



Q4

Report for the
YEAR ENDED
31 December 2023
(org number: 559018-9543)

Highlights

(all amounts are in US dollars unless otherwise noted)

Fourth Quarter 2023

- Maha Energy signed in October 2023 an exclusivity agreement to invest and acquire 24% of indirect equity interest in PetroUrdaneta, a Venezuelan oil company;
- The Company announced the sale of the Oman subsidiary for a total consideration of up to 14 million, with a cash payment of 2 million plus 12 million earnout, to be paid upon achievement of agreed the earnout milestone;
- As a result of Oman Asset Held for Sale, Maha records a non-cash impairment of 25.2 million (Note 5). Oman is presented as discontinued operations in this report;
- Daily oil production for Q4 2023 from continuing operations averaged 165 BOEPD (Q4 2022: 281 BOEPD). Including non-consolidated production from investment in associate 3R Offshore of 2,051 BOEPD, total production amounted to 2,217 BOEPD;
- Revenue from continuing operations of 1.2 million (Q4 2022: 2.0 million) following lower sales volumes and lower realized oil price;
- Operating Netback from continuing operations of 0.6 million (Q4 2022: 1.0 million) following lower sales volumes;
- EBITDA from continuing operations of -1.5 million (Q4 2022: -0.9 million);
- Continuing operations Net Result of -0.5 million (Q4 2022: -3.1 million);
- Discontinued operations Net Result of -26.1 million (Q4 2022: 3.7 million);
- Earnings per share basic and diluted of 0.00 (Q4 2022: -0.03);

Full Year 2023

- Daily oil production from continuing operations averaged 197 BOEPD (Full Year 2022: 399 BOEPD). Including non-consolidated production from investment in associate 3R Offshore of 1,745 BOEPD, total production amounted to 1,942 BOEPD;
- Revenue from continuing operations of 5.2 million (Full Year 2022: 12.3 million) following lower sales volumes and lower realized oil price;
- Operating netback from continuing operations of 2.2 million (Full Year 2022: 6.5 million) following lower sales volumes and lower realized oil price;
- EBITDA from continuing operations of -2.9 million (Full Year 2022: 0.8 million);
- Continuing operations Net Result of -5.3 million (Full Year 2022: -11.3 million);
- Discontinued operations Net Result of -28.6 million (Full Year 2022: 30.6 million);
- Earnings per share basic and diluted of -0.03 (Full Year 2022: -0.09);
- Total cash balance on 31 December 2023 of 131.1 million, including restricted cash of 42.8 million (31 December 2022: 15.2 million, excluding cash from assets held for sale).

Reserves

- Maha's Gross Reserves before income tax in Illinois Basin, USA, as per 31 December 2023 amount to 2.8 million barrels of oil of proven and probable Reserves (2P).

Subsequent Events

- Maha Energy acquires 5% of equity interest of the Brazilian junior oil and gas company 3R Petroleum Óleo e Gás S.A. ("3R Petroleum");
- Final agreement for the sale the Oman asset to Mafrq executed in January 2024. The transaction is still subject to government approval.
- Earnout from Brazil sale of 1.5 million to be received during Q1 of 2024.

Financial Summary

The table below presents the highlights of the continuing operations:

Financial Summary (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Average (BOEPD)	165	281	197	399
Revenue	1,165	1,991	5,226	12,327
Operating Netback	552	1,002	2,197	6,523
EBITDA	-1,459	-896	-2,905	799
Net Result	-515	-3,135	-5,307	-11,298
Earnings per share (basic & diluted)	0.00	-0.03	-0.03	-0.09
Cash and cash equivalents incl. restricted cash	131,119	15,218	131,119	15,218

Regarding the discontinued operations of Maha Brazil in Q4 2022 and Oman in Q4 2023:

Financial Summary (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Average (BOEPD)	0	2,341	1,562	2,812
Revenue	0	15,280	9,049	77,450
Operating Netback	0	8,794	6,755	54,206
EBITDA	-992	9,661	4,272	54,302
Net Result	-26,097	3,228	-28,646	34,231
Earnings per share (basic & diluted)	0.00	0.03	-0.01	0.28
Cash and cash equivalents incl. restricted cash	356	8,010	5,998	8,010

Continuing and discontinuing operation combined:

Financial Summary (TUSD)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Full Year 2023	Full Year 2022
Average (BOEPD)	165	179	211	233	2,622	197	3,211
Revenue	1,165	1,250	1,325	10,535	17,271	14,275	89,777
Operating Netback	552	527	470	7,403	9,796	8,952	60,729
EBITDA	-2,451	-323	-1,788	5,929	8,765	1,367	55,101
Net Result	-26,612	-3,406	90	-4,025	93	-33,953	22,933
Earnings per share (basic & diluted)	-0.01	-0.02	0.00	-0.02	0.00	-0.20	0.19
Cash and cash equivalents incl. restricted cash	131,475	142,785	102,406	110,395	23,228	137,117	23,228

Letter to shareholders

Dear Friends and Fellow Shareholders,

In January Maha took the lead of an exciting new chapter in the Brazilian energy industry. We acquired five percent of one of the most prominent independent oil and gas companies in Brazil - 3R Petroleum Óleo e Gás S.A. ("3R Petroleum") - and outlined our thoughts on an initiation of a consolidation plan within the Brazilian onshore segment. We propose a carve out of 3R Petroleum's onshore assets and a business combination with another onshore player, which we foresee PetroRecôncavo as the best candidate. The extensive existing synergies between the two companies will unlock significant value for all shareholders involved. 3R Petroleum will be able to focus on enhancing its offshore assets, which Maha already holds 15 % interest in. I, together with members of our board of directors, have been intimately involved in the founding and early growth of 3R Petroleum, and possess a profound understanding of the value residing within 3R Petroleum's assets. In our public letter to 3R Petroleum, published 17 January 2023, we set up a 2024 timetable for the implementation of our strategy. As an initiation of this plan, we made in February a request for an EGM in 3R Petroleum to resolve upon a new board of directors.

Our project in Venezuela is also progressing. We have set up a very qualified team in Venezuela. The team is headed by our COO, and our CFO will also be based in Venezuela in the near future. We continue to closely monitor the political development in Venezuela and remain very optimistic about the possibility to conduct sustainable operations in the country. The sanction relief on Venezuela runs to 18 April 2024, but we expect to continue to receive any general or specific U.S. sanctions licensing that may be required for the continuation of activities beyond that. Going forward, we will continue to work on closing agreements and conduct all necessary due diligence to confirm the financial, legal, regulatory, and operational feasibility. We are eager to get all paperwork done and to start operations in order to create value for both our shareholder and the people of Venezuela.

Production from our existing projects increased 14% from the third to the fourth quarter 2023 driven by the production growth on Papa Terra. During the year, an extensive maintenance program has gradually improved the operational efficiency of Papa Terra. And in the fourth quarter, we also saw a new well in the intervention campaign being completed. More wells will undergo interventions and one new sidetrack well is also planned during the spring. We therefore expect the production to continue to increase, albeit with monthly fluctuations. In addition, we have concluded a three well drilling program in our US assets in Illinois Basin. In January we started see the production ramp-up and recorded an increase of over 100% by end of January compared to average in the fourth quarter.

In December, we announced the divestment of our Omani asset Block 70 for a consideration of up to USD 14 million, including earnouts. Block 70 turned out to have an oil with higher viscosity than expected, and the project would probably require significant investments going forward. For the new Maha, it is better to focus on projects in our home turf in Latin America and preserve a share of Block 70 project's upside through our earnouts. We close our engagement in Oman with a non-cash write-down of USD 25 million. With this divestment, I am also happy and proud of concluding the complete turn-around we have implemented in a little over a year. We have maintained the same production level, sold several assets, gained a substantial cash position, acquired new assets, re-allocated the Company main office to Rio in Brazil and substantially closed the Canadian office.

We report revenue from our consolidated production of TUSD 1,165 and share of income from investment in associate, Maha's net non-cash income portion from the Papa Terra and Peroá assets, of TUSD 1,825 for the fourth quarter. Our EBITDA decreased to TUSD -1,459, compared to TUSD -896 for the fourth quarter last year. Our net result from continuing operations increased from -3,135 in the fourth quarter 2022 to TUSD -515 in fourth quarter 2023. Our total cash balance (including restricted cash) decreased from USD 143 million last of September 2023 to USD 131 million following mainly investments in Illinois Basin and repayment of bank debt. The average oil price in 2023 stayed above USD 80 per barrel, securing us an earnout of TUSD 1,470, to be received later in the first quarter 2024. General and administration expenses were higher compared to previous year, mainly due to extraordinary costs and one-offs related to divestments and acquisitions and the closing of the Canadian office. The move to Rio has however reduced our running costs and we expect General and administration costs in 2024 to stabilize at a lower level.

I am also happy to welcome our country manager in Venezuela, Javier Gremes Cordero, to his new position as Chief Operating Officer ("COO") of Maha. He will strengthen the existing management team with his substantial experience, and we are confident that he will help us achieve our strategic objectives.

