Q2

Report for the
SIX MONTHS
ended 30 June 2020

Lundin Energy AB (publ)

company registration number 556610-8055

Highlights

- Despite very low oil prices, free cash flow was positive from the oil and gas operations in second quarter and over MUSD 380 free cash flow for the six months period
- Record quarterly production of 162.9 Mboepd in the second quarter
- Accelerated ramp up and increased phase 1 plateau production at Johan Sverdrup; phase 1 capacity of 470 Mbopd to be tested for further upside, during second half of this year
- Significant increase in liquidity during the period from cost reductions and phasing, tax incentives and additional debt facilities
- Continued out performance at Edvard Grieg; increase in reserves and extension of plateau production anticipated
- Eight potential projects to be accelerated due to recent Norwegian tax incentives, targeting over 120 MMboe of net resources
- Awarded credit rating of 'BBB-' with stable outlook by S&P Global, confirming strength of liquidity and credit position

Financial summary

	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2019-30 Jun 2019 6 months	1 Apr 2019-30 Jun 2019 3 months	1 Jan 2019-31 Dec 2019 12 months
Production in Mboepd	**157.7**	162.9	77.5	76.1	93.3
Revenue and other income in MUSD	**1,097.7**	402.5	984.0	499.9	2,948.7
CFFO in MUSD	**898.1**	259.8	754.5	408.7	1,378.2
Per share in USD	*3.16*	*0.91*	*2.23*	*1.21*	*4.36*
EBITDA in MUSD[1]	**916.2**	335.1	811.6	411.9	1,918.4
Per share in USD[1]	*3.23*	*1.18*	*2.40*	*1.22*	*6.07*
Free cash flow in MUSD[2]	**381.5**	-25.2	167.4	71.6	1,271.7
Per share in USD[2]	*1.34*	*-0.09*	*0.49*	*0.21*	*4.03*
Net result in MUSD	**-131.8**	178.8	149.7	96.2	824.9
Per share in USD	*-0.46*	*0.63*	*0.44*	*0.28*	*2.61*
Adjusted net result in MUSD	**117.3**	51.3	128.4	69.5	252.7
Per share in USD	*0.41*	*0.18*	*0.38*	*0.21*	*0.80*
Net debt in MUSD	**3,796.1**	3,796.1	3,359.3	3,359.3	4,006.7

[1] Excludes the reported after tax accounting gain of MUSD 756.7 in 2019 on the divestment of a 2.6 percent working interest in the Johan Sverdrup project.
[2] Includes renewable energy business. Free cash flow for second quarter 2020 excluding renewable energy business was MUSD 19.5 positive.

Comment from Alex Schneiter, President and CEO of Lundin Energy:

"The resilience Lundin Energy has shown in the face of the sharpest downturn in the history of the oil industry is a testament to the quality of the asset base, flexibility of our financial resources and operational excellence of the business and our people; this has been further demonstrated by the award of a 'BBB-' credit rating. We generated over MUSD 380 of free cash flow in the period and delivered a positive free cash flow result from the oil and gas operations for the second quarter. This all in a period where we encountered some of the lowest realised pricing we have witnessed, both when taking into account the historic negative dated Brent differential and physical discount; a situation which has now normalised and in fact we are witnessing premiums for our barrels in the market again.

"The risk posed by coronavirus presented a unique challenge to the offshore industry and following swift and effective action, any potential threat was mitigated and all of our staff have come through the period safely and we saw no disruptions to production. As we enter the second half of the year, all offshore facilities have returned to normal manning levels and the projects are progressing on plan.

"Although faced with an uncertain market backdrop, operationally Lundin Energy performed exceptionally well. Johan Sverdrup reached its increased plateau rate of 470 Mbopd in April 2020 and since then a further new production well has been completed. The capacity of the facilities will be tested for further upside in the second half of the year. At Edvard Grieg, reservoir performance continues to exceed expectations. The reservoir model is currently being updated along with the recently completed 4D seismic survey and we already see clear potential for a further increase in reserves and an extension of the plateau production.

"The Norwegian government also played an active role during the period; establishing a tax incentive package which as well as improving near term liquidity also significantly improves future project economics assuming plan of development(s) are submitted prior to end of 2022. The Company has identified up to eight potential new projects targeting over 120 MMboe of net resources, which could benefit from these tax incentives. We will be aiming to accelerate appraisal activities and field development studies for all of these potential projects, with the objective of maturing them to sanction prior to the deadline at the end of 2022.

"As well as maintaining a very low operating cost base during the period of USD 2.78 per boe, we were also able to deliver a carbon emission per barrel produced of 2.8 Kg CO_2, which is 50 percent lower than in 2019 and significantly below our emission target in 2020 of 4 kg CO_2 per barrel produced. Our carbon footprint will be further reduced by the end of 2022 when the Edvard Grieg field will be fully electrified using mostly onshore renewable electricity. By then we will be targeting less than 2 Kg CO_2 per barrel produced and be close to our objective of reaching carbon neutrality from our operations.

"The second half of the year will see us resuming exploration activities in the fourth quarter, as well as continuing to focus on maintaining strict capital discipline and opportunistically looking to take advantage of this low point in the cycle to complement our portfolio. It is times like these which show the true mettle of a business and I would like to take this opportunity to thank all staff for their hard work and determination, as we not only successfully traded through this difficult period but are indeed in a stronger and fitter position. As the founder of the Lundin Group, Adolf Lundin, used to tell me, "when the going gets tough, the tough get going!""

OPERATIONAL REVIEW

All the reported numbers and updates in the operational review relate to the six month period ending 30 June 2020 (reporting period), unless otherwise specified.

Coronavirus Crisis and Low Oil Price Response

The coronavirus crisis, its economic impact and the oil price collapse provided an exceptionally challenging market backdrop. The main focus of the Company's response was on reducing the risk of the virus spreading in the operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business. Detailed contingency plans have been established to mitigate the risk. A key action to reduce the risk of having coronavirus infected personnel offshore was to down-man offshore sites while maintaining a minimum level of activity to allow production, and the most important activities, to continue. The coronavirus infection risk has significantly reduced in the locations where we have people, testing protocols are in place and Government restriction measures have been significantly eased.

As a consequence, all the Company's offices have resumed normal working and offshore activities have been re-phased based on normal manning levels, which means that some activities previously deferred have been brought forward to optimise long-term business outcomes. To date there have been no disruptions to production due to the coronavirus situation. The activity deferrals have impacted some project schedules, but with the operational flexibility available within the business there has been no negative impact on production guidance.

Lundin Energy has high quality, low cost assets, which are resilient to a low oil price environment. Nevertheless, the Company has taken steps to defer activity and reduce spend, where it does not impact safety, asset integrity or production, in order to further strengthen near term cash flow and liquidity of the business. Total expenditure reductions and deferrals in 2020 are over MUSD 300 including capital expenditures, operating costs and G&A.

Guidance

In May 2020, the Norwegian Government announced the implementation of production restriction measures as a response to market over supply, upon which the Company updated its 2020 full year production guidance, targeting 157 Mboepd. This is at the top end of the original guidance range for 2020 of 145 to 165 Mboepd.

Current 2020 guidance	
Production	Targeting 157 Mboepd
Operating Cost	USD 2.80 per boe
Development expenditure	MUSD 710
Exploration and Appraisal expenditure	MUSD 140
Decommissioning expenditure	MUSD 45
Renewables Investments	MUSD 90

The long term production guidance from 2021 onwards was raised to 170 to 180 Mboepd from the previous guidance range of 160 to 170 Mboepd, as a result of increased production capacity at Johan Sverdrup.

Production

First half year production was 157.7 thousand barrels of oil equivalent per day (Mboepd), which was in line with the updated production guidance and five percent ahead of the mid-point of the original guidance. Strong facilities and reservoir performance at Johan Sverdrup, Edvard Grieg and the Alvheim Area continued during the reporting period.

Operating cost, including netting off tariff income, was USD 2.78 per boe, which is in line with the updated guidance. Full year operating cost guidance remains USD 2.80 per boe.

Production in Mboepd	**1 Jan 2020-30 Jun 2020 6 months**	**1 Apr 2020-30 Jun 2020 3 months**	**1 Jan 2019-30 Jun 2019 6 months**	**1 Apr 2019-30 Jun 2019 3 months**	**1 Jan 2019-31 Dec 2019 12 months**
Crude oil	145.9	151.1	68.7	67.2	83.5
Gas	11.8	11.9	8.8	8.9	9.8
Total production	157.7	162.9	77.5	76.1	93.3

Production in Mboepd	WI[1]	**1 Jan 2020-30 Jun 2020 6 months**	**1 Apr 2020-30 Jun 2020 3 months**	**1 Jan 2019-30 Jun 2019 6 months**	**1 Apr 2019-30 Jun 2019 3 months**	**1 Jan 2019-31 Dec 2019 12 months**
Johan Sverdrup	20%	80.0	86.6	–	–	14.0
Edvard Grieg	65%	63.1	62.7	62.2	61.0	63.7
Ivar Aasen	1.385%	0.9	0.8	0.8	0.8	0.8
Alvheim Area	15% - 35%	13.7	12.8	14.5	14.3	14.8
		157.7	162.9	77.5	76.1	93.3

[1] Lundin Energy's working interest (WI)

Production from Johan Sverdrup Phase 1 was in line with forecast, reflecting the production restriction measures imposed by the Norwegian Government from June 2020. Production efficiency was 91 percent, impacted by cut-backs to optimise plant processing capacity. Three production wells have been brought on stream in the reporting period, with results from all three wells in line with expectations, and four further development wells are planned to be drilled in 2020. The field is currently producing from 11 wells and reservoir performance continues to be excellent, with total well capacity exceeding the available facilities capacity. In the first quarter of 2020, it was announced that due to higher established processing capacity, the Phase 1 plateau production rate was increased from 440 thousand barrels of oil per day (Mbopd) gross to 470 Mbopd and as a result full field plateau, when Phase 2 comes on stream, was increased to 690 Mbopd. The increased plateau level of 470 Mbopd was achieved in April 2020, more than two months earlier than scheduled. Now that there is sufficient well capacity, a plan is in place to test the limits of the facility above the current established capacity of 470 Mbopd; this capacity testing is scheduled to occur during the second half of 2020. Operating costs for the Johan Sverdrup field were USD 1.62 per boe.

Production from the Edvard Grieg field was in line with forecast, reflecting the production restriction measures imposed by the Norwegian Government from June 2020, and supported by continued strong production efficiency of 99 percent. Reservoir performance continues to exceed expectations; with limited water production and total well potential significantly higher than available facilities capacity. Acquisition of a repeat 4D seismic survey over the Edvard Grieg field, to optimise the infill well programme, was completed in May 2020 and results indicate that the water flood front continues to be further from the producing wells than expected. The reservoir model is being updated to reflect the positive field performance and when complete is anticipated to support an increase in reserves and a further plateau production extension. To limit the risk of coronavirus, offshore personnel were down-manned to a minimum level in March 2020, but as the risk of infection has receded, a return to normal manning levels commenced in June 2020. A planned maintenance shutdown will take place in the third quarter of 2020, to take advantage of the flexibility offered by the excess production capacity while production is restricted. The planned three well infill programme at Edvard Grieg is now scheduled to commence in the second quarter of 2021, with the Rowan Viking jack-up rig contracted for this programme. The Edvard Grieg electrification project, which involves the retirement of the existing gas turbine power generation system on the platform, installation of electric boilers to provide process heat and installation of a power cable from Johan Sverdrup to Edvard Grieg, is underway and is expected to be operational in late 2022. Operating costs for the Edvard Grieg field, including netting off tariff income, were USD 3.26 per boe.

Production from the Ivar Aasen field was in line with forecast. Two infill wells are planned to be drilled, with the first well commencing in the third quarter of 2020.

