



Q4

Report for the
YEAR ENDED
31 December 2022
(org number: 559018-9543)



Highlights

(all amounts are in US dollars unless otherwise noted)

Fourth Quarter 2022

- The Company announced the signing of a binding term sheet envisioning a business combination with DBO 2.0 and expecting to close after obtaining the approval on Maha's EGM on 29 March 2023.
- The Company announced the sale of its Brazilian subsidiary for a total consideration of USD 186.9 million, with a purchase price of USD 138 million plus USD 9.3 million in net working capital adjustment, USD 3.7 million net cash adjustment, and USD 36.1 million to be paid upon successful achievement of earnout milestones.
- The Company successfully completed a directed new share issue of 23.9 million shares and raised proceeds of approximately USD 20.0 million to reinforce the balance sheet.
- Three new executive managers appointed, including new CEO, CFO and CLO.
- Daily oil & gas production for Q4 2022 averaged 2,621 BOEPD (Q4 2021: 3,098 BOEPD) of which continuing operations averaged 280 BOEPD (Q4 2021: 247 BOEPD) and discontinued operations averaged 2,341 BOEPD (Q4 2021: 2,851).
- Revenue of 17.3 million (Q4 2021: 17.8 million) of which 2.0 million (Q4 2021: 2.0 million) relates to the continuing operations and 15.3 million (Q4 2021: 15.8 million) relates to discontinued operations.
- Operating netback of 9.8 million (Q4 2021: 11.9 million) of which 1.0 million (Q4 2021: 1.1 million) relates to the continuing operations and 8.8 million (Q4 2021: 10.8 million) relates to the discontinued operations.
- EBITDA of 8.8 million (Q4 2021: USD 15.6 million) of which -1.3 million (Q4 2021: -0.5 million) relates to the continuing operations and 10.1 million (Q4 2021: 16.1 million) relates to the discontinued operations.
- Net result of 0.1 million (Q4 2021: USD 7.4 million) of which -3.6 million (Q4 2021: -3.8 million) relates to the continuing operations and 3.7 million (Q4 2021: 11.1 million) relates to the discontinued operations.
- Basic and Diluted earnings per share of 0.00 (Q4 2021: 0.06) of which basic and diluted earnings per share for the continued operations is -0.03 (Q4 2021: -0.03) and basic and diluted earnings per share for the discontinued operations is 0.03 (Q4 2021: 0.09).

Full Year 2022

- Daily oil & gas production averaged 3,213 BOEPD in 2022 (2021: 3,387 BOEPD) of which continuing operations averaged 401 BOEPD (2021: 212 BOEPD) and discontinued operations averaged 2,812 BOEPD (2021: 3,175).
- Revenue in 2022 of 89.8 million (2021: 68.3 million) of which 12.3 million (2021: 5.7 million) relates to the continuing operations and 77.5 million (2021: 62.6 million) relates to discontinued operations.
- Operating netback in 2022 of 60.7 million (2021: 46.1 million) of which 6.5 million (2021: 2.9 million) relates to the continuing operations and 54.2 million (2021: 43.2 million) relates to the discontinued operations.
- EBITDA in 2022 of 55.1 million (2021: 47.7 million) of which -0.4 million (2021: -2.2 million) relates to the continuing operations and 55.5 million (2021: 49.9 million) relates to the discontinued operations.
- Net result for 2022 of 22.9 million (2021: 21.6 million) of which -12.5 million (2021: -13.3 million) relates to the continuing operations and 35.4 million (2021: 34.9 million) relates to the discontinued operations.
- Basic and Diluted Earnings per share in 2022 of 0.19 (2021: 0.19) of which basic and diluted earnings per share for the continued operations is -0.10 (2021: -0.12) and basic and diluted earnings per share for the discontinued operations is 0.29 (2021: 0.31).
- Cash and cash equivalents balance on 31 December 2022 of USD 23.2 million (2021: USD 25.5 million) of which 19.5 million (2021: 18.4 million) relates to the continuing operations and 3.7 million (2021: 7.2 million) relates to the discontinued operations.

Financial Summary

The table below relate to continuing and discontinued operations combined:

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
Net Daily Production (BOEPD)	2,621	2,389	3,292	4,580	3,098	3,213	3,387
Revenue	17,271	17,657	24,018	30,831	17,818	89,777	68,306
Operating netback	9,796	10,998	17,408	22,528	11,913	60,729	46,060
EBITDA	8,765	9,648	14,621	22,069	15,615	55,101	47,725
Net result for the period	93	2,593	8,219	12,030	7,363	22,933	21,587
Earnings per share – Basic & Diluted (USD)	0.00	0.02	0.07	0.10	0.06	0.19	0.19
Cash and cash equivalents	23,228	11,338	23,863	29,416	25,535	23,228	25,535

The table below presents the highlights of the continuing operations:

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	FY 2022	FY 2021
Net Daily Production (BOEPD)	280	247	401	212
Revenue	1,991	1,978	12,327	5,732
Operating netback	1,002	1,096	6,523	2,882
EBITDA	(1,335)	(522)	(420)	(2,201)
Net result for the period	(3,579)	(3,774)	(12,529)	(13,339)
Earnings per share – Basic & Diluted (USD)	(0.03)	(0.03)	(0.10)	(0.12)
Cash and cash equivalents	19,520	18,370	19,520	18,370

The table below presents the highlights of the discontinued operations:

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	FY 2022	FY 2021
Net Daily Production (BOEPD)	2,341	2,851	2,812	3,175
Revenue	15,280	15,840	77,450	62,574
Operating netback	8,794	10,817	54,206	43,178
EBITDA	10,100	16,137	55,521	49,926
Net result for the period	3,672	11,137	35,462	34,926
Earnings per share – Basic & Diluted (USD)	0.03	0.09	0.29	0.31
Cash and cash equivalents	3,708	7,165	3,708	7,165

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

Oil related terms and measurements

BOE or boe	Barrels of Oil Equivalents
BBL or bbl	Barrel
BOEPD	Barrels of Oil Equivalents Per Day
BOPD	Barrels of Oil Per Day
Mbbl	Thousand barrels of Oil
MMbbl	Million barrels of Oil
Mboe	Thousand barrels of oil equivalents
MMBoe	Millions of barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day
MCF	Thousand Cubic Feet
MSCF	Thousand Standard Cubic Feet
MSCFPD	Thousand Standard Cubic Feet per day
MMSCF	Million Standard Cubic Feet
MMSCFPD	Million Standard Cubic Feet Per Day
BWPD	Barrels of Water Per Day

Gas to oil conversion

6,000 cubic feet = 1 barrel of oil equivalent

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

The fourth quarter of 2022 triggered a transformational moment for Maha with the incorporation as shareholder of the Investment Fund managed by Starboard, a Brazilian private equity firm, becoming the largest shareholder with 19.9% ownership. This significant change on Maha's shareholder structure, board of directors and management, brought renewed leadership and sectorial expertise with successful track-record in the Latin American energy industry.

