MAHA ENERGY

2021 ANNUAL REPORT

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Information regarding AGM

Annual General Meeting of shareholders of Maha Energy AB (publ) will be held on Tuesday May 31, 2022, 3:00 p.m. at 30 Grev Turegatan in Stockholm. The notice and the complete proposals will be available at www.mahaenergy.ca. To be entitled to participate, shareholders must be included in the register of shareholders maintained by Euroclear Sweden AB, in their own names, as of Friday May 20, 2022 and must notify Maha Energy AB of their attendance no later than Tuesday May 24, 2022. Shareholders who have their shares registered in the name of a nominee must request temporary entry in the transcription of the share register kept by Euroclear Sweden AB (so-called voting rights registration) in order to be entitled to participate and vote for their shares at the meeting. The shareholder must inform the nominee well in advance of Friday May 20, 2022, at which time the register entry must have been made. Voting rights registration that has been requested by the shareholder at such time that the registration has been completed by the nominee no later than Tuesday May 24, 2022, will, however, be taken into account in the preparation of the share register. According to the Swedish Companies Act, a shareholder who wishes to attend by proxy, must present a proxy in writing, dated and signed by the shareholder.

Corporate Calendar

The Company plan to publish its' Quarterly Reports as follows for 2022:

Quarter 1

Three Month Report 2022

19 May, 2022

Quarter 2

Six Month Report 2022

15 August, 2022

Quarter 3

Nine Month Report 2022

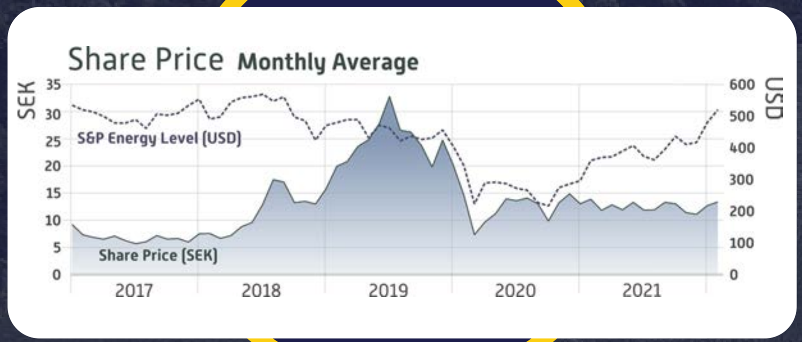
14 November, 2022

Quarter 4

Year End Report 2022

28 February, 2022

2021 MAHA HIGHLIGHTS



MahaConnect

A LOCAL STAKEHOLDER ENGAGEMENT PROGRAM, IMPLEMENTED AT MAHA'S FACILITIES

USD
$47.7 MILLION
EBITDA

MAN HOURS WORKED
690,000+

SAFETY AWARENESS AND TRAINING MAN HOURS
9,900+

IN EARNINGS PER SHARE COMPARED TO 2020

(Basic earnings per share in 2021 was USD $0.19)

+210%

USD
$68.3 MILLION
REVENUE

3,387
BOEPD
PRODUCTION

USD
$21.6 MILLION
NET RESULT IN 2021

1,309
SAFETY OBSERVATION CARDS

Letter to Shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

2021 was a year of transition for Maha. The drilling of a single well in Brazil (Tie-4) dominated the year and although it was not completed as a horizontal producer, as planned, it delivered record production rates instead. The Tie-4 well tested 4,695 BOEPD on a 24 hour pump test at the beginning of 2022. The year finished with yet another Corporate all time annual average production volume record despite drilling delays and production setbacks. The drilling and production problems experienced during the year caused significant deferral of crude oil production from the Tie field, and longer than planned dewatering from the Illinois Basin (IB) stimulated wells meant delays in much needed oil production from the IB area. The continued drilling delays and production interruptions experienced during 2021 is something management is taking very seriously and is addressing with utmost priority.

As luck will have it though, rising oil prices during the first 2 months of 2022 coincided with significant production increases coming online at the same time from both the Tie field and IB wells. Corporate average monthly production for January and February, 2022 was 4,328 BOEPD and 5,106 BOEPD respectively. Average Brent crude oil prices for the same periods were $86.51 and $97.13 per barrel. In the Illinois Basin we broke the USD 1 million per month revenue mark for the first time ever, and corporately we broke the 5,000 BOEPD mark in February. Our highest daily production record was 6,847 BOEPD and was recorded on January 20, 2022.

The Company finances are in good shape and the Company is in a good place to embark on further organic growth in Oman, Brazil, and the USA in 2022 and beyond.

In Oman, and after 6 months of Covid-19 border closures, Maha established an office and assembled the beginnings of a drilling team during 2021. All long lead equipment for the 2022 drilling campaign, including Progressive Cavity Pumps (PCP), the pump of choice for the Mafraq field, were ordered. At the beginning of 2022, casing, tubing and wellheads were being delivered in accordance to plan. A drilling rig has been selected, and the drilling of six wells is scheduled to begin on the Mafraq field during the 2nd quarter of 2022. Two appraisal wells will be drilled first to acquire important information such as the oil water contact, crude oil properties and cores of the producing interval. Additionally, four horizontal wells will be drilled and placed on extended well test production to evaluate water encroachment in the fractured limestone reservoir.

The Brazilian Tie field is being transitioned from a primary depletion drive to water flooding. To that extent, important water injectors will be drilled during 2022 to enhance reservoir pressure. Oil production from the Tie field is dependent on several factors, such as well deliverability, reservoir pressure maintenance, gas handling and offtake, oil sales and surface pump uptime. The plan is to reach and maintain the field plateau rate after the current Tie-5 horizontal well is completed later in 2022.

At Tartaruga, also in Brazil, plans are being laid to boost production by drilling at least one horizontal well into the Penedo sandstone, starting in 2022. Horizontal wells are well suited to increase production of this tight, but extensive, sandstone reservoir.

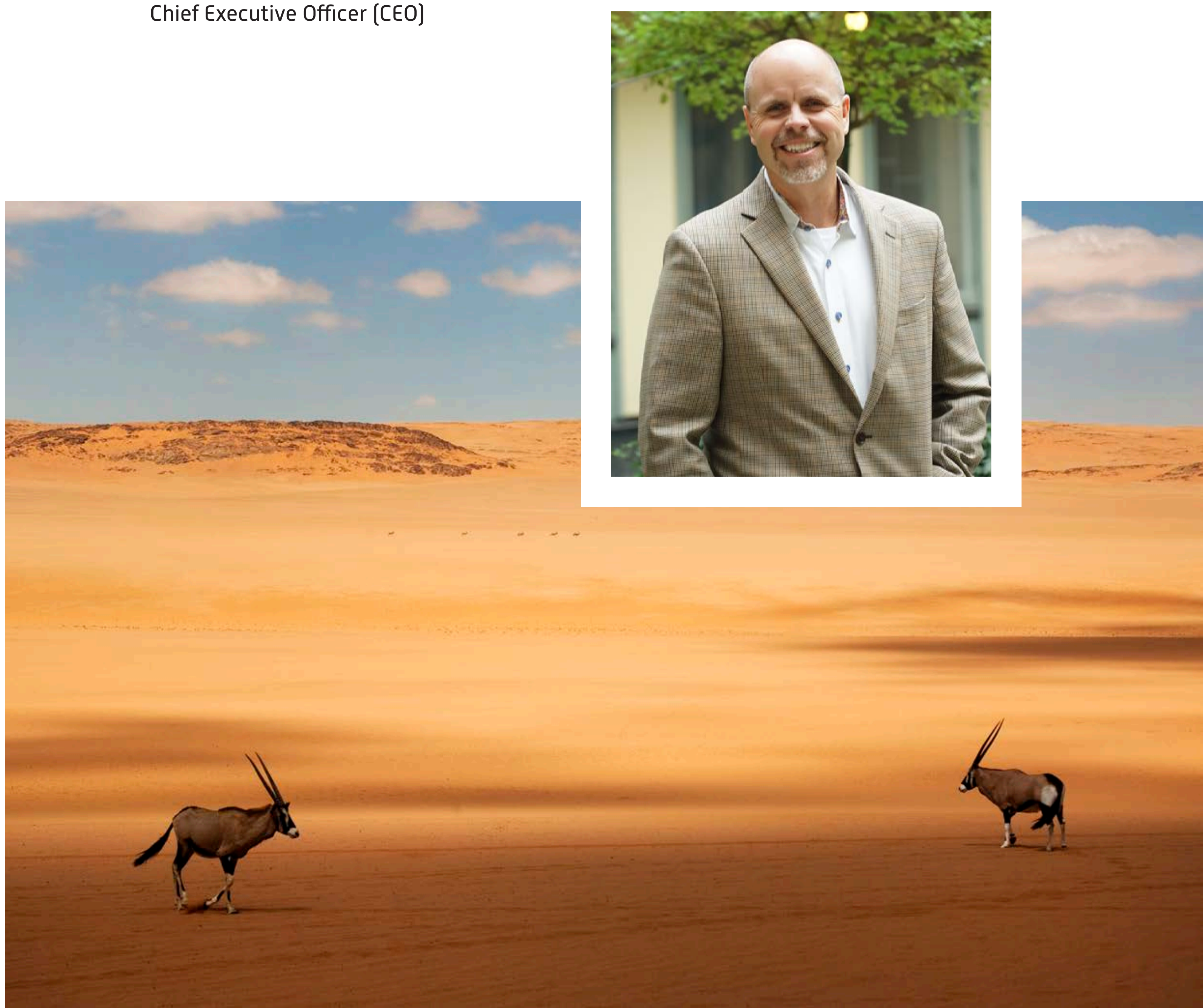
In 2021 the Illinois Basin team delivered twelve production wells that are now all on production. New and additional acreage was added adjacent to existing producing wells in the beginning of 2022. This new area provides 23 new and future drilling locations for the Company. Maha will revisit drilling plans for IB towards the middle of 2022 once more production information has been obtained from the 2021 wells. It is important that production rates justify the investments and any future investments must be compared and ranked along with the Company's other investment opportunities. The cost control at IB is excellent and the predictability of reservoir productivity and response to stimulation makes IB a very low risk, low cost, and compelling investment case at current oil prices.

Finally, something that is noticeable of the Company "becoming of age", is the increased focus on HSE and ESG. Whilst Health, Safety, and Environment (HSE) has always been at the center of everything operational at Maha, Environmental, Social, and Governance (ESG) matters are catching up fast. Maha's second Sustainability Report is issued the same time as this Annual Report and I encourage you to review it. Our ESG team are doing so many wonderful and important things. We track and report so many things. All of which carry important indications of a responsible global corporate citizen. For example, in Brazil over 85% of our associated gas resource was consumed in electrification and heavy industries and our Gas-to-Wire (GTW) electrification project expanded from 17 Units to 22 Units as well during the year. Finally, I am particularly proud of initiatives like MahaConnect, our local community outreach program, our Wyoming scholarship program, and our direct involvement and impact on the Tamar turtle protection program in Brazil.

To conclude, I want to thank all our hardworking employees for their unwavering dedication and support. And to all fellow shareholders and friends of Maha thank you for your continued support.

Jonas Lindvall

Chief Executive Officer (CEO)



About Maha

Maha is a Sweden-based independent, international upstream oil and gas company that focuses on Enhanced Oil Recovery (EOR) engineering solutions for underperforming oil and gas assets. Maha has assembled a team of industry experts with individual expertise to build a solid foundation of production assets and an objective to grow through petroleum engineering and near field exploration technologies. The primary focus is to implement state-of-the-art EOR technologies to existing and maturing oil and gas fields.

Maha Energy is traded on Nasdaq Main Market in Stockholm under the ticker symbol 'MAHA-A'.

Enhanced Oil Recovery Technology

To reduce and manage risk, Maha, utilizes proven and modern oil enhancing technologies to extract oil. Crude oil development and production in oil reservoirs can include up to three distinct recovery phases – primary, secondary, and tertiary recovery. Primary recovery is also known as natural depletion, whereas secondary and tertiary recovery technologies are known as Enhanced Oil Recovery (EOR). Secondary and tertiary recovery is implemented when primary conventional recovery methods are no longer able to produce the remaining oil. To reduce subsurface risk, Maha's strategic business model is to focus on areas with proven hydrocarbon production by exploring areas that may have had previously overlooked discoveries.

Maha's Vision and Strategy

To be a leading successful upstream oil and gas company, Maha's team of experts has laid the foundation for an innovative and progressive business model that not only produce oil and gas but also add value to Maha's shareholders. The focus on producing high quality, low cost barrels of oil proves Maha's resilience in a volatile global market whilst also maintaining an absolute focus on safety and operational reliability.

A proactive and decisive approach has been developed by Maha in its corporate strategy to reduce potential operational and business associated risks. While maintaining organic development, Maha will continue to evaluate new acquisitions and growth opportunities to strengthen Maha's portfolio and balance sheet.The multifaceted business and operation strategy can be condensed to four components:

1. Adding Value Through Enhance Oil Recovery Engineering Solutions

State-of-the-art engineering technology together with a team of industry sub-surface experts, give Maha the competitive edge in oil and gas exploitation and production. Maha's objective is to grow and produce hydrocarbons through petroleum engineering and near field exploration technologies.

2. Balanced Asset Classification and Risk & Reward Pyramid

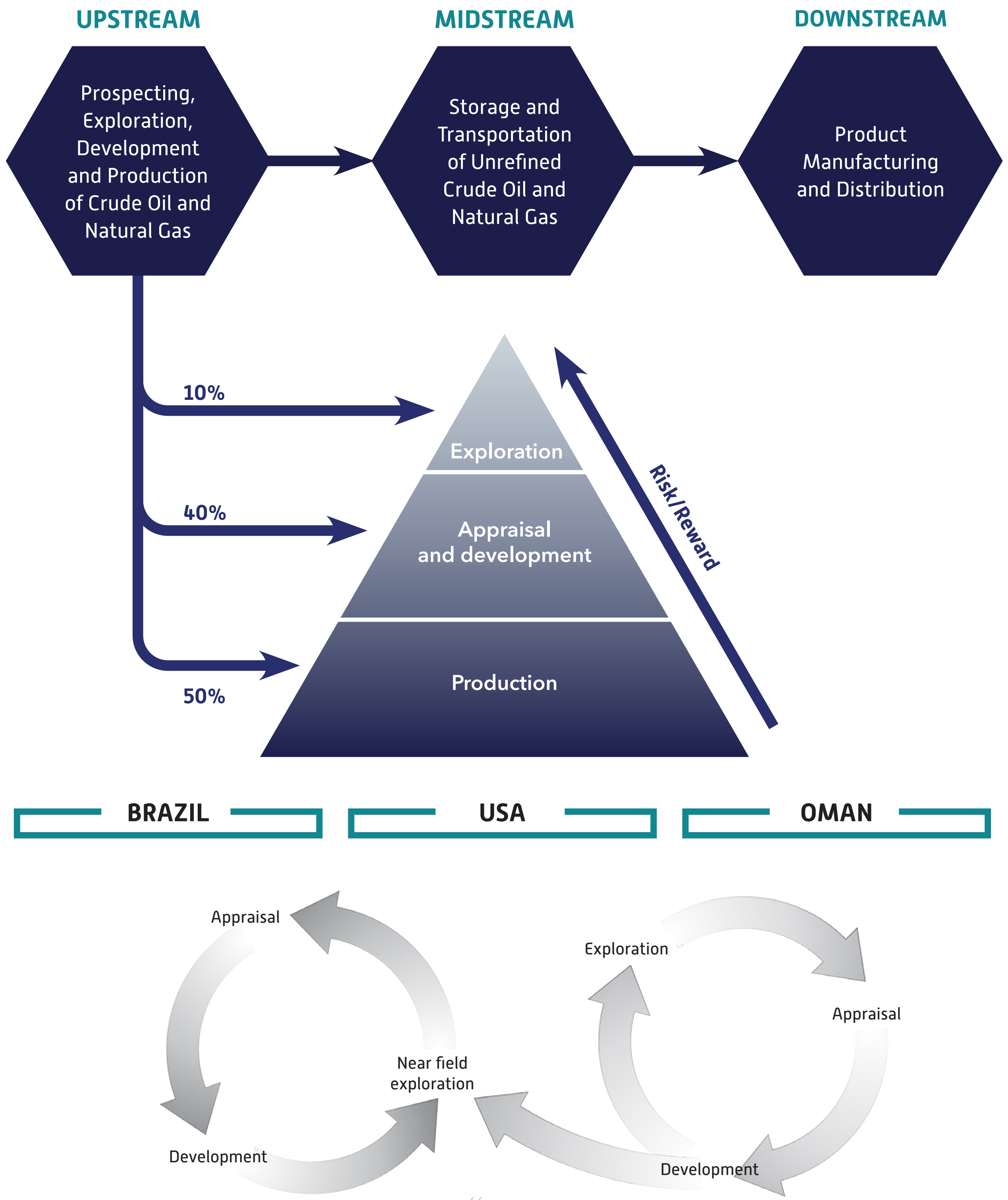
Maha has the philosophy of acquiring existing hydrocarbon assets and increase value by applying modern hydrocarbon recovery technologies through a 50:40:10 asset ratio. This means the Company strives for at least 50% of its assets to consist of low risk, consistent cash yielding production assets, and that 40% of assets should be of some risk to consummate production. The final 10% of near field exploratory production will be confined to: (a) self-funded from existing cash flows and (b) be in the near vicinity of Company-owned producing fields and infrastructure.

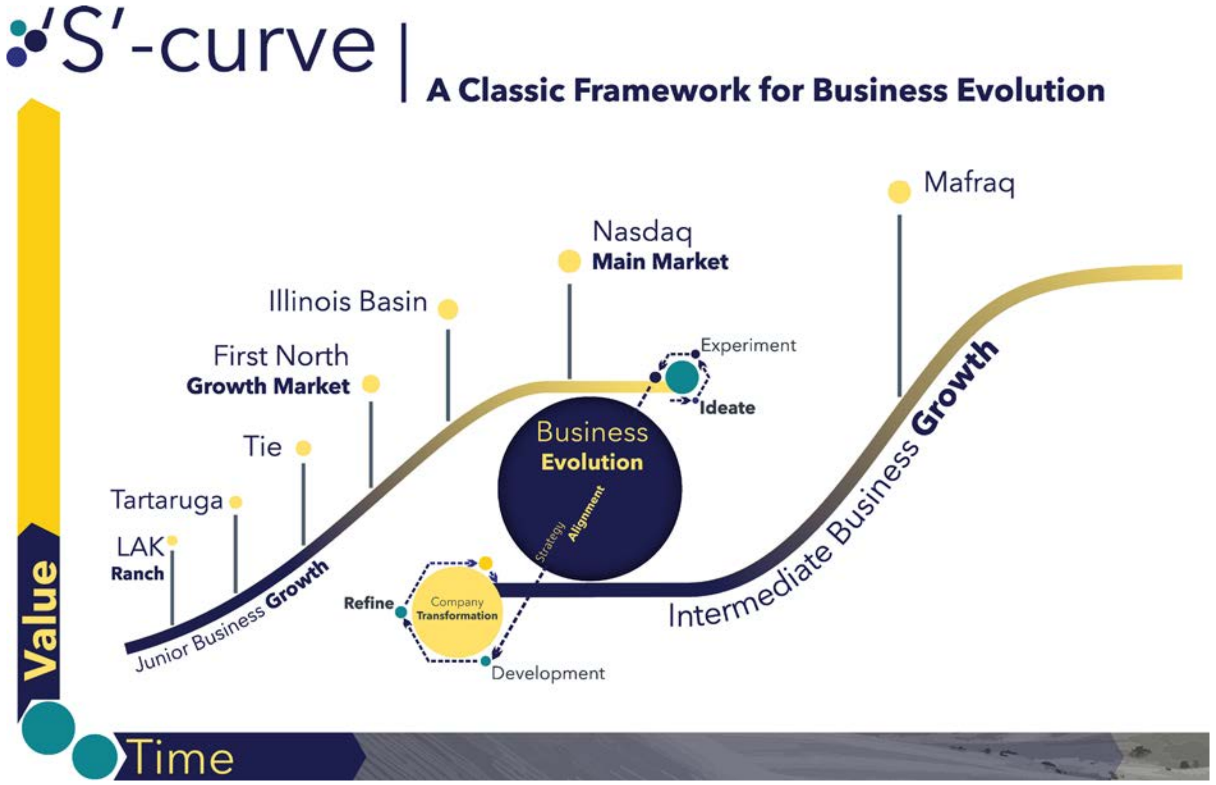
3. Sector Growth Cycle

The Upstream Development Cycle is based on using internally generated funds from production operations to explore for more oil and gas. External funding for exploratory activities are not generally used.

4. The "Three Legged Stool"

The 'Three Legged Stool' strategy is centered on value, jurisdictional and economic diversification and stable production opportunities. All opportunities evaluated by the Maha team is centered on a value per barrel basis. In order to diversify from political, regulatory, financial and jurisdictional risks, the Company's vision is to produce oil from at least three independent political jurisdictions.





The Company's production goal is to grow from a small junior independent production company to a healthy mid-size independent oil and gas company with significant production volumes. Maha's business activities and operations has grown and matured mirroring the classic 'S'-growth curve for business framework. The economic business growth concept, also known as the Sigmoidal Curve of business (or the S-Curve), predicts and demonstrates the business growth over time. Every business starts the S-Curve model at the bottom with slow growth rates, or in some cases, even negative growth rates – as the business begin to monetise their products and services to the market. As time progresses the growth of the business accelerates as consumers recognize and welcomes the product or services. This marks the steepest part of the 'S' curve, and rapid expansion usually follows. Then, as diminishing returns from the assets, products or services begins, the growth tapers off at the top of the 'S'. At this point, the Company must migrate onto the next 'S' curve. Maha started the second 'S' curve with the development of the Illinois Basin asset in the United States, the initiation of Mafraq, and the expansive production growth of the Tie field.

