Maha Energy
Remuneration Report 2020

1. Introduction

This Remuneration Report provides an outline of how Maha Energy AB, reg. no. 559018-9543 and its subsidiaries (collectively "**Maha**" or the "**Company**") guidelines for remuneration to the Executive Management according to the 2020 Remuneration Policy adopted by the Annual General Meeting (AGM) 2020, have been implemented in 2020. Maha's Remuneration Policy is reviewed at least every four years and outlines the salary and other terms and conditions for the Executive Management of Maha, including the Managing Director and deputy Managing Director, collectively referred to as "**Management Persons**". The purpose of the Remuneration Policy is to provide guidelines for salary and other benefits for the Management Persons in accordance with applicable law and the requirements of the Swedish Corporate Governance Code.

In addition to the Remuneration Policy, pursuant to Chapter 8, Section 46b of the Swedish Companies Act (Sw. aktiebolagslag (2005:551)), the Board of Directors (the "**Board**") of Maha Energy AB on 27 July, 2020 adopted the special Rules of Procedure for the Remuneration Committee of the Board (the "**Remuneration Committee**" and the "**Rules of Procedure**") to apply up until the date of the inaugural Board meeting held in conjunction with the next Annual General Meeting. These Rules of Procedure have been adopted in order to allocate the work between the Board and the Remuneration Committee to comply with the requirements applicable by law, the articles of association, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and good practices according to self-regulation. The Remuneration Committee shall, in addition to other duties outlined in the Rules of Procedure and the Remuneration Policy, perform duties such as suggest guidelines for the remuneration of Management Persons. The Remuneration Committee proposes, and the Board of Directors decides, on remuneration and other employment terms for the Managing Director according to the stated items in the Remuneration Policy. The Remuneration Committee and the Managing Director together propose, and the Board of Directors decides, on remuneration and other employment terms for other Management Persons according Remuneration Policy (found on Maha's website: www.mahaenergy.ca).

This Remuneration Report provides details on the remuneration of Maha's Managing Director as well as the deputy Managing Director. In addition to the Managing Director's and deputy Managing Director's remuneration details, this Remuneration Report contains a summary of Maha's outstanding share and share-price related incentive programs. This report has been prepared in compliance with Chapter 8, Sections 53a and 53 b of the Swedish Companies Act (2005:551) and the Remuneration Rules (1 January 2021) issued by the Swedish Corporate Governance Board.

Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note 28 on page 91 – 92 in the Company's Annual Report for 2020 (the "Annual Report 2020").

Information on the work of the Remuneration Committee in 2020 is set out in the Corporate Governance Report, which is also available in the Annual Report 2020.

Remuneration of the Board of Directors is not covered by this Report. Such remuneration is resolved annually by the Annual General Meeting and is disclosed in note 28 on pages 91 – 92 in the Annual Report 2020. No other remuneration than Board fees and fees for committee work have been paid to the members of the Board of Directors during 2020.

2. Key Developments 2020

Overall Company Performance in 2020

The Managing Director summarizes the Company's overall performance in his statement in the Annual Report 2020 found on Maha's website (www.mahaenergy.ca).

Overview of the Application of the Remuneration Policy in 2020

Part of Maha's corporate strategy is to safeguard long-term interests, including sustainability, through the recruiting and retaining of qualified personnel. Competitive remuneration is part of the business strategy to recruit and retain personnel talents. Under Maha's Remuneration Policy, remuneration of Management Persons shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits, and other benefits. The Remuneration Policy, adopted by the Annual General Meeting 2020, can be found in the Annual Report 2020. More information on remuneration to the management can also be found in Maha's Corporate Governance Report 2020, which is available in the Annual Report 2020 and on Maha's website. The auditor's report regarding whether the Company has complied with the guidelines is available on the Company's website [*www.mahaenergy.ca*].

