Maha Energy
Remuneration Report 2022

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 2021 Remuneration Policy adopted by the Annual General Meeting (AGM) 2021, have been implemented in 2022. 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 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 53b of the Swedish Companies Act (2005:551) and the Remuneration Rules 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 30 on page 86 – 88 in the Company's Annual Report for 2022 (the "Annual Report 2022").

Information on the work of the Remuneration Committee in 2022 is set out in the Corporate Governance Report, which is also available in the Annual Report 2022.

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 30 on pages 86 – 88 in the Annual Report 2022. No other remuneration than Board fees and fees for committee work have been paid to the members of the Board of Directors during 2022.

2. Key Developments 2022

Overall Company Performance in 2022

The Managing Director summarizes the Company's overall performance in his statement in the Annual Report 2022 found on Maha's website (www.mahaenergy.ca).

Overview of the Application of the Remuneration Policy in 2022

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, share based related incentives, pension benefits, and other benefits. The Remuneration Policy, adopted by the Annual General Meeting (AGM) 2021, can be found on the Company's website. More information on remuneration to the management can also be found in Maha's Corporate Governance Report 2022, which is available in the Annual Report 2022 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*].

Elements of remuneration for Group Management

Fixed Cash Remuneration (Salary)

The Remuneration Policy was adopted by the AGM in 2021 and has been upheld and followed by Maha. The Management Persons of Maha shall be 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 revisions during the first quarter of each year, if applicable. 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

In addition to the fixed remuneration (salary), the members of the group's Executive Management may be offered variable remuneration to be paid in cash and based on the result in relation to performance goals within the respective area of responsibility and in line with the shareholders' interests. Variable remuneration shall be tied to annual performance-related objectives and shall amount to a maximum of one hundred per cent of the fixed remuneration. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executive management, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to fifty per cent of the fixed annual cash remuneration and may not be paid more than once each year per individual. Should variable remuneration paid have been based on information that later shows to have been evidently incorrect, the Company shall have the possibility to request repayment. Variable remuneration shall not be pension qualifying. The Managing Director, the deputy Managing Director, and other Management Persons employed by Maha were offered variable remuneration in 2022 (2021 – nil). For more information on the specific terms of the variable remuneration, please review the Remuneration Policy found on the Company website.

Long Term Incentive Programs (LTIP)

The Managing Director did not take part in the Incentive Program resolved by the AGM 2022 (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 programs. The Board of Directors proposed and the AGM approved the LTIP 7 program on the 31 May of 2022. The program encompasses senior executives employed by the Company and its subsidiaries. A detailed look at these programs, including terms and conditions, can be found on Maha's website (www.mahaenergy.ca).

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 2022. 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.

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 2022, 2021, and 2020.

Name of Director, Position	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 Remuneration
		Base Salary	Other Benefits[2]	One-Year Variable[3]	Multi-Year Variable					
PAULO MENDONÇA (CEO)[4]	2022	71,723	6,683	224,283	-	-	-	-	302,689	26%
JONAS LINDVALL[5] (CEO/Managing Director)	2022	450,005	11,107	97,072	-	8,200	-	9,809	576,193	82%
	2021	403,125	10,627	-	-	10,641	-	11,083	435,476	95%
	2020	403,125	9,000	-	-	27,000	-	10,000	449,125	92%
VICTORIA BERG[6] (Deputy Managing Director)	2022	53,325								
	2021	58,736	250	-	-	5,587	-	3,818	68,391	86%
	2020	39,482	173	-	-	4,454	-	2,583	46,692	90%

[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] Paulo Thiago Mendonça was appointed as the CEO of the Company on 4 November 2022.
[5] Jonas Lindvall ceased to be the CEO of the Company on 4 November 2022 and was replaced by Paulo Thiago Mendonça.
[6] Victoria Berg ceased to be Deputy Managing Director of the Company on 4 November 2022 however remained employed by the Company during the totality of 2022.

3. Share Based Remuneration

Long Term Incentive Programs

Maha has implemented Long Term Incentive Programs since 2017, designed to be simple and transparent whilst rewarding the long-term, sustainable value creations in Maha Energy. 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. All warrants are governed by warrant agreements entered into between each Participant and the Subsidiary in connection with the transfer of warrants from the Subsidiary. The warrant agreement include a so-called vesting structure, certain transfer restrictions and other terms and conditions customary for such agreements. The vesting period until a share may be acquired may generally not be less than three years. In 2022, Maha issued 1,197,157 warrants as part of the LTIP (7) whereby each warrant entitles to subscription of one (1) new Share, each with a quotient value of SEK 0.011.