Production from the Alvheim Area, consisting of the Alvheim, Volund and Bøyla fields, was in line with forecast reflecting the production restriction measures imposed by the Norwegian Government. In March 2020, drilling commenced on the first of two planned infill wells in the Alvheim field, with the first well expected on stream during the fourth quarter of 2020 and the second well expected on stream in early 2021. To limit the coronavirus risk, offshore personnel were down manned in March 2020, but activity levels started returning to normal from June 2020. A planned maintenance shutdown will take place in the third quarter of 2020 to take advantage of excess production capacity while the production restrictions are effective. Operating costs for the Alvheim Area were USD 6.76 per boe, which was impacted by the under-accruals of subsea equipment repair costs from 2019.

Development

Project	WI	Operator	Estimated gross reserves	Production start	Expected gross plateau production
Johan Sverdrup Phase 2	20%	Equinor	2.2 — 3.2 Bn boe[1]	Q4 2022	690 Mbopd[1]
Solveig Phase 1	65%	Lundin Energy	57 MMboe	Q3 2021	30 Mboepd
Rolvsnes EWT	80%	Lundin Energy	-	Q3 2021	3 Mboepd

[1] Johan Sverdrup full field

The development expenditure guidance for 2020 is being maintained at MUSD 710.

Johan Sverdrup Phase 2

The Johan Sverdrup Phase 2 development project involves a second processing platform bridge linked to the Phase 1 field centre, subsea facilities to access the Avaldsnes, Kvitsøy and Geitungen satellite areas of the field, implementation of full field water alternating gas injection (WAG) for enhanced recovery and the drilling of 28 additional wells. For the subsea wells, a letter of intent has been signed for the Deepsea Atlantic semi-submersible rig, which was the same rig used for the Phase 1 pre-drilled wells. The Johan Sverdrup field reserves are in the range 2.2 to 3.2 billion boe and the ambition of the partners in the field, is to achieve a recovery factor of more than 70 percent. Due to higher established processing capacity for Phase 1 of the development, the full field plateau, when Phase 2 comes on stream will be at the increased level of 690 Mbopd. Full field breakeven oil price, including past investments, is estimated at below USD 20 per boe. The PDO for Phase 2 was approved in May 2019.

The Phase 2 capital expenditure is estimated at gross NOK 41 billion (nominal), which is unchanged from the Phase 2 PDO estimate. Construction is ongoing on the second processing platform topsides and jacket, the new modules to be installed on the existing Riser Platform and the subsea facilities. The project has seen reduced progress levels from mid-March 2020 due to the coronavirus situation, but activity is increasing, with scheduled first oil in the fourth quarter of 2022, being maintained. Overall, Johan Sverdrup phase 2 project is on schedule and within budget.

Johan Sverdrup is being operated with power supplied from shore and is one of the lowest CO_2 emitting offshore field in the world with CO_2 emissions below 0.7 kg per boe. The project also includes expansion of the power from shore facilities for Phase 2, which includes additional capacity for the Utsira High Power grid, including for the Edvard Grieg field.

Greater Edvard Grieg Area Tie-Back Projects

Solveig Phase 1 is the first Edvard Grieg subsea tie-back development and will contribute to keeping the Edvard Grieg platform filled to capacity for an extended time period. Phase 1 gross proved plus probable reserves are estimated at 57 MMboe and will be developed with three oil production wells and two water injection wells, achieving gross peak production of 30 Mboepd. The PDO for Solveig Phase 1 was approved in June 2019. The capital cost estimate for the development is within the PDO estimate of MUSD 810 gross, with a breakeven oil price of below 30 USD per boe. The potential for further phases of development, which will capture the upside potential in the discovered resources, will be de-risked by production performance from Phase 1.

The Rolvsnes Extended Well Test (EWT) project, which was approved by the authorities in July 2019, will be conducted through a 3 km subsea tie-back of the existing Rolvsnes horizontal well to the Edvard Grieg platform. The EWT will provide important reservoir data to support a decision on a potential Rolvsnes full field development. The project is being implemented together with the Solveig project to take advantage of contracting and implementation synergies.

Both Edvard Grieg Area tie-back projects progressed as planned to March 2020, when to manage the coronavirus risk the project activities were re-scheduled, resulting in the deferral of first oil for both projects. These project deferrals have no negative impact on the Company's net production in 2021 and 2022, as the Edvard Grieg field has excess well potential to fill the available facilities capacity. Progress on the Edvard Grieg topsides modifications, which are well advanced, was slowed for a period, however as the coronavirus risk has eased the activity has been re-mobilised. Installation of the subsea pipelines commenced in March 2020 and all production and injection pipelines have now been installed. The start of development drilling operations with the West Bollsta semi-submersible rig, is now scheduled for the first quarter of 2021. Solveig Phase 1 project progress is over 40 percent complete and the Rolvsnes EWT project is approximately 65 percent complete. The Solveig Phase 1 deferred first oil is unchanged from the third quarter of 2021 and Rolvsnes EWT deferred first oil has been brought forward from the second quarter 2022 to the third quarter 2021, in order to obtain the reservoir data in a timely manner to support a potential full field development decision.

Appraisal

2020 appraisal well programme

Licence	Operator	WI	Well	Spud Date	Status
PL894	Wintershall DEA	10%	Balderbrå	January 2020	Completed February 2020

In February 2020, an appraisal well was completed on the Balderbrå gas discovery in PL894 in the Norwegian Sea. The results were below expectations, leading to a reduction in the resource estimate and a commercial development of the discovery is not considered viable. The data collected from the well will be used in the assessment of further prospectivity in the area.

In June 2020, the Norwegian Government, to stimulate activity, announced temporary tax incentives that apply to PDO's submitted for approval before the end of 2022. These tax incentives significantly improve project economics and the Company has identified up to eight potential projects that could be accelerated to benefit from this opportunity. The Company's net resources for these potential projects totals over 120 MMboe, with the main projects being Solveig Phase 2/Segment D, Rolvsnes Full Field, Iving, Alta and the Alvheim Area projects of Kobra East/Gekko and Frosk. The plan is to accelerate appraisal activities and field development studies for all of these potential projects, with the aim of maturing them to PDO within the time-line of the tax incentives.

Exploration

2020 exploration well programme

Licence	Operator	WI	Well	Spud Date	Result
PL917	ConocoPhillips	20%	Hasselbaink	January 2020	Dry
PL820S	MOL	40%	Evra/Iving	November 2019	Two oil & gas discoveries
PL609	Lundin Energy	40%	Polmak	Fourth quarter 2020	
PL960	Equinor	20%	Spissa	Fourth quarter 2020	
PL533	Lundin Energy	40%	Bask	Fourth quarter 2020	
PL981	Lundin Energy	60%	Merckx	Fourth quarter 2020	

The scaled back 2020 exploration drilling programme involves six wells, of which two have been completed. Discoveries at the Evra/Iving prospects have been made so far in 2020 and the remaining four exploration wells will be drilled in the fourth quarter targeting net unrisked resources of over 350 MMboe. Three of the remaining wells are operated by Lundin Energy and will be drilled by the West Bollsta semi-submersible rig. The exploration and appraisal expenditure guidance for 2020 is being maintained at MUSD 140.

In March 2020, the dual target Evra/Iving prospect in PL820S, located in the Norwegian North Sea close to the Balder and Ringhorne field, was drilled yielding two discoveries. At Iving, an oil and gas discovery was made with gross resources estimated to be between 12 to 71 MMboe. The well was production tested in the Skagerrak formation and flowed at a maximum rate of around 3,000 barrels per day of light 40 degree API oil, constrained by surface equipment. At Evra, the well encountered gas and oil in Eocene/Paleocene age injectite reservoir sands, with further appraisal required to determine the resource potential. The discoveries will be evaluated for further appraisal drilling with the aim to develop the discovery as a tie-back to existing nearby infrastructure. Follow-up prospectivity exits in the licence and will be evaluated in light of this discovery.

Decarbonisation Strategy and Renewable Energy Projects

In January 2020, Lundin Energy announced its Decarbonisation Strategy with the target to become carbon neutral across its operations by 2030. Lundin Energy's net carbon intensity for all assets was 2.8 kg CO_2 per boe for the reporting period, which is approximately 50 percent lower than the 2019 average. This reduction is largely due to Johan Sverdrup coming on stream, which has a carbon intensity of below 0.7 kg CO_2 per boe. The full year forecast for net carbon intensity is similar to the first six months performance, which is well within the Company's 2020 target of less than 4 kg CO_2 per boe. Lundin Energy's carbon performance is set to improve further with the Edvard Grieg platform being fully electrified in late 2022, when the average net carbon intensity for all the Company's producing assets is expected to be below 2 kg CO_2 per boe, approximately one-tenth of the industry average.

A key driver of the Decarbonisation Strategy is the electrification of the Company's main producing assets and the investment in renewable energy projects to replace the Company's net electricity consumption. With electrification of the Utsira High Area, including the Edvard Grieg and Johan Sverdrup fields by 2023, over 95 percent of the Company's production will be powered from shore, consuming around 500 GWh per annum. To partially replace this electricity usage, two investments have been made in the Leikanger hydropower project in Norway and the Metsälamminkangas (MLK) wind farm project in Finland. When fully operational these projects will together generate around 300 GWh per annum net, which is approximately 60 percent of the Company's net electricity usage from 2023. It is Lundin Energy's strategy to fully replace all net electricity usage for power from shore by 2023 with further direct investments in renewable energy electricity generation.

In 2019, Lundin Energy signed an agreement with Sognekraft AS to acquire a 50 percent non-operated interest in the Leikanger river run off hydropower project. Leikanger will produce around 208 GWh per annum gross, initial power generation commenced on schedule in June 2020, with performance ahead of expectations, and the project will become fully operational in mid-2021. The transaction was completed in June 2020.

In January 2020, Lundin Energy completed a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the MLK onshore wind farm project, which will produce around 400 GWh per annum gross once it is operational in early 2022. The MLK operations will be managed by OX2. In March 2020, Lundin Energy completed a farm-down of 50 percent of the MLK project to Sval Energi AS, a portfolio company of HitecVision, on equivalent terms that the Company acquired the project from OX2. Construction of the wind farm started in April 2020 and is progressing according to plan.

Lundin Energy's total investment commitments in renewable energy projects amounts to approximately MUSD 150 over the period 2020/2021. The renewable expenditure guidance for 2020 is being maintained at MUSD 90.

Decommissioning

The decommissioning plan for the Brynhild field was approved by UK authorities in June 2020 and is expected to be approved by Norwegian authorities in the third quarter of 2020. In May 2020, the Rowan Viking jack-up rig commenced the abandonment of the four Brynhild sub-sea wells, which is progressing according to plan. The contract for the removal of the subsea facilities has been awarded to DeepOcean with operations planned in the third quarter of 2021.

The Gaupe field ceased production in 2018 and preparation of the decommissioning plan for the field is ongoing.

The decommissioning expenditure guidance for 2020 is being maintained at MUSD 45. Following completion of Brynhild and Gaupe decommissioning, the Company has no further planned decommissioning spend until around 2035.

Licence Awards and Transactions

In January 2020, the Company was awarded 12 licences in the 2019 APA licensing round, of which seven are as operator.

In March 2020, Lundin Energy entered into a sales and purchase agreement with Capricorn Norge AS involving the acquisition of a 30 percent working interest in PL1057. The transaction increased Lundin Energy's working interest to 60 percent in PL1057 and the Company has become the operator of the licence.

Currently the Company holds 81 licences in Norway, which is an increase of approximately 20 percent from the beginning of 2019.

Health, Safety and Environment

During the reporting period, one person was seriously injured during an incident on a contractor operated vessel that was working on behalf of the Company on the subsea installation activities for the Edvard Grieg tie-back projects. The incident is being thoroughly investigated and mitigating measures are being implemented. There were no further recordable safety incidents and no material environmental incidents. The resulting Lost Time Incident Rate and Total Recordable Incident Rate were both 1.4 per million hours worked.