WHY USA?

ILLINOIS BASIN – ILLINOIS/INDIANA

The Illinois Basin (IB) is one of the oldest oil producing basins in North America having produced over 4 billion barrels of oil to date. The IB is a light oil producing asset with dependable low risk, shallow, fully delineated and solid performing assets. Multiple infill drilling locations have been identified on the IB lands.

» 2021 Average Production: 212 BOPD
» 35 deg. API oil
» Working Interest: 97%
» Year of Acquisition: 2020

LAK RANCH – WYOMING

Independent Third Party, RPS Knowledge Reservoir calculated best case estimate of original oil in place (OOIP) to be 62 million barrels. To date, ~ 150,000 barrels of oil has been produced from the LAK Field.

» 2021 Average Production: Shut In
» 19 deg. API oil
» Working Interest: 99%
» Year of Acquisition: 2013

WHY OMAN?

BLOCK 70 (MAFRAQ)

Block 70 is an onshore block that includes the shallow and undeveloped Mafraq heavy oil field. The Mafraq field is estimated by third parties to contain between 185-510 million barrels of original oil in place (OOIP). The Block covers an area of 639 km^2 and is covered by both 2D and 3D seismic data that has been acquired by previous operators that has been made available to Maha. Eight wells have been drilled within the block boundary, five of which are on the Mafraq oil field.

» 2021 Average Production: 0 BOPD
» 13 deg. API oil
» Working Interest: 100%
» Year Awarded: 2020

TIE FIELD

The Tie light oil field was discovered in 2009. Maha acquired the field in 2017 and immediately embarked on an expansion project of the field. At the time of acquisition, the Tie field acquired 1,300 BOPD and the processing facilities were rated to handle up to 2,000 BOPD. Between 2018 and 2020, the Tie field production facilities were expanded to handle up to 5,000 BOPD and accompanying sales contracts for the crude were negotiated of up to 4,850 BOPD. The production volumes from the Tie field has grown steadily since acquisition and as of early 2022, the Tie-4 well alone tested an impressive 4,695 BOEPD.

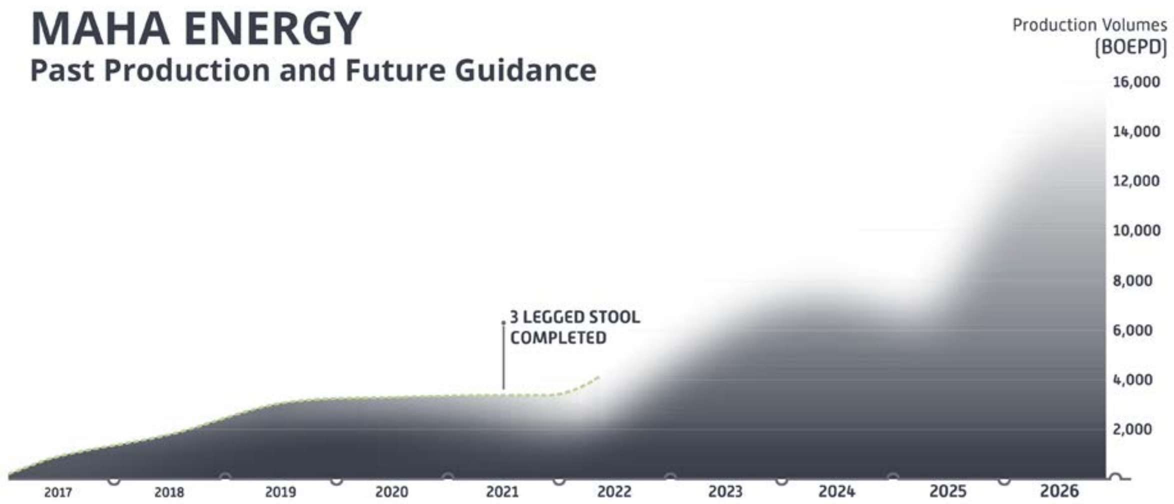
» 2021 Average Production: 2,981 BOEPD
» 36-38 deg. API oil
» Working Interest: 100%
» Year of Acquisition: 2017

TARTARUGA FIELD

The Tartaruga light oil field was discovered in 1994. The discovery well found oil in a sandstone that normally does not contain oil and gas in this part of Brazil. Following testing operations, the well was placed on production almost immediately. The field is currently producing from two wells and has produced over 1 million bbls since the discovery.

» 2021 Average Production: 194 BOEPD
» 41 deg. API oil
» Working Interest: 75%
» Year of Acquisition: 2017

WHY BRAZIL?



Road Map

Maha is well positioned in this very exciting industry to deliver more barrels and more gas as demand continues to grow. Not only is Maha positioned to provide more oil and gas, but it has centered its growth opportunities on value per barrel basis. Many companies chase "barrels", but core to Maha is that it focus on a value per barrel. Focus is on producing highly profitable barrels rather than large volumes of unprofitable barrels. The whole idea, basic as it seems, is to maximize value on a per barrel basis whilst continuing to grow the Company.

In its' short life, Maha has proven to be resilient and in some cases thrived in the turbulent global markets. Maha's trend in hydrocarbon production, business growth and profitability continues to be positive. Maha has gone from 1,000 BOEPD in 2017 to over 5,000 BOEPD in February, 2022 – and that is with a global pandemic and negative oil prices to boot.

After being a privately held Company for three years, Maha listed on the First North Growth Market in 2016. During the next four years, the Company added over 10,000 shareholders and more than quadrupled its' Market Capitalization. Liquidity has remained very high and is considered an above average liquid share on NASDAQ Stockholm. Therefore, in 2020, and during a raging pandemic, Maha decided to graduate from NASDAQ First North Growth Market to the NASDAQ main market in Sweden. As of December 2020, Maha is now on the small - medium cap list of the NASDAQ main market in Stockholm, Sweden.

The future growth for Maha is fueled by the Company's cash cow, the Tie field in Brazil. After two turbulent years (2019 and 2020), the Tie field is now equipped to process up to 5,000 BOPD and associated gas along with adjoining water handling and injection facilities. Crude oil sales contracts of up to 4,850 BOPD has also been secured. Future production growth will include the Tie field as foundational production volumes, but organic growth will mainly come from Oman, and to a lesser degree from Illinois Basin in the USA and the Tartaruga oil field in Brazil.

During 2021, progress for the commencement of the Omani Block 70 has been made towards obtaining necessary approvals and the purchasing of long lead equipment to allow for drilling activities to commence during the first half of 2022. The increased rate of new Covid-19 infections in Oman during the first half of 2021 led to tighter Covid-19 restrictions, including curfews and suspension of entry into the country for non-Omanis, and is likely to have an impact on the Company's initially planned activity timeline. However, progress has been made to expand and develop the Block, where approximately half of the Company's future reserves and resources are located, for production to begin.

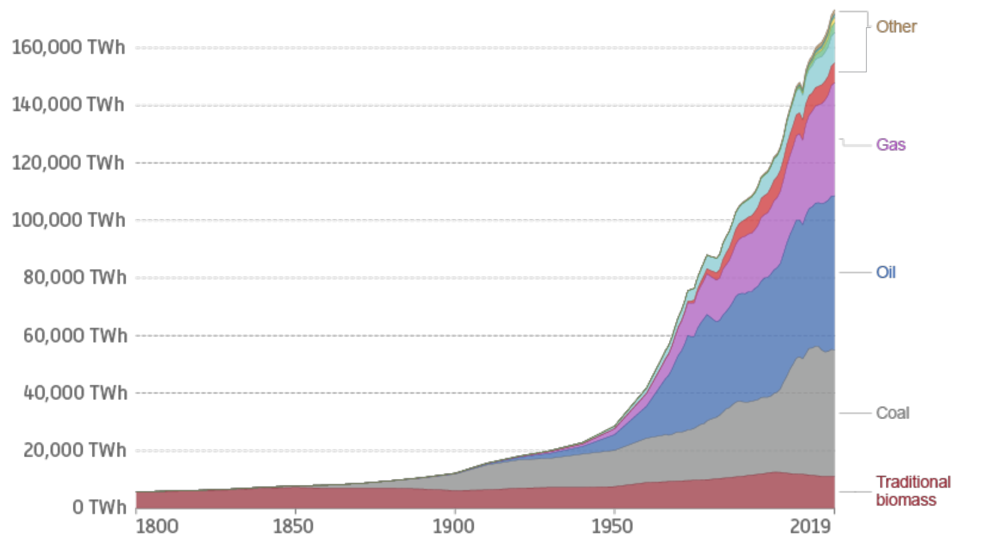
Country	Concession name	Maha Working Interest (%)	Status	Net Area (acres)	BOEPD ([1])	Partner
Brazil	Tie (REC-T 155)	100%	Producing	1,511	2,981	
Brazil	REC-T 155	100%	Exploration	4,276	–	
Brazil	REC-T 129	100%	Exploration	7,241	–	
Brazil	REC-T 142	100%	Exploration	6,856	–	
Brazil	REC-T 224	100%	Exploration	7,192	–	
Brazil	REC-T 117	100%	Exploration	6,795	–	
Brazil	REC-T 118	100%	Exploration	7,734	–	
Brazil	Tartaruga	75%	Producing	5,944	194	Petrobras (25%)
USA	Il Basin (various)	97%	Producing	3,134	212	
USA	LAK Ranch	99%	Pre-Production	6,475	–	SEC (1%)
Oman	Block 70	100%	Pre-Production	157,900	–	–

Future of Fossil Fuels

Since the oil price collapse of 2014, and the ensuing pandemic of 2020/21, the oil industry has been hit hard. Capital investment into the industry has suffered and as demand continues to grow unabated, despite calls for the great energy transition, the world is now finding it-self short of oil and gas. As a result of the recent global energy crisis, energy company stocks are surging. The basic supply and demand law is finally catching up after many years of underinvestment in the oil and gas sector. Oil prices are experiencing a strong rebound, reaching their highest levels since the 2014 downturn.

While energy diversification towards renewable energy seems to be in the forefront of today's energy conversation, fossil fuels continue to play an important role in the energy matrix and will continue to support global energy demands. While renewable energy is expanding quickly, it is not enough nor quick enough to satisfy the rebound in global energy demand[2]. As the global demand for energy rebounds and grows, fossil fuels continue to be a reliable, affordable, and versatile energy product that contributes to the electrification of society.[3]

Global Primary Energy Consumption by Source



Source: Vaclav Smil (2017) & BP Statistical Review of World Energy
https://ourworldindata.org/energy-mix

OurWorldInData.org/energy • CC BY
TWh - terawatt hour

[1]As per the current quarter reported net production volumes to Maha before royalties. 1BBL = 6,000SCF of gas. Approximately 87% of Maha's oil equivalent production is crude oil.
[2]https://www.iea.org/news/global-electricity-demand-is-growing-faster-than-renewables-driving-strong-increase-in-generation-from-fossil-fuels
[3]https://www.iea.org/news/global-electricity-demand-is-growing-faster-than-renewables-driving-strong-increase-in-generation-from-fossil-fuels

Maha's Timeline

2021

- Refinancing agreement with Brazilian investment Bank, BTG Pactual, for USD $70 million to finance Company's production expansion and objectives.
- Itaparica formation was discovered, extensively tested, and flowed 42° API oil to surface at initial and unstable rate at 139 BOPD.
- Tie-3 well initial testing flowed oil and gas rate of 472 BOPD.
- Company publishes first Sustainability Report for 2020.

2019

- Company exceeds 3,000 BOEPD average annual production volumes.
- *Gas to Wire* (GTW), a Brazilian company, is contracted to process and convert gas to electricity at the Brazilian fields.
- Maha invited to bid for highly attractive Block 70 onshore Oman. The Company submits a competitive bid and enters into negotiations with Omani Government.

2020

- Maha Energy AB admitted to Nasdaq Stockholm main board as small cap company – first day trading is 17 December, 2020.
- GTW generators commissioned for commercial export of electricity at the Tartaruga field.
- Drilling of Tie-3 well started.
- Maha awarded Block 70 in Oman.
- Maha acquired Illinois Basin in the USA.
- Maha assumes the GRI and SASB frameworks as guidelines for ESG disclosure.

2017

- Maha acquires Tartaruga (75% WI) and Tie (100% WI) Fields in Brazil.
- Immediate doubling of production at the Tartaruga Field by adding artificial lift.

2018

- Custom hydraulic jet pump at the Tie Field installed, almost doubling the Tie production.
- Two additional horizontal producer and 4 hot water injection wells were drilled at the LAK Ranch oil field.

2015

- LAK Ranch development continued.
- Chapman Petroleum Engineering Ltd. Prepares the Company's first Canada NI 51-101 compliant reserves report.

2016

- Maha Energy AB is created and listed on Nasdaq Stockholm First North Growth Market – first day of trading 29 July, 2016.
- FNCA appointed as Company's certified advisor.

2013

- Maha Energy Inc. is incorporated in Alberta, Canada by Jonas Lindvall and Ron Panchuk.
- LAK Ranch property in Wyoming acquired and 3 wells immediately drilled.
- Corporate Governance Policies created.

2014

- Maha assumes 99% working interest at LAK Ranch property in Wyoming.
- Minor interests in producing wells in Canada was acquired by Maha and later sold in 2016.

2021 Challenges and Triumphs

Tie-4 – 4,695 BOEP

After experiencing multiple and severe hole problems trying to land the Tie-4 well as a horizontal producer in the Agua Grande (AG) reservoir in the Tie field, onshore Brazil, it was decided to reconfigure the well to a vertical producer. Once the well was plugged back and sidetracked, it did not take long to reach the total depth of 2,221 m on December 17th, 2021. A new Electric Submersible Pump (ESP) tested a record 4,695 BOEPD for Maha. It is the best producing well ever drilled in the Company's short history, and in Brazil it ranks as the third best well ever drilled onshore Brazil.

Opening the Oman Office

After several months of Covid-19 related delays, Maha's Oman drilling team started to assemble in the fall of 2021 in Muscat, Oman. Several field visits were made during 2021 and it became evident that the previous Operator of the Mafraq field had left two fully equipped wells along with road and location infrastructure in place. Something Maha will be able to utilize in the exploration phase of Mafraq.

Delivery of long lead equipment for up to 6 wells were delivered during the first 3 months of 2022, and the Company stands ready to commence drilling and testing operations during the first half of 2022.

Illinois Basin Success

A total of 12 wells were drilled during the summer of 2021 in the Illinois Basin. As at the end of 2021 all but one of the new wells were on production. Longer than anticipated stimulation flow back periods meant valuable delays to IB production at the end of 2021. However, during the first part of 2022, production has grown consistently along with rising oil prices. February 2022 was a record month with a monthly average oil sales production rate of 442 BOPD and a monthly revenue of almost USD1.1 million.

Perhaps more telling of the efficiency of the IB operations is the tight cost control that the Company maintains. The 2021 drilling costs came in approximately 5% less than the budget.

An Interview with the Founder

Maha's story begins in 2013 at the foothills of Alberta, Canada near the scenic yet rugged and wild terrain of the Rocky Mountains. Jonas Lindvall, CEO and co-founder of Maha Energy, put together a team of experts, opened an office, and got to work. That same year, the strong corporate governance foundation was built by creating and integrating Company Policies that are still used today. It also incorporated Maha Energy (USA) Inc. in Wyoming where it acquired the LAK Ranch asset. Since 2013, Maha has grown in production, employees, offices, assets, and has listed on both Nasdaq First North Growth Market and the NASDAQ Main Market. The Company are present in 5 countries – Brazil, Canada, Oman, USA, and Sweden.

Jonas Lindvall
Chief Executive Officer (CEO)

Over the years, you've been part of a transformational journey of Maha - from empty hands in 2013 to now, a multinational company with over 80 employees, in 2021. What have been some of the key learnings from this experience?

Building a Company from scratch is really hard. It takes a massive amount of time and work. You need quality assets to work with, a supportive shareholder base and good people you can trust.

What has been the hardest part of building Maha?

Keeping to schedule. Delivering the wells that in turn deliver the production in Brazil has been by far the hardest thing for us. Challenging drilling conditions, bureaucratic delays and human resources in Brazil all make for a very tough operating environment. Of course, the pandemic and the ensuing oil price crash of 2020 was also very challenging. At one point we were running corporate economic model sensitivities on a daily basis to base near term decisions on.

How do you see the Company changing in the next few years?

The Company is now firmly in a great position. We have a robust foundation production volume on which we will continue to grow. It makes it a lot easier to focus on business growth when cash flows are positive and the bank balance increases every month. We can now focus on delivering organic growth from our Tartaruga asset. We will continue our growth in IB, United States - which is very low risk and very predictable. We are eying further production growth in other areas of the USA. And finally, we will start test production in Oman. The Mafraq field accounts for almost half our future oil volumes and if we can prove up the Oil Water Contact to where strong indications suggest it is, we are poised to deliver significant volumes of oil from Oman.

What do you foresee be some of the challenges ahead? And what opportunities do you see laying ahead?

The Pandemic has created short term supply problems. For example, the Progressive Cavity Pumps we may need for Oman are already seeing 20 - 26 week delivery delays. The supply chain disruption is going to play havoc with our growth. Fortunately, we have managed to secure most of our long lead requirements for Oman, including casing and tubing - but I have no doubt that we will be caught on something.

Another challenge I foresee is catching up with the pressure maintenance of the Tie field reservoirs. The knock on effect of the delays in drilling at the Tie field has further delayed water re-injection in the Tie field. We have some catching up to do there.

Because we were able to secure great assets during the Pandemic (IB and Oman), we are well set for delivering production growth through the drill-bit over the next few years. We are therefore less dependent of acquisitions for growth, which at current oil prices (USD 100+/bbl) will be difficult.

What do you attribute Maha's resilience and growth to?

It's people! We have assembled a great team over the past 5 years. We also have great shareholder support that understand the importance of cash flows and reinvesting into the business. Without a doubt the growth is attributable to our 5 assets, and in particular the current engine, the Tie field.

Can you share a particularly memorable moment?

There are many, but one that stands out is the pizza party the guys threw at the Tie gathering station in Brazil when we tested 4,695 BOEPD from the Tie-4 well in January 2022. It was spontaneous and all the guys in the field were super excited! It truly demonstrates the team spirit - almost like family spirit. I loved it even though I was not there.

Another one was when Andres Modarelli, our CFO, provided inspiration and energy to me during the NASDAQ main market listing process. The NASDAQ audit process was ferocious in the fall of 2020 and I was beaten down pretty hard, but Andres doubled down and pulled us through. I was inspired by his resilience and perseverance.

ESG Highlights

ENVIRONMENTAL STEWARDSHIP

Respecting and minimizing impacts to the environment Maha operates in is a key component in Maha's development plans and operations. Maha incorporates environmental management strategies into operational planning, execution, and all stages of Maha's business activities. Company operations are conducted in a manner that respects and protects the environment and is, at a minimum, in compliance with the applicable environmental laws and regulations.

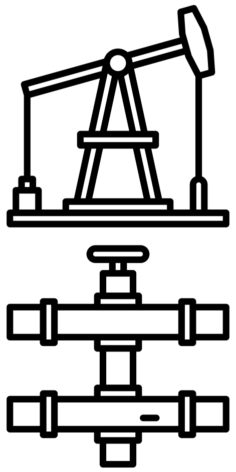
Emissions

Part of Maha's philosophy of proactive environmental planning includes maximizing the use of resources to reduce the production of waste. Natural gas, a bi-product of Maha's operations, is also a resource. While excess associated natural gas may be flared, Maha endeavours to utilize the natural gas in the best and most economical manner. In Brazil, and wherever economically feasible, Maha has taken actions to lower Greenhouse Gas (GHG) emissions by reducing the flaring of natural gas through capital investments in three gas utilization projects:

1. Gas electrification (*Gas to Wire*)
2. Compressed natural gas (CDGN)
3. Gas re-injection program

Gas to Wire (GTW)

- Twenty two 200kW generators at the Tie and Tartaruga fields
- In 2021, GTW generators converted over 860 thousand cubic meters of gas to power Maha's Brazilian facilities, and during 2021
- GTW generators provided 9.4 million kWh's to support the local electricity grid



CDGN

- Four commercial gas compressors at the Tie Field generates Compressed Natural Gas (CNG) for industrial use
- 17 million cubic meters of gas was sold to local end-users

IN 2021

- 15 Surface Water Analysis Reports were conducted at both the Tie and Tartaruga Facilities
- 97% of water was completely consumed or reinjected, any water discharged was collected and transported to a third-party governmental licensed water disposal facility
- Over 270,000 m³ of water was produced, whereby 96% of the water was reinjected
- 23.7% decrease in water withdrawal usage compared to 2020
- 100% water was completely consumed or reinjected at Illinois Basin and Tie Fields
- No impact on Ground Water due to Maha's activities

Water Production and Handling

Water is a shared and valuable resource and Maha recognizes the protection of freshwater is an essential part of responsible oil and gas exploration and production. Thereby, Maha is committed to following all applicable laws and regulations related to water protection as well as wherever possible seek to reduce the use and discharge of water. As such, Maha maintains well-developed sites with spill and run-off controls as measures to protecting nearby surface water sources. Enhanced and upgraded secondary spill containment and incident material are readily available to minimize any spill impact on surface ecology. Additionally, Maha uses proven technology to limit potential contamination risks during drilling operations. For example, a casing program is implemented, and pressure tested, whereby sufficient cemented casing is used to prevent underground contamination.

Social

Meet some of the Members of the Maha Team

Meet Andre Naslausky

When did you join the Maha Team?

I joined the team in November 2021.

