



Q1

Report for the
THREE MONTHS ENDED
31 MARCH 2023
(org number: 559018-9543)



Highlights

(all amounts are in US dollars unless otherwise noted)

First Quarter 2023

The amounts below are related only to continuing operations.

- The Company completed on February 28, 2023 the sale of its Brazilian subsidiary (discontinued operations) for a total consideration of up to USD 186.9 million (including contingent consideration), with a purchase price of USD 138 million plus USD 9.3 million in net working capital adjustment, USD 3.7 million net cash adjustment, and USD 36.1 million to be paid upon successful achievement of earnout milestones.
- The Company enters into a definitive agreement regarding the business combination with DBO 2.0 S.A. An extra general meeting on March 29, 2023, confirmed the acquisition.
- Farmout of 35% work interest to Mafrag Energy LLC on Block 70 and launch of production test.
- Daily oil production for Q1 2023 from continuing operations averaged 233 BOEPD (Continuing operations Q1 2022: 462 BOEPD).
- Revenue of 1.5 million (Q1 2022: 3.7 million).
- Operating netback of 0.6 million (Q1 2022: 1.9 million).
- EBITDA of -0.2 million (Q1 2022: USD 0.5 million).
- Net result of -2.4 million (Q1 2022: USD 2.7 million).
- Basic and Diluted earnings per share of -0.02 (Q1 2022: -0.02).
- Cash and cash equivalents balance on 31 March 2023 of USD 63.8 million (31 December: USD 19.5 million excluding cash from assets held for sale).
- Restricted cash balance on 31 March 2023 of USD 46.5 million (31 March 2022: nil).
- Total cash balance on 31 March 2023 (including restricted cash of USD 46.5 million) of USD 110.4 million (31 December: USD 19.5 million excluding cash from assets held for sale).

Financial Summary

The table below presents the highlights of the continuing operations:

<i>(TUSD, unless otherwise noted)</i>	Q1 2023	Q1 2022¹	FY 2022
Net Daily Production (BOEPD)	233	462	401
Revenue	1,486	3,716	12,327
Operating netback	648	1,923	6,523
EBITDA ²	(237)	533	(420)
Net result for the period	(2,378)	(2,693)	(12,529)
Earnings per share – Basic & Diluted (USD)	(0.02)	(0.02)	(0.10)
Cash and cash equivalents	63,849	29,416	19,520

¹ The comparative period (Q1 2022) has been restated to reflect continuing operations.

² See page 27-28 for the alternative performance measurement.

Letter to shareholders

Dear Friends and Fellow Shareholders of Maha Energy AB,

The first quarter 2023 was a transitional quarter from a financial and operational standpoint. Maha completed two major transactions, being: (i) the sale of its Brazilian subsidiary, Maha Brazil, to PetroRecôncavo, and (ii) the completion of the assignment of Maha's 35% working interest in Block 70 and the launch of the production test on the block. In addition to that, Maha also announced the signing of the definitive agreement with the shareholders of DBO 2.0.

On February 28th, 2023, we announced the completion of the sale of the Brazilian subsidiary Maha Energy Brasil for a total consideration of up to USD 186.9 million. This divestment was a significant step within the Company's new strategic positioning, continuously focusing on generating value for shareholders. This sale strengthened our balance sheet and cash position substantially and is enabling us to pursue further opportunities in the O&G market.

Earlier in the quarter, we announced that we had entered into a Joint Operating Agreement with Mafraq Energy LLC for Block 70 in Oman. This agreement marked the conclusion of the assignment of 35% work interest to Mafraq Energy LLC. By partnering with Mafraq, a local entity with regional expertise, Maha has gained further validation of the value of this asset.

We also launched the production test on Block 70 in mid-March. The first well connected to the testing system was Mafraq-9. We will continue to add wells to the test until all eight new production wells have been connected and safely tested.

Our business combination with DBO 2.0 was approved by an extraordinary general meeting in March, being its closing subject to customary condition precedent, which are in the process of being completed by the parties. In April, updated 2P reserves of 18.8 MMBO was reported for Peroá and Papa Terra Clusters, under which DBO currently holds indirect participating interest, as a shareholder of 3R Offshore. This transaction shall re-establish Maha's pro-forma's production to 2,291 boe/d (April numbers).

I am also happy to welcome both our new CFO Guilherme Guidolin de Campos and our new Chief Legal and Compliance Officer Barbara Bittencourt during the quarter. Guilherme is now based in Oman and has a unique combination of managerial and financial expertise, and a developed understanding of the company. Barbara has an extensive career as partner in top tier legal firms, with the past 10 years exclusively dedicated to the oil & gas market.

The first quarter was indeed a transformational and exciting quarter, that also marks the starting point for the new Maha with a robust capital structure. We aim to continue on our growth path, and we have established a robust pipeline of potential M&A transactions, which are now being analyzed and evaluated. We appreciate you taking this journey with us.

Yours sincerely,

Paulo T. Arantes de Mendonça (CEO)

Financial Report for the First Quarter Ended 31 March 2023

OPERATIONAL AND FINANCIAL REVIEW

Assets

Country	Concession name	Maha Working Interest (%)	Status	Net Area (acres)	BOEPD ⁽³⁾	Partner
USA	Il Basin (various)	97%	Producing	3,295	233	
USA	LAK Ranch	99%	Pre-Production	6,475	-	SEC (1%)
Oman	Block 70	65%	Pre-Production	102,635	-	Mafraq Energy LLC (35%)

Sale of Maha Energy Brasil Ltda.