FINANCIAL REVIEW

Result

The operating profit for the reporting period amounted to MUSD 570.3 (MUSD 540.7), with the increase compared to the comparative period mainly driven by higher sales volumes and lower exploration costs. Sales volumes more than doubled compared to the comparative period as a result of the startup of production from the Johan Sverdrup field in October 2019 but this was offset by lower oil prices and higher depletion charges during the reporting period.

The net result for the reporting period amounted to MUSD -131.8 (MUSD 149.7), representing earnings per share of USD -0.46 (USD 0.44). Net result was impacted by a largely non-cash foreign currency exchange loss of MUSD 227.8 (gain of MUSD 34.7). Adjusted net result for the reporting period amounted to MUSD 117.3 (MUSD 128.4), representing adjusted earnings per share of USD 0.41 (USD 0.38). Adjusted net result separates out the effects of accounting gains/losses from asset sales, loan modification gains, foreign currency exchange results, impairment charges and the tax impacts from these items and better reflects the net result generated by the Company's operational performance for the reporting period.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the reporting period amounted to MUSD 916.2 (MUSD 811.6) representing EBITDA per share of USD 3.23 (USD 2.40), with the increase compared to the comparative period mainly caused by higher sales volumes because of the startup of production from the Johan Sverdrup field, partly offset by lower oil prices. Cash flow from operating activities (CFFO) for the reporting period amounted to MUSD 898.1 (MUSD 754.5), representing CFFO per share of USD 3.16 (USD 2.23) with the increase compared to the comparative period, again impacted by higher sales volumes, partly offset by lower oil prices but further positively impacted by working capital changes during the reporting period. Free cash flow for the reporting period amounted to MUSD 381.5 (MUSD 167.4), representing free cash flow per share of USD 1.34 (USD 0.49), with the increase compared to the comparative period impacted by higher CFFO and lower investing activities during the reporting period.

The above mentioned numbers on a per share basis are, compared to the comparative period, positively impacted by the redemption of approximately 54.5 million shares during the third quarter of 2019.

Norwegian tax changes

On 19th June 2020, certain temporary changes in the Norwegian Petroleum Tax Law were enacted. Investments incurred in 2020 and 2021 can be fully deducted against the Special Petroleum Tax (SPT) in the year of investment compared, to a six year linear depreciation. There is a further deduction available against the SPT in the form of an uplift. For the years 2020 and 2021, the uplift has been changed to 24 percent of the investment incurred in the year and is fully deductible in the year the investment is incurred, versus the previous uplift treatment which stipulated that the investment incurred during the year qualified for an uplift of 5.2 percent annually over four years (i.e. 20.8 percent uplift). The temporary changes in the Petroleum Tax Law also apply for Plan of Development and Operations submitted within 2022. The impact on current taxes for the reporting period due to these tax rules changes, is a reduction of MUSD 187.1 and the impact on deferred taxes for the reporting period is an increase of MUSD 154.3.

Based on the currently forecast capital expenditure for 2020 and 2021, these changes for the Norwegian Special Petroleum Tax are estimated to reduce the Company's current tax charge for these years by in excess of MUSD 650 with the cashflow impact spread over the period 2020 to 2022, due to the phasing of the tax installments in Norway.

Changes in the Group

In January 2020, Lundin Energy completed a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the Metsälamminkangas (MLK) wind farm project, in mid Finland. In March 2020, Lundin Energy completed a transaction with Sval Energi AS (Sval), a portfolio company of HitecVision, to farm down 50 percent of its MLK wind farm project. MLK will produce around 400 GWh per annum gross, once it is fully operational in early 2022, from 24 onshore wind turbines. The MLK operations will be managed by OX2. The investment, including the acquisition cost, is approximately MUSD 200 gross over 2020 and 2021 (MUSD 100 net to Lundin Energy) and the project is anticipated to be free cash flow positive from 2022. The 50 percent interest in MLK is recognised as an investment in a joint venture in the consolidated accounts of the Group.

In June 2020, Lundin Energy completed a transaction with Sognekraft AS to acquire a 50 percent non-operated interest in the Leikanger hydropower project, in mid-west Norway. Leikanger will produce around 208 GWh per annum gross, once it is fully operational in 2021, from a river run off hydropower generation scheme. The investment to Lundin Energy, including the acquisition cost, is approximately MUSD 50 and the project is estimated to be free cash flow positive from 2022. The 50 percent interest in Leikanger is recognised as an investment in a joint venture in the consolidated accounts of the Group.

Revenue and other income

Revenue and other income for the reporting period amounted to MUSD 1,097.7 (MUSD 984.0) and was comprised of net sales of oil and gas and other revenue as detailed in Note 1.

Net sales of oil and gas for the reporting period amounted to MUSD 1,080.6 (MUSD 967.8). The average price achieved by Lundin Energy for a barrel of oil equivalent from own production, amounted to USD 34.34 (USD 63.09) and is detailed in the following table. The average Dated Brent price for the reporting period amounted to USD 40.07 (USD 65.95) per barrel and USD 29.56 (USD 68.86) for the second quarter.

Net sales of oil and gas from own production for the reporting period are detailed in Note 3 and were comprised as follows:

Sales from own production Average price per boe expressed in USD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Crude oil sales					
– Quantity in Mboe	26,799.8	14,587.6	12,011.0	6,012.5	29,769.7
– *Average price per bbl*	*35.88*	*25.78*	*67.54*	*70.30*	*65.16*
Gas and NGL sales					
– Quantity in Mboe	2,813.6	1,091.5	1,992.2	823.0	4,235.7
– *Average price per boe*	*19.60*	*10.28*	*36.25*	*29.68*	*31.77*
Total sales					
– Quantity in Mboe	**29,613.4**	**15,679.1**	14,003.2	6,835.5	34,005.4
– Average price per boe	***34.34***	***24.70***	*63.09*	*65.41*	*61.00*

The table above excludes crude oil revenue from third party activities.

Net sales of crude oil from third party activities for the reporting period amounted to MUSD 63.8 (MUSD 84.3) and consisted of crude oil purchased from outside the Group by Lundin Energy Marketing SA and sold to the market. Revenue from sale of oil and gas are recognised when control of the products is transferred to the customer.

Other income for the reporting period amounted to MUSD 17.1 (MUSD 16.2) and mainly included tariff income of MUSD 12.6 (MUSD 13.2), which is due to net income from Ivar Aasen tariffs paid to Edvard Grieg. Other income for the reporting period also included MUSD 0.8 (MUSD –) relating to Dated Brent differential derivatives.

Production costs

Production costs including under/over lift movements and inventory movements for the reporting period amounted to MUSD 103.3 (MUSD 77.0) and are detailed in Note 2. The total production cost per barrel of oil equivalent produced is detailed in the table below:

Production costs	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cost of operations					
– In MUSD	69.5	30.6	56.4	28.4	118.1
– *In USD per boe*	*2.42*	*2.07*	*4.02*	*4.09*	*3.47*
Tariff and transportation expenses					
– In MUSD	22.9	10.5	19.8	8.8	46.3
– *In USD per boe*	*0.80*	*0.71*	*1.41*	*1.28*	*1.36*
Operating costs					
– In MUSD	**92.4**	**41.1**	76.2	37.2	164.4
***– In USD per boe*[1]**	***3.22***	***2.78***	*5.43*	*5.37*	*4.83*
Change in under/over lift position					
– In MUSD	8.1	9.4	-1.6	-0.4	-0.9
– *In USD per boe*	*0.28*	*0.63*	*-0.11*	*-0.06*	*-0.03*
Change in inventory position					
– In MUSD	-0.1	0.0	0.3	0.3	-2.8
– *In USD per boe*	*-0.00*	*0.00*	*0.02*	*0.04*	*-0.08*
Other					
– In MUSD	2.9	1.4	2.1	1.0	4.1
– *In USD per boe*	*0.10*	*0.09*	*0.15*	*0.15*	*0.12*
Production costs					
– In MUSD	**103.3**	**51.9**	77.0	38.1	164.8
– In USD per boe	***3.60***	***3.50***	*5.49*	*5.50*	*4.84*

Note: USD per boe is calculated by dividing the cost by total production volume for the period.
[1] The numbers in this table are excluding tariff income netting. Lundin Energy's operating cost for the reporting period of USD 3.22 (USD 5.43) per barrel is reduced to USD 2.78 (USD 4.49) when tariff income is netted off. The operating cost for the second quarter of USD 2.78 (USD 5.37) per barrel is reduced to USD 2.37 (USD 4.46) when tariff income is netted off.

The total cost of operations for the reporting period amounted to MUSD 69.5 (MUSD 56.4) and the total cost of operations excluding operational projects amounted to MUSD 66.6 (MUSD 50.2). The increase compared to the comparative period related to the start up of production from the Johan Sverdrup field in October 2019, partly offset by a weaker Norwegian Kroner.

The cost of operations per barrel for the reporting period amounted to USD 2.42 (USD 4.02), including operational projects and USD 2.32 (USD 3.58) excluding operational projects. The lower unit costs compared to the comparative period are mainly relating to the start up of the Johan Sverdrup field, which has a lower unit operating cost, in addition to a weaker Norwegian Kroner.

Tariff and transportation expenses for the reporting period amounted to MUSD 22.9 (MUSD 19.8) or USD 0.80 (USD 1.41) per barrel. The decrease on a per barrel basis compared to the comparative period, is driven by the start up of production from the Johan Sverdrup field in October 2019, in addition to a weaker Norwegian Kroner.

Sales quantities in a period can differ from production quantities as a result of permanent and timing differences. Timing differences can arise due to under/over lift of entitlement, inventory, storage and pipeline balances effects. The change in under/over lift position is valued at production cost including depletion cost, and amounted to MUSD 8.1 (MUSD -1.6) in the reporting period due to the timing of the cargo liftings compared to production. Sales quantities and production quantities are detailed in the table below:

Change in over/underlift position In Mboepd	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Production volumes	157.7	162.9	77.5	76.1	93.3
Johan Sverdrup inventory movements	–	–	–	–	-0.7
Production volumes excluding inventory movements	157.7	162.9	77.5	76.1	92.6
Sales volumes from own production	162.7	172.3	77.4	75.1	93.2
Change in overlift position	**-5.0**	**-9.4**	0.1	1.0	-0.6

Other costs for the reporting period amounted to MUSD 2.9 (MUSD 2.1) and related to the business interruption insurance.

Depletion and decommissioning costs

Depletion and decommissioning costs for the reporting period amounted to MUSD 295.9 (MUSD 196.6) at an average rate of USD 10.31 (USD 14.02) per barrel and are detailed in Note 3. The lower depletion costs for the reporting period compared to the comparative period, is due to the start up of production from the Johan Sverdrup field at a lower depletion rate per barrel. The depletion costs are further positively impacted by a lower depletion rate per barrel in USD terms, as the depletion rate per barrel is calculated in Norwegian Kroner with the Norwegian Kroner having weakened against the USD compared to the comparative period.

Exploration costs

Exploration costs expensed in the income statement for the reporting period amounted to MUSD 46.7 (MUSD 70.9) and are detailed in Note 3. Exploration and appraisal costs are capitalised as they are incurred. When exploration and appraisal drilling is unsuccessful, the capitalised costs are expensed. All capitalised exploration costs are reviewed on a regular basis and are expensed when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount.

Purchase of crude oil from third parties

Purchase of crude oil from third parties for the reporting period amounted to MUSD 63.3 (MUSD 84.3) and related to crude oil purchased from outside the Group.

General, administrative and depreciation expenses

The general administrative and depreciation expenses for the reporting period amounted to MUSD 18.2 (MUSD 14.5), which included a charge of MUSD 2.0 (MUSD 2.3) in relation to the Group's long-term incentive plans (LTIP), see also Remuneration section on page 13. Fixed asset depreciation expenses for the reporting period amounted to MUSD 3.3 (MUSD 3.4).

Finance income

Finance income for the reporting period amounted to MUSD 0.8 (MUSD 51.5) and is detailed in Note 4.

Finance costs

Finance costs for the reporting period amounted to MUSD 343.1 (MUSD 78.4) and are detailed in Note 5.