With the structural changes we have made this year, Maha Energy AB is strategically transformed and fully equipped to pursue growth and profitability in Latin America. We have an experienced management and board in place, and clear plans and resources to pursue the paths towards value creation for our shareholders. As we advance our projects, we are equally committed to boosting the visibility of our assets' fair market value, benefiting all stakeholders, including myself and fellow board members with substantial shareholdings, both personally and through our companies. Thank you for taking this journey with us!

Kjetil Braaten Solbraekke (CEO)

Financial Report for the Fourth Quarter Ended 31 December 2023

OPERATIONAL AND FINANCIAL REVIEW

Assets

Country	Concession name	Maha Working Interest (%)	Status	2P reserves (mmoboe)	BOEPD Q4 2023	Partner & Associate
USA	Il Basin (various)	97%	Producing	2.8*	165	-
Brazil	Peroá cluster	15%	Producing	2.0**	516	3R Offshore (Associate)
Brazil	Papa Terra cluster	9.38%	Producing	16.7**	1,535	3R Offshore (Associate) and Nova Técnica Energia

* As per Dec 31, 2023

** As per Dec 31, 2022

Exclusivity Agreement between Maha and Novonor in Q4 2023

PetroUrdaneta

In October 2023, Maha Energy signed an exclusivity private instrument with Novonor Latinvest Energy S.à.r.l ("Novonor") granting Maha exclusive rights to acquire 60 percent of Novonor's 100% owned Spanish subsidiary Odebrecht E&P España SL r.l ("OE&P" or "Partner B"), which holds 40 percent equity interest of PetroUrdaneta, an O&G joint venture company operating in Venezuela. With that, Maha will indirectly hold 24% equity interest in PetroUrdaneta. The completion of the transaction is contingent on various conditions, including the execution of the definitive documents and the approval from the Venezuelan authorities. PetroUrdaneta operates in the Maracaibo Basin in northwestern Venezuela. Maha's plan includes well recompletion and workover, with the upside of a potential production and consequent commercialization of the existing associated natural gas reserves in the area. The transaction involves Maha paying EUR 4.6 million for a 9-month exclusivity period, with additional payments for a possible extension or at closing date. Following the fulfillment of the condition precedent, Maha will be able to enforce a call option to acquire 60 percent of OE&P's holdings, and subsequently a call option for the remaining 40 percent of said Partner B. The transaction adheres to U.S. Department of the Treasury authorizations for certain Venezuelan transactions under General License No. 44/2023. In the fourth quarter of 2023, the accounting impact involved establishing an escrow account, which was recognized as cash and cash equivalent on the balance sheet, amount of EUR 9.2 million.

Maha Energy Offshore

Maha Energy Offshore Business combination between Maha and DBO 2.0 in Q2 2023

On 23 May 2023, Maha completed the previously announced business combination with DBO 2.0 S.A. ("DBO") (later re-named Maha Energy Offshore (Brasil) Ltda.). The consideration for all shares in DBO amounted to 34,829,057 new

shares in Maha. DBO holds indirectly, through shareholding in 3R Petroleum Offshore S.A., interests in the offshore oil and gas fields called Peroá cluster (15% indirect interest) and the Papa Terra cluster (9.375% indirect interest).

Peroá cluster: Peroá, Cangoá and Malombe

The Peroá gas cluster is located in the Espírito Santo basin, offshore Brazil in shallow waters, and includes the Peroá, Cangoá and Malombe concession agreements (together, the “Peroá cluster”). Peroá and Cangoá fields are producing natural gas via the Peroá platform (3R-1) and Malombe is a discovery not yet developed. 1. A new gas sales agreement was signed in July 2023 (“GSA”) with the Companhia de Gás do Espírito Santo (“ES Gás”), as well as to sales into the Brazilian spot market. The GSA has a 30 months term, being effective up to December 2025, and provides for 3R Offshore’s commitment to supply 400,000 m³/day of natural gas to ES Gás. As of today, the Peroá Cluster has a production capacity around 650,000 m³/day of natural gas and, therefore, any volume of natural gas produced in excess of the aforementioned commitment can be either negotiated between the parties or sold into the Brazilian spot market. The GSA was signed after the execution and enforcement of a Gas Processing Agreement by and between 3R Offshore and Petróleo Brasileiro S.A. – Petrobras (“Petrobras”), for the processing, at the Cacimbas processing plant (owned and operated by Petrobras), of the gas produced at the Peroá cluster. Average net production from the Peroá cluster during the fourth quarter 2023 amounted to 516 BOEPD as a result of the sale of the natural gas volume outlined in the take-or-pay contract, in addition to the surplus traded, aligned with the market demand during the quarter.

Papa Terra cluster

Papa Terra is a heavy oil field located in deep waters in the Campos Basin, approximately 100 km offshore the coast of the State of Rio de Janeiro, Brazil. The field is developed with an FPSO (3R-3) and a Tension Leg Wellhead Platform (3R-2), with a combined processing capacity of 140,000 barrels of oil per day. Average net production from the Papa Terra cluster during the fourth quarter 2023 amounted to 1,535 BOEPD.

During 2023, the asset has gone through an extensive maintenance program, including improvement of the boiler system, several critical pumps and the power generation unit. This maintenance has gradually improved the efficiency of the unit over the year. Towards the end of the year, a workover campaign was launched carried out by the dynamic positioning drill ship Alpha Star. Interventions are estimated to take place at wet completion wells, currently out of operation, connected to the 3R-3 (FPSO), besides interventions in operating wells. First well intervention was concluded in the PPT-22 well, which was successfully connection in the first week of December 2023. The second well intervention in the Papa Terra Field (well PPT-12) was completed ahead of schedule in the beginning of January 2024. The PPT-12 is expected to start production at the end of January, after necessary adaptations to the FPSO processing systems have been completed. These activities may result in a temporary interruption of Papa Terra Field production for up to five days. This work will also enhance the efficiency of processing fluids produced by all other wells. One additional well workover and one sidetrack well (PPT-52) is planned for the first six months 2024. Later in 2024, a Flotel (floating hotel) campaign with over 100 workers on board is to be launched in order to complete the asset integrity recovery. This campaign is planned for 90 days of activities, with up to 20 days of production stoppage in the third quarter 2024.

USA

Illinois Basin (IB)

At the beginning of October 2023, Maha commenced a program consisting of the drilling of three production wells and production battery installation. After completion, the wells have started to increase Maha’s current production from the Illinois Basin with production ramp-up starting in January 2024. During the third quarter 2023, the Company completed routine maintenance activities such as workovers and well repairs at its assets in the Illinois Basin. A small investment was completed in Q4 2024 in Maha’s core area that adds two additional productive wells, production facility and potential for 1-2 additional locations. Average net production from the Illinois basin during the actual quarter was 165 BOPD of oil (281 BOPD in Q4 2022). Production was lower than expected in Q4 due to shut-in offset wells during fracture stimulation

operations. The capital expenditure investments made in 2023 totalizing TUSD 3,237 related to the acquisition, drilling, completion, and abandonment processes were recognized on Oil and Gas properties line in the balance sheet, and is expected to result in a production increase starting from January 2024 onwards.

2023 Maha Energy AB Company Gross Reserves before income tax

(Million barrels)	1P	2P	3P
Illinois Basin	1.3	2.8	3.6

The reserves review and issuance of this reserve report for the Company was made by the independent petroleum engineering consultants McDaniel & Associates Consultants Ltd., Calgary, Canada. The evaluation was carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook, the professional practice standard under their Permit to Practice with APEGA and under the guidelines of the European Securities and Markets Authority (ESMA). The report has been prepared and supervised by a “Qualified Reserves Evaluator”.

LAK Ranch (LAK)

During the third quarter, the Company completed the divestment of the heavy oil field LAK Ranch in the USA. This divestment generated an accounting impairment of 2.5 million in the third quarter, net of reversal of decommissioning liabilities.

Sale of Oman in Q4 2023

Block 70

In Q1 2023, Maha Energy farmed out a 35% work interest in Block 70 to Mafraq Energy LLC, retaining a 65% interest as the Operator. The consideration for the assignment was USD 11.2 million, covering past costs and committing Mafraq Energy to bear 35% of future costs. Short-term production tests commenced in March, with five out of eight wells producing an initial average rate of 300 barrels of oil per day. In Q3, an extension to the Initial Phase of the EPSA for Block 70 was granted by the Ministry of Energy and Minerals of the Sultanate of Oman.

During the Q4, Maha Energy executed a binding term-sheet for the sale, to Mafraq Energy, of its Cypriote subsidiary Maha Oman, which holds 65% working interest on Block 70. Mafraq Energy, already a 35% joint venture partner, shall cover all operational costs from 1 December 2023. Up to the closing date, Maha will receive a parcel of the purchase price equivalent to USD 2 million. The earnout will be up to USD 12 million, linked to actual produced volumes from Block 70. As from closing date, Maha will be released from all obligations and liabilities regarding Maha Oman, including under and in connection with the EPSA and the JOA. The definitive sale and purchase agreement was executed in January 2024, and the transaction is subject to the approval from the Government of the Sultanate of Oman. Business activities in Oman has been classified as asset held for sale as well as discontinued operations. As part of the classification as asset held for sale an impairment loss of USD -25.2 million has been recognized (Note 5).

