies.

100%

of employees have reviewed, understood, and complied with key Corporate Policies through the MahaConnect initiative.

31

new employees and/or contractors received the work safety training program.

MAHA IS PLEASED TO REPORT THAT 2022 HAS RESULTED IN:

0

Political contribution

0

Whistleblowing reports

0

Discrimination reports

0

Anti-Corruption reports

Code of Conduct

Maha is steadfast in our commitment to a culture of accountability and honesty, which is underlined by the Code of Conduct established by our Board of Directors. Policies and principles outlined within the code provide a clear definition of the expectations required of our employees and workers, and emphasize each individual employee's commitment to acting with integrity. Maha requires all employees and executive team members to read and acknowledge this policy annually. If an employee or executive team member is unsure of how these guidelines should be interpreted, or if there is uncertainty regarding a specific circumstance's compliance with the guidelines, this should always be discussed with immediate superiors.

Whistleblower Policy

Maha promotes a workplace culture of respect, transparency and integrity. To ensure the consistent maintenance of this culture, all employees are made aware of Maha's Whistleblower procedure, and contact details, in the event of witnessed policy breaches. The Whistleblower procedure provides a means for raising concerns regarding ethical and business misconduct in the workplace or supply chain. Employees may report incidents anonymously, in confidence, and without fear of retaliation or reprisal. While Maha encourages all individuals to identify themselves to facilitate a proper investigation, they are not required to do so. Whistleblower concerns are taken seriously and are notified to the Board of Directors. For more information on the Whistleblower Policy, please visit Maha's website www.mahaenergy.ca/en/inquiries.

Anti-Corruption Policy

Maha remains committed to conducting all of our business in an honest, transparent, and ethical manner as well as abiding by the law in the conduct of our business and interactions with others. To this end, Maha's Anti-Corruption Policy ensures everyone working for or on behalf of Maha Energy understands and complies with all rules, regulations, and laws surrounding corruption. The Policy plainly defines what activities constitute as corruption and emphasizes that all forms of corruption are strictly prohibited at Maha. The Anti-Corruption Policy prohibits employees, subsidiaries, affiliates, and anyone else involved in Maha's business from bribing Government Officials or Commercial Customers. This Policy also prohibits them from falsifying Company records or failing to keep accurate records related to Maha's business, and from circumventing accounting controls and policies. All business partners should conduct themselves in a manner consistent with the Anti-Corruption Policy in the performance of any business related to Maha and/or our products. The Board of Directors has reviewed and adopted this Policy and it is readily available on Maha's website.

The Board of Directors

Maha has our registered office in Stockholm, Sweden. Pursuant to the Company's articles of association, the board of directors shall consist of not less than three (3) and not more than seven (7) ordinary members, without any deputy members. Up to March 29, 2023, the Company's board of directors consisted of six (6) ordinary members, originally appointed until the end of the next annual shareholders' meeting. This number was increased to seven (7) Board Members, as per a resolution approved during an Extraordinary Board Meeting held on 29 March 2023.

Our Board of Directors is responsible for the stewardship of Maha and its affairs. The Board shall regularly assess Maha's and the Group's financial position and ensure that its organisation is formed in such manner that accounting, management of funds and Maha's and the Group's finances in general, are monitored in a satisfactory manner. In addition to these responsibilities, Maha's Board has three committees: the Audit Committee, the Remuneration Committee, and the Reserves & HSE Committee. Committee members are appointed by the Board and consist of current Board members. The committee members serve for the year between the Annual General Meetings. The Extraordinary General Meeting held on 29 March 2023 removed Mr. Harald Pousette from his position, and elected Halvard Idland and Kjetil Solbraekke as new ordinary board members until the end of the next annual general meeting.

Fabio Vassel
(Born 1976)
Chairman of the Board

Chairman of the Board of Directors since 2022

Fabio Vassel (born 1976) has been Chairman and a Member of the Board of Directors of Maha since 2022. Fabio has a Master of Business Administration (MBA) from The Wharton School of the University of Pennsylvania and also a Bachelor of Arts (BA) from the University of São Paulo (FEA-USP). Fabio is currently serving as Managing Director of the Starboard Group. Fabio Vassel has over 25 years of experience working on Private Equity buy-side and Restructuring Advisory in Latin America, North America and Europe. Fabio was previously Partner and Head of Restructuring & Private Equity at Brasil Plural. Fabio has experience from Jefferies (Zurich and London), Nomura (London) and UBS Investment Bank (New York and London). Fabio is also the Chair of Maha's Remuneration Committee. Fabio currently does not have any holdings in Maha.

Member of the Board of Directors since 2022 and Managing Director since 2022

Paulo Mendonça (born 1988) has been the Chief Executive Officer of Maha since 2022, a Member of the Board of Directors since 2022 and the Managing Director since 2022. Paulo has a degree in Mechanical Engineering (cum laude) from the Federal University of Rio de Janeiro (UFRJ). Paulo is currently serving as Managing Director at Starboard, responsible for private equity investments and advisory in special situations transactions. Paulo has previously been the Head of Investment Banking at Brasil Plural's Investment Banking division, responsible for M&A, equity and capital market transactions and worked at the Asset Management in Brasil Plural. Paulo has extensive experience in the oil and gas industry and has led important transactions in the sector. Paulo is also a member of Maha's Reserves and HSE Committee. Paulo currently does not have any holdings in Maha.

Paulo Mendonça
(Born 1988)
Chief Executive Officer

Viktor Modigh
(Born 1980)

Member of the Board of Directors since 2022

Viktor Modigh (born 1980) has been a Board member of Maha since 2022. Viktor holds a Master of Law from the University of Gothenburg, Sweden with a specialization in Petroleum Law and Petroleum Contracts from the University of Oslo, Norway. Viktor is currently the Managing Director of Tiveden AS and Chairman of Jumpgate AB, Minotaurus Energi AS and Urtiven AS. Viktor has worked as a lawyer advising primarily oil and gas companies on regulatory and contractual matters, transactions and general corporate law. He has more than 20 years´ experience of investments across different sectors and has held management positions with Tethys Oil in Oman and the United Arab Emirates. Viktor is a member of the Association of International Energy Negotiators. Viktor is also a member of Maha's Audit Committee, Remuneration Committee and Reserve & HSE Committee. Viktor currently does not have any holdings in Maha.

Member of the Board of Directors since 2023

Halvard Idland (born 1975) joined the Maha Board in 2023. Halvard holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH). He is currently the co-founder and director at DBO Invest and Janeiro Energy, a Board member at Prosafe SE and 3R Offshore and serves as Chairman of DreamLearnWork. Previously Halvard was co-founder and CFO at DBO Energy and DBO 2.0 and an audit committee member at 3R Petroleum. He has more than 20 years´ experience in industrial and financial investments in the oil and gas industry in Norway and Brazil. Halvard is a member of Maha's Audit Committee. Halvard currently does not have any holdings in Maha.

Halvard Idland[6]
(Born 1975)

Enrique Peña
(Born 1974)

Member of the Board of Directors since 2022

Enrique Peña (born 1974) has been a Board member of Maha since 2022. Enrique has a Master in Infrastructure Management and Public Services, and a Master in Civil Engineering from Universidad Politécnica de Madrid; a Master in Business Administration (MBA) from The Wharton School of Business at the University of Pennsylvania; and a Master in Sustainability and Social Corporate Responsibility from Universidad UNED-UJI. Enrique is currently Deputy Director of the IE Negotiation and Mediation Center and a Professor of Strategy at IE University in Madrid, Spain. He has over 23 years of experience in business development and strategic management in large corporations such as Shell, Boston Consulting Group, Orange and Renfe. Enrique is also the Chair of Maha's Audit Committee. Enrique currently does not have any holdings in Maha.

Member of the Board of Directors since 2022

Richard Norris (born 1966) has been a Board member of Maha since 2022. Richard holds a PhD in Petroleum Engineering and an MSc in Petroleum Geology from Imperial College in London as well as a BSc in Geology. Richard is currently Managing Director of Pandreco Energy Advisors Inc. Richard has over 30 years energy related experience in both industry and finance, including roles with large and small oil companies, as well as roles in debt and equity financing. Richard is a Fellow of the Canadian Global Affairs Institute. Richard is also the Chair of Maha's Reserve & HSE Committee, and a member of Maha's Audit Committee. Richard currently does not have any holdings in Maha.

Richard Norris
(Born 1966)

Kjetil Solbraekke[7]
(Born 1962)

Member of the Board of Directors since 2023

Kjetil Solbraekke (born 1962) joined the Maha Board in 2023. He holds a Cand. Oecon from the University of Oslo, Economist. Kjetil is currently Co-Founder and CEO at DBO Invest. Previously he served as CEO in Sintef do Brasil and was co-founder and CEO at DBO Energy and DBO 2.0 and was a Board Member of 3R Petroleum. He has more than 30 years´ experience in the Norwegian Oil and gas sector in various positions including Assistant director general in the Ministry of Petroleum in Norway; SVP and CFO of Norsk Hydro; CEO of Panoro Energy and of Sintef do Brazil. He was also founder and CEO of DBO Energy. Kjetil has lived in Brazil since 2006 and is a member of Maha's Remuneration Committee. Kjetil currently owns 100,000 shares and no options in Maha.

[6] Halvard is Director at DBO Invest which will be a major shareholder in the Company following completion of the issue of new shares.

[7] Kjetil is CEO of DBO Invest which will be a major shareholder in the Company following completion of the issue of new shares

Sustainability Report 2022 – Data appendix

Production	Units	GRI Index	SASB Index	2020	2021	2022
TOTAL	boe		EM-EP-000.A	1,208,191	1,236,386	1,162,250

Energy	Units	GRI Index	SASB Index	2020	2021	2022
Gas to Wire	m3			5,380,761	4,860,000	5,073,245
Compressed Gas	m3			12,912,047	17,000,000	17,004,207

Greenhouse Gas Emissions*	Units	GRI Index	SASB Index	2020	2021	2022
Scope 1 emissions	t CO2e	305-1	EM-EP-110a.1	nr	33,205	33,887
Flaring emissions	t CO2e	305-1	EM-EP-110a.2	nr	12,037	13,451
Other combustion emissions	t CO2e	305-1	EM-EP-110a.2	nr	10,212	9,728
Process emissions	t CO2e	305-1	EM-EP-110a.2	nr	0	0
Other vented emissions	t CO2e	305-1	EM-EP-110a.2	nr	9,475	9,157
Fugitive emissions	t CO2e	305-1	EM-EP-110a.2	nr	1,481	1,551
Uncombusted methane emissions	t CO2e			nr	12,332	12,166
Uncombusted methane emissions	% of total	305-1	EM-EP-110a.1	nr	36%	28%
Scope 2 emissions	t CO2e	305-2		nr	582	917
TOTAL Scope 1 + 2 emissions	t CO2e			nr	33,787	34,805
GHG emissions intensity (Scope 1 + Scope 2)	t CO2e/boe	305-4		nr	0.0273	0.0299

Health and Safety	Units	GRI Index	SASB Index	2020	2021	2022
Number of employees trained in DuPont STOP® Safety Program	Count			52	66	31
Number of STOP safety cards submitted	Count			604	1,309	1,347
Safety training person-hours**	person-hours		EM-EP320a.1.	9,349	9,999	2,146
Employees	person-hours		EM-EP320a.1.	2,445	1,638	1,016
Contractors	person-hours		EM-EP320a.1.	1,873	1,302	1,130
Lost time injuries	Count	403-9	EM-EP320a.1.	0	2	0
Lost time injury frequency (LTIF)	Count per 1,000,000 man hour of exposure	403-9		0	2.88	0
Fatalities	Count	403-9	EM-EP320a.1.	0	0	0
Hours worked	hours	403-9		603,381	690,000	906,858

Spills & Releases	Units	GRI Index	SASB Index	2020	2021	2022
Number of Environmental Inspections by Authorities	Count			3	nr	4
Number of Environmental Non-Compliance	Count	307-1		0	nr	1
Value ($ CAD) of Environmental Non-Compliance Fines/Non-Monetary Sanctions	$ CAD			0	nr	0
Number of Spills/Releases	Count	306-3	EM-EP-160a.2	9	13	7
Volume of Spills/Releases	bbl	306-3	EM-EP-160a.2	88	32.2	58
Spill % Clean-up	%			100%	100%	100%
Year-end Total Produced Oil and Gas	boe			1,208,191	1,236,386	1,051,323

Water Management	Units	GRI Index	SASB Index	2020	2021	2022
Total Water Withdrawal	m3	303-3	EM-EP-140a.1	117,026	89,289	127,234
Surface Water	m3	303-3		-	70,197	0
Groundwater (from wells)	m3	303-3		106,265	45,023***	121,124
Third-party Water	m3	303-3		10,240	6,150	6,110
Municipal Water	m3	303-3		521	-	0
Total Produced Water	m3		EM-EP-140a.2	129,199	274,791	300,686
Discharge	m3	303-4	EM-EP-140a.2	12,185	11,898	8,288
Injected	m3		EM-EP-140a.2	117,014	262,892	292,398
Recycled	m3		EM-EP-140a.2	-	-	0
Total Water Injected	m3			219,094	262,892	417,067
Total Water Consumed	m3	303-5	EM-EP-140a.1	14,947	89,290	2,565
Total Water Recycled	m3			-	-	0
Total Water Discharged	m3	303-4	EM-EP-140a.2	12,185	11,898	8,288
Surface Water Analysis Reports	Count			4	15	6

Personnel	Units	GRI Index	SASB Index	2020	2021	2022
Turnover rate	%	401-1		7.5%	6%	11%
Total employees	Count	405-1		72	80	92
Of which, male	Count	405-1		56	63	59
Of which, female	Count	405-1		16	17	33
Leadership positions	Count	405-1		7	5	4
Of which, male	Count	405-1		5	4	4
Of which, female	Count	405-1		2	1	0
Employees by Country (average)						
Brazil	Count			-	-	70
Canada	Count			-	-	13
Oman	Count			-	-	4
United States	Count			-	-	4
Sweden	Count			-	-	1
New employees	Count	401-1		27	18	34
Of which, male	Count	401-1		20	17	30
Of which, female	Count	401-1		7	1	4
Of which, in Brazil	Count	401-1		17	-	29
Of which, in Canada	Count	401-1		7	-	1
Of which, in Oman	Count	401-1		1	-	3
Of which, in Sweden	Count	401-1		1	-	0
Of which, in USA	Count	401-1		1	-	1
Number of Social Non-Compliance	Count	419-1		0	0	0
Value ($ CAD) of Social Non-Compliance Fines/ Non-Monetary Sanctions	Count	419-1		0	0	0
Number of Non-Technical Delays due to Social Issues	Count		EM-EP-210b.2	0	0	0
Local employment in Brazil	%			98%	nr	95%
Local employment in USA	%			75%	nr	100%
Local employment in Oman	%			n/a	nr	29%

Governance and anti-corruption	Units	GRI Index	SASB Index	2020	2021	2022
Confirmed Anti-Corruption Incidents	Count	205-3		0	0	0
Communication of Anti-Corruption Policy	%	205-2		100%	100%	100%
Employees	%	205-2		100%	100%	100%
Board	%	205-2		100%	100%	100%
Number of Non-Technical Delays due to Governance Issues	Count		EM-EP-210b.2	0	0	0
Board of Directors	Count	405-1		6	6	6
Of which, male	Count	405-1		6	6	6
Of which, female	Count	405-1		0	0	0
Political Contributions	$ CAD	415-1		$ -	$ -	$ -

nr = not reported.

* *GHG emissions were first calculated for MAHA using 2021 as a baseline year.*

** *At year end 2021, 94% of Maha team members had received training; the number reported for 2022 reflects training only for new employees and contractors*

*** *2021 figure has been restated.*

The Share

Maha Energy AB (Maha) was listed on NASDAQ First North Growth Market in Stockholm, Sweden on July 29, 2016. Maha Energy AB (Maha) was listed on NASDAQ Main Market in Stockholm, Sweden on December 17, 2020. The share symbol is 'MAHA A' with ISIN Code SE0008374383.

Share Data

143,615,696

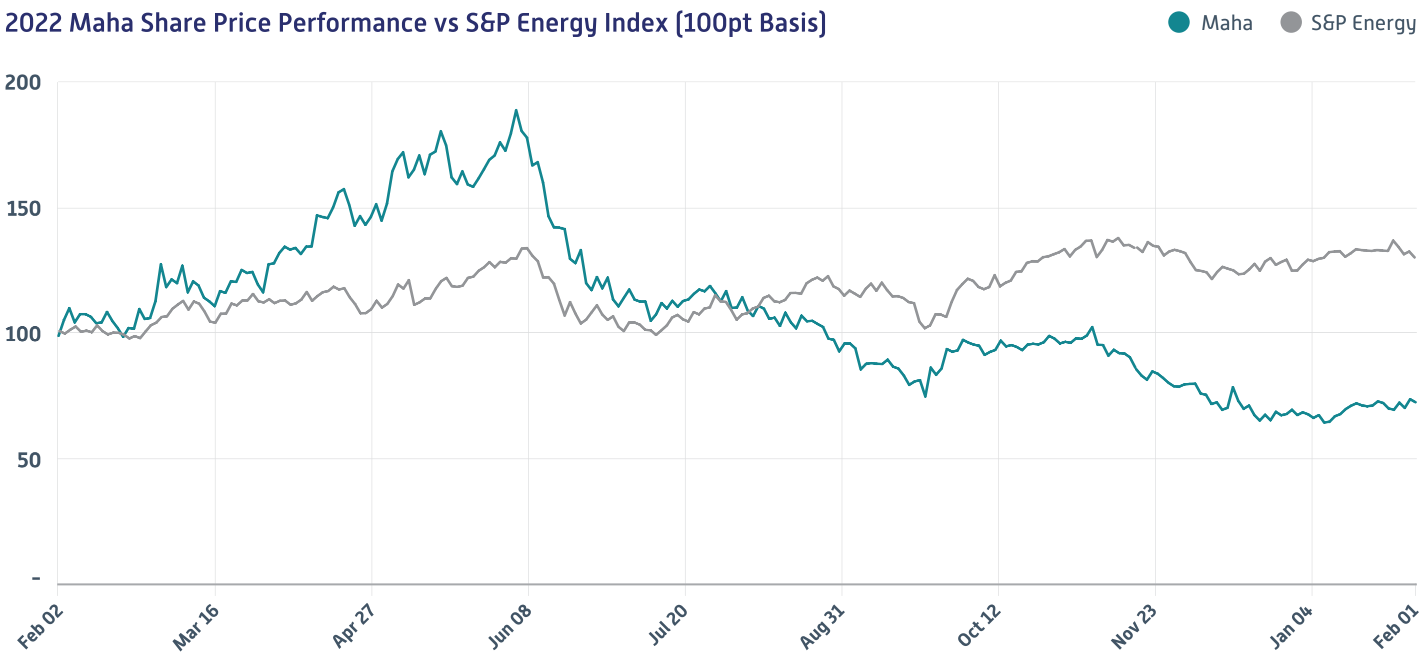
Class A shares outstanding

As of December 30, 2022, the Company had 143,615,696 shares outstanding of which all were Class A shares.

Dividends

The Board of Directors will propose not to pay dividends for 2023 based on 2022 results, as it anticipates that all available funds will be invested to finance the growth of Maha's business. The Board of Directors will propose if dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

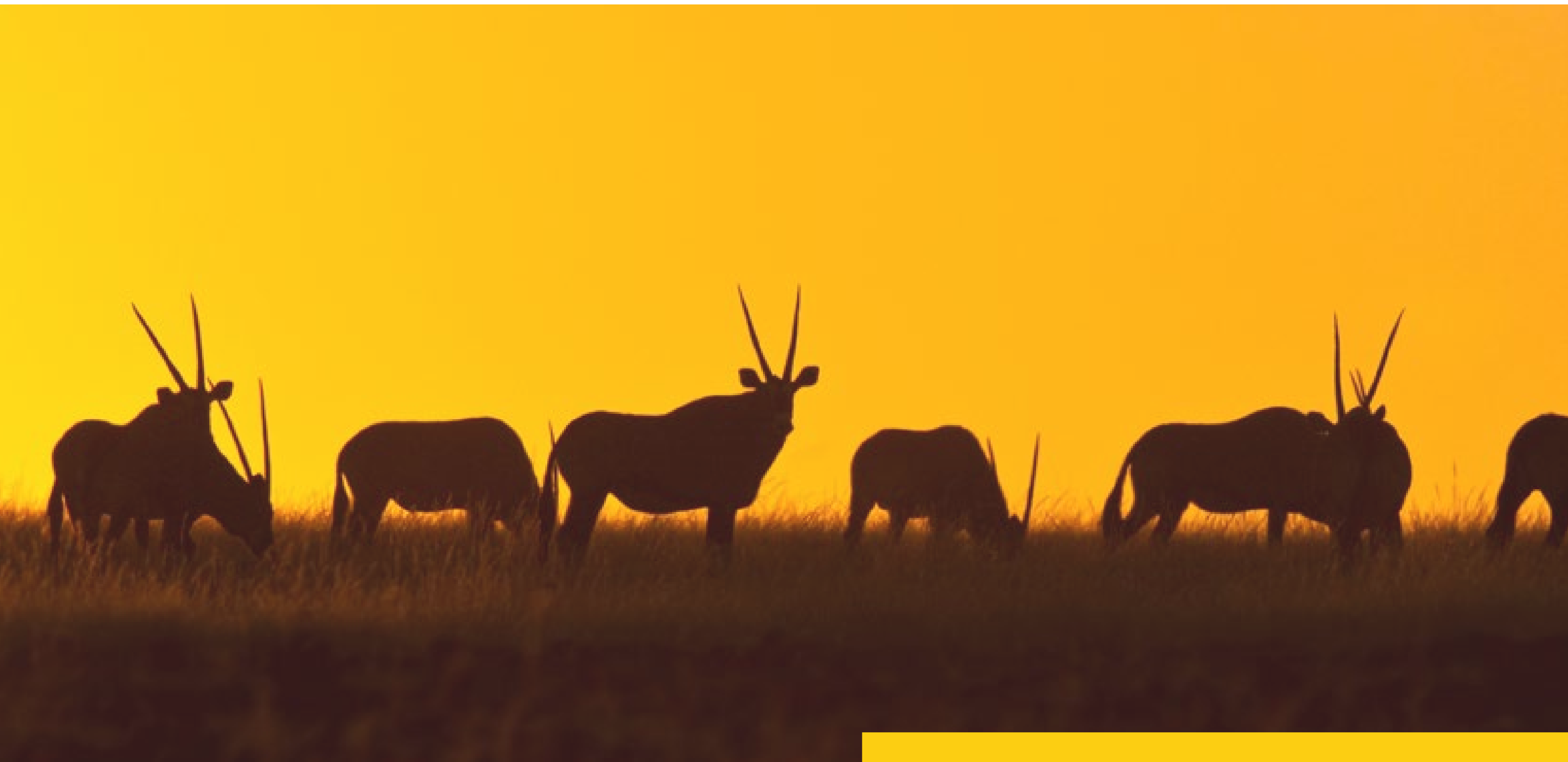
2022 Maha Share Price Performance vs S&P Energy Index (100pt Basis)



List of Major Shareholders as of December 31, 2022

Changes in the list of Shareholders were realized after closing the issuance of 23.9 million new shares, which raised total proceeds of approximately SEK 203 million / USD ~20 million and brought new reference investors into the shareholder base.