Fixed Salary

The 2020 Remuneration Rules of Procedure and the Remuneration Policy were adopted by the Annual General Meeting in 2020 and have been upheld and followed by Maha. The Management Persons of Maha were offered a market level fixed salary, commensurate with the international oil and gas sector based on responsibilities, sector and time experience and performances. These salaries are determined per calendar year with salary revision on January 1 each year. Management Persons, if active in Maha on a consultancy basis were paid a market level consultancy fee, commensurate with the international oil and gas sector, based on responsibilities and performances for time spent. In addition to this, the Company has, at minimum, followed statutory requirements for pension contributions in each applicable jurisdiction it operates.

Variable Cash Remuneration

The Managing Director, the deputy Managing Director, and other Management Persons employed by Maha were not offered variable remuneration in 2020.

Warrants

The Managing Director did not take part in the Incentive Program resolved by the Annual General Meeting 2020 (please refer to section "Outstanding share and share-price related incentive programs" for further information on Maha's share and share-price related incentive programs). However, the deputy Managing Director and other Management Persons employed by Maha were allocated warrants under the incentive program. The Board of Directors proposed and approved this program on the 27 May of 2020. The program encompasses employees employed by the Company and its subsidiaries. 460,000 warrants were issued, whereby one warrant entitles to subscription of one new share in the Company with a quotient value of 0.011SEK. The Board of Directors are not allowed to participate in this program.

Pension

The pension benefits comprised of a defined contribution scheme with premiums calculated on the full basic salary. The pension contributions were in relation to the basic salary and set on an individual basis but was not higher than what is tax deductible. The Company, at the minimum, follows statutory requirements for pension contributions in each applicable jurisdiction it operates.

Remuneration Policy and Board of Directors

The Board of Directors, entitled to deviate from the guidelines in the Remuneration Policy in individual cases if there are special reasons for doing so, has not deviated from the guidelines in 2020. No deviations from the Remuneration Policy have been decided and no derogations from the procedure for implementation of the Remuneration Policy have been made. No remuneration has been reclaimed.

In addition to remuneration covered by the Remuneration Policy, the Annual General Meeting of Maha resolved to implement the Long Term Incentive Plan for 2020. A detailed look at this Plan can be found on Maha's website (www.mahaenergy.ca).

Table 1 – Total remuneration of the Managing Director and deputy Managing Director (USD)

Table 1 below sets out total remuneration paid to Maha's Managing Director and deputy Managing Director during 2020 and 2019.

Name of Director, position (start/end)	Financial year	1 Fixed remuneration		2 Variable cash remuneration		3 Warrants	4 Extraordinary items	5 Pension expense[1]	6 Total remuneration	7 Proportion of fixed and variable remuneration
		Base salary	Other benefits[2]	One-year variable[3]	Multi-year variable					
JONAS LINDVALL (Managing Director)	2020	403,125	9,000	-	-	27,000	-	10,000	449,125	92%
	2019	375,000	16,000	77,000		30,000	-	-	498,000	75%
VICTORIA BERG (Deputy Managing Director)	2020	39,482	173	-	-	4,454	-	2,583	46,692	90%
	2019[4]	13,110	-	-	-	-	-	866	13,976	100%

[1] Pension Expense refers to the defined contribution pension payments for Group Management.
[2] Other benefits may include, but not limited to, health insurance for Group Management.
[3] Variable remuneration refers to cash bonus paid based on the performance criteria setup by the Board of Directors.
[4] Victoria Berg joined Maha Energy in 2019, therefore remuneration reflects only partial of the year payments.

3. Share Based Remuneration

Outstanding share and share-price related incentive programs
Maha has implemented Long Term Incentive Programs with Three (3) currently outstanding, in the form of warrants entitling to subscribe for new shares in the Company. The programs were presented by the Board of Directors of the Company in order strengthen the retention of employees with the Company and to motivate the employees to create shareholder value. The Board of Directors assess that these objectives are in line with all shareholders' interests. In 2020, Maha issued 460,000 warrants. Each warrant entitles to subscription of one (1) new share in the Company, each with a quotient value of SEK 0.011. Allocated warrants may be exercised for subscription of new shares in the Company during the period from and including 1 June 2023 until and including 29 February 2024.