Sale of Maha Energy Brasil Ltda. in Q1 2023

TIE and Tartaruga fields

On 28 February 2023, Maha completed the sale of Maha Energy Brasil Ltda. (“Maha Brazil”) to the Brazilian oil and gas company PetroRecôncavo S.A. (“PetroRecôncavo”). The total purchase price, including adjustments, amounted to 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, six months after the closing date. At the end of third quarter, the second installment was paid as a total amount of USD 55 million, of which USD 7 million were held in an escrow account as a security for potential contingent liabilities before PetroReconcavo. In addition, earn-outs of up to USD 36.1 million, which could be paid based on certain contractual conditions being met, where up to USD 24.1 million refers to the average annual Brent oil price for the next three-years period starting in 2023. 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 PetroRecôncavo's potential new assets. An earnout for 2023 of USD 1.5 million is to be paid during Q1 2024.

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

Financial Results Review

Continuing Operations

Production

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. Production from Maha's Brazilian assets Papa-Terra and Peroá clusters, where Maha holds indirect interest, is not consolidated, and is instead included in the Group's financial reporting as share in Income from Investment in Associates. Average daily production volumes in the Illinois Basin for the fourth quarter and the Full Year of 2023 decreased as compared to the comparative period due to natural decline of the wells and lack of new production resulting from delay in the capital projects.

Production (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Total consolidated Production (BBL)	15,208	25,818	71,804	145,454
Average Daily Production (BOEPD)	165	281	197	399

Revenue

Revenue from the continuing operations for the fourth quarter amounted to TUSD 1,165 (Q4 2022: TUSD 1,991) representing a decrease by -41% mainly due to lower sales volumes by -47% and lower realized oil price by -5% for the period. Revenue for the Full Year of 2023 amounted to TUSD 5,226 as compared to the Full Year of the comparative period which amounted to TUSD 12,327, representing a decrease of -58%. This decrease in revenue is consistent with lower realized oil price by -20% and lower sales volume by -18%. More revenue information is detailed in Note 3 to the Condensed Consolidated Financial Statements.

Revenue (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Total Sales Volume (BBL)	15,328	25,011	70,307	133,034
Oil and Gas Revenue	1,165	1,991	5,226	12,327
Oil Realized Price (USD/BBL)	76	80	74	93
Reference Price – Average WTI (USD/BBL)	78.41	82.79	77.64	94.90

Royalties

Royalties are settled in cash and based on realized prices before discounts. Royalty expense decreased by -53% for the fourth quarter and -57% for the Full Year 2023 as compared to the same periods in 2022 which is consistent with lower revenue for the same periods.

Royalties (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Royalties	223	474	1,268	2,976
Royalties as a % of Revenue	19.1%	23.8%	24.3%	24.1%

Production expenses

Production expenses for the continuing operations were lower for the fourth quarter and for the Full Year 2023 as compared to the comparative periods 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 as compared to the comparative periods due to lower sales volumes to absorb the high fixed costs.

Production Expenses (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Production Expenses	390	515	1,761	2,828
Per unit (USD/BOE)	25.44	20.58	25.05	21.26

Operating Netback

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 fourth quarter was -45% lower than the comparative period mainly due to lower sales volumes. Operating netback for the Full Year 2023 is -66% lower than the comparative period mainly due to lower sales volume and lower oil realized prices.

Netback (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Operating Netback	552	1,002	2,197	6,523
Netback (USD/BOE)	36.03	40.06	31.27	49.03

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

The depletion rate is calculated on proved and probable oil and natural gas reserves, considering 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 fourth quarter amounted to TUSD 393 (at an average depletion rate of USD \$25.64 per BOE) as compared to TUSD 190 (at an average depletion rate of USD \$7.60 per BOE) for the comparative period. Total depletion expense decreased the comparative period mainly due to the depletion of Indiana subsidiary that occurred in 2023 and lower total production volumes as compared to the same period last year. Depletion rate on a per BOE basis is consistent with the higher depletion expense. For the Full Year 2023, DD&A expense decreased by -32% and amounted to TUSD 1,883 (at an average depletion rate of USD \$26.78 per BOE) as compared to TUSD 2,777 (at an average depletion rate of USD \$20.87 per BOE) for the comparative period.

Impairment

In September 2023, the Company completed the divestment of the heavy oil field LAK Ranch in the USA. These assets were acquired in 2013 and it was shut in at the beginning of 2020. Immediately before the disposition of the E&E assets, the carrying amount of the E&E assets and liabilities were revalued to the lower of their carrying amounts and fair value less cost to sell, resulting in a net impairment loss of TUSD 2,459 (not considering TUSD 25,233 of Oman discontinued operations, see Note 5).

General and administration (“G&A”)

During 2023 G&A expenses rose primarily as a result of (i) increased volume of concluded and potential future M&A transactions including nonrecurring legal and advisory fees and diligence related costs, (ii) one-off restructuring costs related to the relocation of its headquarters from Canada to the newly established Maha Brazil Holding and changes in management – that will contribute to cost savings in the foreseeable future, and (iii) reduction in the portion of G&A costs reallocated to capex and opex given the divestments of assets that used to absorb these costs. G&A expenses for the fourth quarter amounted to TUSD -4,648, an increase of 180% from the comparative period which amounted to TUSD -1,662. For the Full Year 2023, G&A expenses amounted to TUSD -9,392 which is higher by 91%

from the Full Year 2022 of TUSD -4,922. A more comparable recurring G&A of TUSD 3,995 would represent a reduction of -19% for the Full Year 2023.

Recurring G&A (TUSD)	Full Year 2023	Full Year 2022	Variation
Total G&A of Continuing operations	9,392	4,922	4,470
(-) Additional M&A Transactions	-2,595	0	
(-) One-off restructuring costs	-2,080	0	
(-) Reduced G&A reallocations	-722	0	
Recurring G&A	3,995	4,922	-927

Foreign currency exchange gain or loss

The net foreign currency exchange loss for the fourth quarter amount to TUSD -138 (Q4 2022: TUSD -113) and amounted to TUSD -314 for the Full Year 2023 (Full Year 2022: TUSD -1). Foreign exchange movements occur on settlement of transactions denominated in foreign currencies. Foreign exchange gain for the fourth 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 weakened against the US dollars during the fourth quarter of the year.

Share of income from investment in associate

Share in income from investment in associate amounted to TUSD 1,825 (Q4 2022: nil) for the fourth quarter and amounted to TUSD 3,977 for the Full Year 2023 (Full Year 2022: nil) and is further detailed in Note 8. This represents Maha Energy's net income portion (non-cash) resulting from 15 percent ownership in 3R Offshore. The Company has significant influence over 3R Offshore due to the Company's share ownership and representation on 3R Offshore's Board of Directors. This investment is consolidated through the equity method and the net result of the entity is therefore recognised as a single line item in the condensed consolidated statement of operations.

Other income

In the fourth quarter, the Company recorded other income of TUSD 3 (Q4 2022: nil), and for the Full Year 2023, other income amounted to TUSD 37 (Full Year 2022: nil). This income is primarily associated with the Write off of Calgary office lease asset

Finance income and costs

Finance income for the fourth quarter increased to TUSD 2,688 (Q4 2022: TUSD 6) and for the Full Year 2023 amounted to TUSD 8,710 (Full Year 2022: TUSD 64) and is mainly related to investment income generated from short-term investments. The Company regularly invests most of its available cash balances in low-risk short term Time Deposits or low volatility investments. Finance costs for the fourth quarter decreased as the Company amortized bank debt and amounted to TUSD -1,489 (Q4 2022: TUSD -2,168) and for the Full Year 2023 amounted to TUSD -7,084 (Full Year 2022: TUSD -9,394).

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 10,281 (Q4 2022: TUSD 4,958). The cumulative impact of exchange differences on translation of foreign operations for the Full Year 2023 amounted to TUSD -7,772 (Full Year 2022: 6,743). Upon completion of the Maha Brazil Transaction, the Company recognized TUSD 18,840 of foreign exchange translation and was included in the net loss from discontinued operations.

EBITDA

EBITDA (Earnings before interest, taxes, depreciation, and amortization and impairment) for the fourth quarter 2023 amounted to TUSD -1,459 down from TUSD -896 in fourth quarter 2022 driven by investments in associates during 2023 and lower operational expenses. EBITDA for the Full Year 2023 amounted to TUSD -2,905, down from TUSD 799 for the Full Year 2022 by lower sales volumes and lower realized oil price. EBITDA is a non-IFRS financial measure and is reconciled as follows:

EBITDA (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Operating result	-1,714	-973	-6,933	-1,968
Depletion, depreciation and amortization	393	190	1,883	2,768
Impairment LAK	0	0	2,459	0
Foreign currency exchange	-138	-113	-314	-1
EBITDA	-1,459	-896	-2,905	799

Result

The net result from continuing operations for the fourth quarter amounted to TUSD -515 (Q4 2022: TUSD -3,135) representing earnings per share of 0.00 (Q4 2022: USD -0.03), mainly due to income from investment in associate and higher finance income resulting from investment of cash. Higher income was offset by higher general and administrative costs and lower net revenue. The net result for the Full Year 2023 amounted to TUSD -5,307 representing earnings per share of -0.03 as compared to the Full Year of 2022 which amounted to TUSD -11,298 representing earnings per share of USD -0.09. Net results for the fourth quarter and the Full Year periods are higher than the comparative periods mainly due to income from investment in associate and higher finance income resulting from investment of cash. Higher income was offset by higher general and administrative costs and lower net revenue from oil and gas sales.