The Long Term Incentive Program adopted by the Annual General Meeting 2019 was completed on 28 February 2023, and comprised 500,000 warrants each entitling to subscribe for one new share in the Company. No warrants issued under the incentive programme were exercised. In addition, 3,229,586 warrants are outstanding under four (4) Long Term Incentive Programs for employees and Executive Management of the Company, of which the first program comprises of 460,000 warrants (LTIP-4), the second program comprises of 1,048,286 warrants (LTIP-5), the third program comprises of 524,143 warrants (LTIP-6), and the fourth program comprises 1,197,157 warrants (LTIP-7). 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) 20 May 2020 until and including 27 May 2020 for LTIP-4, and corresponds to 100 per cent of the volume weighted average last closing price for the Company's share on Nasdaq Stockholm during the period from and including (ii) 21 May 2021 until and including 27 May 2021 for LTIP-5, (iii) 21 May 2021 until and including 27 May 2021 for LTIP-6, and (iv) 24 May 2022 until and including 31 May 2022 for LTIP-7. The warrants may be exercised from and including (i) 1 June 2023 until and including 29 February 2024 for LTIP-4, (ii) 1 June 2024 until and including 28 February 2025 for LTIP-5, (iii) 1 June 2023 until and including 29 February 2024 for LTIP-6, and (iv) 1 June 2025 until and including 1 June 2030 for LTIP-7.

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 Warrants

In 2022, Jonas Lindvall was granted nil warrants. Jonas Lindvall has been granted, in total, 195,000 warrants since 2018, all of which have lapsed. The Deputy Managing Director was granted warrants as per below. No warrants were granted to the new CEO upon joining the Company.

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

Name of Director, Position	The Main Conditions of Share Warrants 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	8 Warrants held at the Beginning of the Year	9 Warrants Awarded	10 Warrants Vested	11 Warrants subject to a Performance Condition	12 Warrants Awarded and Unvested	13 Warrants subject to a Retention Period
VICTORIA BERG, (Deputy Managing Director)	2022 LTIP (Program 7)	1 Jun 2022 – 1 Jun 2025	1 Jun 2022	1 Jun 2025		1 Jun 2025 – 1 Jun 2030	20.65	-	25,000	-	-	25,000	25,000
	2020 LTIP (Program 4)	1 Jun 2020 – 1 Jun 2023	1 Jun 2020	1 Jun 2023		1 Sept 2023 – 29 Feb 2024	10.90	20,000	-	13,333	6,667	6,667	6,667
								20,000	**25,000**	**13,333**	**6,667**	**31,667**	**31,667**

4. Use of the Right to Reclaim

No variable remuneration was reclaimed for the year 2022.

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 2022 complied with the Company's Remuneration Policy.

The Remuneration Committee suggests guidelines for remuneration for the Management Persons to be adopted by the Board, 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.

The Remuneration Committee shall, while performing its duties, in particular:

(i) 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;

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

(iii) 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.

Performance of the Managing Director and the Deputy Managing Director in the Reported Financial Year

In 2022, the Board reviewed the performance during the fiscal year 2021 and awarded variable cash remuneration to the former CEO/Managing Director, Jonas Lindvall. In addition, the Board also approved six months' salary as an extraordinary bonus for the current CEO, Paulo Mendonça for performance beyond the individual's ordinary tasks.

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

	2018	2019	2020	2021	2022
Directors' remuneration					
PAULO MENDONÇA, CEO[7]	n/a	n/a	n/a	n/a	n/a
JONAS LINDVALL, *Managing Director*	31%	24%	-10%	-3%	32%
VICTORIA BERG, *Deputy Managing Director*[8]	-	-	234%[8]	46%[9]	3%
Average Maha Energy Employee[10]	48%	-15%	-19%	-5%	31%
Company's performance					
Production[11]	97%	69%	8%	3%	-5%[12]
2P Reserves[13]	-5%	28%	14%	-22%	-91%
EBITDA[14]	600%	55%	-48%	164%	16%[10]
Net result[15]	1,014%	-23%	-152%	310%	-6%[10]

[7] Paulo Thiago Mendonça joined the Company as the new CEO on 4 November 2022. Therefore, not enough data is available for this table.
[8] 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. Actual salary remained unchanged from the prior year.
[9] During 2021, Victoria Berg, Deputy Managing Director, transitioned from a part-time employee to a full-time employee of the company; therefore, showing an increase in the salary.
[10] 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 had a negative impact on the average remuneration during 2020 when converted to USD.
[11] Production measured by barrels of oil equivalent per day (BOEPD) as reported in the Annual Reports, from continuing operations.
[12] These amounts are inclusive of continuing operations and discontinued operations.
[13] Proved plus probable reserves ("2P"), as reported in the Annual Reports.
[14] 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.
[15] 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 2022.

7. **Duties of the Remuneration Committee**
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.