What's your role at Maha and what is your educational/professional background?

I am the Managing Director of Maha Energy Brazil Ltda.. I am a Mechanical-Aeronautical engineer graduated from Instituto Tecnologico de Aeronautica in Brazil and continued my education with a Masters in Management for the Oil and Gas Industry from Heriot-Watt University, Edinburgh in the United Kingdom. Before joining Maha I worked for independent oil companies in Brazil but my main career position was with one of the largest oil and gas service companies where I and had international assignments.

What's been the greatest challenge at Maha?

Aligning effectively and as quick as possible our Brazil Maha organization, exceeding our stakeholders expectations while delivering successfully a very comprehensive production development campaign.

What has been the greatest success at Maha?

Being able to support my team to deliver on our production & budgeting targets by broadening our planning horizon, bridging different perspectives and establishing a results oriented organization.

What is a key moment that stands out to you at Maha?

Maha has an outstanding work environment and agile decision making across the entire organization, with a very approachable and resourceful senior management team. I also wanted to note that at Maha Brazil we continue with a strong focus on safety and we have a top-notch team. By working closely with the subsurface team and sr. management , we are delivering relevant improvement in our production by use of EOR technologies, drilling new wells and performing workovers with high ROI. We are proud to work together with our communities, suppliers and support our oil and gas clients/offtakes to exceed.

A key moment for me was the testing of the Tie-4 well. The Tie-4 well was a very challenging well and after many months of hard work we were ready to start producing from that well. After several field trips I was again with both my management and field teams at our Tie Station in Reconcavo Baiano - Brazil, that time, taking the first production measurements of Tie-4. The productivity of Tie-4 well turned out to be a huge success and enjoying the sense of achievement with my team was one of the most rewarding moments in my career.

Meet Richard Hengstmengel

When did you join the Maha Team?

I joined in January 2021.

What do you do at Maha?

I studied Mining Engineering at the Technical University Delft in The Netherlands. I received my MSc in 1989. I joined the Maha Team in January 2021 and I am now the Drilling Manager in Oman for Maha.

What's been the greatest challenge and success at Maha?

With Maha being a multinational company, with assets and people spread across North and South America, Sweden, and now Oman, I found the greatest challenge to be the distance and time-zone differences. However, even with this challenge, I am pleasantly surprised at how much the team can do with such few people!

What is a key moment that stands out to you at Maha?

The CEO phoning me on the morning of a Board Meeting in Stockholm and asking me how I was doing. When I started talking about how the drilling on TIE 4 was coming along (rather poorly at the time), he made it clear he was more interested in me as a person. That was something I had never experienced before in 30 years in the oilfield. Maha Energy has a real family feel.

Meet some of the Members of the Maha Team

Meet Hayden Ott

When did you join the Maha Team?

I started as an engineering intern during the summer of 2017 and then I joined Maha team full time in February 2019.

What do you do at Maha?

My academic background in petroleum engineering from University of Wyoming in the United States. I also have experience as a Production Chemicals Engineer and Operations Engineer in the Powder River Basin. I've now been the US Operations Manager for Maha for 2 years.

What's been the greatest challenge at Maha?

My greatest challenge has been overseeing a new asset in a basin that I was not familiar with – the Illinois Basin. It was a time where challenges were many and solutions were not easy. Covid had locked down the United States and oil have just gone negative. It was crucial to be able to quickly evaluate the best way forward during one of the most challenging down turns in the industry.

What has been the greatest success at Maha?

One of the many joys of working at Maha is the people – my greatest success is working together with these individuals and pushing them (and myself) to ensure the job is successfully completed. It truly takes a dedicated team of many individuals to reach a common goal and being a part of that process has been extremely rewarding to me.

What is a key moment that stands out to you at Maha?

A key moment was when I received the call to move to Illinois to help oversee the Illinois Basin asset. It was at that moment, I knew Maha was going to continue grow and that the future was very bright with opportunity for all of us at Maha.

Meet Walter Lima

When did you join the Maha Team?

I joined the Maha Team on April 20th, 2020.

What do you do at Maha?

I am a Field Production Supervisor for the Tie Field in Brazil. Before that role, I as a production engineer for an oil field operator in the Reconcavo and Potiguar Basin in Brazil.

What's been the greatest challenge at Maha?

As the younger person in the production team, my greatest challenge was to get the confidence of the team as a leader and show how I can add value to the team.

What has been the greatest success at Maha?

It's the culture that I helped to develop. For example, to guide the operators to be more autonomous and to do small maintenance work around the area – this resulted in decreasing the downtime of the wells.

What is a key moment that stands out to you at Maha?

The great work environment at Maha. The entire crew is committed to the positive work atmosphere at the field.

When the new wells and GTE-03 were equipped with ESPs. As an ESP specialist, I was waiting anxiously for this moment. This was where I could show how is reliable and versatile this artificial lift method could be! In turn showing how I can add value the Company by bringing new solutions to increase the production safety.

Health and Safety

Employee health, safety, and wellness is of utmost importance at Maha. Proactive health and safety measures are taken to minimize, if not eliminate, potential occupational hazardous risks that may impact a member of the Maha Team. Maha's HSE Policy acts as a guide in improving and maintaining a safe work environment, however, safety at Maha is viewed as a mindset and a culture rather than a procedure or protocol. Safety culture is the collection of beliefs shared amongst colleagues that value safe work in all daily activities. The creation of a safety culture and individual beliefs achieved through the active participation of every individual at Maha. This means individuals must place emphasis on individual risk assessments, safe work practices, and safety conversations. Maha listens to all employees and stakeholders and their safety concerns through the DuPont™ STOP® Safety Program. The Behavioral Safety Program aims to change the thinking and behavior of people towards a safety-oriented mindset. Participants of the program are given safety information, real-world examples, and skills to work more safely. This program has been studied, tested, and proven to help reduce accidents and injuries at the workplace.

» 1,309 **Safety Cards Collected during 2021**

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

» 83% **of all Maha staff and direct contractors DuPont™ STOP® Certified**

This helps integrate a safety culture and mindset at Maha

» 60 **DuPont Training Session Hours Completed in 2021**

Safety Performance

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

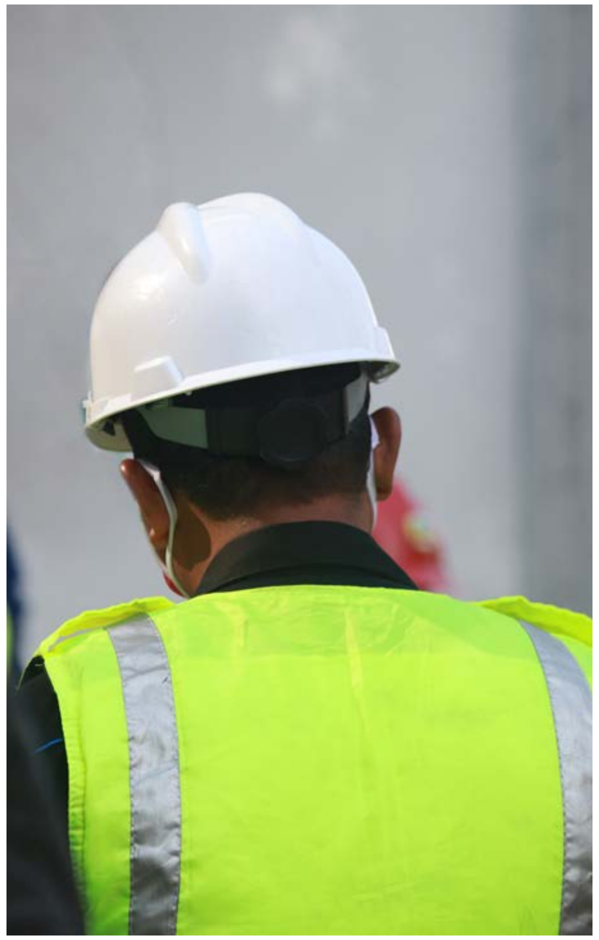
2*
Lost Time Injuries (LTI)

5
Total Recordable Injuries (TRI)

0
Fatalities

9,900+
Safety Awareness and Training Man Hours

**Two minor injuries occurred, when an individual twisted an ankle when walking down a short staircase and a kitchen staff received two small stiches after cutting their hand. Both individuals have since recovered and are back at work.*



Governance

Corporate Governance is an integral part of the company foundation that guide 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. Maha's business model is built on the corporate governance foundation, which aims to decrease associated risk of unethical behavior, unclear responsibilities, and avoid potential conflicts of interests. The Corporate Governance Framework further strengthens and clarifies Maha's corporate governance foundation and ensures that business is conducted in a responsible manner. This ultimately increases work efficiency, stakeholder trust, and shareholder value.

100%
of employees have reviewed, understood, and complied with key Corporate Policies through the MahaConnect initiative

130+
individuals at Maha have been trained in Corporate Governance and Workplace Expectations

0
Political contribution

0
Whistleblowing reports

0
Discrimination reports

0
Anti-Corruption reports

For more information on Maha's ESG initiatives or sustainability efforts, please visit the website and the Sustainability Report found on the website (www.mahaenergy.ca).

The Board of Directors

The Company has its registered office in Stockholm, Sweden. Pursuant to the Company's articles of association, the board of directors shall consist of not less than three (3) and not more than seven (7) ordinary members, without any deputy members. Currently, the Company's board of directors consists of six (6) ordinary members, appointed until the end of the next annual shareholders' meeting. The composition of the board of directors in the Company has not changed since the Company's 2021 Annual General Meeting (AGM).

The Board is responsible for the strategy and organisation of Maha and its affairs. The Board shall regularly assess Maha's and the Group's financial position and ensure that its organisation is formed in such manner that accounting, management of funds and Maha's and the Group's finances in general, are monitored in a satisfactory manner.

Harald Pousette
(Born 1965)

Chairman of the Board

Member of the Board of Directors since June 2017 and Chairman since May 2020

Harald Pousette (born 1965) has been a Board member of Maha since June 2017. Harald holds a Bachelor of Arts (Economics) from the University of Uppsala, Sweden. Harald is currently the CEO of Kvalitena AB (publ). During his career, Harald has worked in the finance and real estate industries including recently at Kvalitena AB as CFO. Harald is Chairman of Norrfordon Holding AB, Bil Dahl AB, Bil- och Traktorservice i Stigtomta AB, Jitech AB, and Board member of Stig Svenssons Motorverkstad AB and companies in the Kvalitena Group. Harald holds 786,484 Shares in Maha.

Jonas Lindvall
(Born 1967)

Chief Executive Officer (CEO)

Member of the Board of Directors since 2013 and Managing Director since 2016

Jonas Lindvall (born 1967) has been a Board member of Maha since 2016. Jonas holds a B. Sc. In Petroleum Engineering and a M.E.B. in Energy Business, both from the University of Tulsa, USA. He is a seasoned senior executive with 30 years of international experience in the upstream oil and gas industry across Europe, North America, Africa and Asia with such companies as Talisman Energy, Tethys Oil AB, Shell Oil and Lundin Oil. Jonas holds 4,911,147 Shares in Maha and 45,000 Warrants.

Anders Ehrenblad
(Born 1965)

Member of the Board of Directors since 2013 and Chairman between May 2019 and May 2020

Anders Ehrenblad (born 1965) has been a Board member of Maha since 2016. Anders is currently working as an independent Investment Advisor in the Energy and Tech sectors to Corporate Finance firms and Family Offices. Board positions in addition to Maha are; Ehrenblad Invest and Ehrenblad Advisory AB. Previous positions and board assignments; Investment Manager and Partner of Graviton AB, Board member of RF Coverage AB (acquired by Tcecur) and Maven Wireless AB (publ). Co-founder of Venture Capital Fund Alpha One. Previous senior positions in Fairchild Semiconductor Ltd, Farnell Group Ltd and Ericsson Components AB. Anders holds a M.Sc. in Business Administration from University of Uppsala, Sweden. Anders holds 378,607 Shares in Maha.

Fredrick Cappelen
(Born 1962)

Member of the Board of Directors since May 2020

Fredrik Cappelen (born 1962) and a resident of Norway, obtained his Bachelor of Arts in Business from Regents University in the United Kingdom. Fredrik Cappelen has been on the Maha Board since 2020 and has a long history in the Norwegian oil and gas financing scene. He is chairman of Stella and Stella Industrier as, both controlled by Fredrik. Chairman of Proterm, and Board member of Frigaard Gruppen and Proxll. Former Head of Equities and Head of ECM at Arctic Securities and SEB Enskilda. Fredrik holds 150,000 shares in Maha.

Nicholas Walker
(Born 1962)

Member of the Board of Directors since May 2019

Nicholas Walker (born 1962) has been a Board member of Maha since 2019. Nicholas (Nick) holds a BSc degree in Mining Engineering from Imperial College London, an MSc in Computer Science from University College London as well as an MBA from City University Business School in London. Nick has over 30 years of international experience in the upstream oil and gas industry in senior executive/management positions across Europe, Africa, Asia and the Americas including Bow Valley Energy Inc., Talisman Energy Inc., Africa Oil Corp. and Lundin Energy AB. Nick is currently CEO for Lundin Energy. Nick holds 464,211 Shares in Maha.

Seth Lieberman
(Born 1961)

Member of the Board of Directors since May 2020

Seth Lieberman (born 1961) and a resident of the United Kingdom, obtained a Bachelor of Arts in Economics from Tuft University, USA. Seth Lieberman has been on the Maha Board since 2020 and is a seasoned veteran within the international real estate sector, particularly in his native USA and Europe. He also has broad experience within business solutions, financing and private equity participation. He has held senior roles at Advanced Capital's Real Estate Fund, UBS Investment Bank, Hypo Real Estate, Lehman Brothers International, Credit Suisse and GE Capital. Seth Lieberman is a member of EQT Real Estate Funds I & II investment committee. Seth Lieberman is the Chairman of Kvalitena AB (publ.) and a number of its' subsidiaries, including Huski Chocolate and Svenskt Industriflyg. Seth holds 222,333 Shares in Maha.

The Share

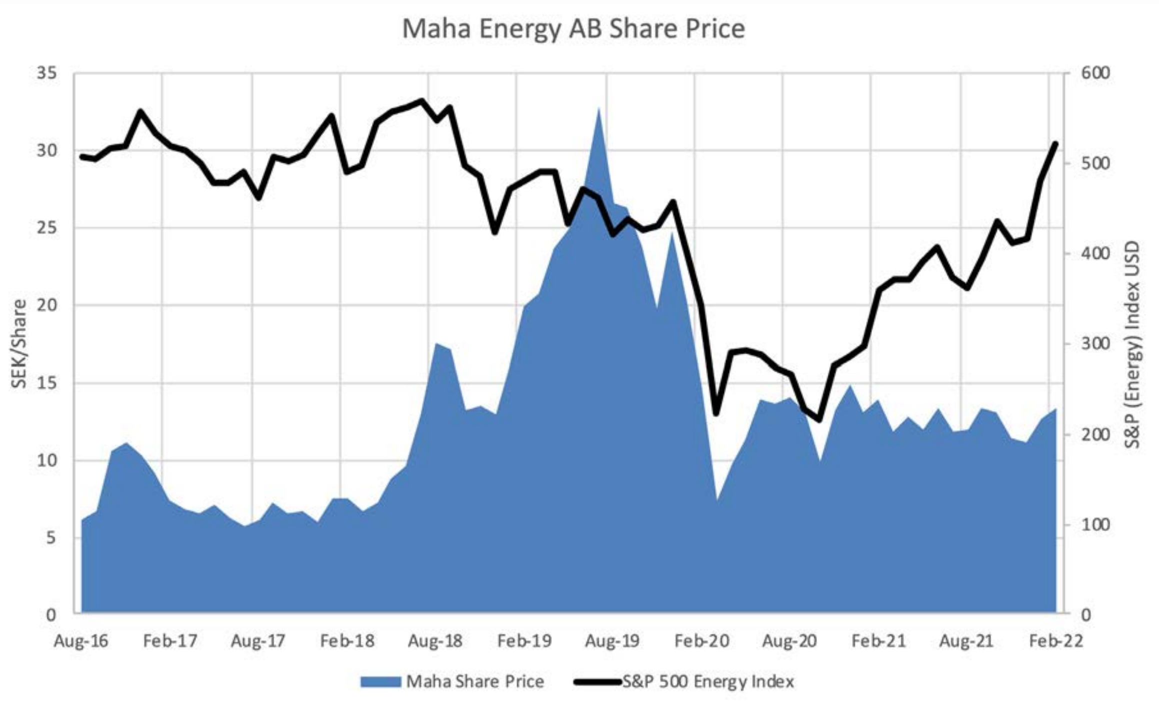
Maha Energy AB (Maha) was listed on Nasdaq First North Growth Market in Stockholm, Sweden on July 29, 2016. Subsequently, on 17 December 2020, the Company migrated to Nasdaq Main Board in Stockholm, Sweden.

Share Data

As at December 31, 2021 the Company had 119,715,696 shares outstanding of which all were Class A shares.

Dividends

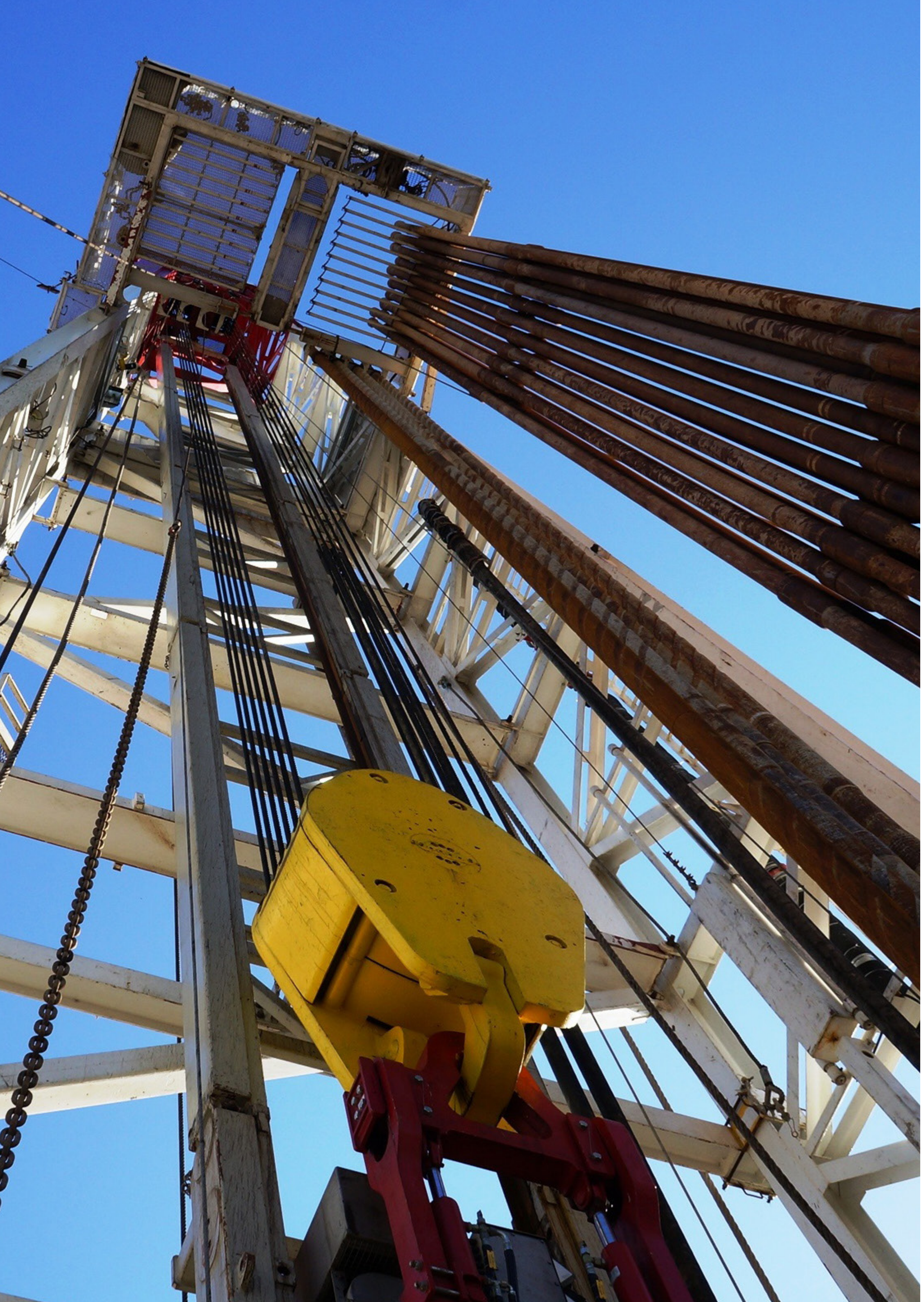
The Board of Directors will propose not to pay dividends for 2021, as it anticipates that all available funds will be invested to finance the growth of its business. The board of directors will propose if and when dividends should be declared and paid in the future, based on Maha's financial position at the relevant time.