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 154.8 million (31 December 2022: USD 140.9 million). The Company's restricted cash balance of USD 42.8 million has been escrowed to use as a collateral for the Company's debt balance of USD 34.4 million and as a collateral for certain financial commitments and contingent liabilities existing on Maha Brazil Transaction's effective date. The significant increase in cash shall be deployed to complete opportunistic acquisitions at attractive multiples to build a portfolio of stable producing assets.

Investments

Net cash flows used in investing activities during 2023 amounted to TUSD 5,312 and included investments in Illinois Basin of TUSD 3,237 for the program consisting of three production wells and production battery installation.

Investment on Bolivian Pipeline in Q3 2023 – GasTransboliviano

On 6 July 2023, Maha made an investment of USD 1,000,000 in EIG Bolivia Pipeline AB, through the acquisition of 3,845 shares, equivalent to approximately 7% shareholding interest in said company plus additional transactions cost. EIG Bolivia Pipeline AB holds a 38% interest in GasTransboliviano S.A., a company which owns the Bolivian parcel of the pipeline "Brasil-Bolivia" (Note 13).

Dividend

The Board of Directors proposes that no dividend be paid for the 2023 financial year.

Share data

Shares Outstanding	Class A
31 December 2022	143,615,696
Shares issued for DBO 2.0 acquisition*	34,829,057
31 December 2023	178,444,753

*All 34,829,057 new shares were registered with the Swedish Companies Registrations Office during the second and third quarter of 2023.

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

Maha Brazil Transaction closed at the end of February 2023; however, although not included as a party, the Company remains liable before PetroRecôncavo for the financial commitment of certain lawsuits and contingent liabilities existing on Maha Brazil Transaction's effective date. All of these are considered routine and consistent with doing business in Brazil.

Any balance will be released to Maha on the closing of the last lawsuit, or within six (6) years from closing date of Maha Brazil Transaction, as applicable. 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.

Board of Directors

Maha's Board of Directors consists of seven members: Paulo Mendonça (chairman), Halvard Idland, Viktor Modigh, Richard Norris, Enrique Peña, Fabio Vassel and Svein Harald Øygard.

In December 2023, the Company announced the appointment of Mr. Javier Gremes Cordero as Chief Operating Officer ("COO") of Maha Energy effective immediately.

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 that 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 Annual Report on our website (www.maha-energy.com), which contains information about our Sustainability strategy.

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, which not only reduces having to find water from another source, but also reduces wastewater 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 Maha Connect program. This Program is a two-way communication channel that allow local stakeholders to formally connect with Maha. Maha Connect 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 Maha Connect 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.

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.

Financial Statements

Condensed Consolidated Statement of Operations

Consolidated Income Statement (TUSD)	Note	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Revenue					
Oil and gas sales	3	1,165	1,991	5,226	12,327
Royalties		-223	-474	-1,268	-2,976
Net Revenue		942	1,517	3,958	9,351
Cost of sales					
Production expenses		-390	-515	-1,761	-2,828
Depletion, depreciation and amortization	6	-393	-190	-1,883	-2,768
Gross profit		159	812	314	3,755
General and administration		-4,648	-1,662	-9,392	-4,922
Stock-based compensation	12	809	-236	276	-802
Exploration and business development costs		0	0	0	0
Foreign currency exchange		138	113	314	1
Impairment (LAK)		0	0	-2,459	0
Share of income from investment in associate	8	1,825	0	3,977	0
Other Income		3	0	37	0
Operating result		-1,714	-973	-6,933	-1,968
Finance income	4	2,688	6	8,710	64
Finance costs	4	-1,489	-2,168	-7,084	-9,394
Net Finance items		1,199	-2,162	1,626	-9,330
Result before tax		-515	-3,135	-5,307	-11,298
Current and deferred tax		0	0	0	0
Net result from continuing operations		-515	-3,135	-5,307	-11,298
Discontinued Operations					
Net result from discontinued operations	5	-26,097	3,227	-28,646	34,231
Net result		-26,612	92	-33,953	22,933
Basic and diluted earnings per share					
From continuing operations		0.00	-0.03	-0.03	-0.09
From discontinued operations		-0.15	0.03	-0.16	0.28
		-0.15	0.00	-0.19	0.19
<u>Weighted average number of shares:</u>					
Before dilution		178,444,753	123,612,435	178,444,753	123,612,435
After dilution		178,444,753	123,612,435	178,444,753	123,612,435

Condensed Consolidated Statement of Financial Position

Consolidated Balance Sheet (TUSD)	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	14,988	14,015
Exploration and evaluation assets	7	0	29,202
Investment in associate	8	34,985	0
Other long-term financial assets	13	9,134	302
Restricted cash	17	12,000	0
Total non-current assets		71,107	43,519
Current assets			
Assets held for sale	5	9,806	153,986
Prepaid expenses and deposits		561	590
Crude oil inventory		215	172
Accounts receivable and other credits		1,092	568
Restricted cash	17	30,830	0
Cash and cash equivalents		88,289	19,520
Total current assets		130,793	174,836
TOTAL ASSETS		201,900	218,355
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		154,825	140,897
Liabilities			
Non-current liabilities			
Bank debt	9	11,879	26,590
Decommissioning provision	10	539	1,700
Lease liabilities	11	494	78
Total non-current liabilities		12,912	28,368
Current liabilities			
Liabilities held for sale	5	7,806	19,889
Bank debt	9	22,500	19,500
Accounts payable		3,017	3,649
Accrued liabilities and provisions		735	5,975
Current portion of lease liabilities	11	104	77
Total current liabilities		34,162	49,090
TOTAL LIABILITIES		47,074	77,458
TOTAL EQUITY AND LIABILITIES		201,900	218,355

Condensed Consolidated Statement of Cash Flows

Cash Flow (TUSD)	Note	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Operating Activities					
Net results -continuing ops		-515	-3,579	-5,307	-12,529
Net results -discontinued ops		-26,097	3,672	-28,646	30,626
Depletion, depreciation, and amortization	6	393	2,655	1,883	13,352
Impairment		25,233	0	27,692	0
Stock based compensation	12	-809	236	-276	802
Accretion of decommissioning provision	4,10	-15	40	36	146
Amortization of deferred financing fees	9	290	432	1,389	1,838
Share of income from investment in associate		-1,825	0	-3,977	0
Other gains		213	-384	0	-443
Interest expense		-3,277	1,762	1,168	7,689
Income tax expense		0	-541	0	-2,548
Deferred tax expense		0	4,671	0	12,712
Unrealized investment income		0	-199	0	0
Unrealized foreign exchange amounts		567	0	-941	-213
Accrued liabilities and provisions		1,161	0	1,161	23,483
Purchase of inventory/drilling		0	0	0	-14,882
Prepaid expenses and deposits		0	0	0	-303
Settlement of decommissioning liabilities		0	-61	0	501
Tax Paid		0	0	0	-2,673
Interest received	16	2,575	-22	8,710	153
Interest paid		-1,327	-1,724	-4,428	-7,507
Changes in working capital		3,836	7,102	-9,543	8,474
Others		0	0	-1,596	-290
Cash from operating activities		403	14,060	-12,675	58,388
Investing activities					
Capital expenditures - property, plant, and equipment	6	-3,018	-9,796	-3,237	-47,602
Capital expenditures - exploration and evaluation assets	7	-2,852	-7,406	-12,994	-15,127
Investment in associate	8	0	0	0	0
Farmout Proceeds	7	-35	0	10,180	0
Investment in other long term financial assets		-438	0	-9,134	0
Restricted cash		4,993	0	-42,830	0
Decommissioning provision adds		0	0	0	0
Lease adds/Disposition		0	0	0	0
Proceeds from sale of discontinued operations		0	0	150,665	0
Cash used in investment activities		-1,350	-17,202	92,650	-62,729

Financing activities					
Lease payments	11	-20	-368	-82	-1,358
Repayment of bank debt	9	-5,250	-3,750	-14,250	-11,250
Shares subscription (net of issue costs)	12	-42	18,993	-75	18,993
Cash from (used in) financing activities		-5,312	14,875	-14,407	6,385
Change in cash and cash equivalents		-6,260	11,733	65,568	2,044
Cash and cash equivalents at the beginning of the period		94,962	11,338	23,228	24,919
Currency exchange differences in cash and cash equivalents		-58	157	-151	-666
Cash and cash equivalents at the end of the period		88,645	23,228	88,645	26,297
- of which is included in discontinued operations	5	356	3,708	356	3,708
- of which is included in the continued operations		88,289	19,520	88,289	22,589

We have undertaken a reclassification of cash flows from previous quarters. This adjustment aims to enhance the accuracy and clarity of our financial reporting, ensuring that the presentation of our cash flows more faithfully represents our financial activities. We believe this will be presenting the cashflows in a manner that is more useful for economic decision-making, and provides stakeholders with a clearer understanding of our cash operations, thus supporting better-informed decisions regarding our financial position and liquidity.