Among the changes that happened since last November, it is important to highlight the following events:

1. Changes in the Board of Directors: Three new directors were indicated as Maha's Board Members with an extensive general management and finance background in the energy industry, specifically in junior oil & gas companies (Fabio Vassel and I are both former founders and chairmen of 3R Petroleum, a USD 2.0 billion Brazilian oil & gas listed company);
2. Changes in the Management: Three new executive managers joined Maha in the last quarter:
 - a. I, Paulo Mendonça was also indicated as Chief Executive Officer, renewing Maha's leadership;
 - b. Bernardo Guterres was indicated as the new Chief Finance Officer of Maha, bringing all his knowledge and expertise from a 15-year career within top tier international banks and high ranked Brazilian private equity firms, with the mission of optimizing the Company's current capital structure and to lead the exciting and important M&A strategy;
 - c. Barbara Bittencourt was indicated as Chief Legal and Compliance Officer, a new executive position in the Company. The main objective was to bring technical and legal support within a sector that have lots of complex regulatory frameworks throughout different countries. Barbara has an extensive career as partner in top tier legal firms, with the past 10 years exclusively dedicated to the oil & gas market.
3. In the beginning of December 2022, Maha and DBO 2.0 ("DBO") signed a binding term sheet envisioning a business combination among the companies. DBO has 15% equity interest in 3R Offshore, which owns and operates two offshore clusters in Brazil - Papa Terra and Peroá. When closed, this deal shall bring an interesting value for Maha's shareholders as it will be executed at an attractive entry multiple of 0.2x P/NAV (issuance of 36.8 million shares). Upon closing, this transaction will increase Maha's net 2P reserves with ~18.5 million BOE and is estimated to add ~2,000 BOEPD net production in 2023 with further upside through ramp-up at Papa Terra, and Peroá fields, as well as the potential Malombe development (part of Peroá cluster). The transaction reinforces the construction of a diversified portfolio balanced between mature oil and gas onshore and offshore assets with a cash-flow oriented approach. The closing of this transaction is expected to happen after the approval on Maha's EGM on 29 March 2023.
4. During mid December 2022, Maha successfully raised approximately USD 19 million (net of fees) through a direct share issue, improving and enhancing its previous capital structure and bringing a new base of shareholders that have a long-term investment profile. This capital raise strengthened the Company's investor base, attracting new institutional and international investors.
5. During the last week of December 2022, Maha signed the sale of its Brazilian subsidiary Maha Brazil to Petroreconcavo, a Brazilian listed junior oil & gas company with current market cap of approximately USD 2.0 billion, for total acquisition consideration that can reach USD 186.9 million. Considering the proceeds of the sale of the Brazilian assets (including earn-outs) together with the cash at the end of Q4 2022 and the proceeds from the capital raise in mid-December, minus the outstanding bank debt, Maha's cash position would be higher than its current market capitalization, giving the Company ability to pursue new opportunistic acquisitions.

The above mentioned events illustrates what the new management of Maha is pursuing for the upcoming years, which can be summarized as: (i) financial optimization, improving the Company's capital structure and capital allocation; (ii) optimization of CAPEX and OPEX to capture superior returns out of the deployed capital; and (iii)

search for opportunistic targets that can be acquired at attractive entry prices and with potential scalability within its production ramp-up.

During Q4 2022, the Brazilian production was fully recovered with the workover campaign successfully completed and all production wells back on stream, with improved artificial lift and tubing leaks repaired as required. The Tie-6 well commenced water injection into the Agua Grande formation to aid in pressure maintenance and oil recovery plans. In Tartaruga, the TTG-3 well was converted to a water disposal well for produced water which will eliminate the need to truck water from Sergipe to Bahia province for treating and will reduce operating costs significantly. Good progress was made in Oman with the conclusion of the assignment of Maha's 35% work interest to Mafraq Energy. The Company is now looking forward to start testing these wells in the near-term and further appraising the Mafraq field. The Company will update the market of its developments in Oman as soon as possible. Finally, in the US our production was very stable in the Illinois Basin and averaged 280 BOPD over the quarter with minor maintenance workovers carried out to keep all wells producing.

From a financial standpoint, Q4 2022 was a transitional quarter for Maha. Total production was 2,621 BOEPD and for the full year was 3,213 BOEPD. Even though the production improved from the third quarter 2022, revenues and net results for the fourth quarter were lower due to decreasing realized oil price compared to the third quarter 2022 and high general and administrative costs relating to the transactions occurred during the quarter. For the full year 2022 revenue was USD 89.8 million compared to full year 2021 revenue of USD 68.3 million, representing a 31.5% increase. Operating netback for the current year was impacted by workover costs and inflation; however, 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 quarter 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 the year 2022 with EBITDA of USD 55.1 million compared to EBITDA of USD 47.8 million for 2021, an increase of 15.3% on a year over year basis.

Overall, with the above information and figures, which represent a challenging transition phase for Maha, the Company is now actively working in pursuing attractive opportunities to create value for its shareholders.

Yours sincerely,

Paulo T. Arantes de Mendonça (CEO)

Financial Report for the Fourth Quarter Ended 31 December 2022

OPERATIONAL AND FINANCIAL REVIEW

Strategy

The Company's business activities include the exploration for and the development and production of hydrocarbons. 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, Maha 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 and with attractive entry acquisition price. The ultimate goal for Maha is to maximize shareholder returns and drive profitability, while operating in a high-integrity, ethical and responsible manner that benefits all stakeholders.

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. The closing of the Maha Brazil Transaction is expected by the end of February 2023.

The total consideration can reach USD 174.1 million, comprised of the purchase price of USD 138 million, subject to specific adjustments and to be paid in two installments, (i) USD 82.8 million at the Closing Date and (ii) 55.2 million six months after the Closing Date. An additional USD 36.1 million will be paid based on certain contractual conditions established by Maha and PetroRecôncavo, dependent on applicable earnout structure.

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 interim condensed 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 mmbbl 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.

Assets

Country	Concession name	Maha Working Interest (%)	Status	Net Area (acres)	BOEPD ⁽¹⁾	Partner
Discontinued Operations						
Brazil	Tie (REC-T 155)	100%	Producing	1,511	2,146	
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	195	Petrobras (25%)
Continuing Operations						
USA	Il Basin (various)	97%	Producing	3,295	280	
USA	LAK Ranch	99%	Pre-Production	6,475	-	SEC (1%)
Oman	Block 70	65%	Pre-Production	102,635	-	-

BRAZIL

On 28 December 2022, Maha announced the divestment of Maha Brazil resulting in classification of the Brazil assets as assets held for sale and as discontinued operations (See Note 6).

Tie Field (Reconcavo Basin)

Maha owns and operates, through a wholly-owned subsidiary, 100% working interests in six onshore concession agreements located in the Reconcavo Basin of Brazil, including the oil producing Tie field. The Tie field and the six concessions are located in the state of Bahia, onshore Brazil. The six concessions are in varying stages of exploration and development. A total of 10 wells have been drilled and 212 km² of 3D seismic had been acquired by the previous Operator over the 41,606 total acres when Maha acquired the six concessions. The Tie field, originally discovered in 2008, was acquired by Maha Energy in the summer of 2017.

¹ As per the current quarter reported net production volumes to Maha before royalties. 1 BBL = 6,000 SCF of gas. Approximately 91% of Maha's oil equivalent production is crude oil.

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 spudded the Tie-6 water injector well in June 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. Also, during the year, Maha drilled a shallow water supply well (WSW) on the Tie field. The WSW is an important water provider for the water injection program at the Tie field.

In Q4 2022, the well workover campaign was completed with all wells restored back to normal production. 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 was recompleted as a single-string jet pump producer. The GTE-4 well had a leaking tubing string replaced.

Average production from the Tie field was 2,146 BOEPD (1,926 BOPD of oil and 1,315 MSCFPD of gas).

Tartaruga Field (Sergipe-Alagoas Basin)

Maha has a 75% working interest in the Tartaruga development block, located in the Sergipe-Alagoas Basin onshore Brazil. Petrobras holds the remaining 25%. The Tartaruga field is located in the northern half of the Tartaruga Block and produces light (41° API) oil from the Penedo sandstone reservoir. The Penedo sandstone consists of 27 separate stacked sandstone stringers, having all been electrically logged and are believed to contain oil, and of which only 2 of the 27 have been commercially produced (Penedo 1 and Penedo 6).