Major Shareholder	Number of Shares Held	% of Outstanding Shares
FIP TURMALINA	28,520,330	19.86%
BANCO BTG PACTUAL S.A.	8,203,372	5.71%
AVANZA PENSION	7,236,380	5.04%
PERSHING, LLC, W9	5,598,494	3.90%
UBS AG LONDON BRANCH, W8IMY	4,721,985	3.29%
JONAS LINDVALL	4,676,147	3.26%
MERRILL LYNCH PROFESSIONAL CLEARING, W9	3,676,334	2.56%
EUROCLEAR BANK S.A/N.V, W8-IMY	2,336,511	1.63%
ÅLANDSBANKEN ABP (FINLAND), SVENSK FILIAL	2,035,782	1.42%
CBNY-CITIBANK N.A.-PRIVATE BANK	2,029,155	1.41%
Sub Total	69,034,490	48.07%
Remaining Shareholders	74,581,206	51.93%
Total Maha A and B	143,615,696	100%

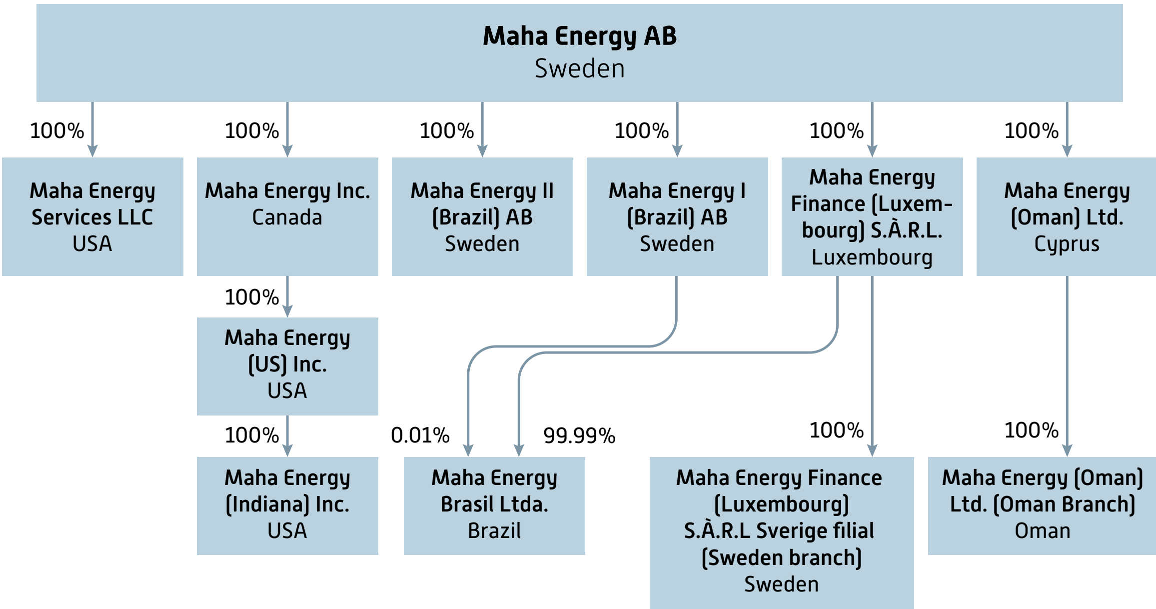


Administration Report

The Board of Directors and the Managing Director of Maha Energy AB (publ) ("The Company" or "Maha") with Company Registration Number 559018-9543, hereby report the Company's Annual Report covering the period 1 January 2022 until 31 December 2022, and the associated consolidated Financial Report for the year 1 January 2022 until 31 December 2022. This report is a review of Maha Energy AB results and management's analysis of its financial performance for the year ended 31 December 2022. The consolidated financial statements included in this Annual Report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union (EU). Significant accounting policies used are set out in Note 2 to the financial statements. All amounts are expressed in United States Dollars (USD), except in the Parent Company Annual Report where all amounts are expressed in Swedish Krona (SEK), unless otherwise indicated.

Corporate Structure

Corporate structure as at 31 December 2022:



Note: The Company structure shows all the subsidiaries of the Group as of 31 December 2022.

Maha Energy AB is the parent company of a group which includes the Company's subsidiaries Maha Energy Services LLC (incorporation number 2018-002241022), Maha Energy Inc. (incorporation number 2018256518), a company incorporated pursuant to the laws of Alberta, Canada and its wholly-owned subsidiary Maha Energy (US) Inc. (incorporation number 2013-000637593), a company incorporated pursuant to the laws of the State of Wyoming, United States of America (which owns 99% of LAK Ranch in the USA) and its wholly-owned subsidiary Maha Energy (Indiana) Inc. (incorporation number 802584723) which owns the Illinois Basin properties, Maha Energy (Oman) Ltd, based in Cyprus (which owns 100% of exploration and production sharing agreement for Block 70 in Oman through its Oman Branch), Maha Energy I (Brazil) AB (incorporation number 559058-0907), a Swedish private limited liability company, Maha Energy II (Brazil) AB (incorporation number 559058-0899), a Swedish private limited liability company, Maha Energy Finance (Luxembourg) S.A.R.L (incorporation number - B163089) a company incorporated pursuant to the laws of Luxembourg owning 99.9% of the issued and outstanding shares of Maha Energy Brasil Ltda. (incorporation number 11.230.625/0001-66) and Maha Energy I (Brazil) AB owning remaining 0.01%. This Brazil limited company owns 100% of the Tie Field, and Blocks 155, 117, 118, 129, 142, 224 and 75% of Tartaruga Block in Brazil.

On 28 December 2022, Maha announced the divestment of Maha Energy Brasil Ltda. resulting in classification of the Brazil assets as assets held for sale and as discontinued operations (See Note 8).

The consolidated financial statements reflect the activity of Maha for the years ended 31 December 2022 and 2021.

Financial Results Review

Sale of Maha Energy Brasil Ltda.

On 28 December 2022, Maha announced that in line with the Company's new strategic positioning, the board approved the divestment of Maha Energy Brasil Ltda. ("Maha Brazil") to PetroRecôncavo, one of the major onshore Exploration and Production (E&P) onshore players in Brazil. The purchase agreement for the sale of the entirety of Maha's stake in its Brazilian subsidiary was signed on December 27, 2022 ("Maha Brazil Transaction"). Subsequent to the yearend, this transaction was approved by the Brazilian antitrust authority on 27 January 2023 and the Maha Brazil Transaction closed on 28 February 2023.

The total consideration can reach USD 186.9 million and is comprised of the following:

The adjusted purchase price, equivalent to USD 138.0 million, with additional adjustment of net working capital of USD 9.3 million and net cash of USD 3.7 million, in a total amount of adjusted purchase price of USD 150.9 million to be paid in two installments: (a) USD 95.9 million at the closing date, and (b) USD 55.0 million, 6 (six) months after the closing date. In addition, earn-outs of up to USD 36.1 million, which could be paid based on certain contractual conditions being met, whereof up to USD 24.1 million refers to the average annual Brent oil price for the next three years. It will start to be payable from USD 80 per barrel with a maximum to be reached if the price is above USD 90 per barrel. The remaining payment will be subject to synergies with Petoreconcavo's potential new assets. Part of proceeds from the transaction will be used as collateral for Maha's outstanding debt to BTG Pactual (related to the Credit Agreement dated 30 March 2021).

The Maha Brazil Transaction was considered by the board of directors as advantageous and aligned with the Company's new portfolio management strategy, and was driven, in part, by the optimization of the Company's asset portfolio. The Maha Brazil Transaction will grant the necessary liquidity and cash reserves enabling the Company to pursue the optimization of its asset allocation strategy via new investments and acquisition of new assets at attractive entry multiples, with a focus on creating value for its shareholders.

As a result of this announcement, Maha Brazil has been presented as discontinued operations in the consolidated statement of operations and the asset and liabilities have been presented as assets and liabilities held for sale in the consolidated statement of financial position.

Business combination between Maha and DBO 2.0

On 5 December 2022, Maha announced that it has signed a binding term sheet regarding a business combination with DBO 2.0 S.A. ("DBO") for a consideration up to 36,775,410 new shares in Maha (the "DBO Transaction"). Maha and DBO have agreed in the term sheet to conclude the final documents during a 45-day exclusivity period. In February 2023, after the reporting period, Maha announced that it had signed a definitive agreement regarding the business combination with DBO. The DBO Transaction is subject to customary conditions precedent, including an Extraordinary General Meeting in Maha approving the necessary resolutions. The DBO Transaction is expected to close in the 1st half of 2023.

DBO is a private upstream oil and gas company focusing on mature offshore fields in Brazil. DBO was established in 2017 and has brought North Sea investors to invest into Brazilian assets, working with Brazilian partners and applying the most advanced North Sea approaches to identify additional reserves, develop mature oil and gas fields and increase oil and gas recovery.

DBO Transaction's Highlights:

» Reinforces the construction of a diversified portfolio balanced between mature oil and gas onshore and offshore assets.

» In addition to increased production and reserves, DBO brings vast oil and gas experience, a highly successful deal track record, and access to further growth opportunities for Maha.

» Upon closing, it will increase Maha's net 2P reserves with approximately 18.5 MMboe and is estimated to add around 2,000 BOEPD net production.

» The assets comes with infrastructure yielding lower operating costs, and of which DBO indirectly owns its pro-rata share, as a shareholder of 3R Offshore.

Result

The combined net result for 2022 amounted to TUSD 22,933 (2021: TUSD 21,587) representing earnings per share of USD 0.19 (2021: USD 0.19) of which the continuing operations net result amounted to TUSD -12,529 (2021: TUSD -13,339) representing earnings per share of USD -0.10 (2021: USD -0.12) and discontinued operations amounted to TUSD 35,462 (2021: TUSD 34,926) representing earnings per share of USD 0.29 (2021: USD 0.31). Higher net result for 2022 was mainly due to improved oil and gas prices resulting in higher revenue offset by higher production expenses, depletion, depreciation and amortization costs, higher general and administrative costs and higher deferred taxes.

The Company generated earnings before interest, tax, depletion and amortization (EBITDA) for the year of TUSD 55,101 (2021: TUSD 47,725) with the increase compared to the comparative period mainly caused by the higher oil prices, lower royalties expense offset by higher production expenses and general and administrative expenses.

Production

	2022	2021
Total delivered Oil & Gas (BOE)[1]	**1,172,719**	1,236,386
Daily Volume (BOEPD)	**3,213**	3,387
Continuing Operations		
Delivered Oil (Barrels)	**146,482**	77,420
Daily Volume (BOEPD)	**401**	212
Discontinued Operations		
Delivered Oil (Barrels)	**887,739**	1,027,211
Delivered Gas (MSCF)	**830,989**	790,532
Daily Volume (BOEPD)	**2,812**	3,175

[1] BOE takes into account gas delivered and sold.
1 bbl = 6,000 SCF of gas

Production volumes are net working interest volumes before government, gross overriding, and freehold royalties. Approximately 88% (2021: 89%) of total oil equivalent production was crude oil for 2022. Average daily production volumes were lower by 5% for 2022 as compared to 2021 mainly due to decrease in production volumes in Brazil offset by increase in production volumes in the Illinois Basin.

The continuing operations average daily production for the year was higher by 89% as compared to the comparative period mainly due to higher production flow rate from the new wells drilled during the year resulting in higher production volumes.

The discontinued operations average daily production decreased for the year as compared to the comparative period as a result of natural decline in key wells, the increasing water cuts observed in the Tie field, and the workover operations to restore production. Three important producing wells (GTE-3, GTE-4 and Tie-1) were shut in for much of 2022 due to various issues including tubing leaks and stuck tubing objects. The shortage of equipment and associated oil services in Brazil resulted in well repair work delays and therefore taking longer for planned production to resume at the Tie field. The Tartaruga field production volumes were in line with 2021 due to steady production levels with low decline rates. Gas production volumes were also lower than the comparative period resulting from lower oil production volumes and increased pressure support in the Tie field resulting from the waterflood.

Revenue

(TUSD, unless otherwise noted)	**2022**	2021
Oil and Gas revenue	**89,777**	68,306
Continuing Operations	**12,327**	5,732
Discontinued Operations	**77,450**	62,574
Combined Sales volume (BOE)[2]	**1,109,699**	1,206,332
Oil realized price (USD/BBL)[3]	**90.18**	62.60
Gas realized price (USD/MSCF)	**1.06**	0.79
Oil Equivalent realized price (USD/BOE)	**80.90**	56.62
Reference price – Average Brent (USD/BBL)[4]	**100.93**	70.86
Reference price – Average WTI (USD/BBL)[4]	**94.90**	68.13

Revenue for the year amounted to TUSD 89,777 (2021: TUSD 68,306), representing an increase of 31% mainly due to higher realized oil equivalent price by 43% which was offset by lower sales volume by 8%. Revenue for the continuing operations for the year amounted to TUSD 12,327 (2021: TUSD 5,732) which is 115% higher than the comparative period mainly due to 50% increase in the sales volume from the comparative period as well as higher realized oil price during the year. Revenue for the discontinuing operations for the year is higher by 24% mainly due to higher realized oil equivalent price.

Crude oil realized prices in Illinois Basin are based on West Texas Intermediate (WTI) price less a discount of approximately $3/bbl.

More revenue information is detailed in Note 4 to the Consolidated Financial Statements.

Royalties

(TUSD, unless otherwise noted)	**2022**	2021
Royalties	**10,894**	9,384
Per unit (USD/BOE)	**9.82**	7.78
Royalties as a % of revenue	**12.1%**	13.7%
Continuing Operations	**2,976**	1,341
Royalties as a % of revenue	**24.1%**	23.4%
Discontinued Operations	**7,918**	8,043
Royalties as a % of revenue	**10.2%**	12.9%

Royalties are settled in cash and based on realized prices before discounts. Total royalties increased for 2022 as compared to 2021 due to higher revenue which was offset by lower royalty rate in Brazil. The effective royalty rate for 2022 was lower than the comparative period of 2021 as a result of royalty rate reduction in Brazil.

Royalty expense increased for the continuing operation mainly due to higher revenue for the year by 115% as compared to 2021. Lower royalty expense for the discontinued operations for 2022 as compared to 2021 was mainly due to royalty rate reduction by 2.5% in Brazil beginning of the year plus lower overall revenue of the year.

Production expenses

(TUSD, unless otherwise noted)	**2022**	2021
Operating costs	**16,145**	11,196
Transportation costs	**2,009**	1,666
Total Production expenses	**18,154**	12,862
Per unit (USD/BOE)	**16.36**	10.66
Continuing Operations		
Total Production expenses	**2,828**	1,509
Discontinued Operations		
Operating costs	**13,317**	9,687
Transportation costs	**2,009**	1,666
Total Production expenses	**15,326**	11,353

Production expenses are higher by 41% for the 2022 and amounted to TUSD 18,154 (2021: TUSD 12,862) mainly due to higher costs in both the Tie field and Illinois Basin.

Production expenses for the continuing operations were higher by 87% in 2022 and amounted to TUSD 2,828 (2021: TUSD 1,509) mainly due to higher sales volumes by 50% resulting from new wells as well as workovers performed during the year.

Production expenses for the discontinued operations were higher by 35% for 2022 as compared to the comparative period mainly due to the following in the Tie field: the Company incurred take-or-pay penalties due to lower volume of gas production; continued workovers to reactivate production of certain Tie wells and faced inflationary pressures. In addition, Maha's production is trucked to the delivery points therefore transportation costs are directly correlated to the sales volumes. Transportation costs for 2022 were higher as compared

[2] Sales volumes relates to the combined sales volume from continued operations and discontinued operations

[3] Prices realized on a combined basis from continued operations and discontinued operations.

[4] Reference price is as per U.S. Energy Information Administration website.

to the comparative period due to higher diesel costs as it is indexed to Brent. With higher Brent during the current periods, fuel costs have increased similarly.

On a per BOE (or unit) basis, production expenses for 2022 were USD 16.36 per BOE (2021: USD 10.66 per BOE) and were higher by 53% as compared to the same period last year mainly due to the same reasons as above.

Operating Netback

(TUSD, unless otherwise noted)	**2022**	2021
Operating Netback	**60,729**	46,060
Netback (USD/BOE)	**54.72**	38.18
Continuing Operations		
Operating Netback	**6,523**	2,882
Netback (USD/BOE)	**49.03**	32.53
Discontinued Operations		
Operating Netback	**54,206**	43,178
Netback (USD/BOE)	**55.50**	38.63

Operating netback is calculated as revenue less royalties and production expenses and is a metric used in the oil and gas industry to compare performance internally and with industry peers. Operating netback for 2022 was 32% higher than the comparative period mainly from significantly higher oil realized prices during the year and lower royalties. This was partially offset by higher production expense during the year.

Depletion, depreciation and amortization ("DD&A")

(TUSD, unless otherwise noted)	**2022**	2021
DD&A	**13,338**	8,535
DD&A (USD/BOE)	**12.02**	7.08
Continuing Operations	**2,783**	1,336
Discontinued Operations	**10,555**	7,199

The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the reserves. Depletion expense is computed on a unit-of-production basis. The depletion rate will fluctuate on each re-measurement period based on the amount and type of capital spending and the number of reserves added.

2022 combined DD&A expense amounted to TUSD 13,338 (at an average depletion rate of USD $12.02 per BOE) as compared to TUSD 8,535 (at an average depletion rate of USD $7.08 per BOE) for 2021. Depletion expense and depletion rate on a per BOE basis increased because of the higher depletable base. For the continuing operations, depletion expense for 2022 increased mainly due to higher production volumes as compared to 2021. For the discontinued operations, depletion expense increased mainly due to higher depletable base.

Impairment of Exploration and Evaluation assets (E&E assets)

As at 31 December 2022, the Company noted no impairment indicators. At 31 December 2021, the Company assessed for impairment indicators and noted that there were impairment indicators for the Brazil properties. As a result, impairment test was performed which resulted in no impairment.

General and Administration expenses ("G&A")

(TUSD, unless otherwise noted)	**2022**	2021
G&A	**7,411**	5,517
G&A (USD/BOE)	**6.68**	4.57
Continuing operations	**5,944**	4,658
Discontinued operation	**1,467**	859

G&A expense for 2022 amount to TUSD 7,411 (USD 6.68 per BOE) of which TUSD 5,944 relates to continuing operations and TUSD 1,467 relates to discontinued operations as compared to the comparative period which amounted to TUSD 5,517 (USD 4.57 per BOE) of which TUSD 4,658 is related to the continuing operations and TUSD 859 is related to the discontinued operations. G&A expense for 2022 is higher by 34% mainly due to nonrecurring costs related to the severance package of management and employees, costs relating to divestment of the Brazil assets, higher legal costs and other costs due to change in management and transition.

On a per BOE basis, G&A for 2022 was higher mainly due to higher G&A amounts and lower sales volumes in the current period.

During 2021, the Company applied for the Canada Emergency Wage Subsidy ("CEWS") program and qualified for TUSD 41. This subsidy has been recorded as a reduction to the eligible remuneration expense incurred by the Company during 2021.

Exploration and business development costs

Exploration and business development costs for 2022 amounted to TUSD 197 (2021: TUSD 6) and fully related to the continuing operations. Exploration and business development costs are related to the continuing operations pre-exploration study of new areas or new ventures, including business development efforts.

Foreign currency exchange gain or loss

The net foreign currency exchange gain for 2022 amounted to TUSD 3 (2021: TUSD 30 gain) of which TUSD 3 (2021: TUSD 21) is related to the continuing operations and TUSD nil (2021: TUSD 9) is related to the discontinued operations. Foreign exchange movements occur on settlement of transactions denominated in foreign currencies. Foreign exchange gain for 2022 is related to the Swedish Krona bank accounts held by the parent company that has US dollars as its functional currency. The Swedish Krona steadily weakened against the US dollars during the first three quarters of 2022 with slight improvement in the fourth quarter of 2022.

Other income

For 2022, the discontinued operations included other income of 2,398 (2021: TUSD 2,443)) related to utilization of tax credits in Brazil known as Imposto sobre Circulação de Mercadorias e Serviços ("ICMS"). ICMS is a tax on the circulation of goods and transportation and communication services, a state sales tax. These tax credits can be applied to importation related duties of the Company, or it can be sold to external parties for their utilization.

Other gains

Included in the discontinued operation is other gains for 2022 of TUSD 384 (2021: 5,164) due to provisions reversals and adjustments related to labour claims. During 2021, the Company reversed a minimum work penalty provision on its Block 224 in Brazil, as the Company was granted a full waiver on the related outstanding work commitment on the block. In addition, the Company reversed the long-term provisions for the minimum work commitments penalties of the Blocks 117 and 118 in Brazil, as the Company was granted extensions until November 2024 on these blocks and these contracts are no longer considered onerous contracts. The Company also adjusted labor and contractor claims related provisions as per the updated assessments.

Net finance costs

Net finance costs for 2022 amounted to TUSD 8,669 (2021: TUSD 9,963) of which TUSD 9,329 (2021: 9,821) related to the continuing operations and income of TUSD 660 (2021: TUSD 142) related to the discontinued operations and are detailed in Note 6. Net finance costs are lower for 2022 as 2021 finance costs include additional interest expense from the bond payable, certain transactions costs of TUSD 505 related to the financing activities not directly attributable to the bank debt. Net finance costs for 2021 also includes foreign exchange loss of TUSD 784 due to the Parent Company's increased exposure to US dollars fluctuation resulting from the US dollars debt financing in the Parent Company, which had Swedish Krona as the functional currency until 30 June 2021.

Income Taxes

The Company recorded a current tax recovery of TUSD 2,548 for 2022 (2021: TUSD 2,311 expense) which is fully related to discontinued operations. During the current year, the Company adopted accelerated amortization tax deductions available in Brazil. The Company applied the accelerated amortization tax deductions for the fiscal year 2021 and retroactively to prior years 2018 through 2020 and refiled the tax returns for these years which resulted in tax recoveries to be applied as a tax credit against taxes payable resulting in the tax recovery for 2022. During 2021 higher taxable income in discontinued operations resulted in higher current taxes.

Taxation of corporate profits in Maha's discontinued operations is a combined 34% rate (25% corporate income tax and 9% social contribution); however, Maha Energy Brasil Ltda. has secured certain tax incentives (SUDENE) allowing for the reduction of 75% of the corporate income tax from 25% to 6.25%, bringing the combined net tax rate to 15.25%.

The Company recorded deferred tax expense of TUSD 12,711 (2021: 5,359) for 2022 which is fully related to the discontinued operations. Deferred tax expense is significantly higher than 2021 mainly due to the accelerated amortization deduction in Brazil which reduced the available deferred tax asset balance to nil and resulted in a deferred tax liability balance of TUSD 8,169, as the available tax pools for future utilization become lower than the book values.

Exchange differences on translation of foreign operations

The functional currency of Company's subsidiary in Brazil is Brazilian Reals; however, for the presentation purpose all assets and liabilities are translated at the period end exchange rate and the Statement of Operations is translated at the average exchange rate of the period.

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD 6,743 (2021: TUSD -5,914) for 2022 mainly due to the US Dollar exchange rate weakened against Brazilian Real by 5% since 31 December 2021.

Balance sheet

All balance sheet items relating to the discontinued operations have been reclassified as assets held for sale and liabilities held for sale as detailed in Note 8. Comparative numbers have not been reclassified under IFRS and therefore not included in Note 8.

Non-current assets

Property, plant and equipment ("PP&E") amounted to TUSD 14,015 (2021: TUSD 117,411) and are detailed in Note 9. On 28 December 2022, Maha announced the divestment of Maha Energy Brasil Ltda. resulting in classification of the Brazil assets as assets held for sale and as discontinued operations (See Note 8). As a result, 88% of total PPE was classified as current assets held for sale.

Exploration and evaluation expenditure amounted to TUSD 29,202 (2021: TUSD 13,660) and are detailed in Note 10.

Total expenditures incurred during the year, including discontinued operations, were as follows:

2022 (TUSD)	**Brazil**	**USA**	**Oman**	**Total**
Development	43,138	1,847	-	44,985
Exploration and evaluation	-	803	14,278	15,081
	43,138	2,650	14,278	60,066
2021 (TUSD)	Brazil	USA	Oman	Total
Development	32,164	8,821	-	40,985
Exploration and evaluation	-	760	1,886	2,646
	32,164	9,581	1,886	43,631

Brazil

The 2022 development expenditures in the discontinued operations, mainly Brazil, related to drilling of the Tie-5, Tie-6 and water source wells. Beginning of 2022, the Tie-4 well was tied into the permanent production facilities and following a 24-hour test using an Electric Submersible Pump (ESP) produced 4,400 BOPD and 1,766 MSCFPD (4,695 BOEPD) with a stable tubing-head flowing pressure of 220 psi. Both the Agua Grande and Sergi zones were perforated with comingled production using an ESP. Maha drilled the Tie-5 AG horizontal well in 2022 which was designed as a horizontal well with an Electric Submersible Pump (ESP). The Tie-5 well was completed and underwent a series of stimulation and clean out operations to enhance production. The Tie-5 well penetrated 240 meter of AG sand and commenced naturally flowing, without the assistance of an ESP initially, at 766 BOEPD (590 BOPD and 1,054 MSCFPD) with a stable tubing head flowing pressure of 220 psi and less than 1% water. However, initial production information suggested that the horizontal reservoir section may have been damaged by drilling fluids during the drilling phase. Maha spudded the Tie-6 water injector well on 12 June 2022. Total depth (2,282 meters) was reached on 17 July 2022. The Agua Grande reservoir was encountered 12 meters true vertical depth (TVD) higher than expected, so this zone was tested to explore the potential for short-term oil production from the AG. The Sergi was encountered 5 meters (TVD) higher to prognosis and both reservoirs intersected the oil water contact (OWC). Flow tests from the well was inconclusive and the well is now being used as a water injector into the Agua Grande, as per the original plan. The Tie WSW (Water supply well) was successfully drilled as a shallow water supply well on the Tie field. The WSW is an important water provider for the water injection program currently being implemented at the Tie field. An ESP was installed in this well which can handle more than 10,000 bbl/day of source water for the waterflood program.

During the third and fourth quarter 2022 several well workovers were performed. The ALV-2 well was converted to a gas injector well which will allow for uninterrupted oil production at all times and the well was recompleted with new premium tubing. The GTE-3 well was converted from a dual jet pump completion to a single comingled Electric Submersible Pump producer. The Tie-1 production well also required a workover to retrieve stuck jet pumps in both completion strings. The well was recompleted as a single-string jet pump producer. The GTE-4 well had to be worked over to replace a leaking tubing string. In Q4 2022, the well workover campaign was completed with all wells restored back to normal production.

During 2022, the Company submitted a competitive bid for Petrobras' 25% working interest in the Tartaruga field. The Tartaruga 3 (TTG-3) well was converted to a temporary water disposal well which will reduce operating costs significantly.

