# Q3

**Report for the**

## NINE MONTHS ENDED

## 30 September 2022

**(org number: 559018-9543)**

## Highlights

(all amounts are in US dollars unless otherwise noted)

**Third Quarter 2022**

- Daily oil & gas production for Q3 2022 averaged 2,389 BOEPD (Q3 2021: 3,610 BOEPD)
- Revenue of USD 17.7 million (Q3 2021: USD 19.5 million)
- Operating netback of USD 11.0 million or USD 50.81 per BOE (Q3 2021: USD 13.6 million or USD 41.17 per BOE)
- EBITDA of USD 9.6 million (Q3 2021: USD 12.9 million)
- Net result of USD 2.6 million (Q3 2021: USD 6.1 million)
- Basic and Diluted Earnings per share of USD 0.02 (Q3 2021: USD 0.05)

**Nine Months Ended 30 September 2022**

- Daily oil & gas production averaged 3,412 BOEPD (Nine months 2021: 3,485 BOEPD)
- Revenue of USD 72.5 million (Nine months 2021: USD 50.5 million)
- Operating netback of USD 50.9 million or USD 58.25 per BOE (Nine months 2021: USD 34.1 million or USD 36.92 per BOE)
- EBITDA of USD 46.3 million (Nine months 2021: USD 32.1 million)
- Net result for the period of USD 22.8 million (Nine months 2021: USD 14.2 million)
- Basic and Diluted Earnings per share of USD 0.19 (Nine months 2021: USD 0.13)
- Cash and cash equivalents balance of USD 11.3 million (31 December 2021: USD 25.5 million)

**Financial Summary**

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | **FY 2021** |
|---|---|---|---|---|---|---|---|---|
| Net Daily Production (BOEPD) | **2,389** | 3,292 | 4,580 | 3,098 | 3,610 | **3,412** | 3,485 | **3,387** |
| Revenue | **17,657** | 24,018 | 30,831 | 17,818 | 19,496 | **72,506** | 50,488 | **68,306** |
| Operating netback | **10,998** | 17,408 | 22,528 | 11,913 | 13,568 | **50,934** | 34,147 | **46,060** |
| EBITDA | **9,648** | 14,621 | 22,069 | 15,615 | 12,909 | **46,338** | 32,110 | **47,725** |
| Net result for the period | **2,593** | 8,219 | 12,030 | 7,363 | 6,083 | **22,842** | 14,224 | **21,587** |
| Earnings per share – Basic (USD) | **0.02** | 0.07 | 0.10 | 0.06 | 0.05 | **0.19** | 0.13 | **0.19** |
| Earnings per share – Diluted (USD) | **0.02** | 0.07 | 0.10 | 0.06 | 0.05 | **0.19** | 0.13 | **0.19** |
| Cash and cash equivalents | **11,338** | 23,863 | 29,416 | 25,535 | 31,778 | **11,338** | 31,778 | **25,535** |

## Definitions

**Abbreviations**

| | |
|---|---|
| **CAD** | Canadian Dollar |
| **SEK** | Swedish Krona |
| **BRL** | Brazilian Real |
| **USD** | US Dollar |
| **TSEK** | Thousand SEK |
| **TUSD** | Thousand USD |
| **MSEK** | Million SEK |
| **MUSD** | Million USD |

**Oil related terms and measurements**

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

**Gas to oil conversion**

6,000 cubic feet = 1 barrel of oil equivalent

## Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

We are pleased to announce that throughout the third quarter of 2022, the Company has completed a number of important changes in its board of directors and executive management positions, enhancing Maha's governance structure and leadership. First, the shareholders of Maha resolved to elect Fabio Vassel, Paulo Thiago Mendonça and Enrique Peña as new ordinary board members until the next annual general meeting to be held in 2023, replacing Jonas Lindvall, Nicholas Walker, and Christer Lindholm, and to elect Fabio as chairman of the board, replacing Harald Pousette who will remain as an ordinary member of the board of directors. The new board members are representatives of Starboard Group, a Brazilian private equity firm with significant experience and a strong track record in the oil and gas business, especially in the Brazilian market.

Starboard was the architect and creator of 3R Petroleum, a Brazilian independent oil and gas company listed on the Brazilian Stock Exchange with a current market cap of over USD 2 billion. 3R was the most successful participant in Petrobras' divestment program, raising more than USD 2 billion in equity and debt. Paulo and Fabio are former chairmen and board members of 3R and were paramount in developing 3R into one of the leading junior oil companies in Latin America.

The new board has appointed Paulo Mendonça as the new CEO of the Company and Bernardo Guterres as the new CFO. Along with his experience at 3R, Paulo has also led over USD 5 billion in significant transactions in the O&G industry. Prior to this, Paulo was Head of Investment Banking at Brasil Plural's Investment Banking division, responsible for M&A, equity, and capital market transactions.

Bernardo has an extensive background in the Brazilian financial market and O&G sectors, working at top-tier firms such as Itaú BBA, Deutsche Bank, Opportunity Private Equity, and Safra's Private Equity and Investment Banking division. He is also a former board member of Petroreconcavo, an important Brazilian junior oil company, where he structured and led the first O&G onshore acquisition financing in Brazil, amounting to around USD 300 million.

These changes are part of the Company's new strategic positioning, which will focus on expanding the Company´s footprint through organic and inorganic growth, maximizing the return to shareholders. Procurement and execution of opportunistic M&A transactions will be essential to the realization of this objective.

This new direction also comes with workstreams to materialize, such as:

(i) Improvement of Maha's current capital structure, strengthening the balance sheet and cash position;
(ii) Optimization of Capex and Opex to capture enhanced returns for deployed capital;
(iii) Analysis of asset portfolio optimization, including divestments and new developments.
(iv) Appointment of a new independent company to assess and certify reserves and resources;
(v) Design of a dynamic and agile workplan for drilling and workover activities.

The third quarter was not Maha's strongest, as quarterly production volumes were lower than planned and expected. Consequently, 2022 annual production guidance has been revised to 3,000 to 3,400 BOEPD. Production for the nine months ending September 2022 was 3,412 BOEPD; however, due to higher prices, revenues, and net results for the first nine months have increased, with nine months 2022 EBITDA of USD 46.3 million compared to EBITDA of USD 32.1 million for the same period last year. Nine months 2022 revenue was USD 72.5 million compared to nine months 2021 revenue of USD 50.5 million. Operating netback for the third quarter was impacted by workover costs and lost production; however, Maha's nine months 2022 operating netback of USD 50.9 million has already surpassed the full year 2021 operating netback of USD 46.1 million. Maha closed the quarter with gross debt of USD 49.4 million and a cash position of USD 11.3 million, resulting in a Net Debt/EBITDA of 0.62. On a more operational prospective, there is robust indicators on the workover campaign in Brazil which has been completed and the Tie wells are onstream, showing a positive trend.

Finally, thank you for the confidence in the new Board of Directors and Executive Management that will lead Maha into its next stage. The Board of Directors and Executive Management are dedicated to increasing shareholder value, improving the Company's desirability via improved performance, and ensuring close collaboration with our employees, clients, the Public Administrations and Society as a whole.

On behalf of everyone at Maha, we would like to personally thank each of you for your invaluable support as well as Jonas Lindvall for founding the company. We will work to ensure your trust is maintained as we strengthen and grow into the next chapter with full transparency, humility, and hard work.

We look forward to the future of the Company and all the potential it holds, and we will keep you closely informed of all major events and progress going forward.

Yours sincerely,

Paulo Mendonça (CEO)

## Financial Report for the Third Quarter Ended 30 September 2022

### OPERATIONAL AND FINANCIAL REVIEW

### Strategy

The Company's business activities include the exploration for and the development and production of hydrocarbons. The Company's core expertise is in primary, secondary and enhanced oil and gas recovery technologies and, as such, its business strategy is to target and develop underperforming hydrocarbon assets. By focusing on assets with proven hydrocarbon presence and applying modern and tailored technology solutions to recover the hydrocarbons in place, the Company's primary risk is not uncertainty in reservoir content but in the fluid extraction.

### Assets

| Country | Concession name | Maha Working Interest (%) | Status | Net Area (acres) | BOEPD ([1]) | Partner |
|---|---|---|---|---|---|---|
| Brazil | Tie (REC-T 155) | 100% | Producing | 1,511 | 1,868 | |
| 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 | 198 | Petrobras (25%) |
| USA | Il Basin (various) | 97% | Producing | 3,597 | 314 | |
| USA | LAK Ranch | 99% | Pre-Production | 6,475 | 9 | SEC (1%) |
| Oman | Block 70 | 100% | Pre-Production | 157,900 | - | - |

### *BRAZIL*

#### Tie Field (Reconcavo Basin)

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

The Tie field, originally discovered in 2008, was acquired by Maha Energy in the summer of 2017. At the time of acquisition, the field was producing from two free flowing wells, GTE-3 and GTE-4. Production was constrained by well productivity, gas handling capacity and 1,300 BOEPD oil and gas offtake (sales) limitations. The field produce from two separate sandstone reservoirs, the Agua Grande (AG) and Sergi (SG). Since the field is not attached to a pipeline system, all oil and gas production is treated and marketed locally.

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[1] As per the current quarter reported net production volumes to Maha before royalties. 1 BBL = 6,000 SCF of gas. Approximately 89% of Maha's oil equivalent production is crude oil.

By 2021, four more wells had been drilled on the field (Tie-1, Tie-2, Tie-3 and Tie-4) to increase production, artificial lift systems had been installed on all producing wells, and two 1,320 HP Ariel gas compressors were commissioned to allow for gas re-injection. The gas re-injection capability decouples oil production from the associated gas production and allows for continuous oil production irrespective of gas delivery constraints.