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

Average production, net to the Company, from the Tartaruga field during the current quarter was 195 BOEPD (186 BOPD of oil and 55 MSCFPD of gas).

USA

Illinois Basin (IB)

In 2020, Maha acquired certain oil producing assets in the Illinois Basin, USA, adding oil and gas leases to Maha's USA footprint. The Illinois Basin is one of the oldest oil producing basins in North America having produced over 4 billion barrels of oil to date. Oil was initially discovered in 1853 according to historical records and oil is found in multiple shallow Dolomite and Sandstone reservoirs. Most producers in the area produce oil from 3 separate reservoirs that act independently of each other. This is a low-risk conventional oil play that requires low-cost drilling and stimulation operations.

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, 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.

Average net production from the Illinois basin during the current quarter was 280 BOPD of oil.

LAK Ranch (LAK)

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 the current quarter, no activity occurred other than routine maintenance activities.

Oman

Block 70

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 current quarter, 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.

Financial Results Review

Result

On 28 December 2022, Maha announced that it had entered into the Maha Brazil Transaction, with its closing subject to customary precedent conditions. As a result, Brazil assets have been classified as assets held for sale and Brazil operations has been classified as the discontinued operations (See Note 6 for details).

The combined net result for the current quarter amounted to TUSD 93 (Q4 2021: TUSD 7,363) representing earnings per share of USD 0.00 (Q4 2021: USD 0.06). The combined net result decreased as compared to the comparative period mainly due to lower net result from discontinued operations with lower revenue due to lower sales volumes, higher operating expenses, higher general and administrative costs, and higher deferred taxes offset by lower depletion, depreciation and amortization costs and finance.

For the current quarter, the net result from the continuing operations amounted to TUSD -3,579 (Q4 2021: TUSD -3,774) representing earnings per share of USD -0.03 (Q4 2021: USD -0.03) and were mainly in line with the net result of the comparative period. The net result from the discontinued operations amounted to TUSD 3,672 (Q4 2021: TUSD 11,137) representing earnings per share of USD 0.03 (Q4 2021: USD 0.09) and were lower than the comparative period mainly due to lower sales volumes and higher production costs.

For the full year 2022, the net result of the continuing operations for 2022 amounted to TUSD -12,529 (2021: TUSD -13,339) representing earnings per share of USD -0.10 (2021: USD -0.12). Lower net result for the full year was mainly due to higher production expenses, depletion, depreciation and amortization costs, higher general and administrative costs which was offset by higher revenue resulting from higher sales volumes and prices. The net

result of the discontinued operations for 2022 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 the full year 2022 was mainly due to higher revenue for 2022 as compared to 2021 which was offset by higher production expenses and depletion, depreciation and amortization costs and higher deferred taxes.

Production

	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Total delivered Oil & Gas (BOE) ²	241,147	285,025	1,172,719	1,236,386
Daily Volume (BOEPD)	2,621	3,098	3,213	3,387
Continuing Operations				
Delivered Oil (Barrels)	25,818	22,678	146,482	77,420
Daily Volume (BOEPD)	280	247	401	212
Discontinued Operations				
Delivered Oil (Barrels)	194,329	224,387	887,739	1,027,211
Delivered Gas (MSCF)	125,997	227,757	830,989	790,532
Daily Volume (BOEPD)	2,341	2,851	2,812	3,175

Production volumes are net working interest volumes before government, gross overriding, and freehold royalties. Approximately 91% (Q4 2021: 87%) of total oil equivalent production was crude oil for Q4 2022.

The total average daily production volumes for the current quarter were lower by 15% than the comparative quarter. Decrease in production volumes in Brazil was offset by increase in production volumes in the Illinois Basin. Average daily production volumes were lower by 5% for the full year of 2022 as compared to the same period in 2021.

The continuing operations average daily production for the current quarter and for the full year 2022 was higher by 13% and 89%, respectively, as compared to the comparative periods, 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 current quarter and for the year, as compared to the comparative periods, as a result of natural decline in key wells, the increasing water cuts observed in the Tie field, and the workover operations, which continued into the quarter 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 higher during the current quarter as compared to Q4 2021 due to jet pump optimization and 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.

² BOE takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Revenue

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Oil and Gas revenue	17,271	17,818	89,777	68,306
Continuing Operations	1,991	1,978	12,327	5,732
Discontinued Operations	15,280	15,840	77,450	62,574
Combined Sales volume (BOE) ³	235,303	281,144	1,109,699	1,206,332
Oil realized price (USD/BBL) ⁴	79.36	71.77	90.18	62.60
Gas realized price (USD/MSCF)	1.32	0.81	1.06	0.79
Oil Equivalent realized price (USD/BOE)	73.40	63.38	80.90	56.62
Reference price – Average Brent (USD/BBL) ⁵	88.56	79.61	100.93	70.86
Reference price – Average WTI (USD/BBL)	82.79	77.45	94.90	68.13

Revenue for the current quarter amounted to TUSD 17,271 (Q4 2021: TUSD 17,818), decrease of 3% as compared to Q4 2021. This decrease was driven by lower sales volumes by 16% offset by higher realized oil price for the current period. Higher realized oil price is in line with the higher average Brent oil price increase of 11%. For the continuing operations, revenue for the current quarter was mainly in line with the comparative quarter resulting from sales volumes that were similar to the comparative period. For the discontinued operations, revenue for the quarter was lower by 4% as the ongoing workovers impacted production volumes in the Tie field. Lower volumes were offset by higher realized oil equivalent price by 11%.

Revenue for the full year 2022 amounted to TUSD 89,777 (Full year 2021: TUSD 68,306), representing an increase of 31% as compared to the full year 2021 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 full year 2022 amounted to TUSD 12,327 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 full year if higher by 24% mainly due to higher realized oil equivalent price.

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

Royalties

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Royalties	1,947	2,293	10,894	9,384
Royalties as a % of revenue	11.3%	12.9%	12.1%	13.7%
Per unit (USD/BOE)	8.28	8.16	9.82	7.78
Continuing Operations	474	415	2,976	1,341
Royalties as a % of revenue	23.8%	21.0%	24.1%	23.4%
Discontinued Operations	1,473	1,878	7,918	8,043
Royalties as a % of revenue	9.6%	11.9%	10.2%	12.9%

Royalties are settled in cash and based on realized prices before discounts. Overall, royalty expense decreased by 15% for the current quarter due to the impact of a lower royalty rate in Brazil during the current quarter as compared to the comparative quarter. On a per BOE basis, royalty expense was higher for the current periods as compared to the comparative periods due to higher revenue per BOE.

³ Sales volumes relates to the combined sales volume from continued operations and discontinued operations.

⁴ Prices realized on a combined basis from continued operations and discontinued operations.

⁵ Reference price is as per U.S. Energy Information Administration website.

Royalty expense for the current quarter for the continuing operations was mainly in line with the comparative period as revenue for the current quarter was in line with the comparative period. Lower royalty expense for the current quarter for the discontinued operations was in line with the lower revenue for the current quarter as compared to the comparative period. In addition, current quarter had lower royalty rate resulting from 2.5% royalty rate reduction in Brazil which came into effect beginning February 2022.