List of Major Shareholders as of December 31, 2021

Major Shareholder	Number of Shares Held	% of Outstanding Shares
KVALITENA AB*	21,588,327	18.03%
BANCO BTG PACTUAL S.A.	7,470,491	6.24%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	5,936,586	4.96%
JONAS LINDVALL (Maha CEO and Managing Director)	4,911,147	4.10%
ÅLANDSBANKEN I ÄGARES STÄLLE	2,076,584	1.73%
"NATURAL PERSON, NAME OMITTED BY REQUEST OF THE SHAREHOLDER"	1,882,267	1.57%
HSBC TRINKHAUS AND BURKHARDT AG, DUESSELDORF, W8	1,750,000	1.46%
NORDNET PENSIONSFÖRSÄKRING AB	1,669,177	1.39%
SIX SIS AG, W8IMY	1,401,125	1.17%
SYDBANK I ÄGARES STÄLLE	1,374,876	1.15%
Sub Total	50,060,580	41.82%
Remaining Shareholders	69,655,116	58.18%
Total Maha A	119,715,696	100%

* Includes 50,000 shares on loan

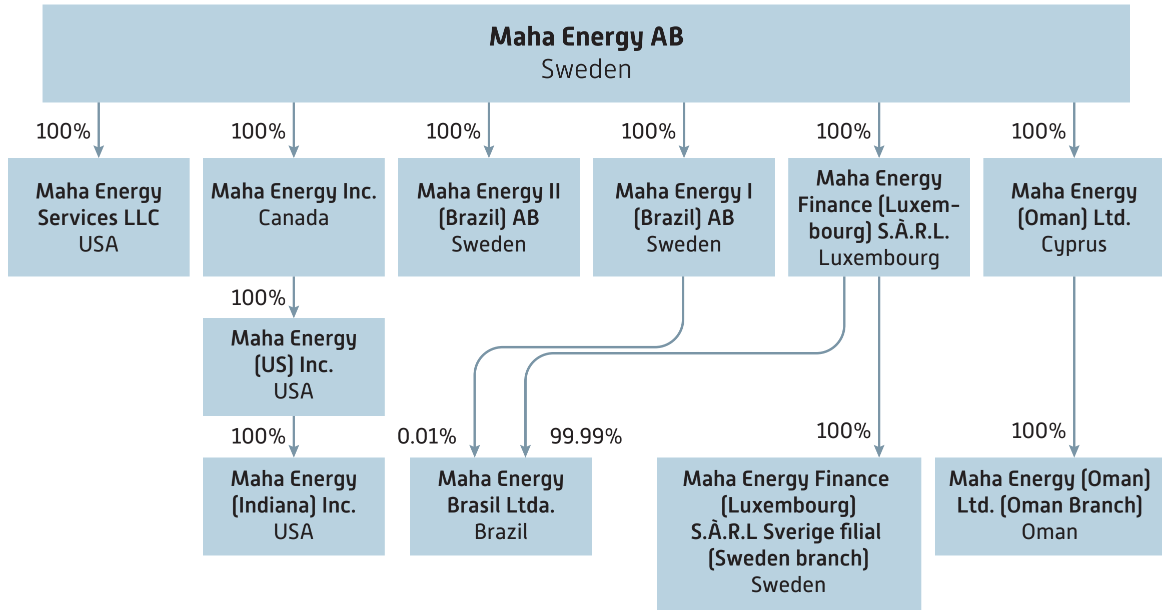


Administration Report

The Board of Directors and the Managing Director of Maha Energy AB (publ) ("The Company" or "Maha") with Company Registration Number 559018-9543, hereby report the Company's Annual Report covering the period 1 January 2021 until 31 December 2021, and the associated consolidated Financial Report for the year 1 January 2021 until 31 December 2021. This report is a review of Maha Energy AB results and management's analysis of its financial performance for the year ended 31 December 2021. The consolidated financial statements included in this Annual Report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union (EU). Significant accounting policies used are set out in Note 2 to the financial statements. All amounts are expressed in United States Dollars (USD), except in the Parent Company Annual Report where all amounts are expressed in Swedish Krona (SEK), unless otherwise indicated.

Corporate Structure

Corporate structure as at 31 December 2021:



Note: The Company structure shows all the subsidiaries of the Group as of 31 December 2021.

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

The consolidated financial statements reflect the activity of Maha for the years ended 31 December 2021 and 2020.

Financial Results Review

Result

The net result for the year amounted to income of TUSD 21,587 (2020: TUSD -10,259) representing earnings per share of USD 0.19 (2020: USD -0.10). Higher net result for the full year was mainly driven by significantly higher revenue from higher oil commodity prices with production volumes increasing slightly against comparative period. This was offset by higher operating costs, depreciation, depletion and amortization expense, and finance costs resulting from higher loan amount. Also contributing to the higher net result were other one-time gains mainly related to reversal of provisioned minimum work penalties for TUSD 5,164 and lower general and administrative costs. Included in the comparative period result is an impairment charge of TUSD 21,000 on exploration and evaluation assets (LAK Ranch).

The Company also generated higher earnings before interest, tax, depletion and amortization (EBITDA) for the year which amounted to TUSD 47,725 (2020: 18,104) mainly due to higher revenue resulting from improved commodity markets which was offset by higher royalties and operating costs.

Production

	2021	2020
Delivered Oil (Barrels)[1]	**1,104,631**	1,113,785
Delivered Gas (MMSCF)	**790,532**	566,437
Delivered Oil & Gas (BOE)[2]	**1,236,386**	1,208,191
Daily Volume (BOEPD)	**3,387**	3,301

Production volumes shown are net working interest volumes before government and freehold royalties. Approximately 89% (2020: 92%) of Maha's oil equivalent production is crude oil. Average daily production volumes for the full Year 2021 were mainly in line with the same period in 2020. Lower production volumes due to production interruptions at both the Tie and Tartaruga fields during the second and fourth quarters lowered the average production volumes for the full year of 2021. The Company was anticipating an increase in production volumes in 2021 with the Tie-4 well coming on production during the third quarter; however, the well had suffered significant setbacks during drilling the production hole which has resulted in deferral of 469 BOEPD of production on an annualized basis.

Revenue

(TUSD, unless otherwise noted)	2021	2020
Oil & Gas revenue	**68,306**	39,018
Sales volumes (BOE)	**1,206,332**	1,174,386
Oil realized price (USD/BBL)	**62.60**	36.05
Gas realized price (USD/MSCF)	**0.79**	0.67
Equivalent Oil realized price (USD/BOE)	**56.62**	33.22
Reference Price - Brent (USD/BBL)[3]	**70.86**	41.76
Reference price – Average WTI (USD/BBL)[3]	**68.13**	39.16

Revenue for the year amounted to TUSD 68,306 (2020: TUSD 39,018), an increase of 75% as compared to the full year 2020 from significantly higher oil realized prices by 74% while sales volumes were 3% higher than the comparative period. Higher realized oil prices resulted from the improved market conditions for oil and gas commodity prices after significant price declines suffered during 2020 due to the effects of the COVID-19 pandemic.

Crude oil realized prices in Brazil are based on Brent price less applicable contractual discounts, reviewed annually, as follows:

Tie Field crude oil
Crude oil from the Tie field is mainly sold to a nearby refinery Dax Oil Refino S.A. ("DAX") and Petrobras. For crude oil sold to DAX the discount to Brent oil price is as per the following price-based scale:

BRENT Price (USD/bbl)	Discount (USD/bbl)
< $30	$5
Between 30.1 to 40	$6
Between 40.1 to 50	$7
Between 50.1 to 80	$8
Over 80.1	10%

Effective 1 April 2022, crude oil sales to Petrobras from the TIE field are sold at a significantly lower discount to Brent oil price of $5.17/bbl. Previously, discount was $6.48/bbl for the first 22,680 monthly delivered barrels, and $5.44/bbl thereafter, plus associated taxes calculated as 5% of the net price after applying the contractual discount which no longer apply under the renewed sales agreement.

Tartaruga Field crude oil
Crude oil from the Tartaruga field is entirely sold to Petrobras. Effective 1 July 2021, crude oil sales to Petrobras from the Tartaruga field are sold at a discount to Brent oil price of $3.40/bbl.

Illinois Basin
Crude oil from the Illinois Basin is sold to a refinery at the benchmark monthly average WTI price minus a discount of approximately $3/bbl.

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

Royalties

(TUSD, unless otherwise noted)	2021	2020
Royalties	**9,384**	5,829
Per unit ($/BOE)	**7.78**	4.96
Royalties as a % of revenue	**13.7%**	14.9%

Royalties are settled in cash and based on realized prices before discounts. Royalty expense increased by 61% for the full year 2021 as compared to the same period in 2020. This increase in royalty expense is consistent with higher revenue for the same period. Effective royalty rate for the full year 2021 was lower than the comparative periods of 2020 due to lower sales from the Tartaruga field which has a higher royalty rate as compared to the other fields.

[1] Includes LAK Ranch delivered oil of 2,473 BBLs in 2021 and 9,124BBLs in 2020.

[2] BOE is Barrels of Oil Equivalent and takes into account gas delivered and sold. 1 BBL = 6,000 SCF of gas.

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

ANP Resolution 853/2021 – Reduction of Royalties Rate for Small and Medium-sized Companies

The National Agency of Petroleum, Natural Gas and Biofuels in Brazil ("ANP") published a resolution allowing for the reduction of the royalty rates on fields operated by small or medium-sized companies which became effective on 1 November 2021. The royalty reduction shall be applied for by the operator and for each producing field.

In early November, Maha applied for the royalty rate reduction for its producing fields in Brazil. On 28 December 2021 ANP issued a resolution approving Maha's request of reduction of royalties. The reduced royalty rate became effective February 2022. The new royalties will remain effective for the remaining term of the respective Concession Agreements as long as Maha is considered a medium sized company. Since Maha is considered a medium sized company (average annual global production of less than 10,000 BOEPD) the government royalty rate has been reduced to 7.5% from 10% currently.

Had the new royalty rate been enacted at the beginning of the fiscal year, Maha would have paid approximately USD 1.4 million less in total royalty expense during 2021.

Production expenses

(TUSD, unless otherwise noted)	2021	2020
Production costs	**11,196**	7,536
Transportation costs	**1,666**	2,130
Total Production expenses	**12,862**	9,666
Per unit ($/BOE)	**10.66**	8.23

Production expenses were higher by 33% for 2021 and amounted to TUSD 12,862 (2020: 9,666) as compared to the same period in 2020.

Operating costs are higher for 2021 as compared to 2020 due to the following main reasons: first, the Tie field had additional costs for multiple slickline operations; second, repairs, spares and maintenance costs of certain producing wells were higher due to a focus on maintenance work to improve uptime during the year; and third, the Company's consumption of electricity also continued to be higher than prior period due to more wells being placed on artificial lift.

Maha's production is trucked to the delivery points therefore transportation costs are directly correlated to the sales volumes. Transportation costs for the year were lower than the comparative period mainly due to lower Tartaruga block sales during 2021 which carry higher transportation costs.

On a per BOE (or unit) basis, production expenses were USD 10.66 per BOE (USD 8.23 per BOE), an increase by 30% against the comparative year due to the reasons stated above.

Operating Netback

(TUSD, unless otherwise noted)	2021	2020
Operating Netback	**46,060**	23,523
Netback ($/BOE)	**38.18**	20.03

Operating netback is calculated as revenue less royalties and production expenses and is a metric used in the oil and gas industry to compare performance internally and with industry peers. Operating netback for 2021 was 96% higher than the comparative period mainly from significantly higher oil realized prices during the year. This was partially offset by higher production and royalty costs during 2021. Oil prices were significantly lower during 2020 due to the effects of the COVID-19 pandemic.

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

(TUSD, unless otherwise noted)	2021	2020
DD&A expense	**8,535**	5,624
DD&A expense ($/BOE)	**7.08**	4.79

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

DD&A expense increased by 52% for 2021 and amounted to TUSD 8,535 (at an average rate of USD $7.08 per BOE) as compared to TUSD 5,624 (at an average rate of USD $4.79 per BOE). Depletion expense and depletion rate on a per BOE basis increased because of the higher depletable base for Brazil which was impacted by the increase in the future development capital costs at year-end 2021 and reduction in the year-end 2021 Brazil reserves. Illinois Basin DD&A expense was relatively similar to the comparable period.

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

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

As at 31 December 2020, the Company assessed the decrease in forecasted prices as an indicator of impairment. As a result, an impairment test was performed and the carrying value of the LAK Ranch was written down to the estimated recoverable amount, resulting in a non-cash impairment charge of $21.0 million.

General and Administration expenses ("G&A")

(TUSD, unless otherwise noted)	2021	2020
G&A	**5,517**	5,939
G&A ($/BOE)	**4.57**	5.06

G&A amounts are presented net of certain costs allocated to production expenses. G&A expenses for 2021 amount to TUSD 5,517 (USD 4.57 per BOE) which is lower by 7% from the comparative year of TUSD 5,939 (USD 5.06 per BOE) mainly due to 2020 having additional costs related to the Nasdaq main market listing fees, costs associated to refinancing efforts and related legal costs.

On a per BOE basis, G&A expenses were 10% lower than the comparative periods mainly due to lower G&A expenses by 7%.

Additionally, the Company applied for the Canada Emergency Wage Subsidy ("CEWS") program during the current year and qualified for TUSD 41 (2020: TUSD 157). This subsidy has been recorded as a reduction to the eligible remuneration expense incurred by the Company during this period.

Exploration and business development costs

Exploration and business development costs amounted to TUSD 6 for 2021 as compared to TUSD 208 for the comparative period. Exploration and business development costs are related to costs incurred for the maintenance of the exploration blocks in Brazil and Maha's pre-exploration study and evaluation work of new areas or new ventures, including business development efforts.

Foreign currency exchange gain or loss

The net foreign currency exchange gain for 2021 amounted to TUSD 30 gain (2020: TUSD 245 loss). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies. As of July 1, 2021, Maha Energy AB ("the Parent Company") changed its functional currency from Swedish Krona to US Dollars to better reflect the Company's business activities. This change eliminates the translation of the Parent Company to US Dollars for the presentation purposes. The change in functional currency was accounted for prospectively from 1 July 2021. In accordance with the Swedish Annual Accounts Act (1995:1554), the presentation currency of the Parent Company's financial statements is Swedish Krona.

Other income

Other income for 2021 amounted to TUSD 2,443 (2020: 1,066). During the year, the Company recognized other income of TUSD 2,443 related to tax credits sold 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 can be sold to external parties for their utilization.

Other gains

Other gains for 2021 amount to TUSD 5,164 (2020: nil) due to provisions reversals and adjustments. During the fourth 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 2021 amount to TUSD 9,963 (2020: TUSD 4,982) and are detailed in Note 6. Net finance costs are higher for the current period as compared to the comparative period mainly due to the additional interest expense from the higher loan amount, amortization of deferred financing fees in connection with the new bank debt (See Note 15) and certain transactions costs of TUSD 505 related to the financing activities but not directly attributable to the bank debt. Net finance costs for 2021 also includes foreign exchange loss of TUSD 784 due to the Parent Company's increased exposure to US dollars fluctuation resulting from the US dollars debt financing in the Parent Company, which had Swedish Krona as the functional currency until 30 June 2021. During the second quarter, Swedish Krona weakened in comparison to US dollar from the time the funds were received by the Company to the end of the quarter resulting in unrealized foreign exchange loss.

Income Taxes

Current tax expense is higher by 109% and amounted to TUSD 2,311 for 2021 as compared to TUSD 1,106 for the comparative period. Higher taxable income in Brazil resulting from higher oil and gas prices realized during the year was offset by higher credits relating to tax incentives at year-end. Taxation of corporate profits in Brazil is a combined 34% rate (25% corporate income tax and 9% Social contribution); however, Maha Energy Brazil Ltda. has secured certain tax incentives (SUDENE) in both of its fields until fiscal year 2029 allowing for the reduction of 75% of the corporate income tax from 25% to 6.25%, bringing the combined tax rate to 15.25%.

Deferred tax expense for 2021 amounted to TUSD 5,359 as compared to deferred tax recovery of TUSD 4,594 for the comparative period. For 2020, the Company determined that, based on Brazil operating segment results and reserve engineer forecasts, it is probable that it will be able to recover previously unrecorded tax assets associated with the Tie Field and recorded a deferred tax recovery. The deferred tax asset was recognized in respect of certain tax-deductible temporary differences and estimated tax loss carry-forwards. No deferred tax assets were recognized in any other jurisdiction. See Note 7 for further details.

The Company operates in various countries and fiscal regimes where corporate income tax rates are different from those in Sweden. Corporate income tax rates for the Company can vary between 15 and 28 percent however the majority of it relates to Brazil where the resulting income tax rate for Maha, following approved incentives, is 15.25%. The effective tax rate for the reporting period is affected by several items which do not receive a full tax credit.

Brazil tax reform:
On 1 September 2021, Brazil's House of Deputies approved Bill 2,337 as the comprehensive reform to the Brazilian tax system. If enacted, the bill would reduce the corporate income tax rate, from a combined 34% to 27% (may be reduced further to 26%, subject to certain budgetary targets being met). It would require corporate income taxes to be calculated and paid on a quarterly basis, rather than an annual basis, would establish a 15% withholding tax rate on dividends (currently, zero), eliminate the interest on net equity (i.e., similar to a dividend payment that is deductible in Brazil), require taxpayers to carry out capital reductions at fair market value (currently allowed at book value), and strengthen the rules on disguised distributions of profits, which would require domestic transactions between related parties to be at arm's length (additional compliance requirements).

The legislative process usually takes time in Brazil, and the current wording of the bill may still be amended in the next steps of this process. This bill was sent to the Federal Senate, where it has remained and therefore, it is difficult to predict the approval of this bill during 2022.

Exchange differences on translation of foreign operations

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to loss of TUSD 5,914 for 2021 mainly due to US Dollars exchange rate strengthening against Brazilian Reals during the year. 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 31 December 2021 USD/BRL exchange rate increased by 7% as compared to 31 December 2020 exchange rate.

Balance sheet

Non-current assets

Property, plant and equipment amounted to TUSD 117,411 (2020: TUSD 91,045) and are detailed in Note 8. Exploration and evaluation expenditure amounted to TUSD 13,660 (2020: TUSD 11,014) and are detailed in Note 9.

Total expenditures incurred during the year were as follows:

2021 (TUSD)	Brazil	USA	Oman	Total
Development	32,164	8,821	–	40,985
Exploration and evaluation	–	760	1,886	2,646
	32,164	**9,581**	**1,886**	**43,631**
2020 (TUSD)	**Brazil**	**USA**	**Oman**	**Total**
Acquisition	–	4,538	10,350	14,888
Development	25,562	1,508	–	27,070
Exploration and evaluation	–	448	–	448
	25,562	6,494	10,350	42,406

The 2021 development expenditures in Brazil mainly related to drilling of the Tie-4 and Tie-3 wells, and upgrade of Tie and Tartaruga facilities. The Tie-3 well was completed and tested during the second quarter of 2021. A remediation workover to remove drilling damage was completed successfully and the well has been converted to a jet pump artificial lift well to further increase drawdown and rate. Maha spudded Tie-4 in July 2021 with a planned Electric Submersible Pump (ESP) artificial lift system. The Tie-4 well was originally designed as a horizontal well in the Agua Grande reservoir, but was reconfigured at the end of 2021 as a vertical comingled dual zone oil producer after encountering severe drilling problems. On 20 January 2022, the Tie-4 well was tied into the permanent production facilities at Tie and underwent a 24 hour pump test using the ESP.

In the Tartaruga field, during the third quarter the 7-TTG-1D-SES (TTG1) well developed a leak in the completion necessitating a workover to repair the leak. A rig was mobilized during October and the well was worked over and restored to production during the fourth quarter of 2021.

The Tie Production Facility has been upgraded to handle up to 5 000 BOPD along with associated gas and water production. The gas re-injection capability has been decoupled oil production from the associated gas production and allows for continuous oil production irrespective of gas delivery constraints.

In the Illinois Basin, Maha completed the twelve well drilling and stimulation program along with ramping of oil production commencing as wells came onstream. Initial production rates varied between 50 - 75 BOPD for each stimulated well. Current production was curtailed in certain areas where stimulations were being carried out to optimise results. The Company is currently producing oil from a total of 34 wells in the area.

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. Initial consideration for Block 70 was USD 10 million along with USD 0.3 million in certain annual payment obligations. During 2021, progress was made towards obtaining necessary approvals and the purchasing of long lead equipment to allow for drilling activities to commence during the first half of 2022. The increased rate of new Covid-19 infections in Oman during the first half of 2021 led to tighter Covid-19 restrictions, including curfews and suspension of entry into the country for non-Omanis, therefore delaying some of the planned activities during the year.

The LAK Ranch heavy oil asset was shut in at the beginning of the 2020 Covid-19 Pandemic and remained shut in during 2021. The Company was not focused on the LAK Ranch during the year.

In 2020, Maha recognized a deferred tax asset of TUSD 4,594, increasing the deferred tax asset to 9,978 as detailed in Note 7. The Company determined that based on Brazil operating segment results and reserve engineer forecasts there was a reasonable certainty that it will be able to recover previously unrecorded tax assets, associated with the Tie Field. The deferred tax asset has been recognized in respect of certain tax deductible temporary differences and estimated tax loss carry-forwards. During 2021, deferred tax expense was recognized as Brazil realized high taxable income resulting from improved oil commodity prices and corresponding deferred tax asset was reduced to TUSD 3,583.

Other long term assets amounted to TUSD 491 (2020: TUSD 432) mainly relates to performance bonds and long term crude inventory in Brazil. Performance bonds represents the Company's financial guarantee to operate the lease in LAK Ranch area and Illinois Basin.

Current assets

Prepaid expenses and deposits amounted to TUSD 1,239 (2020: TUSD 1,434) and represented mainly prepaid operational and insurance expenditures. 2021 prepaid expenses decreased as advances relating to certain capital projects were utilized.

Crude oil inventories amounted to TUSD 247 (2020: TUSD 347) from oil inventory in Brazil. Inventory amount decreased compared to last year mainly due to lower year-end inventory buildup at the Tartaruga field. Tartaruga's inventory is sold once it is loaded on the shipping vessels.

Accounts receivables amounted to TUSD 5,948 (2020: TUSD 3,092) and are detailed in Note 10. Trade receivables, which are all current, amounted to TUSD 2,658 (2020: TUSD 1,600) and included invoiced oil and gas sales.