Condensed Consolidated Statement of Comprehensive Earnings

Consolidated Comprehensive Result (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Net Result for the period	-26,612	92	-33,953	22,933
<u>Items that may be reclassified to profit or loss:</u>				
Exchange differences on translation of foreign operations	10,281	4,958	-7,772	6,743
Transfer of accumulated other comprehensive Income on disposition	0	0	26,612	0
Comprehensive result for the period	-16,331	5,050	-15,113	29,676
<u>Attributable to:</u>				
Shareholders of the Parent Company	-16,331	5,050	-15,113	29,676

Condensed Consolidated Statement of Changes in Equity

Condensed Consolidated Statement of Changes in Equity (TUSD)	Share capital	Contributed surplus	Other Reserve	Retained Earnings	Shareholders' Equity
Balance on 1 January 2022	146	86,292	-40,010	44,997	91,425
Comprehensive result					
Result for the period	0	0	0	22,933	22,933
Currency translation difference	0	0	6,743	0	6,743
Total comprehensive result	0	0	6,743	22,933	29,676
Transactions with owners					
Stock based compensation	0	802	0	0	802
Share issuance (net of issue costs)	25	18,969	0	0	18,994
Balance on 31 December 2022	171	106,063	-33,267	67,930	140,897
Comprehensive result					
Result for the period	0	0	0	-33,953	-33,953
Currency translation difference	0	0	18,840	0	18,840
Total comprehensive result	0	0	18,840	-33,953	-15,113
Transactions with owners					
Stock based compensation	0	-276	0	0	-276
Share issuance (net of issue costs)	37	29,280	0	0	29,317
Balance on 31 December 2023	208	135,067	-14,427	33,977	154,825

Maha Energy AB - Parent Company

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

The net result for the Parent Company for Q4 2023 amounted to TSEK -415,896 (Q4 2022: TSEK -32,941) mainly due to the impairment of Oman sale during the quarter. In addition, foreign currency exchange amounted to TSEK -11,938 (Q4 2022: TSEK -4,595) and higher general and administrative expenses amounted to TSEK -36,135 (Q4 2022: TSEK -2,510) resulting from non-recurring costs related to new business opportunities. This was offset by lower finance costs of TSEK -412,693 (Q42022: -77,159).

The net result for the Parent Company for Full Year 2023 amounted to TSEK -389,255 (Full Year 2022: TSEK -64,878) which is higher than the comparative period mainly due to higher finance income of TSEK 147,415 (Full Year 2022: TSEK 51,323) resulting from short term investments of cash available to the Company and lower finance costs of TSEK -471,785 (Full Year 2022: TSEK -114,222). This was offset by higher general and administrative expenses of TSEK -51,981 (Full Year 2022: TSEK -9,081) due to same reasons as the fourth quarter and foreign currency exchange of TSEK -12,904 (Full Year 2022: 7,102).

Parent Company Statement of Operations

Parent Company Statement of Operations (in thousands of Swedish Krona)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Revenue	0	0	0	0
Expenses				
General and administrative	-36,135	-2,510	-51,981	-9,081
Impairment	0	0	0	0
Foreign currency exchange gain/loss	-11,938	-4,595	-12,904	7,102
Operating result	-48,073	-7,105	-64,885	-1,979
Finance costs	-412,693	-77,159	-471,785	-114,222
Finance income	44,870	51,323	147,415	51,323
Result before tax	-415,896	-32,941	-389,255	-64,878
Income tax	0	0	0	0
Net result for the period*	-415,896	-32,941	-389,255	-64,878

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

Parent Company Balance Sheet

Parent Company Balance Sheet (in thousands of Swedish Krona)	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Investments in subsidiaries		456,931	16,153
Loans to subsidiaries		332,810	691,849
Restricted cash		121,680	0
		911,421	708,002
Current assets			
Accounts receivable and other		20,508	167
Restricted cash		241,355	50
Cash and cash equivalents		876,200	152,391
		1,138,063	152,608
Total Assets		2,049,484	860,610
Equity and Liabilities			
Share capital		1,963	1,580
Contributed Surplus		1,201,366	892,763
Retained Earnings		-918,027	-528,773
Total equity		285,302	365,570
Non-current liabilities			
Bank debt (Non-current)	9	108,344	288,246
Current liabilities			
Accounts payable and accrued liabilities		6,938	3,604
Loan from subsidiaries		1,403,203	0
Bank debt (Current)	9	245,698	203,190
		1,655,839	206,794
Total Liabilities		1,764,182	495,040
Total Equity and Liabilities		2,049,484	860,610

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 2022	1,317	686,398	-463,895	223,820
Total comprehensive income	0	0	-64,878	-64,878
Transaction with owners				
Stock based compensation	0	8,195	0	8,195
Share issuance (net of issuance costs)	263	198,170	0	198,433
Total transaction with owners	263	206,365	0	206,628
Balance on 31 December 2022	1,580	892,763	-528,773	365,570
Total comprehensive income	0	0	-389,255	-389,255
Transaction with owners				
Stock based compensation	0	-3,000	0	-3,000
Share issuance (net of issuance costs)	383	311,604	0	311,987
Total transaction with owners	1,963	1,201,367	-918,028	285,302
Balance on 31 December 2023	1,963	1,201,367	-918,028	285,302

Notes to the Condensed Consolidated Financial Statements

1. Corporate Information

Maha Energy AB (“Maha (Sweden)” or “Company” or “Parent 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 assets. The Group has operations in United States and is currently divesting its position on Block 70, Oman. The head office is located at Eriksbergsgatan 10, SE-114 30 Stockholm, Sweden. The Company has operations offices in Grayville, IL, Newcastle, WY, USA, Muscat, Oman and Rio de Janeiro, Brazil. Maha’s office in Calgary, Canada, has been significantly reduced during the fourth quarter of 2023. All functions previously handled by the Canadian office have been transferred to Maha’s office in Rio de Janeiro, Brazil and/ or Maha’s office that is being incorporated in Venezuela.

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. On 23 May 2023 the Company concluded the business combination with DBO, receiving 100 percent of the shares of DBO 2.0 (current Maha Offshore), which holds 15 percent of 3R Offshore’s shares -- the later having working interests in producing oil and gas offshore fields in Brazil.

On 6 July 2023, Maha invested USD 1,000,000 in EIG Bolivia Pipeline AB, acquiring a 7% stake with 3,845 shares.

In October 2023, Maha Energy executed an exclusive agreement to acquire a 24 percent indirect equity stake in PetroUrdaneta, a Venezuelan oil company. The agreement includes exclusive rights for Maha to acquire 60 percent of Novonor’s Spanish subsidiary, Odebrecht E&P España, holding a 40 percent equity interest in PetroUrdaneta.

Basis of Presentation

The 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 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 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 interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

Farmouts 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.

Investment in associates

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint arrangement. The Company has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control. The Company’s investment in the common shares of DBO 2.0 (current Maha Offshore) has been treated as an investment in an associate accordingly and has been accounted for using the equity method. Under the equity method, the Company’s investment in the common shares of the associate is initially recognized at cost and subsequently increased or decreased to recognize the Company’s share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate’s reserves, and for impairment losses after the initial recognition date. The Company’s share of income and losses of the associate is recognized in consolidated statement of operations during the period and is included in the EBITDA. Dividends and repayment of capital received from an associate are accounted for as a reduction in the carrying amount of the Company’s investment. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associates are not eliminated. At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating there is a measurable decrease in the estimated future cash flows of the investee’s operations. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable

amount, is recognized in the period in which the relevant circumstances are identified. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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.

2. 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. Operating netback is regularly reviewed by the executive management. As of Q4 2023, Maha has restated previous periods and include operating netback as the measure of profit and loss rather than operating profit. All prior period operating segment results have been adjusted to reflect the current presentation of the operating segments.

- United States of America (USA): Includes all oil and gas activities in the Illinois Basin and LAK Field.
- Corporate: Includes aggregates costs incurred at the Company's corporate office in Sweden and the technical and support office in Brazil. These costs are not allocated to the operating segment USA. Brazil and Oman operations were discontinued in the current year. The segment information does not include any amounts for these discontinued operations, which are described in more detail in Note 5.