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

The purchase price was USD 138.0 million, with additional adjustment of net working capital of USD 9.3 million and net cash of USD 3.7 million, in a total amount of adjusted purchase price of USD 150.9 million to be paid in two installments: (a) USD 95.9 million at the closing date (which occurred on 28 February 2023), and (b) USD 55.0 million, 6 (six) months after the closing date. In addition, earn-outs of up to USD 36.1 million, which could be paid based on certain contractual conditions being met, whereof up to USD 24.1 million refers to the average annual Brent oil price for the next three years. It will start to be payable from yearly average of USD 80.0 per barrel with a maximum to be reached if the price is above USD 90 per barrel. The remaining payment will be subject to synergies with Petrorecconcavo's potential new assets. Due to uncertainty of actualizing these earn-outs, contingent proceeds relating to the earn-outs have not been recognized as at 31 March 2023. Part of proceeds from the transaction were used as collateral for Maha's outstanding debt to BTG Pactual (related to the Credit Agreement dated 30 March 2021). See Note 17 for further details. The total consideration can reach USD 186.9 million with the inclusion of earn-outs.

The Company had minimum work commitments for Blocks 117 and 118 (part of Maha Brazil) which was sold as part of Maha Brazil Transaction. As part of Maha Brazil Transaction's terms, the parties have agreed to request to an exception to such commitments before the ANP, and in case such waiver is not obtained up to the payment of the second installment of the purchase price, a parcel of the price equivalent to such commitments shall be retained in escrow, being released upon exemption's confirmation.

As a result of this announcement, Maha Brazil has been presented as discontinued operations in the interim condensed consolidated statement of operations.

Business combination between Maha and DBO 2.0

On 5 December 2022, Maha announced that it has signed a binding term sheet regarding a business combination with DBO 2.0 S.A. ("DBO") for a consideration up to 36,775,410 new shares in Maha (the "DBO Transaction"). Maha and DBO have agreed in the term sheet to conclude the final documents during a 45-day exclusivity period. In February 2023, Maha announced that it had signed a definitive agreement regarding the business combination with

³ As per the current quarter reported net production volumes to Maha before royalties. 1 BBL = 6,000 SCF of gas.

DBO. The DBO Transaction is subject to customary conditions precedent, including an Extraordinary General Meeting (“EGM”) in Maha approving the necessary resolutions. In March 2023, an EGM was held and resolved the DBO Transaction. The DBO Transaction is expected to close during the second quarter of 2023.

USA

Illinois Basin (IB)

The Company continues to operate its core acreage in the Mississippi Lime play in the Illinois Basin. During the first quarter 2023, the Company completed routine maintenance activities such as workovers and well repairs. The quarter production continued with only minor well workover activity required to repair routine pump failures. A major weather system impacted the area towards the end of the quarter causing some flooding and temporary shut in of wells while waiting on flood waters to recede. This is a normal annual occurrence in the area and caused no major issues for the operation nor impact on the local infrastructure. The Illinois Basin commitment well drilling program has been delayed until the third quarter of this year.

Average net production from the Illinois basin during the current quarter was 233 BOPD of oil.

LAK Ranch (LAK)

The LAK Ranch heavy oil asset was in 2020 shut in no activity occurred during Q1 2023 other than routine maintenance activities.

Oman

Block 70

The Company continued the 2022-2023 drilling program which had commenced in late 2022. In March the company commenced the production test on Block 70. The production test will include all eight new production wells drilled in the 2022/2023 drilling program. The production test started with the Mafraq-9 well and will continue to test all the production pilot wells. Produced oil will be transported by heated trucks to a third party’s facilities for further processing and, afterwards, transportation through the Omani national pipeline system. The drilling program has continued into Q2 2023 with drilling of additional exploration and appraisal wells.

On 28 January 2023, the Company entered into a Joint Operating Agreement (“JOA”) with Mafraq Energy LLC. The signature of the JOA, alongside the Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, marked the satisfaction of all conditions precedent required for the conclusion of the assignment of Maha’s 35% work interest to Mafraq Energy LLC. Maha remains the Operator of Block 70 with 65% interest. The consideration for the assignment of this interest to Mafraq Energy LLC is USD \$11.2 million which includes reimbursement of all past costs (including some general and administrative costs).

Financial Results Review

Continuing Operations

Result

The net result from continuing operations for the current quarter amounted to TUSD -2,378 (Q1 2022: TUSD -2,693) representing earnings per share of USD -0.02 (Q1 2022: USD -0.02). The net result is mainly in line with the comparative period despite lower sales volumes and higher general and administrative costs which was offset by lower finance costs, production and operating costs, and depletion, depreciation and amortization costs.

Production

	Q1 2023	Q1 2022
Total delivered Oil & Gas (BOE) ⁴	20,941	41,568
Daily Volume (BOEPD)	233	462

Production volumes are net working interest volumes before any royalties. The Company's continuing operations with producing oil and gas assets are in the Illinois Basin. Average daily production volumes for the quarter decreased as compared to the comparative period due to natural decline of the wells that were drilled during the drilling program in 2021. Production decline is mainly due to delay in the capital projects and temporary weather events such as localized flooding. Production volumes for the comparative period included higher production from the 12 new wells drilled as part of the drilling campaign in 2021. No test production volumes were recorded from Block 70 as the volumes were not material at the end of the current quarter.

Revenue

<i>(TUSD, unless otherwise noted)</i>	Q1 2023	Q1 2022
Oil and Gas revenue	1,486	3,716
Oil realized price (USD/BBL)	73.13	91.41
Reference price – Average WTI (USD/BBL)	76.08	95.18

Revenue for the current quarter amounted to TUSD 1,486 (Q1 2022: TUSD 3,716) representing a decrease by 60% mainly due to lower sales volumes by 50% and lower realized oil price for the current period. More revenue information is detailed in Note 4 to the Condensed Consolidated Financial Statements.

Royalties

<i>(TUSD, unless otherwise noted)</i>	Q1 2023	Q1 2022
Royalties	353	897
Royalties as a % of revenue	23.8%	24.1%

Royalties are settled in cash and based on realized prices before discounts. Overall, royalty expense decreased by 61% for the current quarter as revenue for the current quarter decreased by similar rate as compared to the comparative period.