USA

On 1 March 2022 Maha begun drilling the Glaze 11-5 well in the Illinois Basin. Glaze 11-5 well was drilled and completed during the first quarter of 2022 and is now contributing to the daily production volumes in the Illinois Basin. During the first quarter 2022, the Company signed a 463 acre land lease in Indiana, USA. The lease provides Maha the opportunity to drill up to 23 production wells on the leased land. The land is adjacent to land already held by Maha in the area and is a very good extension of the existing production from the Illinois Basin. The lease requires Maha to drill at least one well during the first three years of the lease and then at least one well every year thereafter to retain the land.

The Company owns and operates a 99% working interest in the LAK Ranch oil field, located on the eastern edge of the multi-billion-barrel Powder River Basin in Wyoming, USA. The LAK Ranch heavy oil asset was shut in at the beginning of 2020 Covid-19 pandemic. During 2022 no activity occurred other than routine maintenance activities.

Oman

On 5 October 2020 the Company entered into an Exploration and Production Sharing Agreement ("EPSA") with the government of the Sultanate of Oman, for Block 70, an onshore block in Oman. The EPSA was subsequently ratified by Royal Decree of His Majesty the Sultan of Oman on 28 October 2020 and Maha became the operator of the block, holding a 100% working interest. The Company continued 2022 drilling program as per the relevant plan. During the year the Omani Government issued a Royal Decree approving the farmout agreement with Mafraq Energy LLC, which grants this strategic partner a 35% working interest in the Block 70 in Oman in exchange for Mafraq Energy LLC reimbursing Maha for their prorated share of all past costs. Mafraq Energy LLC will also be required to pay its share of all future expenditures on Block 70. Mafraq Energy LLC brings important technical expertise as well as strategic partnership in Oman for future growth.

On 28 January 2023, the Company entered into a Joint Operating Agreement ("JOA") with Mafraq Energy LLC. The signature of the JOA, alongside the Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, marks the satisfaction of all conditions precedent required for the conclusion of the assignment of Maha's 35% work interest to Mafraq Energy LLC.

Other long term assets amounted to TUSD 302 (2021: TUSD 491) mainly relates to performance bonds. Performance bonds represents the Company's financial guarantee to operate the lease in LAK Ranch area and Illinois Basin.

Current assets

On 28 December 2022, Maha announced the divestment of Maha Brazil, its Brazilian subsidiary. Subsequent to the yearend, this transaction was approved by the Brazilian antitrust authority and the Maha Brazil Transaction closed on 28 February 2023. Therefore, Maha Brazil assets met the criteria to be classified as assets held for sale. See Note 8 for the details of assets held for sale.

Prepaid expenses and deposits amounted to TUSD 590 (2021: TUSD 1,239) and represented mainly prepaid operational and insurance expenditures. 2022 prepaid expenses decreased mainly due to classification of Maha Brazil prepaids to assets held for sale.

Crude oil inventories amounted to TUSD 172 (2021: TUSD 247) from oil inventory in the USA. Inventory amount decreased compared to last year mainly as 2021 includes Maha Brazil crude inventory.

Accounts receivables amounted to TUSD 568 (2021: TUSD 5,948) and are detailed in Note 11. Trade receivables, which are all current, amounted to TUSD 429 (2021: TUSD 2,658) and included invoiced oil and gas sales. Significant decrease in accounts receivable is mainly due to classification of

Maha Brazil accounts receivable of TUSD 7,096 to assets held for sale. Maha Brazil accounts receivable included TUSD 6,088 of taxes receivable resulting from the accelerated tax amortization deductions, ICMS tax credits and consumer tax receivable.

Cash and cash equivalents amounted to TUSD 19,520 (2021: TUSD 25,535); however, combined with Maha Brazil, cash and cash equivalents amounted to TUSD 23,228. Cash balances are held to service debt payments and meet ongoing operational funding requirements, if needed.

Non-current liabilities

On 30 March 2021, the Company entered into a loan agreement (the "Term Loan") and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. As at 31 December 2022, balance for the bank debt amounted to TSUD 26,590 and the short term portion of the debt amounted to TUSD 19,500 which was classified as current liability. During the year the Company repaid TUSD 11,250 of the loan principal balance. See Note 16 for further details.

The decommissioning provision amounted to TUSD 1,700 (2021: TUSD 2,264) and relates to future site restoration obligations as detailed in Note 17. During the year additional provision was setup for the new wells drilled in the Illinois Basin. The decommissioning provision relating to Maha Brazil was classified as liabilities held for sale therefore decreasing current year balance as compared to 2021.

The lease commitments amounted to TUSD 78 (2021: 2,385) and related to the long-term portion of the lease commitments. Decrease in the lease commitments is mainly due to classification of Maha Brazil leases to liabilities held for sale. Included in the 2021 balance is Maha Brazil's 5-year lease agreement to lease 2 HP Ariel Compressors units. The Company entered into no new leases during the current year. The short-term portion of the lease commitments was classified as current liability.

Other long-term liabilities and provisions amounted to nil (2021: TUSD 651). The Company reversed the long-term provisions for the minimum work commitments penalties of the Blocks 117 and 118 in Brazil, as the Company was granted extensions until November 2024 on these blocks and these contracts are no longer considered onerous contracts. The Company also adjusted labor and contractor claims related provisions as per the updated assessments.

Current liabilities

Liabilities held for sale are related to divestment of Maha Brazil as described in the report above. All liabilities of Maha Brazil were classified as current liabilities as per IFRS.

Accounts payables amounted to TUSD 3,649 (2021: TUSD 9,644) and accrued liabilities amounted to TUSD 5,975 (2021: TUSD 5,189) and are detailed in Note 20. Accounts payable and accrued liabilities were lower due to classification of Maha Brazil liabilities to liabilities held for sale. Continuing operations liabilities were mainly in line with the comparative period. Maha Brazil liabilities were lower as capital activity at year-end was minimal and workover campaign for 2022 was completed. Year-end 2021 had higher capital activity as the drilling of Tie-2 and Tie-3 was in its last stages of completion. Current portion of the lease commitment amounted to TUSD 77 (2021: TUSD 1,072) is lower mainly due to Maha Brazil current lease classification to liabilities held for sale.

Share data

Shares outstanding	**Class A**
31 December 2021	119,715,696
New share subscription in Q4 2022	23,900,000
31 December 2022	**143,615,696**

On 14 December 2022, the Company successfully completed a directed new share issue of 23,900,000 shares and raised proceeds of approximately SEK 203 million (USD 20.0 million). The net proceeds in this issue were intended mainly for: i) supporting capital expenditures in exploration and production operation in Oman; ii) the Company's general corporate purposes, including potential new business opportunities and M&As, and iii) to strengthen the Company's balance sheet and working capital, all aligned with the asset optimisation strategy being implemented by the Company's new management team.

Summary of the Directed New Share Issue:

» The subscription price in the Directed New Share Issue amounted to SEK 8.5 per share and had been determined through an accelerated bookbuilding procedure.

» Through the Directed New Share Issue, Maha received proceeds amounting to approximately SEK 203 million, before costs of approximately SEK 8.0 million directly attributable to this transaction.

» The Directed New Share Issue was subscribed by a number of Nordic and international institutional investors. In addition, the Company's main shareholder Turmalina has been allotted 7,200,000 shares.

» Through the Directed New Share Issue, the number of shares in the Company increased by 23,900,000, from 119,715,696 to 143,615,696 and the share capital increased by SEK 262,900.000 from SEK 1,316,872.656 to SEK 1,579,772.656.

» The Directed New Share Issue entails a dilution of approximately 16.6 percent based on the total number of shares in Maha after the Directed New Share Issue.

Cash flow

Cash flow from operating activities amounted to TUSD 54,657 (2021: TUSD 31,005), an increase of 76% from prior year mainly due to higher net back resulting from higher realized prices. Cash flow from investing activities amounted to TUSD -62,683 (2021: TUSD -46,995) mainly due to cash capital expenditure in Brazil on the Tie-5, Tie-6 and WSW wells and Oman Block 70 exploration and evaluation assets. Cash flow from financing activities amounted to TUSD 6,385 (2021: TUSD 35,949) mainly from the proceeds of new direct issuance of shares. Cash was used for the repayment of Maha's bank debt and lease payments during the year.

Liquidity and capital resources

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company actively manages its liquidity through cash and debt management strategies. The Company considers its capital structure to include shareholders' equity of USD 140.9 million (31 December 2021: USD 91.4 million) plus net debt of USD 26.6 million (31 December 2021: USD 29.9 million).

During the fourth quarter 2022, the Company completed new shares issuance of 23.9 million shares at a subscription price of SEK 8.5 per share which improved the Company's cash position by SEK 203 million before transaction related costs.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general market and industry conditions. The annual budget and subsequent updates are approved by the Board of Directors. The Company does not have any externally imposed material capital requirements to which it is subject except for the loan covenants (See Note 16).

Legal matters

The Company has several ongoing legal matters concerning labor, regulatory and operations, being mostly related to the discontinued operations - Maha Brazil. All of these are considered routine and consistent with doing business in Brazil. Provisions for lawsuits are estimated in consultation with the Company's Brazilian legal counsel and have been recorded under non-current liabilities and provisions of the discontinued operations. Subsequent to the yearend, Maha Brazil Transaction closed at the end of February 2023, however, the Company remains liable for the financial commitment up to a certain amount.

Health, Safety and the Environmental ("HSE")

Maha considers that oil and gas developments can and must be undertaken in a manner that is safe for employees, contractors, stakeholders, neighbors, and the environment. At Maha, HSE is a key component of its management systems. Maha Energy strives to provide a safe and healthy work environment for all employees, contractors and suppliers. This means the safety of life, limb, environment and property always comes first – in that order. The Company actively monitors all operational sites and proactively encourages everyone to be mindful of all the Company's HSE Values. This is achieved through education, enforcement and reporting. Everyone working or visiting our sites have the right to stop work at any time to prevent potential HSE incidents occurring. Maha's HSE Values set the tone for how employees, contractors, stakeholders and the environment are approached.

Environment, Social, and Governance (ESG)

Through responsible operations and strategic planning, Maha seeks to create long-term value for all of its stakeholders. Thereby, Maha conducts its operations in a manner respects its workforce, neighboring communities, and the environment. Part of contributing to society and being a good global citizen must entail doing 'what is right', in addition to adhering to laws and regulations.

Environment

As part of the business culture, Maha implements the philosophy of being proactive rather than reactive in its environmental management. By preventing costly and impactful scope changes in development plans, Maha can anticipate and identify potential risks and reduce, if not eliminate, potential environmental and social impacts prior to them possibly happening. Proactive management can also address potential irreversible impacts and allow for decisions to be made on strategy and management, rather than responding out of necessity to a situation. Part of the proactive environmental management strategy is to maximize the use of all resources and reduce waste wherever economically possible. For example, Maha recycles or reinjects produced water at the facilities, which not only reduces having to find water from another source, but also reduces wastewater treatment requirements. In Brazil, Maha is reducing the release of natural gas by using the waste gas from oil production to generate electricity.

Social

Maha values the relationship with its employees, community members, and other stakeholders. Therefore, efforts are made to engage with its employees and local communities in a transparent and respectful manner. Additionally, Maha seeks to ensure local communities benefit from its operations, both directly and indirectly. Direct hiring and encouraging subcontractors to hire local suppliers wherever possible is a way for Maha to contribute to the local communities and economy. Maha has also connected with Local Community Associations to maintain an open and transparent dialogue with the communities near its operations.

Governance

Maha has a zero-discrimination tolerance and is committed to promote equal opportunities for employees. Additionally, personal and business ethics are taken seriously at Maha and underlie all the regulations in Corporate Governance. Part of Maha's Corporate Governance is that Maha does not tolerate any form of corrupt practices and has in place Corporate Governance Policies that clearly define how business must be conducted. The best way to prevent corruption is through transparency - one of our core values. The Company has established a Code of Business Conduct and Anti-Corruption policies for all its employees, contractors, and workers to adhere to. All of Maha's Corporate Governance policies, procedures and guidelines are readily available to employees.

Related Party Transactions

At a board meeting held on 6 October 2022, the Board offered a success-based compensation to the CEO for the Block 70 opportunity. The CEO's reimbursement is governed by the employment agreement, and the

Company's remuneration guidelines adopted at the AGM. On 2 November 2022, the CEO accepted the Board's offer. As at 31 December 2022, the Finders Fee Bonus was not paid out to the CEO. On 4 November 2022 the Board decided to replace the CEO with immediate effect and on 14 December 2022 the CEO was deregistered as both CEO and board member in the Swedish Companies Registration Office.

Parent Company

Business activities for Maha Energy AB focuses on a) management and stewardship of all Group affiliates, subsidiaries and foreign operations; b) management of publicly listed Swedish entity; c) fundraising as required for acquisitions and Group business growth; and d) business development. The Parent Company has two employees.

The net result for the Parent Company for 2022 amounted to TSEK -64,878 (2021: TSEK -126,461) which is higher than the comparative period mainly due lower general and administrative costs of TSEK 9,081 (2021: TSEK 9,365) and lower impairment of loans and investments of the subsidiaries of TSEK 19,939 (2021: 69,304). This was offset by lower unrealized foreign currency exchange gain of TSEK 7,102 (2021: TSEK 32,069 gain) due to US dollar strengthening against Swedish Krona and higher net finance costs of TSEK 42,960 (2021: TSEK 79,861).

Proposed Distribution of Earnings

The Board of Directors proposes no dividends to be paid for the year. Furthermore, the board of Directors proposes that the unrestricted equity of the Parent Company of SEK 363,990,486 including the net result for the year of SEK (64,876,710) be brought forward as follows:

SEK	
Dividend	-
Carried forward	363,990,486
Total (SEK)	**363,990,486**

Risk Management

The Company is engaged in the exploration, development and production of oil and gas and its operations are subject to various risks and uncertainties which include but are not limited to those listed below. The risks and uncertainties below are not the only ones that the Group faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business and operations of the Company and cause the price of the Mahas' shares to decline.

A detailed analysis of Maha's financial risks and mitigation of those risks through risk management are detailed in Note 23.

Non-financial risks

Volatility in oil and gas commodity prices

The demand for oil, natural gas and other petroleum products are dependent on the global economy. In addition, the economic situation on the global market affects the Company's business, results and financial position. Numerous factors do, and will continue to affect the marketability and price of oil and natural gas acquired or discovered by the Company.

Prices for oil and natural gas are subject to large fluctuations depending on a variety of factors. These factors include, but are not limited to political, social or economic instability and geopolitical developments, for example, the war in Ukraine, governmental regulation, risks of supply disruption, natural disasters, terrorist attacks, the availability of alternative fuel sources, currency fluctuations, changes in interest rates, downturns in the economy, natural disasters, trade restrictions, increased protectionism or pandemics, such as the COVID-19 pandemic, and uncertainty about future economic prospects. Even after the COVID-19 outbreaks have subsided, the Company may continue to experience materially adverse impacts to the business, mainly due to the global economic impact and the effect on the world demand for, and prices of, oil and gas. Furthermore, continued and/or heightened tensions related to Russia's invasion of Ukraine, and sanctions imposed by third countries, can significantly affect the global economy negatively and there is a risk that the general outlook for oil and gas prices will be volatile and impacted by the duration and severity of the conflict, the extent to which Russian exports are reduced by sanctions, and the timing and ability of producers and governments to replace reduced supply. Furthermore, in recent years the Organization of Petroleum Exporting Countries ("OPEC") and associated countries have, from time to time, agreed to voluntary production limitations, and Oman has in the past participated in such agreements. If Oman agrees to voluntary production limitations this may have an adverse effect on the Company's future oil and gas production and sales from Oman.

All the factors listed above could result in a material decrease in the Company's expected net production revenue and a decline in its oil and natural gas acquisition, development and exploration activities. Any substantial and/or extended decline in the price of oil and natural gas would have an adverse effect on the Company's revenues, profitability and cash flows from operations and could also affect the Company's ability to obtain equity or debt financing on acceptable terms. In addition, volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties. For instance, between 31 March 2022 and 31 March 2023, the Brent oil price was at its lowest USD 73.69 per barrel and at its highest USD 123.58 barrel, and the WTI benchmark oil price was at its lowest USD 67.61 per barrel and at its highest USD 122.11 per barrel. Decrease in the Brent and/or WTI benchmark oil price may thus have a material adverse effect on the Company. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

The commodity price risks noted above, as well as other risks such as market access constraints and transportation restrictions, reserves replacement and reserves estimates and cost management that are more fully described herein, may have a material impact on our business, financial condition, results of operations, cash flows and reputation and may be considered indicators of impairment. Another potential indicator of impairment is the comparison of the carrying value of our assets to our market capitalization. We conduct an assessment, at each reporting date, of the carrying value of our assets in accordance with IFRS. If crude oil, NGLs, refined product, and natural gas prices decline significantly and remain at low levels for an extended period of time, or if the costs of our development of such resources significantly increase, the carrying value of our assets may be subject to impairment and our net earnings could be adversely affected.

Concentrated production in a small number of fields in two jurisdictions

The Company's current production of oil and gas is currently concentrated in two oil producing fields in the United States (however pre-commercial production from the LAK Ranch has temporarily been suspended). As a result of these concentrations, the Company is disproportionately exposed to the effect of regional supply and demand factors, delays or interruptions of production from wells in these areas caused by governmental regulation, availability of equipment, equipment failure, interruptions of facilities, personnel or services market limitations, weather events, or interruption of the processing or transportation of oil. Additionally, the Company may be exposed to risks, such as changes in field-wide rules and regulations that could cause the Company to permanently or temporarily close the wells within these fields. These risks may, if materialized, adversely affect the Company's ability to conduct its operations in one or several of these fields, which could have a material adverse effect on the Company's results and financial position.

Alternatives to and changing demand for petroleum products

Alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas such as hydropower, wind power, solar energy, geothermal energy and biofuels, and technological advances in fuel economy and energy generation devices could over time reduce the demand for oil and other liquid hydrocarbons. The Company faces the evolving worldwide energy transition risks as demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels could change assumptions used to determine the recoverable amount of the Company's PP&E (Property, Plant, and Equipment) and E&E (exploration and evaluation) assets and could affect the carrying value of those assets. It may also affect future development or viability of exploration prospects, may curtail the expected useful lives of oil and gas assets thereby accelerating depreciation charges and may accelerate decommissioning obligations increasing the present value of the associated provisions. Also, increasing regulatory demands and international treaties governing the commitment to the decrease of carbon dioxide emissions (such as the Paris Agreement of 2016) could reduce the demand for oil and/or gas over time. The Company cannot predict the negative impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, results and financial position, e.g. with regard to the Company's cash flows.

Exploration, development and production risks

Exploration for and development of oil and gas involves many risks, such as risks associated with expenditures made on future exploration by the Company which may not always result in discoveries of oil in commercial quantities, or commercial quantities of oil may not at all be discovered by the Company. The Company currently has one exploration block in the Sultanate of Oman (Block 70). It is difficult to project the costs of implementing an exploratory drilling program due to the uncertainties associated with drilling in unknown formations. The costs are associated with various drilling conditions, such as over pressured zones and equipment that might get lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or new interpretations of seismic data. Future oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not necessarily assure a profit on the investment or recovery of drilling, completion and operating costs.

Risks related to gathering and processing facilities and general infrastructure

The Company is dependent on available and functioning infrastructure relating to the properties on which it operates, such as roads, power and water supplies, and gathering systems for oil and gas. Depending on the area in which the Company operates, certain infrastructure and services commonly associated with petroleum operations may not be readily available. If any infrastructure or systems failures occur or do not meet the requirements of the Company, this could result in delayed, postponed or cancelled petroleum operations, lower production and sales and/or higher costs, and result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production.

Dependency on counterparties

The Company is dependent on a few important counterparties. A loss of any of the Company's material counterparties, the counterparties changing their terms or increase their prices, or the counterparties encountering difficulties in complying with their contractual obligations could have a negative impact on the Company. Also, there is a risk that these counterparties will encounter difficulties in complying with their contractual obligations due to a shortage of raw materials, strikes, damage, financial difficulties or other circumstances that may affect the counterparty.

Operations in emerging countries

The Company participates in oil and gas projects located in Oman which is considered an emerging market. Oil and gas exploration, development and production activities in emerging markets are subject to political and economic uncertainties. Depending on the market uncertainties include, but are not limited to, the risk of war, terrorism, civil unrest, destruction of Company property, kidnapping, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil pricing policies, a change in taxation policies, and the imposition of currency controls.

The Company was in 2020 awarded an exploration block in the Sultanate of Oman. Oman is located in a region that has experienced political instability. This political instability has included regional wars and conflicts, such as the Gulf War of 1991, the Iraq War of 2003, the 2006 conflict in Lebanon and the 2014 conflict in Gaza, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("MENA") region and the MENA region is currently subject to a number of armed conflicts, including those in Yemen (with which Oman shares a border). The recent transfer of power in Oman to his Majesty, Sultan Haitham bin Tariq, following the demise of his Majesty the late Sultan Qaboos bin Said who ruled for almost 50 years, was widely considered smooth and peaceful, however, there can be no assurance that stability will continue. The occurrence of events and circumstances such as war or hostilities, including that of extremists or terrorist groups, and the impact that such events and circumstances might have on Oman may inhibit the Company's ability to conduct its operations in Oman and materially adversely affect the Company's operations. Like many emerging countries, the Oman legal system is in continuous development, which may create an uncertain environment for investment and business activities. Further, the political and legislative landscape of Oman takes place in a framework of an absolute monarchy. His Majesty the Sultan of Oman is the head of state as well as the head of government. The Company's operations in Oman are dependent on Royal Decrees, issued by and subject to the will of His Majesty the Sultan. The developing legal landscape, and the form of government with strong dependence on a single individual, may bring legal uncertainties, a lack of foreseeability and uncertainties to the business climate, which could inhibit the Company's ability to conduct its operations, and could materially adversely affect the Company's operations in Oman.

The above risks could therefore impede the possibility of the Company to conduct its operations to the planned extent.

Cost of new technologies
The oil industry is characterized by technological advancements and introductions of new products and services utilizing new technologies (such as horizontal drilling, 3D and 4D seismic along with deep-sea drilling), and the Company is somewhat dependent on competitive technical solutions in order to maintain its market position. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before such technologies become available to the Company. There is a risk that the Company will not be able to respond to such competitive pressures and implement such technologies on a timely basis or at a cost acceptable to the Company. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete and the Company may be unable to utilize the most advanced, cost effective and commercially available technology. In such case, this might result in a diminution or loss of the Company's competitiveness, which could have a material adverse negative impact on the Company's net sales and also its business over time.

Risks in estimating reserves and resources
There are a number of uncertainties in estimating the quantities of reserves/resources including factors which are beyond the control of the Company. Estimating reserves and resources is a subjective process and the results of drilling, testing, production and other new data subsequent to the date of an estimate may result in revisions to original estimates.

Reservoir parameters may vary within reservoir sections. The degree of uncertainty in reservoir parameters used to estimate the volume of hydrocarbons, such as porosity, net pay and water saturation, may vary. The type of formation within a reservoir section, including rock type and proportion of matrix and or fracture porosity, may vary laterally and vertically and the degree of reliability of these parameters as representative of the whole reservoir may be proportional to the overall number of data points (wells) and the quality of the data collected. Reservoir parameters such as permeability and effectiveness of pressure support may affect the recovery process. Recovery of reserves and resources may also be affected by the availability and quality of water, fuel gas, technical services and support, local operating conditions, security, performance of the operating company and the continued operation of well and plant equipment.

Additional risks associated with estimates of reserves and resources include operational risks during drilling activity, development and production, delays or changes in plans for development projects or capital expenditures, the uncertainty of estimates and projections related to production, costs and expenses, health, safety, security and environmental risks, and availability and efficiency of drilling equipment availability and personnel. These risks may impact the Company's ability to meet reserve and resource reporting deadlines and affect the accuracy of the reporting.

The Company has historically engaged professional and independent auditors staffed with professional geologists, engineers and other disciplines to evaluate its reservoir and development plans. For the year 2022, Maha has obtained reserves estimates from McDaniel & Associates Consultants regarding Block 70 in Oman and the Company's assets in the USA. There is a risk that the estimated range of volumes of reserves do not capture the full range of uncertainty. There is a risk that these estimates may change over time as new data and information becomes available. Actual production and cash flow could therefore be lower than the estimates, which in turn may affect the Company's expected earnings.

Shared ownership and dependency on partners
In 2022 the Company divested a 35 percent participating interest in Block 70 in Oman, to Mafraq Energy LLC ("Mafraq") and the parties have entered into a Joint Operating Agreement. The Omani Government also retains a right to 'back in' to the Block 70 Agreement at Declaration of Commerciality whereby the Government would reimburse the Company its pro rata share of past expenditures.

The Company is therefore dependent on, and affected by, the due performance of its partner. If Maha's partner fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of any of its partners.

Environmental and climate-related risks
All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of laws and regulations in the different jurisdictions where the Company operates. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, decommissioned and reclaimed in a certain way to satisfy applicable regulatory authorities. Environmental regulations are expected to become more stringent in the future, and costs are expected to increase. Failure to comply with any such environmental regulations or any undertakings imposed on the Company might entail civil, administrative and criminal sanctions.