Total royalties increased for the full year 2022 as compared to the same period in 2021 due to higher revenue which was offset by lower royalty rate in Brazil. The effective royalty rate for the current quarter and the full year 2022 was lower than the comparative period of 2021 as a result of royalty rate reduction in Brazil. Full year royalty expense increased for the continuing operation mainly due to higher revenue for the year by 115% as compared to the comparative period. Lower royalty expense for the discontinued operations for the full year 2022 as compared to the same period in 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

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating costs	5,044	3,246	16,145	11,196
Transportation costs	484	366	2,009	1,666
Production expenses	5,528	3,612	18,154	12,862
Per unit (USD/BOE)	23.50	12.85	16.36	10.66
Continuing Operations				
Production expenses	515	467	2,828	1,509
Discontinued Operations				
Operating costs	4,529	2,779	13,317	9,687
Transportation costs	484	366	2,009	1,666
Production expenses	5,013	3,145	15,326	11,353

Production expenses are higher by 53% for the current quarter and amounted to TUSD 5,528 (Q4 2021: TUSD 3,612) and higher by 41% for the full year 2022 and amounted to TUSD 18,154 (Full year 2021: TUSD 12,862). Operating costs were higher during the current quarter and the full year 2022 as compared to the same periods in 2021 mainly due to higher costs in both the Tie field and Illinois Basin.

Production expenses for the continuing operations were higher by 10% for the current quarter as compared to the comparative period mainly due to the overall increase in operating costs for the fourth quarter resulting from inflation. For the full year 2022, production expenses were higher by 87% mainly due to workovers performed to clean out certain wells along with the increase in sales volumes by 50% for the full year 2022 resulting from the additions following the 12 new wells that were drilled during 2021.

Production expenses for the discontinued operations were higher by 59% for the current quarter and higher by 35% for the full year 2022 as compared to the comparative periods 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 the current quarter and full year were higher as compared 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 the current quarter were USD 23.50 per BOE (Q4 2021: USD 12.85 per BOE) and were higher by 83% as compared to the same period last year mainly due to the same reasons as described above and lower fixed costs absorption by the lower volumes sold. On a per BOE (or unit) basis, production expenses for the full year 2022 were USD 16.36 per BOE (Full year 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

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Netback	9,796	11,913	60,729	46,060
Netback (USD/BOE)	41.62	42.37	54.72	38.18
Continuing Operations				
Operating Netback	1,002	1,096	6,523	2,882
Netback (USD/BOE)	40.06	39.77	49.03	32.53
Discontinued Operations				
Operating Netback	8,794	10,817	54,206	43,178
Netback (USD/BOE)	41.81	39.88	55.50	38.63

Operating netback is a non-GAAP financial metric used in the oil and gas industry to compare performance internally and with industry peers and is calculated as revenue less royalties and production expenses. Operating netback for the current quarter was 18% lower than the comparative period mainly due to lower sales volumes and higher production costs during the current quarter. Operating netback for the current quarter for the continuing operations was mainly in line with the comparative period as higher revenue for the quarter was offset by higher production expenses. Operating netback for the current quarter for the discontinued operations was lower than the comparative period mainly due to lower revenue and higher production expenses.

Combined operating netback for the full year 2022 was 32% higher than the comparative period and was higher for the full year for both continued operations and discontinued operations mainly due to significantly higher oil realized price and slightly offset by higher production costs year to date.

Depletion, depreciation, and amortization (“DD&A”)

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
DD&A	2,655	2,739	13,338	8,535
DD&A (USD/BOE)	11.28	9.74	12.02	7.08
Continuing Operations	196	390	2,783	1,336
Discontinued Operations	2,459	2,349	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 capital spending and reserves additions for the period.

DD&A expense for the current quarter amounted to TUSD 2,655 (at an average depletion rate of USD \$11.28 per BOE) as compared to TUSD 2,739 (at an average depletion rate of USD \$9.74 per BOE) for the comparative period. Total depletion expense was lower than the comparative period due to lower production volumes in Brazil and IB. Depletion rate on a per BOE basis increased because of a higher depletable base and lower sales volumes to absorb the costs per barrel. For the current quarter, DD&A expense for the continuing operations was lower than the comparative period mainly due to yearend adjustments in the comparative period relating to the higher depletable base. DD&A expense for the discontinued operations was higher than the current quarter mainly due to the impact of the lower reserves at yearend as compared to the same period last year.

For the full year 2022, 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 the comparative period. Depletion expense and depletion rate on a per BOE basis increased because of the higher depletable base. For the continuing operations, depletion expense for the full year increased mainly due to higher production volumes as

compared to 2021. For the discontinued operations, depletion expense increased mainly due to higher depletable base.

General and administration (“G&A”)

<i>(TUSD, unless otherwise noted)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
G&A	2,906	1,826	7,411	5,517
G&A (USD/BOE)	12.35	6.50	6.68	4.57
Continuing operations	2,056	1,464	5,944	4,658
Discontinued operation	850	362	1,467	859

G&A expense for the current quarter amounted to TUSD 2,906 (USD 12.35 per BOE) of which TUSD 2,056 is related to the continuing operations and TUSD 850 relates to the discontinued operations as compared to the comparative period which amounted to TUSD 1,826 of which TUSD 1,464 is related to the continuing operations and TUSD 362 is related to the discontinued operations. G&A expense is 59% higher than the same period in 2021 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.

G&A expense for the full year 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 the full year is higher by 34% from the comparative period of TUSD 5,517 (USD 4.57 per BOE) mainly due to the same reasons described above.

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

Exploration and business development costs

Exploration and business development costs amounted to TUSD 45 (Q4 2021: nil) for the current quarter and TUSD 197 (Full Year 2021: TUSD 6) for the full year 2022 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 the current quarter amount to TUSD 113 (Q4 2021: TUSD 30 loss) and was fully related to the continuing operations. The net foreign currency exchange gain for the full year 2022 amounted to TUSD 3 (Full year 2021: TUSD 30 gain) of which TUSD 3 (Full Year 2021: TUSD 21) is related to the continuing operations and TUSD nil (Full year 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 the current quarter and the full year 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 and expenses

For the current quarter, the discontinued operations included other income of TUSD 1,772 (Q4 2021: TUSD 518) 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. For the full year 2022, the discontinued operations included other income of TUSD 2,398 (Full year

2021: TUSD 2,443) mainly related to ICMS credits that the Company was able to fully utilize or sell to the external parties.

Other gains

Included in the discontinued operation is other gains for the current quarter and the full year 2022 of TUSD 384 (Q4 and full year 2021: 5,164) due to provisions reversals and adjustments related to labour claims. During the comparative quarter, 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 the current quarter amounted to TUSD 2,000 (Q4 2021: TUSD 2,867) of which TUSD 2,161 (Q4 2021: 2,832) related to the continuing operations and TUSD -161 (Q4 2021: 35) related to the discontinued operations. For the full year 2022 net finance costs amounted to TUSD 8,669 (Full year 2021: TUSD 9,963) of which TUSD 9,329 (Full year 2021: 9,821) related to the continuing operations and TUSD -660 (Full year 2021: TUSD 142) related to the discontinued operations and are detailed in Note 5.

Income taxes

The Company recorded a current tax recovery of TUSD 541 (Q4 2021: TUSD 74) for the current quarter related to the discontinued operations. No current tax expense was recorded for the continuing operations. Also, for the discontinued operations, the Company recorded a recovery of TUSD 2,548 for the full year 2022 as compared to current tax expense of TUSD 2,311 for the same comparative period. The current quarter tax is recovery than the comparative period mainly due to lower taxable income for the period resulting from lower revenues and additional deductions related to the accelerated amortization tax deductions. 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 of approximately USD 3.0 million to be applied as a tax credit against taxes payable resulting in the tax recovery for the full year 2022.