Cash and cash equivalents amounted to TUSD 25,535 (2020: TUSD 6,681) as the Company was able to secure funds with a new financing (see Note 15 for details). The proceeds were used to redeem the SEK 300 million bonds payable and remaining funds are being used to finance the ongoing capital projects of the Company. Cash balances are held to service debt payments and meet ongoing operational funding requirements, if needed.

Non-current liabilities

On 30 March 2021, the Company entered into a loan agreement (the "Term Loan") and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The proceeds were used to redeem the SEK 300 million bonds payable during the second quarter. As at 31 December 2021, balance for the bank debt amounted to TSUD 44,234 and the short term portion of the debt amounted to TUSD 11,250 which was classified as current liability. See Note 15 for further details.

The decommissioning provision amounted to TUSD 2,264 (2020: TUSD 2,597) and relates to future site restoration obligations as detailed in Note 16. During the year additional provision was setup for the new wells drilled in the Illinois Basin and the new wells drilled in Brazil which was more than offset by significant revisions of certain assumptions at year-end.

The lease commitments amounted to TUSD 2,385 (2020: 3,450) and related to the long-term portion of the lease commitments. During 2020 the Company entered into a 5-year lease agreement to lease 2 HP Ariel Compressors units which increased the lease liability for the year. The Company entered into no new leases during the current year. The short-term portion of the lease commitments was classified as current liability.

Other long-term liabilities and provisions amounted to TUSD 651 (2020: TUSD 4,825) and are detailed in Note 18. The Company reversed the long-term provisions for the minimum work commitments penalties of the Blocks 117 and 118 in Brazil, as the Company was granted extensions until November 2024 on these blocks and these contracts are no longer considered onerous contracts. The Company also adjusted labor and contractor claims related provisions as per the updated assessments.

Current liabilities

The Bonds payable amounted to nil (2020: TUSD 36,022) and are detailed in Note 14. The Company redeemed all outstanding bonds during the second quarter of 2021 from the proceeds of the Term Loan. Current portion of the bank debt amounted to TUSD 11,250 (2020: nil).

Accounts payables amounted to TUSD 9,644 (2020: TUSD 10,731) and accrued liabilities amounted to TUSD 5,189 (2020: TUSD 9,599) and are detailed in Note 19. Accounts payable and accrued liabilities were higher in 2020 due to higher capital activity at year-end relating to Tie-2 and Tie-3 drilling and workover activities whereas 2021 year-end had capital activity mainly relating to Tie-4. In addition, the Company reversed current provision relating to the minimum work commitment penalty for the Block 224 in Brazil as the Company was granted a full waiver on the related outstanding work commitment, whereas, in 2020 this liability was still outstanding. Current portion of the lease commitment amounted to TUSD 1,072 (2020: TUSD 1,243).

Share data

	Shares outstanding	
Class	31 December 2021	31 December 2020
A	**119,715,696**	101,146,685
B	–	483,366
Total	**119,715,696**	101,630,051

During 2021, a total of 10,134,916 bond warrants were exercised at a strike price of SEK 7.45 prior to their expiration on 30 June 2021 and the same number of new class A shares were issued. The remainder of the bond warrants are now expired. The total proceeds from this transaction were SEK 75.5 million (approximately USD 9.0 million) before issuance costs. In addition, 300,000 incentive warrants were converted to class A shares during the year and all outstanding class B shares (483,366) were converted to Class A shares.
As part of the Term Loan financing during the second quarter of 2021, Maha also received an equity contribution of USD 10 million through a private placement issuance of 7,470,491 new class A shares to Brazilian Investment Bank BTG Pactual S.A., at a price of SEK 11.59 per share (See Note 15 for further details).

Cash flow

Cash flow from operating activities amounted to TUSD 31,005 (2020: TUSD 18,984), an increase of 63% from prior year mainly due to higher net back resulting from higher realized prices. Cash flow from investing activities amounted to TUSD -46,995 (2020: TUSD -33,580) mainly due to cash capital expenditure in Brazil on the Tie-3 and Tie-4 wells and Oman Block 70 exploration and evaluation assets. Cash flow from financing activities amounted to TUSD 35,949 (2020: TUSD 492) mainly from the proceeds of BTG Term Loan of USD 54.9 million (net of financing fees), shares subscription of USD $9.0 million (net of share issuance costs) and USD 9.2 million from the exercise of bond and incentive warrants. Cash was used for the repayment of Maha's SEK bond of approximately USD 36.0 million (including accrued interest) and lease payments during the year.

Liquidity and capital resources

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company considers its capital structure to include shareholders' equity of USD $91.4 million (31 December 2020: USD $55.6 million) plus net debt of USD $29.9 million (31 December 2020: USD $29.3 million). At 31 December 2021, the Company's working capital surplus was USD $5.8 million (31 December 2020: Deficit of USD $10.0 million), which includes USD $25.5 million of cash (31 December 2020: USD $6.7 million).

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, within its contracted work commitments. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are monitored and updated as necessary depending on various factors, including capital deployment plans and general market and industry conditions. The annual budget and subsequent revisions are approved by the Board of Directors.

The Company secured financing during the year via the Term Loan and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million. The proceeds were used to redeem the SEK 300 million bond during the second quarter. The remaining funds are being used to finance capital expenditures across Maha's portfolio and general corporate purposes. The Company's bond holders also exercised the bond warrants during the year, prior to warrants expiration, which provided additional approximately USD 9.0 million cash for the Company. The Company does not have any externally imposed material capital requirements to which it is subject except for the loan covenants (See Note 15).

Legal matters

The Company has several disclosed legal matters concerning labor, regulatory and operations. 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 Other long-term liabilities and provisions.

Health, Safety and the Environmental ("HSE")

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

Considering the ongoing COVID-19 pandemic Maha has continued to evolve its management practices to ensure the health and safety of our workers and contractors. Where possible Maha has temporarily scaled back headcount, implemented work from home policies, implemented practices to monitor and control access to our operation sites via typical COVID monitoring protocols and continue to, at a very minimum, comply with local country legislations. To date Maha has been able to operate all our facilities throughout the pandemic and believe that it will continue to do so going forward.

Environment, Social, and Governance (ESG)

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

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

Social
Maha values the relationship with its employees, community members, and other stakeholders. Therefore, efforts are made to engage with its employees and local communities in a transparent and respectful manner. Additionally, Maha seeks to ensure local communities benefit from its operations, both directly and indirectly. Direct hiring and encouraging subcontractors to hire local

suppliers wherever possible is a way for Maha to contribute to the local communities and economy. Maha has also connected with Local Community Associations to maintain an open and transparent dialogue with the communities near its operations.

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

Sustainability Report
For more ESG information, the Company has issued its 2021 Sustainability Report, which is separate from the Administration Report. The Sustainability Report is available on the Company's website.

Related Party Transactions
The Company did not enter into any material transactions with related parties in 2021 and 2020. See Note 27 for details.

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

The net result for the Parent Company for 2021 amounted to TSEK -126,461 (2020: TSEK -258,342) which is better than the comparative period mainly due to lower impairment amount of loans and investment in a subsidiary of TSEK 69,304 (2020: TSEK 202,748), lower general and administrative expenses of TSEK 9,365 (2020: TSEK 13,360), and unrealized foreign currency exchange gain of TSEK 32,069 (2020: TSEK 22,906 loss). This was offset by higher net finance costs of TSEK 79,861 (2020: TSEK 24,828) resulting from higher interest expense on the Term loan and higher foreign exchange loss resulting from the exposure to US dollars debt financing. Included in the net finance costs is TSEK 32,134 of interest income from the loans to subsidiaries.

Proposed Distribution of Earnings
The Board of Directors proposes no dividends to be paid for the year. Furthermore, the board of Directors proposes that the unrestricted equity of the Parent Company of SEK 222,501,540 including the net result for the year of SEK (126,461,609) be brought forward as follows:

SEK	
Dividend	–
Carried forward	222,501,540
Total (SEK)	222,501,540

Risk Management

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

A detailed analysis of Maha's financial risks and mitigation of those risks through risk management are detailed in Note 22.

COVID-19 Pandemic
The Covid-19 virus and the restrictions and disruptions related to it have had a drastic adverse effect on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally, including the Maha's common shares. There can be no assurance that these adverse effects will not continue or that commodity prices will not decrease or remain volatile in the future. These factors are beyond the control of the Company and it is difficult to assess how these, and other factors, will continue to affect the Company and its common shares. As at the date of this Annual Report, the Company continues to review and assess its business plans and assumptions regarding the business environment, as well as its estimates of future production, cashflows and capital expenditures.

The current and any future COVID-19 outbreaks may increase the Company's exposure to, and magnitude of, each of the risks and uncertainties identified. Even after the COVID-19 outbreaks have subsided, the Company may continue to experience materially adverse impacts to the business because of the global economic impact.

The Company will continue to monitor this situation and will work to adapting its business to further developments as determined necessary or appropriate.

Non financial risks

Volatility in oil and gas commodity prices
Prices for oil and natural gas are subject to large fluctuations with a variety of factors. These factors include, but are not limited to: the economic conditions in the United States, Brazil, Canada, the Sultanate of Oman, Europe and other key markets; governmental regulation; political stability in the Middle East, Northern Africa and elsewhere; risks of supply disruption; natural disasters; terrorist attacks; the availability of alternative fuel sources; and the actions of the Organization of Petroleum Exporting Countries ("OPEC") and other major oil producing countries affecting the global output of oil and natural gas. In addition, geopolitical and regional tensions such as ongoing military conflict between Ukraine and Russia can have a material impact on the volatility in oil and gas prices. In recent years OPEC and associated countries have, from time to time, agreed to voluntary production limitations, and Oman has in the past participated in such agreements. If Oman agrees to voluntary production limitations this may have an adverse effect on the Company's future oil and gas production and sales from Oman. Prices for oil and natural gas are also subject to the availability of foreign markets and the Company's ability to access such markets. Because of lower prices or an increase in production costs, the economics of producing from some wells may change, which could result in reduced production of oil or natural gas and/or a reduction in the economic volumes of the Company's reserves.

All the factors listed above could result in a material decrease in the Company's expected net production revenue and a decline in its oil and natural gas acquisition, development and exploration activities. Any substantial and/or extended decline in the price of oil and natural gas would have an adverse effect on the Company's revenues, profitability and cash flows from operations and could also affect the Company's ability to obtain equity or debt financing on acceptable terms. In addition, volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties.

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

Exploration, development and production risks
Exploration for and development of oil and gas involves many risks, such as risks associated with expenditures made on future exploration by the Company which may not always result in discoveries of oil in commercial quantities, or commercial quantities of oil may not at all be discovered by the Company. The Company currently has six concession agreements in Brazil in the exploration phase (RECT-T 155, REC-T 129, REC-T 142, REC-T 224, REC-T 117, and REC-T 118), and one in the Sultanate of Oman (Block 70). It is difficult to project the costs of implementing an exploratory drilling program due to the uncertainties associated with drilling in unknown formations. The costs are associated with various drilling conditions, such as over pressured zones and equipment that might get lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or new interpretations of seismic data. Future oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not necessarily assure a profit on the investment or recovery of drilling, completion and operating costs.

Risks related to gathering and processing facilities and general infrastructure
The Company is dependent on available and functioning infrastructure relating to the properties on which it operates, such as roads, power and water supplies, and gathering systems for oil and gas. Depending on the area in which the Company operates, certain infrastructure and services commonly associated with petroleum operations may not be readily available. With respect to the Company's operations in Brazil, certain oil and gas services that would commonly be readily available to an operator may need to be brought from a considerable distance within Brazil and potentially another country. The Company's business in Brazil is further highly dependent on road transportation and truck drivers with respect to transportation of the production output which may subject the delivery of the production to road conditions and drivers´ strikes. If any infrastructure or systems failures occur or do not meet the requirements of the Company, this could result in delayed, postponed or cancelled petroleum operations, lower production and sales and/or higher costs, and result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production.

Dependency on counterparties
The Company is dependent on a few important counterparties, where the agreements in Brazil with Petrobras and Dax Oil Refino S.A. ("Dax") regarding oil offtake, and the agreements with GTW Geração e Serviços Ltda. ("GTW") and CDGN Logistica S.A. ("CDGN") regarding

gas sales, are the most material. These counterparties represent 92 per cent of the Company's total revenue value from customers. Currently there are no viable options to these counterparties in the short-term, and a loss of any of these material counterparties is expected to be particularly costly and time-consuming and would also lead to a certain period of adjustment to such new circumstances. There is further a risk that these counterparties will change their terms or increase their prices (discounts) which would result in weakened margins for the Company. There is also a risk that these counterparties will encounter difficulties in providing services due to a shortage of raw materials, strikes, damage, financial difficulties or other circumstances that affect the counterparty. If the risks would materialize, this may adversely affect the Company's possibility to deliver products to end customers, and lead to increased costs as well as delays and/ or non-delivery, which could have an adverse impact on the Company's operations and, indirectly, on the Company's net sales.

Environmental and climate-related risks

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

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

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

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

Decommissioning

The Company has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure in all operating areas of the Company. In some cases, these liabilities are derived from legislative and regulatory requirements, and in other cases, these liabilities can also be contractual obligations. In Brazil, such requirements are still under discussion and waiting for approval by the ANP, concerning the decommissioning of wells and production facilities and require the Company to make provision for and/or underwrite the liabilities relating to such decommissioning. The Company's accounts make a provision for such decommissioning costs based on the management's estimate in accordance with applicable accounting standards but there is a risk that the actual costs of decommissioning exceed the amount of the long-term provision set aside to cover such decommissioning costs. The Company's decommissioning provision amounted to TUSD 2,597 as per 31 December 2021, which includes all wells and facilities in Brazil and the USA. In addition, the Company may be required to decommission wells that have not reached the end of their service life as a result of e.g. regulatory requirements. These risks may, if materialized, have a material adverse effect on the Company's business and result. In addition, local or national governments and lessors of oil and gas leases may require the Company to provide cash-back guarantees, blocked cash deposits or similar upfront payments and escrow relating to future decommissioning costs which would affect the Company's liquidity.

Financial risks

Management estimates and assumptions

In preparing consolidated financial statements in conformity with IFRS, estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and future prospects.

Credit risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, customers, and other parties. Currently, the Company has a Joint Operating Agreement regarding the Tartaruga field with Petrobras. Furthermore, oil sales in Brazil are made to Petrobras and a private refinery, Dax. Historically, Petrobras and Dax have fulfilled their payment obligations. Crude oil sales made to Dax are prepaid, but occasional credit is extended to the customer during long weekends or public holidays. The Company receives payment between 20 and 30 days in arrears from Petrobras. In the USA, the Company markets and sells its oil through Country Mark (Illinois Basin) and Mercuria Energy Trading (LAK Ranch) and receives payment 30 days in arrears. In the USA, historically, the Company has always received full payment. The Company's financial position may be materially adversely affected in the event such partners fail to meet their contractual obligations to the Company.

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

Liquidity and Refinancing Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has since inception been equity and debt financed through share and bonds issues, and also financed by asset divestment. Additional capital could be needed to finance the Company's future operations and/or for acquisition of additional licences. The main risk is that this need could occur during less favourable market conditions. Management relies on cash forecasting to assess the Company's cash position based on expected future cash flows. The Company has outstanding bank debt amounting to approximately USD 55.5 million of which USD 11.3 million is current. The terms of the debt contain provisions which limit the Company's ability to make certain payments and distributions (such as paying dividends), incur additional indebtedness, make certain disposals of, or provide security over its assets, or engage in mergers or demergers. Further, the Company is required to meet certain maintenance covenants. If the Company would fail to comply with any of the maintenance covenants, all of the outstanding debt may be declared immediately due and payable together with any other amounts payable. The Company has current assets of approximately USD 33.0 million. There is a risk that the Company either has insufficient funds to settle the current portion of the debt or repay or refinance the debt when due.

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

Foreign currency exchange rate risk

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

Foreign exchange controls in Brazil

In the event the operations in Brazil require financing, exchange controls could be in place that restrict such financing. The Brazilian government requires that the Company registers inflows and outflows of funds with the Brazilian Central Bank. In Brazil, all transactions must be settled in the country's local currency. Future exchange controls in Brazil could prevent the Company from transferring funds abroad, which could impede the Company's ability to conduct its operations in Brazil, and lead to decrease or the loss of earnings from this market. In addition, exchange controls or changes in tax regime could affect the dividends the Company receives from its subsidiary in Brazil. The above could have an adverse effect on the profitability of the Company's operations in Brazil. For further details on Brazil tax reform and its impact, see section on income taxes.

Corporate Governance Report

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

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

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

This 2021 Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Maha has conducted its corporate governance activities during 2021.

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

External and Internal governance framework

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

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

External Corporate Governance Rules

The Annual Accounts Act

The Exchange Rules for Issuers

NASDAQ Rules and Regulations

The Swedish Companies Act

Swedish Code of Corporate Governance

Statements of the Stock Market Committee

Internal Corporate Governance Rules

Anti-Corruption Policy

Articles of Association

Code of Conduct

Company Policies, Guidelines, and Procedures

Corporate Governance Policy

Health, Safety, and Environment Policy

Internal Control and Risk Management

Swedish Corporate Governance Code

The Swedish Corporate Governance Code is based on the tradition of self- regulation and the principle of "comply or explain". It acts as a complement to the corporate governance rules contained in the Swedish Companies Act, the Annual Accounts Act, EU rules and other regulations such as the Rulebook for Issuers and good practice on the securities market. The Code is published on www.bolagsstyrning.se, where a description of the Swedish Corporate Governance model can be found. A revised version of the Code applies as of 1 January 2021.

During 2021, the Company deviated from the Code rules 8.1 and 8.2 as the board of directors' evaluations of the work of the board or the CEO have not been conducted through a formalized process as set forth within these rules. The board of directors' assessment is that such formalized processes have not been deemed necessary, as no major development areas with regards to the board of directors' or the CEO's work have been identified during previous years. The board of directors however continuously evaluates the operational management of the Company including the work of the CEO as well as the work of the board of directors (for further information, please refer to heading "The Board and its work"). An evaluation of the board of director's work, competence and composition is further included in the duties of the Nomination Committee. The Nomination Committee also considers criteria such as the background and experience of the board, and evaluates the ongoing work (for further information, please refer to heading "Nomination Committee and its Function"). The Company is not aware of any other deviations from the Code.

Shareholders

The Company's shares (MAHA-A) are listed on Nasdaq Stockholm. At year-end 2021 the share capital amounted to SEK 1,316,872.656, represented by 119,715,696 shares, of which 119,715,696 were Class A shares and nil were class B shares. All shares represent one vote each. At 31 December 2021, the number of shareholders was 9,481 (2020: 11,207). Of the total number of shares, foreign shareholders accounted for approximately 26.13 percent. Kvalitena AB is the only shareholder with a holding in excess of 10 percent of shares and votes, with a holding of 21,588,327 shares representing approximately 18.03 percent of shares and votes. For further information on share, share capital development and shareholders, see pages 29-30 and the Company's website.

Annual General Meeting

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

Right to attend AGMs

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

Annual General Meeting 2021

The 2021 AGM was held on 27 May 2021 through postal voting only due to coronavirus pandemic and in accordance with the Swedish Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. The AGM was attended by 7 shareholders, personally or by proxy, representing 6.41 percent of the share capital. The Chairman of the Board, all Board members including the CEO and Managing Director were present, as well as the Company's auditor and the majority of the members of the Nomination Committee for the 2021 AGM. The members of the Nomination Committee for the 2021 AGM were also present. Under the Articles of Association and Swedish law, the AGM must address those matters listed below marked with "*".

The submissions and resolutions passed by the 2021 AGM included the following:

» Approval of administrative matters concerning the AGM*;
» Submission of the annual report and the auditor's report and the consolidated financial statements and the auditor's report on the group*;
» Resolution in respect of adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and the consolidated balance sheet*;
» Resolution in respect of Company's funds available shall be carried forward and no dividends shall be paid for the last financial year;
» Resolution in respect of the members of the Board and the Managing Director's discharge from liability*;
» Resolution that the Board of Directors shall comprise of six (6) ordinary members and no deputy members;
» Determination of the fees payable to the members of the Board and the auditors*;
» Election of members of the Board and auditors*;
» Resolution on a policy for remuneration to the senior executives;
» Approval of the remuneration report*;
» Resolution regarding principles for the appointment of and instructions regarding a Nomination Committee (see below)*;
» Resolution regarding an incentive program and issuance of warrants to the executive management (LTIP 5) (see below);
» Resolution regarding an incentive program and issuance of warrants to the executive management (LTIP 6) (see below);
» Resolution regarding authorisation for the Board to increase the share capital. The Board of Directors was authorized to resolve on issuance of new shares, warrants and/or convertible debentures during the period until the next annual general meeting and at one or more occasions, with consideration in cash and, in kind or by set-off and with the right to deviate from the shareholders' preferential rights, through which the share capital may be increased by an amount corresponding to 20 per cent of the share capital and number of shares in the company as of on the date the Board of Directors make use of the authorization.

Annual General Meeting 2022

The Annual General Meeting of shareholders of Maha Energy AB (publ) will be held on Tuesday May 31, 2022, 3:00 p.m. at 30 Grev Turegatan in Stockholm.

Nomination Committee and its Function

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

In accordance with the Nomination Committee proposal approved by the 2021 AGM (proposal not to change the principles for the appointment of and instructions regarding a nomination committee adopted at the Annual General Meeting in 2019), the Nomination Committee for the 2022 AGM consists of members appointed by three (3) of the largest shareholders of the Company based on shareholdings as at 30 September 2021 and the Chairman of the Board. The names of the members of the Nomination Committee were announced and posted on the Company's website on 26 November 2021 (within the time frame of six (6) months before the AGM, as prescribed by the Code). Henrik Moren is the Chairman of the Nomination Committee.