The net foreign currency exchange loss for the reporting period amounted to MUSD 227.8 (gain of MUSD 34.7). Foreign exchange movements occur on the settlement of transactions denominated in foreign currencies and the revaluation of working capital and loan balances to the prevailing exchange rate, at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Group's reporting entities. Lundin Energy is exposed to exchange rate fluctuations relating to the relationship between US Dollar and other currencies. Lundin Energy has entered into derivative financial instruments to address this exposure for exchange rate fluctuations for capital expenditure amounts and Corporate and Special Petroleum Tax amounts. For the reporting period, the net realised exchange loss on these settled foreign exchange instruments amounted to MUSD 43.7 (MUSD 8.9) and a further non-cash exchange loss of MUSD 5.7 was charged to the income statement for the second quarter due to non-effective hedge treatment of certain of the future foreign exchange contracts.

The US Dollar strengthened less than one percent against the Euro during the reporting period, resulting in a net foreign currency exchange loss on the US Dollar denominated external loan, which is borrowed by a subsidiary using Euro as functional currency. In addition, the Norwegian Krone weakened 11 percent against the Euro in the reporting period, generating a largely non-cash net foreign currency exchange loss on an intercompany loan balance denominated in Norwegian Krone.

Interest expenses for the reporting period amounted to MUSD 58.1 (MUSD 31.9) and represented the portion of interest charged to the income statement. An additional amount of interest of MUSD 10.6 (MUSD 51.3), associated with the funding of the Norwegian development projects was capitalised in the reporting period. The total interest expense for the reporting period decreased compared to the comparative period as a result of a lower LIBOR rate in the second quarter of 2020 and partly offset by higher average debt relative to the comparative period.

The result on interest rate hedge settlements amounted to a loss of MUSD 14.4 (gain of MUSD 16.0), as a result of the lower LIBOR rate.

The amortisation of the deferred financing fees for the reporting period amounted to MUSD 7.9 (MUSD 8.4) and related mainly to the fees incurred in establishing the reserve-based lending facility. The fees in relation to the reserve-based lending facility are being expensed over the expected life of that facility.

Loan facility commitment fees for the reporting period amounted to MUSD 5.7 (MUSD 7.0) and related mainly to the higher outstanding loan under the reserve-based lending facility following the share redemption in August 2019, which resulted in lower commitment fees.

The unwinding of the loan modification gain for the reporting period amounted to MUSD 19.0 (MUSD 21.1) and related to the expensing of the accounting gain from the re-negotiated improved borrowing terms for the reserve-based lending facility over the period of usage of the facility.

Share in result of joint ventures and associated company
Share in result of joint ventures and associated company for the reporting period amounted to MUSD 0.0 (MUSD -1.0) and related to the 50 percent non-operated interest in the Leikanger hydropower project in Norway, with the project commencing production during the second quarter 2020. The loss in the comparative period related to the share in the result of the investment in Mintley Caspian Ltd. with this company currently being liquidated.

Tax
The overall tax charge for the reporting period amounted to MUSD 359.8 (MUSD 363.1) and is detailed in Note 6.

The current tax charge for the reporting period amounted to MUSD 129.5 (MUSD 43.8) and mainly related to Norway. The current tax charge for Norway for the reporting period related to both Corporate Tax and Special Petroleum Tax (SPT). The SPT tax losses were fully utilized during the fourth quarter of 2019, which resulted in increased current tax charges for the reporting period and the current tax charge for Norway for the comparative period related therefore, to Corporate Tax only. The paid tax installments in Norway during the reporting period amounted to MUSD 52.3, which has in combination with the current tax charge for the reporting period and exchange rate movements resulted in an increase in current tax liabilities compared to the end of last year from MUSD 343.3 to MUSD 385.8. On 19th June 2020 certain temporary changes in the Norwegian Petroleum Tax Law were enacted. Investments incurred in 2020 and 2021 can be fully deducted against SPT in the year of investment compared to a six year linear depreciation. There is a further deduction available against the SPT in the form of an uplift. The uplift has been changed to 24 percent of the investment incurred in the year and is fully deductible in the year the investment is incurred, versus the previous treatment of uplift which stipulated that the investment incurred during the year qualified for an uplift of 5.2 percent annually over four years (i.e. 20.8 percent uplift). The impact on current taxes for the reporting period due to these tax rules changes is a reduction of MUSD 187.1. The temporary changes in the Petroleum Tax Law also apply for Plan of Development and Operations submitted within 2022.

The deferred tax charge for the reporting period amounted to MUSD 230.3 (MUSD 319.3) and related to Norway. A deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes, with the deferred tax charge increased for the reporting period due to the temporary tax changes for the Special Petroleum Tax in Norway as outlined above. The impact on deferred taxes for the reporting period due to these tax rules changes is an increase of MUSD 154.3.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 21.4 and 78 percent. The effective tax rate for the reporting period is affected by items which do not receive a full tax credit such as the reported net foreign currency exchange results, Norwegian financial items and by the uplift allowance applicable in Norway for development expenditures against the offshore tax regime. The effective tax rate for the reporting period was mainly impacted by the reported foreign currency exchange loss and the effective tax rate on the adjusted net results for the reporting period amounted to 75 percent.

Balance Sheet

Non-current assets
Oil and gas properties amounted to MUSD 5,016.9 (MUSD 5,473.2) and are detailed in Note 7.

Development, exploration and appraisal expenditure incurred for the reporting period was as follows:

Development expenditure in MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway	351.9	199.4	357.2	195.5	672.3
Development expenditure	**351.9**	**199.4**	357.2	195.5	672.3

Development expenditure of MUSD 351.9 (MUSD 357.2) was incurred in Norway during the reporting period, primarily on the Johan Sverdrup field. In addition an amount of MUSD 10.6 (MUSD 51.3) of interest was capitalised.

Exploration and appraisal expenditure in MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway	64.5	21.2	183.3	96.0	298.4
Exploration and appraisal expenditure	**64.5**	**21.2**	183.3	96.0	298.4

Exploration and appraisal expenditure of MUSD 64.6 (MUSD 183.3) was incurred in Norway during the reporting period, primarily for the exploration and appraisal wells as summarized on page 5.

Other tangible fixed assets amounted to MUSD 42.4 (MUSD 49.4) and are detailed in Note 8.

Goodwill associated with the accounting for the Edvard Grieg transaction during 2016 amounted to MUSD 128.1 (MUSD 128.1).

Investments in joint ventures amounted to MUSD 77.8 (MUSD –) and related to the 50 percent interest held by Lundin Energy in the Metsälamminkangas (MLK) wind farm project in Finland and the Leikanger hydropower project in Norway, see also page 5.

The net investments by the Company in the renewable energy business, through its joint ventures, for the reporting period was at follows:

Renewables investments in MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
MLK Windfarm — Finland	29.8	2.5	—	—	—
Leikanger Hydropower — Norway	44.9	44.9	—	—	—
Renewables investments	**74.7**	**47.4**	—	—	—

Financial assets amounted to MUSD 13.2 (MUSD 14.3) and are detailed in Note 9. The sale of 2.6 percent of Johan Sverdrup during 2019 included a contingent consideration based on future reserve reclassifications and is due in 2026. This contingent consideration was fair valued by the Company and amounted to MUSD 12.5 (MUSD 12.4).

Trade and other receivables amounted to MUSD 15.1 (MUSD —) and related to prepayment with a long-term nature and are detailed in Note 10.

Current assets

Inventories amounted to MUSD 39.9 (MUSD 40.7) and included both well supplies and hydrocarbon inventories.

Trade and other receivables amounted to MUSD 217.3 (MUSD 349.5) and are detailed in Note 10. Trade receivables, which are all current, amounted to MUSD 151.1 (MUSD 305.1) with the decrease caused by the lower oil prices in June 2020. Underlift amounted to MUSD 7.6 (MUSD 2.0) and was attributable to an underlift position on the producing fields, mainly relating to oil from the Alvheim field. Joint operations debtors relating to various joint venture receivables amounted to MUSD 11.3 (MUSD 11.4). Prepaid expenses and accrued income amounted to MUSD 38.6 (MUSD 23.9) and represented mainly prepaid operational and insurance expenditure. Other current assets amounted to MUSD 8.7 (MUSD 7.1).

Cash and cash equivalents amounted to MUSD 74.9 (MUSD 85.3). Cash balances are mainly held to meet ongoing operational funding requirements.

Non-current liabilities

Financial liabilities amounted to MUSD 3,589.9 (MUSD 3,888.4) and are detailed in Note 11. Bank loans amounted to MUSD 3,670.0 (MUSD 4,000.0) and related to the long-term portion of the outstanding loans under the reserve-based lending facility and the corporate facility for renewable investments with the short-term portion classified as current liabilities. Capitalised financing fees relating to the establishment of the facilities amounted to MUSD 28.0 (MUSD 37.1) and are being amortised over the expected life of the facilities. The capitalised loan modification gain relating to the re-negotiated improved borrowing terms for the lending facility during 2018, amounted to MUSD 77.3 (MUSD 105.6) and are being amortised over the expected life of the facility. The lease commitments amounted to MUSD 25.2 (MUSD 31.1) and related to the long-term portion of the lease commitments under IFRS 16. The short-term portion of the lease commitments was classified as current liabilities.

Provisions amounted to MUSD 480.2 (MUSD 528.1) and are detailed in Note 12. The provision for site restoration amounted to MUSD 476.1 (MUSD 522.2) and related to the long-term portion of the future decommissioning obligations. The short-term portion of the future decommissioning obligations was classified as current liabilities and amounted to MUSD 33.4 (MUSD 49.2). The decrease in site restoration is mainly caused by the weakening of the Norwegian Kroner during the reporting period and the commencement of decommissioning work on the Brynhild field.

Deferred tax liabilities amounted to MUSD 2,393.9 (MUSD 2,412.7). The provision mainly arises on the excess of book value over the tax value of oil and gas properties. Deferred tax assets are netted off against deferred tax liabilities where they relate to the same jurisdiction.

Derivative instruments amounted to MUSD 241.5 (MUSD 110.8) and related to the marked-to-market loss on outstanding interest rate and currency hedge contracts due to be settled after twelve months.

Current liabilities

Current financial liabilities amounted to MUSD 205.9 (MUSD 97.5) and are detailed in Note 11. Current financial liabilities related to the short-term portion of the outstanding bank loans and lease commitments. Current financial liabilities related for MUSD 201.0 (MUSD 92.0) to the short-term portion of the outstanding bank loans as the reserve-based lending facility amortization schedule reduces the current commitments of USD 4.75 billion to USD 4.0 billion by 1 January 2021 and to USD 3.25 billion by 1 July 2021.

Dividends amounted to MUSD 212.6 (MUSD 106.0) and related to the cash dividend approved by the AGM held on 31 March 2020 in Stockholm, which will be paid in quarterly installments.

Trade and other payables amounted to MUSD 234.2 (MUSD 177.4) and are detailed in Note 13. Overlift amounted to MUSD 14.6 (MUSD 0.9) and was attributable to an overlift position mainly in relation to oil from the Johan Sverdrup and Edvard Grieg fields. Joint operations creditors and accrued expenses amounted to MUSD 179.3 (MUSD 133.6) and related to activity in Norway. Other accrued expenses amounted to MUSD 17.7 (MUSD 16.6) and other current liabilities amounted to MUSD 7.0 (MUSD 8.5).

Derivative instruments amounted to MUSD 155.3 (MUSD 33.2) and related to the marked-to-market loss on outstanding interest rate and currency hedge contracts due to be settled within twelve months.

Current tax liabilities amounted to MUSD 385.8 (MUSD 343.3) and related mainly to Norway. The current tax liabilities have reduced from MUSD 506.0 as of the end of first quarter 2020 to MUSD 385.8 as of the end of the reporting period partially due to MUSD 35.1 being paid in cash taxes during the second quarter 2020 and partially due to the accelerated tax depreciation from the beginning of 2020 as approved by the Norwegian parliament in June 2020

Current provisions amounted to MUSD 35.9 (MUSD 55.9) and are detailed in Note 12. The short-term portion of the future decommissioning obligations amounted to MUSD 33.4 (MUSD 49.2) mainly relating to the Brynhild field. The short-term portion of the provision for Lundin Energy's Unit Bonus Plan amounted to MUSD 2.5 (MUSD 6.7).

