Lundin Energy

Q1

Report for the
THREE MONTHS
ended 31 March 2020

Lundin Energy AB (publ)

company registration number 556610-8055

Highlights

- Strong production performance of 152.4 Mboepd, above mid-point of guidance for the quarter
- Full year production guidance increased to 160 - 170 Mboepd from 145 - 165 Mboepd
- Increased plateau rates and accelerated ramp up at Johan Sverdrup – 470 Mbopd phase 1 plateau achieved in April 2020
- Operating cost guidance revised down to USD 2.80 per boe from USD 3.40 per boe
- Cost rationalisation exercise completed with over MUSD 300 reductions in 2020
- Strong free cash flow generation of over MUSD 400, net debt reduced to MUSD 3,694 and liquidity strengthened with additional MUSD 340 corporate facility
- Swift and coordinated action taken to mitigate any potential impact from coronavirus with no disruptions to production
- Dividend of USD 1.00 per share (approximately MUSD 284) for the financial year 2019 approved by the 2020 AGM
- Name change confirmed to Lundin Energy by 2020 AGM

Financial summary

	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Production in Mboepd	**152.4**	78.8	93.3
Revenue and other income in MUSD	**695.2**	484.1	2,948.7
CFFO in MUSD	**638.3**	345.8	1,378.2
Per share in USD	*2.25*	*1.02*	*4.36*
EBITDA in MUSD[1]	**581.1**	399.7	1,918.4
Per share in USD[1]	*2.05*	*1.18*	*6.07*
Free cash flow in MUSD	**406.7**	95.8	1,271.7
Per share in USD	*1.43*	*0.28*	*4.03*
Net result in MUSD	**-310.6**	53.5	824.9
Per share in USD	*-1.09*	*0.16*	*2.61*
Adjusted net result in MUSD	**66.0**	58.9	252.7
Per share in USD	*0.23*	*0.17*	*0.80*
Net debt in MUSD	**3,694.2**	3,303.7	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.

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

"I am pleased to announce another period of strong operational and financial performance across the business in the first quarter of 2020. However, what we have witnessed from both an industry and global macro perspective since February is unprecedented, with the coronavirus crisis, its economic impact and the recent oil price collapse providing an exceptionally challenging market backdrop.

"In reaction to the potential threat from coronavirus, we have been focussed on reducing the risk to our 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. To date, we have had no disruptions to production. A key decision has been to down-man offshore facilities while maintaining a minimum level of activity to allow production, and the most important project activities to continue. I am pleased to note that with the operational flexibility available within the business, we have not had to change our growing production guidance.

"It is in these times more than any other, where our high quality, low cost, low carbon assets, which are resilient to a low oil price environment, clearly differentiates our ability to weather the storm. Following the downturn in the oil market, the Company has taken decisive action to ensure we maintain our financial strength and flexibility. Total expenditure has been re-phased and reduced by MUSD 300 (more than a 20 percent reduction compared to the original CMD expenditure guidance), with further options available to defer or reduce expenditure, should low oil prices persist; we are also revising down our 2020 operating cost to USD 2.80 per boe from USD 3.40 per boe.

"Operationally, one of the stand out successes since the start of the year has been the performance at Johan Sverdrup. The accelerated ramp up was complemented by the higher established processing capacity, which has enabled the phase 1 plateau production rate to be increased from 440 Mbopd gross to 470 Mbopd (and as a result full field plateau to increase to 690 Mbopd), two months ahead of schedule and 7 percent above original plateau guidance. I would also like to mention that both Edvard Grieg and Alvheim again delivered above expectations during the quarter with a production efficiency of 99 and 98 percent respectively.

"Whilst the end of the quarter was marked by severe market uncertainty, we delivered a very robust financial performance with free cash flow of over MUSD 400 and ending the period with a net debt of MUSD 3,694. Our recently agreed MUSD 340 corporate facility, expenditure savings and dividend reduction, has improved the pre-tax liquidity position in 2020 by over MUSD 780 to date.

"As we head into the second quarter we will continue to apply very strict capital discipline across the Company, to preserve the liquidity position and provide financial flexibility should opportunities arise for us to capitalise on and I remain convinced, that we are in one of the best positions to trade through the current environment."

OPERATIONAL REVIEW

All the reported numbers and updates in the operational review relate to the three month period ending 31 March 2020 (reporting period), unless otherwise specified.