Production expenses

<i>(TUSD, unless otherwise noted)</i>	Q1 2023	Q1 2022
Production expenses	485	896
Per unit (USD/BOE)	23.89	22.04

Production expenses for the continuing operations were lower for the current quarter as compared to the comparative period mainly due to lower sales volumes which was slightly offset by an increase in overall costs resulting from inflation. Production expenses increased on a per unit bases due to lower sales volumes to absorb the high fixed costs.

Operating netback

<i>(TUSD, unless otherwise noted)</i>	Q1 2023	Q1 2022
Operating Netback	648	1,923
Netback (USD/BOE)	31.87	47.31

⁴ BOE takes into account gas delivered and sold. 1 bbl = 6,000 SCF of gas

Operating netback is a non-GAAP financial metric used in the oil and gas industry to compare performance internally and with industry peers and is calculated as revenue less royalties and production expenses. Operating netback for the current quarter was 66% lower than the comparative period mainly due to lower sales volumes.

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

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

DD&A expense for the current quarter amounted to TUSD 486 (at an average depletion rate of USD \$23.92 per BOE) as compared to TUSD 718 (at an average depletion rate of USD \$17.65 per BOE) for the comparative period. Total depletion expense was lower than the comparative period mainly due to lower total production volumes as compared to the same period last year.. Depletion rate on a per BOE basis increased because of a higher depletable base and lower sales volumes to absorb the costs per barrel.

General and administration (“G&A”)

G&A expense for the current quarter amounted to TUSD 1,383, an increase of 11% from the comparative period which amounted to TUSD 1,244. G&A expenses increased mainly due to nonrecurring indirect costs associated with due diligence work and G&A expenses related to the new formed Maha Brazil Holding Company in Brazil.

Foreign currency exchange gain or loss

The net foreign currency exchange gain for the current quarter amount to TUSD 19 (Q1 2022: TUSD 76 loss). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies. Foreign exchange gain for the current quarter is related to the Swedish Krona bank accounts held by the parent company that has US dollars as its functional currency. The Swedish Krona steadily strengthened against the US dollars during the first quarter of the year.

Finance income and costs

Finance income for the current quarter amounted TUSD 334 (Q1 2022: TUSD 11) and is mainly related to investment income generated from short-term Time Deposits. The Company regularly invests its cash balances in low-risk short term Time Deposits. Finance costs for the current quarter amounted to TUSD 2,008 (Q1 2022: TUSD 2,443) and are detailed in Note 5.

Other income

During the current quarter, the Company recognized other income of TUSD 741 primarily related to the reimbursement of past costs of Block 70 which were previously expensed during the previous years as per the terms of the Block 70 JOA with Mafrq Energy LLC (as described above).

Exchange differences on translation of foreign operations

The presentation currency of the Company is US Dollars, therefore the translation differences of foreign operations are recorded within other comprehensive income. The exchange differences on translation of foreign operations presented in Statement of Comprehensive Earnings amounted to TUSD 18,928 (Q1 2022: TUSD 20,724). Upon completion of the Maha Brazil Transaction, the Company recognized TUSD 26,612 of foreign exchange translation and was included in the net loss from discontinued operations (see Note 6).

Liquidity and capital resources

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. To facilitate the management of its capital requirements,

the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general market and industry conditions. The annual budget and subsequent updates are approved by the Board of Directors.

The Company considers its capital structure to include shareholders' equity of USD 156.0 million (31 December 2022: USD 140.9 million). The Company's restricted cash balance of TUSD 46.5 million has been escrowed to use as a collateral for the Company's debt balance of USD 42.7 million. In addition, the Company cash balance amounted to TUSD 63.8 million resulting from the sale of Maha Brazil. The second install of the proceeds from the sale, expected in end of August 2023, will further increase the Company's cash balance. For the remainder the year, management will continue to use internally generated cash flow to fund its 2023 exploration and development program and is dedicated to keeping a strong statement of financial position, which has proven to be very important, especially in times of volatile commodity prices. The significant increase in cash will be deployed to complete opportunistic acquisitions at attractive multiples to build a portfolio of stable producing assets.

Share data

Shares outstanding	Class A
31 December 2022	143,615,696
31 March 2023	143,615,696

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 2022 Annual Report (page 42 – Page 47).

Legal matters

The Company has several ongoing legal matters concerning labor, regulatory and operations, being mostly related to Maha Brazil (entity sold as part of Maha Brazil Transaction). 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 were part of the non-current liabilities and provisions of the discontinued operations. Maha Brazil Transaction closed at the end of February 2023; however, the Company remains liable for the financial commitment up to a certain amount.

Board of Directors and management

An extraordinary general meeting held on 29 March 2023, resolved to elect Halvard Idland and Kjetil Solbraekke as new ordinary board members and to, upon his own request, release Harald Pousette from his assignment as ordinary board member. The board consist of seven ordinary members: Fabio Vassel (chairman), Halvard Idland, Paulo Mendonça, Viktor Modigh, Richard Norris, Enrique Peña and Kjetil Solbraekke.

Barbara Bittencourt has been appointed Chief Legal Officer (CLO) in February 2023 and Guilherme Guidolin de Campos was appointed as new CFO in March 2023.

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 recycles or reinjects 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, while operating the assets part of Maha Brazil Transaction, Maha was 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 Q1 2023 amounted to TSEK 919,100 (Q1 2022: TSEK -13,831) which is significantly higher than the comparative period mainly due to higher finance income of TSEK 944,908 (Q1 2022: TSEK - nil) resulting from dividends distributed by the group companies. This was offset by higher general and administrative expenses of TSEK 4,232 (Q1 2022: TSEK 1,720), higher finance costs of TSEK 20,846 (Q1 2022: TSEK 11,464) and higher foreign exchange loss of TSEK -730 (Q1 2022: TSEK -647).