Parent Company

The business of the Parent Company is investment in and management of oil and gas assets and renewable energy projects. The net result for the Parent Company for the reporting period amounted to MSEK 2,758.8 (MSEK 4,560.8). The net result for the reporting period included MSEK 2,867.8 (MSEK 4,638.1) financial income as a result of received dividends from a subsidiary. The net result excluding received dividends amounted to MSEK -109.0 (MSEK -77.3).

The net result for the reporting period included general and administrative expenses of MSEK 119.3 (MSEK 86.6) and net finance expenses of MSEK 1.3 (income of MSEK 0.8) when excluding the received dividends as mentioned above.

Pledged assets of MSEK 55,118.9 (MSEK 55,118.9) relate to the carrying value of the pledge of the shares in respect of the reserve-based lending facility entered into by its wholly-owned subsidiary Lundin Energy Holding BV, see also the Liquidity section below.

Due to the recent oil price collapse, the Parent Company performed a full impairment test in relation to the shares held in Lundin Energy Holding B.V. Based on this impairment test, no impairment was recognized by the Parent Company but the impairment headroom was reduced as a consequence of a lower long-term oil price being applied.

Related Party Transactions

During the reporting period, the Group has not entered into any material transactions with related parties.

Liquidity

In February 2016, Lundin Energy entered into a committed seven year senior secured reserve-based lending facility of USD 5.0 billion. The facility was amended during the second quarter of 2018, resulting in the interest rate margin over LIBOR being reduced from 3.15 percent to a current rate of 2.5 percent (2.25 percent). The facility is secured against certain cash flows generated by the Group. The amount available under the facility is recalculated every twelve months, based upon the calculated cash flow generated by certain producing fields and fields under development, at an oil price and economic assumptions agreed with the banking syndicate providing the facility. The facility is secured by a pledge over the shares of certain Group companies, a pledge over the Company's working interest in some production licences and a charge over some of the bank accounts of the pledged companies. The size of the committed facility is currently USD 4.75 billion and will reduce to USD 4.0 billion as per 1 January 2021 and to USD 3.25 billion as per 1 July 2021. Lundin Energy's intention is to refinance the external loan facility within the coming 12-months period and is expecting to achieve such re-financing on competitive terms given the financial robustness of the Company and the low cost base of its assets. The Company is also pleased to announce its inaugural public credit rating, provided by S&P Global Rating, with a rating of BBB- with a stable outlook.

In January 2020, Lundin Energy entered into a revolving credit facility amounting to MUSD 260 for the financing of the renewable power projects with a current interest rate margin over LIBOR of 1.25 percent. The facility size was reduced to MUSD 160 in March 2020 following the farm down of 50 percent of the Metsälamminkangas (MLK) wind farm project to Sval.

In April 2020, Lundin Energy entered into an unsecured corporate facility amounting to MUSD 340 as a prudent measure due to the oil market uncertainties. The facility, which remains undrawn, has a current interest rate margin over LIBOR of 2.6 percent.

Contingent liabilities

The Swedish Prosecution Authority issued a notification of a corporate fine and forfeiture of economic benefits against Lundin Energy in relation to past operations in Sudan from 1997 to 2003. The notification indicated that the Prosecutor might seek a corporate fine of SEK 3 million and forfeiture of economic benefits from the alleged offense in the amount of SEK 3,282 million, based on the profit of the sale of the Block 5A asset in 2003 of SEK 720 million. Any potential corporate fine or forfeiture would only be imposed after the conclusion of a trial, should one occur. The investigation is in its eleventh year and Lundin Energy remains convinced that there are absolutely no grounds for any allegations of wrongdoing by any Company representative and the Company will firmly contest any corporate fine or forfeiture of economic benefits. The Company considers this to be a contingent liability and therefore no provision has been recognised.

Subsequent Events

During July 2020, Lundin Energy rolled forward to 2021 certain foreign currency exchange contracts with an original settlement date in 2020 to buy MNOK 910 against an average contractual exchange rate of NOK 9.14:USD 1.

Share Data

Lundin Energy AB's issued share capital amounted to SEK 3,478,713 represented by 285,924,614 shares with a quota value of SEK 0.01 each (rounded off) with the issued share capital including a bonus issue (sw. fondemission) of SEK 556,594 during 2019, to restore the share capital of Lundin Energy to the same amount as immediately prior to the share redemption as approved by the EGM of Lundin Energy held on 31 July 2019.

During 2017, Lundin Energy purchased 1,233,310 of its own shares at an average price of SEK 186.14 based on the approval granted at the AGM 2017. During 2018, Lundin Energy purchased an additional 640,000 of its own shares at an average price of SEK 186.77 based on the approval granted at the AGM 2017 resulting in 1,873,310 of its own shares held by the Company.

The AGM of Lundin Energy held on 31 March 2020 in Stockholm approved a cash dividend distribution for the year 2019 of USD 1.00 per share, to be paid in quarterly installments of USD 0.25 per share. Before payment, each quarterly dividend of USD 0.25 per share shall be converted into a SEK amount, and paid out in SEK, based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to each record date (rounded off to the nearest whole SEK 0.01 per share). The final USD equivalent amount received by the shareholders may therefore slightly differ depending on what the USD to SEK exchange rate is on the date of the dividend payment. Based on the number of shares outstanding, excluding own shares held by the Company, the approved dividend distribution amounted to MSEK 2,867.8, equaling MUSD 284.1 based on the exchange rate on the date of AGM approval.

The first dividend payment was made on 7 April 2020 and the second dividend payment was made on 8 July 2020. The third dividend payment is expected to be paid around 7 October 2020, with an expected record date of 2 October 2020 and an expected ex-dividend date of 1 October 2020. The fourth dividend payment is expected to be paid around 8 January 2021, with an expected record date of 4 January 2021 and an expected ex-dividend date of 30 December 2020.

In order to comply with Swedish company law, a maximum total SEK amount shall be pre-determined to ensure that the dividend distributed does not exceed the available distributable reserves of the Company and such maximum amount for the 2019 dividend has been set to a cap of SEK 5.188 billion (i.e., SEK 1.297 billion per quarter). If the total dividend would exceed the cap of SEK 5.188 billion, the dividend will be automatically adjusted downwards so that the total dividend corresponds to the cap of SEK 5.188 billion.

Remuneration

Lundin Energy's principles for remuneration and details of the long-term incentive plans are provided in the Company's 2019 Annual Report and in the materials provided to shareholders in respect of the 2020 AGM, available on www.lundin-energy.com

Unit Bonus Plan

The number of units relating to the awards made in 2018, 2019 and 2020 under the Unit Bonus Plan outstanding as at 30 June 2020 were 70,123, 123,951 and 267,600 respectively.

Performance Based Incentive Plan

The AGM 2019 resolved a long-term performance based incentive plan in respect of Group management and a number of key employees. The plan is effective from 1 July 2019 and the 2019 award is accounted for from the second half of 2019. The total outstanding number of awards at 30 June 2020 was 310,330 and the awards vest over three years from 1 July 2019 subject to certain performance conditions being met. Each original award was fair valued at the date of grant at SEK 169.00 using an option pricing model.

The 2018 plan is effective from 1 July 2018 and the total outstanding number of awards at 30 June 2020 was 268,385 and the awards vest over three years from 1 July 2018 subject to certain performance conditions being met. Each original award was fair valued at the date of grant at SEK 167.10 using an option pricing model.

The 2017 plan is effective from 1 July 2017 and the total outstanding number of awards at 30 June 2020 was 350,419 and the awards vest over three years from 1 July 2017 subject to certain performance conditions being met. Each original award was fair valued at the date of grant at SEK 100.10 using an option pricing model.

Accounting Policies

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and the Swedish Annual Accounts Act (SFS 1995:1554).

Lundin Energy has reclassified currency translation reserve balances within equity in accordance with IAS8 in relation to the deconsolidation of the Russian operations back in 2017. Reported Shareholder' equity is not affected by this reclassification.

The accounting policies adopted are in all aspects consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The financial reporting of the Parent Company 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 (SFS 1995:1554).

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.

Risks and Risk Management

The objective of Business Risk Management is to identify, understand and manage threats and opportunities within the business on a continual basis. This objective is achieved by creating a mandate and commitment to risk management at all levels of the business. This approach actively addresses risk as an integral and continual part of decision making within the Group and is designed to ensure that all risks are identified, fully acknowledged, understood and communicated well in advance. The ability to manage and or mitigate these risks represents a key component in ensuring that the business aim of the Company is achieved. 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.

A detailed analysis of Lundin Energy's strategic, operational, financial and external risks and mitigation of those risks through risk management is described in Lundin Energy's 2019 Annual Report.

Coronavirus

The coronavirus crisis, its economic impact and the oil price collapse provided an exceptionally challenging market backdrop. The main focus of the Company's response was on reducing the risk of the virus spreading in the operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business. Detailed contingency plans have been established to mitigate the risk. A key action to reduce the risk of having coronavirus infected personnel offshore was to down-man offshore sites while maintaining a minimum level of activity to allow production, and the most important activities, to continue. The coronavirus infection risk has significantly reduced in the locations where we have people, testing protocols are in place and Government restriction measures have been significantly eased.

As a consequence, all the Company's offices have resumed normal working and offshore activities have been re-phased based on normal manning levels, which means that some activities previously deferred have been brought forward to optimise the benefits from the temporary tax changes in Norway and thereby to optimise long-term business outcomes. To date there have been no disruptions to production due to the coronavirus situation. The activity deferrals have impacted project schedules, but with the operational flexibility available within the business there has been no negative impact on production guidance.

Lundin Energy has high quality, low cost assets, which are resilient to a low oil price environment. Nevertheless, the Company has taken steps to defer activity and reduce spend, where it does not impact safety, asset integrity or production, in order to further strengthen near term cash flow and liquidity of the business. Total expenditure reductions and deferrals in 2020 are over MUSD 300 including capital expenditures, operating costs and G&A. The Company also amended during the first quarter its original 2019 dividend proposal from MUSD 511 to approximately MUSD 284 and raised during the first quarter additional debt commitments of MUSD 240 and thus further strengthening the Company's liquidity position. Finally and based on the currently forecast capital expenditure for 2020 and 2021, the recently announced temporary tax changes for the Norwegian Special Petroleum Tax are estimated to reduce the Company's current tax charge for these years by in excess of MUSD 650 with the cashflow impact spread over the period 2020 to 2022 due to the phasing of the tax installments in Norway.

Derivative financial instruments

Lundin Energy has entered into derivative financial instruments to address its exposure for exchange rate fluctuations for capital expenditure amounts relating to its committed field development projects and Corporate and Special Petroleum Tax amounts. At 30 June 2020, Lundin Energy had outstanding foreign currency contracts as summarised below:

Buy	Sell	Average contractual Exchange rate	Settlement period
MNOK 7,994.5	MUSD 893.9	NOK 8.94:USD 1	Jul 2020 – Dec 2020
MNOK 2,730.0	MUSD 338.0	NOK 8.08:USD 1	Jan 2021 – Dec 2021
MNOK 1,430.0	MUSD 183.4	NOK 7.80:USD 1	Jan 2022 – Dec 2022
MNOK 530.0	MUSD 64.2	NOK 8.26:USD 1	Jan 2023 – Dec 2023
MNOK 300.0	MUSD 33.0	NOK 9.09:USD 1	Jan 2024 – Dec 2024

During July 2020, Lundin Energy rolled forward to 2021 certain foreign currency exchange contracts with an original settlement date in 2020 to buy MNOK 910 against an average contractual exchange rate of NOK 9.14:USD 1.