Beginning of 2022, the Tie-4 well was tied into the permanent production facilities and following a 24-hour test using an Electric Submersible Pump (ESP) produced 4,400 BOPD and 1,766 MSCFPD (4,695 BOEPD) with a stable tubing-head flowing pressure of 220 psi. Both the (AG) and (SG) zones were perforated with comingled production using an ESP.

The oil is trucked to a refinery and two separate receiving stations, and the gas is disposed through a combination of compressed natural gas and gas-to-wire generators, and re-injection.

*Tie-5 (Horizontal well)*

Maha drilled the Tie-5 AG horizontal well in 2022 which was designed as a horizontal well with an Electric Submersible Pump (ESP). The Tie-5 well was completed and underwent a series of stimulation and clean out operations to enhance production. The Tie-5 well penetrated 240 meter of AG sand and commenced naturally flowing, without the assistance of an ESP initially, at 766 BOEPD (590 BOPD and 1,054 MSCFPD) with a stable tubing-head flowing pressure of 220 psi and less than 1% water. The well has been producing steadily with the ESP now in operation with no water (below 1% water cut). However, initial production information suggested that the horizontal reservoir section may have been damaged by drilling fluids during the drilling phase. The measured inflow is significantly less than what can be expected from a reservoir with such excellent properties. Plans are underway to retrieve the ESP and perforate parts of the horizontal liner using Tubing Conveyed Perforating (TCP) guns early in 2023 due to equipment lead times. This could address any damage caused whilst drilling and add production from the entire horizontal hole.

*Tie-6 (Water injector well)*

Maha spudded the Tie-6 water injector well on 12 June 2022. Total depth (2,282 meters) was reached on 17 July 2022. The Agua Grande reservoir was encountered 12 meters true vertical depth (TVD) higher than expected, so this zone was tested to explore the potential for short-term oil production from the AG. The Sergi was encountered 5 meters (TVD) higher to prognosis and both reservoirs intersected the oil water contact (OWC). Flow tests from the well was inconclusive and the well is now being turned over to a water injector, as per the original plan.

*Tie WSW (Water supply well)*

The drilling rig Faxe 2 successfully drilled a shallow water supply well on the Tie field. The WSW is an important water provider for the water injection program currently being implemented at the Tie field. An ESP was installed in this well which can handle more than 10,000 bbl/day of source water for the waterflood program.

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

Average production from the Tie field, which was significantly impacted by the above downtime on the wells during the current quarter, was 1,868 BOEPD (1,608 BOPD of oil and 1,562 MSCFPD of gas). All in all, the Tie field suffered significant production reductions during the quarter due to mechanical issues in four of the six production wells on the field.

**Tartaruga Field (Sergipe-Alagoas Basin)**

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

The Tartaruga oil field, originally discovered in 1994, was acquired by Maha in 2017. At the time of acquisition, the field was producing from a single well, using a hydraulic jet pump. A second well, TTG-2, produced sporadically on free flow which Maha converted to an artificial lift system after which production doubled almost overnight. In 2019, the Company converted TTG-2 to a horizontal production sidetrack and field production almost touched 1,000 BOPD (gross). A follow up well (TTG-3) was drilled in 2020 targeting the northern fault block of the structure, primarily to appraise the structure and to obtain important reservoir data. After a series of Drill Stem Tests (DST's), in 4 separate sandstone zones of the Penedo formation, it was concluded that the northern fault compartment of the Tartaruga field was likely affected by reservoir degradation. All four (4) zones were stimulated but did not flow commercial quantities of oil. Focus thereafter has shifted towards the southern fault block where two wells are currently producing commercial quantities of oil.

The Penedo sandstone reservoir responds extremely well to hydraulic stimulation techniques and flows very little water.

The handling facilities at Tartaruga field allow for approximately 800 BOPD of oil processing and has storage capacity at 1,350 barrels of oil. Crude oil export is with oil trucks as the facility is not linked to a pipeline system.

Since July 2020, the Company commenced selling associated natural gas to a third-party company Geracao E Servicos Ltda ("GTW"). The natural gas feeds six (6) generators which produce electricity for field consumption and to the local power grid.

The Tartaruga field is producing steadily from two wells with very little production decline. During the current quarter, the Company submitted a competitive bid for Petrobras' 25% working interest in the field. Immediate future work planned for the Tartaruga field is an additional horizontal well into the Penedo sandstone. The Tartaruga 3 (TTG-3) well has been identified as a possible candidate for the horizontal sidetrack.

Average production, net to the Company, from the Tartaruga field during the current quarter was 198 BOEPD (188 BOPD of oil and 57 MSCFPD of gas).

## *USA*

**Illinois Basin (IB)**

On 31 March, 2020, Maha acquired certain oil producing assets in the Illinois Basin, USA, adding oil and gas leases to Maha's USA footprint. The Illinois Basin is one of the oldest oil producing basins in North America having produced over 4 billion barrels of oil to date. Oil was initially discovered in 1853 according to historical records and oil is found in multiple shallow Dolomite and Sandstone reservoirs. Most producers in the area produce oil from 3 separate reservoirs that act independently of each other. This is a low-risk conventional oil play that requires low-cost drilling and stimulation operations.

On 1 March 2022 Maha begun drilling the Glaze 11-5 well in the Illinois Basin. This 4,000' vertical well is located in the heart of the Mississippi Lime play in Illinois Basin targeting several stacked pay layers. Glaze 11-5 well was drilled and completed during the first quarter of 2022 and is now contributing to the daily production volumes in the Illinois Basin. During the first quarter, the Company signed a 463 acre land lease in Indiana, USA. The lease provides Maha the opportunity to drill up to 23 production wells on the leased land. The land is adjacent to land already held by Maha in the area and is a very good extension of the existing production from the Illinois Basin. The lease requires

Maha to drill at least one well during the first three years of the lease and then at least one well every year thereafter to retain the land.

Average net production from the Illinois basin during the current quarter was 314 BOPD of oil.

**LAK Ranch (LAK)**

The Company owns and operates a 99% working interest in the LAK Ranch oil field, located on the eastern edge of the multi-billion-barrel Powder River Basin in Wyoming, USA.

The LAK Ranch heavy oil asset was shut in at the beginning of 2020 Covid-19 pandemic. For the time being, minimal work is planned for 2022 including meeting regulatory requirements. To that end, incidental work commenced to restart production from a few wells. During the current quarter, 830 barrels of incidental oil was produced while conducting well related work.

### *Oman*

**Block 70**

On 5 October 2020, the Company entered into an Exploration and Production Sharing Agreement ("EPSA") with the government of the Sultanate of Oman, for Block 70, an onshore block in Oman. The EPSA was subsequently ratified by Royal Decree of His Majesty the Sultan of Oman on 28 October 2020 and Maha became the operator of the block, holding a 100% working interest.

During the first and second quarters of 2022, the Company continued to work towards the commencement of its 2022 drilling program, including securing necessary approvals, and securing key service providers. Drilling campaign is ongoing as per the plan with two wells drilled to date.

During the current quarter, the Company entered into a farmout agreement with Mafraq Energy LLC which will grant this strategic partner a 35% working interest in the Block 70 in Oman in exchange for Mafraq Energy LLC reimbursing Maha for their prorated share of all past costs including the signature bonus. Mafraq Energy LLC will also be required to pay their share of all future expenditures on Block 70. Mafraq Energy LLC brings important technical expertise as well as strategic partnership in Oman for future growth. The Company is waiting for Omani Government's approval of the farmout agreement to be effective.

## Financial Results Review

### Result

The net result for the current quarter amounted to TUSD 2,593 (Q3 2021: TUSD 6,083) representing earnings per share of USD 0.02 (Q3 2021: USD 0.05). The net result decrease, as compared to the comparative period, was mainly driven by low production volumes from the Tie field, which in turn led to lower net revenue due to lower sales volumes, higher operating expenses, higher depletion, depreciation and amortization costs, and higher general and administrative costs offset by lower finance costs and current and deferred taxes. The oil commodity prices remained strong during the current quarter due to supply and demand imbalance and geopolitical uncertainty.

The net result for the nine months of 2022 amounted to TUSD 22,842 representing earnings per share of USD 0.19 as compared to the nine months of 2021 which amounted to TUSD 14,224 representing earnings per share of USD 0.13. Higher net result for the nine months period is mainly due to higher revenue for the period as compared to the comparative period which was offset by higher production expenses and depletion, depreciation and amortization costs. Higher general and administrative costs were slightly offset by higher other income.

The Company's quarterly earnings before interest, tax, depletion and amortization (EBITDA) for the third quarter of TUSD 9,648 (Q3 2021: TUSD 12,909) was lower by 25% due to the same reasons as above. The Company's EBITDA for the nine months 2022 of TUSD 46,338 (Nine months 2021: TUSD 32,110) was higher by 44% mainly due to the higher realized oil prices throughout the year along with strong production in the first and second quarter of the year which was partially offset by higher production expenses, and higher general and administrative costs.

### Production

| | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| Delivered Oil (Barrels) | **194,953** | 293,662 | **814,074** | 857,566 | 1,104,631 |
| Delivered Gas (MSCF) | **148,859** | 230,687 | **704,992** | 562,775 | 790,532 |
| Delivered Oil & Gas (BOE)[2] | **219,763** | 332,110 | **931,573** | 951,362 | 1,236,386 |
| Daily Volume (BOEPD) | **2,389** | 3,610 | **3,412** | 3,485 | 3,387 |

Production volumes shown are net working interest volumes before government, gross overriding, and freehold royalties. Approximately 89% (Q3 2021: 88%) of total oil equivalent production was crude oil for Q3 2022.