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 related to its discontinued operations for the current quarter of TUSD 4,671 and TUSD 12,711 for the full year 2022 as compared to deferred tax expense of TUSD 2,542 and TUSD 5,359 respectively, for the comparative periods. Deferred tax expense is mainly in line with the comparative quarter and is significantly higher than the full year 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 4,958 (Q4 2021: TUSD -2,901) for the current quarter mainly due to the Brazilian Real exchange

rate strengthened by 2% against US Dollar at 31 December 2022 as compared to 30 September 2022 exchange rate. The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD 6,743 (Full year 2022: TUSD -5,914) for the full year 2022 mainly due to the US Dollar exchange rate weakened against Brazilian Real by 5% since 31 December 2021.

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 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.

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 % based on the total number of shares in Maha after the Directed New Share Issue.

Dividend

The Board of Directors proposes that no dividend be paid for the 2022 financial year.

Board and management

An extraordinary general meeting was held on 3 November 2022. The general meeting resolved on changes in the Board of Directors. New board consists of Fabio Vassel, Paulo Thiago Mendonça, Enrique Peña, Harald Pousette, Viktor Modigh and Richard Norris. Fabio Vassel was appointed as chairman of the board of directors.

On 4 November 2022, Paulo Thiago Mendonça was appointed as new CEO of the Company and Bernardo Guterres as the new CFO. Former CEO Jonas Lindvall and CFO Andres Modarelli stepped down from their positions the same day but remained available during the transition period.

Risks and uncertainties

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. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate, or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

A detailed analysis of Maha's operational, financial, and external risks, and the mitigation of those risks through risk management is described in Maha Energy's 2021 Annual Report (page 39 – Page 42).

Further, in February 2022, Russian military forces invaded Ukraine and the market faces a highly uncertain future as the Russia-Ukraine conflict develops. We expect 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, the timing and ability of producers and governments to replace reduced supply, and OPEC+ policy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and the Company continues to monitor the evolving situation.

Legal matters

The Company has several ongoing legal matters concerning labor, regulatory and operations, being mostly related to 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.

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 is to not only to adhere to laws and regulations, but to integrate stakeholder interests into its Corporate Strategy. Part of Maha's business and operational development is engaging with stakeholders as their interests play an important role in the Company's business activities and success. The Company defines stakeholders as individuals, communities, and organizations that are and may be affected by Maha's operations; or whose actions can reasonably be expected to affect the ability of the Company to successfully implement its strategies and achieve its objectives. Stakeholder engagement is the process whereby information and perspectives in relation to Maha's activities are exchanged. For more information on Maha's ESG initiatives, please review Maha's Sustainability Report on the website (www.mahaenergy.ca).

Environment

Respecting and minimizing impacts to the environment is a key component in Maha's development plans and operations. Thereby, Maha incorporates environmental management strategies into operational planning, execution, and is considered throughout all stages of Maha's business activities. Company operations are conducted in a manner that respects the environment and is, at minimum, in compliance with the applicable environmental laws and regulations. A key component in Maha's environmental management is the notion of being proactive rather than reactive. Proactively identifying, anticipating, planning, and preventing costly and impactful scope changes in development plans and operational activities help Maha minimize, if not eliminate, environmental and social impacts prior to them possibly occurring. Proactive management can also address potential irreversible impacts and allows for decisions to be made on strategy and management, rather than responding out of necessity to a situation. This allows Maha to plan to fully utilize its resources, minimize waste, as well as minimize potential environmental and social impacts. For example, Maha recycle or reinject produced water at the facilities, which not only reduces having to find water from another source, but also reduces waste water 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. One example of promoting two-way communication is the implementation of the MahaConnect program. This Program is a two-way communication channel that allow local stakeholders to formally connect with Maha. MahaConnect helps Maha understand local questions, concerns and inquiries as well as allow for the opportunity to address them. To ensure stakeholders have the available tools to connect with Maha, the MahaConnect program allows for three different communication channels to be utilized: 1) Email, 2) Physical mail, and 3) Community meetings. The information about the program has been distributed to local communities through the educational pamphlet and community meetings, and can be found on Maha's website. All inquiries may be submitted anonymously, but Maha encourage all individuals to identify themselves to facilitate a proper two-way transparent conversation.

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 and to promote local hiring wherever possible.

Governance

Corporate Governance is an integral part of the company's foundation that guides Maha's corporate culture, business objectives, and helps accommodate stakeholder interests. Maha is committed to conducting business honestly, safely, ethically, and with integrity in full compliance with laws, rules, and regulations applicable to the business in the countries in which it operates. Personal and business ethics are taken seriously at Maha and underlie all the regulations in Corporate Governance. All employees must at all times comply with applicable laws, rules, and regulations, as well as adhere to internal policies and procedures. All employees must avoid any situation that could be perceived as improper, unethical, or indicate a casual attitude towards compliance with such laws, rules and regulations. Employees must not contribute to any violations that might be committed by other parties in Maha's business relationships or other stakeholders. 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. In addition to Corporate policies review sessions, all of Maha's Corporate Governance policies, procedures and guidelines are acknowledged and readily available to employees.

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 net result for the Parent Company for Q4 2022 amounted to TSEK -32,941 (Q4 2021: TSEK -45,685) which is higher than the comparative period mainly due to lower net finance costs of TSEK 5,897 (Q4 2021: TSEK 44,491) as the comparative period included foreign exchange loss related to the US denominated loan and lower impairment of loans and investments of the subsidiaries of TSEK 19,939 (Q4 2021: 25,476). This was offset by higher general and administrative costs of TSEK 2,510 (Q4 2021: 2,152) and higher foreign exchange loss TSEK 4,595 (Q4 2021: gain of TSEK 26,434).

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

Financial Statements

Condensed Consolidated Statement of Operations

<i>(TUSD) except per share amounts</i>	Note	Q4 2022	Q4 2021 ⁶	Full Year 2022	Full Year 2021 ⁶
Revenue					
Oil and gas sales	4	1,991	1,978	12,327	5,732
Royalties		(474)	(415)	(2,976)	(1,341)
Net Revenue		1,517	1,563	9,351	4,391
Cost of sales					
Production expense		(515)	(467)	(2,828)	(1,509)
Depletion, depreciation and amortization	7	(196)	(390)	(2,783)	(1,336)
Gross profit		806	706	3,740	1,546
General and administration		(2,056)	(1,464)	(5,944)	(4,658)
Stock-based compensation	12	(236)	(154)	(802)	(419)
Exploration and business development costs		(45)	-	(197)	(6)
Foreign currency exchange gain (loss)		113	(30)	3	21
Operating result		(1,418)	(942)	(3,200)	(3,516)
Net finance costs	5	(2,161)	(2,832)	(9,329)	(9,823)
Result before tax		(3,579)	(3,774)	(12,529)	(13,339)
Current and deferred tax		-	-	-	-
Net result from continuing operations		(3,579)	(3,774)	(12,529)	(13,339)
Net result from discontinued operations	6	3,672	11,137	35,462	34,926
Net result		93	7,363	22,933	21,587
Basic and diluted earnings per share					
From continuing operations		(0.03)	(0.03)	(0.10)	(0.12)
From discontinued operations		0.03	0.09	0.29	0.31
		0.00	0.06	0.19	0.19
<u>Weighted average number of shares:</u>					
Before dilution		123,612,435	119,715,696	120,697,888	112,912,781
After dilution		123,612,435	119,830,538	120,987,859	113,080,714

⁶ The comparative periods have been restated to reflect continuing operations.