Lundin Energy entered into interest rate hedge contracts and at 30 June 2020 had outstanding interest rate hedge contracts as follows:

Borrowings expressed in MUSD	Fixing of floating LIBOR average rate per annum	Settlement period
3,300	1.96%	Jul 2020 – Dec 2020
3,100	2.28%	Jan 2021 – Dec 2021
3,200	2.20%	Jan 2022 – Dec 2022
2,700	1.38%	Jan 2023 – Dec 2023
2,200	1.47%	Jan 2024 – Dec 2024
1,400	0.71%	Jan 2025 – Dec 2025
1,100	0.81%	Jan 2026 – Jun 2026

Under IFRS 9, subject to hedge effectiveness testing, most of the foreign currency contracts and interest rate hedges are treated as effective and changes to the fair value are reflected in other comprehensive income with the changes to the fair value of non effective hedges reflected in the income statement

Exchange Rates

For the preparation of the financial statements for the year, the following currency exchange rates have been used.

	30 Jun 2020		30 Jun 2019		31 Dec 2019	
	Average	Period end	Average	Period end	Average	Period end
1 USD equals NOK	9.7538	9.7446	8.6118	8.5183	8.8003	8.7803
1 USD equals Euro	0.9079	0.8930	0.8851	0.8787	0.8932	0.8902
1 USD equals SEK	9.6813	9.3720	9.3118	9.2823	9.4581	9.2993

Consolidated Income Statement

Expressed in MUSD	Note	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2019-30 Jun 2019 6 months	1 Apr 2019-30 Jun 2019 3 months	1 Jan 2019-31 Dec 2019 12 months
Revenue and other income	1					
Revenue		1,080.6	395.1	967.8	491.3	2,158.6
Gain from sale of assets		–	–	–	–	756.7
Other income		17.1	7.4	16.2	8.6	33.4
		1,097.7	**402.5**	984.0	499.9	2,948.7
Cost of sales						
Production costs	2	-103.3	-51.9	-77.0	-38.1	-164.8
Depletion and decommissioning costs		-295.9	-148.6	-196.6	-96.8	-443.8
Exploration costs		-46.7	-18.8	-70.9	-33.6	-125.6
Impairment costs of oil and gas properties		–	–	–	–	-128.3
Purchase of crude oil from third parties		-63.3	-8.1	-84.3	-44.2	-84.3
Gross profit	3	**588.5**	**175.1**	555.2	287.2	2,001.9
General, administration and depreciation expenses		-18.2	-9.0	-14.5	-7.4	-31.2
Operating profit		**570.3**	**166.1**	540.7	279.8	1,970.7
Net financial items						
Finance income	4	0.8	0.2	51.5	42.4	27.5
Finance costs	5	-343.1	73.6	-78.4	-38.5	-322.5
		-342.3	**73.8**	-26.9	3.9	-295.0
Share in result of joint ventures and associated company		0.0	0.0	-1.0	-0.8	-1.8
Profit before tax		**228.0**	**239.9**	512.8	282.9	1,673.9
Income tax	6	-359.8	-61.1	-363.1	-186.7	-849.0
Net result		**-131.8**	**178.8**	149.7	96.2	824.9
Attributable to:						
Shareholders of the Parent Company		-131.8	178.8	149.7	96.2	824.9
Non-controlling interest		–	–	–	–	–
		-131.8	**178.8**	149.7	96.2	824.9
Earnings per share – USD		-0.46	0.63	0.44	0.28	2.61
Earnings per share fully diluted – USD		-0.46	0.63	0.44	0.28	2.61
Adjusted earnings per share – USD		0.41	0.18	0.38	0.21	0.80
Adjusted earnings per share fully diluted – USD		0.41	0.18	0.38	0.21	0.80

Consolidated Statement of Comprehensive Income

Expressed in MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	**-131.8**	**178.8**	149.7	96.2	824.9
Items that may be subsequently reclassified to profit or loss:					
Exchange differences foreign operations	-40.5	-41.6	12.6	-14.0	29.0
Cash flow hedges	-256.9	127.5	-69.6	-41.7	-82.5
Other comprehensive income, net of tax	**-297.4**	**85.9**	-57.0	-55.7	-53.5
Total comprehensive income	**-429.2**	**264.7**	92.7	40.5	771.4
Attributable to:					
Shareholders of the Parent Company	-429.2	264.7	92.7	40.5	771.4
Non-controlling interest	—	—	—	—	—
	-429.2	**264.7**	92.7	40.5	771.4

Consolidated Balance Sheet

Expressed in MUSD	Note	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Oil and gas properties	7	5,016.9	5,473.2
Other tangible fixed assets	8	42.4	49.4
Goodwill		128.1	128.1
Investments in joint ventures		77.8	–
Financial assets	9	13.2	14.3
Trade and other receivables	10	15.1	–
Derivative instruments	14	–	2.7
Total non-current assets		**5,293.5**	5,667.7
Current assets			
Inventories		39.9	40.7
Trade and other receivables	10	217.3	349.5
Derivative instruments	14	–	11.3
Cash and cash equivalents		74.9	85.3
Total current assets		**332.1**	486.8
TOTAL ASSETS		**5,625.6**	6,154.5
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		**-2,309.6**	-1,598.8
Liabilities			
Non-current liabilities			
Financial liabilities	11	3,589.9	3,888.4
Provisions	12	480.2	528.1
Deferred tax liabilities		2,393.9	2,412.7
Derivative instruments	14	241.5	110.8
Total non-current liabilities		**6,705.5**	6,940.0
Current liabilities			
Financial liabilities	11	205.9	97.5
Dividends		212.6	106.0
Trade and other payables	13	234.2	177.4
Derivative instruments	14	155.3	33.2
Current tax liabilities		385.8	343.3
Provisions	12	35.9	55.9
Total current liabilities		**1,229.7**	813.3
Total liabilities		**7,935.2**	7,753.3
TOTAL EQUITY AND LIABILITIES		**5,625.6**	6,154.5

Consolidated Statement of Cash Flows

Expressed in MUSD	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2019-30 Jun 2019 6 months	1 Apr 2019-30 Jun 2019 3 months	1 Jan 2019-31 Dec 2019 12 months
Cash flows from operating activities					
Net result	**-131.8**	**178.8**	149.7	96.2	824.9
Adjustments for:					
Gain from sale of assets	—	—	—	—	-756.7
Exploration costs	46.7	18.8	70.9	33.6	125.6
Depletion, depreciation and amortisation	299.2	150.2	200.0	98.5	450.5
Impairment of oil and gas properties	—	—	—	—	128.3
Current tax	129.5	-131.0	43.8	17.4	405.8
Deferred tax	230.3	192.1	319.3	169.3	443.2
Long-term incentive plans	3.6	3.7	6.7	—	14.7
Foreign currency exchange gain/ loss	184.9	-152.8	-43.6	-39.0	70.8
Interest expense	58.1	23.8	31.9	15.1	93.4
Unwinding of loan modification gain	19.0	9.3	21.1	10.5	41.5
Amortisation of deferred financing fees	7.9	4.0	8.4	4.2	19.7
Other	8.2	4.4	9.2	5.0	17.8
Interest received	0.5	0.2	0.8	0.5	1.8
Interest paid	-67.7	-28.2	-83.2	-42.3	-177.4
Income taxes paid / received	-53.1	-35.1	-15.8	-9.4	-132.7
Changes in working capital	162.8	21.6	35.3	49.1	-193.0
Total cash flows from operating activities	**898.1**	**259.8**	754.5	408.7	1,378.2
Cash flows from investing activities					
Investment in oil and gas properties	-418.4	-222.6	-584.3	-335.3	-1,057.8
Investment in renewable energy business[1]	-77.0	-44.7	—	—	-1.2
Investment in other fixed assets	-1.3	-0.1	-0.9	-0.8	-2.5
Investment in financial assets	—	—	—	—	-0.3
Disposal of fixed assets[2]	—	—	—	—	959.0
Decommissioning costs paid	-19.9	-17.6	-1.9	-1.0	-3.7
Total cash flows from investing activities	**-516.6**	**-285.0**	-587.1	-337.1	-106.5
Cash flows from financing activities					
Changes in long-term bank loans[3]	-221.0	87.0	-5.0	65.0	627.0
Repayment of principal portion of lease commitments	-1.5	-0.7	-1.8	-0.9	-3.4
Financing fees paid	-2.5	-1.9	—	—	-3.3
Dividends paid	-176.1	-71.0	-125.2	-125.2	-355.6
Share redemption	—	—	—	—	-1,517.2
Total cash flows from financing activities	**-401.1**	**13.4**	-132.0	-61.1	-1,252.5
Change in cash and cash equivalents	-19.6	-11.8	35.4	10.5	19.2
Cash and cash equivalents at the beginning of the period	85.3	89.8	66.8	91.3	66.8
Currency exchange difference in cash and cash equivalents	9.2	-3.1	-1.5	-1.1	-0.7
Cash and cash equivalents at the end of the period	**74.9**	**74.9**	100.7	100.7	85.3

[1] Includes incurred cost relating to the acquisition of the renewable energy business

[2] Cash received on the divestment of a 2.6 percent working interest in the Johan Sverdrup field on closing including interest and pro and contra funding settlement from effective date to completion date as well as working capital balances and incurred expenses

[3] Includes drawings during the reporting period of MUSD 80.0 under the credit facility for the financing of the renewable power projects

Consolidated Statement of Changes in Equity

Expressed in MUSD	Share capital	Additional paid-in-capital/Other reserves	Retained earnings	Dividends	Total equity
At 1 January 2019	**0.5**	**-178.6**	**-205.7**	–	**-383.8**
Reclassification currency translation reserves	–	76.1	-76.1	–	–
Restated equity at 1 January 2019	0.5	-102.5	-281.8	–	-383.8
Comprehensive income					
Net result	–	–	149.7	–	149.7
Other comprehensive income	–	-57.0	–	–	-57.0
Total comprehensive income	**–**	**-57.0**	**149.7**	**–**	**92.7**
Transactions with owners					
Distributions	–	–	–	-501.0	-501.0
Share based payments	–	-11.8	–	–	-11.8
Value of employee services	–	–	2.2	–	2.2
Total transaction with owners	**–**	**-11.8**	**2.2**	**-501.0**	**-510.6**
At 30 June 2019	**0.5**	**-171.3**	**-129.9**	**-501.0**	**-801.7**
Comprehensive income					
Net result	–	–	675.2	–	675.2
Other comprehensive income	–	3.5	–	–	3.5
Total comprehensive income	**–**	**3.5**	**675.2**	**–**	**678.7**
Transactions with owners					
Share redemption	-0.1	–	-1,476.9	–	-1,477.0
Bonus issue (sw. fondemission)	0.1	–	-0.1	–	–
Share based payments	–	-1.9	–	–	-1.9
Value of employee services	–	–	3.1	–	3.1
Total transaction with owners	**–**	**-1.9**	**-1,473.9**	–	**-1,475.8**
At 31 December 2019	**0.5**	**-169.7**	**-928.6**	**-501.0**	**-1,598.8**
Transfer of prior year dividends	–	–	-501.0	501.0	–
Comprehensive income					
Net result	–	–	-131.8	–	-131.8
Other comprehensive income	–	-297.4	–	–	-297.4
Total comprehensive income	**–**	**-297.4**	**-131.8**	**–**	**-429.2**
Transactions with owners					
Distributions	–	–	–	-284.1	-284.1
Value of employee services	–	–	2.5	–	2.5
Total transaction with owners	**–**	–	**2.5**	**-284.1**	**-281.6**
At 30 June 2020	**0.5**	**-467.1**	**-1,558.9**	**-284.1**	**-2,309.6**