The Company's operations are located in regions where there are numerous environmental regulations including restrictions on where and when oil and gas operations may occur, regulations on the release of substances into groundwater, atmosphere and surface land and the location of production facilities. There is currently a federal conservation area, created to protect sea turtle nesting areas, close to the Company's Tartaruga field operations. Because of this reserve, there is a possibility for a drilling ban from September to April, which may limit the Company's exploitation opportunities. The geographical boundaries of such conservation unit as well as the activities to be allowed therein are currently being questioned through a Public Civil Action filed by the Federal District Attorney´s Office. The Company is not a party to the proceedings but its result might affect and restrict the Company´s Tartaruga field operations. In addition, there is a risk that other areas the Company operates in may be subject to similar regulations in the future which would restrict the ability for the Company to conduct its operations.

The Company faces the evolving worldwide energy transition risks as demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels could change assumptions used to determine the recoverable amount of the Company's PP&E and E&E assets and could affect the carrying value of those assets, may affect future development or viability of exploration prospects, may curtail the expected useful lives of oil and gas assets thereby accelerating depreciation charges and may accelerate decommissioning obligations increasing the present value of the associated provisions. Changes in environmental legislation can result in a curtailment of production, and require significant expenditures, e.g. regarding production, development and exploration activities. In addition, a breach of applicable environmental regulation or legislation may result in liabilities such as the recovery of the damages, the imposition of fines and penalties, some of which may be material, and/or restrictions or cessation of operations. The legislative framework in the jurisdictions where the Company operates regarding the environment features items such as strict liability and joint, and several liability with regard to joint venture operations.

The energy transition could impact the future prices of commodities. Pricing assumptions used in the determination of recoverable amounts incorporate markets expectations and the evolving worldwide demand for energy. Changes to assumptions could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Decommissioning
The Company has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure in all operating areas of the Company. In some cases, these liabilities are derived from legislative and regulatory requirements, and in other cases, these liabilities can also be contractual obligations. In Brazil, such requirements are still under discussion and waiting for approval by the ANP, concerning the decommissioning of wells and production facilities and require the Company to make provision for and/or underwrite the liabilities relating to such decommissioning. The Company's accounts make a provision for such decommissioning costs based on the management's estimate in accordance with applicable accounting standards but there is a risk that the actual costs of decommissioning exceed the amount of the long-term provision set aside to cover such decommissioning costs. The Company's decommissioning provision amounted to TUSD 1,700 as per 31 December 2022, which includes all wells and facilities in the USA and Oman. In addition, the Company may be required to decommission wells that have not reached the end of their service life as a result of e.g. regulatory requirements. These risks may, if materialized, have a material adverse effect on the Company's business and result. In addition, local or national governments and lessors of oil and gas leases may require the Company to provide cash-back guarantees, blocked cash deposits or similar upfront payments and escrow relating to future decommissioning costs which would affect the Company's liquidity.

Financial risks

Management estimates and assumptions
In preparing consolidated financial statements in conformity with IFRS, estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of

the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and future prospects.

Credit risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, customers, and other parties. In Oman, Maha has entered into a joint operating agreement with Mafraq as its partner in Block 70. In the USA, the Company markets and sells its oil through Country Mark (Illinois Basin) and Mercuria Energy Trading (LAK Ranch) and receives payment 30 days in arrears. In the USA, historically, the Company has always received full payment. The Company's financial position may be materially adversely affected in the event such partners fail to meet their contractual obligations to the Company.

A portion of the Company's cash is held by banks in foreign jurisdictions where there could be increased exposure to credit risk. In the event the Company's counterparty does not fulfill its obligations in accordance with agreements, this could adversely affect the Company's business, financial position and results.

Liquidity and Refinancing Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has since inception been equity and debt financed through share and bonds issues, and also financed by asset divestment. Additional capital could be needed to finance the Company's future operations and/or for acquisition of additional licences. The main risk is that this need could occur during less favourable market conditions. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows. The Company has outstanding bank debt amounting to approximately USD 46.1 million of which USD 19.5 million is current. The terms of the debt contain provisions which limit the Company's ability to make certain payments and distributions (such as paying dividends), incur additional indebtedness, make certain disposals of or provide security over its assets, or engage in mergers or demergers. Further, the Company is required to meet certain maintenance covenants. If the Company would fail to comply with any of the maintenance covenants, all of the outstanding debt may be declared immediately due and payable together with any other amounts payable. The Company has current assets of approximately USD 174.8 million. There is a risk that the Company either has insufficient funds to settle the current portion of the debt or repay or refinance the debt when due.

Refinancing risk is the risk that financing cannot be obtained or renewed on expiry of its term or can only be obtained or renewed at significantly increased costs. There is a risk that additional capital cannot be obtained or can only be obtained at unfavorable terms and conditions.

Foreign currency exchange rate risk

The Company is exposed to changes in foreign exchange rates as expenses in foreign subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The main functional currencies of the Company's subsidiaries are Brazilian Reals ("BRL") for the subsidiaries in Brazil and Luxembourg and Swedish Krona ("SEK") for the subsidiaries in Sweden, making the Company sensitive to fluctuations of these currencies against US Dollar ("USD"). Majority of the Company's oil sales are denominated in BRL based on a USD oil price and all operational, administrative and capital activities related to the Brazil properties are transacted primarily in BRL. In Sweden, the Company's expenditures are in SEK. Further, with regards to BRL, there is a risk of inflation or hyper-inflation.

Future dividends

Historically, Maha has not paid any dividends to the shareholders. As the Company currently focuses on further developing and expanding its operations, any surpluses in the business are instead reinvested to finance the Company's long-term strategy. The Company has no current intentions of paying any dividends, as it anticipates that all available funds will be invested to finance the growth of its business. The size of possible future dividends depends on a number of factors, including the Company's future results, financial position, cash flows, working capital needs, compliance with loan terms, legal and financial restrictions and other factors. There is a risk that the Company will not have sufficient distributable funds in the future, and consequently a risk that no dividends will be paid, and the investor's potential return is solely dependent on the future value of the share as long as no dividends are paid.

Market price of the share and liquidity

Since an investment in shares may decline in value, there is a risk that an investor will not recover the capital invested. The development of the share price depends on a number of factors, and may for example be affected by supply and demand, changes in actual or expected results, changes in profit forecasts, regulatory changes and other factors, such as divestments of major shareholdings by shareholders. The price of the Company's share is also affected by macro-economic factors, in particular by the oil market price. The Company's share is traded on Nasdaq Stockholm. During the period 31 March 2022 – 31 March 2023, the Company's share price was at its minimum SEK 8.14 and at its maximum SEK 23.88. Consequently, the price of the Company's share may be volatile, and the difference between the selling price and the purchase price may be significant from time to time, which makes it more difficult for a shareholder to sell shares at a certain time at a price deemed satisfactory.

Dilution

The Company may need to obtain additional financing through new issues, share-related securities or convertible debt securities, which may result in a dilution of existing shareholders' shareholding in the Company. There is a risk that additional financing under acceptable terms will not be available to the Company when required, or at all. If the Company resolves to raise additional capital, for example through an issuance of new shares, there is a risk that the shareholding of the Company's shareholders' may be diluted, which may also affect the price of the shares. If these risks were to realize, it could have a material adverse effect on the investors' invested capital and/or the price of the shares.

Corporate Governance Report

This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act (SFS 2005:551), the Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code (the "Code") and has been subject to a review by the Company's statutory auditor.

The Company is not aware of any deviations from Nasdaq Stockholm's Rulebook for Issuers, recommendations from the Swedish Securities Council, decisions from Disciplinary Committee at Nasdaq Stockholm or statements from the Swedish Securities Council.

Maha Energy AB (publ), company registration number 559018-9543, has its corporate head office at Strandvägen 5A SE-114 51 Stockholm, Sweden and the registered seat of the Board of Directors is Stockholm, Sweden. The Company's website is www.mahaenergy.ca.

This 2022 Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Maha has conducted its corporate governance activities during 2022.

As a Swedish public company listed on Nasdaq Stockholm (under symbol MAHA-A) Maha Energy is subject to the Rulebook for Issuers of Nasdaq Stockholm which can be found on www.nasdaqomxnordic.com. In addition, the Company abides by principles of corporate governance found in several internal and external documents to build trust on how Maha responsibly conducts its business.

External and Internal governance framework

The Company observes good corporate governance practices in accordance with the laws and regulations of Swedish legislation, the Company's own Articles of Association and policies. The Company's Articles of Association do not contain any provisions for a special procedure for changing the Articles of Association. The Company issues Annual Consolidated Financial Statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and Swedish Annual Accounts Act.

Maha adheres to both the internal and external rules for Corporate Governance principles; thus, decreasing potential risks associated with unclear individual and company responsibilities and avoiding conflicts of interests between its shareholders, managers, and board of directors.

External Corporate Governance Rules

The Annual Accounts Act

The Exchange Rules for Issuers

NASDAQ Rules and Regulations

The Swedish Companies Act

Swedish Code of Corporate Governance

Statements of the Swedish Securities Council

Internal Corporate Governance Rules

Anti-Corruption Policy

Articles of Association

Code of Conduct

Company Policies, Guidelines, and Procedures

Corporate Governance Policy

Health, Safety, and Environment Policy

Internal Control and Risk Management

Swedish Corporate Governance Code

The Swedish Corporate Governance Code is based on the tradition of self- regulation and the principle of "comply or explain". It acts as a complement to the corporate governance rules contained in the Swedish Companies Act, the Annual Accounts Act, EU rules and other regulations such as the Rulebook for Issuers and good practice on the securities market. The Code is published on www.bolagsstyrning.se, where a description of the Swedish Corporate Governance model can be found.

The Company is not aware of any deviations from the Code.

Shareholders

The Company's shares (MAHA-A) are listed on Nasdaq Stockholm. At year-end 2022 the share capital amounted to SEK 1,579,772.656, represented by 143,615,696 shares. All shares represent one vote each. At 31 December 2022, the number of shareholders was 10,761 (2021: 9,481). Of the total number of shares, foreign shareholders accounted for approximately 23 percent. Turmalina Fundo De Investimento Em Participacoes Multiestrategia is the only shareholder with a holding in excess of 10 percent of shares and votes, with a holding of 28,520,330 shares representing approximately 19.86 percent of shares and votes. For further information on share, share capital development and shareholders, see page 31-32 and the Company's website.

Annual General Meeting

According to the Swedish Companies Act (2005:551), the general meeting is the Company's highest decision-making body. At the general meeting, the shareholders exercise their voting rights in key issues, such as changes to the articles of association, the election of the board of directors and auditors, adoption of the income statement and balance sheet, discharge from liability of the board of directors, the CEO and Managing Director, the appropriation of profit or loss and the principles for the appointment of the nomination committee. The Annual General Meeting ("AGM") must be held within six (6) months of the close of the fiscal year. The Company calls the meeting through announcements in the Swedish Official Gazette, the Svenska Dagbladet and the Company's website.

Right to attend AGMs

All shareholders who are listed in the share registry on the record date, and who have notified the Company of their participation in due time, are entitled to participate in the AGM. Shareholders are entitled to exercise their respective voting rights in accordance with the description above (item entitled "Shareholders").

Annual General Meeting 2022

The 2022 AGM was held in Stockholm on 31 May 2022. The AGM was attended by 31 shareholders, personally or by proxy, representing 24.04 percent of the Company's share capital. The Chairman of the Board of Directors and enough Board members, including the CEO and Managing Director, for a quorum were present, as well as the Company's auditor and the majority of the members of the Nomination Committee for the 2022 AGM. The members of the Nomination Committee for the 2022 AGM were also present. Under the Articles of Association and Swedish law, the AGM must address those matters listed below marked with "*".

The submissions and resolutions passed by the 2022 AGM included the following:

» Approval of administrative matters concerning the AGM*;

» Submission of the annual report and the auditor's report and the consolidated financial statements and the auditor's report on the group*;

» Resolution in respect of adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and the consolidated balance sheet*;

» Resolution in respect of Company's funds available shall be carried forward and no dividends shall be paid for the last financial year*;

» Resolution in respect of the members of the Board of Directors and the Managing Director's discharge from liability*;

» Resolution that the Board of Directors shall comprise of six (6) ordinary members and no deputy members*;

» Determination of the fees payable to the members of the Board and the auditors*;

» Election of members of the Board of Directors and auditors*;

» Approval of the remuneration report*;

» Resolution on changes to the article of association (removal of share class B);

» Resolution regarding principles for the appointment of and instructions regarding a Nomination Committee (see below)*;

» Resolution regarding an incentive program and issuance of warrants to the executive management (LTIP 7) (see below);

» Resolution regarding authorisation for the Board of Directors to increase the share capital. The Board of Directors was authorized to resolve on issuance of new shares, warrants and/or convertible debentures during the period until the next annual general meeting and at one or more occasions, with consideration in cash and, in kind or by set-off and with the right to deviate from the shareholders' preferential rights, through which the share capital may be increased by an amount corresponding to 20 per cent of the share capital and number of shares in the company as of on the date the Board of Directors make use of the authorization.

Extra General Meeting 2022

An Extraordinary General Meeting ("EGM") was held in Stockholm on 3 November 2022. The extraordinary general meeting was convened following the request from Foil International Spain S.L., holder of approximately 12.2 percent of the shares in the Company, to the board of directors to convene an extraordinary general meeting pursuant to Chapter 7, Section 13 of the Swedish Companies Act to resolve upon the proposed election of a new board of directors of the Company. The EGM was attended by 19 shareholders, representing 27.37 percent of the votes and share capital in the Company. The resolutions passed by the EGM included the following;

» The general meeting resolved in accordance with the proposal to elect Fabio Vassel, Paulo Thiago Mendonça and Enrique Penã as new ordinary board members until the close of the annual general meeting to be held in 2023, and to dismiss Jonas Lindvall, Nicholas Walker and Christer Lindholm from their assignments as ordinary board members;

» The general meeting further resolved to dismiss Harald Pousette from his position as chairman of the board of directors and to appoint Fabio Vassel as chairman of the board of directors in his place.

Annual General Meeting 2023

The Annual General Meeting (AGM) of Maha Energy AB (publ) will be held on 24 May 2023 2:00 PM CEST at Setterwalls on Sturegatan 10 in Stockholm, Sweden.

Nomination Committee and its Function

The duties of the nomination committee include the preparation and drafting of proposals regarding the election of members of the board of directors, the chairman of the board of directors, the chairman of the general meeting and auditors. The nomination committee shall also propose fees for board members and the auditor. The composition of the nomination committee is publicly announced at least six months ahead of the AGM.

In accordance with the Nomination Committee proposal approved by the 2022 AGM (proposal not to change the principles for the appointment of and instructions regarding a nomination committee adopted at the Annual General Meeting in 2019), the Nomination Committee for the 2023 AGM consists of members appointed by three (3) of the largest shareholders of the Company based on shareholdings as at 30 September 2022 and the Chairman of the Board of Directors. The names of the members of the Nomination Committee were announced and posted on the Company's website on 24 November 2022 (within the time frame of six (6) months before the AGM, as prescribed by the Code).

The Nomination Committee for the 2023 AGM consists of:

» Christer Lindholm, appointed by Kvalitena AB;
» Edwyn Neves, appointment by Banco BTG Pactual S.A;
» Rodrigo Pires, appointed by Turmalina Fundo de Investimento em Participações Multiestratégia; and
» Fabio Vassel, Chairman of the Company's Board.

The Nomination Committee Report, including the final proposals to the 2023 AGM, is published on the Company's website at the same time the Notice of the AGM is given. During 2022, the Nomination Committee has met and conferenced one (1) time during which all members attended or were in conference.

The Nomination Committee's purpose is to produce proposals for certain matters including, amongst others, the following (which will be presented to the 2023 AGM for consideration):

» Number of members of the Board of Directors;
» Remuneration to the Chairman of the Board of Directors, the other members of the Board of Directors and auditors respectively;
» Election of auditors;
» Remuneration, if any, for committee work;
» The composition of the Board of Directors;
» The Chairman of the Board of Directors;
» Resolution regarding the process of the Nomination Committee 2022;
» Chairman at the AGM.

The work of the Nomination Committee includes evaluation of the Board's work, competence and composition, as well as the independence of the members. The Nomination Committee will also consider criteria such as the background and experience of the Board of Directors, and evaluate the ongoing work.

The Board of Directors and its work

Board of Directors' composition

After the general meeting, the board of directors is the highest decision-making body. According to the Swedish Companies Act, the board of directors is responsible for the organisation and management of the company's affairs, which means that the board of directors is responsible for, among other things, establishing targets and strategies, securing procedures and systems for monitoring of set targets, continuously assessing the company's financial position and evaluating the operational management. Furthermore, the board of directors is responsible for ensuring that proper information is given to the company's shareholders, that the company complies with laws and regulations and that the company develops and implements internal policies and ethical guidelines. Moreover, the board of directors is responsible for ensuring that annual reports and interim reports are prepared in a timely matter. The board of directors also appoints the company's CEO and Managing Director and determines its salary and other compensation.

The members of the board of directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. Pursuant to the Company's Articles of Association, the Board shall consist of not less than three (3) and not more than seven (7) ordinary members, without any deputy members. There are no specific stipulations in the Company's Articles of Association on how the board members should be assigned or dismissed. The Company aims to promote diversity at all levels of the Company. In 2022, an EGM was convened following the request from a major shareholder to resolve upon a proposed election of a new board of directors of the company (for more information, see Extra General Meeting 2022 above). Up to March 29, 2023, the Company's Board consisted of 6 ordinary members, appointed until the end of the next annual shareholders' meeting. This number was increased to seven (7) Board Members, as per a resolution approved during an Extraordinary Board Meeting held on 29 March 2023 which removed Mr. Harald Pousette from his position, and elected Halvard Idland and Kjetil Solbraekke as new ordinary board members until the end of the next annual general meeting. The two new members join Maha's existing members including: Mr. Fabio Vassel (Chairman), Mr. Paulo Mendonça, Mr. Viktor Modigh, Mr. Enrique Peña and Mr. Richard Norris (see bios in section "The Board of Directors and Management").

Evaluation of the boards work

The board of directors' work was evaluated in a structured process conducted by a third party. The evaluation during 2022 was conducted by means of a questionnaire that each board member was requested to complete, in the aim of gaining an idea about the board members' views on how the board work has been conducted and which measures can be taken to improve the board work as well as which matters the directors feel should be given more attention and in which areas it could possibly be suitable to have additional expertise on the board. The results of this evaluation were reported to and discussed by the board.

Board of Directors from June 1, 2022 – November 3, 2022

Member	Elected	Position	Year of Birth	Nationality	Independent in Relation to Company	Independent in relation to the Company's major shareholders
Harald Pousette	2017	Chairman	1965	Swedish	Yes	No
Christer Lindholm	2022	Member	1977	Swedish	Yes	No
Jonas Lindvall[5]	2013	Member	1967	Swedish	No	Yes
Nicholas Walker	2019	Member	1962	British	Yes	Yes
Viktor Modigh	2022	Member	1980	Swedish	Yes	Yes
Richard Norris	2022	Member	1966	Canadian	Yes	Yes

Board of Directors from November 3, 2022 – Present

Member	Elected	Position	Year of Birth	Nationality	Independent in Relation to Company	Independent in relation to the Company's major shareholders
Fabio Vassel	2022	Chairman	1976	Swiss	Yes	No
Enrique Peña	2022	Member	1974	Spanish	Yes	No
Harald Pousette[7]	2017	Member	1965	Swedish	Yes	Yes
Paulo Mendonça[6]	2022	Member	1988	Portuguese	No	No
Viktor Modigh	2022	Member	1980	Swedish	Yes	Yes
Richard Norris	2022	Member	1966	Canadian	Yes	Yes
Halvard Idland[8]	2023	Member	1975	Norway	Yes	No[9]
Kjetil Solbraekke[8]	2023	Member	1962	Norway	Yes	No[10]

Rules of Procedure

The Board of Directors' work is governed by the approved Rules of Procedure. The Board of Directors supervises the work of the Managing Director by monitoring the Company's operational and financial activities. The Board of Directors ensures that the Company's organisation, administration, and controls are properly managed. The Board of Directors adopts strategies and goals and provides review and approval of larger investments, acquisitions and disposals of business activities or assets. The Board of Directors also appoints the Managing Director and determines the Managing Director's salary and other compensation. The Chairman of the Board of Directors supervises the Board's activities and is responsible for it functioning well. The Chairman, among other things, is regularly updated on the Company's operations, meets with the Managing Director and is responsible to ensure information and documentation is provided by the Company to ensure high quality discussions and proper consideration of matters.

Board of Directors' Yearly Work Cycle:

Q1 / Q2 targeted main activities:

- Approval of the fourth quarter report;
- Approval of the Annual Report and other annual reports;
- Review of the Auditor's Report and meeting with the Auditor (excluding Management) to discuss the audit process, risk management and internal controls;
- Review of the Policy on Remuneration for submission to the AGM;
- Determination of the AGM details and approval of the AGM materials;
- Approval of the first quarter report;
- Annual investor relations assessment;
- Review of the Rules of Procedure.

Q3 / Q4 main activities:

- Adoption of the budget and work programme;
- Consideration of the Board self-evaluation to be submitted to the Nomination Committee;
- Approval of the second and third quarter reports;
- Review of the third quarter Auditor's Report and meeting with the Auditor (excluding Management) to discuss interim review results;
- Performance assessment of the CEO and Managing Director;
- Consideration of the performance review of Group management and Remuneration Committee remuneration proposals;
- Long-term strategy discussions;
- Evaluation of internal controls;
- Insurance Program renewal.

[5] Jonas Lindvall was also Managing Director of the Company.

[6] Paulo Mendonca is also Managing Director of the Company.

[7] Harald Pousette was released as the ordinary Board member on 29 March 2023.

[8] Halvard Idland and Kjetil Solbraekke were elected as the new ordinary board members on 29 March 2023.

[9] Halvard is Director at DBO Invest which will be a major shareholder in the Company following completion of the issue of new shares

[10] Kjetil is CEO of DBO Invest which will be a major shareholder in the Company following completion of the issue of new shares.

The Board of Directors' work in 2022

During 2022, the Board of Directors held thirteen (13) meetings. Attendance for the in-person meetings is shown in the tables below. The Company's former CFO acted as the Board of Directors' corporate secretary for the meeting up to November 04, 2022, then a representative of Setterwalls (lawfirm contracted by the Company) acted as corporate secretary. Prior to each meeting, Board members were provided with an agenda and written information on the matters to be covered. Each meeting has included the possibility to discuss without management representatives being present. The Company's Auditor also met at least once with the Board of Directors or respective board committee.

Pre 31 May 2022 AGM

Board Member	Board	Attend	Audit Committee	Attend	Remuneration Committee	Attend	Reserves/ HSE Committee	Attend
*Harald Pousette	•	3/3	•	3/3				
Anders Ehrenblad	•	3/3	•	3/3	•	1/1		
Jonas Lindvall	•	3/3					•	1/1
Nicholas Walker	•	3/3			•	1/1	•	1/1
Fredrik Cappelen	•	3/3	•	3/3			•	1/1
Seth Liberman	•	3/3	•	2/3	•	1/1		

Post 31 May 2022 AGM

Board Member	Board	Attend	Audit Committee	Attend	Remuneration Committee	Attend	Reserves/ HSE Committee	Attend
*Harald Pousette	•	7/7	•	1/1	•	2/2		
Jonas Lindvall	•	7/7					•	1/1
Christer Lindholm	•	7/7	•	1/1				
Nicholas Walker	•	7/7			•	2/2	•	1/1
Viktor Modigh	•	7/7	•	1/1	•	2/2		
Richard Norris	•	7/7	•	1/1			•	1/1

Post 04 Nov 2022 EGM

Board Member	Board	Attend	Audit Committee	Attend	Remuneration Committee	Attend	Reserves/ HSE Committee	Attend
*Fabio Vassel	•	3/3			•	0/0		
Enrique Peña	•	3/3	•	1/1				
Harald Pousette	•	3/3	•	1/1	•	0/0		
Paulo Mendonca	•	3/3					•	0/0
Viktor Modigh	•	3/3	•	1/1	•	0/0	•	0/0
Richard Norris	•	3/3	•	1/1			•	0/0

Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain matters, the Board of Directors has formed three (3) committees, being: Audit Committee; Remuneration Committee; and Reserves/HSE Committee. Committee's members are appointed by the Board of Directors within the Board members up to the next AGM. The Committee's duties and authorities are governed by those Mandates, Policies and Terms of Reference described below. The committees perform monitoring and evaluations, resulting in recommendations to the Board of Directors, where all decision-making takes place.

Audit Committee

The Board of Directors established an Audit Committee just after the 2022 AGM for the period up to and including the EGM November 4, 2022, consisting of Christer Lindholm as Chairman, Harald Pousette, Viktor Modigh and Richard Norris as members. After the 2022 EGM, for the period up to and including the 2023 AGM, the committee consists of Enrique Peña as Chairman, Harald Pousette, Richard Norris and Viktor Modigh. The Committee convened five (5) times during 2022.

The Audit Committee is a supervisory body within the Board of Directors of Maha. The Audit Committee shall ensure compliance with the Board of Director's monitoring responsibilities pertaining to financial reporting, risk management and assessing the efficiency of the Company's internal controls over financial reporting. The Audit Committee shall thereby, in particular, contribute to sound and regular financial reporting to ensure the market's trust in Maha. The Audit Committee shall furthermore regularly liaise with the Company's external auditors as part of the annual audit process and review their fees, as well as the auditors' qualifications, independence and impartiality. The Audit Committee shall also ensure that good communication is maintained between the Board and the external auditor(s). As per the Audit Committee's functions and responsibilities, Audit Committee met with the external auditors more than once during the year, and also met without the presence of the management.