The Long Term Incentive Program adopted by the Annual General Meeting 2017 was completed in December 2020, and comprised 750,000 warrants each entitling to subscribe for one new share in the Company. In addition, 1,710,000 warrants are outstanding under three (3) Long Term Incentive Programs for employees and Executive Management of the Company, of which the first program comprises of 750,000 warrants ("Program Two"), the second program comprises of 500,000 warrants ("Program Three"), and the third program comprises of 460,000 warrants ("Program Four"). Each warrant under the respective program entitles to subscribe for one new share in the Company. The exercise price of the warrants corresponds to 100 per cent of the volume weighted average last closing price for the Company's share on Nasdaq First North Growth Market during the period from and including (i) 24 May 2018 until and including 29 May 2018 for Program Two, (ii) 17 May 2019 until and including 23 May 2019 for Program Three, and (iii) 20 May 2020 until and including 27 May 2020 for Program Four. The warrants may be exercised from and including (i) 1 May 2021 until and including 30 November 2021 for Program Two, (ii) 1 June 2022 until and including 28 February 2023 for Program Three, and (iii) 1 June 2023 until and including 29 February 2024 for Program Four.

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

Remuneration of the Managing Director and the deputy Managing Director in shares
Currently, Maha does not offer remuneration in shares to its Management Persons.

Remuneration of the Managing Director and the deputy Managing Director in shares and share options

In 2020, the Managing Director has been granted nil options. In total, 195,000 options have been granted since 2018, which corresponds to 0.2% of the shares in the Company on a diluted basis. In 2020, the deputy Managing Director has been granted 20,000 options. In total, 20,000 options have been granted since the inception of the plan, which corresponds to 0% of the shares in the Company on a diluted basis.

Table 2 – Remuneration of the Managing Director and the deputy Managing Director in share options

Name of Director, position	The main conditions of share option plans							Information regarding the reported financial year					
								Opening balance	During the year		Closing balance		
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price of the share and date	8 Share options held at the beginning of the year	9 Share options awarded	10 Share options vested	11 Share options subject to a performance condition	12 Share options awarded and unvested	13 Share options subject to a retention period
JONAS LINDVALL, (Managing Director)	2018 LTIP (Program 2)	Jun 2018 – May 2021	1 May 2018	May 2021	-	1 May 2021 – 30 Nov 2021	9.20	150,000	0	100,000	50,000	50,000	50,000
	2019 LTIP (Program 3)	1 Jun 2019 – 1 Jun 2022	1 Jun 2019	1 Jun 2022	-	1 Sept 2022 – 28 Feb 2023	28.10	45,000	0	15,000	30,000	30,000	30,000
								195,000	**0**	**115,000**	**80,000**	**80,000**	**80,000**
VICTORIA BERG, (Deputy Managing Director)	2020 LTIP (Program 4)	1 Jun 2020 – 1 Jun 2023	1 Jun 2020	1 Jun 2023		1 Sept 2023 – 29 Feb 2024	10.90	0	20,000	0	20,000	20,000	20,000
								0	**20,000**	**0**	**20,000**	**20,000**	**20,000**

4. Use of the right to reclaim

No variable remuneration was reclaimed for the year 2020.

5. Compliance with the Remuneration Policy and Application of Performance Criteria

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. Maha's Remuneration Policy enables the Company to offer the Management Persons a competitive total remuneration. Total remuneration of the Managing Director and the deputy Managing Director during 2020 complied with the Company's Remuneration Policy.

The Remuneration Committee suggests guidelines for remuneration for the Management Persons to be adopted by the Annual General Meeting, comprising of at least the following information:

(i) a description of the various forms of remuneration that may be paid, including the relative share of each form of remuneration;

(ii) details of the criteria to be applied for the payment of variable remuneration, the method used to determine whether the criteria have been met, and how the criteria contribute to the Company's business strategy, long-term interests and sustainability, as well as any possible postponement periods and the Company's ability to recover any paid variable remuneration;

(iii) the main terms for bonuses and incentive programs including information regarding how such contribute to the Company's business strategy and safeguarding of its long-term interests, including its sustainability;