Note 1 — Revenue and other income MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue					
Crude oil from own production	961.7	376.0	811.3	422.7	1,939.8
Crude oil from third party activities	63.8	7.9	84.3	44.2	84.3
Condensate	25.0	2.0	23.4	6.1	41.4
Gas	30.1	9.2	48.8	18.3	93.1
Sales of oil and gas	**1,080.6**	**395.1**	967.8	491.3	2,158.6
Gain from sale of assets	—	—	—	—	756.7
Other income	17.1	7.4	16.2	8.6	33.4
Revenue and other income	**1,097.7**	**402.5**	984.0	499.9	2,948.7

Note 2 — Production costs MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cost of operations	69.5	30.6	56.4	28.4	118.1
Tariff and transportation expenses	22.9	10.5	19.8	8.8	46.3
Change in under/over lift position	8.1	9.4	-1.6	-0.4	-0.9
Change in inventory position	-0.1	—	0.3	0.3	-2.8
Other	2.9	1.4	2.1	1.0	4.1
Production costs	**103.3**	**51.9**	77.0	38.1	164.8

Note 3 — Segment information MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway					
Crude oil from own production	961.7	376.0	811.3	422.7	1,939.8
Condensate	25.0	2.0	23.4	6.1	41.4
Gas	30.1	9.2	48.8	18.3	93.1
Revenue	**1,016.8**	**387.2**	883.5	447.1	2,074.3
Gain from sale of assets	—	—	—	—	756.7
Other income	16.3	7.4	16.2	8.6	33.4
Revenue and other income	**1,033.1**	**394.6**	899.7	455.7	2,864.4
Production costs	-103.3	-51.9	-77.0	-38.1	-164.8
Depletion and decommissioning costs	-295.9	-148.6	-196.6	-96.8	-443.8
Exploration costs	-46.7	-18.8	-70.9	-33.6	-125.6
Impairment costs of oil and gas properties	—	—	—	—	-128.3
Gross profit	**587.2**	**175.3**	555.2	287.2	2,001.9
Other					
Crude oil from third party activities	63.8	7.9	84.3	44.2	84.3
Revenue	**63.8**	**7.9**	84.3	44.2	84.3
Other income	0.8	—	—	—	—
Revenue and other income	**64.6**	**7.9**	84.3	44.2	84.3
Purchase of crude oil from third parties	-63.3	-8.1	-84.3	-44.2	-84.3
Gross profit	**1.3**	**-0.2**	0.0	0.0	0.0

Note 3 — Segment information cont. MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Total					
Crude oil from own production	961.7	376.0	811.3	422.7	1,939.8
Crude oil from third party activities	63.8	7.9	84.3	44.2	84.3
Condensate	25.0	2.0	23.4	6.1	41.4
Gas	30.1	9.2	48.8	18.3	93.1
Revenue	**1,080.6**	**395.1**	967.8	491.3	2,158.6
Gain from sale of assets	–	–	–	–	756.7
Other income	17.1	7.4	16.2	8.6	33.4
Revenue and other income	**1,097.7**	**402.5**	984.0	499.9	2,948.7
Production costs	-103.3	-51.9	-77.0	-38.1	-164.8
Depletion and decommissioning costs	-295.9	-148.6	-196.6	-96.8	-443.8
Exploration costs	-46.7	-18.8	-70.9	-33.6	-125.6
Impairment costs of oil and gas properties	–	–	–	–	-128.3
Purchase of crude oil from third parties	-63.3	-8.1	-84.3	-44.2	-84.3
Gross profit	**588.5**	**175.1**	555.2	287.2	2,001.9

Within each segment, revenues from transactions with a single external customer amount to ten percent or more of revenue for that segment.

Note 4 — Finance income MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Foreign currency exchange gain, net	–	–	34.7	33.9	–
Interest income	0.8	0.2	0.8	0.4	1.8
Gain on interest rate hedge settlement	–	–	16.0	8.1	25.7
Finance income	**0.8**	**0.2**	51.5	42.4	27.5

Note 5 — Finance costs MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Foreign currency exchange loss, net	227.8	-130.8	–	–	131.7
Interest expense	58.1	23.8	31.9	15.1	93.4
Loss on interest rate hedge settlement	14.4	12.1	–	–	–
Unwinding of site restoration discount	9.2	4.5	9.0	4.6	17.9
Amortisation of deferred financing fees	7.9	4.0	8.4	4.2	19.7
Loan facility commitment fees	5.7	3.2	7.0	3.6	10.9
Unwinding of loan modification gain	19.0	9.3	21.1	10.5	41.5
Other	1.0	0.3	1.0	0.5	7.4
Finance costs	**343.1**	**-73.6**	78.4	38.5	322.5

Note 6 — Income tax MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Current tax	129.5	-131.0	43.8	17.4	405.8
Deferred tax	230.3	192.1	319.3	169.3	443.2
Income tax	**359.8**	**61.1**	363.1	186.7	849.0

Note 7 — Oil and gas properties

MUSD	30 June 2020	31 December 2019
Norway		
Producing assets	3,498.1	4,065.3
Assets under development	863.3	652.2
Capitalised exploration and appraisal expenditure	655.5	755.7
	5,016.9	5,473.2

Note 8 — Other tangible fixed assets

MUSD	30 June 2020	31 December 2019
Right of use assets	29.2	35.9
Other	13.2	13.5
	42.4	49.4

Note 9 — Financial assets

MUSD	30 June 2020	31 December 2019
Contingent consideration	12.5	12.4
Associated companies	0.2	0.3
Other	0.5	1.6
	13.2	14.3

Note 10 — Trade and other receivables

MUSD	30 June 2020	31 December 2019
Non-current:		
Prepaid expenses and accrued income	15.1	–
	15.1	–
Current:		
Trade receivables	151.1	305.1
Underlift	7.6	2.0
Joint operations debtors	11.3	11.4
Prepaid expenses and accrued income	38.6	23.9
Other	8.7	7.1
	217.3	349.5
	232.4	349.5

Note 11 — Financial liabilities

MUSD	30 June 2020	31 December 2019
Non-current:		
Bank loans	3,670.0	4,000.0
Capitalised financing fees	-28.0	-37.1
Capitalised loan modification gain	-77.3	-105.6
Lease commitments	25.2	31.1
	3,589.9	3,888.4
Current:		
Bank loans	201.0	92.0
Lease commitments	4.9	5.5
	205.9	97.5
	3,795.8	3,985.9

Note 12 — Provisions MUSD	30 June 2020	31 December 2019
Non-current:		
Site restoration	476.1	522.2
Long-term incentive plans	0.8	2.7
Other	3.3	3.2
	480.2	528.1
Current:		
Site restoration	33.4	49.2
Long-term incentive plans	2.5	6.7
	35.9	55.9
	516.1	584.0

Note 13 — Trade and other payables MUSD	30 June 2020	31 December 2019
Trade payables	15.6	17.8
Overlift	14.6	0.9
Joint operations creditors and accrued expenses	179.3	133.6
Other accrued expenses	17.7	16.6
Other	7.0	8.5
	234.2	177.4

Note 14 – Financial instruments

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.

Based on this hierarchy, financial instruments measured at fair value can be detailed as follows:

30 June 2020 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.5
Derivative instruments — non-current	–	–	–
Derivative instruments — current	–	–	–
	–	–	12.5
Liabilities			
Derivative instruments — non-current	–	241.5	–
Derivative instruments — current	–	155.3	–
	–	396.8	–

31 December 2019 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.4
Derivative instruments — non-current	–	2.7	–
Derivative instruments — current	–	11.3	–
	–	14.0	12.4
Liabilities			
Derivative instruments — non-current	–	110.8	–
Derivative instruments — current	–	33.2	–
	–	144.0	–

There were no transfers between the levels during the reporting period.

The fair value of the financial assets is estimated to equal the carrying value. The fair value of the derivative instruments is calculated using the forward interest rate curve and the forward exchange rate curve respectively for the interest rate swap and the currency hedging contracts. The hedge counterparties are all banks which are party to the loan facility agreement. The sale of 2.6 percent of Johan Sverdrup during 2019 included a contingent consideration based on future reserve reclassifications and is due in 2026, This contingent consideration was fair valued by the Company in 2019 with no changes in 2020.

Note 15 – Additional disclosures

Additional disclosures supplementing the financial statements are included in the Financial Review section of this report on pages 7-14.

Parent Company Income Statement

Expressed in MSEK	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue	11.6	1.5	8.5	1.1	18.9
General and administration expenses	-119.3	-55.3	-86.6	-44.3	-248.1
Operating loss	**-107.7**	**-53.8**	-78.1	-43.2	-229.2
Net financial items					
Finance income	2,867.8	-1.8	4,639.0	0.2	19,148.5
Finance costs	-1.3	-1.2	-0.1	—	-33.8
	2,866.5	**-3.0**	4,638.9	0.2	19,114.7
Profit before tax	**2,758.8**	**-56.8**	4,560.8	-43.0	18,885.5
Income tax	—	—	—	—	—
Net result	**2,758.8**	**-56.8**	4,560.8	-43.0	18,885.5

Parent Company Comprehensive Income Statement

Expressed in MSEK	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	**2,758.8**	-56.8	4,560.8	-43.0	18,885.5
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**2,758.8**	-56.8	4,560.8	-43.0	18,885.5
Attributable to:					
Shareholders of the Parent Company	2,758.8	-56.8	4,560.8	-43.0	18,885.5
	2,758.8	-56.8	4,560.8	-43.0	18,885.5

Parent Company Balance Sheet

Expressed in MSEK	**30 June 2020**	31 December 2019
ASSETS		
Non-current assets		
Shares in subsidiaries	55,118.9	55,118.9
Other tangible fixed assets	0.6	0.4
Total non-current assets	**55,119.5**	55,119.3
Current assets		
Receivables	2,006.8	1,107.4
Cash and cash equivalents	32.3	31.7
Total current assets	**2,039.1**	1,139.1
TOTAL ASSETS	**57,158.6**	56,258.4
SHAREHOLDERS´EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	55,133.8	55,242.8
Non-current liabilities		
Provisions	0.4	1.0
Total non-current liabilities	**0.4**	1.0
Current liabilities		
Dividends	1,992.9	985.7
Other liabilities	31.5	28.9
Total current liabilities	**2,024.4**	1,014.6
Total liabilities	**2,024.8**	1,015.6
TOTAL EQUITY AND LIABILITIES	**57,158.6**	56,258.4

Parent Company Cash Flow Statement

Expressed in MSEK	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2019-30 Jun 2019 6 months	1 Apr 2019-30 Jun 2019 3 months	1 Jan 2019-31 Dec 2019 12 months
Cash flow from operations					
Net result	2,758.8	-56.8	4,560.8	-43.0	18,885.5
Adjustment for non-cash related items	-2,149.4	720.7	-3,478.8	1,159.5	-1,157.9
Changes in working capital	1,084.3	44.7	79.4	40.3	133.0
Total cash flow from operations	**1,693.7**	**708.6**	1,161.4	1,156.8	17,860.6
Cash flow from investing					
Investments in other fixed assets	-0.2	-0.2	–	–	-0.1
Total cash flow from investing	**-0.2**	**-0.2**	**–**	–	-0.1
Cash flow from financing					
Dividends paid	-1,692.9	-707.2	-1,161.1	-1,161.1	-3,347.6
Share redemption	–	–	–	–	-14,510.3
Total cash flow from financing	**-1,692.9**	**-707.2**	-1,161.1	-1,161.1	-17,857.9
Change in cash and cash equivalents	0.6	1.2	0,3	-4.3	2.6
Cash and cash equivalents at the beginning of the period	31.7	32.8	29.5	34.9	29.5
Currency exchange difference in cash and cash equivalents	–	-1.7	0.8	–	-0.4
Cash and cash equivalents at the end of the period	**32.3**	**32.3**	30.6	30.6	31.7