The Nomination Committee for the 2022 AGM consists of:
» Christer Lindholm, appointed by Kvalitena AB
» Edwyn Neves, appointment by Banco BTG Pactual S.A
» Henrik Moren, appointed by Jonas Lindvall
» Harald Pousette, Chairman of the Company's Board

The Nomination Committee Report, including the final proposals to the 2022 AGM, is published on the Company's website at the same time the Notice of the AGM is given. During 2021, the Nomination Committee has met and conferenced one (1) time during which all members attended or were in conference.

The Nomination Committee's purpose is to produce proposals for certain matters including, amongst others, the following (which will be presented to the 2022 AGM for consideration):
» Number of members of the Board of Directors
» Remuneration to the Chairman of the Board of Directors, the other members of the Board of Directors and auditors respectively
» Election of auditors
» Remuneration, if any, for committee work
» The composition of the Board of Directors
» The Chairman of the Board of Directors
» Resolution regarding the process of the Nomination Committee 2022
» Chairman at the AGM

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

The Board and its work

Board composition

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

The members of the board of directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. Pursuant to the Company's Articles of Association, the Board shall consist of not less than three (3) and not more than seven (7) ordinary members, without any deputy members. There are no specific stipulations in the Company's Articles of Association on how the board members should be assigned or dismissed. The Company aims to promote diversity at all levels of the Company and as such, a Board seat was offered to a female candidate in the past who turned it down. Currently, the Company's Board consists of 6 ordinary members, appointed until the end of the next annual shareholders' meeting. The composition of the Board of the Company changed at the 2021 AGM. The current Board is as follows: Mr. Harald Pousette (Chairman), Mr. Jonas Lindvall, Mr. Anders Ehrenblad, Mr. Fredrik Cappelen, Mr. Nick Walker and Mr. Seth Lieberman (see bios in section "The Board of Directors and Management").

Member	Elected	Position	Year of Birth	Nationality	Independent in Relation to Company	Independent in relation to the Company's major shareholders
Harald Pousette	2017	Chairman	1965	Swedish	Yes	No
Anders Ehrenblad	2013	Member	1965	Swedish	No	Yes
Jonas Lindvall[4]	2013	Member	1967	Swedish	No	Yes
Nick Walker	2020	Member	1962	British	Yes	Yes
Fredrik Cappelen	2021	Member	1962	Norwegian	Yes	Yes
Seth Lieberman	2021	Member	1961	United States	Yes	No

Rules of Procedure

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

[4]Jonas Lindvall is also Managing Director of the Company.

Board's Yearly Work Cycle:

Q1 / Q2 targeted main activities:

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

Q3 / Q4 main activities:

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

The Board's work in 2021

During 2021, the Board held nine (9) in-person meetings and one (1) per-capsulam meetings. Attendance for the in-person meetings is shown in the tables below. The Company's CFO acted as the Board's corporate secretary. Prior to each meeting, Board members were provided with an agenda and written information on the matters to be covered. Each meeting has included the possibility to discuss without management representatives being present. The Company's Auditor also met at least once with the board or respective board committee.

Pre 27 May 2021 AGM

Board Member	Board	Attend	Audit Committee	Attend	Remuneration Committee	Attend	Reserves/ HSE Committee	Attend
*Harald Pousette	*	6/6	*	3/3				
Anders Ehrenblad	*	6/6	*	3/3	*	2/2		
Jonas Lindvall	*	6/6					*	1/1
Nick Walker	*	6/6			*	2/2	*	1/1
Fredrik Cappelen	*	6/6	*	3/3			*	1/1
Seth Lieberman	*	5/6	*	3/3	*	2/2		

Post 27 May 2021 AGM

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

Board Committees

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

Audit Committee

The Board established an Audit Committee just after the 2021 AGM for the period up to and including the 2022 AGM, consisting of Harald Pousette as Chairman, Anders Ehrenblad, Seth Lieberman and Fredrik Cappelen as members. The Committee convened five (5) times during 2021.

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

Remuneration Committee
The Board established a Remuneration Committee for the period up to and including the 2022 AGM, consisting of Seth Lieberman as Chairman, Nick Walker and Anders Ehrenblad as members. The Committee convened three (3) times during 2021.

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

Reserves/HSE Committee
The Board established a Reserves/HSE Committee after the 2021 AGM for the period up to and including the 2022 AGM, consisting of Nick Walker, Chairman, Fredrik Cappelen and Jonas Lindvall. The Committee convened two (2) times during 2021.

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

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

Remuneration of Board members

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

The 2021 AGM resolved that remuneration of the chairman of the Board of Directors shall be TSEK 415 per annum and of the other members TSEK 300 per member per annum. Remuneration is not paid for service of the Boards or directors of subsidiaries. Jonas Lindvall, who is employed by Maha, does not receive any remuneration for his service on the Board of Directors. Annual fee for committee members is TSEK 40 per committee assignment. The annual fee for the chairman of the audit committee, chairman remuneration committee and reserve and health, safety and environment committee is TSEK 60. Further, if a member of the Board of Directors, following a resolution by the Board of Directors, performs tasks which are outside the regular Board work, separate remuneration will apply.

Management

The executive management in Maha throughout 2021 has consisted of the Managing Director and Chief Executive Officer (Jonas Lindvall), the Chief Financial Officer (Andres Modarelli), the Vice President of Operations (Alan Johnson) until 8 August 2021 and was promoted to the Chief Operating Officer beginning 8 August 2021, the Vice President of Exploration and Production (Jamie McKeown) until 30 November 2021 when he retired, the Manager of Investor Relations and Deputy Managing Director (Victoria Berg), and Sub-surface Manager (Robert Thomson) beginning 1 November 2021. The Board of Directors has adopted an instruction for the Managing Director which clarifies the responsibilities and authority of the Managing Director. According to the instruction, the Managing Director shall provide the Board of Directors with decision data to enable the Board to make well-founded decisions and with documents to enable it to continually monitor the activities for the year. The Managing Director is responsible for the day-to-day business of the Company and shall take the decisions needed for developing the business – within the legal framework, the business plan, the budget and the instruction for the Managing Director adopted by the Board of Directors as well as in accordance with other guidelines and instructions communicated by the Board of Directors.

Remuneration for Management

At the AGM 2021 it was resolved to adopt a policy for remuneration and other employment conditions for the Executive Management which is available at the Company's website.

For additional information on Board member and senior management compensation please refer to Note 29 to the Financial Statements as well as the Company's Remuneration Report available at the Company's website.

External Auditors

At the 2021 AGM and for the period until the conclusion of the next Annual General Meeting the accounting firm Deloitte AB was elected as Maha's independent auditor. The Auditor in charge is Fredrik Jonsson.

Financial Reporting and Internal Controls

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

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

There were no complaints reported under the Company's Anti-Corruption Policy and Code of Business Conduct and Ethics.

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

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

Financial Statements

Consolidated Statement of Operations
For the Financial Year Ended 31 December

(TUSD) except per share amounts	Note	2021	2020
Revenue			
Oil and gas sales	4	**68,306**	39,018
Royalties		**(9,384)**	(5,829)
		58,922	33,189
Cost of sales			
Production expense	3	**(12,862)**	(9,666)
Depletion, depreciation and amortization	8	**(8,535)**	(5,624)
Gross profit		**37,525**	17,899
General and administration	5	**(5,517)**	(5,939)
Stock-based compensation	12	**(419)**	(338)
Exploration and business development costs		**(6)**	(208)
Impairment of exploration and evaluation assets	9	**–**	(21,000)
Foreign currency exchange (loss) gain		**30**	(245)
Other income		**2,443**	1,066
Other gains		**5,164**	–
Operating result		**39,220**	(8,765)
Net finance costs	6	**(9,963)**	(4,982)
Result before tax		**29,257**	(13,747)
Current tax expense	7	**(2,311)**	(1,106)
Deferred tax recovery (expense)	7	**(5,359)**	4,594
Net result for the year		**21,587**	(10,259)
Earnings per share basic	13	**0.19**	(0.10)
Earnings per share diluted	13	**0.19**	(0.10)
Weighted average number of shares:			
Before dilution		**112,912,781**	101,357,757
After dilution		**113,080,714**	106,478,943

Consolidated Statement of Comprehensive Earnings
For the Financial Year Ended 31 December

(TUSD)	Note	2021	2020
Net result for the year		**21,587**	(10,259)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	2	**(5,914)**	(23,324)
Comprehensive result for the year		**15,673**	(33,583)
Attributable to:			
Shareholders of the Parent Company		**15,673**	(33,583)

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

(TUSD)	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	8	**117,411**	91,045
Exploration and evaluation assets	9	**13,660**	11,014
Deferred tax assets	7	**3,583**	9,978
Other long-term assets		**491**	432
Total non-current assets		**135,145**	112,469
Current assets			
Prepaid expenses and deposits		**1,239**	1,434
Crude oil inventory		**247**	347
Accounts receivable	10	**5,948**	3,092
Cash and cash equivalents	11	**25,535**	6,681
Total current assets		**32,969**	11,554
TOTAL ASSETS		**168,114**	124,023
EQUITY AND LIABILITIES			
Equity			
Share capital		**146**	122
Contributed surplus		**86,292**	66,120
Other reserves		**(40,010)**	(34,096)
Retained earnings		**44,997**	23,410
Total equity	12	**91,425**	55,556
Liabilities			
Non-current liabilities			
Bank debt	15	**44,234**	–
Decommissioning provision	16	**2,264**	2,597
Lease liabilities	17	**2,385**	3,450
Other long-term liabilities and provisions	18	**651**	4,825
Total non-current liabilities		**49,534**	10,872
Current liabilities			
Accounts payable	19	**9,644**	10,731
Accrued liabilities and other	19	**5,189**	9,599
Current portion of lease liabilities	17	**1,072**	1,243
Bank debt	15	**11,250**	–
Bonds payable	14	**–**	36,022
Total current liabilities		**27,155**	57,595
Total liabilities		**76,689**	68,467
TOTAL EQUITY AND LIABILITIES		**168,114**	124,023

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December

(TUSD)	Note	2021	2020
Cash flow from operations			
Net result		**21,587**	(10,259)
Adjustments for:			
Depletion, depreciation and amortization	8	**8,535**	5,624
Impairment of exploration and evaluation assets	9	**–**	21,000
Stock based compensation	12	**419**	338
Accretion of decommissioning provision	16	**122**	108
Accretion of bonds payable	14	**497**	1,063
Amortization of deferred financing fees	15	**1,233**	–
Other gains		**(5,164)**	–
Interest expense	6	**6,920**	3,930
Current tax expense	7	**2,311**	1,106
Deferred tax expense	7	**5,359**	(4,594)
Unrealized foreign exchange amounts		**1,576**	567
Interest received		**43**	117
Interest paid		**(7,223)**	(3,930)
Income taxes paid		**(2,494)**	(2,556)
Changes in working capital	24	**(2,716)**	6,470
Cash flow from operations		**31,005**	18,984
Investing activities			
Asset acquisition (net of cash)	8	**–**	(4,152)
Capital expenditures — property, plant and equipment	8	**(44,334)**	(19,776)
Capital expenditures — exploration and evaluation assets	9	**(2,645)**	(10,798)
Restricted cash		**(16)**	1,146
Cash flow from investment activities		**(46,995)**	(33,580)
Financing activities			
Lease payments	17	**(1,235)**	(450)
Repayment of bonds payable	14	**(35,919)**	–
Bank debt borrowing	15	**60,000**	–
Paid financing fees		**(5,132)**	–
Shares subscription (net of issue costs)	15	**9,047**	–
Exercise of warrants, net of issuance costs	12	**9,188**	942
Cash flow from financing activities		**35,949**	492
Change in cash and cash equivalents		**19,959**	(14,104)
Cash and cash equivalents, beginning of year		**6,681**	22,450
Foreign exchange on cash and cash equivalents		**(1,105)**	(1,665)
Cash and cash equivalents at the end of the year		**25,535**	6,681

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December

(TUSD)	Share Capital	Contributed Surplus	Other Reserves	Retained (Deficit) Earnings	Total Shareholders' Equity
Balance at 1 January 2020	**122**	**64,840**	**(10,772)**	**33,669**	**87,859**
Comprehensive result					
Result for the year	–	–	–	(10,259)	(10,259)
Currency translation difference	–	–	(23,324)	–	(23,324)
Total comprehensive result	–	–	**(23,324)**	**(10,259)**	**(33,583)**
Transactions with owners					
Stock based compensation	–	338	–	–	338
Exercise of warrants and options (net of issuance costs)	–	942	–	–	942
Total transactions with owners	–	**1,280**	–	–	**1,280**
Balance at 31 December 2020	**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**	–	–	**20,196**
Balance at 31 December 2021	**146**	**86,292**	**(40,010)**	**44,997**	**91,425**

Parent Company Income Statement

For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	Note	2021	2020
Revenue		–	–
Expenses			
General and administrative	5	(9,365)	(13,360)
Foreign currency exchange (loss) gain		32,069	(22,906)
Operating result		22,704	(36,266)
Net finance costs	6	(79,861)	(24,828)
Impairment on investment in subsidiaries and loans	30,31	(69,304)	(202,748)
Group contribution		–	5,500
Result before tax		(126,461)	(258,342)
Income tax	7	–	–
Result for the year (*)		(126,461)	(258,342)

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

Parent Company Balance Sheets

For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	Note	2021	2020
Assets			
Non-current assets			
Investment in subsidiaries	30	8,003	4,368
Loans to subsidiaries	31	644,044	471,839
		652,047	476,207
Current assets			
Accounts receivable and other	10	–	116
Restricted cash		50	50
Cash and cash equivalents		88,170	7,292
		88,220	7,458
Total Assets		740,267	483,665
Equity and Liabilities			
Restricted equity			
Share capital		1,316	1,117
Unrestricted equity			
Contributed surplus		686,398	516,500
Retained earnings		(337,434)	(79,092)
Net result		(126,461)	(258,342)
Total unrestricted equity		222,503	179,066
Total equity		223,819	180,183
Non-current liabilities			
Bank debt	15	412,964	–
Current liabilities			
Accounts payable and accrued liabilities	19	1,406	7,658
Bank debt	15	102,078	–
Bonds Payable	14	–	295,824
		103,484	303,482
Total liabilities		516,448	303,482
Total Equity and Liabilities		740,267	483,665

Parent Company Cash Flow Statement
For the Financial Year Ended 31 December

(Expressed in thousands of Swedish Krona)	Note	2021	2020
Cash flow from operations			
Net result		**(126,461)**	(258,342)
Adjustment for			
Impairment on investment in subsidiary and loans		**69,304**	202,748
Accretion of bonds liability	14	**4,176**	9,787
Amortization of deferred financing fees	15	**10,772**	
Interest expense	6	**61,534**	36,000
Interest income		**(32,134)**	(20,959)
Unrealized foreign exchange		**2,228**	22,898
Interest paid		**(61,534)**	(36,000)
Changes in working capital		**(6,136)**	3,152
Total cash flow from operations activities		**(78,251)**	(40,716)
Cash flow from investing			
Investment in subsidiaries		**(25,924)**	(4,483)
Loan repayment by subsidiaries	31	**17,396**	57,494
Loans to subsidiaries	31	**(170,354)**	(163,121)
Total cash flow investing activities		**(178,882)**	(110,109)
Cash flow from financing			
Repayment of bonds payable	14	**(300,000)**	–
Bank debt borrowing (net of deferred financing fees)	15	**470,534**	–
Shares subscription (net of issue costs)	15	**78,560**	–
Exercise of warrants (net of issue cost)	12	**78,210**	8,679
		327,303	8,679
Change in cash during the year		**70,170**	(142,146)
Cash, beginning of the year		**7,292**	152,115
Foreign exchange on cash		**10,708**	(2,677)
Cash, end of the year		**88,170**	7,292

Parent Company Statement of Changes in Equity
For the Financial Year Ended 31 December

(Thousands of Swedish Krona)	**Restricted equity**	**Unrestricted equity**		
	Share Capital	**Contributed Surplus**	**Retained Earnings**	**Total Equity**
Balance at 1 January 2020	**1,113**	**504,682**	**(79,092)**	**426,703**
Total comprehensive income	–	–	(258,342)	(258,342)
Transaction with owners				
Stock based compensation	–	3,143	–	3,143
Exercise of bond warrants (net of issuance costs)	10	6,928	–	6,938
Exercise of incentive warrants	3	1,747		1,750
C2 shares cancellation	(9)	–	–	(9)
Total transaction with owners	4	11,818	–	11,822
31 December 2020	**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	78,093	–	78,210
Total transaction with owners	**199**	**169,898**	**–**	**170,097**
Balance at 31 December 2021	**1,316**	**686,398**	**(63,895)**	**223,819**

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020. (Tabular amounts are in US Dollars, except in the Parent Company Financial Statements where the amounts are in Swedish Krona (SEK), unless otherwise stated).

1. Corporate Information

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

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

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

2. Accounting Policies

Basis of preparation

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

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

Changes in Accounting Policies and disclosures

During the year, the Company applied the amended accounting standards, interpretations and annual improvement points that are effective as of 1 January 2021. The application of the amendments did not have a material impact on the consolidated financial statements. IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2022. The new and revised accounting standards or interpretations are not expected to have a material impact on the Company's financial statements. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Summary of Significant Accounting Policies

Principles of consolidation

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

Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Maha has joint operations in Brazil's Tartaruga field (see Note 4). Maha recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. The Company conducts oil- and gas operations as a joint operation that does not have a separate legal entity status through licenses which are held jointly with other companies. The Company's financial statements reflect the Company's share of production, capital costs, operational costs, current assets and liabilities in the joint operations.

Business combinations

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

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

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

Foreign currencies

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

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

Transactions and balances

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

Presentation currency

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

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

	31 December 2021		31 December 2020	
Currency	Average	Period end	Average	Period end
SEK / USD	8.581	9.074	9.209	8.212
BRL / USD	5.396	5.581	5.153	5.197

Segment reporting

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

Current versus non-current classification

The Company presents assets and liabilities in the Consolidated Statements of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Expected to be realised within twelve months after the reporting period.
- Or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

Oil and gas properties

Oil and gas properties are initially recorded at historical cost, where it is probable that they will generate future economic benefits. All costs for acquiring concessions, licenses or interests in production sharing contracts and for the survey, drilling and development of such interests are capitalized on a field area cost center basis. This includes capitalization of decommissioning and restoration costs associated with provisions for asset retirement (see Note 16). Oil and gas properties are subsequently carried at cost less accumulated depreciation, depletion and amortization (including any impairment). Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of assets sold and are recognized in income. Routine maintenance and repair costs for producing assets are expensed to the Statement of Operations when they occur. Proceeds from the sale or farm-out of oil and gas concessions in the exploration stage are off set against the related capitalized costs of each cost center with any excess of net proceeds over all costs capitalized included in the income statement.

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

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

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

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

Exploration and evaluation assets ("E&E")

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

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

Impairment of non-financial assets

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

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

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

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

Other tangible assets

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

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

Leases

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

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

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

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

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

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

Financial assets and liabilities

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

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

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

The Company recognises the following financial assets and liabilities:

Financial Assets at amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of

principal and interest are measured at amortized cost. The Company classifies its cash and cash equivalents and accounts receivables at amortized cost. The Company's intent is to hold the receivables until cash flows are collected.

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

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

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

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

Impairment of Financial Assets

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

Derivative Financial Instruments

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

Cash and cash equivalents

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

Inventories

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

Equity

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

Share-based compensation

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

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

Earnings per share

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

Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares

by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted using the treasury method.

Provisions

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

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

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period where appropriate.

Revenue

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

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

Proceeds from sale of crude oil and natural gas prior to the commencement of commercial production are offset against capitalized costs for Company operations that are at the pre-production stage (Note 9). The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2 section Critical accounting estimates and judgements.

Royalties

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

Exploration costs

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

Income taxes

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

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred income tax assets are recognized to the extent that it is more likely than not that the asset will be realized. Maha has recognized deferred tax assets on tax losses in Brazil only on the basis that they are more likely than not to be realized.

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

Parent Company's accounting policies

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

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

Shares and participations

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

Shareholders' contributions

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

Group contributions

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

Critical accounting estimates and judgments

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

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

Estimates in oil and gas reserves

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

These techniques consider the future level of development required to produce the reserves. An independent reserves auditor reviews these estimates. Changes in estimates of oil and gas reserves, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Changes in estimates in oil and gas reserves could for example result from additional drilling, observation of long-term reservoir performance or changes in economic factors such as oil price and inflation rates. Information about the carrying amounts of the oil and gas properties and the amounts charged to income, including depletion, exploration costs, and impairment costs is presented in Note 8.

The Tartaruga concession agreement expires in 2025 but provides mechanisms for extension based on the continued productivity of the field and submission of a development plan. In estimating the oil and gas reserves of the Tartaruga Block the Company used judgement in determining that such extension should be approved. The reserves as well as current and expected volumes assume that the extension will be granted. The net carrying amounts of the Tartaruga oil and gas assets are USD 24.9 million (2020: USD 26.2 million) as of 31 December 2021.

Impairment of oil and gas properties

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

Decommissioning provisions

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

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

Expenditures on exploration and evaluation assets

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

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

Deferred income tax assets

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

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

Contingencies

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

Determining the lease term contracts with renewal and termination options

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

Ongoing COVID-19 crisis

The Company has maintained a proactive approach in safeguarding the well being of Company's employees and consultants and ensuring that the pandemic has minimal impact on its operations. To date there have been minimal interruptions to operations due to the COVID-19 and the Company has successfully managed to continue with restrictions imposed in various jurisdictions. The Company's Oman project was delayed by a few months due to restrictions placed in Oman; however, the Company commenced the project as soon as the restrictions were lifted.