Condensed Consolidated Statement of Comprehensive Earnings

<i>(TUSD)</i>	Note	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Net Result for the period		93	7,363	22,933	21,587
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		4,958	(2,901)	6,743	(5,914)
Comprehensive result for the period		5,051	4,462	29,676	15,673
Attributable to:					
Shareholders of the Parent Company		5,051	4,462	29,676	15,673

Condensed Consolidated Statement of Financial Position

<i>(TUSD)</i>	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	7	14,015	117,411
Exploration and evaluation assets	8	29,202	13,660
Deferred tax assets		-	3,583
Other long-term assets		302	491
Total non-current assets		43,519	135,145
Current assets			
Assets held for sale	6	153,986	-
Prepaid expenses and deposits		590	1,239
Crude oil inventory		172	247
Accounts receivable and other credits		568	5,948
Cash and cash equivalents		19,520	25,535
Total current assets		174,836	32,969
TOTAL ASSETS		218,355	168,114
EQUITY AND LIABILITIES			
Equity			
Shareholder's equity		140,897	91,425
Liabilities			
Non-current liabilities			
Bank debt	9	26,590	44,234
Decommissioning provision	10	1,700	2,264
Lease liabilities	11	78	2,385
Other long-term liabilities and provisions		-	651
Total non-current liabilities		28,368	49,534
Current liabilities			
Liabilities held for sale	6	19,889	-
Bank debt	9	19,500	11,250
Accounts payable		3,649	9,644
Accrued liabilities and provisions		5,975	5,189
Current portion of lease liabilities	11	77	1,072
Total current liabilities		49,090	27,155
TOTAL LIABILITIES		77,458	76,689
TOTAL EQUITY AND LIABILITIES		218,355	168,114

Condensed Consolidated Statement of Cash Flows

<i>(TUSD)</i>	Note	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating Activities					
Net result from continuing operations		(3,579)	(3,774)	(12,529)	(13,339)
Net result from discontinued operations		3,672	11,137	35,462	34,926
Depletion, depreciation, and amortization	7	2,655	2,739	13,338	8,535
Stock based compensation	12	236	154	802	419
Accretion of decommissioning provision	5,10	40	31	146	122
Accretion of bond payable		-	-	-	497
Amortization of deferred financing fees	9	432	400	1,838	1,233
Other gains		(384)	(5,164)	(384)	(5,164)
Interest expense		1,762	1,965	7,689	6,920
Income tax expense		(541)	74	(2,548)	2,311
Deferred tax expense		4,671	2,542	12,712	5,359
Unrealized foreign exchange amounts		(199)	513	(213)	1,576
Settlement of decommissioning liabilities		(61)	-	(103)	-
Interest received		(22)	2	153	43
Interest paid		(1,724)	(1,955)	(7,507)	(7,223)
Tax paid		-	(684)	(2,673)	(2,494)
Changes in working capital	16	7,102	(1,048)	8,474	(2,716)
Cash from operating activities		14,060	6,931	54,657	31,005
Investing activities					
Capital expenditures - property, plant, and equipment	7	(9,796)	(10,962)	(47,602)	(44,334)
Capital expenditures - exploration and evaluation assets	8	(7,406)	(1,332)	(15,081)	(2,645)
Restricted cash		-	(16)	-	(16)
Cash used in investment activities		(17,202)	(12,310)	(62,683)	(46,995)
Financing activities					
Lease payments	11	(368)	(283)	(1,358)	(1,235)
Repayment of bonds payable		-	-	-	(35,919)
Bank debt borrowing	9	-	-	-	60,000
Repayment of bank debt	9	(3,750)	-	(11,250)	-
Paid financing fees		-	(30)	-	(5,132)
Shares subscription (net of issue costs)	12	18,993	-	18,993	9,047
Exercise of warrants (net of issue costs)	12	-	(3)	-	9,188
Cash from (used in) financing activities		14,875	(316)	6,385	35,949
Change in cash and cash equivalents		11,733	(5,695)	(1,641)	19,959
Cash and cash equivalents at the beginning of the period		11,338	31,778	25,535	6,681
Currency exchange differences in cash and cash equivalents		157	(548)	(666)	(1,105)
Cash and cash equivalents at the end of the period		23,228	25,535	23,228	25,535
- of which is included in assets held for sale	6	3,708	-	3,708	-
- of which is included in the continued operations		19,520	25,535	19,520	25,535

Condensed Consolidated Statement of Changes in Equity

<i>(TUSD)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Shareholders' Equity
Balance on 1 January 2021	122	66,120	(34,096)	23,410	55,556
Comprehensive result					
Result for the period	-	-	-	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 (net of issue costs)	14	9,260	-	-	9,274
Total transactions with owners	24	20,172	-	-	20,194
Balance on 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	22,909	29,652
Transactions with owners					
Stock based compensation (net of issue costs)	-	802	-	-	802
Share issuance (net of issue costs)	25	18,969	-	-	18,994
Total transactions with owners	25	19,771	-	-	19,796
Balance on 31 December 2022	171	106,063	(33,267)	67,930	140,897

Parent Company Statement of Operations

<i>(Expressed in thousands of Swedish Krona)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Revenue	-	-	-	-
Expenses				
General and administrative	(2,510)	(2,152)	(9,081)	(9,365)
Foreign currency exchange (loss) gain	(4,595)	26,434	7,102	32,069
Operating result	(7,105)	24,282	(1,979)	22,704
Impairment of loans and investments	(19,939)	(25,476)	(19,939)	(69,304)
Net finance costs	(5,897)	(44,491)	(42,960)	(79,861)
Result before tax	(32,941)	(45,685)	(64,878)	(126,461)
Income tax	-	-	-	-
Net result for the period ⁷	(32,941)	(45,685)	(64,878)	(126,461)

Parent Company Balance Sheet

<i>(Expressed in thousands of Swedish Krona)</i>	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Investment in subsidiaries		16,153	8,003
Loans to subsidiaries		691,849	644,044
		708,002	652,047
Current assets			
Accounts receivable and other		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			
Share capital		1,580	1,316
Contributed surplus		892,763	686,398
Retained earnings		(528,773)	(463,895)
Total equity		365,570	223,819
Non-current liabilities			
Bank debt	9	288,246	412,964
Current liabilities			
Accounts payable and accrued liabilities		3,604	1,406
Bank debt	9	203,190	102,078
		206,794	103,484
Total liabilities		495,040	516,448
Total Equity and Liabilities		860,610	740,267

⁷ 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 Statement of Changes in Equity

<i>(Thousands of Swedish Krona)</i>	Restricted equity	Unrestricted equity		Total Equity
	Share capital	Contributed surplus	Retained Earnings	
Balance on 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 warrants (net of issuance costs)	117	78,123	-	78,210
Total transaction with owners	199	169,898	-	170,097
Balance on 31 December 2021	1,317	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 on 31 December 2022	1,580	892,763	(528,773)	365,570

Notes to the Condensed Consolidated Financial Statements

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, Oman and the United States. The head office is located at Strandvägen 5A, SE-114 51 Stockholm, Sweden. The Company’s subsidiary, Maha Energy Inc., maintains its technical office in Calgary, Canada. The Company has an office in Rio de Janeiro, Brazil and operations offices in Grayville, IL, Newcastle, WY, USA and Muscat, Oman.

The Company announced the divestment of Maha Energy Brasil Ltda. on 28 December 2022.