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

Q4 2023 (TUSD)	USA	Corporate	Consolidated
Revenue	1,165	0	1,165
Royalties	-223	0	-223
Production and operating	-390	0	-390
Operating Netback	552	0	552
Depletion, depreciation, and amortization	-382	-11	-393
General and administration	-110	-4,538	-4,648
Stock-based compensation	0	809	809
Exploration and business development cost	0	0	0
Foreign currency exchange gain/loss	0	138	138
Impairment	8	-8	0
Share of income from investment in associate	0	1,825	1,825
Other income/losses	-789	792	3
Operating Results	-721	-993	-1,714
Net Finance	0	1,199	1,199
Net results from continuing operations	-721	206	-515

Q4 2022 (TUSD)	USA	Corporate	Consolidated
Revenue	1,991	0	1,991
Royalties	-474	0	-474
Production and operating	-515	0	-515
Operating Netback	1,002	0	1,002
Depletion, depreciation, and amortization	-176	-14	-190
General and administration	-44	-1,617	-1,663
Stock-based compensation	0	-236	-236
Exploration and business development cost	0	0	0
Foreign currency exchange gain/loss	0	114	114
Impairment	0	0	0
Share of income from investment in associate	0	0	0
Other income/losses	0	0	0
Operating Results	782	-1,753	-973
Net Finance	0	-2,162	-2,162
Net results from continuing operations	782	-3,915	-3,135

Full year 2023 (TUSD)	USA	Corporate	Consolidated
Revenue	5,226	0	5,226
Royalties	-1,268	0	-1,268
Production and operating	-1,761	0	-1,761
Operating Netback	2,197	0	2,197
Depletion, depreciation, and amortization	-1,788	-95	-1,883
General and administration	-561	-8,831	-9,392
Stock-based compensation	0	276	276
Exploration and business development cost	0	0	0
Foreign currency exchange gain/loss	0	314	314
Impairment	-2,451	-8	-2,459
Share of income from investment in associate	0	3,977	3,977
Other income/losses	-789	826	37
Operating Results	-3,392	-3,541	-6,933
Net Finance	0	1,626	1,626
Net results from continuing operations	-3,392	-1,915	-5,307

Full year 2022 (TUSD)	USA	Corporate	Consolidated
Revenue	12,327	0	12,327
Royalties	-2,976	0	-2,976
Production and operating	-2,828	0	-2,828
Operating Netback	6,523	0	6,523
Depletion, depreciation, and amortization	-2,709	-59	-2,768
General and administration	-247	-4,675	-4,922
Stock-based compensation	0	-802	-802
Exploration and business development cost	0	0	0
Foreign currency exchange gain/loss	0	1	1
Impairment	0	0	0
Share of income from investment in associate	0	0	0
Other income/losses	0	0	0
Operating Results	3,567	-5,535	-1,968
Net Finance	0	-9,330	-9,330
Net results from continuing operations	3,567	-14,865	-11,298

3. Revenue

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

Revenue (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Total Revenue from continuing operations	1,165	1,991	5,226	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 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 has one main customer that individually accounts 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.

4. Financial Income & Finance Costs

Net Finance (TUSD)	Note	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Interest and investment income		2,688	6	8,710	64
Finance income		2,688	6	8,710	64
Accretion of decommissioning provision	10	15	-7	-36	-28
Amortization of deferred financing fees	9	-290	-433	-1,389	-1,838
Interest expense	9	-1,214	-1,729	-5,659	-7,527
Finance costs		-1,489	-2,168	-7,084	-9,393
Net Finance		1,199	-2,162	1,626	-9,330

5. Oman Sale and Discontinued Operations

Sale of Oman in Q4 2023

In Q1 2023, Maha Energy farmed out a 35% work interest in Block 70 to Mafrag Energy LLC, retaining a 65% interest as the Operator. The consideration for the assignment was USD 11.2 million, covering past costs and committing Mafrag Energy to bear 35% of future costs. Short-term production tests commenced in March, with five out of eight wells producing an initial average rate of 300 barrels of oil per day. In Q3, an extension to the Initial Phase of the EPSA for Block 70 was granted by the Ministry of Energy and Minerals of the Sultanate of Oman.

During the Q4, Maha Energy executed a binding term-sheet for the sale, to Mafrag Energy, of its Cypriote subsidiary Maha Oman, which holds 65% working interest on Block 70. Mafrag Energy, already a 35% joint venture partner, shall cover all operational costs from 1 December 2023. Up to the closing date, Maha will receive a parcel of the purchase price equivalent to USD 2 million. The earnout will be up to USD 12 million, linked to actual produced volumes from Block 70. As from closing date, Maha will be released from all obligations and liabilities regarding Maha Oman, including under and in connection with the EPSA and the JOA. The definitive sale and purchase agreement was executed in January 2024, and the transaction is subject to the approval from the Government of the Sultanate of Oman. The sale has led to an impairment of USD 25.2 million (Note 5).

Results of Discontinued Operations – Oman

Oman Discontinued Operations Income Statement (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Revenue				
Oil and gas sales	0	0	0	0
Royalties	0	0	0	0
Net Revenue	0	0	0	0
Cost of sales				
Production expense	0	0	0	0
Depletion, depreciation and amortization	-15	-5	-15	-14
Gross profit	-15	-5	-15	-14
General and administration	-935	-395	-1,837	-1,022
Stock-based compensation	0	0	0	0
Exploration and business development costs	0	-45	0	-197
Foreign currency exchange	-1	0	-1	2
Impairment	-25,233	0	-25,233	0
Share of income from investment in associate	0	0	0	0
Other income/losses	-57	0	-57	0
Other gains	0	0	0	0
Operating result	-26,241	-445	-27,143	-1,231
Net finance income (costs)	144	0	144	0
Result before tax	-26,097	-445	-26,999	-1,231
Current tax recovery (expense)	0	0	0	0
Deferred tax expense	0	0	0	0
Net result from discontinued operations	-26,097	-445	-26,999	-1,231

Cash Flow of Discontinued Operations – Oman

Oman Cash Flow from Discontinued Operations (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Cash from operating activities	-2,361	-1,472	-3,731	-3,977
Cash used in investment activities	-3,400	-3,570	-13,602	-14,278
Cash from (used in) financing activities	0	0	0	0

Assets and Liabilities Held for Sale – Oman

Oman Assets and Liabilities Held for Sale (TUSD)	31 December 2023
Assets held for sale	
Property, plant and equipment	54
Exploration and Evaluation Assets (E&E)	29,328
Prepaid expenses and deposits	3
Crude oil inventory	0
Accounts receivable and other credits	5,298
Cash and cash equivalents	356
Impairment	-25,233
Total assets held for sale	9,806
Liabilities held for sale	
Decommissioning provision	-1,345
Deferred tax liabilities	0
Lease liabilities	0
Other long-term liabilities and provisions	0
Accounts payable	-3,127
Accrued liabilities and provisions	-3,334
Total liabilities held for sale	-7,806

Sale of Maha Energy Brasil Ltda. in Q1 2023

On 28 December 2022, Maha announced the divestment of its Brazilian subsidiary (Maha Brazil) to PetroRecôncavo, 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 PetroRecôncavo’s potential new assets. Due to uncertainty of actualizing these earn-outs, contingent proceeds relating to the earn-outs have not been recognized as of 31 December 2023. During the third quarter, Maha received the second installment of the purchase price amounting to USD 55.0 million.

Results of Discontinued Operations – Brazil

Brazil Discontinued Operations Income Statement (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Revenue				
Oil and gas sales	0	15,280	9,049	77,450
Royalties	0	-1,473	-776	-7,918
Net Revenue	0	13,807	8,273	69,532
Cost of sales				
Production expense	0	-5,013	-1,518	-15,326
Depletion, depreciation and amortization	0	-2,459	0	-10,555
Gross profit	0	6,335	6,755	43,651
General and administration	0	-850	-925	-1,467
Stock-based compensation	0	0	0	0
Exploration and business development costs	0	0	0	0
Foreign currency exchange gain/loss	0	0	0	0
Impairment	0	0	0	0
Share of income from investment in associate	0	0	0	0
Other income/losses	0	1,772	336	2,398
Other gains	0	384	0	384
Operating result	0	7,641	6,166	44,966
Net finance income (costs)	0	161	-2	660
Result before tax	0	7,802	6,164	45,626
Current tax recovery (expense)	0	541	-261	2,548
Deferred tax expense	0	-4,671	-90	-12,712
	0	3,672	5,813	35,462
Gain on sale of discontinued operations	0	0	19,152	0
Realized accumulated other comprehensive loss on discontinued operations	0	0	-26,612	0
Net result from discontinued operations	0	3,672	-1,647	35,462

Cash Flow from Discontinued Operations - Brazil

Brazil Cash Flow from Discontinued Operations (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Cash from operating activities	0	11,630	4,552	54,397
Cash used in investment activities	0	-9,556	-2,820	-45,699
Cash from (used in) financing activities	0	-368	0	-12,198

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

Result on the sale of Maha Brazil (TUSD)	28 February 2023
Cash Consideration	138,000
Working capital and other adjustment	12,913
Net assets of discontinued operations sold	-131,761
Gain on sale of discontinued operations	19,152
FX on translation on disposition	-26,612
Total amount of loss on disposal	-7,460

Assets and Liabilities Held for Sale – Brazil

Brazil Assets and Liabilities Held for Sale (TUSD)	31 December 2022
Assets held for sale	
Property, plant and equipment	141,761
Exploration and Evaluation Assets (E&E)	0
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

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

Property, Plant and Equipment (TUSD)	Oil and gas properties	Equipment and Other	Right-of-use assets	Total
<u>Cost</u>				
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	0	0	-104
Currency translation adjustment	7,407	39	62	7,508
31 December 2022	17,057	1,877	256	19,190
Additions	3,237	66	606	3,909
Transfer to assets held for sale	0	0	0	0
Dispositions	0	-1,478	-256	-1,734
31 December 2023	20,294	465	606	21,365
<u>Accumulated depletion, depreciation and amortization</u>				
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	-1,775	-95	-13	-1,883
Transfer to assets held for sale	0	0	0	0
Disposition	0	546	135	681
31 December 2023	-6,206	-158	-13	-6,377
<u>Carrying amount</u>				
31 December 2022	12,626	1,268	121	14,015
31 December 2023	14,088	307	593	14,988

7. Exploration and Evaluation Assets (E&E)

Exploration and Evaluation Assets (TUSD)	
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	12,994
Change in decommissioning cost	-604
Farmout proceeds	-10,180
Impairment of Exploration and Evaluation Assets	-31,412
31 December 2023	0

On 8 August 2022, the Company engaged in a farmout agreement with Mafraq Energy LLC, transferring a 35% working interest in Block 70 in Oman. In return, Mafraq Energy LLC reimbursed Maha for their prorated share of previous costs. Subsequently, on 28 January 2023, the Company finalized a joint operating agreement with Mafraq Energy LLC for Block 70 in Oman. The signing of this agreement, together with Governmental approval ratified by Royal Decree 74/2022 and other relevant procedures, fulfilled all conditions precedent necessary for the completion of Maha's 35% work interest assignment to Mafraq Energy LLC. The total consideration for this assignment, including cost reimbursement, amounts to USD \$11.2 million to the Company.