Remuneration Committee

The Board of Directors established a Remuneration after the 2022 AGM for the period up to and including the EGM November 4, 2022, consisting of Nicholas Walker as the Chairman, Harald Pousette, and Viktor Modigh. After the 2022 EGM for the period up to and including the 2023 AGM the committee consists of Fabio Vassel as the Chairman, Harald Pousette, and Viktor Modigh. The Committee convened three (3) times during 2022.

The Remuneration Committee is a preparatory body within the Board of Directors with the main duties to prepare resolutions to be adopted by the Board of Directors pertaining to matters regarding remuneration principles, remuneration policies and other terms of employment for executive management; monitor and evaluate current and during the year finalized programs for variable compensations for the executive management, and monitor and evaluate the compliance with the guidelines for remuneration for the executive management which the general meeting by law shall adopt, and applicable remuneration structures and remuneration levels in the Company. The work of the Remuneration Committee is governed by established rules of procedures that have been set by the Board of Directors.

Reserves/HSE Committee

The Board established a Reserves/HSE Committee after the 2022 AGM for the period up to and including the 2022 EGM, consisting of Richard Norris as Chairman, Nicholas Walker and Jonas Lindvall. After the 2022 EGM for the period up to and including the 2023 AGM the committee consists of Richard Norris, Chairman, Paulo Mendonça and Viktor Modigh. The Committee convened two (2) times during 2022.

The Reserves & HSE Committee is responsible for the following functions:

- assisting the Board of Directors in fulfilling its oversight responsibilities generally with respect to the oil and natural gas reserves evaluation process of the Company and public disclosure of reserves data and related information in connection with the Company's oil and gas activities;
- evaluating and recommending on appointment of independent qualified reserve auditor, oversight of the reserves audit process;
- developing, implementing and monitoring policies, standards and practices of the Company with respect to matters concerning health, safety and environment, including public disclosures.

Remuneration of Board of Directors members

The remuneration of the Chairman and other Board of Directors' members follows the resolution adopted by the AGM. The Board of Directors members, except for the CEO and Managing Director, are not employed by the Company, and therefore do not receive any salary from the Company and are not eligible for participation in the Company's incentive programmes applicable to its employees. The Policy on Remuneration approved by the AGM also comprises remuneration paid to Board members for work performed outside their directorships.

The 2022 AGM resolved that remuneration of the chairman of the Board of Directors shall be TSEK 415 per annum and of the other members TSEK 300 per member per annum. Remuneration is not paid for service of the Boards or directors of subsidiaries. Jonas Lindvall (until he stepped down on November 4th) and Paulo Mendonça, who was employed by Maha, did not receive any remuneration for his service on the Board of Directors. The same applies to Paulo Thiago Mendonça, current CEO of the Company, since he took office as a Board Member in November 2022. The annual fee for Board committee members is TSEK 40 per committee assignment. The annual fee for the chairman of the audit committee, remuneration committee and reserve and health, safety and environment committee is TSEK 60. Further, if a member of the Board of Directors, following a resolution by the Board of Directors, performs tasks which are outside the regular Board of Directors work, separate remuneration will apply, based on the company's Remuneration Policy.

Management

The executive management in Maha throughout 2022 has consisted of (i) the Managing Director and Chief Executive Officer (Jonas Lindvall) until he stepped down November 4th , 2022 and was succeeded by Paulo Mendonça, (ii) the Chief Financial Officer (Andres Modarelli), until he stepped down November 4th , 2022 and was succeeded by Bernardo Guterres, (iii) the Chief Operating Officer (Alan Johnson), (iv) the Manager of Investor Relations and Deputy Managing Director (Victoria Berg), and (v) Sub-surface Manager (Robert Thomson). The Board of Directors has adopted an instruction for the Managing Director which clarifies the responsibilities and authority of the Managing Director. According to the instruction, the Managing Director shall provide the Board of Directors with decision data to enable the Board of Directors to make well-founded decisions and with documents to enable it to continually monitor the activities for the year. The Managing Director is responsible for the day-to-day business of the Company and shall take the decisions needed for developing the business – within the legal framework, the business plan, the budget and the instruction for the Managing Director adopted by the Board of Directors, as well as in accordance with other guidelines and instructions communicated by the Board of Directors. The Board evaluates the work of the Chief Executive Officer. The Board examines this issue formally at least once a year, and without any member of the executive management present during this evaluation process.

Remuneration for Management

At the AGM 2022 it was resolved to adopt a policy for remuneration and other employment conditions for the Executive Management, which is available at the Company's website.

For additional information on Board of Directors' member and Executive Management compensation, please refer to Note 30 of the Financial Statements, as well as the Company's Remuneration Report available at the Company's website.

External Auditors

At the 2022 AGM and for the period until the conclusion of the next Annual General Meeting, the accounting firm Deloitte AB was elected as Maha's independent auditor. The Auditor in charge is Fredrik Jonsson.

Financial Reporting and Internal Controls

The Board of Directors has the ultimate responsibility of the internal controls over financial reporting. Maha's systems of internal control, with regard to financials reporting, is designed to minimize risks involved in financial reporting process and ensure a high level of reliability in the financial reporting. Furthermore, the system of internal control ensures compliance with applicable accounting requirements and other disclosure requirements that Maha is required to meet as a publicly listed company.

Internal Controls

While the Board of Directors (with assistance from the Audit Committee), in accordance with the Swedish Companies Act, has the ultimate responsibility for the internal controls over the Company's financial reporting; front line responsibility for such is with the CEO, Managing Director and CFO under the approved Instructions for Financial Reporting and the Instructions to Managing Director. In line with listed companies of similar size in the oil and gas sector, Maha maintains a system of internal controls for its financial reporting that is designed to minimize risks of error and ensure a high level of reliability and compliance with applicable accounting principles. The Company's CFO and Managing Director continually work on improving the financial reporting process through evaluating the risk of errors in the financial reporting and related control activities. Control activities include close monitoring and approval by the Company's executive team, in line with the authorization guidelines of: invoices, other payables, contracts and legal commitments, and other financial and treasury activities in relation to the oil and gas operations of the Company in the United States, Brazil and Oman. The purpose of these activities is to ensure and monitor that control activities are in place for the areas of identified risks related to financial reporting and potentially fraudulent activities. The Audit Committee, the CFO, and the Managing Director follow up on the compliance and effectiveness of the Company's internal controls to ensure the quality of internal processes is appropriate and develop controls as considered necessary.

During the year of 2022, there were no complaints reported under the Company's Anti-Corruption Policy and Code of Business Conduct and Ethics.

Information and Communication

The Board of Directors has adopted an Information and Communication Policy for the purpose of ensuring that the external information is correct and complete. There are also instructions regarding information security and how to communicate financial information.

Monitoring

Both the Board of Directors (with assistance from the Audit Committee) and the Company's management follow up on the compliance and effectiveness of the Company's internal controls to ensure the quality of internal processes. The Audit Committee ensures and monitors that adequate controls are in place for the identified areas of risk related to financial reporting activities. For this purpose, an independent consultant reporting directly to the Audit Committee is engaged to monitor and test effectiveness of internal controls.

Financial Statements

Consolidated Statement of Operations

For the Financial Year Ended 31 December

(TUSD) except per share amounts	Note	2022	2021[11]
Revenue			
Oil and gas sales	4	**12,327**	5,732
Royalties		**(2,976)**	(1,341)
Net Revenue		**9,351**	4,391
Cost of sales			
Production expense	3	**(2,828)**	(1,509)
Depletion, depreciation and amortization	9	**(2,783)**	(1,336)
Gross profit		**3,740**	1,546
General and administration	5	**(5,944)**	(4,658)
Stock-based compensation	13	**(802)**	(419)
Exploration and business development costs		**(197)**	(6)
Foreign currency exchange gain (loss)		**3**	21
Operating result		**(3,200)**	(3,516)
Net finance costs	6	**(9,329)**	(9,823)
Result before tax		**(12,529)**	(13,339)
Current and deferred tax	7	**-**	-
Net result from continuing operations		**(12,529)**	(13,339)
Net result from discontinued operations	8	**35,462**	34,926
Net result		**22,933**	21,587
Basic and diluted earnings per share			
From continuing operations	14	**(0.10)**	(0.12)
From discontinued operations	14	**0.29**	0.31
		0.19	0.19
Weighted average number of shares:			
Before dilution		**120,697,888**	112,912,781
After dilution		**120,987,859**	113,080,714

Consolidated Statement of Comprehensive Earnings

For the Financial Year Ended 31 December

(TUSD)	Note	2022	2021
Net result for the year		**22,933**	21,587
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	2	**6,743**	(5,914)
Comprehensive result for the year		**29,676**	15,673
Attributable to:			
Shareholders of the Parent Company		**29,676**	15,673

[11] The comparative periods have been restated to reflect continuing operations.

Consolidated Statement of Financial Position
For the Financial Year Ended 31 December

(TUSD)	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	9	**14,015**	117,411
Exploration and evaluation assets	10	**29,202**	13,660
Deferred tax assets	7	**-**	3,583
Other long-term assets		**302**	491
Total non-current assets		**43,519**	135,145
Current assets			
Assets held for sale	8	**153,986**	-
Prepaid expenses and deposits		**590**	1,239
Crude oil inventory		**172**	247
Accounts receivable and other credits	11	**568**	5,948
Cash and cash equivalents	12	**19,520**	25,535
Total current assets		**174,836**	32,969
TOTAL ASSETS		**218,355**	168,114
EQUITY AND LIABILITIES			
Equity			
Share capital		**171**	146
Contributed surplus		**106,063**	86,292
Other reserves		**(33,267)**	(40,010)
Retained earnings		**67,930**	44,997
Total equity	13	**140,897**	91,425
Liabilities			
Non-current liabilities			
Bank debt	16	**26,590**	44,234
Decommissioning provision	17	**1,700**	2,264
Lease liabilities	18	**78**	2,385
Other long-term liabilities and provisions	19	**-**	651
Total non-current liabilities		**28,368**	49,534
Current liabilities			
Liabilities held for sale		**19,889**	-
Accounts payable	20	**3,649**	9,644
Accrued liabilities and other	20	**5,975**	5,189
Current portion of lease liabilities	18	**77**	1,072
Bank debt	16	**19,500**	11,250
Total current liabilities		**49,090**	27,155
Total liabilities		**77,458**	76,689
TOTAL EQUITY AND LIABILITIES		**218,355**	168,114

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December

(TUSD)	Note	2022	2021
Operating Activities			
Net result from continuing operations		**(12,529)**	(13,339)
Net result from discontinued operations		**35,462**	34,926
Depletion, depreciation, and amortization	8	**13,338**	8,535
Stock based compensation	13	**802**	419
Accretion of decommissioning provision	5,17	**146**	122
Accretion of bond payable	15	**-**	497
Amortization of deferred financing fees	16	**1,838**	1,233
Other gains		**(384)**	(5,164)
Interest expense		**7,689**	6,920
Income tax expense		**(2,548)**	2,311
Deferred tax expense		**12,712**	5,359
Unrealized foreign exchange amounts		**(213)**	1,576
Settlement of decommissioning liabilities		**(103)**	-
Interest received		**153**	43
Interest paid		**(7,507)**	(7,223)
Tax paid		**(2,673)**	(2,494)
Changes in working capital	25	**8,474**	(2,716)
Cash from operating activities		**54,657**	31,005
Investing activities			
Capital expenditures - property, plant, and equipment	9	**(47,602)**	(44,334)
Capital expenditures - exploration and evaluation assets	10	**(15,081)**	(2,645)
Restricted cash		**-**	(16)
Cash used in investment activities		**(62,683)**	(46,995)
Financing activities			
Lease payments	18	**(1,358)**	(1,235)
Repayment of bonds payable		**-**	(35,919)
Bank debt borrowing	16	**-**	60,000
Repayment of bank debt	16	**(11,250)**	-
Paid financing fees		**-**	(5,132)
Shares subscription (net of issue costs)	13	**18,993**	9,047
Exercise of warrants (net of issue costs)		**-**	9,188
Cash from financing activities		**6,385**	35,949
Change in cash and cash equivalents		**(1,641)**	19,959
Cash and cash equivalents at the beginning of the period		**25,535**	6,681
Currency exchange differences in cash and cash equivalents		**(666)**	(1,105)
Cash and cash equivalents at the end of the year		**23,228**	25,535
- of which is included in assets held for sale	8	**3,708**	-
- of which is included in the continued operations		**19,520**	25,535

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December

(TUSD)	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 2021	**122**	**66,120**	**(34,096)**	**23,410**	**55,556**
Comprehensive result					
Result for the year	-	-	-	21,587	21,587
Currency translation difference	-	-	(5,914)	-	(5,914)
Total comprehensive result	-	-	**(5,914)**	**21,587**	**15,673**
Transactions with owners					
Stock based compensation	-	419	-	-	419
Share issuance (net of issue costs)	10	10,493	-	-	10,503
Exercise of warrants and options (net of issuance costs)	14	9,260	-	-	9,274
Total transactions with owners	24	**20,172**	-	-	**20,196**
Balance at 31 December 2021	**146**	**86,292**	**(40,010)**	**44,997**	**91,425**
Comprehensive result					
Result for the period	-	-	-	22,933	22,933
Currency translation difference	-	-	6,743	-	6,743
Total comprehensive result	-	-	**6,743**	**22,933**	**29,676**
Transactions with owners					
Stock based compensation	-	802	-	-	802
Share issuance (net of issue costs)	25	18,969	-	-	18,994
Total transactions with owners	25	**19,771**	-	-	**19,796**
Balance at 31 December 2022	**171**	**106,063**	**(33,267)**	**67,930**	**140,897**

Parent Company Income Statement

For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	**Note**	**2022**	2021
Revenue		**-**	-
Expenses			
General and administrative	5	**(9,081)**	(9,365)
Foreign currency exchange (loss) gain		**7,102**	32,069
Operating result		**(1,979)**	22,704
Finance costs	6	**(94,283)**	(79,861)
Finance income	6	**51,323**	-
Impairment on investment in subsidiaries and loans	32	**(19,939)**	(69,304)
Result before tax		**(64,878)**	(126,461)
Income tax	7	**-**	-
Result for the year (*)		**(64,878)**	(126,461)

(*) A separate report over Other Comprehensive Income is not presented for the Parent Company as there are no items included in Other Comprehensive Income for the Parent Company.

Parent Company Balance Sheets

For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	**Note**	**2022**	2021
Assets			
Non-current assets			
Investment in subsidiaries	30	**16,153**	8,003
Loans to subsidiaries	31	**691,849**	644,044
		708,002	652,047
Current assets			
Accounts receivable and other	10	**167**	-
Restricted cash		**50**	50
Cash and cash equivalents		**152,391**	88,170
		152,608	88,220
Total Assets		**860,610**	740,267
Equity and Liabilities			
Restricted equity			
Share capital		**1,580**	1,316
Unrestricted equity			
Contributed surplus		**892,763**	686,398
Retained earnings		**(463,895)**	(337,434)
Net result		**(64,878)**	(126,461)
Total unrestricted equity		**363,990**	222,503
Total equity		**365,570**	223,819
Non-current liabilities			
Bank debt	15	**288,246**	**412,964**
Current liabilities			
Accounts payable and accrued liabilities	19	**3,604**	1,406
Bank debt	15	**203,190**	102,078
		206,794	103,484
Total liabilities		**495,040**	516,448
Total Equity and Liabilities		**860,610**	740,267

Parent Company Cash Flow Statement

For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	Note	2022	2021
Cash flow from operations			
Net result		**(64,878)**	(126,461)
Adjustment for			
Impairment on investment in subsidiary and loans		**19,939**	69,304
Accretion of bonds liability	14	-	4,176
Amortization of deferred financing fees	15	**19,064**	10,772
Interest expense	6	**76,838**	61,534
Interest income		**(51,323)**	(32,134)
Unrealized foreign exchange		**(6,986)**	2,228
Interest paid		**(76,838)**	(61,534)
Changes in working capital		**2,031**	(6,136)
Total cash flow from operations activities		**(82,152)**	(78,251)
Cash flow from investing			
Investment in subsidiaries		-	(25,924)
Loan repayment by subsidiaries	31	**151,926**	17,396
Loans to subsidiaries	31	**(101,566)**	(170,354)
Total cash flow from (used in) investing activities		**50,359**	(178,882)
Cash flow from financing			
Repayment of bonds payable	14	-	(300,000)
Bank debt borrowing (net of deferred financing fees)	15	-	470,534)
Repayment of bank debt	15	**(119,500)**	
Shares subscription (net of issue costs)		**198,433**	78,560
Exercise of warrants, net of issuance costs	12	-	78,210
Total cash from financing activities		**78,933**	327,303
Change in cash during the year		**47,140**	70,170
Cash, beginning of the year		**88,170**	7,292
Foreign exchange on cash		**17,081**	10,708
Cash, end of the year		**152,391**	88,170

Parent Company Statement of Changes in Equity

For the Financial Year Ended 31 December

(Thousands of Swedish Krona)	Restricted equity **Share Capital**	Unrestricted equity **Contributed Surplus**	 **Retained Earnings**	 **Total Equity**
Balance at 1 January 2021	**1,117**	**516,500**	**(337,434)**	**180,183**
Total comprehensive income	-	-	(126,461)	(126,461)
Transaction with owners				
Stock based compensation	-	3,627	-	3,627
Share issuance (net of issuance costs)	82	88,178	-	88,260
Exercise of bond warrants (net of issuance costs)	117	78,093	-	78,210
Total transaction with owners	199	169,898	-	170,097
31 December 2021	**1,316**	**686,398**	**(463,895)**	**223,820**
Total comprehensive income	-	-	(64,878)	(64,878)
Transaction with owners				
Stock based compensation	-	8,195	-	8,195
Share issuance (net of issuance costs)	263	198,170	-	198,433
Total transaction with owners	**263**	**206,365**	**-**	**206,628**
Balance at 31 December 2022	**1,580**	**892,763**	**(528,773)**	**365,570**

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021. (Tabular amounts are in US Dollars, except in the Parent Company Financial Statements where the amounts are in Swedish Krona (SEK), unless otherwise stated).

1. Corporate Information

Maha Energy AB ("Maha (Sweden)" or "the Company") Organization Number 559018-9543 and its subsidiaries (together "Maha" or "the Group") are engaged in the acquisition, exploration and development of oil and gas properties.

The Company has operations in Brazil, the United States and Oman. The head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company's subsidiary, Maha Energy Inc., maintains its technical office at Suite 240, 23 Sunpark Drive SE, Calgary, Alberta, Canada T2X 3V1. The Company also has an operations offices in Grayville, IL and Newcastle, WY, USA.

Maha (Sweden) was incorporated on June 16, 2015, under the Swedish Companies Act and was registered by the Swedish Companies Registration Office on July 1, 2015. Maha Energy Inc. ("Maha Canada") was incorporated on January 23, 2013 pursuant to the Alberta Business Corporations Act. Maha Canada began its operations on February 1, 2013.

The Company announced the divestment of Maha Energy Brasil Ltda. on 28 December 2022 and closed the deal on 28 February 2023.

2. Accounting Policies

Basis of preparation

The consolidated financial statements of Maha Energy AB and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations issued by International Accounting Standards Board (IASB), as adopted by the European Union (EU) Commission and the Swedish Annual Accounts Act (1995:1554). In addition, RFR 1 "Supplementary Rules for Company's" has been applied as issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under the heading "Critical accounting estimates and judgements". The consolidated financial statements have been prepared under the historical cost convention, except for items that are required to be accounted for at fair value as detailed in the Group's accounting policies. Intercompany transactions and balances have been eliminated.

Changes in Accounting Policies and disclosures

During the year, the Company applied the amended accounting standards, interpretations and annual improvement points that are effective as of 1 January 2022. The application of the amendments did not have a material impact on the consolidated financial statements. IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2023. The new and revised accounting standards or interpretations are not expected to have a material impact on the Company's financial statements. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Summary of Significant Accounting Policies

Assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale or distribution expected to be completed within one year from the date of the classification.

Oil and gas properties, other tangible fixed assets and intangible assets are not depleted, depreciated or amortised anymore once classified as held for sale or distribution. Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of operations.

Principles of consolidation

The consolidated financial statements include the accounts of Maha and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between Company companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Maha has joint operations in Brazil's Tartaruga field which is now part of the assets held for sale (see Note 8) as well as subsequent to year-end, Maha entered into a joint operation in Oman. Maha recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. The Company conducts oil- and gas operations as a joint operation that does not have a separate legal entity status through licenses which are held jointly with other companies. The Company's financial statements reflect the Company's share of production, capital costs, operational costs, current assets and liabilities in the joint operations.

Business combinations

The acquisition method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the Statement of Operations. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 is measured at fair value with the changes in fair value recognized in the statement of operations in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Foreign currencies

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in US dollars (USD) which is the currency the Company has elected to use as the presentation currency. The functional currencies of the Company's subsidiaries are as follows:

Subsidiary	Functional Currency
Maha Energy AB (Parent Company)	USD
Maha Energy Inc.	USD
Maha Energy (USA) Inc.	USD
Maha Energy Services LLC	USD
Maha Energy (Indiana) Inc.	USD
Maha Energy 1 (Brazil) AB	SEK
Maha Energy 2 (Brazil) AB	SEK
Maha Energy Brasil Ltda	BRL
Maha Energy Finance (Luxembourg) S.A.R.L	BRL
Maha Energy (Oman) Ltd	USD

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at period end and foreign exchange currency differences are recognized in the income statement. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Exchange differences are included in financial income/expenses in the Consolidated Statement of Operations.

Presentation currency

The Consolidated Statement of Financial Position and the Consolidated Statement of Operations of foreign Group companies are translated for consolidation purposes using the current rate method. All assets and liabilities of the subsidiary companies are translated at the period end rates of exchange, whereas the Statement of Operations are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction. The translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the Statement of Operations and included in the result on sale. Translation differences arising from net investments in subsidiaries, used for financing exploration activities, are recorded directly in other comprehensive income.

For the preparation of the financial statements for the reporting period, the following exchange rates have been used.

	31 December 2022		31 December 2021	
Currency	Average	Period end	Average	Period end
SEK / USD	10.116	10.424	8.581	9.074
BRL / USD	5.179	5.284	5.396	5.581

Segment reporting

Operating segments are based on geographic perspective due to the unique nature of each country's operations, commercial terms or fiscal environment and reported in a manner consistent with the internal reporting provided to the Executive Management. Information for segments is only disclosed when applicable.

Current versus non-current classification

The Company presents assets and liabilities in the Consolidated Statements of Financial Position based on current/non-current classification.

An asset is current when it is:
» Expected to be realised or intended to be sold or consumed in the normal operating cycle.
» Expected to be realised within twelve months after the reporting period.
» Or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
» All other assets are classified as non-current.

A liability is current when:
» It is expected to be settled in the normal operating cycle.
» It is due to be settled within twelve months after the reporting period.
» Or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Oil and gas properties

Oil and gas properties are initially recorded at historical cost, where it is probable that they will generate future economic benefits. All costs for acquiring concessions, licenses or interests in production sharing contracts and for the survey, drilling and development of such interests are capitalized on a field area cost center basis. This includes capitalization of decommissioning and restoration costs associated with provisions for asset retirement (see Note 17). Oil and gas properties are subsequently carried at cost less accumulated depreciation, depletion and amortization (including any impairment). Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of assets sold and are recognized in income. Routine maintenance and repair costs for producing assets are expensed to the Statement of Operations when they occur. Proceeds from the sale or farm-out of oil and gas concessions in the exploration stage are off set against the related capitalized costs of each cost center with any excess of net proceeds over all costs capitalized included in the income statement.

Depreciation, depletion and amortization ("DD&A")

Producing oil and gas properties are depleted on a unit-of-production basis over the proved and probable reserves of the field. In accordance with the unit of production method, net capitalized costs to reporting date, together with anticipated future capital costs for the development of the proved and probable reserves determined at the balance sheet date price levels, are depleted based on the year's production in relation to estimated total proved and probable reserves of oil and gas. The impact of potential changes in estimated proved and probable reserves is dealt with prospectively by depleting the remaining carrying value of the asset over the expected future production. Depletion of a field area is charged to the Statement of Operations once commercial production commences, under depletion, depreciation and amortization.

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorized as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Exploration and evaluation assets ("E&E")

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs, including the costs of acquiring licenses, exploratory drilling and completion costs, and directly attributable general and administrative costs are initially capitalized as intangible E&E assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to E&E assets. Proceeds received from the sale of E&E assets are recorded as a reduction to the carrying value of the asset.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved reserves are determined to exist and these reserves can be commercially produced. A review of each exploration license or area is carried out, at least annually, to assess whether proved reserves have been discovered. Upon determination of proved reserves which can be commercially produced, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

Assets classified as E&E may have sales of crude oil or natural gas prior to the reclassification to oil and gas properties. These operating results are recognized in the Consolidated Statements of operations.