(iv) the main terms for non-monetary benefits, pensions, termination and severance pay;

(v) description of how the salary and other terms of employment of the Company's employees have been taken into account when determining the guidelines;

(vi) a description of the decision-making process used to determine, review and implement the guidelines, and what measures are taken to avoid or manage conflicts of interest; and

(vii) if the guidelines have been amended, a description of all significant changes and an explanation of how the shareholders' perspectives have been taken into account;

(viii) suggest to the Board individual remuneration to the Managing Director, deputy Managing Director and other Management Persons of the Company and thereby in particular ensure that the aforementioned suggestions are in compliance with Maha's Remuneration Policy adopted by the Annual General Meeting and the Board, together with an evaluation of each Management Person. The Remuneration Committee shall thereby obtain information pertaining to the total remuneration such managers receive from associated companies;

(ix) suggest to the Board appropriate templates for employment agreements for the Management Persons; and

(x) assist the Board in monitoring the system through which Maha complies with applicable provisions pertaining to announcements of information about remuneration to the Management Persons as set forth in applicable law, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code.

All resolutions pertaining to remuneration to the Management Persons shall be passed by the Board.

At the 2020 Annual Meeting, the Board of Directors resolved on an incentive program for Executive Management and certain key employees through issuance of warrants entitling to subscription of new shares of class A in the Company. The Program encompasses employees employed by the Company and subsidiaries of the Company. Board members are not allowed to participate in this Program. For more information on the 2020 and previous years incentive plans, please visit the Maha website (www.mahaenergy.ca).

Performance of the Managing Director and the deputy Managing Director in the reported financial year

In 2020, no variable cash remuneration was paid out.

Table 3 - Comparative Information on the Change of Remuneration and Company Performance[5]

change	2017	2018	2019	2020
Directors' remuneration				
JONAS LINDVALL, *Managing Director*	0%	31%	24%	-10%
VICTORIA BERG, *Deputy Managing Director*[6]	-	-	-	234%
Average Maha Energy Employee[7]	-32%	48%	-15%	-19%
Company's performance				
Production[8]	1893%	97%	69%	8%
2P Reserves[9]	26%	-5%	28%	14%
EBITDA[10]	233%	600%	55%	-48%
Net result[11]	47%	1014%	-23%	-152%

[5] Maha became a public company during 2016 therefore cannot provide comparable information for the first year of being a public company.
[6] Victoria Berg, Deputy Managing Director, joined Maha Energy during 2019, and therefore only received remuneration for part of that year, as a consequence the percentage increased in 2020.
[7] The average Maha Energy employee figure for each year is calculated as the total gross remuneration, divided by the average number of employees for the year. The majority of the employees are employed in Brazil and the weakening of the Brazilian Reals compared to USD during 2020 ha had a negative impact on the average remuneration during the year when converting to USD.
[8] Production measured by barrels of oil equivalent per day (BOEPD) as reported in the Annual Reports, from continuing operations.
[9] Proved plus probable reserves ("2P"), as reported in the Annual Reports.
[10] Earnings before interest, taxes, depreciation, amortization and impairment equal to operating profit before depletion of oil and gas properties, depreciation of tangible assets, impairment, foreign currency exchange adjustments, interest and taxes (EBITDA), as reported in the Annual Reports.
[11] The net result equals the net result reported in the Annual Reports.

6. Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

No deviations or derogations from the Remuneration Policy and from the Rules of Procedure for remuneration occurred during the calendar year of 2020.

7. Information on shareholder vote

The Remuneration Committee shall, in addition to other duties outlined in the Rules of Procedure and the Remuneration Policy, perform duties such as suggest guidelines for the remuneration of Management Persons. The Remuneration Committee proposes, and the Board of Directors decides, on remuneration and other employment terms for the Managing Director according to the stated items in the Remuneration Policy (found on Maha's website: www.mahaenergy.ca). The Remuneration Committee and the Managing Director together propose, and the Board of Directors decides, on remuneration and other employment terms for other Management Persons according Remuneration Policy.