3. Segment Information

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

i) Brazil: Includes all oil and gas activities in Tie Field and Tartaruga Field in Brazil.

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

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

Adjustments segment primarily includes consolidation adjustments and eliminations between segments.

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

(TUSD)	Brazil	USA	Corporate	Adjustments	Consolidated
2021					
Revenue	62,574	5,732	–	–	68,306
Royalties	(8,043)	(1,341)	–	–	(9,384)
Production and operating	(11,353)	(1,509)	–	–	(12,862)
Depletion, depreciation and amortization	(7,202)	(1,270)	(63)	–	(8,535)
General and administration	(945)	(147)	(4,425)	–	(5,517)
Stock-based compensation	–	–	(419)	–	(419)
Exploration and business development cost	–	–	(6)	–	(6)
Foreign currency exchange (loss) gain	21	76	189	(256)	30
Other income	2,443	–	–	–	2,443
Other gains	5,164	–	–	–	5,164
Operating results	42,659	1,541	(4,724)	(256)	39,220
Net finance costs	(2,420)	(20)	(7,523)	–	(9,963)
Current tax	(2,311)	–	–	–	(2,311)
Deferred tax	(4,359)	–	–	(1,000)	(5,359)
Net results	33,569	1,521	(12,247)	(1,256)	21,587

(TUSD)	Brazil	USA	Corporate	Adjustments	Consolidated
31 December 2020					
Revenue	37,518	1,500	–	–	39,018
Royalties	(5,465)	(364)	–	–	(5,829)
Production and operating	(8,824)	(842)	–	–	(9,666)
Depletion, depreciation and amortization	(5,009)	(578)	(37)	–	(5,624)
General and administration	(811)	(302)	(4,826)	–	(5,939)
Stock-based compensation	–	–	(338)	–	(338)
Exploration and business development cost	–	(40)	(168)	–	(208)
Impairment	–	(21,000)	–	–	(21,000)
Foreign currency exchange loss (gain)	61	(63)	(4,367)	4,124	(245)
Other income	1,066	–	–	–	1,066
Operating results	**18,536**	**(21,689)**	**(9,736)**	**4,124**	**(8,765)**
Net finance costs	(2,266)	(20)	(2,696)	–	(4,982)
Current tax	(1,106)	–	–	–	(1,106)
Deferred tax	8,194	–	–	(3,600)	4,594
Net results	**23,358**	**(21,709)**	**(12,432)**	**524**	**(10,259)**

(TUSD)	Assets		Liabilities	
	2021	2020	**2021**	2020
Brazil	124,647	103,130	53,132	59,469
USA	17,618	9,075	44,753	37,259
Corporate	118,695	91,566	71,650	51,487
Intercompany balance elimination	(92,846)	(79,748)	92,846	79,748
Total Assets/Liabilities	**168,114**	**124,023**	**76,689**	**68,467**
Shareholder's equity	–	–	91,425	55,556
Total equity	**–**	**–**	**91,425**	**55,556**
Total consolidated	**168,114**	**124,023**	**168,114**	**124,023**

For detailed information for the oil and gas properties, see also Note 8 and Note 9.

Joint operations

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

4. Revenue

The Company derives revenue from the transfer of goods at a point in time in the following major commodities from oil and gas production in the geographic regions of Brazil and the USA:

(TUSD)	2021	2020
Brazil		
Crude oil	**61,986**	37,104
Natural gas	**588**	414
Brazil oil and gas sales	**62,574**	37,518
United States oil sales	**5,732**	1,500
Total revenue from contracts with customers	**68,306**	39,018

The Company had two main customers during 2021 (2020: two) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers for 2021 were approximately USD $51.9 million and USD $9.7, respectively (2020: $37.0 million), which are included in the Company's Brazil operating segment. Approximately, 76% (2020: 70%) of the total revenue is contracted with one customer in the Brazil segment. 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 2021, accounts receivable included $2.1 million of accrued sales revenue which related to the December 2021 production.

5. General and Administrative Expenses

	TUSD		Parent TSEK	
	2021	2020	**2021**	2020
Personnel costs	**4,059**	3,538	**3,674**	6,173
Rent & office costs	**900**	500	**144**	96
Insurance	**151**	83	**–**	–
Listing costs	**186**	648	**2,656**	2,984
Costs of external services	**909**	1,566	**1,530**	1,530
Software & Information technology	**285**	295	**225**	164
Travel related costs	**221**	168	**23**	2
Non recoverable taxes & other costs	**96**	260	**848**	2,411
Allocated to Operating expenses	**(1,290)**	(1,119)	**–**	–
	5,517	5,939	**9,365**	13,360

6. Net Finance Costs

	TUSD		Parent TSEK	
	2021	2020	**2021**	2020
Interest on bonds payable	**1,463**	3,909	**12,300**	36,000
Accretion of bonds payable (Note 14)	**497**	1,063	**4,176**	9,787
Accretion of decommissioning provision	**122**	108	**–**	–
Amortisation of deferred financing fees (Note 15)	**1,233**	–	**10,772**	–
Financing transaction cost	**505**	–	**4,613**	–
Foreign currency exchange loss	**784**	–	**34,200**	–
Interest expense (Note 15)	**5,456**	21	**45,934**	–
Interest income[5]	**(97)**	(119)	**(32,134)**	(20,959)
	9,963	4,982	**79,861**	24,828

7. Income Taxes

	TUSD		Parent TSEK	
	2021	2020	**2021**	2020
Current tax expense	**2,311**	1,106	**–**	–
Deferred tax expense (income)	**5,359**	(4,594)	**–**	–
	7,670	(3,488)	**–**	–

Current taxes are in respect of the Company's operations in Brazil. The statutory income tax rate in Brazil is 34%; however, following application of tax incentives available to the Company in Brazil, the resulting tax rate is 15.25% for 2021 and 2020. The Brazil tax incentives begin to expire in 2029.

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

	TUSD		Parent TSEK	
	2021	2020	**2021**	2020
Result before tax	**29,257**	(13,747)	**(126,461)**	(258,342)
Applicable tax rate	**20.6%**	21.4%	**20.6%**	21.4%
Expected tax expense (income)	**6,027**	(2,942)	**(26,051)**	(55,285)
Effect of different tax rates	**(1,748)**	(1,075)	**–**	–
Non-deductible items	**2,015**	1,492	**22,801**	44,408
Recognition of year-end deferred tax assets	**–**	(5,333)	**–**	
Changes in unrecognized deferred tax assets and other	**1,376**	4,370	**3,250**	10,877
Income tax expense (income)	**7,670**	(3,488)	**–**	–
Current tax expense	**2,311**	1,106	**–**	–
Deferred tax expense (income)	**5,359**	(4,594)	**–**	–
Total	**7,670**	(3,488)	**–**	–

Specification of deferred tax assets:

(TUSD)	**2021**	2020
Unused tax loss carry-forwards	**4,926**	8,801
Other deductible temporary differences	**(1,343)**	1,177
Deferred tax assets	**3,583**	9,978

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

The deferred tax asset of TUSD 3,583 (2020: 9,978) represents estimated tax losses and other temporary differences in Brazil of TUSD 10,447 (2020: TUSD 30,459) which has been fully recognized, as the probability of realization is more likely than not due to expected taxable income in Brazil. The Company has not recognized any deferred tax assets on any other tax losses or other temporary deductible differences in any other jurisdiction within the Group.

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

	Loss carry-forwards	
(TUSD)	**2021**	**Expiry**
Sweden	17,564	Indefinite
Brazil	14,487	Indefinite
Canada	3,102	Beginning in 2033
United States	23,752	Beginning in 2033
Luxembourg	9,514	Beginning in 2034
	68,420	

Loss carry forwards in Brazil are limited to a maximum of 30% of taxable income in the year that they are applied.

8. Property, Plant and Equipment

(TUSD)	**Oil and gas properties**	**Equipment and Other**	**Right-of-use assets**	**Total**
Cost				
31 December 2019	**83,917**	**2,163**	**813**	**86,893**
Additions	26,967	114	5,510	32,591
Acquisition	4,538	–	–	4,538
Change in decommissioning cost	614	–	–	614
Currency translation adjustment	(19,290)	(120)	(305)	(19,715)
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**
Accumulated depletion, depreciation and amortization				
31 December 2019	**(9,751)**	**(697)**	**(202)**	**(10,650)**
DD&A	(5,033)	(68)	(475)	(5,576)
Currency translation adjustment	2,271	14	65	2,350
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)**
Carrying amount				
31 December 2020	84,233	1,406	5,406	91,045
31 December 2021	**111,985**	**1,307**	**4,119**	**117,411**

[TUSD]	Brazil	USA	Corporate	Consolidated
Oil and gas properties	98,230	13,757	–	111,987
Other tangible assets	251	962	96	1,309
Right-of-use assets	3,943	–	172	4,115
31 December 2021	102,424	14,719	268	117,411
Oil and gas properties	78,223	6,010	–	84,233
Other tangible assets	171	1,224	11	1,406
Right-of-use assets	5,176	–	230	5,406
31 December 2020	83,570	7,234	241	91,045

The oil and gas properties relate to the producing oil and gas cost pools in the Brazil and USA segments. The Corporate segment includes other tangible assets of all corporate companies including Oman. Depletion and depreciation amounted to TUSD 8,535 (2020: TUSD 5,624) for 2021 and is included with the DD&A costs line in the Consolidated Statement of Operations.

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

Dome AB Inc Acquisition

On 31 March 2020, the Company acquired certain oil producing assets in the Illinois Basin, USA, through the purchase of all outstanding shares in Dome AB Inc. ("Dome Acquisition") for a cash consideration of USD $4.0 million and assumption of TUSD 319 in net current liabilities. In addition, Maha capitalized TUSD 151 in the transaction costs. The acquisition resulted in an increase PP&E of approximately TUSD 4,538, the assumption of TUSD 68 in decommissioning liabilities and TUSD 319 in working capital deficiency. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

9. Exploration and Evaluation Assets

	[TUSD]
31 December 2019	21,216
Additions in the period	400
Oman acquisition	10,350
Impairment	(21,000)
Change in estimates	48
31 December 2020	11,014
Additions in the period	2,646
31 December 2021	13,660

Exploration and evaluation assets relate to non-producing oil and gas properties in the LAK Ranch block, USA and Oman Block 70 and by nature are intangible costs. No depletion was charged to these E&E assets. Of the total additions during the current year, additions related to Oman Block 70 amounted to TUSD 1,886 and additions related to the LAK Ranch amounted to TUSD 760. At year-end 2020, the carrying value of the LAK Ranch was written down to the estimated recoverable amount, resulting in a non-cash impairment charge of USD $21.0 million.

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 that includes the shallow undeveloped Mafraq heavy oil field in Oman. The Company paid USD 10.4 million for the acquisition of Block 70.

Impairment of E&E assets

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

At 31 December 2020, the Company assessed that the carrying amount of the exploration and evaluation asset of the LAK Ranch was unlikely to be recovered in full as a result of decreases in forecasted commodity oil prices at year-end 2020. This triggered an indicator of impairment. As a result, impairment testing was performed and the carrying value of the LAK Ranch was written down to the estimated recoverable amount, resulting in a non-cash impairment charge of $21.0 million

10. Accounts Receivables

	TUSD		Parent TSEK	
	2021	2020	2021	2020
Oil and gas sales	2,658	1,600	–	–
Tax credits and other receivables	3,290	1,492	–	116
	5,948	3,092	–	116

The majority of the Company's oil and gas sales receivables are with Petrobras, the Brazilian national oil company and Dax, an independent refinery. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with creditworthy purchasers. Under the marketing agreement with the refinery, most of the oil sales are prepaid prior to delivery with occasional credit granted during long weekends or public holidays to maintain daily deliveries while banks are closed. As at 31 December 2021, the Company determined that the average expected credit loss on the Company's accounts receivable was nil (2020: nil) as the Company has no history of collection issues with the customers which are mainly of high credit ratings or has no default history.

11. Cash and Cash Equivalents

[TUSD]	2021	2020
Cash	17,532	6,681
Short term investment	8,003	–
	25,535	6,681

12. Share Capital

Shares outstanding	A	B	Total
31 December 2019	92,456,550	7,960,318	100,416,868
Exercise of bond warrants	949,853	–	949,853
Conversion of convertible B shares	7,476,952	(7,476,952)	–
Exercise of incentive warrants	263,330	–	263,330
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

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

As part of the Term Loan financing during the second quarter of 2021, Maha received an equity contribution of USD 10 million through a private placement issuance of 7,470,491 new class A shares, at a price of SEK 11.59 per share (See Note 15 for further details).

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

Maha AB share purchase warrants outstanding
As at 31 December 2021, the Company had no Maha A TO2 share purchase warrants outstanding. Following table details the exercise of the Maha A TO2 warrants:

	Number of Warrants	Exercise Price	Exercise Price
	#	SEK	USD
31 December 2019	**11,352,182**	**7.45**	**0.80**
Exercised – Q1	(827,500)	7.45	0.78
Exercised – Q2	(6,446)	7.45	0.74
Exercised – Q4	(5,684)	7.45	0.82
Exercised – Q4	(110,223)	7.45	0.86
31 December 2020	**10,402,329**	**7.45**	**0.91**
Exercised – Q1	(136,963)	7.45	0.90
Exercised – Q2[6]	(9,997,953)	7.45	0.88
Expired	(267,413)	7.45	0.88
31 December 2021	–	–	–

Warrant Incentive Program

The Company has long term incentive program (LTIP) to issue incentive warrants as part of the remuneration package for management and employees. The annual 2021 incentive warrants were issued during the second quarter 2021. Issued but not allocated warrants are held by the Company. As at 31 December 2021 Maha incentive warrants outstanding were as follows:

Warrants incentive programme	Exercise period	Exercise price, SEK	1 Jan 2021	Issued 2021	Exercised 2021	Expired or Cancelled 2021	**31 December 2021**
2018 LTIP-2	1 May 2021 – 30 November 2021	9.20	750,000	–	300,000	450,000	–
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
Total			**1,710,000**	**1,572,429**	**(300,000)**	**450,000**	**2,532,429**

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

Weighted average assumptions and resultant fair values are as follows:

	2021 Incentive Programme	2020 Incentive Programme
Risk free interest rate (%)	-0.03	0.00
Expected term (years)	3.25	3.75
Expected volatility (%)	55	74
Forfeiture rate (%)	10.0	5.0
Weighted average fair value (SEK)	4.32	5.75

Total share-based compensation expense for 2021 was TUSD 419 (2020: TUSD 338).

[6]Q2 exercised warrants include 2,881,345 warrants exercised during Q1 for which shares were issued in Q2.

13. Earnings Per Share

Basic earnings per share are based on net result attributable to the common shareholders and is calculated based upon the weighted-average number of common shares outstanding during the periods presented.

	2021	2020
Net result attributable to shareholders of the Parent Company (TUSD)	21,587	(10,259)
Weighted average number of shares for the year	112,912,781	101,357,757
Earnings per share, USD	**0.19**	**(0.10)**
Weighted average diluted number of shares for the year	113,080,714	106,478,943
Earnings per share fully diluted, USD	0.19	(0.10)

14. Bonds Payable

	TUSD	TSEK
31 December 2019	**30,621**	**286,037**
Accretion of bond liability	1,063	9,787
Effect of currency translation	4,338	–
31 December 2020	**36,022**	**295,824**
Accretion of bond liability	497	4,176
Repayment of bonds	(35,919)	(300,000)
Effect of currency translation	(600)	–
31 December 2021	–	–

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

15. Bank Debt

	TUSD	TSEK
Bank debt	60,000	504,276
Effect of currency translation	–	43,524
Deferred financing costs	(4,516)	(32,758)
31 December 2021	**55,484**	**515,042**
Less: Current portion	11,250	102,078
Non current	44,234	412,964

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

The Term Loan bears interest at a step-rate increasing from 12.75% to 13.5% as nearing maturity time, payable quarterly in arrears and secured by substantially all the assets and shares of Maha Energy and its subsidiaries. The principal amount is to be repaid in quarterly instalments over the four (4) year period, commencing 15 months from the credit agreement date. From the date of the credit agreement and up to disbursement on 23 April 2021 a commitment fee equal to an annual rate of 12.60% was payable. Following disbursement, the Company redeemed the Senior Secured Bond on 5 May 2021 for a total amount of SEK 315.6 million, including accrued interest (see Note 14).

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

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

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

16. Decommissioning Provision

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

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

	(TUSD)
31 December 2019	**2,175**
Accretion expense	108
Additions	168
Dome Acquisition (Note 8)	68
Change in estimate	378
Foreign exchange movement	(300)
31 December 2020	**2,597**
Accretion expense	122
Additions	251
Change in estimate	(611)
Foreign exchange movement	(95)
31 December 2021	**2,264**

The total undiscounted amount of estimated future cash flows required to settle the obligations at 31 December 2021 was approximately TUSD 7,648 (2020: TUSD 3,531). In calculating the present value of the decommissioning provision for the Brazil assets, an inflation rate of 5.5 percent (2020: 4.3 percent) and a discount rate of 11.5 percent (2020: 7.8 percent) was used, which represents an estimated rate for Brazil's long term government treasury bonds for a period of over 20 years, the approximate weighted-average remaining years to abandonment. In calculating the present value of the decommissioning provision for the USA assets, an inflation rate of 2.0 percent (2020: 2.0 percent) and a discount rate of average 2.0 percent (2020: 1.5 percent) was used, which represents a long-term risk-free interest rate projection in the United States of America.

Based on the estimates used in calculating the decommissioning provision as at 31 December 2021, approximately 100 percent of the total amount of this provision is expected to be settled between 15 years and 20 years.

17. Lease Liability

(TUSD)	
31 December 2019	**611**
Accretion expense	4,974
Interest expense	21
Lease payments	(450)
Foreign currency translation	(463)
31 December 2020	**4,693**
Additions	–
Interest expense	122
Lease payments	(1,235)
Foreign currency translation	(123)
31 December 2021	**3,457**
Less current portion	1,072
Lease liability – non current	2,385

The Company has lease liabilities for contracts related to office space, equipment and gas compressors. Lease terms are negotiated on an individual basis and contain wide range of different terms and conditions. The total payments made for short-term and low value leases were not significant for the year 2021 and are not included in the lease liability. The Company's lease liabilities are for periods of one to five years but may have extension options. The undiscounted cash flows relating to the lease liabilities are detailed in Note 20.

18. Other long-term Liabilities and Provisions

	TUSD	
	2021	2020
Labour and contractors claims provision	**651**	1,228
Minimum work commitments provision	**–**	3,597
	651	4,825

Provisions for labour and contractors claims represents the Company's best estimate at year-end for the pre-existing legal matters. During the year, the Company reversed the long-term provisions for the minimum work commitments' penalties for the Blocks 117 and 118 in Brazil, as the Company was granted extensions until November 2024 on these blocks and these contracts are no longer considered onerous contracts. At year-end 2020, the Company was still in the process of filing for the extensions and there was significant uncertainty on Company's ability to obtain further extension to fulfill the minimum work commitment.

19. Accounts Payable and Accrued Liabilities

	Group (TUSD)		Parent (TSEK)	
	2021	2020	**2021**	2020
Trade payable	**8,135**	9,931	**119**	2,075
Accrued liabilities	**5,188**	9,600	**1,287**	2,283
Interest payable	**–**	402	**–**	3,300
Taxes payable (see Note 7)	**1,510**	397	**–**	–
	14,833	**20,330**	**1,406**	**7,658**

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

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

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

	At 1 January 2020	Cash Flows	Non-cash changes			At 31 December 2020
			Lease adds under IFRS 16	Amortization of deferred financing fees	Foreign exchange movement	
Lease Liability	611	(450)	4,735	–	(203)	4,693
Bonds Payable	30,621	–	–	1,063	4,338	36,022

21. Financial Assets and Liabilities

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

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

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

Fair value of financial assets and liabilities

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

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

22. Management of Financial Risk

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

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

a) Currency risk

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

The main functional currency of the Company's subsidiary in Brazil and Luxembourg is Brazilian Reals (BRL). For all other subsidiaries in Canada, USA and Cyprus and its Oman branch, US Dollars is the functional currency. The Company's oil sales in Brazil are denominated in BRL based on a USD oil price and all operational, administrative and capital activities related to the Brazil properties are transacted primarily in BRL. In Sweden the Company's expenditures are in SEK currency, however, the bank debt is denominated in US Dollars therefore not impacted by the currency fluctuations. Further, with regards to BRL, there is a risk of inflation or hyper-inflation.

To minimize foreign currency risk, the Company's cash balances are held primarily in USD funds in Cayman and Sweden, in BRL within Brazil and USD within Canada and Oman. In Canada and Oman, USD funds are converted to CAD and OMR respectively, on an as-needed basis. The Company funds Brazil operating expenses and capital projects with the cash generated from Brazil operations, to minimize the foreign currency risk.

The following table summarizes the effect that a change in these currencies against the US Dollar would have on operating profit through the conversion of the income statement of the Company's subsidiaries from functional currency to the presentation US Dollar for the year-ended 31 December 2021.