Financial Statements

Condensed Consolidated Statement of Operations

<i>(TUSD) except per share amounts</i>	Note	Q1 2023	Q1 2022 ⁵	Full Year 2022
Revenue				
Oil and gas sales	4	1,486	3,716	12,327
Royalties		(353)	(897)	(2,976)
Net Revenue		1,133	2,819	9,351
Cost of sales				
Production expense		(485)	(896)	(2,828)
Depletion, depreciation and amortization	7	(486)	(718)	(2,783)
Gross profit		162	1,205	3,740
General and administration		(1,383)	(1,244)	(5,944)
Stock-based compensation	12	(243)	(146)	(802)
Exploration and business development costs		-	-	(197)
Foreign currency exchange gain (loss)		19	(76)	3
Other Income	8	741	-	-
Operating result		(704)	(261)	(3,200)
Finance income		334	11	65
Finance costs		(2,008)	(2,443)	(9,394)
Net Finance items	5	(1,674)	(2,432)	(9,329)
Result before tax		(2,378)	(2,693)	(12,529)
Current and deferred tax		-	-	-
Net result from continuing operations		(2,378)	(2,693)	(12,529)
Discontinued Operations				
Net result from discontinued operations	6	(1,647)	14,723	35,462
Net result		(4,025)	12,030	22,933
Basic and diluted earnings per share				
From continuing operations		(0.02)	(0.02)	(0.10)
From discontinued operations		(0.01)	0.12	0.29
		(0.03)	0.10	0.19
<u>Weighted average number of shares:</u>				
Before dilution		143,615,696	119,715,696	120,697,888
After dilution		143,615,696	119,930,163	120,987,859

⁵ The comparative periods have been restated to reflect continuing operations.

Condensed Consolidated Statement of Comprehensive Earnings

<i>(TUSD)</i>	Note	Q1 2023	Q1 2022	Full Year 2022
Net Result for the period		(4,025)	12,030	22,933
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		(7,684)	20,724	6,743
Transfer of accumulated other comprehensive income on disposition	6	26,612	-	-
		18,928	20,724	6,743
Comprehensive result for the period		14,903	32,754	29,676
Attributable to:				
Shareholders of the Parent Company		14,903	32,754	29,676

Condensed Consolidated Statement of Financial Position

<i>(TUSD)</i>	Note	31 March 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	13,464	14,015
Exploration and evaluation assets	8	24,669	29,202
Other long-term assets		302	302
Restricted cash	17	29,250	-
Total non-current assets		67,685	43,519
Current assets			
Assets held for sale	6	-	153,986
Prepaid expenses and deposits		602	590
Crude oil inventory		252	172
Accounts receivable and other credits		62,143	568
Restricted cash	17	17,296	-
Cash and cash equivalents		63,849	19,520
Total current assets		144,142	174,836
TOTAL ASSETS		211,827	218,355
EQUITY AND LIABILITIES			
Equity			
Shareholder's equity		156,020	140,897
Liabilities			
Non-current liabilities			
Bank debt	9	21,743	26,590
Decommissioning provision	10	2,202	1,700
Lease liabilities	11	63	78
Total non-current liabilities		24,008	28,368
Current liabilities			
Liabilities held for sale	6	-	19,889
Bank debt	9	21,000	19,500
Accounts payable		3,055	3,649
Accrued liabilities and provisions		7,667	5,975
Current portion of lease liabilities	11	77	77
Total current liabilities		31,799	49,090
TOTAL LIABILITIES		55,807	77,458
TOTAL EQUITY AND LIABILITIES		211,827	218,355

Condensed Consolidated Statement of Cash Flows

<i>(TUSD)</i>	Note	Q1 2023	Q1 2022	Full Year 2022
Operating Activities				
Net result from continuing operations		(2,378)	(2,693)	(12,529)
Net result from discontinued operations		(1,647)	14,723	35,462
Depletion, depreciation, and amortization	7	486	4,266	13,338
Stock based compensation	12	243	146	802
Accretion of decommissioning provision	5,10	15	32	146
Amortization of deferred financing fees	9	403	477	1,838
Other gains		-	-	(384)
Interest expense		1,588	1,990	7,689
Income tax expense		-	(205)	(2,548)
Deferred tax expense		-	3,494	12,712
Unrealized foreign exchange amounts		5	(392)	(213)
Settlement of decommissioning liabilities		-	-	(103)
Interest received		333	80	153
Interest paid		(1,584)	(1,913)	(7,507)
Tax paid		-	(1,878)	(2,673)
Changes in working capital	16	(2,573)	(3,422)	8,474
Cash from operating activities		(5,109)	14,705	54,657
Investing activities				
Capital expenditures - property, plant, and equipment	7	(24)	(10,951)	(47,602)
Capital expenditures - exploration and evaluation assets	8	(5,164)	(810)	(15,081)
Farmout proceeds	8	6,970	-	-
Restricted cash		(46,546)	-	-
Cash used in investment activities		(44,764)	(11,761)	(62,683)
Financing activities				
Lease payments	11	(19)	(329)	(1,358)
Repayment of bank debt	9	(3,750)	-	(11,250)
Shares subscription (net of issue costs)	12	(23)	-	18,993
Cash from (used in) financing activities		(3,792)	(329)	6,385
Change in cash and cash equivalents		(53,665)	2,615	(1,641)
Proceeds from sale of discontinued operations		95,883	-	-
Discontinued operations		(1,596)	-	-
Cash and cash equivalents at the beginning of the period		23,228	25,535	25,535
Currency exchange differences in cash and cash equivalents		(1)	1,266	(666)
Cash and cash equivalents at the end of the period		63,849	29,416	23,228
- of which is included in discontinued operations	6	-	10,347	3,708
- of which is included in the continued operations		63,849	19,069	19,520

