

Maha Energy completes the sale of Maha Energy Brasil to PetroRecôncavo

Maha Energy AB (publ) (“Maha” or the “Company”) is pleased to announce that it has completed the sale of its Brazilian subsidiary Maha Energy Brasil Ltda. (“Maha Brazil”) 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.

The signing of the sale of Maha Brazil to PetroRecôncavo was announced on December 28th, 2022. After proper adjustments made at the closing date and considering possible earn-outs contractually agreed, the total acquisition consideration can reach USD 186.9 million, being comprised of the following:

- (i) 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 present date -- i.e., February 28th, 2023 (the closing date), and (b) USD 55.0 million, 6 (six) months after the closing date – i.e., at August 28th, 2023;
- (ii) additional 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 30th March 2021).

“This divestment is a significant step within the Company’s new strategic positioning, continuously focusing on generating value for shareholders. As a result of this sale, we will have a strong balance sheet and cash position, enabling the Company to pursue further opportunities in the O&G market. In addition, we have already announced a business combination with DBO, which will, at closing¹, add a current net production of approximately 2,000 BOEPD and 18.5 million BOE of 2P reserves (according to the public information regarding the Certificate of Reserves),” says Paulo Thiago Mendonça, CEO of Maha Energy AB.

Miscellaneous

The information was submitted for publication, through the agency of the contact person set out below, at 18:30 CET on 28 February 2023.

¹ Closing of DBO transaction is subject to an approval at Maha’s Extraordinary General Meeting.



For more information, please contact:

Paulo Thiago Mendonça, CEO

Phone: +46 8 611 05 11

E-mail: info@mahaenergy.ca

Bernardo Guterres, CFO

Phone: +46 8 611 05 11

E-mail: info@mahaenergy.ca

About Maha

Maha Energy AB (publ) is a listed, international upstream oil and gas company whose business activities include exploration, development and production of crude oil and natural gas. The strategy is to target and develop underperforming hydrocarbon assets on global basis. Maha operates three oil assets: Block-70 (Oman), Powder River (LAK Ranch) and Illinois Basin in the United States. The shares are listed on Nasdaq Stockholm ([MAHA-A](#)). The head office is in Stockholm, Sweden with a technical office in Calgary, Canada, as well as operations offices in Grayville, Illinois, USA and Rio De Janeiro, Brazil. For more information, please visit our website www.mahaenergy.ca