Impairment of non-financial assets

Oil and gas properties, E&E assets and Right-of-use ("ROU") assets are reviewed separately for indicators of impairment quarterly or when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit ("CGU") is estimated as the greater of value-in- use ("VIU") and fair value less costs of disposal ("FVLCOD"). VIU is estimated as the present value of the future cash flows expected to arise from the continuing use of a CGU or an asset. FVLCOD is the amount that would be realized from the disposition of an asset or CGU in an arm's length transaction between knowledgeable and willing parties. For the Company, FVLCOD is based on the discounted after-tax cash flows of reserves and resources using forward prices and costs, consistent with independent qualified reserves evaluators and may consider an evaluation of comparable asset transactions.

E&E assets are allocated to a related CGU containing development and production assets for the purposes of testing for impairment. ROU assets may be tested as part of a CGU, as a separate CGU or as an individual asset.

If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Impairment losses on PP&E and ROU assets are recognized in the Consolidated Statements of Operations as additional DD&A or as an E&E asset impairment expense.

Impairment losses recognized in prior periods are assessed at each reporting date for any indicators that the impairment losses may no longer exist or may have decreased. In the event that an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized on the asset in prior periods. The amount of the reversal is recognized in net earnings.

Other tangible assets

Other tangible assets that include office furniture, fixtures, leasehold improvements, machinery and vehicles are stated at cost less accumulated depreciation. Depreciation is based on cost and is calculated on a straight-line basis over the estimated economic life of the assets, which range from two to five years for office furniture, fixtures, vehicles and leasehold improvements. Materials and spare parts in the LAK field are assessed annually for the conditions and obsolescence and, if used, the related costs are transferred to the exploration costs of the property.

Additional costs to existing assets are included in the assets' net book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The net book value of any replaced parts is written off. Other additional expenses are deemed to be repair and maintenance costs and are charged to the Statement of Operations when they are incurred. The net book value is written down immediately to its recoverable amount when the net book value is higher. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Leases are recognized as a ROU asset as part of the property, plant and equipment and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net earnings over the lease term.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the consolidated statement of earnings if the carrying amount of the ROU asset has been reduced to zero.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease payments made at or before the commencement date. The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of earnings on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

Financial assets and liabilities

The Company's financial assets include cash, accounts receivable, net investment in finance leases, and long-term receivables. The Company's financial liabilities include accounts payable and accrued liabilities, short-term borrowings, lease liabilities, and long-term debt. Financial assets and financial liabilities are recognized on the Consolidated Statements of Financial Position initially at fair value plus transaction costs on initial recognition and subsequently measured at amortised cost unless stated otherwise. Financial assets are derecognized when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liability is derecognized when the obligation is discharged, cancelled, or expired.

The Company characterizes its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

» Level 1 inputs are quoted prices in active markets for identical assets and liabilities.
» Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly: and
» Level 3 inputs are unobservable inputs for the asset or liability.

The Company recognises the following financial assets and liabilities:

Financial Assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company classifies its cash and cash equivalents and accounts receivables at amortized cost. The Company's intent is to hold the receivables until cash flows are collected.

Financial Assets through other comprehensive income ("FVOCI")

Financial assets measured at FVOCI includes assets that are held for contractual cash flows and selling the financial assets, where its contractual terms give rise on specific dates to cash flows that represent solely payments of principal and interest.

Financial Assets at fair value through profit or loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or FVOCI and are measured at fair value though profit or loss. The Company classifies its derivative financial instruments as FVTPL.

Financial Liabilities at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Borrowings and accounts payable are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial Liabilities at FVTPL

Financial liabilities measured at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost.

Impairment of Financial Assets

The measurement of impairment of financial assets is based on the expected credit losses ("ECL"). Accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component. For the other receivables, the Company applies the simplified approach which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss, the Company considers the anticipated credit losses from all possible default events over the expected life of a financial asset and also historical default rates and credit ratings of major customers. For the ECL allowances for cash and cash equivalents, the Company considers credit ratings of the major banks that is holds its cash with.

Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction, hedges of the fair value of recognized assets and liabilities or a firm commitment, or hedges of a net investment in a foreign operation.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including offsetting bank overdrafts, short-term deposits, money market funds and commercial paper that have a maturity of three months or less at the date of acquisition.

Inventories

Product inventories are valued at the lower of cost and net realizable value, cost being determined on a weighted average cost basis. The cost of inventory includes all costs incurred in the normal course of business to bring each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any expected selling costs. If the carrying amount exceeds net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if circumstances which caused it no longer exist and the inventory is still on hand. Inventories of hydrocarbons are stated at the lower of cost and net realisable value.

Equity

Share capital consists of the registered share capital for the Parent Company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. Excess contribution in relation to the issuance of shares is accounted for in the item contributed surplus. The currency translation reserve contains unrealized translation differences due to the conversion of the functional currencies into the presentation currency. Retained earnings contain the accumulated results attributable to the shareholders of the Parent Company.

Share-based compensation

The Company has granted warrants to purchase common stock to directors, officers, employees, and consultants under Warrants Incentive Program. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a stock-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is contribute surplus.

The fair value of warrants is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instrument (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short-term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Earnings per share

Basic earning (loss) per share is computed by dividing the net income or loss applicable to common stock of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted using the treasury method.

Provisions

A provision is reported when the Company has a legal or constructive obligation as a consequence of an event and when it is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs. On fields where the Group is required to contribute to site restoration costs, a provision is recorded to recognize the future commitment. An asset is created, as part of the oil and gas property, to represent the discounted value of the anticipated site restoration liability and depleted over the life of the field on a unit of production basis. The corresponding accounting entry to the creation of the asset recognizes the discounted value of the future liability. The discount applied to the anticipated site restoration liability is subsequently released over the life of the field and is charged to financial expenses. Changes in decommissioning costs and reserves are treated prospectively and consistent with the treatment applied upon initial recognition.

Onerous contract provisions are recognized when the unavoidable costs of meeting the obligation exceed the economic benefit derived from the contract. The provision for onerous contracts is measured at the present value of estimated future cash flows underlying the obligations less any estimated recoveries, discounted at the credit-adjusted risk-free rate. Changes in the underlying assumptions are recognized in the Consolidated Statements of operations.

Revenue

The Company's revenue relates to oil and natural gas sales in Brazil and the USA. The Company recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from the Company to its customer. The Company satisfies its performance obligations in contracts with customers upon the delivery of crude oil and natural gas, which is generally at a point in time and the amounts of revenue recognized relating to performance obligations satisfies over time are not significant. Revenue is recognized based on the consideration specified in contracts with customers. Revenue represents the Company's share and is recorded net of other mineral interest owners. The Company evaluates its arrangement with third parties and partners to determine if the Company acts as a principal or an agent. In making this evaluation, management considers if the Company obtains control of the product delivered, which is indicated by the Company having the primary responsibility for the delivery of the product, having ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in transaction, then the revenue is recognized on a net-basis, only reflecting the fee or commission realized by the Company from the transaction.

The Company has take-or-pay contracts where the Company has long-term supply commitments in return for purchasers to pay for minimum quantities, whether or not the customer takes the delivery. Also, the Company pays a defined penalty where the Company is unable to satisfy the minimum supply commitments.

Maha's revenue transactions do not contain any financing components and payments are typically due within 30 days of revenue recognition. The Company does not disclose information about remaining performance obligations that have an original expected duration of one year or less and it does not have any long-term contracts with unfulfilled performance obligations.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2 section Critical accounting estimates and judgements.

Royalties

The fiscal regime in the area of operations defines whether royalties are payable in cash or in kind. Royalties payable in cash are accrued in the accounting period in which the liability arises. The Company pays cash royalties to respective government agencies and to private land owners as a percentage of the revenue that is generated through the sale of oil and gas production.

Exploration costs

Costs incurred prior to obtaining the legal right to explore (pre-exploration costs) are expensed in the period in which they are incurred as exploration expense. Costs incurred after the legal right to explore is obtained are initially capitalized. If it is determined that the field/project/area is not technically feasible and commercially viable or if the Company decides not to continue the exploration and evaluation activity, the unrecoverable accumulated costs are expensed as exploration expense.

Income taxes

Income tax expense is comprised of current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is more likely than not that the asset will be realized. Maha has recognized deferred tax assets on tax losses in Brazil only on the basis that they are more likely than not to be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Parent Company's accounting policies

The Parent Company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. Under RFR 2, the Parent Company, in preparing the annual financial statements for the legal entity, applies all EU-approved IFRSs and statements insofar as this is possible within the fram¬ework of the Annual Accounts Act and with respect to the connection between accounting and taxation. The recommendations specify which exceptions and additions are to be made from and to IFRS.

The Parent Company's accounting policies do not in any material respect deviate from the Group policies and have been con¬sistently applied in all periods presented in the financial statements of the Parent Company. The differences between the accoun¬ting policies of the Group and the Parent Company are stated below.

Shares and participations

Shares and participations in Group companies are recognized at cost, including transaction costs, and sub¬ject to impairment testing each year. Dividends are recognized in profit or loss.

Shareholders' contributions

Unconditional shareholders' contributions are recognized directly in shareholders' equity at the recipient and capitalized in shares and participations at the giver, to the extent that impairment is not required.

Group contributions

The parent company uses the alternative method in accounting for group contributions and records paid as well as received contributions as appropriations in the income statement.

Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recorded in the period in which the estimates are revised.

The following are the key assumptions about the future and other key sources of estimation at the end of the reporting period that, if changed, could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Estimates in oil and gas reserves

Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion, decommissioning provisions and business acquisitions. Standard recognized evaluation techniques are used to estimate the proved and probable reserves. Estimates of the proved and probable reserves require the application of judgement and are subject to annual revisions based on new information such as changes in economic factors, including product prices, contract lease terms or development plans.

These techniques consider the future level of development required to produce the reserves. An independent reserves auditor reviews these estimates. Changes in estimates of oil and gas reserves, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Changes in estimates in oil and gas reserves could for example result from additional drilling, observation of long-term reservoir performance or changes in economic factors such as oil price and inflation rates. Information about the carrying amounts of the oil and gas properties and the amounts charged to income, including depletion, exploration costs, and impairment costs is presented in Note 9.

Impairment of oil and gas properties

For purposes of impairment testing, PPE are aggregated into CGUs, based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment. Key assumptions in the impairment models relates to prices and costs that are based on forward curves and the long-term corporate assumptions. The recoverable amount of the Company's CGUs is determined using estimate of the future cash flows based on future oil and gas prices and expected production volumes. These calculations require the use of estimates and assumptions, including the discount rate. It is possible that the commodity price assumptions may change, which may impact the estimated life of the field and economical reserves recoverable and may require an adjustment to the carrying value of developed and producing assets. The Company monitors internal and external indicators of impairment relating to its assets and records adjustments, if necessary, at each reporting period date. The Company used fair value less cost of disposal in assessing the impairment indicators before classifying the Brazil segment as assets held for sale.

Decommissioning provisions

These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur and are reviewed regularly by management.

Estimates such as discount rates, timing of the abandonment and the abandonment costs itself are reviewed every reporting period and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Expenditures on exploration and evaluation assets

The application of the Company's accounting policy for expenditures on exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Factors such as drilling results, future capital programs, future operating expenses, as well as estimated reserves and resources are considered. In addition, Management uses judgment to determine when exploration and evaluation assets are reclassified to Producing properties. In making this determination, various factors are considered, including the existence of reserves, and whether the appropriate approvals have been received from regulatory bodies and the Company's internal approval process. The Company's LAK field in the USA and Block 70 in Oman are considered exploration and evaluation properties. Even though the LAK field has been suspended, the Company intends to deploy future capital once the field is considered economic to develop again.

Exploration and evaluation assets impairment assessment requires management judgement, as these assets are subject to ongoing internal reviews to establish the technical feasibility and commercial viability of a project. Indicators of impairment or impairment reversals are based on management's assessments of the future recoverable value of the exploration and evaluation assets. Exploration and evaluation assets are aggregated into CGUs when assessing the recoverability. Determination of a CGU's recoverable amount is described above in impairment of oil and gas properties.

Deferred income tax assets

The Company accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12, Income Taxes, which requires deferred income tax assets only to be recognized to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized. Management estimates future taxable profits based on the financial models used to value its oil and gas properties. Any change to the estimates and assumptions used for the key operational and financial variables used within the business models could affect the amount of deferred income tax assets recognized.

The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Company uses its best estimates and judgement, actual results could differ from these estimates.

Contingencies

The Company accrues a potential loss if the Company believes a loss is probable and can be reasonably estimated, based on information that is available at the time. The determination of whether a loss is probable from litigation and whether an outflow of resources is likely requires judgment.

Determining the lease term contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised or any periods covered by an option to terminate the lease, if it reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

3. Segment Information

Operating segments are based on a geographic perspective and reported in a manner consistent with the internal reporting provided to the executive management. All prior period operating segment results have been adjusted to reflect the current presentation of the operating segments.

i) USA: Includes all oil and gas activities in the LAK Field and Illinois Basin in the USA.

ii) Corporate: The Corporate segment aggregates costs incurred at the Company's corporate office in Sweden and the technical and support office in Canada as well as costs related to exploration activities in Oman. These operating segments have similar economic characteristics as they do not currently generate revenue.

Adjustments segment primarily includes consolidation adjustments and eliminations between segments.

The following tables present the operating result for each segment. Revenue and income relate to external (non-intra group) transactions.

2022 *(TUSD)*	**USA**	**Corporate**	**Consolidated**
Revenue	**12,327**	**-**	**12,327**
Royalties	**(2,976)**	**-**	**(2,976)**
Production and operating	**(2,828)**	**-**	**(2,828)**
Depletion, depreciation, and amortization	**(2,709)**	**(74)**	**(2,783)**
General and administration	**(247)**	**(5,697)**	**(5,944)**
Stock-based compensation	**-**	**(802)**	**(802)**
Exploration and business development cost	**-**	**(197)**	**(197)**
Foreign currency exchange loss	**-**	**3**	**3**
Operating results	**3,567**	**(6,767)**	**(3,200)**
Net finance costs	**(27)**	**(9,302)**	**(9,329)**
Net results from continuing operations	**3,540**	**(16,069)**	**(12,529)**

2021 *(TUSD)*	**USA**	**Corporate**	**Consolidated**
Revenue	5,732	-	5,732
Royalties	(1,341)	-	(1,341)
Production and operating	(1,509)	-	(1,509)
Depletion, depreciation, and amortization	(1,270)	(66)	(1,336)
General and administration	(147)	(4,511)	(4,658)
Stock-based compensation	-	(419)	(419)
Exploration and business development costs	-	(6)	(6)
Foreign currency exchange loss (gain)	76	(55)	21
Operating results	1,541	(5,057)	(3,516)
Net finance costs	(20)	(9,803)	(9,823)
Net results from continuing operations	**1,521**	**(14,860)**	**(13,339)**

	Assets		Liabilities	
(TUSD)	**2022**	2021	**2022**	2021
Brazil[12]	**153,986**	124,647	**19,889**	53,132
USA	**17,330**	17,618	**41,383**	44,753
Corporate	**145,286**	118,695	**114,433**	71,650
Intercompany balance elimination	**(98,247)**	(92,846)	**(98,247)**	(92,846)
Total Assets/Liabilities	**218,355**	168,114	**77,458**	76,689
Shareholder's equity	**-**	-	**140,897**	91,425
Total equity	**-**	-	**140,897**	91,425
Total consolidated	**218,355**	168,114	**218,355**	168,114

For detailed information for the oil and gas properties, see also Note 9 and Note 10.

Joint operations

The Company, jointly with one other participant, owns the Tartaruga block oil and gas production assets in Brazil. The Company's share is 75% in the joint operations. The Company is entitled to a proportionate share of the oil and gas revenue and bears a proportionate share of the expenses. This joint operations results have been included in the discontinued operations.

On 28 January 2023 the Company entered into a Joint Operating Agreement for Block 70 in Oman and completed the assignment of Maha's 35% work interest to Mafraq Energy, as provided in the relevant Farmout Agreement signed by the Parties in August 2022. Maha is the Operator of Block 70, with 65% shareholding interest. See Note 35 for further details.

4. Revenue

The Company derives revenue from the transfer of goods at a point in time from oil production in the USA.

(TUSD)	**2022**	2021
Continuing operations - Total revenue from contracts with customers	**12,327**	5,732

Revenue is measured at the consideration specified in the contracts and represents amounts receivable net of discounts and sales taxes. Performance obligations associated with the sale of crude oil are satisfied when control of the product is transferred to the customer. This occurs when the oil is physically transferred at the delivery point agreed with the customer and the customer obtains legal title.

The continuing operations of the Company had one main customer 2022 (2021: one) that individually accounted for 100 percent of the Company's consolidated gross sales. There were no intercompany sales or purchases of oil and gas during the period.

The Company had no contract asset or liability balances during the period presented. As at 31 December 2022, accounts receivable and other credits included $0.4 million of sales revenue which related to the current quarter's production.

5. General and Administrative Expenses

	TUSD		Parent TSEK	
	2022	2021	**2022**	2021
Personnel costs	**7,676**	4,059	**2,948**	3,674
Rent & office costs	**402**	900	**137**	144
Insurance	**255**	151	**-**	-
Listing and marketing costs	**469**	186	**1,792**	2,656
Costs of external services	**939**	909	**2,890**	1,530
Software & Information technology	**214**	285	**93**	225
Travel related costs	**378**	221	**130**	23
Non recoverable taxes & other costs	**110**	96	**1,091**	848
Allocated to discontinued operations	**(4,499)**	(1,290)	**-**	-
	5,944	5,517	**9,081**	9,365

[12] Brazil assets and liabilities have been classified as assets and liabilities held for sale.

6. Net Finance Costs

	TUSD		Parent TSEK	
	2022	2021	**2022**	2021
Interest on bonds payable	**-**	1,463	**-**	12,300
Accretion of bonds payable (Note 15)	**-**	497	**-**	4,176
Accretion of decommissioning provision	**28**	122	**-**	-
Amortisation of deferred financing fees (Note 16)	**1,838**	1,233	**17,445**	10,772
Financing transaction cost	**-**	505	**-**	4,613
Foreign currency exchange loss	**-**	784	**-**	34,200
Interest expense (Note 16)	**7,527**	5,456	**76,838**	45,934
Interest income [13]	**(65)**	(97)	**(51,323)**	(32,134)
	9,329	9,963	**42,960**	79,861

7. Income Taxes

	TUSD		Parent TSEK	
	2022	2021	**2022**	2021
Current tax expense	**-**	-	**-**	-
Deferred tax expense (income)	**-**	-	**-**	-
Total	**-**	-	**-**	-

The Company had no income tax expense from the continuing operations in 2022 or 2021.

Income taxes for Maha's operations in Brazil have been reported in discontinued operations (Note 8).

The applicable tax rate reflects the statutory tax rate of the company's head office in Sweden. The tax on the Company's profit before tax from continuing operations is different from the theoretical amount that would arise using the tax rate of Sweden as follows:

	TUSD		Parent TSEK	
	2022	2021	**2022**	2021
Result before tax	**(12,529)**	(13,339)	**(64,878)**	(126,461)
Applicable tax rate	**20.6%**	20.6%	**20.6%**	20.6%
Expected tax expense (income)	**(2,581)**	(2,748)	**(13,365)**	(26,051)
Effect of different tax rates	**1,214**	530	**-**	-
Non-deductible items	**1,969**	2,015	**11,927**	22,801
Changes in unrecognized deferred tax assets and other	**(602)**	203	**1,438**	3,250
Income tax expense (income)	**-**	-	**-**	-
Current tax expense	**-**	-	**-**	-
Deferred tax expense (income)	**-**	-	**-**	-
Total	**-**	-	**-**	-

Maha's oil and gas operations in Oman are governed by an Exploration and Production Sharing Agreement ("EPSA"). Under the terms of the EPSA, Oman income taxes are paid from the government share of oil and no tax assets or liabilities are recorded in respect of Oman operations.

Deferred income tax assets are recognized to the extent that it is more likely than not that the asset will be realized. The Company has not recognized any deferred tax assets on its tax loss carry forwards or other temporary deductible differences on its continuing operations as their recovery is uncertain.

[13] The Parent Company interest income mainly represents intra group loans interest income.

A summary of Maha's estimated tax losses by country is as follows:

	Loss carry-forwards	
(TUSD)	**2022**	**Expiry**
Sweden	18,014	Indefinite
Luxembourg	10,047	Beginning in 2034
Canada	3,394	Beginning in 2033
United States	18,791	Beginning in 2033
	50,246	

8. Asset Held for Sale and Discontinued Operations – Maha Brazil

On 28 December 2022, Maha announced the divestment of Maha's Brazilian subsidiary (Maha Energy Brasil Ltda.) to PetroRecôncavo, one of the major Exploration and Production onshore players in Brazil. The purchase agreement for the sale of the entirety of Maha's stake in its Brazilian subsidiary was signed on December 27, 2022 ("Maha Brazil Transaction"), with its closing subject to customary precedent conditions. Subsequent to the yearend, Maha Brazil Transaction was approved by the Brazilian antitrust authority and the was closed on 28 February 2023.

As a result, the Brazil segment has been classified as held for sale and its operations have been classified as discontinued operations. The assets have been recorded at the lesser of their carrying amount and their fair value less costs to sell. No impairment was recorded on the reclassification.

Results of Discontinued Operations

(TUSD) except per share amounts	**2022**	2021
Revenue		
Oil and gas sales	**77,450**	62,574
Royalties	**(7,918)**	(8,043)
Net Revenue	**69,532**	54,531
Cost of sales		
Production expense	**(15,326)**	(11,353)
Depletion, depreciation and amortization	**(10,555)**	(7,199)
Gross profit	**43,651**	35,979
General and administration	**(1,467)**	(859)
Foreign currency exchange gain (loss)	**-**	9
Other income (loss)	**2,398**	2,443
Other gains	**384**	5,164
Operating result	**44,966**	42,736
Net finance costs	**660**	(140)
Result before tax	**45,626**	42,596
Current tax recovery (expense)	**2,548**	(2,311)
Deferred tax expense	**(12,712)**	(5,359)
Net result from discontinued operations	**35,462**	34,926

Amounts included in accumulated other comprehensive income:

(TUSD)	**2022**	**2021**
Exchange differences on translation of foreign operations	**7,515**	(6,852)

Assets and Liabilities held for Sale

(TUSD)	**31 December 2022**
Assets held for sale	
Property, plant and equipment	141,761
Prepaid expenses and deposits	863
Crude oil inventory	557
Accounts receivable and other credits	7,097
Cash and cash equivalents	3,708
Total assets held for sale	**153,986**
Liabilities held for sale	
Decommissioning provision	1,020
Deferred tax liabilities	8,169
Lease liabilities	3,488
Other long-term liabilities and provisions	353
Accounts payable	3,182
Accrued liabilities and provisions	3,676
Total liabilities held for sale	**19,888**
Net assets held for sale	**134,098**

Cash flows from Discontinued Operations

(TUSD)	**2022**	**2021**
Cash from operating activities	**54,397**	43,148
Cash used in investment activities	**(45,669)**	(35,606)
Cash from (used in) financing activities	**(12,198)**	(4,858)

9. Property, Plant and Equipment

(TUSD)	Oil and gas properties	Equipment and Other	Right-of-use assets	Total
Cost				
31 December 2020	**96,746**	**2,157**	**6,018**	**104,921**
Additions	41,161	214	-	41,375
Disposition	-	-	(30)	(30)
Change in decommissioning cost	(360)	-	-	(360)
Currency translation adjustment	(7,000)	(190)	(14)	(7,204)
31 December 2021	**130,547**	**2,181**	**5,974**	**138,702**
Additions	43,277	367	1,396	45,040
Transfer to assets held for sale	(164,070)	(710)	(7,176)	(171,956)
Change in decommissioning cost	(104)	-	-	(104)
Currency translation adjustment	7,407	39	62	7,508
31 December 2022	**17,057**	**1,877**	**256**	**19,190**
Accumulated depletion, depreciation and amortization				
31 December 2020	**(12,513)**	**(751)**	**(612)**	**(13,876)**
DD&A	(7,000)	(142)	(1,267)	(8,409)
Currency translation adjustment	951	19	24	994
31 December 2021	**(18,562)**	**(874)**	**(1,855)**	**(21,291)**
DD&A	(11,483)	(133)	(1,378)	(12,994)
Transfer to assets held for sale	26,719	420	3,057	30,196
Currency translation adjustment	**(1,105)**	**(22)**	**41**	**(1,086)**
31 December 2022	(4,431)	(609)	(135)	(5,175)
Carrying amount				
31 December 2021	111,985	1,307	4,119	117,411
31 December 2022	**12,626**	**1,268**	**121**	**14,015**

(TUSD)	Brazil[14]	USA	Corporate	Consolidated
Oil and gas properties	**137,351**	**12,626**	**-**	**149,977**
Other tangible assets	**290**	**1,138**	**130**	**1,558**
Right-of-use assets	**4,119**	**-**	**121**	**4,240**
31 December 2022	**141,760**	**13,764**	**251**	**155,775**
Oil and gas properties	98,230	13,757	-	111,987
Other tangible assets	251	962	96	1,309
Right-of-use assets	3,943	-	172	4,115
31 December 2021	102,424	14,719	268	117,411

The oil and gas properties which related to Maha Brazil were reclassified to assets held for sale following the announcement of Maha Brazil Transaction on 28 December 2022, see also Note 8. Balance of the the oil and gas properties relate to the producing oil and gas assets in the USA segments. The Corporate segment includes other tangible assets of all corporate companies including Oman. Depletion and depreciation for the continuing operations amounted to TUSD 2,783 (2021: TUSD 1,336) for 2022 and is included with the DD&A costs line in the Consolidated Statement of Operations.