Condensed Consolidated Statement of Changes in Equity

<i>(TUSD)</i>	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Shareholders' Equity
Balance on 1 January 2022	146	86,292	(40,010)	44,997	91,425
Comprehensive result					
Result for the period	-	-	-	12,030	12,030
Currency translation difference	-	-	20,724	-	20,724
Total comprehensive result	-	-	20,724	12,030	32,754
Transactions with owners					
Stock based compensation	-	146	-	-	146
Balance on 31 March 2022	146	86,438	(19,286)	57,027	124,325
Comprehensive result					
Result for the period	-	-	-	10,903	10,903
Currency translation difference	-	-	(13,981)	-	(13,981)
Total comprehensive result	-	-	(13,981)	10,903	(3,078)
Transactions with owners					
Stock based compensation	-	656	-	-	656
Share issuance (net of issue costs)	25	18,969	-	-	18,994
Balance on 31 December 2022	171	106,063	(33,267)	67,930	140,897
Comprehensive result					
Result for the period	-	-	-	(4,025)	(4,025)
Currency translation difference	-	-	18,928	-	18,928
Total comprehensive result	-	-	18,928	(4,025)	14,903
Transactions with owners					
Stock based compensation	-	220	-	-	220
Balance on 31 March 2023	171	106,283	(14,339)	63,905	156,020

Parent Company Statement of Operations

<i>(Expressed in thousands of Swedish Krona)</i>	Q1 2023	Q1 2022	Full Year 2022
Revenue	-	-	-
Expenses			
General and administrative	(4,232)	(1,720)	(9,081)
Foreign currency exchange (loss) gain	(730)	(647)	7,102
Operating result	(4,962)	(2,367)	(1,979)
Impairment of loans and investments	-	-	(19,939)
Finance costs	(20,846)	(11,464)	(42,960)
Finance income	944,908	-	-
Result before tax	919,100	(13,831)	(64,878)
Income tax	-	-	-
Net result for the period ⁶	919,100	(13,831)	(64,878)

Parent Company Balance Sheet

<i>(Expressed in thousands of Swedish Krona)</i>	Note	31 March 2023	31 December 2022
Assets			
Non-current assets			
Investment in subsidiaries		18,689	16,153
Loans to subsidiaries		676,262	691,849
		694,951	708,002
Current assets			
Accounts receivable and other		325	167
Restricted cash		486,135	50
Cash and cash equivalents		560,164	152,391
		1,046,624	152,608
Total Assets		1,741,575	860,610
Equity and Liabilities			
Share capital		1,580	1,580
Contributed surplus		895,060	892,763
Retained earnings		390,327	(528,773)
Total equity		1,286,967	365,570
Non-current liabilities			
Bank debt	9	232,842	288,246
Current liabilities			
Accounts payable and accrued liabilities		2,339	3,604
Bank debt	9	219,427	203,190
		221,766	206,794
Total liabilities		454,608	495,040
Total Equity and Liabilities		1,741,575	860,610

⁶ A separate report over Other comprehensive Income is not presented for the Parent Company as there are no items included in Other Comprehensive Income for the Parent Company.

Parent Company Statement of Changes in Equity

<i>(Thousands of Swedish Krona)</i>	Restricted equity	Unrestricted equity		Total Equity
	Share capital	Contributed surplus	Retained Earnings	
Balance on 1 January 2022	1,317	686,398	(463,895)	223,820
Total comprehensive income	-	-	(13,831)	(13,831)
Transaction with owners				
Stock based compensation	-	1,360	-	1,360
Balance on 31 March 2022	1,317	687,758	(477,726)	211,348
Total comprehensive income	-	-	(51,047)	(51,047)
Transaction with owners				
Stock based compensation	-	6,835	-	6,835
Share issuance (net of issuance costs)	263	198,170	-	198,433
Total transaction with owners	263	205,005	-	205,268
Balance on 31 December 2022	1,580	892,763	(528,773)	365,570
Total comprehensive income	-	-	919,100	919,100
Transaction with owners				
Stock based compensation	-	2,536	-	2,536
Share issuance costs	-	(239)	-	(239)
Total transaction with owners	-	2,297	-	2,297
Balance on 31 March 2023	1,580	895,060	390,327	1,286,967

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 Oman and the United States. The head office is located at Eriksbergsgatan 10, SE-114 30 Stockholm, Sweden. The Company’s subsidiary, Maha Energy Inc., maintains its technical office in Calgary, Canada. The Company has operations offices in Grayville, IL, Newcastle, WY, USA , Muscat, Oman and Rio de Janeiro, Brazil.

Changes in the Group

The Company completed the sale of Maha Brazil on 28 February 2023. Therefore, such entity is no longer part of the Group. The Company formed a new wholly owned subsidiary in Brazil, Maha Energy (Holding) Brasil Ltda., having its headquarters in Rio de Janeiro, RJ, Brazil, and engaged in activities related to the participation and acquisition of companies or assets in Brazil or abroad.

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 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.

Significant Accounting Policies

The accounting principles as described in the Annual Report 2022 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 2022.

Amendments in standards effective 1 January 2023 has not had any significant impact on the Group’s financial statements.

Farm outs within the exploration and evaluation phase

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farmout arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any prior period costs accounted for by the farmor as other income.

Going Concern

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

3. Segment Information

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

- United States of America (USA): Includes all oil and gas activities in the Illinois Basin and LAK field.
- Corporate: The Corporate segment aggregates costs incurred at the Company's corporate office in Sweden and the technical and support office in Canada as well as initial costs related to activities in Oman. These operating segments have similar economic characteristics as they do not currently generate revenue.