The average daily production volumes for the current quarter are lower by 34% than the comparative quarter. The production volumes added from the new Tie-5 wells was offset by lower production volumes from other wells of the Tie field, which were undergoing workover operations during the quarter to reactivate production. These workover operations will continue into the fourth quarter to restore the production. The Tie-3 well was converted to an injector well earlier in the year and the Tie-2 well production was lower than prior period due to natural depletion and expected increasing water cuts which has subsequently been completed with a jet-pump to aid in lifting fluids. This expected water cut increasing trend is expected in fields under waterflood like the Tie field and has resulted in lower oil production from the Tie-4 well, which came on-stream earlier in the year. In addition, three important producing wells (GTE-3, GTE-4 and Tie-1) have been shut in for much of 2022 due to various issues including tubing leaks and stuck tubing objects. The shortage of equipment and associated oil services in Brazil have resulted in well repair work delays and therefore taking longer for planned production to resume at the Tie field. The Tartaruga field production volumes were higher during the current quarter as compared to Q3 2021. Decrease in production volumes in Brazil was offset by increase in production volumes in the Illinois Basin. Gas production volumes were also lower than the comparative period resulting from lower oil production volumes.

Average daily production volumes were lower by 2% for the nine months of 2022 as compared to the same period in 2021. The additional production volumes from the newly added Tie-4 and 5 wells and 12 new wells in the Illinois Basin were offset by lower production from the Tie field due to ongoing workover operations to reactivate wells, natural depletion and increasing water cuts. The Company had record production volumes during the first quarter which was partially offset by lower production volumes during the second and third quarters.

### Revenue

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| Oil and Gas revenue | **17,657** | 19,496 | **72,506** | 50,488 | 68,306 |
| Sales volume (BOE) | **216,434** | 329,599 | **874,396** | 925,188 | 1,206,332 |
| Oil realized price (USD/BBL) | **90.26** | 65.76 | **93.21** | 59.90 | 62.60 |
| Gas realized price (USD/MSCF) | **1.26** | 0.86 | **1.02** | 0.78 | 0.79 |
| Oil Equivalent realized price (USD/BOE) | **81.58** | 59.15 | **82.92** | 54.57 | 56.62 |

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

| | | | | | |
|---|---|---|---|---|---|
| Reference price – Average Brent (USD/BBL)[3] | **100.71** | 73.47 | **104.85** | 67.89 | 70.86 |
| Reference price – Average WTI (USD/BBL) | **93.18** | 70.62 | **98.79** | 64.81 | 68.13 |

Revenue for the current quarter amounted to TUSD 17,657 (Q3 2021: TUSD 19,496), decrease of 9% as compared to Q3 2021. This decrease was driven by lower sales volumes by 34%, as reduction from the Tie field production due to ongoing workovers impacted revenues. Additionally, September's production from the Tartaruga field was not sold at the end of the quarter. However, Illinois Basin sales volumes were higher by 23% for the current quarter as compared to the comparative period. Lower volumes were offset by higher realized oil equivalent price by 38%. The company's higher realized oil price for the current period is in line with the higher average Brent oil price increase of 37%.

Revenue for the nine months 2022 amounted to TUSD 72,506 (Nine months 2021: TUSD 50,488), representing an increase of 44% as compared to the nine months 2021 mainly due to higher realized oil equivalent price by 52% which was offset by lower sales volume by 5%. For the nine months, lower sales volumes during the quarter were offset by higher sales volumes during the first half of the year therefore lowering the overall impact on the nine months sales volumes.

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 and 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 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 2022, crude oil sales to Petrobras from the Tartaruga field are sold at a discount to Brent oil price of $6.95/bbl. Previously, crude oil sales to Petrobras from the Tartaruga field were 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 Condensed Consolidated Financial Statements.

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

### Royalties

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| Royalties | **2,178** | 2,597 | **8,947** | 7,091 | 9,384 |
| Per unit (USD/BOE) | **10.06** | 7.88 | **10.23** | 7.66 | 7.78 |
| Royalties as a % of revenue | **12.3%** | 13.3% | **12.3%** | 14.0% | 13.7% |

Royalties are settled in cash and based on realized prices before discounts. Royalty expense decreased by 16% for the current quarter and increased by 26% for the nine months 2022 as compared to the same periods in 2021 which is consistent with lower revenue for the current quarter as compared to the same quarter a year ago and higher revenue for the nine months 2022 as compared to the nine months 2021. In addition, effective royalty rate for the current quarter and the nine months 2022 is lower than the comparative periods of 2021 as a result of the successful obtention of a 2.5% royalty rate reduction in Brazil which came into effect beginning February 2022. Royalty rates for IB remained same as the comparative period.

On a per BOE basis, royalty expense is higher for the current periods as compared to the comparative periods due to lower sales volumes to absorb the cost.

### Production expenses

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| Operating costs | **4,014** | 2,839 | **11,100** | 7,951 | 11,196 |
| Transportation costs | **467** | 492 | **1,525** | 1,299 | 1,666 |
| Total Production expenses | **4,481** | 3,331 | **12,625** | 9,250 | 12,862 |
| Per unit (USD/BOE) | **20.71** | 10.10 | **14.44** | 9.99 | 10.66 |

Production expenses are higher by 35% for the current quarter and amounted to TUSD 4,481 (Q3 2021: TUSD 3,331) and higher by 36% for the nine months 2022 and amounted to TUSD 12,625 (Nine months 2021: TUSD 9,250).

Operating costs are higher during the current quarter and the nine months 2022 as compared to the same periods in 2021 mainly due to higher costs in the Tie field and Illinois Basin. In the Tie field: firstly, the Company incurred TUSD 314 during the current quarter in take-or-pay penalties due to lower volume of gas production; secondly, the Company incurred workovers costs to reactivate production of certain Tie wells which have been shut in for much of 2022; and thirdly, overall operating costs increased due to the effect of inflationary pressures and certain costs that are indexed to Brent have been increasing in correlation with higher Brent prices.

In IB, the overall increase in operating costs is in line with the increase in sales volumes by 23% for the current quarter and 77% for the nine months 2022 from the production additions following the 12 new wells that were drilled during 2021. In addition, inflation and workovers performed to clean out certain wells also added to the overall increase in operating costs of the Illinois Basin.

Maha's production is trucked to the delivery points therefore transportation costs are directly correlated to the sales volumes. Transportation costs for the current quarter are mainly in line with the comparative period despite lower sales volumes by 34% for the current quarter due to higher diesel costs as it is indexed to Brent. With higher Brent during the current period, fuel costs have increased similarly. Transportation costs for the nine months 2022 is higher by 17% mainly due to overall increase in transportation rates due to higher diesel costs.

On a per BOE (or unit) basis, production expenses for the current quarter are USD 20.71 per BOE (Q3 2021: USD 10.10 per BOE) and are higher by 105% as compared to the same period last year mainly due to the same reasons as described above and lower fixed costs absorption by the lower volumes sold. On a per BOE (or unit) basis, production expenses for the nine months 2022 are USD 14.44 per BOE (Nine months 2021: USD 9.99 per BOE) and are higher by 45% as compared to the same period last year mainly due to the same reasons as above.

### Operating netback

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| Operating Netback | **10,998** | 13,568 | **50,934** | 34,147 | 46,060 |
| Netback (USD/BOE) | **50.81** | 41.17 | **58.25** | 36.92 | 38.18 |

Operating netback is a non-GAAP financial metric used in the oil and gas industry to compare performance internally and with industry peers and is calculated as revenue less royalties and production expenses. Operating netback for the current quarter is 19% lower than the comparative period mainly due to lower revenue resulting from lower sales volumes and higher production costs during the current quarter.

Operating netback for the nine months 2022 is 49% higher than the comparative period mainly due to significantly higher oil realized price and slightly offset by higher production costs year to date.

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

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| DD&A | **3,295** | 2,104 | **10,683** | 5,796 | 8,535 |
| DD&A (USD/BOE) | **15.22** | 6.38 | **12.22** | 6.26 | 7.08 |

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

DD&A expense for the current quarter is higher and amounted to TUSD 3,295 (at an average depletion rate of USD $15.22 per BOE) as compared to TUSD 2,104 (at an average depletion rate of USD $6.38 per BOE) for the comparative period. 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 yearend 2021 and reduction in the year end 2021 Brazil reserves. In addition, higher DD&A expense for the Illinois Basin due to higher depletable base and higher sales volumes added to the depletion expense.

For the nine months 2022, DD&A expense increased by 100% and amounted to TUSD 10,683 (at an average depletion rate of USD $12.22 per BOE) as compared to TUSD 5,796 (at an average depletion rate of USD $6.26 per BOE) for the comparative period. Depletion expense and depletion rate on a per BOE basis increased because of the same reasons as above.

### General and Administration ("G&A")

| *(TUSD, unless otherwise noted)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 | Full Year 2021 |
|---|---|---|---|---|---|
| G&A | **1,442** | 1,247 | **4,505** | 3,691 | 5,517 |
| G&A (USD/BOE) | **6.66** | 3.78 | **5.15** | 3.99 | 4.57 |

G&A expense for the current quarter amounted to TUSD 1,442 (USD 6.66 per BOE) which is 16% higher than the same period in 2021. G&A expenses are higher mainly due to increasing operations in Oman and inflationary increases in majority of the costs.