At 31 December 2021, the Company assessed its property, plant and equipment for indicators of potential impairment and the Company noted indicators of impairment for the Brazil properties due to a decrease in reserves volumes and net present value. The Company performed impairment tests and determined that there were no impairment to record.

[14] Brazil assets and liabilities have been classified as assets and liabilities held for sale.

10. Exploration and Evaluation Assets

	(TUSD)
31 December 2020	**11,014**
Additions in the period	2,646
31 December 2021	13,660
Additions in the period	15,685
Change in decommissioning cost	(143)
31 December 2022	**29,202**

Exploration and evaluation assets relate to non-producing oil and gas properties in the LAK Ranch block, USA and Oman Block 70 and by nature are intangible costs. No depletion was charged to these E&E assets. Of the total additions during the current year, additions related to Oman Block 70 amounted to TUSD 14,882 (2021: TUSD 1,886) and additions related to the LAK Ranch amounted to TUSD 803 (2021: TUSD 760).

On 8 August 2022, the Company entered into a farmout agreement with Mafraq Energy LLC whereby the Company will transfer a 35% working interest in the Block 70 in Oman in exchange for Mafraq Energy LLC reimbursing Maha for their prorated share of all past costs. Mafraq Energy LLC will also be required to pay their share of all future expenditures on Block 70. Subsequent to the yearend, the Company entered into the joint operating agreement with Mafraq Energy LLC for Block 70 in Oman. The signature of the joint operating agreement alongside the Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, marks the satisfaction of all conditions precedent required for the conclusion of the assignment of Maha's 35% work interest to Mafraq Energy LLC, as provided in the relevant Farmout Agreement signed by the Parties in August 2022.

Impairment of E&E assets

E&E assets are tested for impairment both at the time of any triggering fact and circumstances as well as upon their eventual reclassification to oil and gas properties in PP&E. At 31 December 2022 and 2021, the Company assessed its E&E assets for indicators of potential impairment. As a result of this assessment, the Company concluded that no impairment indicators existed.

11. Accounts Receivables

	TUSD		**Parent TSEK**	
	2022	2021	**2022**	2021
Oil and gas sales	**429**	2,658	**-**	-
Tax credits and other receivables	**139**	3,290	**167**	-
	568	5,948	**167**	-

Accounts Receivables which related to Maha Brazil were reclassified to assets held for sale following the announcement of Maha Brazil Transaction on 28 December 2022, see also Note 8. The majority of the Company's oil and gas sales receivables are with one customer for the USA oil sales. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with creditworthy purchasers. As at 31 December 2022, the average expected credit losses were minimal and are included in the reserve for the Company's accounts receivable. The Company has no history of collection issues with the customers which are mainly of high credit ratings or has no default history.

12. Cash and Cash Equivalents

(TUSD)	**2022**	2021
Cash	**12,379**	17,532
Short term investment	**7,141**	8,003
	19,520	25,535

Cash and cash equivalents which related to Maha Brazil were reclassified to assets held for sale following the announcement of Maha Brazil Transaction on 28 December 2022, see also Note 8.

13. Share Capital

Shares outstanding	A	B	Total
31 December 2020	**101,146,685**	**483,366**	**101,630,051**
Exercise of bond warrants	10,134,916	-	10,134,916
Exercise of incentive warrants	480,238	-	480,238
Share subscription	7,470,491	-	7,470,791
Conversion of convertible B shares	483,366	(483,366)	-
31 December 2021	**119,715,696**	**-**	**119,715,696**
Share subscription	23,900,000	-	23,900,000
31 December 2022	**143,615,696**	**-**	**143,615,696**

On 14 December 2022, the Company successfully completed a directed new share issue of 23,900,000 shares and raised proceeds of approximately SEK 203 million (USD 20.0 million) before costs directly attributable to this transaction. Through the Directed New Share Issue, the number of shares in the Company increased from 119,715,696 to 143,615,696 and the share capital increased by SEK 262,900.000 from SEK 1,316,872.656 to SEK 1,579,772.656. The Directed New Share Issue entails a dilution of approximately 16.6 % based on the total number of shares in Maha after the Directed New Share Issue.

During 2021, a total of 10,134,916 bond warrants were exercised at a strike price of SEK 7.45 prior to their expiration on 30 June 2021 and the same number of new class A shares were issued. The remainder of the bond warrants are now expired. The total proceeds from this transaction were SEK 75.5 million (approximately USD 9.0 million) before issuance costs. In addition, 300,000 incentive warrants were exercised and converted to class A shares during the year and additional 180,238 incentive warrants that were exercised at year-end 2020 were registered as class A shares. Also, all outstanding class B shares (483,366) were converted to Class A shares during 2021.

As part of the Term Loan financing during the second quarter of 2021, Maha received an equity contribution of USD 10 million through a private placement issuance of 7,470,491 new class A shares, at a price of SEK 11.59 per share (See Note 16 for further details).

The Company has detailed the conversion of class B shares to Class A shares in its previously published prospectus and is available on the Company's website.

Warrant Incentive Program

The Company has long term incentive program (LTIP) to issue incentive warrants as part of the remuneration package for management and employees. The annual 2022 incentive warrants were issued during the second quarter 2022. Issued but not allocated warrants are held by the Company. As at 31 December 2022 Maha incentive warrants outstanding were as follows:

Warrants incentive programme	Exercise period	Exercise price, SEK	1 Jan 2022	Issued 2022	Exercised 2022	Expired or Cancelled or forfeited 2022	**31 December 2022**
2019 (LTIP-3)	1 June 2022 – 28 February 2023	28.10	500,000	-	-	(128,333)	371,667
2020 (LTIP-4)	1 June 2023 – 29 February 2024	10.90	460,000	-	-	(90,000)	370,000
2021 (LTIP-5)	1 June 2024 – 28 February 2025	12.40	1,048,286	-	-	(30,000)	1,018,286
2021 (LTIP-6)	1 June 2023 – 29 February 2024	12.40	524,143	-	-	-	524,143
2022 (LTIP-7)	1 June 2025 – 28 February 2030	20.65	-	1,197,157	-	(25,000)	1,172,157
Total			**2,532,429**	**1,197,157**	**-**	**(273,333)**	**3,456,253**

Each warrant shall entitle the warrant holder to subscribe for one new Share in the Company at the subscription price per share. The fair value of the warrants granted under the warrant incentive program has been estimated on the grant date using the Black & Scholes model.

Weighted average assumptions and resultant fair values are as follows:

	2022 Incentive Programme	2021 Incentive Programme
Risk free interest rate (%)	1.55	-0.03
Expected term (years)	8.0	3.25
Expected volatility (%)	55	55
Forfeiture rate (%)	10.0	10.0
Weighted average fair value (SEK)	11.02	4.32

Total share-based compensation expense for 2022 was TUSD 802 (2021: TUSD 419).

14. Earnings Per Share

Earnings per share are calculated by dividing the net result attributable to shareholders of the Parent Company by the weighted average number of shares for the year.

	2022	2021
Net result from continuing operations, TUSD	**(12,529)**	(13,339)
Net result from discontinued operations, TUSD	**35,462**	34,926
Net result attributable to shareholders of the Parent Company, TUSD	**22,933**	21,587
Weighted average number of shares for the year	**120,697,888**	112,912,781
Earnings per share from continuing operations, USD	**(0.10)**	(0.12)
Earnings per share from discontinued operations, USD	**0.29**	0.31
Earnings per share, USD	**0.19**	0.19
Weighted average diluted number of shares for the year	**120,987,859**	113,080,714
Earnings per share fully diluted from continuing operations, USD	**(0.10)**	(0.12)
Earnings per share fully diluted from discontinued operations, USD	**0.29**	0.31
Earnings per share fully diluted, USD	**0.19**	0.19

15. Bonds Payable

	TUSD	**TSEK**
1 January 2021	**36,022**	**295,824**
Accretion of bond liability	497	4,176
Repayment of bonds	(35,919)	(300,000)
Effect of currency translation	(600)	-
31 December 2021	**-**	**-**

The bonds were set to mature on 29 May 2021; however, on May 5, 2021, the Company early redeemed the outstanding Bonds. The Bonds redeemed at an amount equal to 100.00 per cent of the nominal amount (i.e., SEK 100,000 per Bond) plus, as at May 5, 2021, accrued interest of TSEK 15,600 was disbursed to the Bondholders. No early redemption premiums were paid as the Bonds were redeemed at 100 percent of their nominal amount.

16. Bank Debt

	TUSD	TSEK
Bank debt	60,000	504,276
Currency translation adjustment	-	43,524
Deferred financing costs	(4,516)	(32,758)
31 December 2021	**55,484**	**515,042**
Loan repayment	(11,250)	(119,500)
Deferred financing costs	1,856	19,064
Currency translation adjustment	-	76,830
31 December 2022	**46,090**	**491,436**
Less: Current portion	19,500	203,190
Non current	26,590	288,246

On 30 March 2021, the Company entered into a credit agreement for a senior secured term loan of USD 60 million (the "Term Loan"), maturing 31 March 2025. The proceeds were used to redeem the outstanding SEK 300 million bond and to fund the Company's oil and gas production expansion program.

The Term Loan bears interest at a step-rate increasing from 12.75% to 13.5% as nearing maturity time, payable quarterly in arrears and secured by substantially all the assets and shares of Maha Energy and its subsidiaries. The principal amount is to be repaid in quarterly instalments over the four (4) year period, commencing 15 months from the credit agreement date. From the date of the credit agreement and up to disbursement on 23 April 2021 a commitment fee equal to an annual rate of 12.60% was payable. Following disbursement, the Company redeemed the Senior Secured Bond on 5 May 2021 for a total amount of SEK 315.6 million, including accrued interest (see Note 15).

The Term Loan requires the Company to maintain certain covenants including a Net interest bearing debt to trailing twelve months EBITDA ratio not greater than 3.0 at the end of each quarter. Under the terms of the loan, the Company is subject to certain restrictions in its ability to make certain payments and distributions to persons outside of the Maha Group, as well as other customary provisions applicable for similar credit agreements.

As part of the closing of the financing transaction, Maha also received an equity contribution of USD 10 million through the Private Placement issuance of 7,470,491 new shares to the same bank, at a price of SEK 11.59 per share, representing a 10% discount to the last 15 days volume weighted average share price prior to the closing. This discount amounted to USD $1.1 million and was proportionately allocated to deferred financing cost and equity issuance cost.

The Company recorded directly attributable transaction costs of USD 5.2 million as deferred financing costs which also includes part of the 10% discount on the Private Placement of Maha shares. Deferred financing costs will be amortized over the life of the Term loan. Other transactions costs of USD 0.5 million incurred as a result of the refinancing activities and which were not directly attributable to the actual financing that took place have been expensed.

17. Decommissioning Provision

The decommissioning provision represents the present value of the expected future costs associated with the Company's costs to abandon and reclaim its oil and gas wells and facilities.

The following table presents the reconciliation of the opening and closing decommissioning provision:

	(TUSD)
31 December 2020	**2,597**
Accretion expense	122
Additions	251
Change in estimate	(611)
Foreign exchange movement	(95)
31 December 2021	**2,264**
Accretion expense	146
Additions	769
Transfer to liabilities related to assets held for sale	(1,020)
Liability settled	(103)
Change in estimate	(411)
Foreign exchange movement	55
31 December 2022	**1,700**

The total undiscounted amount of estimated future cash flows required to settle the obligations at 31 December 2022 was approximately TUSD 3,158 (2021: TUSD 7,648). In calculating the present value of the decommissioning provision for the USA assets, an inflation rate of 2.5 percent (2022: 2.0 percent) and a discount rate of average 3.5 percent (2021: 2.0 percent) was used, which represents a long-term risk-free interest rate projection in the United States of America. Based on the estimates used in calculating the decommissioning provision as at 31 December 2022, approximately 100 percent of the total amount of this provision is expected to be settled between 16 years and 22 years.

Decommissioning provision which related to Maha Brazil amounted to TUSD 1,020 and were reclassified to liabilities held for sale following the announcement of the Maha Brazil Transaction on 28 December 2022.

18. Lease Liability

(TUSD)	
31 December 2020	**4,693**
Additions	-
Interest expense	122
Lease payments	(1,236)
Foreign currency translation	(122)
31 December 2021	**3,457**
Additions	1,416
Interest expense	139
Lease payments	(1,358)
Transfer to liabilities related to assets held for sale	(3,486)
Foreign currency translation	(13)
31 December 2022	**155**
Less current portion	77
Lease liability – non current	78

The Company has lease liabilities for contracts related to office space and equipment. Lease terms are negotiated on an individual basis and contain wide range of different terms and conditions. The total payments made for short-term and low value leases were not significant for the year 2022 and 2021 and are not included in the lease liability. The Company's lease liabilities are for periods of one to five years but may have extension options. The undiscounted cash flows relating to the lease liabilities are detailed in Note 21.

The lease liabilities which related to Maha Brazil amounted to TUSD 3,486 and were reclassified to liabilities held for sale following the announcement of the Maha Brazil Transaction on 28 December 2022.

19. Other long-term Liabilities and Provisions

	TUSD	
	2022	2021
Labour and contractors claims provision	-	651
Minimum work commitments provision	-	-
	-	651

The other long-term liabilities and provisions related to Maha Brazil and were reclassified to liabilities held for sale following the announcement of the Maha Brazil Transaction on 28 December 2022. There are no long-term liabilities and provisions related to the continuing operations. During 2021 the Company reversed the long-term provisions for the minimum work commitments' penalties for the Blocks 117 and 118 in Brazil, as the Company was granted extensions until November 2024 on these blocks and these contracts are no longer considered onerous contracts.

20. Accounts Payable and Accrued Liabilities

	Group (TUSD)		**Parent (TSEK)**	
	2022	2021	**2022**	2021
Trade payable	**3,649**	8,135	**172**	119
Accrued liabilities	**5,975**	5,188	**3,432**	1,287
Taxes payable (see Note 7)	**-**	1,510	**-**	-
	9,624	14,833	**3,604**	1,406

21. Changes in Liabilities with Cash Flow Movements from Financing Activities

The changes in liabilities whose cash flow movements are disclosed as part of financing activities in the cash flow statements are as follows:

			Non-cash changes				
	At 1 January 2022	Cash Flows	Lease adds under IFRS 16	Amortization of deferred financing fees	Foreign exchange movement	Transferred to liabilities held for sale	At 31 December 2022
Lease Liability	3,457	(1,358)	1,555	-	(13)	(3,486)	155
Bank debt	55,484	(11,250)	-	1,856	-	-	46,090
Bonds Payable	36,022	(35,919)	–		497	(600)	–

			Non-cash changes				
	At 1 January 2021	Cash Flows	Lease adds under IFRS 16	Amortization of deferred financing fees	Foreign exchange movement	At 31 December 2021	At 31 December 2022
Lease Liability	4,693	(1,235)	122	-	(123)	3,457	155
Bank debt	-	54,252	-	1,232		55,484	46,090
Bonds Payable	36,022	(35,919)	-	497	(600)	-	–

22. Financial Assets and Liabilities

The Company's financial assets and financial liabilities consist of cash and cash equivalents, restricted cash, accounts receivable, performance bonds, finance leases, accounts payable and accrued liabilities, lease liabilities, and bank debt.

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

» Level 1: based on quoted prices in active markets;
» Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
» Level 3: based on inputs which are not based on observable market data.

Fair value of financial assets and liabilities

The Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are assessed on fair value hierarchy described above. The fair value of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments.

The fair value of finance leases approximates their carrying amount due to the specific non-tradeable nature of these instrument. The bank debt is carried at amortized cost.

23. Management of Financial Risk

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management; however, the Board of Directors delegates execution responsibility to the Company's management.

The types of risk exposures and the objectives and policies for managing these risks exposures is described below:

a) Currency risk

Maha is a Swedish company which is operating globally and therefore attracts substantial foreign exchange exposure, both on transactions as well as on the translation from functional currency for entities to the Company's presentation currency of the US Dollar. As of July 1, 2021, Maha Energy AB ("the Parent Company") changed its functional currency from Swedish Krona to US Dollars to better reflect the Company's business activities. The change in functional currency was accounted for prospectively from 1 July 2021. In accordance with the Swedish Annual Accounts Act (1995:1554), the presentation currency of the Parent Company's financial statements continues to be Swedish Krona.

The main functional currency of the Company's subsidiary in Brazil, which has been classified as discontinued operations, and Luxembourg is Brazilian Reals (BRL). For all other subsidiaries in Canada, USA and Cyprus and its Oman branch, US Dollars is the functional currency. The Company's oil sales in the discontinued operations are denominated in BRL based on a USD oil price and all operational, administrative and capital activities related to the discontinued operations are transacted primarily in BRL. In Sweden the Company's expenditures are in SEK currency, however, the bank debt is denominated in US Dollars therefore not impacted by the currency fluctuations.

To minimize foreign currency risk, the Company's cash balances are held primarily in USD funds as investments in Cayman BTG Bank and in USD within Sweden, Canada and Oman. In Canada and Oman, USD funds are converted to CAD and OMR respectively, on an as-needed basis. The Company's discontinued operations are self sufficient as the cash generated from operations were used for capital and other expenditures therefore minimizing the foreign currency risk.

The following table summarizes the effect that a change in the discontinued operation's currency against the US Dollar would have on net result of the Company, including results from the discontinued operations, for the year-ended 31 December 2022.

	Average Rate 2022	10% USD weakening	10% USD strengthening
BRL/USD	5.1787	4.8565	5.9357
Total effect on net result, TUSD		4,321	-3,536

The net foreign currency exchange gain for the year amounted to TUSD 3 (TUSD 30) for the continuing operations. Foreign exchange movements occur on settlement of transactions denominated in foreign currencies and the revaluation of working capital to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Company's reporting entities.

b) Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Corporation. The Company's policy is to limit credit risk by limiting the counterparties to major banks and oil and gas companies. Where it is determined that there is a credit risk for oil and gas sales, the policy is to require an irrevocable letter of credit (or equivalent instrument) for the full value of the sale or prepayment. The policy on joint operations parties is to rely on the provisions of the underlying joint operating agreements to take possession of the licence or the joint operations partner's share of production for non-payment of cash calls or other amounts due.

As at 31 December 2022, the Company's trade receivables from the continuing operations amounted to TUSD 568 (TUSD 5,948). The accounts receivable for the continuing operations is in the USA. The Company markets and sells its oil through marketing companies and payments are received in 30 days. There is no recent history of default and expected credit loss associated with these receivables is not significant. Other short-term receivables are considered recoverable as they are mainly related to taxes and employee advances. The Company's cash and cash equivalents are primarily held at large Canadian, Caymen and Swedish financial institutions.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Company has since inception been equity and debt financed through share and Bonds issues. The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient available capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

The Company manages its liquidity risk by ensuring it has access to multiple sources of capital including cash, cash from operating activities, as well as available capital markets. As at 31 December 2022, the Company had current assets of $174.8 million which includes USD $154.0 million relating to assets held for sale, positive cash flow from operating activities and current liabilities of USD $49.1 million, including USD $19.9 milion relating to liabilities held for sale. On 30 March 2021, the Company entered into a loan agreement (the "Term Loan") and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The proceeds were used to redeem the SEK 300 million bonds payable during the second quarter. The remaining funds are being used to finance capital expenditures across Maha's portfolio and general corporate purposes. The Company's bond holders also exercised the bond warrants during the year, prior to warrants expiration, which provided additional approximately USD 9.0 million cash for the Company. The Company does not have any externally imposed material capital requirements to which it is subject except for the loan covenants (See Note 16). The Company was able to capital raise by direct issuance of shares and is very confident that it would be able to access the capital markets for further capital requirements.

The maturity dates for the Company's undiscounted cash outflows related to financial liabilities of the continuing operations are as follows:

	Total	< 1 Year	1 – 2 years	2 – 5 Years
2022				
Accounts payable and accrued liabilities	9,624	9,624	-	-
Lease liabilities	155	77	78	-
Bank debt	46,090	19,500	23,250	3,340
	55,869	**29,201**	**23,328**	**3,340**
2021				
Accounts payable and accrued liabilities	13,324	13,324		
Taxes payable	1,509	1,509		
Lease liabilities	3,457	1,072	2,385	-
Other Long-term liabilities	651	-	-	651
Bank debt	55,484	11,250	19,500	24,734
	74,425	**27,154**	**21,885**	**25,385**

d) Interest Rate Risk
Interest rate risk is the risk that changes in the market interest rates may affect earnings and cash flows. The Company is exposed to interest rate risk through the Term loan. The Company redeemed the bonds payable during the current year.

The total interest expense for 2022 amounted to TUSD 9,509 (2021: TUSD 6,797) which included TUSD 1,838 of the Term loan fees amortization. During 2021, the Company borrowed USD 60.0 million in the Term loan and used the net proceeds to repay SEK 300 million of bonds payable. The Term Loan bears interest at a step-rate increasing from 12.75% to 13.5% as nearing maturity time, payable quarterly in arrears. The Company's exposure to interest rate risk is low as the Company holds no floating rate debt and no other interest rate financial instrument.

e) Commodity Price risk
The Company is subject to price risk associated with fluctuation in the market prices for oil and gas. Prices of oil and gas are impacted by the normal economic drivers of supply and demand as well as the financial investors and market uncertainty which are generally beyond the Company's control. Factors that influence these include operational decisions, natural disasters, economic conditions, political instability or conflicts and actions by major oil exporting countries.

Changes in crude oil prices may significantly affect the Company's results of operations, cash generated from operating activities, capital spending and the Company's ability to meet its obligations. The majority of the Company's production is sold under short-term contracts; consequently, the Company is at risk to near term price movements. The Company manages this risk by constantly monitoring commodity prices and factoring them into operational decisions, such as contracting or expanding its capital expenditures program.

From time to time, the Company enters into certain risk management contracts to manage the exposure to market risks from fluctuations in commodity prices. These risk management contracts are not used for trading or speculative purposes. All risk management contracts are recorded at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the consolidated statement of operations. Maha entered into no risk management contracts during the year 2022.

The table below summaries the effect that a change in the realized oil prices would have had on the net result of the continuing operations and equity at 31 December 2022:

Net result of the year from continuing operations, TUSD	(12,529)	(12,529)
Possible shift	-10%	+10%
Total effect on net result, TUSD	**(957)**	**957**

24. Management of Capital

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company actively manages its liquidity through cash and debt management strategies. The Company considers its capital structure to include shareholders' equity of USD 140.9 million (31 December 2021: USD 91.4 million) plus net debt of USD 26.6 million (31 December 2021: USD 29.9 million).

During the current quarter, the Company completed new shares issuance of 23.9 million shares at a subscription price of SEK 8.5 per share which improved the Company's cash position by SEK 203 million before transaction related costs.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general market and industry conditions. The annual budget and subsequent updates are approved by the Board of Directors.

25. Changes in Non-cash Working Capital

(TUSD)	**31 December 2022**	**31 December 2021**
Change in:		
Accounts receivable	**(1,901)**	(2,898)
Inventory	**(241)**	61
Prepaid expenses and deposits	**(214)**	195
Accounts payable and accrued liabilities	**10,830**	(74)
Total	**8,474**	(2,716)

26. Pledged Assets

As of 31 December 2022, the Company has pledged assets in relation to the security of the Term Loan whereby the Parent Company has pledged shares of all its subsidiaries, concessions rights and other assets in Brazil with a book value for the Group of USD 70.6 million and MSEK 64.9 for the parent company, including adjustments for the consolidation purposes. Pledged concession rights and other assets in Brazil, as well as the subsidiaries guarantees pledge over Maha Energy (Oman) Limited and Maha Energy (US) Inc. will be released upon conclusion of the sale of Maha Brazil.

The Company also has financial guarantees in relation to its work commitments in Brazil and has contractual commitments in the USA and Oman (See Note 27).

27. Commitments and Contingencies

The Company's discontinued operations has 7 concession agreements with the National Agency of Petroleum, Natural Gas and Biofuels in Brazil ("ANP"). Certain of these blocks are subject to exploration work and abandonment commitments in relation to these exploration blocks which are guaranteed with certain credit instruments. These exploration commitments are in the normal course of the Company's exploration business and the Company plans to fund any related work or penalty, if necessary, with existing cash balances, cash flow from operations and available financing sources. Subsequent to the yearend, Maha Brazil Transaction closed at the end of February 2023, however, the Company remains liable for the financial commitment up to a certain amount. The Company has guaranteed part of these financial commitments via restricted cash.

IIn the Illinois Basin, the Company completed its commitment to drill one operated and one non-operated well. In addition, as part of the recent land acquisition the Company has committed to drill at least one well on this new lease during the first three years and then at least one well every year thereafter to retain the lease. Over the next five years, the Company has commitments to drill during 2023 and 2024 four (4) operated and one (1) net (0.5) non operated well per year and has commitment to drill during 2025 to 2027 to drill three (3) operated and one (1) net (0.5) non operated well per year. No provision related to these commitments have been recorded due to uncertainty of timing and estimates.