	Average Rate 2021	10% USD weakening	10% USD strengthening
BRL/USD	5.3961	4.8565	5.9357
Total effect on net result, TUSD		3,971	-3,249

The net foreign currency exchange gain for the year amounted to TUSD 30 (TUSD 245 loss). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies and the revaluation of working capital to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Company's reporting entities. Foreign exchange exposures related to the transactions denominated in foreign currencies are minimal both in Brazil and Sweden as the majority of the transactions are in the local functional currencies.

b) Credit risk

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

As at 31 December 2021, the Company's trade receivables amounted to TUSD 5,948 (TUSD 3,092). The majority of the Company's oil and gas sales receivables were with Petrobras, the Brazilian national oil company and Dax, a small independent refinery in Brazil. Substantially, all of the Company's accounts receivable in Brazil is outstanding for less than 30 days. Under the marketing agreement with the refinery, most of the oil sales are prepaid prior to delivery with occasional credit granted during long weekends or public holidays to maintain daily deliveries while banks are closed. In the USA, the Company markets and sells its oil through marketing companies and payments are received in 30 days. There is no recent history of default and expected credit loss associated with these receivables is not significant. Other short-term receivables are considered recoverable as they are mainly related to taxes and employee advances. The Company's cash and cash equivalents are primarily held at large Canadian, Brazilian and Swedish financial institutions.

c) Liquidity risk

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

The Company manages its liquidity risk by ensuring it has access to multiple sources of capital including: cash, cash from operating activities, as well as available capital markets. As at 31 December 2021, the Company had current assets of $33.0 million, positive cash flow from operating activities and current liabilities of $27.2 million. On 30 March 2021, the Company entered into a loan agreement (the "Term Loan") and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The proceeds were used to redeem the SEK 300 million bonds payable during the second quarter. The remaining funds are being used to finance capital expenditures across Maha's portfolio and general corporate purposes. The Company's bond holders also exercised the bond warrants during the year, prior to warrants expiration, which provided additional approximately USD 9.0 million cash for the Company. The Company does not have any externally imposed material capital requirements to which it is subject except for the loan covenants (See Note 15).

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

	Total	< 1 Year	1 – 2 years	2 – 5 Years
2021				
Accounts payable and accrued liabilities	13,324	13,324	–	–
Taxes payable	1,509	1,509	–	–
Lease liabilities	3,457	1,072	2,385	–
Other Long-term liabilities	651	–	–	651
Bank debt	55,484	11,250	19,500	24,734
	74,425	**27,154**	**21,885**	**25,385**
2020				
Accounts payable and accrued liabilities	20,330	20,330	–	–
Lease liabilities	4,693	1,224	1,135	2,334
Other Long-term liabilities	4,825	–	3,597	1,228
Bonds payable	36,022	36,022	–	–
	65,870	**57,576**	**4,732**	**3,562**

d) Interest Rate Risk

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

The total interest expense for 2021 amounted to TUSD 6,797 which included TUSD 1,463 of interest related to bonds payable. During the year, the Company borrowed USD 60.0 million in the Term loan and used the net proceeds to repay SEK 300 million of bonds payable. The Term Loan bears interest at a step-rate increasing from 12.75% to 13.5% as nearing maturity time, payable quarterly in arrears. The Company's exposure to interest rate risk is low as the Company holds no floating rate debt and no other interest rate financial instrument.

e) Commodity Price risk

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

Changes in crude oil prices may significantly affect the Company's results of operations, cash generated from operating activities, capital spending and the Company's ability to meet its obligations. The majority of the Company's production is sold under short-term contracts; consequently, the Company is at risk to near term price movements. The Company manages this risk by constantly monitoring commodity prices and factoring them into operational decisions, such as contracting or expanding its capital expenditures program. For 2021, natural gas production represented 11% of the Company's total production and, as a result, any fluctuation in natural gas prices would have a nominal effect on current revenues.

From time to time, the Company enters into certain risk management contracts to manage the exposure to market risks from fluctuations in commodity prices. These risk management contracts are not used for trading or speculative purposes. All risk management contracts are recorded at fair value at each reporting period with the change in fair value being recognized as an unrealized gain or loss on the consolidated statement of operations. Maha entered into no risk management contracts during the year 2021.

The table below summaries the effect that a change in the realized oil prices would have had on the net result and equity at 31 December 2021:

Net result of the year, TUSD	21,587	21,587
Possible shift	-10%	+10%
Total effect on net result, TUSD	**(5,842)**	**5,842**

23. 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 considers its capital structure to include shareholders' equity of USD $91.4 million (31 December 2020: USD $55.6 million) plus net debt of USD $29.9 million (31 December 2020: USD $29.3 million). At 31 December 2021, the Company's working capital surplus was USD $5.8 million (31 December 2020: Deficit of USD $10.0 million), which includes USD $25.5 million of cash (31 December 2020: USD $6.7 million).

The Company may adjust its capital structure by issuing new equity or debt and adjusting its capital expenditure program, within its 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 market and industry conditions. The annual budget and subsequent updates are approved by the Board of Directors.

The Company entered into a loan agreement and equity financing subscription with Brazilian Investment Bank BTG Pactual S.A. for total proceeds of USD 70 million before customary fees and expenses. The proceeds were used to redeem the SEK 300 million bonds payable during the second quarter. The remaining funds are being used to finance capital expenditures across Maha's portfolio and general corporate purposes. The Company's bond holders also exercised the bond warrants during the year, prior to warrants expiration, which provided additional approximately USD 9.0 million cash for the Company. The Company does not have any externally imposed material capital requirements to which it is subject except for the loan covenants (See Note 15).

24. Changes in Non-cash Working Capital

(TUSD)	31 December 2021	31 December 2020
Change in:		
Accounts receivable	**(2,898)**	1,625
Inventory	**61**	(9)
Prepaid expenses and deposits	**195**	(176)
Accounts payable and accrued liabilities	**(74)**	5,030
Total	**(2,716)**	6,470

25. Pledged Assets

As at 31 December 2021, 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 and concessions rights and other assets in Brazil with a book value for the Group of USD 63.5 million and MSEK 8.0 for the parent company, including adjustments for the consolidation purposes.

The Company also has guarantees in relation to its work commitments in Brazil and has contractual commitments in the USA and Oman (See Note 26).

26. 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 exploration work and abandonment commitments in relation to these exploration blocks which are guaranteed with certain credit instruments. These exploration commitments are in the normal course of the Company's exploration business and the Company plans to fund any related work or penalty, if necessary, with existing cash balances, cash flow from operations and available financing sources.

During the fourth quarter 2021, the Company was granted a full waiver on the related work commitments on Block 224 minimum work. Additionally, the Company was granted extensions until November 2024 on its minimum work commitments for Blocks 117 and 118. This allows the Company to work towards a waiver application for the minimum work obligations related to these blocks.

In the Illinois Basin, the Company completed its commitment to drill and complete four gross wells (3 net wells) during 2021. For 2022, the Company has commitments to drill one operated and one non-operated well. Subsequent to the year-end, the Company signed a 463 acres land lease in Indiana, USA. The new land lease requires the Company 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. In addition, a future contingent consideration of USD 3.0 million is possible if certain oil prices and production level milestones are met before 2023. Maha and its subsidiaries are under no obligation to reach the production level set out for the production milestone. The company had not recorded this contingent consideration.

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 10 (ten) shallow wells. Costs for these activities are estimated at USD 20 MUSD.

27. Related Party Transactions

Kvalitena AB has an ownership in terms of voting rights of 18.0% and holds two seats at the board of directors. As such, Kvalitena AB can exercise significant influence over the Company and is deemed to be a related party in accordance with IAS 24. The Company leases its office space from Kvalitena AB in Sweden. The terms of the lease are equivalent to those that prevail in arm's length transactions. As at 31 December 2021, Maha had no amounts outstanding as payable or receivable to or from Kvalitena AB.

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

28. Related Party Transactions

(TUSD)	Canada	USA	Brazil	Sweden	Company
Employees (2021) **(of which men)**	**13** **9**	**4** **3**	**62** **51**	**1** **0**	**80** **63**
Employees (2020) (of which men)	13 9	3 3	55 45	2 0	73 57

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

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

Salaries, other remuneration and social security costs *(TUSD)*	**2021** Salaries and other remuneration	**2021** Social security costs	2020 Salaries and other remuneration	2020 Social security costs
Parent Company in Sweden				
Board members	**236**	**59**	184	51
Employees	**109**	**32**	64	17
Subsidiaries abroad				
Canada	**2,524**	**48**	2,300	37
USA	**295**	**22**	323	30
Brazil	**2,335**	**457**	2,335	497
Total	**5,499**	**618**	5,206	632

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

2021 *(TUSD)*	**Board Fee / Base salary**	**Other benefits[7]**	**Short-term variable remuneration**	**Remuneration for Committee work**	**Option Based Award**	**Total 2021**
Parent Company in Sweden						
Victoria Berg[8]	59	4	–	–	6	69
Board members						
Jonas Lindvall[9]	–	–	–	–	–	–
Harald Pousette	48	–	–	7	–	55
Anders Ehrenblad	35	–	–	10	–	45
Nicholas Walker	35	–	–	12	–	47
Seth Lieberman	35	–	–	10	–	45
Fredrik Cappelen	35	–	–	9	–	44
Total	**247**	**4**	**–**	**48**	**6**	**305**
Subsidiaries abroad Management						
Jonas Lindvall	403	22	–	–	11	436
Other[10]	767	36	16	–	241	1,060
Total Management	**1,170**	**58**	**16**	**–**	**252**	**1,496**

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

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

[9]Jonas Lindvall was not compensated in the capacity as a Board member.

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

2021 *(TUSD)*	Board Fee / Base salary	Other benefits[7]	Short-term variable remuneration	Remuneration for Committee work	Option Based Award	Total 2021
Parent Company in Sweden						
Victoria Berg	40	3	–	–	4	47
Board members						
Jonas Lindvall[8]	–	–	–	–	–	–
Harald Pousette	32	–	–	15	–	47
Anders Ehrenblad	33	–	–	17	–	50
Nicholas Walker	26	–	–	21	–	47
Seth Lieberman	16	–	–	4	–	20
Fredrik Cappelen	16	–	–	4	–	20
Total	163	3	–	61	4	231
Subsidiaries abroad Management						
Jonas Lindvall	403	19	–	–	27	449
Other[11]	647	44			176	867
Total Management	**1,050**	**63**	**–**	**–**	**203**	**1,316**

Salaries, Benefits and Social Security Costs

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

Incentive Programs

As of the date of this Annual Report, Maha has 2,532,429 Warrants under the Long-Term Incentive Plan as follows:

Long Term Incentive Plan

In 2017, the Company implemented a long-term incentive plan which provides for an annual grant of warrants. Each annual grant has a three-year duration and will vest equally in three tranches annually. The warrants currently outstanding were issued following the AGMs in 2018, 2019, 2020 and 2021. During 2021, 1,048,286 warrants were issued to certain executives and employees of Maha as part of the LTIP 5 program and 524,143 warrants were issued to certain executives of Maha as part of the LTIP 6 program following their approval at the AGM. Issued but not allocated warrants are held by the Company.

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

[11]Other represents the following members of the management for 2020: CFO, VP Operations and VP Exploration.

30. Shares in Subsidiaries – Parent Company

Subsidiary	Registration number	Registered office	Share %	2021 (TSEK)	2020 (TSEK)
Maha Energy Inc.	2017256518	Calgary, AB, Canada	100	7,314	3,688
Maha Energy I (Brazil) AB	559058-0907	Stockholm, Sweden	100	–	–
Maha Energy II (Brazil) AB	559058-0899	Stockholm, Sweden	100	680	680
Maha Energy Finance (Luxembourg) S.A.R.L	B163089	Grand Duchy, Luxembourg	100	–	–
Mana Energy Services LLC	2020-002241022	Newcastle, WY, USA	100	–	–
Maha Energy (Oman) Ltd	259894	Cyprus	100	9	–
				8,003	4,368

Participation in subsidiaries (TSEK)	2021	2020
Opening value	**4,368**	192,468
Acquisition	**–**	–
Disposition	**–**	–
Write-off of investment	**(25,915)**	(195,726)
Paid shareholders' contribution	**29,550**	7,626
	8,003	4,368

31. Loans to Subsidiaries – Parent Company

Subsidiary (TSEK)	2021	2020
Maha Energy Inc.	**140,271**	99,900
Maha Energy (US) Inc.	**93,890**	77,448
Maha Energy Services LLC	**–**	19,574
Maha Energy I (Brazil) AB	**(742)**	(742)
Maha Energy II (Brazil) AB	**46**	46
Maha Energy Finance (Luxembourg) S.A.R.L	**212,947**	178,351
Mana Energy (Indiana) Inc.	**70,592**	7,699
Maha Energy (Oman) Ltd.	**127,040**	89,563
	644,044	471,839

Loans to subsidiaries (TSEK)	2021	2020
Opening value	**471,839**	372,497
Impairment of loan to subsidiaries	**(43,389)**	7,022
New lending to subsidiaries	**170,354**	163,859
Loan repayment by subsidiaries	**(17,396)**	(57,494)
Interest income from subsidiaries	**32,134**	–
Currency translation	**30,502**	–
	644,044	471,839
Loans to subsidiaries – current	**–**	–
Loans to subsidiaries – long term	**644,044**	471,839

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

32. Auditor's Fees

	TUSD		Parent TSEK	
	2021	2020	**2021**	2020
Deloitte				
Audit assignment	**232**	196	**653**	710
Audit related	**24**	11	**220**	140
Tax advisory services	**27**	50	**–**	75
Other services	**1**	119	**–**	1,000
	284	376	**873**	1,925

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

33. Proposed Distribution of Earnings

The Board of Directors proposes no dividends to be paid for the year. Furthermore, the board of Directors proposes that the unrestricted equity of the Parent Company of SEK 222,501,540 including the net result for the year of SEK (126,461,609) be brought forward as follows:

SEK	
Dividend	–
Carried forward	222,501,540
Total (SEK)	222,501,540

34. Subsequent Events

The conflict between Russia and Ukraine can have a significant impact on the oil and gas industry, however, it is not possible to assess the consequences of this volatility on the Company.

Key Financial Data and Ratios

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

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

Financial data

(TUSD)	2021	2020
Revenue	**68,306**	39,018
Operating netback	**46,060**	23,523
EBITDA	**47,725**	18,104
Net result	**21,587**	(10,259)
Cash flow from operations	**31,005**	18,984
Free cash Flow	**(15,990)**	(14,596)
Net debt (TUSD)	**29,949**	29,341

Key ratios

	2021	2020
Return on equity (%)	**24**	-18
Equity ratio (%)	**54**	45
NIBD/EBITDA	**0.63**	1.62
TIBD/EBITDA	**1.16**	1.99

Data per share

	2021	2020
Weighted number of shares (before dilution)	**112,912,781**	101,357,757
Weighted number of shares (after dilution)	**113,080,714**	106,478,943
NIBD/EBITDA Earnings per share before dilution, USD	**0.19**	(0.10)
TIBD/EBITDA Earnings per share after dilution, USD	**0.19**	(0.10)
Dividends paid per share	**n/a**	n/a

Relevant reconciliation of alternative key ratios:

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

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

Operating Netback

(TUSD)	2021	2020
Revenue	**68,306**	39,018
Royalties	**(9,384)**	(5,829)
Operating Expenses	**(12,862)**	(9,666)
Operating netback	**46,060**	23,523

EBITDA

(TUSD)	2021	2020
Operating results[11]	**39,220**	(8,765)
Depletion, depreciation and amortization	**8,535**	5,624
Impairment on E&E assets	**–**	21,000
Foreign currency exchange loss / (gain)	**(30)**	245
EBITDA	**47,725**	18,104

Free cash flow

(TUSD)	2021	2020
Cash flow from operating activities	**31,005**	18,984
Less: cash used in investing activities	**(46,995)**	(33,580)
Free cash flow	**(15,990)**	(14,596)

Net debt

(TUSD)	2021	2020
Bank debt	**54,484**	–
Bonds payable	**–**	36,022
Less: cash and cash equivalents	**(25,535)**	(6,681)
Net debt	**29,949**	29,341

[11] 2021 operating result includes TUSD 5,164 of provision reversal gains (non-cash).

Return on equity

	2021	2020
Net result for the period (TUSD)	**21,587**	(10,259)
Ending equity balance (TUSD)	**91,425**	55,556
Return on equity, %	**24**	-18

Equity ratio

	2021	2020
Total equity (TUSD)	**91,425**	55,556
Total assets (TUSD)	**168,114**	124,023
Equity ratio, %	**54**	45

Definitions of alternative key ratios

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board Assurance

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

Stockholm,
11 April 2022

Harald Pousette,
Chairman of the Board

Nicholas Walker, *Director*	Anders Ehrenblad, *Director*	Seth Lieberman, *Director*	Fredrik Cappelen, *Director*

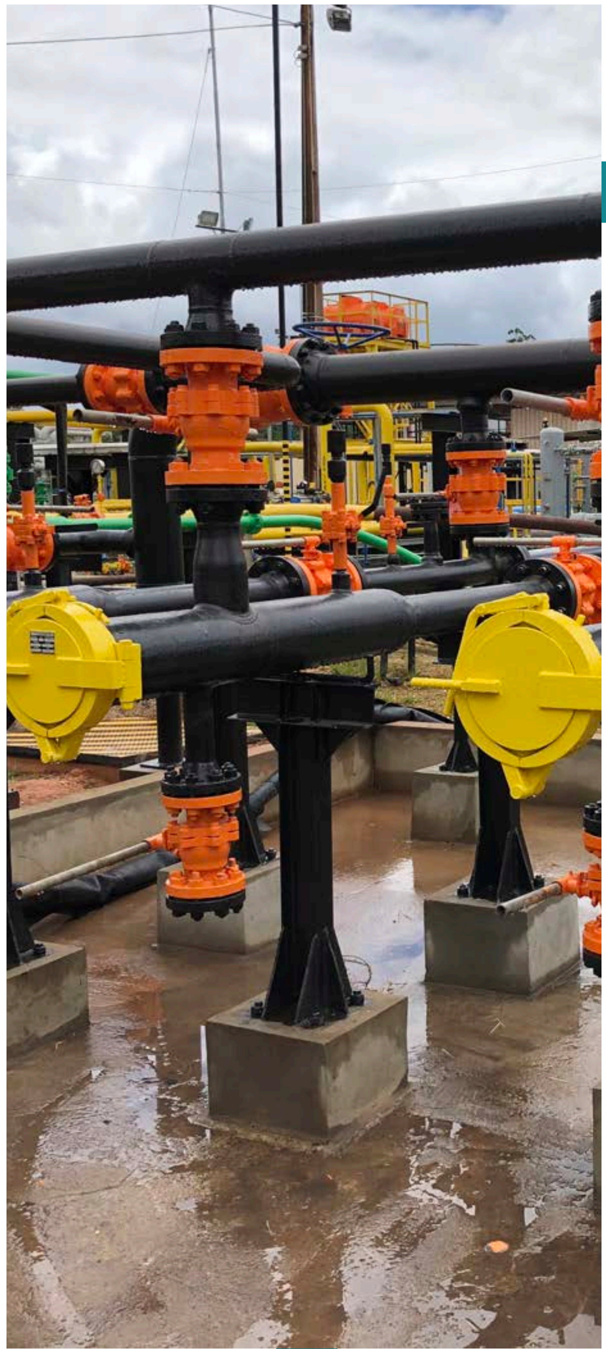
Jonas Lindvall,
Managing Director

Our audit report was submitted on April 11, 2022

Deloitte AB

Signature on the Swedish original

Fredrik Jonsson
Authorized public accountant



Auditor's Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Maha Energy AB (publ) for the financial year 2021-01-01 - 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 32-87 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Valuation of oil and gas assets

The carrying value of oil and gas assets represents the majority of the assets in the balance sheet in the Group and amounted to US$125.6 million as of December 31, 2021. Oil and gas assets are comprised of oil and gas properties (US$112 million) and exploration and evaluation assets (US$13.6 million). Information on accounting principles and critical estimates are disclosed in note 2 in the annual report. Further information on the oil and gas assets is disclosed in note 8 and 9 in the annual report.

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

The assessment to identify potential impairment indicators and to perform potential impairment tests requires management to exercise significant judgement. There is a risk that the valuation of oil and gas properties and exploration and evaluation assets and any potential impairment charge may be incorrect. Based on the assessment of impairment indicators, management concluded there were impairment indicators identified for the Brazilian properties (oil and gas properties) and an impairment test was performed which resulted in no need for impairment.

We focus on the valuation of oil and gas assets due to the significant management judgement and estimates involved, such as the determination of indicators of impairment, assessment of oil and gas reserves, future cash flows and discount rate. The estimation of oil and gas reserves is a significant area of judgement and the estimates are important to the impairment assessment as well as for determining the depletion charges.

Our audit procedures included, but were not limited to:

- We evaluated the design and implementation of relevant internal controls to identify indicators of impairment.
- We obtained management's assessment of impairment indicators for oil and gas properties and evaluation and exploration assets as of December 31, 2021 and assessed and challenged the reasonableness of the assumptions used by management to assess the impairment indicators.
- We obtained management's impairment test for the Tie and Tartaruga fields in Brazil and assessed the reasonableness of the recoverable amount considering among other management's estimates of future cash flows and the risk profile of the asset.
- As part of our assessment of impairment indicators and our audit of the impairment test, we considered the reserve estimates prepared by the Company's external reserve auditor, Chapman Petroleum Engineering, Ltd. We assessed the competence and objectivity of Chapman as expert, to satisfy ourselves they were appropriately qualified to prepare such reserve estimates.

Other information than the annual accounts and consolidated accounts

» This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-32, 43-48 and 92. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

» Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

» Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

» Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Maha Energy AB (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

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

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Maha Energy AB (publ) for the financial year 2021.

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

In our opinion, the Esef report 8feb6b741be852a8bfb7df-3c0723ff6ebf003e2e711505176895787f039b8ce7 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

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

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

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

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB, was appointed auditor of Maha Energy AB by the general meeting of the shareholders on the 2021-05-27 and has been the company's auditor since 2016-04-22.

Gothenburg 11 April 2022

Deloitte AB

Fredrik Jonsson

Authorized Public Accountant

DEFINITIONS

Abbreviations

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

Oil related terms and measurements

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

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