G&A expense for the nine months 2022 amount to TUSD 4,505 (USD 5.15 per BOE) which is higher by 22% from the comparative period of TUSD 3,691 (USD 3.99 per BOE) mainly due to the same reasons described above.

On a per BOE basis, G&A for the current quarter is higher by 76% than the comparative period and for the nine months 2022, higher by 29% mainly due to higher G&A amounts and lower sales volumes in the current periods.

### Exploration and business development costs

Exploration and business development costs amounted to TUSD 48 for the current quarter and TUSD 152 for the nine months 2022 as compared to nil and TUSD 6 respectively for the comparative periods in 2021. Exploration and business development costs are related to maintenance costs of the exploration blocks in Brazil and Maha's pre-exploration study of new areas or new ventures, including business development efforts.

### Foreign currency exchange gain or loss

The net foreign currency exchange loss for the current quarter amount to TUSD 211 (Q3 2021: TUSD 58 gain) and for the nine months 2022 amount to loss of TUSD 111 (Nine months 2021: TUSD 60 gain). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies. Foreign exchange loss for the current quarter and the nine months 2022 is related to the Swedish Krona bank accounts held by the parent company that has US dollars as it functional currency. The Swedish Krona has steadily weakened against the US dollars throughout this year.

### Other income and expenses

Other income for the current quarter amounted to TUSD 382 (Q3 2021: TUSD 747) due to utilization of tax credits in Brazil known as Imposto sobre Circulação de Mercadorias e Serviços ("ICMS"). ICMS is a tax on the circulation of goods and transportation and communication services, a state sales tax. These tax credits can be applied to importation related duties of the Company, or it can be sold to external parties for their utilization. For the nine months 2022, the Company recognized TUSD 627 (Nine months 2021: TUSD 1,925) of other income mainly related to ICMS credits that the Company was able to fully utilize or sell to the third parties.

### Net finance costs

Net finance costs for the current quarter amounted to TUSD 2,163 (Q3 2021: TUSD 2,584) and for the nine months 2022 amounted to TUSD 6,669 (Nine months 2021: TUSD 7,096) and are detailed in Note 5. Net finance costs for the current quarter are lower by 16% than the comparative quarter mainly due to high interest income from term deposits and expected interest on tax credits. Net finance costs for the nine months 2022 are lower by 6% than the comparative period mainly due to higher interest related to BTG financing was offset by higher interest income due to tax credits.

### Income Taxes

The Company recorded a current tax expense of TUSD 187 for the current quarter and a recovery of TUSD 2,007 for the nine months 2022 as compared to current tax expense of TUSD 904 and TUSD 2,237, respectively, for the same comparative periods. The current quarter tax expense is much lower than the comparative period mainly due to lower taxable income for the period resulting from lower revenues and additional deductions related to the accelerated amortization tax deductions. During the current year, the Company adopted accelerated amortization tax deductions available in Brazil. The Company applied the accelerated amortization tax deductions for the fiscal year 2021 and retroactively to prior years 2018 through 2020 and refiled the tax returns for these years which resulted in tax recoveries of approximately USD 3.0 million to be applied as a tax credit against taxes payable resulting in the tax recovery for the nine months 2022.

Included in the accounts receivable and other credits of USD 8.9 million is the tax recovery of USD 5.0 million and other tax credits.

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 net tax rate to 15.25%.

Deferred tax expense for the current quarter amounted to TUSD 1,199 and TUSD 8,040 for the nine months 2022 as compared to deferred tax expense of TUSD 1,292 and TUSD 2,817 respectively, for the comparative periods. Deferred tax expense is mainly in line with the comparative quarter and is significantly higher than the nine months 2021 mainly due to the accelerated amortization deduction in Brazil which reduced the available deferred tax asset balance to nil and resulted in a deferred tax liability balance of TUSD 3,642, as the available tax pools for future utilization become lower than the book values. A deferred tax asset or a deferred tax liability results from temporary differences between the tax and accounting treatment of the amortization of long-term assets, tax-losses carry-forwards and certain provisions.

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.

### Exchange differences on translation of foreign operations

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

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD -4,307 (Q3 2021: TUSD -8,516) for the current quarter mainly due to the US Dollar exchange rate at 30 September 2022 strengthened against Brazilian Real by 3% as compared to 30 June 2022 exchange rate.

The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD 1,785 (Nine months 2022: TUSD -3,013) for the nine months 2022 mainly due to the US Dollar exchange rate weakened against Brazilian Real by 3% since 31 December 2021.

### Liquidity and capital resources

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company actively manages its liquidity through cash and debt management strategies. The Company considers its capital structure to include shareholders' equity of USD 116.6 million (31 December 2021: USD 91.4 million) plus net debt of USD 38.1 million (31 December 2021: USD 29.9 million). At 30 September 2022, the Company's working capital deficit was USD 14.9 million (31 December 2021: USD 5.8 million), which includes USD 11.3 million of cash (31 December 2021: USD 25.5 million). The Company started repaying the bank debt during the current year.

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

### Share Data

| Shares outstanding | **Class A** |
|---|---|
| 31 December 2021 | 119,715,696 |
| **30 September 2022** | **119,715,696** |

No shares were issued during the current quarter or the nine months 2022.

### Risks and Uncertainties

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate, or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

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

In addition, the COVID-19 pandemic could have negative impacts on the Company's financial condition, results of operations, and cash flows. Despite successful vaccine rollouts in many jurisdictions, the risk of a resurgence or additional variant strains remains high and could result in continued fluctuations in the price of oil and conventional natural gas products. The extent to which such events impact the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted with any degree of confidence.

Further, in February 2022, Russian military forces invaded Ukraine and the market faces a highly uncertain future as the Russia-Ukraine conflict develops. We expect the general outlook for oil and gas prices will be volatile and impacted by the duration and severity of the conflict, the extent to which Russian exports are reduced by sanctions, the timing and ability of producers and governments to replace reduced supply, and OPEC+ policy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and the Company continues to monitor the evolving situation.

### Legal matters

The Company has several ongoing legal matters concerning labor, regulatory and operations. All of these are considered routine and consistent with doing business in Brazil. Provisions for lawsuits are estimated in consultation with the Company's Brazilian legal counsel and have been recorded under non-current liabilities and provisions.

## Environment, Social, and Governance (ESG)

Through responsible operations and strategic planning, Maha seeks to create long-term value for all of its stakeholders. Thereby, Maha conducts its operations in a manner respects its workforce, neighboring communities, and the environment. Part of contributing to society and being a good global citizen is to not only to adhere to laws and regulations, but to integrate stakeholder interests into its Corporate Strategy. Part of Maha's business and operational development is engaging with stakeholders as their interests play an important role in the Company's business activities and success. The Company defines stakeholders as individuals, communities, and organizations that are and may be affected by Maha's operations; or whose actions can reasonably be expected to affect the ability of the Company to successfully implement its strategies and achieve its objectives. Stakeholder engagement is the process whereby information and perspectives in relation to Maha's activities are exchanged. For more information on Maha's ESG initiatives, please review Maha's Sustainability Report on the website (www.mahaenergy.ca).

*Environment*

Respecting and minimizing impacts to the environment is a key component in Maha's development plans and operations. Thereby, Maha incorporates environmental management strategies into operational planning, execution, and is considered throughout all stages of Maha's business activities. Company operations are conducted in a manner that respects the environment and is, at minimum, in compliance with the applicable environmental laws and regulations. A key component in Maha's environmental management is the notion of being proactive rather than reactive. Proactively identifying, anticipating, planning, and preventing costly and impactful scope changes in development plans and operational activities help Maha minimize, if not eliminate, environmental and social impacts prior to them possibly occurring. Proactive management can also address potential irreversible impacts and allows for decisions to be made on strategy and management, rather than responding out of necessity to a situation. This allows Maha to plan to fully utilize its resources, minimize waste, as well as minimize potential environmental and social impacts. For example, Maha recycle or reinject produced water at the facilities, which not only reduces having to find water from another source, but also reduces waste water treatment requirements. In Brazil, Maha is reducing the release of natural gas by using the waste gas from oil production to generate electricity.

*Social*

Maha values the relationship with its employees, community members, and other stakeholders. Therefore, efforts are made to engage with its employees and local communities in a transparent and respectful manner. One example of promoting two-way communication is the implementation of the MahaConnect program. This Program is a two-way communication channel that allow local stakeholders to formally connect with Maha. MahaConnect helps Maha understand local questions, concerns and inquiries as well as allow for the opportunity to address them. To ensure stakeholders have the available tools to connect with Maha, the MahaConnect program allows for three different communication channels to be utilized: 1) Email, 2) Physical mail, and 3) Community meetings. The information about the program has been distributed to local communities through the educational pamphlet and community meetings, and can be found on Maha's website. All inquiries may be submitted anonymously, but Maha encourage all individuals to identify themselves to facilitate a proper two-way transparent conversation.

Additionally, Maha seeks to ensure local communities benefit from its operations, both directly and indirectly. Direct hiring and encouraging subcontractors to hire local suppliers wherever possible is a way for Maha to contribute to the local communities and economy. Maha has also connected with Local Community Associations to maintain an open and transparent dialogue with the communities near its operations and to promote local hiring wherever possible.