With the acquisition of the Block 70 in Oman, the Company will undertake minimum work obligations during the initial exploration period of three years which include interpretation and reprocessing of 3D seismic and drilling between 8 (eight) and 10 (ten) shallow wells. Costs for these activities are estimated at gross USD 20.0 million (Net USD 13.0 million).

28. Related Party Transactions

Jonas Lindvall was the Company's CEO and a board member until 4 November 2022. On 27 June 2022, Jonas Lindvall publicly announced his decision to step down from his position as the CEO of the Company, and on 4 November 2022 the Board resolved to release the CEO with immediate effect. In October 2022, while Jonas Lindvall was still the Company's CEO and a board member, it was offered by the Company's former board of directors, a success-based compensation to Jonas Lindvall for the Block 70 opportunity ("Finders Fees Bonus"), which was determined to represent 3 percent of all profit oil entitlements to the Company from Block 70, however not exceeding USD 2.0 million. This transaction (i) is considered a significant transaction according to Chapter 16a Section 2 of the Swedish Companies Act, and (ii) since Jonas Lindvall was both CEO and board member of the Company on 4 November 2022, he was at the time of the transaction a related party according to definition in the Swedish Annual Accounts Act. Therefore, as a related party transaction, Maha will seek the approval at a special general meeting shortly after the annual general meeting to be held in May 2023. As a result, at year end, the Finders Fees Bonus had not been paid out and was not recorded as a provision due to uncertainty of this transaction.

Kvalitena AB holds one seat at the board of directors and is deemed to be a related party in accordance with IAS 24. The Company leases its office space from Kvalitena AB in Sweden. The terms of the lease are equivalent to those that prevail in arm's length transactions. As at 31 December 2022, Maha had no amounts outstanding as payable or receivable to or from Kvalitena AB.

In relation to the Parent Company, the subsidiaries are considered related parties. The Parent Company has provided subsidiaries with intragroup loans and receives interest income on a loan from one of the subsidiaries.

29. Average Number of Employees

	Canada	United States	Brazil	Oman	Sweden	Company
Employees (2022)	**13**	**4**	**70**	**4**	**1**	**92**
(of which men)	**8**	**3**	**59**	**4**	**0**	**74**
Employees (2021)	13	4	62	-	1	80
(of which men)	9	3	51	-	0	63

Board members, except for the CEO, are not included in table. There are no women on the Board.

30. Remuneration to the Board of Directors, Senior Management and Other Employees

	2022		2021	
Salaries, other remuneration and social security costs *(TUSD)*	**Salaries and other remuneration**	**Social security costs**	Salaries and other remuneration	Social security costs
Parent Company in Sweden				
Board members	**218**	**47**	236	59
Employees	**73**	**19**	109	32
Subsidiaries abroad				
Canada	**3,731**	**52**	2,524	48
USA	**462**	**36**	295	22
Brazil	**3,771**	**639**	2,335	457
Oman	**714**	**6**	-	-
Total	**8,969**	**799**	5,499	618

Salaries and other remuneration for the Board members and the Company Management:

2022 *(TUSD)*	Board Fee / Base salary	Other benefits[15]	Short-term variable remuneration	Remuneration for Committee work	Option Based Award	Total 2022
Parent Company in Sweden						
Victoria Berg	**53**	**6**	**-**	**-**	**12**	**71**
Board members						
Jonas Lindvall[16]	-	-	-	-	-	-
Paulo Mendonca[16]	-	-	-	-	-	-
Harald Pousette	43	-	-	8	-	51
Anders Ehrenblad	15	-	-	4	-	19
Nicholas Walker	27	-	-	9	-	36
Seth Lieberman	15	-	-	5	-	20
Fredrik Cappelen	15	-	-	4	-	19
Christer Lindholm	12	-	-	2	-	14
Viktor Modigh	17	-	-	5	-	22
Richard Norris	17	-	-	6	-	23
Fabio Vassel	7	-	-	1	-	8
Enrique Pena	5	-	-	1	-	6
Total	**226**	**6**	**-**	**45**	**12**	**289**
Subsidiaries abroad Management						
Jonas Lindvall[17]	450	21	97	-	8	576
Paulo Mendonca	49	7	247	-	-	303
Other[18]	794	59	280	-	317	1,260
Total Management	**1,293**	**87**	**624**	**-**	**325**	**2,329**

2021 *(TUSD)*	Board Fee / Base salary	Other benefits[15]	Short-term variable remuneration	Remuneration for Committee work	Option Based Award	Total 2021
Parent Company in Sweden						
Victoria Berg[19]	59	4	-	-	6	69
Board members						
Jonas Lindvall[16]	-	-	-	-	-	-
Harald Pousette	48	-	-	7	-	55
Anders Ehrenblad	35	-	-	10	-	45
Nicholas Walker	35	-	-	12	-	47
Seth Lieberman	35	-	-	10	-	45
Fredrik Cappelen	35	-	-	9	-	44
Total	**247**	**4**	**-**	**48**	**6**	**305**
Subsidiaries abroad Management						
Jonas Lindvall	403	22	-	-	11	436
Other[20]	767	36	16	-	241	1,060
Total Management	**1,170**	**58**	**16**	**-**	**252**	**1,496**

[15] Other benefits include health insurance and pension for the management.

[16] Jonas Lindvall and Paulo Mendonca were not compensated in the capacity as the Board members.

[17] See also Note 28 for Finders Fees Bonus compensation to Jonas Lindvall. No amount was paid or accrued.

[18] Other represents the following members of the management for 2022: CFO, COO, and Sub-surface Manager

[19] Victoria Berg transitioned from a part-time employee to a full-time employee during the current year

[20] Other represents the following members of the management for 2021: CFO, COO, VP Exploration and Sub-surface Manager

Salaries, Benefits and Social Security Costs
Under the terms of the Employment Contracts, in the event of termination without cause or a change of control event, the CEO and the other executive officers could be entitled to compensation between 3–12 months base salary plus benefits and any earned but unpaid bonuses. A change of control event is defined as: (i) the acquisition of 30 percent or more of existing shares concurrent with a majority of the board of directors being changed, (ii) the sale of all or substantially all the assets of the Company or (iii) a resolution of the board of directors to liquidate the assets or wind up the Company. The Company has not set aside or accrued amount to provide pension, retirement or similar benefits upon termination of employment or assignment.

See page 32–36 of the Corporate Governance report for further information on the Group's principles of remuneration. During the current year, no changes were made to the Company's Remuneration policy. Remuneration Report is available at the Company's website.

Incentive Programs
As of the date of this Annual Report, Maha has 3,456,253 Warrants under the Long-Term Incentive Plan as follows:

Long Term Incentive Plan
In 2017, the Company implemented a long-term incentive plan which provides for an annual grant of warrants. Each annual grant has a three-year duration and will vest equally in three tranches annually. The warrants currently outstanding were issued following the AGMs in 2019, 2020, 2021 and 2022. During 2022, 1,197,157 warrants were issued to certain executives and employees of Maha as part of the LTIP 7 program following their approval at the AGM. Issued but not allocated warrants are held by the Company.

The complete terms and conditions of the Warrants under the Long-Term Incentive Plan are available on the Company's website – www.mahaenergy.ca.

31. Shares in Subsidiaries – Parent Company

Subsidiary	**Registration number**	**Registered office**	**Share %**	2022 (TSEK)	2021 (TSEK)
Maha Energy Inc.	2017256518	Calgary, AB, Canada	100	15,464	7,314
Maha Energy I (Brazil) AB	559058-0907	Stockholm, Sweden	100	-	-
Maha Energy II (Brazil) AB	559058-0899	Stockholm, Sweden	100	680	680
Maha Energy Finance (Luxembourg) S.A.R.L	B163089	Grand Duchy, Luxembourg	100	-	-
Mana Energy Services LLC	2020-002241022	Newcastle, WY, USA	100	-	-
Maha Energy (Oman) Ltd	259894	Cyprus	100	9	9
				16,153	8,003

Participation in subsidiaries (TSEK)	**2022**	2021
Opening value	**8,003**	4,368
Acquisition	**-**	-
Disposition	**-**	-
Write-off of investment	**-**	(25,915)
Paid shareholders' contribution	**8,150**	29,550
	16,153	8,003

32. Loans to Subsidiaries – Parent Company

Subsidiary (TSEK)	**2022**	2021
Maha Energy Inc.	**162,255**	140,271
Maha Energy (US) Inc.	**109,770**	93,890
Maha Energy I (Brazil) AB	**(742)**	(742)
Maha Energy II (Brazil) AB	**46**	46
Maha Energy Finance (Luxembourg) S.A.R.L	**72,781**	212,947
Mana Energy (Indiana) Inc.	**58,833**	70,592
Maha Energy (Oman) Ltd.	**288,906**	127,040
	691,849	644,044

Loans to subsidiaries (TSEK)	2021	2020
Opening value	**644,044**	471,839
Impairment of loan to subsidiaries	**(19,939)**	(43,389)
New lending to subsidiaries	**101,566**	170,354
Loan repayment by subsidiaries	**(151,926)**	(17,396)
Interest income from subsidiaries	**51,323**	32,134
Currency translation	**66,781**	30,502
	691,849	644,044
Loans to subsidiaries – current	**-**	-
Loans to subsidiaries – long term	**691,849**	644,044

The Parent Company loans to subsidiaries is mainly denominated in US dollars.

33. Auditor's Fees

	TUSD		Parent TSEK	
	2022	2021	**2022**	2021
Deloitte				
Audit assignment	**313**	232	**1,062**	653
Audit related	**18**	24	**129**	220
Tax advisory services	**263**	27	**-**	-
Other services	**8**	1	**-**	-
	602	284	**1,191**	873

Audit assignments refers to the examination of the annual accounts, the accoun¬ting records and the administration of the Board and CEO, other tasks incumbent on the company's auditor to perform as well as advice or other assistance resul¬ting from observations made during an audit or the conduct of such other duties. Audit activities other than the audit assignment, pertain to quality assurance services, including assistance regarding observations made during such a review, which is carried out in accordance with ordinances, the Articles of Association, By-laws or agreements, and which result in a report that is also intended for others than the client. Advice on tax questions is reported separately. Everything else comprises other services including listing upgrade readiness review.

34. Proposed Distribution of Earnings

The Board of Directors proposes no dividends to be paid for the year. Furthermore, the board of Directors proposes that the unrestricted equity of the Parent Company of SEK 363,990,486 including the net result for the year of SEK (64,876,710) be brought forward as follows:

SEK	
Dividend	–
Carried forward	363,990,486
Total (SEK)	363,990,486

35. Subsequent Events

On 28 February 2023, the Company announced that it has completed the sale of its Brazilian subsidiary Maha Energy Brasil Ltda. to PetroRecôncavo S.A. ("PetroRecôncavo") after fulfilling all precedent conditions. The acquisition consideration amounts up to USD 174.1 million plus USD 9.3 million in adjustment of net working capital and USD 3.7 million of net cash adjustment from Maha Brazil, resulting in a total acquisition consideration of up to USD 186.9 million.

On 6 February 2023 the Company signed the definitive agreement with the shareholders of DBO, with respect to the previously announced (on December 5, 2022) business combination, which involves (i) a maximum issuance of 36,775,410 new shares in Maha, to be subscribed by DBO's shareholders as a consideration; and (ii) the transfer of DBO's existing shares to Maha by DBO's shareholders. The DBO Transaction is subject to customary conditions precedent, including an Extraordinary General Meeting in Maha approving the necessary resolutions. The Transaction is expected to close in the 1st half of 2023.

On 28 January 2023 the Company's wholly owned subsidiary Maha Energy (Oman) Ltd. and Mafraq Energy LLC ("Mafraq Energy") entered into a Joint Operating Agreement ("JOA") for Block 70 in Oman. The signature of the JOA, alongside the Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, marks the satisfaction of all conditions precedent required for the conclusion of the assignment of Maha's 35% work interest to Mafraq Energy, as provided in the relevant Farmout Agreement signed by the Parties in August 2022 ("FOA"). Maha and Mafraq Energy will address the post-transfer obligations moving forward. Maha is the Operator of Block 70, with 65% shareholding interest. The agreements require Mafraq Energy to reimburse Maha for their prorated share of all past costs. Mafraq Energy will also be required to pay its share of all future expenditures on Block 70.

Key Financial Data and Ratios

The selected key ratios presented below include alternative key ratios or key ratios that are not defined in accordance with IFRS, and are thus not necessarily comparable to key ratios under similar names used by other companies. Those financial key ratios that are not defined in accordance with IFRS are, together with key ratios that are defined in accordance with IFRS, used to facilitate the managements and other stakeholders' analysis of the Group.

See the heading "Definitions of alternative key ratios" for definitions and objective of alternative key ratios, and the heading "Reconciliation of alternative key ratios" below for reconciliations of abovementioned key ratios. All alternative key rations have been taken from the Group's audited financial reports as per and for the financial years ended 31 December 2020 and 2021, unless stated otherwise.

Financial data

TUSD	**2022**	2021
Revenue		
From continuing operations	**12,327**	5,732
From discontinued operations	**77,450**	62,574
	89,777	68,306
Operating netback		
From continuing operations	**6,523**	2,882
From discontinued operations	**54,206**	43,178
Operating netback	**60,729**	46,060
EBITDA		
From continuing operations	**(420)**	(2,201)
From discontinued operations	**55,521**	49,926
EBITDA	**55,101**	47,725
Net result		
From continuing operations	**(12,529)**	(13,339)
From discontinued operations	**35,462**	34,926
Net result	**22,933**	21,587
Cash flow from operations		
From continuing operations	**260**	(12,143)
From discontinued operations	**54,397**	43,148
Cash flow from operations	**54,657**	31,005
Free cash Flow		
From continuing operations	**(16,724)**	(23,532)
From discontinued operations	**8,698**	7,542
Free cash flow	**(8,026)**	(15,990)
Net debt	**26,552**	29,949

Key ratios[21]

	2022	2021
Return on equity (%)	**(9)**	24
Equity ratio (%)	**65**	54
NIBD/EBITDA	**-**	0.63
TIBD/EBITDA	**-**	1.16

Data per share

	2022	2021
Weighted number of shares (before dilution)	**120,697,888**	112,912,781
Weighted number of shares (after dilution)	**120,987,859**	113,080,714
Earnings per share before dilution, USD	**(0.10)**	0.19
Earnings per share after dilution, USD	**(0.10)**	0.19
Dividends paid per share	**n/a**	n/a

[21] Key ratios and data per share are based on continuing operations only

Relevant reconciliation of alternative key ratios:

The tables below reflect a reconciliation of alternative key ratios based on items, subtotals or total amounts included in the Group's audited financial reports for the financial years ended on 31 December 2021 and 2020, unless stated otherwise. The alternative key ratios are not audited.

For definitions of alternative key ratios which has not been calculated in accordance with IFRS, see the section "Definitions of alternative key ratios".

Operating Netback from continuing operations

(TUSD)	**2022**	2021
Revenue	**12,327**	5,732
Royalties	**(2,976)**	(1,341)
Operating Expenses	**(2,828)**	(1,509)
Operating netback	**6,523**	2,882

Operating Netback from discontinued operations

(TUSD)	**2022**	2021
Revenue	**77,450**	62,574
Royalties	**(7,918)**	(8,043)
Operating Expenses	**(15,326)**	(11,353)
Operating netback	**54,206**	43,178

EBITDA

(TUSD)	**2022**	2021
Operating results	**(3,200)**	(3,516)
Depletion, depreciation and amortization	**2,783**	1,336
Foreign currency exchange loss / (gain)	**(3)**	(21)
EBITDA	**(420)**	(2,201)

EBITDA from discontinued operations

(TUSD)	**2022**	2021
Operating results	**44,966**	42,736
Depletion, depreciation and amortization	**10,555**	7,199
Foreign currency exchange loss / (gain)	**-**	(9)
EBITDA	**55,521**	49,926

Free cash flow from continuing operations

(TUSD)	**2022**	2021
Cash flow from operating activities	**260**	(12,143)
Less: cash used in investing activities	**(16,984)**	(11,389)
Free cash flow	**(16,724)**	(23,532)

Free cash flow from discontinued operations

(TUSD)	**2022**	2021
Cash flow from operating activities	**54,397**	43,148
Less: cash used in investing activities	**(45,699)**	(35,606)
Free cash flow	**8,698**	7,542

Net debt

(TUSD)	**2022**	2021
Bank debt	**46,090**	54,484
Less: cash and cash equivalents	**(19,538)**	(25,535)
Net debt	**26,552**	29,949
Net debt	**29,949**	29,341

Return on equity

	2022	2021
Net result for the period (TUSD)	**(12,529)**	21,587
Ending equity balance (TUSD)	**140,897**	91,425
Return on equity, %	**(9)**	24

Equity ratio

	2022	2021
Total equity (TUSD)	**140,897**	91,425
Total assets (TUSD)	**218,355**	168,114
Equity ratio, %	**65**	54

Definitions of alternative key ratios

Definitions of key ratios that are not defined in IFRS (alternative key ratios) are included in the presentation of definitions below. Alternative key ratios measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be adjusted correspondingly by the most comparable key ratio that has been defined in accordance with the Group's accounting principles. The Group management uses alternative key ratios to follow the underlying development of the Company's operations and believes that the alternative key ratios, together with key ratios defined in IFRS, help investors to understand the Company's development from period to period and may facilitate comparisons with similar companies, but are not necessarily comparable to key ratios under similar names that are used by other companies. The Company believes that the alternative key ratios provide useful and supplementary information to the investors. As these key figures are not more suitable than key ratios defined in IFRS, they should be used together with these with a supplementary rather than a substitutional purpose. The alternative key ratios are not audited. Investors are urged not to attach undue reliance to the alternative key ratios, and are also urged to review these together with the Group's audited financial reports for the financial years ended 31 December 2021 and 2020. See the heading "Reconciliation of alternative key ratios" below for reconciliations of alternative key ratios.

Cash flow from operations: Cash flow from operating activities in accordance with the consolidated statement of cash flow.

EBITDA (Earnings before interest, taxes, depreciation, and amortization and impairment): Operating profit before depletion of oil and gas properties, depreciation of tangible assets, impairment, foreign currency exchange adjustments, interest and taxes. EBITDA is used as a measure of the financial performance of the Company.

Earnings per share: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Earnings per share fully diluted: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares after considering any dilution effect for the year.

Equity ratio: Total equity divided by the balance sheet total assets. Equity ratio is a measure that provides information in order to enable investors to assess the financial stability of the Company and the Company's ability to cope with in the long term.

Free cash flow: Cash flow from operating activities less cash flow from investing activities in accordance with the consolidated statement of cash flow. Free cash flow demonstrates the amounts of cash and cash equivalents remaining in the Company after deductions for investments made.

Net debt: Interest bearing bonds less cash and cash equivalents. Net debt demonstrates the company's total debt arrangements.

Net debt to EBITDA ratio (NIBD/EBITDA): Net interest-bearing debt divided by trailing 4 quarters EBITDA. NIBD/EBITDA is relevant for assessing the company's ability to carry out strategic investments and to live up to its financial commitments.

Net result: Net result demonstrates the Company's earnings or loss for the relevant period.

Operating netback: Operating netback is defined as revenue less royalties and operating expenses. Operating netback is a common measure within the oil and gas industry, with the objective to illustrate the Company's operational efficiency to enable internal comparisons and comparisons with competitors.

Return on equity: Net result divided by ending equity balance. Return on equity demonstrates in the accounts total return of the owner's capital.

Revenue: Revenue shows the Company's revenues from oil and gas sales before deductions for royalties.

Total debt to EBITDA ratio (TIBD/EBITDA): Total interest-bearing debt divided by trailing 4 quarters EBITDA. TIBD/EBITDA is relevant for assessing the company's ability to carry out strategic investments and to live up to its financial commitments.

Weighted average number of shares for the year: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue. The key ratio provides information to investors on average number of outstanding shares in the Company, not taking into account any dilution effect.

Weighted average number of shares for the year fully diluted: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue after considering any dilution effect.

Board Assurance

The board of directors and the managing director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Company's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Administration Report of the Company and the Parent Company provides a fair review of the development of the Company's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Company.

Stockholm,
April 12, 2023

Fabio Vassel,
Chairman of the Board

Enrique Pena, *Director*	Halvard Idland, *Director*	Kjetil Solbraekke, *Director*	Richard Norris, *Director*	Victor Modigh, *Director*

Paulo Mendonça,
Managing Director

Our audit report was submitted on April 12, 2023

Deloitte AB

Signature on the Swedish original

Fredrik Jonsson
Authorized public accountant


PERIGO
LINHA DE GÁS
INFLAMÁVEL
PRESSURIZADO

Auditor's Report

To the general meeting of the shareholders of Maha Energy AB (publ) corporate identity number 559018-9543

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Maha Energy AB (publ) for the financial year 2022-01-01 - 2022-12-31, except for the corporate governance statement on pages 48-54. The annual accounts and consolidated accounts of the company are included on pages 34-99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48-54. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of oil and gas assets

The carrying value of oil and gas assets represents the majority of the assets in the Group and amounted to US$179.2 million as of December 31, 2022, of which 137.4 is classified as asset held for sale attributable to Maha Energy Brasil Ltda. In addition to oil and gas properties classified as asset held for sale this year, oil and gas assets are comprised of oil and gas properties (US$12.6 million) and exploration and evaluation assets (US$29.2 million). Information on accounting principles and critical estimates are disclosed in note 2 in the annual report. Further information on the oil and gas assets is disclosed in note 9 and 10 in the annual report.

Oil and gas properties and exploration and evaluation assets are assessed for impairment indicators at period-end and whether or not an indication exists, the Company would be required to calculate the recoverable amount of the asset or cash generating unit and compare to the carrying amount.

The assessment to identify potential impairment indicators and to perform potential impairment tests requires management to exercise significant judgement. There is a risk that the valuation of oil and gas properties and exploration and evaluation assets and any potential impairment charge may be incorrect

We focus on the valuation of oil and gas assets due to the significant management judgement and estimates involved, such as the determination of indicators of impairment, assessment of oil and gas reserves, future cash flows, depletion rate and discount rate as well as expected purchase price for disposal groups.

Our audit procedures included, but were not limited to:

» We evaluated the design and implementation of relevant internal controls to identify indicators of impairment,

» We obtained management's assessment of impairment indicators for oil and gas properties and evaluation and exploration assets as of December 31, 2022 and assessed and challenged the reasonableness of the assumptions used by management to assess the impairment indicators,

» We evaluated the adequacy of disclosures related to oil and gas assets and its compliance with IFRS and the Annual Accounts Act.

Valuation of Assets and Liabilities Held for Sale and Discontinuing operations

On 28 December 2022, Maha announced the divestment of Maha's Brazilian subsidiary (Maha Energy Brasil Ltda.) to PetroRecôncavo. As a result, Maha Energy Brasil Ltda. has been classified as assets held for sale and the carrying value of assets held for sale represents the majority of the assets in the balance sheet in the Group and amounted to US$154 million as of December 31, 2022. The decision to divest the Brazilian segment has further led to Maha Energy Brasil Ltda. being presented as discontinued operations in the consolidated income statement, separated from continuing operations with comparative numbers represented accordingly. Accounting for discontinued operations requires the identification and separation of the financial effects from continuing and discontinued operations as well as ensuring that the criteria in IFRS are fulfilled to account for discontinued operations.

Information on accounting principles for assets held for sale and discontinued operations are disclosed in note 2 in the annual report. Further information on asset held for sale and discontinued operations is disclosed in note 8 in the annual report.

Our audit procedures included, but were not limited to:

- assessing the appropriateness of the classification for the operations as held for sale and discontinued operations in compliance with IFRS,
- assessing the valuation before initial classification as held for sale in accordance with IFRS,
- assessment of the financial effects from the discontinued operations and that they have been appropriately separated from continuing operations,
- evaluation of the disclosures in the annual report and its compliance with IFRS and the Annual Accounts Act.

Other information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for other information. The other information includes the Remuneration Report and the pages 1-33 and 100-101 in this document but does not include the Annual accounts and the consolidated accounts or our Auditors Report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Maha Energy AB (publ) (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

» has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

» in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Maha Energy AB (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Maha Energy AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 48-54 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard Rev 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Maha Energy AB (publ) by the general meeting of the shareholders on the 2022-05-31 and has been the company's auditor since 2016-04-22.

Gothenburg 12 April 2023
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

DEFINITIONS

Abbreviations

CAD	Canadian Dollar
SEK	Swedish Krona
BRL	Brazilian Real
USD	US Dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD
OMR	Omani Rial
EPSA	Exploration and Production Sharing Agreement

Oil related terms and measurements

BOE or boe	Barrels of oil equivalent
BBL or bbl	Barrel
BOEPD	Barrels of oil equivalent per day
BOPD	Barrels of oil per day
SCF or scf	Standard cubic foot
Mbbl	Thousand of barrels
MMbbl	Million of barrels
Mboe	Thousands of barrels of oil equivalent
MMboe	Million of barrels of oil equivalent
Mboepd	Thousands of barrels of oil equivalent per day
Mbopd	Thousands of barrels of oil per day
MCF	Thousand cubic feet
MSCFD	Thousand cubic feet per day
MMSCF	Million cubic feet
MMSCFPD	Million cubic feet per day
BWPD	Barrels of water per day
Gas to oil conversion	6,000 cubic feet = 1 barrel of oil equivalent

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