2. Basis of Presentation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and the Swedish Annual Accounts Act.

The unaudited interim condensed consolidated financial statements are stated in thousands of United States Dollars (TUSD), unless otherwise noted, which is the Company’s presentation and functional currency. These unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

The accounting principles as described in the Annual Report 2021 have been used in the preparation of this report. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

The financial reporting of the Parent Company (Maha Energy AB) has been prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 Reporting for legal entities, issued by the Swedish Financial Reporting Board and the Annual Accounts Act. Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company’s financial information is reported in Swedish Krona and not the Group’s presentation currency of US Dollar.

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.

During the current quarter 2022, the Company did not adopt any new standards and interpretations or amendments thereto applicable for financial periods beginning on or after 1 January 2022.

Going Concern

The Company prepared these consolidated financial statements on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business as they become due. The Company manages its capital structure to support the Company's strategic growth and has positive cash flow from operations.

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 as follows:

- United States of America (USA): Includes all oil and gas activities in the Illinois Basin and LAK field.
- 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 initial costs related to activities in Oman. These operating segments have similar economic characteristics as they do not currently generate revenue.

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

Q4 2022 (TUSD)	USA	Corporate	Consolidated
Revenue	1,991	-	1,991
Royalties	(474)	-	(474)
Production and operating	(515)	-	(515)
Depletion, depreciation, and amortization	(176)	(20)	(196)
General and administration	(44)	(2,012)	(2,056)
Stock-based compensation	-	(236)	(236)
Exploration and business development costs	-	(45)	(45)
Foreign currency exchange loss	-	113	113
Operating results	782	(2,200)	(1,418)
Net finance costs	(7)	(2,154)	(2,161)
Net results from continuing operations	775	(4,354)	(3,579)

Q4 2021 (TUSD)	USA	Corporate ⁸	Consolidated
Revenue	1,978	-	1,978
Royalties	(415)	-	(415)
Production and operating	(467)	-	(467)
Depletion, depreciation, and amortization	(371)	(19)	(390)
General and administration	(64)	(1,400)	(1,464)
Stock-based compensation	-	(154)	(154)
Foreign currency exchange loss (gain)	-	(30)	(30)
Operating results	661	(1,603)	(942)
Net finance costs	(6)	(2,826)	(2,832)
Net results from continuing operations	655	(4,429)	(3,774)

⁸ Corporate segment has been restated as per the current presentation.

Full year 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)

Full year 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)

4. Revenue

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

<i>TUSD</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Continuing operations - Total revenue from contracts with customers	1,991	1,978	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 during Q4 2022 (Q4 2021: one) and the full year 2022 (Full year 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. Finance Costs

<i>TUSD</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Interest on bond payable	-	-	-	1,463
Accretion of bond payable	-	-	-	497
Accretion of decommissioning provision (Note 9)	7	6	28	20
Amortisation of deferred financing fees (Note 8)	433	400	1,838	1,233
Financing transaction cost	-	505	-	505
Foreign currency exchange loss	-	-	-	784
Interest expense (Note 8)	1,728	1,939	7,527	5,375
Interest income and credits	(7)	(18)	(65)	(54)
	2,161	2,832	9,329	9,823

6. Assets Held for Sale and Discontinued Operations – Maha Brazil

On 28 December 2022, Maha announced the divestment of its Brazilian subsidiary, the Maha Brazil Transaction. The purchase agreement for the Maha Brazil Transaction was signed on 27 December 2022, with its closing subject to customary precedent conditions. On 27 January 2023, the Maha Brazil Transaction was approved by the Brazilian antitrust authority and the closing is expected by the end of 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

<i>(TUSD) except per share amounts</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Revenue				
Oil and gas sales	15,280	15,840	77,450	62,574
Royalties	(1,473)	(1,878)	(7,918)	(8,043)
Net Revenue	13,807	13,962	69,532	54,531
Cost of sales				
Production expense	(5,013)	(3,145)	(15,326)	(11,353)
Depletion, depreciation and amortization	(2,459)	(2,349)	(10,555)	(7,199)
Gross profit	6,335	8,468	43,651	35,979
General and administration	(850)	(362)	(1,467)	(859)
Foreign currency exchange gain (loss)	-	-	-	9
Other income (loss)	1,772	518	2,398	2,443
Other gains	384	5,164	384	5,164
Operating result	7,641	13,788	44,966	42,736
Net finance costs	161	(35)	(660)	(140)
Result before tax	7,802	13,753	45,626	42,596
Current tax recovery (expense)	541	(74)	2,548	(2,311)
Deferred tax expense	(4,671)	(2,542)	(12,712)	(5,359)
Net result from discontinued operations	3,672	11,137	35,462	34,926

Assets and Liabilities held for Sale

<i>(TUSD)</i>	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

<i>(TUSD)</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Cash from operating activities	11,630	11,555	54,397	43,148
Cash used in investment activities	(9,556)	(10,123)	(45,669)	(35,606)
Cash from (used in) financing activities	(368)	(2,263)	(12,198)	(4,858)

7. Property, Plant and Equipment (PP&E)

<i>TUSD</i>	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

8. Exploration and Evaluation Assets (E&E)

	<i>TUSD</i>
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

On 8 August 2022, the Company entered into a farmout agreement with Mafrq Energy LLC whereby the Company will transfer a 35% working interest in the Block 70 in Oman in exchange for Mafrq Energy LLC reimbursing Maha for their prorated share of all past costs. Mafrq 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 (“JOA”) with Mafrq Energy LLC 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 Mafrq Energy LLC, as provided in the relevant Farmout Agreement signed by the Parties in August 2022.

Additions during the current quarter are mainly related to the Block 70 in Oman.

9. Bank Debt

	<i>TUSD</i>	<i>TSEK</i>
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

The Company has a credit agreement for a senior secured term loan of USD 60 million (the “Term Loan”), maturing 31 March 2025. The proceeds of the Term Loan 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.

The Term Loan requires the Company to maintain certain covenants including a Net interest-bearing debt to trailing twelve months EBITDA ratio of 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. The Company has obtained necessary consent from its creditor for the divestment of Maha Brazil.

10. Decommissioning Provision

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

	<i>TUSD</i>
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

11. 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	(1,357)
Transfer to liabilities related to assets held for sale	(3,486)
Foreign currency translation	(14)
31 December 2022	155
Less current portion	77
Lease liability – non current	78

12. 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

Warrant Incentive Program

The Company has a long-term incentive program ("LTIP") as part of the remuneration package for management and employees. Following incentive warrants were outstanding at 31 December 2022:

Warrants incentive programme	Exercise period	Exercise price, SEK	1 Jan 2022	Issued 2022	Exercised 2022	Expired or Cancelled 2022	31 December 2022
2019 (LTIP-3)	1 June 2022 – 28 February 2023	28.10	500,000	-	-	-	500,000
2020 (LTIP-4)	1 June 2023 – 29 February 2024	10.90	460,000	-	-	-	460,000
2021 (LTIP-5)	1 June 2024 – 28 February 2025	12.40	1,048,286	-	-	-	1,048,286
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	-	-	1,197,157
Total			2,532,429	1,197,157	-	-	3,729,586

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 fair value are as follows:

	2022 incentive programme
Risk free interest rate (%)	1.55
Average Expected term (years)	8.0
Expected volatility (%)	55
Forfeiture rate (%)	10.0
Weighted average fair value (SEK)	11.02

Total share-based compensation expense for Q4 2022 was TUSD 236 (Q4 2021: 154) and for the full year 2022 was TUSD 802 (Full year 2021: 419).

13. Financial Assets and Liabilities

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.

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, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments. The bank debt is carried at amortized cost and which approximates the fair value.

14. 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. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood, and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate, or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

A detailed analysis of Maha's operational, financial, and external risks and mitigation of those risks through risk management is described in Maha Energy's 2021 Annual Report.