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

Q1 2023 (TUSD)	USA	Corporate	Consolidated
Revenue	1,486	-	1,486
Royalties	(353)	-	(353)
Production and operating	(485)	-	(485)
Depletion, depreciation, and amortization	(460)	(26)	(486)
General and administration	(60)	(1,323)	(1,383)
Stock-based compensation	-	(243)	(243)
Foreign currency exchange gain	-	19	19
Other income	-	741	741
Operating results	128	(832)	(704)
Net finance costs	(9)	(1,665)	(1,674)
Net results from continuing operations	119	(2,497)	(2,378)

Q1 2022 (TUSD)	USA	Corporate ⁷	Consolidated
Revenue	3,716	-	3,716
Royalties	(897)	-	(897)
Production and operating	(896)	-	(896)
Depletion, depreciation, and amortization	(701)	(17)	(718)
General and administration	(45)	(1,199)	(1,244)
Stock-based compensation	-	(146)	(146)
Foreign currency exchange loss	-	(76)	(76)
Operating results	1,177	(1,438)	(261)
Net finance costs	(6)	(2,426)	(2,432)
Net results from continuing operations	1,171	(3,864)	(2,693)

4. Revenue

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

TUSD	Q1 2023	Q1 2022	Full Year 2022
Continuing operations - Total revenue from contracts with customers	1,486	3,716	12,327

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

⁷ Corporate segment has been restated as per the current presentation.

of the product is transferred to the customer. This occurs when the oil is physically transferred at the delivery point agreed with the customer and the customer obtains legal title.

The continuing operations of the Company had one main customer during Q1 2023 (Q1 2022: one) that individually accounted for 100 percent of the Company's consolidated gross sales. There were no intercompany sales or purchases of oil and gas during the period.

The Company had no contract asset or liability balances during the period presented. As at 31 March 2023, accounts receivable and other credits included \$0.4 million of sales revenue which related to the current quarter's production.

5. Finance Costs

<i>(TUSD)</i>	Q1 2023	Q1 2022	Full Year 2022
Accretion of decommissioning provision (Note 9)	15	6	28
Amortisation of deferred financing fees (Note 8)	404	477	1,838
Interest expense (Note 8)	1,589	1,960	7,527
	2,008	2,443	9,393
Interest income and credits	(334)	(11)	(65)
Net finance items	1,674	2,432	9,328

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

On 28 December 2022, Maha announced the divestment of its Brazilian subsidiary, the Maha Brazil Transaction. On 27 January 2023, the Maha Brazil Transaction was approved by the Brazilian antitrust authority. On 28 February 2023, the Company completed the sale of Maha Brazil. The results of Maha Brazil are included in the financial statements until 28 February 2023 and are shown as discontinued operations.

The purchase price was USD 138.0 million, with additional adjustment of net working capital of USD 9.3 million and net cash of USD 3.7 million, in a total amount of adjusted purchase price of USD 150.9 million to be paid in two installments: (a) USD 95.9 million at the closing date (which occurred on 28 February 2023), and (b) USD 55.0 million, 6 (six) months after the closing date. In addition, earn-outs of up to USD 36.1 million, which could be paid based on certain contractual conditions being met, whereof up to USD 24.1 million refers to the average annual Brent oil price for the next three years. It will start to be payable from yearly average of USD 80.0 per barrel with a maximum to be reached if the price is above USD 90 per barrel. The remaining payment will be subject to synergies with Petrorconcavo's potential new assets. Due to uncertainty of actualizing these earn-outs, contingent proceeds relating to the earn-outs have not been recognized as at 31 March 2023.

Results of Discontinued Operations

<i>(TUSD) except per share amounts</i>	Q1 2023	Q1 2022	Full Year 2022
Revenue			
Oil and gas sales	9,049	27,115	77,450
Royalties	(776)	(3,070)	(7,918)
Net Revenue	8,273	24,045	69,532
Cost of sales			
Production expense	(1,518)	(3,440)	(15,326)
Depletion, depreciation and amortization	-	(3,548)	(10,555)
Gross profit	6,755	17,057	43,651
General and administration	(925)	(208)	(1,467)
Other income	336	1,139	2,398
Other gains	-	-	384

Operating result	6,166	17,988	44,966
Net finance income (costs)	(2)	24	660
Result before tax	6,164	18,012	45,626
Current tax recovery (expense)	(261)	205	2,548
Deferred tax expense	(90)	(3,494)	(12,712)
	5,813	14,723	35,462
Gain on sale of discontinued operations	19,152	-	-
Realized accumulated other comprehensive loss on discontinued operations	(26,612)	-	-
Net result from discontinued operations	(1,647)	14,723	35,462

Gain on the sale of Maha Brazil is detailed in the following table:

<i>(TUSD)</i>	28 February 2023
Cash Consideration	138,000
Working capital and other adjustment	12,913
	150,913
Net assets of discontinued operations sold	131,761
Gain on sale of discontinued operations	19,152

Assets and Liabilities held for Sale

<i>(TUSD)</i>	31 March 2023	31 December 2022
Assets held for sale		
Property, plant and equipment	-	141,761
Prepaid expenses and deposits	-	863
Crude oil inventory	-	557
Accounts receivable and other credits	-	7,097
Cash and cash equivalents	-	3,708
Total assets held for sale	-	153,986
Liabilities held for sale		
Decommissioning provision	-	1,020
Deferred tax liabilities	-	8,169
Lease liabilities	-	3,488
Other long-term liabilities and provisions	-	353
Accounts payable	-	3,182
Accrued liabilities and provisions	-	3,676
Total liabilities held for sale	-	19,888
Net assets held for sale	-	134,098

Cash flows from Discontinued Operations

<i>(TUSD)</i>	Q1 2023	Q1 2022	Full Year 2022
Cash from operating activities	4,552	14,551	54,397
Cash used in investment activities	(2,820)	(9,881)	(45,669)
Cash from (used in) financing activities	-	(2,909)	(12,198)