*Governance*

Corporate Governance is an integral part of the company's foundation that guides Maha's corporate culture, business objectives, and helps accommodate stakeholder interests. Maha is committed to conducting business honestly, safely, ethically, and with integrity in full compliance with laws, rules, and regulations applicable to the business in the countries in which it operates. Personal and business ethics are taken seriously at Maha and underlie all the regulations in Corporate Governance. All employees must at all times comply with applicable laws, rules, and regulations, as well as adhere to internal policies and procedures. All employees must avoid any situation that could be perceived as improper, unethical, or indicate a casual attitude towards compliance with such laws, rules and regulations. Employees must not contribute to any violations that might be committed by other parties in Maha's business relationships or other stakeholders. Part of Maha's Corporate Governance is that Maha does not tolerate any form of corrupt practices and has in place Corporate Governance Policies that clearly define how business must be conducted. The best way to prevent corruption is through transparency - one of our core values. The Company has established a Code of Business Conduct and Anti-Corruption policies for all its employees, contractors and workers to adhere to. In addition to Corporate policies review sessions, all of Maha's Corporate Governance policies, procedures and guidelines are acknowledged and readily available to employees.

### Parent Company

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

The net result for the Parent Company for Q3 2022 amounted to TSEK -6,310 (Q3 2021: TSEK -59,146) which is higher than the comparative period mainly due to lower net finance costs of TSEK 10,861 (Q3 2021: TSEK 21,467) as the comparative period included foreign exchange loss related to the US denominated loan which was offset by lower unrealized foreign currency exchange gain of TSEK 6,708 (Q3 2021: TSEK 8,359 loss). In addition, the comparative period included impairment of loans and investment in a subsidiary of TSEK 43,828. General and administrative costs of TSEK 2,157 (Q3 2021: TSEK 2,210) for the current quarter was in line with the comparative period.

The net result for the Parent Company for the nine months 2022 amounted to TSEK -31,937 (Nine months 2021: TSEK -80,776) which is higher than the comparative period mainly due lower general and administrative costs of TSEK 6,571 (Nine months 2021: TSEK 7,213) and unrealized foreign currency exchange gain of TSEK 11,697 (Nine months 2021: TSEK 5,635 gain) due to US dollar strengthening against Swedish Krona. In addition, the comparative period included impairment of loans and investments of a subsidiary of TSEK 43,828.

## Financial Statements

## Condensed Consolidated Statement of Operations

| *(TUSD) except per share amounts* | **Note** | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Oil and gas sales | 4 | **17,657** | 19,496 | **72,506** | 50,488 |
| Royalties | | **(2,178)** | (2,597) | **(8,947)** | (7,091) |
| **Net Revenue** | | **15,479** | 16,899 | **63,559** | 43,397 |
| | | | | | |
| **Cost of sales** | | | | | |
| Production expense | | **(4,481)** | (3,331) | **(12,625)** | (9,250) |
| Depletion, depreciation and amortization | 6 | **(3,295)** | (2,104) | **(10,683)** | (5,796) |
| **Gross profit** | | **7,703** | 11,464 | **40,251** | 28,351 |
| | | | | | |
| General and administration | | **(1,442)** | (1,247) | **(4,505)** | (3,691) |
| Stock-based compensation | 11 | **(242)** | (159) | **(566)** | (265) |
| Exploration and business development costs | | **(48)** | - | **(152)** | (6) |
| Foreign currency exchange gain (loss) | | **(211)** | 58 | **(111)** | 60 |
| Other income (loss) | | **382** | 747 | **627** | 1,925 |
| **Operating result** | | **6,142** | 10,863 | **35,544** | 26,374 |
| | | | | | |
| Net finance costs | 5 | **(2,163)** | (2,584) | **(6,669)** | (7,096) |
| **Result before tax** | | **3,979** | 8,279 | **28,875** | 19,278 |
| | | | | | |
| Current tax recovery (expense) | | **(187)** | (904) | **2,007** | (2,237) |
| Deferred tax expense | | **(1,199)** | (1,292) | **(8,040)** | (2,817) |
| | | | | | |
| **Net result for the period** | | **2,593** | 6,083 | **22,842** | 14,224 |
| | | | | | |
| Earnings per share basic | | **0.02** | 0.05 | **0.19** | 0.13 |
| Earnings per share diluted | | **0.02** | 0.05 | **0.19** | 0.13 |
| | | | | | |
| Weighted average number of shares: | | | | | |
| Before dilution | | **119,715,696** | 119,654,826 | **119,715,696** | 110,620,223 |
| After dilution | | **119,843,247** | 119,876,160 | **120,116,527** | 110,915,847 |

## Condensed Consolidated Statement of Comprehensive Earnings

| *(TUSD)* | **Note** | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|---|
| **Net Result for the period** | | **2,593** | 6,083 | **22,842** | 14,224 |
| Items that may be reclassified to profit or loss: | | | | | |
| Exchange differences on translation of foreign operations | | **(4,307)** | (8,516) | **1,785** | (3,013) |
| **Comprehensive result for the period** | | **(1,714)** | (2,433) | **24,627** | 11,211 |
| **Attributable to:** | | | | | |
| Shareholders of the Parent Company | | **(1,714)** | (2,433) | **24,627** | 11,211 |

## Condensed Consolidated Statement of Financial Position

| *(TUSD)* | **Note** | **30 September 2022** | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **149,739** | 117,411 |
| Exploration and evaluation assets | 7 | **21,335** | 13,660 |
| Deferred tax assets | | **-** | 3,583 |
| Other long-term assets | | **498** | 491 |
| **Total non-current assets** | | **171,572** | 135,145 |
| | | | |
| **Current assets** | | | |
| Prepaid expenses and deposits | | **1,096** | 1,239 |
| Crude oil inventory | | **834** | 247 |
| Accounts receivable and other credits | | **8,930** | 5,948 |
| Cash and cash equivalents | | **11,338** | 25,535 |
| **Total current assets** | | **22,198** | 32,969 |
| | | | |
| **TOTAL ASSETS** | | **193,770** | 168,114 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| **Shareholder's equity** | | **116,618** | 91,425 |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Bank debt | 8 | **31,408** | 44,234 |
| Decommissioning provision | 9 | **2,472** | 2,264 |
| Deferred tax liabilities | | **3,642** | - |
| Lease liabilities | 10 | **1,896** | 2,385 |
| Other long-term liabilities and provisions | | **672** | 651 |
| **Total non-current liabilities** | | **40,090** | 49,534 |
| | | | |
| **Current liabilities** | | | |
| Bank debt | 8 | **18,000** | 11,250 |
| Accounts payable | | **7,209** | 9,644 |
| Accrued liabilities and provisions | | **10,712** | 5,189 |
| Current portion of lease liabilities | 10 | **1,141** | 1,072 |
| **Total current liabilities** | | **37,062** | 27,155 |
| | | | |
| **TOTAL LIABILITIES** | | **77,152** | 76,689 |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **193,770** | 168,114 |

## Condensed Consolidated Statement of Cash Flows

| *(TUSD)* | **Note** | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|---|
| **Operating Activities** | | | | | |
| Net result | | **2,593** | 6,083 | **22,842** | 14,224 |
| Depletion, depreciation, and amortization | 6 | **3,295** | 2,104 | **10,683** | 5,796 |
| Stock based compensation | 11 | **242** | 159 | **566** | 265 |
| Accretion of decommissioning provision | 5,9 | **36** | 28 | **106** | 91 |
| Accretion of bond payable | | **-** | - | **-** | 497 |
| Amortization of deferred financing fees | 8 | **452** | 591 | **1,406** | 833 |
| Interest expense | | **1,916** | 2,002 | **5,927** | 4,955 |
| Income tax expense | | **187** | 904 | **(2,007)** | 2,237 |
| Deferred tax expense | | **1,199** | 1,292 | **8,040** | 2,817 |
| Unrealized foreign exchange amounts | | **251** | 550 | **(14)** | 1,063 |
| Settlement of decommissioning liabilities | | **(42)** | - | **(42)** | - |
| | | | | | |
| Interest received | | **68** | 11 | **175** | 41 |
| Interest paid | | **(1,869)** | (1,955) | **(5,783)** | (5,268) |
| Tax paid | | **(335)** | (584) | **(2,673)** | (1,810) |
| | | | | | |
| Changes in working capital | 15 | **1,686** | 514 | **1,372** | (1,668) |
| **Cash from operating activities** | | **9,679** | 11,699 | **40,598** | 24,073 |
| | | | | | |
| **Investing activities** | | | | | |
| Capital expenditures - property, plant, and equipment | 6 | **(13,044)** | (12,312) | **(37,806)** | (33,372) |
| Capital expenditures - exploration and evaluation assets | 7 | **(4,744)** | (640) | **(7,675)** | (1,313) |
| **Cash used in investment activities** | | **(17,788)** | (12,952) | **(45,481)** | (34,685) |
| | | | | | |
| **Financing activities** | | | | | |
| Lease payments | 10 | **(319)** | (330) | **(990)** | (952) |
| Repayment of bonds payable | | **-** | - | **-** | (35,919) |
| Bank debt borrowing | 8 | **-** | - | **-** | 60,000 |
| Repayment of bank debt | 8 | **(3,750)** | - | **(7,500)** | - |
| Paid financing fees | | **-** | 910 | **-** | (5,102) |
| Shares subscription (net of issue costs) | 11 | **-** | (943) | **-** | 9,047 |
| Exercise of warrants (net of issue costs) | 11 | **-** | (27) | **-** | 9,191 |
| **Cash from (used in) financing activities** | | **(4,069)** | (390) | **(8,490)** | 36,265 |
| | | | | | |
| **Change in cash and cash equivalents** | | **(12,178)** | (1,643) | **(13,373)** | 25,653 |
| Cash and cash equivalents at the beginning of the period | | **23,863** | 34,139 | **25,535** | 6,681 |
| Currency exchange differences in cash and cash equivalents | | **(347)** | (718) | **(824)** | (556) |
| **Cash and cash equivalents at the end of the period** | | **11,338** | 31,778 | **11,338** | 31,778 |