15. 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).

On 14 December 2022, the Company completed an accelerated book-building procedure and directed 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 (USD 20 million) before transactions related costs.

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, as allowed pursuant to contracted work commitments. 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 industry conditions. The annual and updated budgets are approved by the Board of Directors.

16. Changes in non-cash Working Capital

<i>(TUSD)</i>	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)

17. 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 18).

18. Commitments and Contingencies

The Company has 7 concession agreements with the National Agency of Petroleum, Natural Gas and Biofuels in Brazil ("ANP"). Certain of these blocks are subject to work and abandonment commitments in relation to these exploration blocks which are guaranteed with certain credit instruments. These 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. During the fourth quarter 2021, the Company was granted a full waiver on the related work commitments on Block 224 minimum work and was granted extensions until November 2024 on its minimum work commitments for Blocks 117 and 118.

In the Illinois Basin, 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. For the existing leases, the Company drilled one operated and one non operated commitment wells during Q1 2022. There are no further commitments remaining for the current year. 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.

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).

19. Related Party

The company had no related party transactions during the year.

20. Subsequent Events

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

Maha believes that the alternative performance measures provide useful supplemental information to management, investors, securities analysts, and other stakeholders and are meant to provide an enhanced insight into the financial development of Maha's business operational.

Financial data

<i>TUSD</i>	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Revenue				
From continuing operations	1,991	1,978	12,327	5,732
From discontinued operations	15,280	15,840	77,450	62,574
	17,271	17,818	89,777	68,306
Operating netback				
From continuing operations	1,002	1,096	6,523	2,882
From discontinued operations	8,794	10,817	54,206	43,178
Operating netback	9,796	11,913	60,729	46,060
EBITDA				
From continuing operations	(1,335)	(522)	(420)	(2,201)
From discontinued operations	10,100	16,137	55,521	49,926
EBITDA	8,765	15,615	55,101	47,725
Net result				
From continuing operations	(3,579)	(3,774)	(12,529)	(13,339)
From discontinued operations	3,672	11,137	35,462	34,926
Net result	93	7,363	22,933	21,587
Cash flow from operations				
From continuing operations	2,430	(4,623)	260	(12,143)
From discontinued operations	11,630	11,555	54,397	43,148
Cash flow from operations	14,060	6,932	54,657	31,005
Free cash Flow				
From continuing operations	(5,216)	(6,810)	(16,724)	(23,532)
From discontinued operations	2,074	1,432	8,698	7,542
Free cash flow	(3,142)	(5,378)	(8,026)	(15,990)
Net debt	26,552	29,949	26,552	29,949

Key ratios⁹

	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Return on equity (%)	-	8	-	24
Equity ratio (%)	65	54	65	54
NIBD/EBITDA	-	0.63	-	0.63
TIBD/EBITDA	-	1.16	-	1.16

⁹ Key ratios and data per share are based on continuing operations only.

Data per share⁹

	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Weighted number of shares (before dilution)	123,612,435	119,715,696	120,697,888	112,912,781
Weighted number of shares (after dilution)	123,612,435	119,830,538	120,987,859	113,080,714
Earnings per share before dilution, USD	(0.03)	0.06	(0.10)	0.19
Earnings per share after dilution, USD	(0.03)	0.06	(0.10)	0.19
Dividends paid per share	n/a	n/a	n/a	n/a

Relevant reconciliation of Alternative Performance Measures:**Operating Netback from continuing operations**

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Revenue	1,991	1,978	12,327	5,732
Royalties	(474)	(415)	(2,976)	(1,341)
Operating Expenses	(515)	(467)	(2,828)	(1,509)
Operating netback	1,002	1,096	6,523	2,882

Operating Netback from discontinued operations

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Revenue	15,280	15,840	77,450	62,574
Royalties	(1,473)	(1,878)	(7,918)	(8,043)
Operating Expenses	(5,013)	(3,145)	(15,326)	(11,353)
Operating netback	8,794	10,817	54,206	43,178

EBITDA from continuing operations

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating results	(1,418)	(942)	(3,200)	(3,516)
Depletion, depreciation and amortization	196	390	2,783	1,336
Foreign currency exchange loss / (gain)	(113)	30	(3)	(21)
EBITDA	(1,335)	(522)	(420)	(2,201)

EBITDA from discontinued operations

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Operating results	7,641	13,788	44,966	42,736
Depletion, depreciation and amortization	2,459	2,349	10,555	7,199
Foreign currency exchange loss / (gain)	-	-	-	(9)
EBITDA	10,100	16,137	55,521	49,926

Free cash flow from continuing operations

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Cash flow from operating activities	2,430	(4,623)	260	(12,143)
Less: cash used in investing activities	(7,646)	(2,187)	(16,984)	(11,389)
Free cash flow	(5,216)	(6,810)	(16,724)	(23,532)

Free cash flow from discontinued operations

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Cash flow from operating activities	11,630	11,555	54,397	43,148
Less: cash used in investing activities	(9,556)	(10,123)	(45,699)	(35,606)
Free cash flow	2,074	1,432	8,698	7,542

Net debt

(TUSD)	Q4 2022	Q4 2021	Full Year 2022	Full Year 2021
Bank debt	46,090	55,484	46,090	55,484
Less: cash and cash equivalents	(19,538)	(25,535)	(19,538)	(25,535)
Net debt	26,552	29,949	26,552	29,949

Key Ratio Definition

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.

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.

Free cash flow: Cash flow from operating activities less cash flow from investing activities in accordance with the consolidated statement of cash flow.

Net debt: Interest bearing debt, excluding leases, less cash and cash equivalents.

Net debt to EBITDA ratio (NIBD/EBITDA): Net interest-bearing debt divided by trailing 4 quarters EBITDA.

Operating netback: Operating netback is defined as revenue less royalties and operating expenses.

Return on equity: Net result divided by ending equity balance

Total debt to EBITDA ratio (TIBD/EBITDA): Total interest-bearing debt divided by trailing 4 quarters EBITDA.

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.

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 Managing Director and the Chairman of the Board certify that the interim report for the period ended 31 December 2022 gives a fair view of the performance of the business, position, and income statements of Maha Energy AB (publ.) and Maha Energy Group and describes the principal risks and uncertainties to which the Company and the Group are exposed.

Approved by the Board

Stockholm, 28 February 2023

``Paulo Mendonca``
Paulo Thiago Mendonça, Director

``Fabio Vassel``
Fabio Vassel, Chairman

Financial calendar

2022 Annual Report: 12 April 2023
2023 First Quarter: 15 May 2023
2023 Second Quarter: 14 August 2023
2023 Third Quarter: 14 November 2023

Contact information

For further information please contact:

Paulo Thiago Mendonça (CEO)

Tel: +46 8 611 05 11

Email: info@mahaenergy.ca

Bernardo Guterres (CFO)

Tel: +46 8 611 05 11

Email: info@mahaenergy.ca

Victoria Berg (Investor Relations)

Tel: +46 8 611 05 11

Email: victoria@mahaenergy.ca

Maha Energy AB

Head Office

Strandvägen 5A
SE-114 51 Stockholm, Sweden
+46 8 611 05 11

Technical Office

Suite 240, 23 Sunpark Drive SE
Calgary, Alberta T2X 3V1
+1-403-454-7560

Email: info@mahaenergy.ca

This information is information that Maha Energy AB is required to make public pursuant to the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CEST on 15 November 2022.

Forward-Looking Statements in this report relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “plan”, “seek”, “will”, “would” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside the company’s control. Any forward looking statements in this report speak only as of the date on which the statements are made and the company has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.