In September 2023, the Company completed the divestment of the heavy oil field LAK Ranch in the USA. Immediately before the disposition of the E&E assets, the carrying amount of the E&E assets and liabilities were revalued to the lower of their carrying amounts and fair value less cost to sell, resulting in a net impairment loss of USD 2 million.

8. Investment in Associates

On 23 May 2023, the Company entered into a business combination with DBO, for the transfer of 100 percent of all the outstanding shares in DBO 2.0 -- current Maha Offshore (the "DBO Transaction"). Through the DBO Transaction, Maha received all outstanding shares in DBO (current Maha Offshore) against the transfer of 34,829,057 new shares in the Company to DBO's shareholders (issued pursuant to the resolution of the extraordinary general meeting held on 29 March 2023) and transaction costs of TUSD 592. Maha Offshore owns 15 percent of the shares in 3R Offshore, which holds operated working interests in producing oil and gas offshore fields in Brazil. The Company applies equity accounting to the investment in the 3R Offshore as the Company has significant influence over 3R Offshore due to the Company's ownership and representation on 3R Offshore's Board of Directors. As a result, investment in DBO 2.0 was recognized as investment in associates. In Q3 2023, the Company changed the name of its subsidiary DBO 2.0 to Maha Energy Offshore (Brasil) Ltda. 3R Offshore has not published its results before the preparation of this Interim Report. Maha has utilized the November 2023 figures for December, as allowed under the International Financial Reporting Standards (IFRS).

Investment in Associates (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Income from Investment in 3R Offshore	1,825	0	3,977	0

9. Bank Debt

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 had 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 for one quarter 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. Subsequent to the fourth quarter, the Company repaid principal balance of USD - 5.3 million and interest payable of USD \$1.2 million.

Maha chose to keep the cash reserves instead of amortizing bank debt because of expensive penalties for early payments, and also to preserve liquidity for potential M&A transactions.

Bank Debt	TUSD	TSEK
Bank debt	-60,000	-504,276
Currency translation adjustment	0	-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	0	-76,830
31 December 2022	-46,090	-491,436
Loan repayment	14,250	152,740
Interest Expense	-1,168	-12,446
Deferred financing costs	-1,371	0
Currency translation adjustment	0	-2,899
31 December 2023	-34,379	-354,041
Current portion	-22,500	-245,698
Non-current	-11,879	-108,344

10. Decommissioning Provision

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

Decommissioning Provision (TUSD)	(TUSD)
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 of decommissioning provision	-89
Decommissioning provision adds	-747
Settlement of decommissioning liabilities	619
Liability Settled	-6
Transfer to liabilities related to assets held for sale	1,345
Change in estimate at YE	39
31 December 2023	-539

11. Lease Liability

The subsequent table delineates the Lease amounts:

Lease Liability (TUSD)	Total
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
Additions	-745
Dispositions	259
Interest expense	-25
Lease payments	82
Foreign currency translation	-14
31 December 2023	-598
<i>Less current portion</i>	<i>-104</i>
<i>Lease liability – non-current</i>	<i>-494</i>

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
Share subscription	34,829,057	-	34,829,057
31 December 2023	178,444,753	-	178,444,753

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 on 31 December 2023:

Warrants incentive programme	Exercise period	Exercise Price SEK	1 Jan 2023	Issued 2023	Exercised 2023	Expired or Cancelled 2023	31 Dec 2023
2019 (LTIP 3)	23 May 2019 – 28 February 2023	28.1	368,334	0	0	-368,334	0
2020 (LTIP 4)	1 June 2023 – 29 February 2024	10.9	370,000	0	0	-21,669	348,331
2021 (LTIP 5)	1 June 2024 – 28 February 2025	12.4	1,018,286	0	0	-245,005	773,281
2021 (LTIP 6)	1 June 2023 – 29 February 2024	12.4	524,143	0	0	-30,575	493,568
2022 (LTIP 7)	1 June 2025 – 28 February 2030	20.65	1,172,157	0	0	-493,336	678,821
Total			3,452,920	0	0	-1,158,919	2,294,001

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.

On 18 September 2023, the extraordinary general meeting resolved in accordance with the proposal of the board of directors on an incentive programme for employees and consultants through issuance of warrants (LTIP-8) for a maximum of 5,712,210 warrants. In addition, the general meeting resolved in accordance with the proposal of the Nomination Committee on an incentive programme for the members of the Board of Directors through issuance of warrants (LTIP-9) for a maximum of 3,808,140 warrants. No warrants from the program LTIP 8 and LTIP 9 respectively, has been granted as of December 2023.

The total stock-based compensation expense for Q4 2023 amounted to TUSD 809 (Q4 2022: TUSD -236). The positive figure in Q4 2023 primarily results from the departure of employees from the Canada office due to the relocation of main office to Brazil, leading to a reversion of warrants that had not vested. Furthermore, it is essential to note that the figures for previous quarters in this table were inaccurately reported and have been rectified in the current quarter.

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

Other Long-Term Financial Assets	Amortised cost	FVTPL	TUSD
Debenture - 3R Offshore (Associate)	7,833	0	7,833
Investment in EIG Bolivia Pipeline AB	0	1,148	1,148
Performance bonds	0	153	153
Total	7,833	1,301	9,134

Financial Liabilities (TUSD)	Other liabilities (amortised cost)	Other liabilities at FVTPL	Total
Non-current Bank Debt	-11,879	0	-11,879
Current Bank Debt	-22,500	0	-22,500

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, 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. Currently Maha's investments are composed of low-risk assets and short-term investments with high liquidity. In addition, the Company, from time to time may invest in potential attractive equity positions or high yield fixed income assets but always keeping within Maha's internal investment policies.

The Company considers its capital structure to include shareholders' equity of USD 154.8 million (31 December 2022: USD 140.9 million) and current assets of USD 130.8 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

Non-cash Working Capital Changes (TUSD)	31 December 2023	31 December 2022
Change in:		
Accounts receivable	524	-1,901
Inventory	42	-241
Prepaid expenses and deposits	-29	-214
Accounts payable and accrued liabilities	5,872	10,830
Other LT assets	-15,952	0
Total	-9,543	8,474

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. Additionally, as part of Maha Brazil Transaction's terms, the parties have agreed to retain in escrow a parcel of the second installment of the transaction's price equivalent to BRL 29 million.

At the end of the third quarter, the second installment of Maha Brazil Transaction's purchase price was paid as a total amount of USD 55 million, of which USD 7 million were held in an escrow account as a security for potential contingent liabilities before PetroRecôncavo. The amount retained in escrow shall be released, totally or partially, (i) to PetroRecôncavo, to cover any applicable losses, as agreed in the definitive documents or (ii) in Maha's favor, on the closing of the last lawsuit, or within six (6) years from closing date of Maha Brazil Transaction, as applicable based on the conditions of the relevant agreements.

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 as the waiver was not obtained up to the payment of the second installment of the purchase price, the parcel of the price equivalent to such commitments was retained in escrow and will be release in Maha's favor in case exemption's confirmation.

In the Illinois Basin, the Company has commitments to drill four (4) operated well per year during the five-year period from 2023 to 2027. In the current quarter, the Company has commenced a program consisting of three production wells and 1 disposal well to fulfill this commitment. After the acquisition of the Block 70 in Oman, the company assumed essential work obligations within the stipulated initial exploration period of three years. These responsibilities encompassed the interpretation and reprocessing of 3D seismic data, along with the drilling of 11 shallow wells. The associated costs for these endeavors were projected at a gross amount of USD 20.0 million (Net USD 13.0 million). The Company has diligently fulfilled all past commitments up to the point when a decision to divest from Oman is made, in the fourth quarter.

19. Related Party

There have been no significant changes in related party transactions this quarter compared to previous years.

20. Subsequent Event

Maha Energy acquires 5% of Brazil oil and gas company 3R Petroleum

On January 17th, 2024, Maha Energy successfully finalized the acquisition of a derivative instrument, affording Maha exposure to 11,999,248 shares, which by that date represented 5% of the equity of 3R Petroleum, at an aggregate consideration of approximately USD 69 million. Following such investment, on February 07, 2024 Maha has replaced the derivative instrument previously announced with a direct equity interest in 3R Petroleum. In addition, as a consequence of the capital increase in 3R Petroleum in January 2024, Maha has acquired an additional 19,936 shares, causing Maha's total holdings to reach 12,019,184 shares, corresponding at that date to five percent (5%) of 3R Petroleum's capital stock.