## Condensed Consolidated Statement of Changes in Equity

| *(TUSD)* | Share Capital | Contributed Surplus | Other Reserves | Retained Earnings | Total Shareholders' Equity |
|---|---|---|---|---|---|
| **Balance on 1 January 2021** | **122** | **66,120** | **(34,096)** | **23,410** | **55,556** |
| | | | | | |
| **Comprehensive result** | | | | | |
| Result for the period | - | - | - | 14,224 | 14,224 |
| Currency translation difference | - | - | (3,013) | - | (3,013) |
| Total comprehensive result | - | - | (3,013) | 14,224 | 11,211 |
| | | | | | |
| **Transactions with owners** | | | | | |
| Stock based compensation | - | 265 | - | - | 265 |
| Share issuance (net of issue costs) | 10 | 10,493 | - | - | 10,503 |
| Exercise of warrants (net of issue costs) | 14 | 9,264 | - | - | 9,278 |
| Total transactions with owners | 24 | 20,022 | - | - | 20,046 |
| | | | | | |
| **Balance on 30 September 2021** | **146** | **86,142** | **(37,109)** | **37,634** | **86,813** |
| | | | | | |
| **Comprehensive result** | | | | | |
| Result for the period | - | - | - | 7,363 | 7,363 |
| Currency translation difference | - | - | (2,901) | - | (2,901) |
| Total comprehensive result | - | - | (2,901) | 7,363 | 4,462 |
| | | | | | |
| **Transactions with owners** | | | | | |
| Stock based compensation | - | 154 | - | - | 154 |
| Share issuance (net of issue costs) | - | - | - | - | - |
| Exercise of warrants (net of issue costs) | - | (4) | - | - | (4) |
| Total transactions with owners | - | 150 | - | - | 150 |
| | | | | | |
| **Balance on 31 December 2021** | **146** | **86,292** | **(40,010)** | **44,997** | **91,425** |
| | | | | | |
| **Comprehensive result** | | | | | |
| Result for the period | - | - | - | 22,842 | 22,842 |
| Currency translation difference | - | - | 1,785 | - | 1,785 |
| Total comprehensive result | - | - | 1,785 | 22,842 | 24,627 |
| | | | | | |
| **Transactions with owners** | | | | | |
| Stock based compensation (net of issue costs) | - | 566 | - | - | 566 |
| | | | | | |
| **Balance on 30 September 2022** | **146** | **86,858** | **(38,225)** | **67,839** | **116,618** |

## Parent Company Statement of Operations

| *(Expressed in thousands of Swedish Krona)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| **Revenue** | - | - | **-** | - |
| **Expenses** | | | | |
| General and administrative | **(2,157)** | (2,210) | **(6,571)** | (7,213) |
| Foreign currency exchange (loss) gain | **6,708** | 8,359 | **11,697** | 5,635 |
| **Operating result** | **4,551** | 6,149 | **5,126** | (1,578) |
| Impairment of loans and investments | **-** | (43,828) | **-** | (43,828) |
| Net finance costs | **(10,861)** | (21,467) | **(37,063)** | (35,370) |
| **Result before tax** | **(6,310)** | (59,146) | **(31,937)** | (80,776) |
| Income tax | **-** | - | **-** | - |
| **Net result for the period** [4] | **(6,310)** | (59,146) | **(31,937)** | (80,776) |

## Parent Company Balance Sheet

| *(Expressed in thousands of Swedish Krona)* | **Note** | **30 September 2022** | 31 December 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment in subsidiaries | | **13,663** | 8,003 |
| Loans to subsidiaries | | **700,755** | 644,044 |
| | | **714,418** | 652,047 |
| **Current assets** | | | |
| Accounts receivable and other | | **72** | - |
| Restricted cash | | **50** | 50 |
| Cash and cash equivalents | | **46,192** | 88,170 |
| | | **46,314** | 88,220 |
| **Total Assets** | | **760,732** | 740,267 |
| | | | |
| **Equity and Liabilities** | | | |
| Share capital | | **1,316** | 1,316 |
| Contributed surplus | | **692,051** | 686,398 |
| Retained earnings | | **(495,832)** | (463,895) |
| **Total equity** | | **197,535** | 223,819 |
| | | | |
| **Non-current liabilities** | | | |
| Bank debt | 8 | **360,711** | 412,964 |
| | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | **2,326** | 1,406 |
| Bank debt | 8 | **200,160** | 102,078 |
| | | **202,486** | 103,484 |
| | | | |
| **Total liabilities** | | **563,197** | 516,448 |
| **Total Equity and Liabilities** | | **760,732** | 740,267 |

[4] A separate report over Other comprehensive Income is not presented for the Parent Company as there are no items included in Other Comprehensive Income for the Parent Company.

## Parent Company Statement of Changes in Equity

| | Restricted equity | Unrestricted equity | | |
|---|---|---|---|---|
| *(Thousands of Swedish Krona)* | Share capital | Contributed surplus | Retained Earnings | Total Equity |
| **Balance on 1 January 2021** | **1,117** | **516,500** | **(337,434)** | **180,183** |
| Total comprehensive income | - | - | (80,776) | (80,776) |
| **Transaction with owners** | | | | |
| Stock based compensation | - | 2,270 | - | 2,270 |
| Share issuance (net of issuance costs) | 82 | 88,178 | - | 88,260 |
| Exercise of warrants (net of issuance costs) | 117 | 78,123 | - | 78,240 |
| Total transaction with owners | 199 | 168,571 | - | 168,770 |
| **Balance on 30 September 2021** | **1,316** | **685,071** | **(418,210)** | **268,177** |
| Total comprehensive income | - | - | (45,685) | (45,685) |
| **Transaction with owners** | | | | |
| Stock based compensation | - | 1,357 | - | 1,357 |
| Share issuance (net of issuance costs) | - | - | - | - |
| Exercise of warrants (net of issuance costs) | - | (30) | - | (30) |
| Total transaction with owners | **-** | **1,327** | **-** | **1,327** |
| **Balance on 31 December 2021** | **1,316** | **686,398** | **(463,895)** | **223,819** |
| Total comprehensive income | - | - | (31,937) | (31,937) |
| **Transaction with owners** | | | | |
| Stock based compensation | - | 5,653 | - | 5,653 |
| **Balance on 30 September 2022** | **1,316** | **692,051** | **(495,832)** | **197,535** |

## Notes to the Condensed Consolidated Financial Statements

### 1. Corporate information

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

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

### 2. Basis of presentation

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

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

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

The financial reporting of the Parent Company (Maha Energy AB) has been prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 Reporting for legal entities, issued by the Swedish Financial Reporting Board and the Annual Accounts Act.

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company's financial information is reported in Swedish Krona and not the Group's presentation currency of US Dollar.

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

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

### 3. Segment Information

Operating segments are based on a geographic perspective and reported in a manner consistent with the internal reporting provided to the executive management as follows:

- *__Brazil:__* Includes all oil and gas activities of exploration and production in Tie field and Tartaruga field.

- *United States of America (USA):* Includes all oil and gas activities in the Illinois Basin and LAK field.

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

"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** | **Consolidated** |
|---|---|---|---|---|
| **Q3 2022** | | | | |
| Revenue | **15,090** | **2,567** | **-** | **17,657** |
| Royalties | **(1,554)** | **(624)** | **-** | **(2,178)** |
| Production and operating | **(3,918)** | **(563)** | **-** | **(4,481)** |
| Depletion, depreciation, and amortization | **(2,111)** | **(1,164)** | **(20)** | **(3,295)** |
| General and administration | **(126)** | **(62)** | **(1,254)** | **(1,442)** |
| Stock-based compensation | **-** | **-** | **(242)** | **(242)** |
| Exploration and business development costs | **-** | **-** | **(48)** | **(48)** |
| Foreign currency exchange loss | **(61)** | **-** | **(150)** | **(211)** |
| Other income | **382** | **-** | **-** | **382** |
| Operating results | **7,702** | **154** | **(1,714)** | **6,142** |
| Net finance costs | **(89)** | **(7)** | **(2,067)** | **(2,163)** |
| Current tax expense | **(187)** | **-** | **-** | **(187)** |
| Deferred tax expense | **(1,199)** | **-** | **-** | **(1,199)** |
| Net results | **6,227** | **147** | **(3,781)** | **2,593** |

| *TUSD* | **Brazil** | **USA** | **Corporate** | **Adjustments** | **Consolidated** |
|---|---|---|---|---|---|
| **Q3 2021** | | | | | |
| Revenue | 17,915 | 1,581 | - | - | 19,496 |
| Royalties | (2,206) | (391) | - | - | (2,597) |
| Production and operating | (3,048) | (283) | - | - | (3,331) |
| Depletion, depreciation, and amortization | (1,750) | (339) | (15) | - | (2,104) |
| General and administration | (171) | (40) | (1,036) | - | (1,247) |
| Stock-based compensation | - | - | (159) | - | (159) |
| Foreign currency exchange loss (gain) | 14 | - | (5) | 49 | 58 |
| Other income | 747 | - | - | - | 747 |
| Operating results | 11,501 | 528 | (1,215) | 49 | 10,863 |
| Net finance costs | (604) | (5) | (1,975) | - | (2,584) |
| Current tax expense | (904) | - | - | - | (904) |
| Deferred tax expense | (1,292) | - | - | - | (1,292) |
| Net results | 8,701 | 523 | (3,190) | 49 | 6,083 |