Coronavirus Crisis and Low Oil Price Response

The coronavirus crisis, its economic impact and the recent oil price collapse provide an exceptionally challenging market backdrop. The main focus of the Company's response is 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. Lundin Energy is part of a coordinated industry response to the crisis in Norway and the authorities have introduced certain exceptional measures to help deal with the situation. Detailed contingency plans have been established, and are being implemented, to mitigate the risk. A key action is to reduce the risk of having coronavirus infected personnel offshore and so offshore sites have been down-manned while maintaining a minimum level of activity to allow production, and the most important project activities, to continue. To date there have been no disruptions to production due to the coronavirus situation. The activity deferrals will impact project schedules, but with the operational flexibility available within the business, this means there are no negative impacts to 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 amounting to over MUSD 300 (including capital expenditures, operating costs and G&A) have been implemented for 2020, with further options available to defer or reduce expenditure should low oil prices persist.

Guidance Update

Increased plateau production rate and accelerated ramp-up at Johan Sverdrup, and activity deferrals and cost savings in response to the current business environment, combine to give both increased production and reduced costs in 2020. The resultant adjustments to guidance are as follows:

2020 guidance	Updated	Previous
Production	160 to 170 Mboepd	145 to 165 Mboepd
Operating Cost	USD 2.80 per boe	USD 3.40 per boe
Development expenditure	MUSD 710	MUSD 895
Exploration and Appraisal expenditure	MUSD 140	MUSD 225
Decommissioning expenditure	MUSD 45	MUSD 50
Renewables Investments	MUSD 90	MUSD 100

Production

Production was 152.4 thousand barrels of oil equivalent per day (Mboepd), which was 3 percent above the mid-point of the production guidance for the quarter. This result is due to continued strong facilities and reservoir performance at both the Edvard Grieg field and the Alvheim Area, and accelerated ramp-up of the Johan Sverdrup field. As a result, Lundin Energy is increasing its full year production guidance to between 160 and 170 Mboepd from the original guidance range of between 145 and 165 Mboepd, which also reflects increased Johan Sverdrup plateau production levels and deferral of the planned maintenance shutdowns at both Edvard Grieg and the Alvheim Area to 2021.

Operating cost, including netting off tariff income, was USD 3.22 per boe, which is 11 percent better than guidance for the quarter. This result is due to a combination of higher production volumes, reduced operating costs and favourable foreign exchange rate movements. Full year operating cost guidance is being adjusted down to USD 2.80 per boe from USD 3.40 per boe.

Production in Mboepd	**1 Jan 2020- 31 Mar 2020 3 months**	**1 Jan 2019- 31 Mar 2019 3 months**	**1 Jan 2019- 31 Dec 2019 12 months**
Crude oil	140.7	70.1	83.5
Gas	11.7	8.7	9.8
Total production	152.4	78.8	**93.3**

Production in Mboepd	WI[1]	**1 Jan 2020- 31 Mar 2020 3 months**	**1 Jan 2019- 31 Mar 2019 3 months**	**1 Jan 2019- 31 Dec 2019 12 months**
Johan Sverdrup	20%	73.5	–	14.0
Edvard Grieg	65%	63.4	63.3	63.7
Ivar Aasen	1.385%	0.9	0.9	0.8
Alvheim Area	15% - 35%	14.6	14.6	14.8
		152.4	78.8	93.3

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

Production from Johan Sverdrup Phase 1 was slightly ahead of forecast; production efficiency was 89 percent, impacted by cut-backs to optimise plant processing capacity, which was offset by accelerated ramp-up of the field. Due to higher established processing capacity, the Phase 1 plateau production rate has been 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, has increased to 690 Mbopd. The ninth production well came on stream in March 2020 and the tenth well in April 2020, with results from both wells in line with expectations, and five further development wells are planned to be drilled in 2020. Reservoir performance continues to be excellent and well productivities are above expectations

The increased plateau level of 470 Mbopd was achieved in April 2020, which is more than two months earlier than scheduled. Operating costs for the Johan Sverdrup field were USD 1.91 per boe.

Production from the Edvard Grieg field was 3 percent ahead of forecast, supported by production efficiency ahead of guidance at 99 percent. Reservoir performance continues to exceed expectations; with limited water production and total well potential significantly higher than available facilities capacity. To limit the risk of coronavirus, offshore personnel have been down-manned to a minimum level, with the result that the planned maintenance shutdown in 2020 has been deferred to 2021, with a short shutdown retained in 2020 and the topsides modifications for the Edvard Grieg tie-back projects have been re-phased. Additionally, commencement of the planned three well infill drilling programme at Edvard Grieg has been deferred from the third quarter of 2020 to the second quarter of 2021; to achieve this, a six month suspension has been agreed in the schedule for the Rowan Viking jack-up rig, which is contracted for the programme. Due to the existing Edvard Grieg excess well capacity, none of these project deferrals will impact the Edvard Grieg Area long-term production outlook. Acquisition of a repeat 4D seismic survey over the Edvard Grieg field, to optimise the infill well programme, commenced during April 2020. 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 3.37 per boe.