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

<i>(TUSD)</i>	Oil and gas properties	Equipment and Other	Right-of-use assets	Total
Cost				
31 December 2021	130,547	2,181	5,974	138,702
Additions	43,277	367	1,396	45,040
Transfer to assets held for sale	(164,070)	(710)	(7,176)	(171,956)
Change in decommissioning cost	(104)	-	-	(104)
Currency translation adjustment	7,407	39	62	7,508
31 December 2022	17,057	1,877	256	19,190
Additions	3	27	-	30
Dispositions	-	(46)	-	(46)
31 March 2023	17,060	1,858	256	19,174
Accumulated depletion, depreciation and amortization				
31 December 2021	(18,562)	(874)	(1,855)	(21,291)
DD&A	(11,483)	(133)	(1,378)	(12,994)
Transfer to assets held for sale	26,719	420	3,057	30,196
Currency translation adjustment	(1,105)	(22)	41	(1,086)
31 December 2022	(4,431)	(609)	(135)	(5,175)
DD&A	(503)	(19)	(13)	(535)
31 March 2023	(4,934)	(628)	(148)	(5,710)
Carrying amount				
31 December 2022	12,626	1,268	121	14,015
31 March 2023	12,126	1,230	108	13,464

8. Exploration and Evaluation Assets (E&E)

	<i>(TUSD)</i>
31 December 2021	13,660
Additions in the period	15,685
Change in decommissioning cost	(143)
31 December 2022	29,202
Additions in the period	5,545
Change in decommissioning cost	103
Farmout proceeds	(10,181)
31 March 2023	24,669

On 8 August 2022, the Company entered into a farmout agreement with Mafraq Energy LLC whereby the Company will transfer a 35% working interest in the Block 70 in Oman in exchange for Mafraq Energy LLC reimbursing Maha for their prorated share of all past costs. On 28 January 2023, the Company entered into the joint operating agreement with Mafraq Energy LLC for Block 70 in Oman. The signature of the joint operating agreement alongside the Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, marked the satisfaction of all condition's precedent required for the conclusion of the assignment of Maha's 35% work interest to Mafraq Energy LLC. Total consideration for the assignment of this interest is USD \$11.2 million to the Company which includes reimbursement of all past costs. As at 31 March 2023, USD \$4.2 million of the farmout proceeds were included in other receivable.

9. Bank Debt

	<i>TUSD</i>	<i>TSEK</i>
Bank debt	60,000	504,276
Currency translation adjustment	-	43,524
Deferred financing costs	(4,516)	(32,758)
31 December 2021	55,484	515,042
Loan repayment	(11,250)	(119,500)
Deferred financing costs	1,856	19,064
Currency translation adjustment	-	76,830
31 December 2022	46,090	491,436
Loan repayment	(3,750)	(38,793)
Deferred financing costs	403	4,232
Currency translation adjustment	-	(4,606)
31 March 2023	42,743	452,269
Less: Current portion	21,000	219,427
Non current	21,743	232,842

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

The Term Loan requires the Company to maintain certain covenants including a Net interest-bearing debt to trailing twelve months EBITDA ratio of greater than 3.0 at the end of each quarter. Under the terms of the loan, the Company is subject to certain restrictions in its ability to make certain payments and distributions to persons outside of the Maha Group, as well as other customary provisions applicable for similar credit agreements. The Company has obtained necessary consent from its creditor for the divestment of Maha Brazil. As a condition of the divestment of Maha Brazil, the Company has to maintain deposited one hundred percent (100%) of the outstanding principal amount of the Term Loan, plus one hundred percent (100%) of the interest due in the interest period owed on each relevant date, in order to continue to secure the obligations owed under the Term Loan. The repayment of the Term Loan is made using the amount deposited in such account, in each due date.

10. Decommissioning Provision

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

	<i>(TUSD)</i>
31 December 2021	2,264
Accretion expense	146
Additions	769
Transfer to liabilities related to assets held for sale	(1,020)
Liability settled	(103)
Change in estimate	(411)
Foreign exchange movement	55
31 December 2022	1,700
Accretion expense	18
Additions	484
31 March 2023	2,202

11. Lease Liability

	(TUSD)
31 December 2021	3,457
Additions	1,416
Interest expense	139
Lease payments	(1,357)
Transfer to liabilities related to assets held for sale	(3,486)
Foreign currency translation	(14)
31 December 2022	155
Interest expense	4
Lease payments	(19)
31 March 2023	140
Less current portion	77
Lease liability – non current	63

12. Share Capital

Shares outstanding	A	B	Total
31 December 2021	119,715,696	-	119,715,696
Share subscription	23,900,000	-	23,900,000
31 December 2022	143,615,696	-	143,615,696
31 March 2023	143,615,696	-	143,615,696

Warrant Incentive Program

The Company has a long-term incentive program ("LTIP") as part of the remuneration package for management and employees. Following incentive warrants were outstanding at 31 March 2023:

Warrants incentive programme	Exercise period	Exercise price, SEK	1 Jan 2023	Issued 2023	Exercised 2023	Expired or Cancelled 2023	31 March 2023
2020 (LTIP-4)	1 June 2023 – 29 February 2024	10.90	460,000	-	-	(90,000)	370,000
2021 (LTIP-5)	1 June 2024 – 28 February 2025	12.40	1,048,286	-	-	(30,000)	1,018,286
2021 (LTIP-6)	1 June 2023 – 29 February 2024	12.40	524,143	-	-	-	524,143
2022 (LTIP-7)	1 June 2025 – 28 February 2030	20.65	1,197,157	-	-	(25,000)	1,172,157
Total			3,229,586	-	-	(145,000)	3,084,586

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 Q1 2023 was TUSD 243 (Q1 2022: TUSD 146).