| *TUSD* | Brazil | USA | Corporate | Consolidated |
|---|---|---|---|---|
| **Nine months 2022** | | | | |
| Revenue | **62,170** | **10,336** | **-** | **72,506** |
| Royalties | **(6,445)** | **(2,502)** | **-** | **(8,947)** |
| Production and operating | **(10,312)** | **(2,313)** | **-** | **(12,625)** |
| Depletion, depreciation, and amortization | **(8,095)** | **(2,533)** | **(55)** | **(10,683)** |
| General and administration | **(670)** | **(203)** | **(3,632)** | **(4,505)** |
| Stock-based compensation | **-** | **-** | **(566)** | **(566)** |
| Exploration and business development cost | **-** | **-** | **(152)** | **(152)** |
| Foreign currency exchange loss | **100** | **-** | **(211)** | **(111)** |
| Other income | **627** | **-** | **-** | **627** |
| Operating results | **37,375** | **2,785** | **(4,616)** | **35,544** |
| Net finance costs | **(673)** | **(20)** | **(5,976)** | **(6,669)** |
| Current tax recovery | **2,007** | **-** | **-** | **2,007** |
| Deferred tax expense | **(8,040)** | **-** | **-** | **(8,040)** |
| Net results | **30,669** | **2,765** | **(10,592)** | **22,842** |

| *TUSD* | Brazil | USA | Corporate | Adjustments | Consolidated |
|---|---|---|---|---|---|
| **Nine months 2021** | | | | | |
| Revenue | 46,734 | 3,754 | - | - | 50,488 |
| Royalties | (6,165) | (926) | - | - | (7,091) |
| Production and operating | (8,208) | (1,042) | - | - | (9,250) |
| Depletion, depreciation and amortization | (4,850) | (899) | (47) | - | (5,796) |
| General and administration | (576) | (83) | (3,032) | - | (3,691) |
| Stock-based compensation | - | - | (265) | - | (265) |
| Exploration and business development cost | - | - | (6) | - | (6) |
| Foreign currency exchange (loss)gain | 22 | 76 | 1,028 | (1,066) | 60 |
| Other income | 1,925 | - | - | - | 1,925 |
| Operating results | 28,882 | 880 | (2,322) | (1,066) | 26,374 |
| Net finance costs | (1,838) | (14) | (5,244) | - | (7,096) |
| Current tax expense | (2,237) | - | - | - | (2,237) |
| Deferred tax expense | (2,817) | - | - | - | (2,817) |
| Net results | 21,990 | 866 | (7,566) | (1,066) | 14,224 |

## 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* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Brazil | | | | |
| Crude oil | **14,919** | 17,728 | **61,541** | 46,317 |
| Natural gas | **171** | 187 | **629** | 417 |
| Brazil oil and gas sales | **15,090** | 17,915 | **62,170** | 46,734 |
| United States oil sales | **2,567** | 1,581 | **10,336** | 3,754 |
| **Total revenue from contracts with customers** | **17,657** | 19,496 | **72,506** | 50,488 |

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

The Company had three main customers during Q3 2022 (Q3 2021: one) and the nine months 2022 (Nine months 2021: one) that individually accounted for more than 10 percent of the Company's consolidated gross sales. Total sales to these customers for the current quarter were approximately USD $17.4 million (Q3 2021: USD $14.1 million) and for nine months 2022 approximately USD $67.9 million (Nine months 2021: USD $38.4 million). 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 30 September 2022, accounts receivable and other credits included $3.7 million of sales revenue which related to the current quarter's production.

## 5. Finance Costs

| *TUSD* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Interest on bond payable | **-** | - | **-** | 1,463 |
| Accretion of bond payable | **-** | - | **-** | 497 |
| Accretion of decommissioning provision (Note 9) | **35** | 28 | **106** | 91 |
| Amortisation of deferred financing fees (Note 8) | **452** | 590 | **1,406** | 833 |
| Foreign currency exchange loss | **-** | - | **-** | 784 |
| Interest expense (Note 8) | **1,916** | 2,002 | **5,909** | 3,491 |
| Interest income and credits | **(240)** | (36) | **(752)** | (63) |
| | **2,163** | 2,584 | **6,669** | 7,096 |

## 6. Property, Plant and Equipment (PP&E)

| *TUSD* | **Oil and gas properties** | **Equipment and Other** | **Right-of-use assets** | **Total** |
|---|---|---|---|---|
| **Cost** | | | | |
| **31 December 2020** | **96,746** | **2,157** | **6,018** | **104,921** |
| Additions | 41,161 | 214 | - | 41,375 |
| Disposition | - | - | (30) | (30) |
| Change in decommissioning cost | (360) | - | - | (360) |
| Currency translation adjustment | (7,000) | (190) | (14) | (7,204) |
| **31 December 2021** | **130,547** | **2,181** | **5,974** | **138,702** |
| Additions | 40,358 | 325 | 469 | 41,152 |
| Change in decommissioning cost | 130 | - | - | 130 |
| Currency translation adjustment | 1,766 | 14 | 9 | 1,789 |
| **30 September 2022** | **172,801** | **2,520** | **6,452** | **181,773** |
| | | | | |
| **Accumulated depletion, depreciation and amortization** | | | | |
| **31 December 2020** | **(12,513)** | **(751)** | **(612)** | **(13,876)** |
| DD&A | (7,000) | (142) | (1,267) | (8,409) |
| Currency translation adjustment | 951 | 19 | 24 | 994 |
| **31 December 2021** | **(18,562)** | **(874)** | **(1,855)** | **(21,291)** |
| DD&A | (9,464) | (74) | (1,022) | (10,560) |
| Currency translation adjustment | (210) | (26) | 53 | (183) |
| **30 September 2022** | **(28,236)** | **(974)** | **(2,824)** | **(32,034)** |

| **Carrying amount** | | | | |
|---|---|---|---|---|
| 31 December 2021 | 111,985 | 1,307 | 4,119 | 117,411 |
| **30 September 2022** | **144,565** | **1,546** | **3,628** | **149,739** |

## 7. Exploration and Evaluation Assets (E&E)

| | *TUSD* |
|---|---|
| **31 December 2020** | **11,014** |
| Additions in the period | 2,646 |
| **31 December 2021** | **13,660** |
| Additions in the period | 7,675 |
| **30 September 2022** | **21,335** |

During the current quarter, the Company entered into a farmout agreement with Mafraq Energy LLC whereby the Company will transfer a 35% working interest in the Block 70 in Oman in exchange for Mafraq Energy LLC reimbursing Maha for their prorated share of all past costs including the signature bonus. Mafraq Energy LLC will also be required to pay their share of all future expenditures on Block 70. Closing of the farmout agreement is subject to standard conditions for this type of transaction, including Omani Government's approval to be effective. Additions during the current quarter are mainly related to Oman Block 70.

## 8. Bank debt

| | *TUSD* | *TSEK* |
|---|---|---|
| Bank debt | 60,000 | 504,276 |
| Currency translation adjustment | - | 43,524 |
| Deferred financing costs | (4,516) | (32,758) |
| **31 December 2021** | **55,484** | **515,042** |
| Loan repayment | (7,500) | (80,813) |
| Deferred financing costs | 1,424 | 14,444 |
| Currency translation adjustment | - | 112,198 |
| **30 September 2022** | **49,408** | **560,871** |
| Less: Current portion | 18,000 | 200,212 |
| Non current | 31,408 | 360,659 |

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.

The Term Loan requires the Company to maintain certain covenants including a Net interest-bearing debt to trailing twelve months EBITDA ratio of greater than 3.0 at the end of each quarter. Under the terms of the loan, the Company is subject to certain restrictions in its ability to make certain payments and distributions to persons outside of the Maha Group, as well as other customary provisions applicable for similar credit agreements.

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.

## 9. Decommissioning Provision

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

| | *TUSD* |
|---|---|
| **31 December 2020** | **2,597** |
| Accretion expense | 122 |
| Additions | 251 |
| Change in estimate | (611) |
| Foreign exchange movement | (95) |
| **31 December 2021** | **2,264** |
| Accretion expense | 106 |
| Additions | 131 |
| Liability settled | (42) |
| Foreign exchange movement | 13 |
| **30 September 2022** | **2,472** |

## 10. Lease Liability

| (TUSD) | |
|---|---|
| **31 December 2020** | **4,693** |
| Additions | - |
| Interest expense | 122 |
| Lease payments | (1,236) |
| Foreign currency translation | (122) |
| **31 December 2021** | **3,457** |
| Additions | 477 |
| Interest expense | 126 |
| Lease payments | (990) |
| Foreign currency translation | (33) |
| **30 September 2022** | **3,037** |
| | |
| Less current portion | 1,141 |
| Lease liability – non current | 1,896 |

## 11. Share Capital

| Shares outstanding | A | B | Total |
|---|---|---|---|
| **31 December 2020** | **101,146,685** | **483,366** | **101,630,051** |
| Exercise of bond warrants | 10,134,916 | - | 10,134,916 |
| Exercise of incentive warrants | 480,238 | - | 480,238 |
| Share subscription | 7,470,491 | - | 7,470,791 |
| Conversion of convertible B shares | 483,366 | (483,366) | - |
| **31 December 2021** | **119,715,696** | **-** | **119,715,696** |
| **30 September 2022** | **119,715,696** | **-** | **119,715,696** |

**Warrant Incentive Program**

The Company has a long-term incentive program ("LTIP") as part of the remuneration package for management and employees. Following incentive warrants were outstanding at 30 September 2022:

| Warrants incentive programme | Exercise period | Exercise price, SEK | 1 Jan 2022 | Issued 2022 | Exercised 2022 | Expired or Cancelled 2022 | **30 September 2022** |
|---|---|---|---|---|---|---|---|
| 2019 (LTIP-3) | 1 June 2022 – 28 February 2023 | 28.10 | 500,000 | - | - | **-** | **500,000** |
| 2020 (LTIP-4) | 1 June 2023 – 29 February 2024 | 10.90 | 460,000 | - | - | **-** | **460,000** |
| 2021 (LTIP-5) | 1 June 2024 – 28 February 2025 | 12.40 | 1,048,286 | - | - | **-** | **1,048,286** |
| 2021 (LTIP-6) | 1 June 2023 – 29 February 2024 | 12.40 | 524,143 | - | - | **-** | **524,143** |
| 2022 (LTIP-7) | 1 June 2025 – 28 February 2030 | 20.65 | - | 1,197,157 | - | **-** | **1,197,157** |
| **Total** | | | **2,532,429** | **1,197,157** | **-** | **-** | **3,729,586** |

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

Weighted average assumptions and fair value are as follows:

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

Total share-based compensation expense for Q3 2022 was TUSD 242 (Q3 2021: 159) and for the nine months 2022 was TUSD 566 (Nine months 2021: 265).