Afterwards, on February 09, 2024, Maha has sent a request to the board of directors of 3R Petroleum to convene an extraordinary shareholders' meeting to resolve upon a new board of directors. Maha proposes that a general meeting in 3R Petroleum resolves on a reduction of the number of Directors from seven (7) to five (5), on a new-election of Paulo Thiago Mendonça (chairman of Maha) and Fabio Vassel (board member of Maha) and re-election of Guilherme Affonso Ferreira, Paula Kovarsky Rotta and Harley Lorentz Scardoelli for a term of office of two years. Maha's opinion is that the suggested changes shall positively contribute to the corporate governance of 3R Petroleum and to the achievement of the results aimed by the shareholders.

This transaction reflects a strategically motivated, long-term investment on our part. The leadership and board of directors at Maha have played pivotal roles in the establishment and early development of 3R Petroleum. Consequently, we possess a comprehensive understanding of the inherent value in the assets of 3R Petroleum. Maha's investment strategy in 3R Petroleum encompasses the initiation of a consolidation plan within the Brazilian onshore segment, followed by the subsequent separation of 3R Petroleum's offshore assets.

Oman Sale – Share Purchase Agreement

The agreement for the sale and purchase of the entire issued share capital of Maha Oman to Mafrag has already been executed in January 2024 and, among other condition precedent, the transaction is subject to the approval from the Government of the Sultanate of Oman.

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

Financial Data (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Net Revenue				
From continuing operations	942	1,517	3,958	9,351
From discontinued operations	0	13,807	8,273	69,532
	942	15,324	12,231	78,883
Operating Netback (TUSD)				
From continuing operations	552	1,002	2,197	6,523
From discontinued operations	0	8,794	6,755	54,206
	552	9,796	8,952	60,729
EBITDA				
From continuing operations	-1,459	-896	-2,905	799
From discontinued operations	-992	9,661	4,272	54,302
	-2,451	8,765	1,367	55,101
Net Result				
From continuing operations	-515	-3,135	-5,307	-11,298
From discontinued operations	-26,097	3,227	-28,646	34,231
	-26,612	92	-33,953	22,933
Cash flow from Operations				
From continuing operations	403	14,060	-12,675	58,388
From discontinued operations	-2,361	10,158	821	50,420
	-1,958	24,218	-11,854	108,808
Free Cash Flow				
From continuing operations	-1,303	-3,142	79,619	-4,341
From discontinued operations	-5,761	-2,968	-15,601	-9,557
	-7,064	-6,110	64,018	-13,898
Net debt (net cash)	-53,910	26,570	-53,910	26,570

Key Ratios

Key Ratios (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Return on equity (%)	-0.3%	65.0%	-3.4%	65.0%
Equity ratio (%)	77%	0.0%	77%	0.0%

Data per share

Data per Share (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Weighted number of shares (before dilution)	178,444,753	123,612,435	178,444,753	123,612,435
Weighted number of shares (after dilution)	178,444,753	123,612,435	178,444,753	123,612,435
Earnings per share before dilution, USD	0.00	-0.03	-0.03	-0.09
Earnings per share after dilution, USD	0.00	-0.03	-0.03	-0.09
Dividends paid per share	n/a	n/a	n/a	n/a

Relevant reconciliation of Alternative Performance Measures:

Operating Netback (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Revenue	1,165	1,991	5,226	12,327
Royalties	-223	-474	-1,268	-2,976
Operating Expenses	-390	-515	-1,761	-2,828
Total	552	1,002	2,197	6,523

EBITDA from continuing operations

EBITDA (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Operating Results	-1,714	-973	-6,933	-1,968
Depletion, depreciation and amortization	393	190	1,883	2,768
Impairment	0	0	2,459	0
Foreign currency exchange (- gain / + loss)	-138	-113	-314	-1
Total	-1,459	-896	-2,905	799

Free cash flow from continuing operations

Free cash flow from continuing operations (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Cash flow from operating activities	403	14,060	-12,675	58,388
Less: cash from (used) in investing activities	-1,350	-17,202	92,650	-62,729
Total	-947	-3,142	79,975	-4,341

Net Debt

Net Debt (net cash) (TUSD)	Q4 2023	Q4 2022	Full Year 2023	Full Year 2022
Bank Debt (non-current)	11,879	26,590	11,879	26,590
Bank Debt (current)	22,500	19,500	22,500	19,500
Cash and Cash Equivalents	-88,289	-19,520	-88,289	-19,520
Total	-53,910	26,570	-53,910	26,570

Glossary**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.

Currency Definitions

Currency 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 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

Other Related Terms

2P Refers to proven reserves (P90) plus probable reserves (P50).

3R Offshore Refers to 3R Petroleum Offshores S.A., company which DBO 2.0 (re-named Maha Energy Offshore (Brasil) Ltda.) has 15% shareholding interest.

3R Petroleum Refers to 3R Petroleum Óleo e Gás S.A., Brazil oil & gas company that Maha performs an investment

ANP Refers to the National Agency of Petroleum, Natural Gas and Biofuels in Brazil, Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.

API Refers to the weight measurement of oil with the name American Petroleum Institute gravity.

Block 70 Refers to Block 70, located in Oman, operated by Maha Oman which holds 65% working interests.

DBO Refers to DBO 2.0 S.A. (re-named Maha Energy Offshore (Brasil) Ltda.).

EPSA Refers to the Exploration and Production Sharing Agreement for Block 70, Mafrag oil field, Oman.

ESG Refers to environmental, social and governance.

Group Refers to the Company and its subsidiaries.

Heavy oil field Refers to an oil field that contains oil of less than 20° API gravity or more than 200 centipoise viscosity at reservoir conditions.

Illinois Basin Refers to the Company's Light oil field in Illinois/Indiana, USA.

Initial Phase Refers to the initial phase for the EPSA for Block 70.

JOA Refers to the joint operating agreement with Mafrag for Block 70 in Oman

LAK Ranch Refers to the Company's Heavy oil field in Wyoming, USA.

Mafrag Refers to Mafrag Energy LLC.

Maha or the Company Refers to, depending on the context, Maha Energy AB registration number 559018-9543, a Swedish public limited company, the group which the Company is parent company or a subsidiary in the Group.

Novonor Refers to Novonor Latinvest Energy S.à.r.l

EIG Bolivia Pipeline AB Refers to a Bolivian company that holds a 38% interest in GasTransboliviano S.A., a company which owns the Bolivian parcel of the pipeline "Brasil-Bolivia".

Papa Terra cluster Refers to Papa Terra cluster, which comprises oil field located offshore Brazil, operated by 3R Offshore.

Peroá cluster Refers to Peroá cluster comprised by Peroá and Congoá fields, Malombe discovery, located offshore Brazil and operated by 3R Offshore.

Petrobras Refers to the Brazilian mixed-capital oil company Petróleo Brasileiro S.A. – Petrobras.

PetroUrdaneta Refers an O&G mixed capital company operating in Venezuela. PetroUrdaneta operates three fields in the Maracaibo Basin region in northwestern Venezuela. Shareholders include PDVSA (60%) and OE&P (40%). The field's last reported production is over 1,000 bopd.

PetroRecôncavo Refers to PetroRecôncavo S.A., which on 28 February 2023 acquired Maha's Brazilian subsidiary which had working interest on Tie field and Tartaruga field.

Second Phase Refers to the second phase for the EPSA for Block 70.

Working Interest Refers to a percentage ownership of the drilling and extraction operation, providing the owner(s) with a right to participate in such activities and a right to the resources produced from that activity.

Board Assurance

The Board of Directors and the Managing Director and the Chairman of the Board certify that the Full Year report for the period ended 31 December 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, 26 February 2024

Paulo Mendonça
Chairman

Halvard Idland
Director

Fabio Vassel
Director

Viktor Modigh
Director

Richard Norris
Director

Enrique Peña
Director

Svein Harald Øygard
Director

Financial Calendar

- Report for Year End Annual Report 2023 on 15 April 2024
- Report for first quarter 2024 (January – March 2024) on 28 May 2024
- The Annual General Meeting 2024 is to be held in Stockholm on 29 May 2024
- Report for the second quarter 2024 (January- June 2024) on 12 August 2024
- Report for third quarter 2024 (January – September 2024) on 18 November 2024

Contact Information

For further information please contact:

Kjetil Braaten Solbraekke (CEO)

Tel: +46 8 611 05 11

Email: info@maha-energy.com

Guilherme Guidolin de Campos (CFO)

Tel: +46 8 611 05 11

Email: info@maha-energy.com

Jakob Sintring (Head of Investor Relations)

Tel: +46 8 611 05 11

Email: info@maha-energy.com

Maha Energy AB

Head Office

Eriksbergsgatan 10, SE-114 30 Stockholm, Sweden

+46 8 611 05 11

Technical Office

Ataulfo de Paiva street, 1165 - 5th Floor

Leblon - Rio de Janeiro, RJ - 22440-032

+46 8 611 05 11

Email:

info@maha-energy.com

The interim report has not been subject to review by the company's auditor.

This information is information that Maha Energy AB is required to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on 27 February 2024.

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.