13. Financial Assets and Liabilities

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

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

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

14. Management of Financial Risk

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

A detailed analysis of Maha's operational, financial, and external risks and mitigation of those risks through risk management is described in Maha Energy's 2022 Annual Report.

15. Management of Capital

The Company manages its capital structure to support the Company's strategic growth. The Company's objectives when managing its capital structure are to maintain financial flexibility, preserve access to capital markets, ensure its ability to finance internally generated growth and to fund potential acquisitions while maintaining the ability to meet the Company's financial obligations as they come due. The Company's policy is to limit credit risk by limiting the counterparties to major banks. The Company considers credit ratings of the major banks that it holds its cash with and currently Maha's investments are composed considering low risk assets and short term with high liquidity. The Company considers its capital structure to include shareholders' equity of USD 156.0 million (31 December 2022: USD 140.9 million) and current assets of USD \$173.4 million.

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.

16. Changes in non-cash Working Capital

<i>(TUSD)</i>	31 March 2023	31 March 2022
Change in:		
Accounts receivable	(3,634)	(5,443)
Inventory	(25)	(168)
Prepaid expenses and deposits	(13)	(384)
Accounts payable and accrued liabilities	1,099	2,573
Total	(2,573)	(3,422)

17. Pledged Assets

The Parent Company had pledged shares of all its subsidiaries, concessions rights and other assets in Brazil in relation to the security of the Term Loan. Those pledges were released upon conclusion of the sale of Maha Brazil, and the consequent execution of a charge over the account (restricted cash with the Bank) where the Company has to maintain deposited (a) one hundred percent (100%) of the outstanding principal amount of the Term Loan, plus (b) one hundred percent (100%) of the interest due in the interest period owed on each relevant date, in order to continue to secure the obligations owed under the Term Loan. The repayment of the Term Loan is made using the amount deposited in such account, in each due date.

The Company also has contractual commitments in the USA and Oman (See Note 18).

18. Commitments and Contingencies

The Company had minimum work commitments for Blocks 117 and 118 (part of Maha Brazil) which was sold as part of Maha Brazil Transaction. As part of Maha Brazil Transaction's terms, the parties have agreed to request to an exception to such commitments before the ANP, and in case such waiver is not obtained up to the payment of the second installment of the purchase price, a parcel of the price equivalent to such commitments shall be retained in escrow, being released upon exemption's confirmation.

In the Illinois Basin, the Company has commitments to drill four (4) operated and one (1) net (0.5) non operated well per year during the five year period from 2023 to 2027.

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

19. Related Party

The company had no related party transactions during the year.

Key Financial Data

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

Financial data

<i>TUSD</i>	Q1 2023	Q1 2022	Full Year 2022
Revenue	1,486	3,716	12,327
Operating netback from continuing operations	648	1,923	6,523
EBITDA from continuing operations	(237)	533	(420)
Net result from continuing operations	(2,378)	(2,693)	(12,529)
Cash flow from operations	(5,109)	14,705	54,657
Free cash flow	(49,873)	2,944	(8,026)
Net debt (net cash)	(21,106)	26,587	26,552

Key ratios⁸

	Q1 2023	Q1 2022	Full Year 2022
Return on equity (%)	(2)	10	(9)
Equity ratio (%)	74	61	65

Data per share⁹

	Q1 2023	Q1 2022	Full Year 2022
Weighted number of shares (before dilution)	143,615,696	119,715,696	120,697,888
Weighted number of shares (after dilution)	143,615,696	119,930,163	120,987,859
Earnings per share before dilution, USD	(0.02)	(0.02)	(0.10)
Earnings per share after dilution, USD	(0.02)	(0.02)	(0.10)
Dividends paid per share	n/a	n/a	n/a

Relevant reconciliation of Alternative Performance Measures:

Operating Netback from continuing operations

<i>(TUSD)</i>	Q1 2023	Q1 2022	Full Year 2022
Revenue	1,486	3,716	12,327
Royalties	(353)	(897)	(2,976)
Operating Expenses	(485)	(896)	(2,828)
Operating netback	648	1,923	6,523

EBITDA from continuing operations

<i>(TUSD)</i>	Q1 2023	Q1 2022	Full Year 2022
Operating results	(704)	(261)	(3,200)
Depletion, depreciation and amortization	486	718	2,783
Foreign currency exchange loss / (gain)	(19)	76	(3)
EBITDA	(237)	533	(420)

Free cash flow from continuing operations

<i>(TUSD)</i>	Q1 2023	Q1 2022	Full Year 2022
Cash flow from operating activities	(5,109)	14,705	54,657
Less: cash used in investing activities	(44,764)	(11,761)	(62,683)
Free cash flow	(49,873)	2,944	(8,026)

⁸ Key ratios and data per share are based on continuing operations only.

Net debt

(TUSD)	Q1 2023	Q1 2022	Full Year 2022
Bank debt	42,743	56,003	46,090
Less: cash and cash equivalents	(63,849)	(29,416)	(19,538)
Net debt (net cash)	(21,106)	26,587	26,552

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.

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

Board Assurance

The Managing Director and the Chairman of the Board certify that the interim report for the period ended 31 March 2023 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, 22 May 2023

``Paulo Mendonca``
Paulo Thiago Mendonça, Director

``Fabio Vassel``
Fabio Vassel, Chairman

Review Report

Independent Auditor's Report on the review of the interim report as of 31 March 2023 and the three-months 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 March 31, 2023 and the three-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.

Stockholm, 22 May 2023
Deloitte AB

Andreas Frountzos
Authorized Public Accountant

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.

Financial calendar

2023 Second Quarter: 14 August 2023
2023 Third Quarter: 14 November 2023

Contact information

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This interim report has been subject to review by the Company's auditors.

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 22 May 2023.

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.