## 12. Financial assets and liabilities

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:
– Level 1: based on quoted prices in active markets;
– Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
– Level 3: based on inputs which are not based on observable market data.

The Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are assessed on fair value hierarchy described above. The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity of these instruments. The bank debt is carried at amortized cost and which approximates the fair value.

## 13. Management of financial risk

The Company thoroughly examines the various risks to which it is exposed and assesses the impact and likelihood of those risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. This approach actively addresses risk as an integral and continual part of decision making within the Company and is designed to ensure that all risk is identified, fully acknowledged, understood, and communicated well in advance. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate, or which are beyond the Company's control. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management.

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

## 14. Management of Capital

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company actively manages its liquidity through cash and debt management strategies. The Company considers its capital structure to include shareholders' equity of USD 116.6 million (31 December 2021: USD 91.4 million) plus net debt of USD 38.1 million (31 December 2021: USD 29.9 million). At 30 September 2022, the Company's working capital deficit was USD 14.9 million (31 December 2021: USD 5.8 million), which includes USD 11.3 million of cash (31 December 2021: USD 25.5 million). The Company manages its capital structure and adjusts in light of changes in economic conditions, operating risks and working capital requirements. Specifically, the Company's capital management objectives are to maintain compliance with the bank debt covenant ratios. The Company started repaying the term loan during the second quarter as per the agreement.

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

## 15. Changes in non-cash Working Capital

| *(TUSD)* | **30 September 2022** | 30 September 2021 |
|---|---|---|
| Change in: | | |
| Accounts receivable | **(3,158)** | (2,843) |
| Inventory | **(507)** | 53 |
| Prepaid expenses and deposits | **142** | 320 |
| Accounts payable and accrued liabilities | **4,895** | 802 |
| Total | **1,372** | (1,668) |

## 16. Pledged Assets

As of 30 September 2022, the Company has pledged assets in relation to the security of the Term Loan whereby the Parent Company has pledged shares of all its subsidiaries and concessions rights and other assets in Brazil with a book value for the Group of USD 69.5 million and MSEK 13.7 for the parent company, including adjustments for the consolidation purposes.

The Company also has financial guarantees in relation to its work commitments in Brazil and has contractual commitments in the USA and Oman (See Note 17).

## 17. Commitments and Contingencies

The Company has 7 concession agreements with the National Agency of Petroleum, Natural Gas and Biofuels in Brazil ("ANP"). Certain of these blocks are subject to work and abandonment commitments in relation to these exploration blocks which are guaranteed with certain credit instruments. These commitments are in the normal course of the Company's exploration business and the Company plans to fund any related work or penalty, if necessary, with existing cash balances, cash flow from operations and available financing sources.

During the fourth quarter 2021, the Company was granted a full waiver on the related work commitments on Block 224 minimum work and was granted extensions until November 2024 on its minimum work commitments for Blocks 117 and 118.

In the Illinois Basin, as part of the recent land acquisition the Company has committed to drill at least one well on this new lease during the first three years and then at least one well every year thereafter to retain the lease. For the existing leases, the Company drilled one operated and one non operated commitment wells during Q1 2022. There are no further commitments remaining for the current year. Over the next five years, the Company has commitments to drill during 2023 and 2024 four (4) operated and one (1) net (0.5) non operated well per year and has commitment to drill during 2025 to 2027 to drill three (3) operated and one (1) net (0.5) non operated well per year.

Further, a 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 between 8 (eight) and 10 (ten) shallow wells. Costs for these activities are estimated at gross USD 20.0 million.

## 18. Related Party

The company had no related party transactions during the year.

## Key Financial Data

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

**Financial data**

| *TUSD* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Revenue | **17,657** | 19,496 | **72,506** | 50,488 |
| Operating netback | **10,998** | 13,568 | **50,934** | 34,147 |
| EBITDA | **9,648** | 12,909 | **46,338** | 32,110 |
| Net result | **2,593** | 6,083 | **22,842** | 14,224 |
| Cash flow from operations | **9,679** | 11,699 | **40,598** | 24,073 |
| Free cash Flow | **(8,109)** | (1,253) | **(4,883)** | (10,612) |
| Net debt | **38,070** | 22,801 | **38,070** | 22,801 |

**Key ratios**

| | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Return on equity (%) | **2** | 7 | **20** | 16 |
| Equity ratio (%) | **60** | 51 | **60** | 51 |
| NIBD/EBITDA | **0.61** | 0.65 | **0.61** | 0.65 |
| TIBD/EBITDA | **0.80** | 1.57 | **0.80** | 1.57 |

**Data per share**

| | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Weighted number of shares (before dilution) | **119,715,696** | 119,654,826 | **119,715,696** | 110,620,223 |
| Weighted number of shares (after dilution) | **119,843,247** | 119,876,160 | **120,116,527** | 110,915,847 |
| Earnings per share before dilution, USD | **0.02** | 0.05 | **0.19** | 0.13 |
| Earnings per share after dilution, USD | **0.02** | 0.05 | **0.19** | 0.13 |
| Dividends paid per share | **n/a** | n/a | **n/a** | n/a |

***Relevant reconciliation of Alternative Performance Measures:***

### Operating Netback

| *(TUSD)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Revenue | **17,657** | 19,496 | **72,506** | 50,488 |
| Royalties | **(2,178)** | (2,597) | **(8,947)** | (7,091) |
| Operating Expenses | **(4,481)** | (3,331) | **(12,625)** | (9,250) |
| **Operating netback** | **10,998** | 13,568 | **50,934** | 34,147 |

### EBITDA

| *(TUSD)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Operating results | **6,142** | 10,863 | **35,544** | 26,374 |
| Depletion, depreciation and amortization | **3,295** | 2,104 | **10,683** | 5,796 |
| Foreign currency exchange loss / (gain) | **211** | (58) | **111** | (60) |

| | | | | |
|---|---|---|---|---|
| **EBITDA** | **9,658** | 12,909 | **46,338** | 32,110 |

**Free cash flow**

| *(TUSD)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Cash flow from operating activities | **9,679** | 11,699 | **40,598** | 24,073 |
| Less: cash used in investing activities | **(17,788)** | (12,952) | **(45,481)** | (34,685) |
| **Free cash flow** | **(8,109)** | (1,253) | **(4,883)** | (10,612) |

**Net debt**

| *(TUSD)* | **Q3 2022** | Q3 2021 | **Nine Months 2022** | Nine Months 2021 |
|---|---|---|---|---|
| Bank debt | **49,408** | 54,579 | **49,408** | 54,579 |
| Less: cash and cash equivalents | **(11,338)** | (31,778) | **(11,338)** | (31,778) |
| **Net debt** | **38,070** | 22,801 | **38,070** | 22,801 |

***Key Ratio Definition***

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

**EBITDA (Earnings before interest, taxes, depreciation, and amortization and impairment):** Operating profit before depletion of oil and gas properties, depreciation of tangible assets, impairment, foreign currency exchange adjustments, interest and taxes.

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

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

**Equity ratio:** Total equity divided by the balance sheet total assets.

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

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

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

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

**Return on equity:** Net result divided by ending equity balance

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

**Weighted average number of shares for the year:** The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue.

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

### Board Assurance

The Managing Director and the Chairman of the Board certify that the interim report for the period ended 30 September 2022 gives a fair view of the performance of the business, position, and income statements of Maha Energy AB (publ.) and Maha Energy Group and describes the principal risks and uncertainties to which the Company and the Group are exposed.

Approved by the Board

Stockholm, 15 November 2022

_\`\`Paulo Mendonca\`\`____________________
Paulo Mendonca, Director

_\`\`Fabio Vassel\`\`____________________
Fabio Vassel, Chairman

# Review Report

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Independent Auditor's Report on the review of the interim report as of September 30, 2022 and the nine-month period then ended.

To the board of Directors of Maha Energy AB (publ) Corp. Reg.No. 559018-9543.

**Introduction**
We have reviewed the condensed interim financial information (interim report" of Maha Energy AB (publ) as of September 30, 2022 and the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of Review**
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, November 15, 2022
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

## Financial calendar

| | |
|---|---|
| 2022 Fourth Quarter: | 28 February 2023 |
| 2022 Annual Report: | 12 April 2023 |
| 2023 First Quarter: | 15 May 2023 |
| 2023 Second Quarter: | 14 August 2023 |
| 2023 Third Quarter: | 14 November 2023 |

## Contact information

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**Maha Energy AB**

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

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