Parent Company Statement of Changes in Equity

Expressed in MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Other reserves	Unrestricted equity: Retained earnings	Unrestricted equity: Dividends	Unrestricted equity: Total	Total equity
Balance at 1 January 2019	**3.5**	**861.3**	**6,479.7**	**47,776.3**	**—**	**54,256.0**	**55,120.8**
Total comprehensive income	**—**	**—**	**—**	**4,560.8**	**—**	**4,560.8**	**4,560.8**
Transactions with owners							
Distributions	—	—	—	—	-4,638.7	-4,638.7	-4,638.7
Total transactions with owners	—	**—**	—	**—**	**-4,638.7**	**-4,638.7**	**-4,638.7**
Balance at 30 June 2019	**3.5**	**861.3**	**6,479.7**	**52,337.1**	**-4,638.7**	**54,178.1**	**55,042.9**
Total comprehensive income	**—**	**—**	**—**	**14,324.7**	**—**	**14,324.7**	**14,324.7**
Transactions with owners							
Share redemption	-0.6	—	—	-14,124.2	—	-14,124.2	-14,124.8
Bonus issue (sw. fondemission)	0.6	—	—	-0.6	—	-0.6	—
Total transactions with owners	**—**	**—**	—	**-14,124.8**	—	**-14,124.8**	**-14,124.8**
Balance at 31 December 2019	**3.5**	**861.3**	**6,479.7**	**52,537.0**	**-4,638.7**	**54,378.0**	**55,242.8**
Transfer of prior year dividends	—	—	—	-4,638.7	4,638.7	—	—
Total comprehensive income	**—**	**—**	**—**	**2,758.8**	**—**	**2,758.8**	**2,758.8**
Transactions with owners							
Distributions	—	—	—	—	-2,867.8	-2,867.8	-2,867.8
Total transactions with owners	**—**	**—**	—	—	**-2,867.8**	**-2,867.8**	**-2,867.8**
Balance at 30 June 2020	**3.5**	**861.3**	**6,479.7**	**50,657.1**	**-2,867.8**	**54,269.0**	**55,133.8**

Key Financial Data

Lundin Energy discloses alternative performance measures as part of its financial statements prepared in accordance with ESMA's (European Securities and Markets Authority) guidelines. Lundin Energy believes that the alternative performance measures provide useful supplement information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Lundin Energy's business operations and to improve comparability between periods. Reconciliations of relevant alternative performance measures are provided on the following page. Definitions of the performance measures are provided under the key ratio definitions below:

Financial data MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue and other income	1,097.7	402.5	984.0	499.9	2,948.7
Operating cash flow[1]	801.6	473.5	778.9	400.2	1,537.1
CFFO	898.1	259.8	754.5	408.7	1,378.2
EBITDA[1]	916.2	335.1	811.6	411.9	1,918.4
Free cash flow	381.5	-25.2	167.4	71.6	1,271.7
Net result	-131.8	178.8	149.7	96.2	824.9
Adjusted net result	117.3	51.3	128.4	69.5	252.7
Net debt	3,796.1	3,796.1	3,359.3	3,359.3	4,006.7
Data per share USD					
Shareholders' equity per share	-8.13	-8.13	-2.37	-2.37	-5.63
Operating cash flow per share[1]	2.82	1.66	2.30	1.18	4.87
CFFO per share	3.16	0.91	2.23	1.21	4.36
EBITDA per share[1]	3.23	1.18	2.40	1.22	6.07
Free cash flow per share	1.34	-0.09	0.49	0.21	4.03
Earnings per share	-0.46	0.63	0.44	0.28	2.61
Earnings per share fully diluted	-0.46	0.63	0.44	0.28	2.61
Adjusted earnings per share	0.41	0.18	0.38	0.21	0.80
Adjusted earnings per share fully diluted	0.41	0.18	0.38	0.21	0.80
Dividend per share[2]	0.62	0.25	0.37	0.37	1.11
Number of shares issued at period end	285,924,614	285,924,614	340,386,445	340,386,445	285,924,614
Number of shares in circulation at period end	284,051,304	284,051,304	338,513,135	338,513,135	284,051,304
Weighted average number of shares for the period	284,051,304	284,051,304	338,513,135	338,513,135	315,833,140
Weighted average number of shares for the period fully diluted	284,688,114	284,688,114	339,252,753	339,252,753	316,551,300
Share price					
Share price at period end in SEK	224.60	224.60	287.90	287.90	318.30
Share price at period end in USD[3]	23.97	23.97	31.02	31.02	34.23
Key ratios					
Return on equity (%)[4]	—	—	—	—	—
Return on capital employed (%)	11	3	9	5	35
Net debt/equity ratio (%)[4]	—	—	—	—	—
Net debt/EBITDA ratio[1]	1.9	1.9	1.9	1.9	2.1
Equity ratio (%)	-41	-41	-13	-13	-26
Share of risk capital (%)	1	1	26	26	13
Interest coverage ratio	7	4	16	17	20
Operating cash flow/interest ratio[1]	11	13	24	26	16
Yield	3	1	1	1	3

[1] Excludes the reported after tax accounting gain of MUSD 756.7 in 2019 on the divestment of a 2.6 percent working interest in the Johan Sverdrup project.

[2] Dividend per share represents the actual paid out dividend per share.

[3] Share price at period end in USD is calculated based on quoted share price in SEK and applicable SEK/USD exchange rate as per period end.

[4] As the equity at 30 June 2020, 31 December 2019 and 30 June 2019 is negative, these ratios have not been calculated.

Relevant Reconciliations of Alternative Performance Measures

EBITDA MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Operating profit	570.3	166.1	540.7	279.8	1,970.7
Minus: gain from sale of assets	–	–	–	–	-756.7
Add: depletion of oil and gas properties	295.9	148.6	196.6	96.8	443.8
Add: exploration costs	46.7	18.8	70.9	33.6	125.6
Add: impairment costs of oil and gas properties	–	–	–	–	128.3
Add: depreciation of other tangible assets	3.3	1.6	3.4	1.7	6.7
EBITDA	**916.2**	**335.1**	811.6	411.9	1,918.4

Operating cash flow MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue and other income	1,097.7	402.5	984.0	499.9	2,948.7
Minus: gain from sale of assets	–	–	–	–	-756.7
Minus: production costs	-103.3	-51.9	-77.0	-38.1	-164.8
Minus: purchase of crude oil from third parties	-63.3	-8.1	-84.3	-44.2	-84.3
Minus: current taxes	-129.5	131.0	-43.8	-17.4	-405.8
Operating cash flow	**801.6**	**473.5**	778.9	400.2	1,537.1

Free cash flow MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cash flows from operating activities (CFFO)	898.1	259.8	754.5	408.7	1,378.2
Minus: cash flows from investing activities	-516.6	-285.0	-587.1	-337.1	-106.5
Free cash flow	**381.5**	**-25.2**	167.4	71.6	1,271.7

Adjusted net result MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	-131.8	178.8	149.7	96.2	824.9
Adjusted for gain or loss from sale of assets	–	–	–	–	-756.7
Adjusted for impairment costs of oil and gas properties	–	–	–	–	128.3
Adjusted for unwinding of loan modification gain	19.0	9.3	21.1	10.5	41.5
Adjusted for foreign currency exchange gain or loss	227.8	-130.8	-34.7	-33.9	131.7
Adjusted for tax effects of above mentioned items	2.3	-6.0	-7.7	-3.3	-117.0
Adjusted net result	**117.3**	**51.3**	128.4	69.5	252.7

Net debt MUSD	**1 Jan 2020- 30 Jun 2020 6 months**	**1 Apr 2020- 30 Jun 2020 3 months**	1 Jan 2019- 30 Jun 2019 6 months	1 Apr 2019- 30 Jun 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Bank loans	3,871.0	3,871.0	3,460.0	3,460.0	4,092.0
Minus: cash and cash equivalents	-74.9	-74.9	-100.7	-100.7	-85.3
Net debt	**3,796.1**	**3,796.1**	3,359.3	3,359.3	4,006.7

Key Ratio Definitions

Adjusted earnings per share: Adjusted net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period.

Adjusted earnings per share fully diluted: Adjusted net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period after considering any dilution effect.

Adjusted net result: Net result adjusted for the following items:

- **Gain or loss from sale of assets** is adjusted since the gain or loss does not give an indication of future or periodic performance.
- **Impairment and reversal of impairment** is adjusted since this affects the economics of an asset for the lifetime of that asset, not only the period in which it is impaired or the impairment is reversed.
- **Other items of income and expenses** are adjusted when the impact on net result in the period is not reflective of the company's underlying performance in the period. Such items may be unusual or infrequent transactions but they may also include transactions that are significant which would not necessarily qualify as either unusual or infrequent.
- **Foreign currency exchange gain or loss** is adjusted since the gain or loss does not give an indication of future or periodic performance as currency exchange rates change between periods.
- **Tax effects** of the above mentioned adjustments to net result

CFFO per share: Cash flow from operating activities (CFFO) divided by the weighted average number of shares for the period.

Dividend per share: paid out dividends per share for the period.

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

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

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): Operating profit before depletion of oil and gas properties, exploration costs, impairment costs, depreciation of other tangible assets and gain on sale of assets.

EBITDA per share: EBITDA divided by the weighted average number of shares for the period.

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

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

Free cash flow per share: Free cash flow divided by the weighted average number of shares for the period.

Interest coverage ratio: Result after financial items plus interest expenses plus/less currency exchange differences on financial loans divided by interest expenses.

Net debt: Bank loan less cash and cash equivalents.

Net debt/EBITDA ratio: Bank loan less cash and cash equivalents divided by EBITDA of the last four quarters.

Net debt/equity ratio: Bank loan less cash and cash equivalents divided by shareholders' equity.

Operating cash flow: Revenue and other income less production costs less purchase of crude oil from third parties less current taxes and less gain on sale of assets.

Operating cash flow per share: Operating cash flow divided by the weighted average number of shares for the period.

Operating cash flow/interest ratio: Operating cash flow divided by the interest expense for the period.

Return on capital employed: Income before tax plus interest expenses plus/less currency exchange differences on financial loans divided by the average capital employed (the average balance sheet total less current liabilities).

Return on equity: Net result divided by average total equity.

Shareholders' equity per share: Shareholders' equity divided by the number of shares in circulation at period end.

Share of risk capital: The sum of the total equity and the deferred tax provision divided by the balance sheet total.

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

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

Yield: dividend per share in relation to quoted share price at the end of the period.

Board Assurance

The Board of Directors and the President and CEO certify that the financial report for the six months ended 30 June 2020 gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 29 July 2020

Ian H. Lundin Chairman	Alex Schneiter President and CEO	Peggy Bruzelius
C. Ashley Heppenstall	Lukas H. Lundin	Torstein Sanness
Grace Reksten Skaugen	Jakob Thomasen	Cecilia Vieweg

Review Report

Lundin Energy AB (publ), corporate identity number 556610-8055

To the Board of Directors of Lundin Energy AB (publ)

Introduction
We have reviewed the condensed interim report for Lundin Energy AB (publ) as at June 30, 2020 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stockholm, 29 July 2020

Ernst & Young AB

Anders Kriström
Authorized Public Accountant
Lead Partner

Financial Information

The Company will publish the following reports:

- The nine month report (January — September 2020) will be published on 30 October 2020.
- The year end report (January — December 2020) will be published on 28 January 2021.
- The three month report (January — March 2021) will be published on 29 April 2021.

The AGM will be held on 30 March 2021 in Stockholm, Sweden.

For further information, please contact:

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Definitions and abbreviations
An extensive list of definitions can be found on www.lundin-energy.com under the heading “Definitions”.

EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
CHF	Swiss franc
EUR	Euro
NOK	Norwegian Krone
SEK	Swedish Krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD

Oil related terms and measurements

boe	Barrels of oil equivalents
boepd	Barrels of oil equivalents per day
bopd	Barrels of oil per day
Mbbl	Thousand barrels
Mboe	Thousand barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day
Mcf	Thousand cubic feet

This information is information that Lundin Energy AB is required to make public pursuant to the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CEST on 29 July 2020.

Forward-Looking Statements

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including Lundin Energy's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and/or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of the information and Lundin Energy does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), productions costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading “Risks and Risk Management” and elsewhere in Lundin Energy’s annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are expressly qualified by this cautionary statement.

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