Production from the Ivar Aasen field was slightly ahead of 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 7 percent ahead of forecast driven by strong reservoir performance and high production efficiency for the Alvheim FPSO at 98 percent. 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 third quarter of 2020 and the second well expected on stream in early 2021. The infill well programme is accelerated compared to the original plan due to drilling rig slot cancelations for other operations. To limit the coronavirus risk offshore personnel have been down manned, which results in the deferral of upgrade projects and the planned maintenance shutdown from 2020 to 2021. The shutdown deferral and acceleration of the infill well programme will result in increased production levels in 2020. Operating costs for the Alvheim Area were USD 8.03 per boe, which was impacted by the reallocation 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	-	Q1 2022	3 Mboepd

[1] Johan Sverdrup full field

The development expenditure guidance for 2020 is being reduced from MUSD 895 to MUSD 710 as a result of project deferrals and cost reductions.

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. 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 is increased to 690 Mbopd from 660 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 progressed as planned until March 2020, with progress at over 30 percent complete. Since then the coronavirus situation has caused reduced progress levels, however, the scheduled first oil in the fourth quarter of 2022, is being maintained.

Johan Sverdrup is being operated with power supplied from shore and is one of the lowest CO_2 emitting fields in the world with, 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 unchanged from the PDO at 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 project is being implemented together with the Solveig project to take advantage of contracting and implementation synergies.

Topsides modifications at the Edvard Grieg platform commenced in May 2019 and are well advanced, and installation of the subsea pipelines commenced in March 2020. Both Edvard Grieg Area tie-back projects have progressed as planned to March 2020, with the

Solveig Phase 1 project progress over 30 percent complete and the Rolvsnes EWT project is approximately 50 percent complete. To manage the coronavirus risk, the Edvard Grieg platform has been down-manned, with the impact that the topsides modifications for the tie-back projects are re-phased and the start of drilling operations with the West Bollsta semi-submersible rig, have been re-scheduled from the fourth quarter of 2020 to the first quarter of 2021, resulting in Solveig Phase 1 first oil being deferred from the first quarter 2021 to the third quarter 2021, and Rolvsnes EWT first oil being deferred from the second quarter 2021 to the second quarter 2022. These project deferrals will have no impact the Company's net production in 2021 and 2022 as the Edvard Grieg field has excess well potential to fill the available facilities capacity.

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.

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	
PL533	Lundin Energy	40%	Bask	Fourth quarter 2020	
PL981	Lundin Energy	60%	Merckx	Fourth quarter 2020	

To reduce spend in 2020, the exploration drilling programme has been scaled back to five wells, with four of the originally planned wells being deferred to later years. The exploration and appraisal expenditure guidance for 2020 is reduced accordingly to MUSD 140 from MUSD 225. Discoveries at the Evra/Iving prospects have been made so far in 2020 and the remaining three exploration wells, all operated by Lundin Energy, will be drilled by the West Bollsta semi-submersible rig, with the start of drilling operations being deferred from the second quarter of 2020 to the fourth quarter of 2020, targeting net unrisked resources of approximately 350 MMboe.

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 already has best-in-class carbon emissions performance with average net carbon intensity for all assets of approximately 3 kg CO_2 per boe for the reporting period, which is 40 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 quarter performance, which is well within the Company's 2020 target of less than 4 kg CO_2 per boe. This performance is set to improve further when the Edvard Grieg platform is fully electrified in late 2022, when the average net carbon intensity for all the Company's producing assets will be below 2 kg CO_2 per boe, which is 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 net of electricity. 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, helping to reduce the Company's net carbon footprint. It is Lundin Energy's strategy to fully replace all net electricity usage for power from shore by 2023 with further direct investments in profitable 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 generation is expected to commence in the second quarter of 2020 and the project will become fully operational in mid-2021. The completion of the transaction remains subject to customary closing conditions, expected to occur in the second quarter of 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.

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 reduced from MUSD 100 to MUSD 90.

Decommissioning
Preparation of the decommissioning plan for the Brynhild field is ongoing. The Rowan Viking jack-up drilling rig will commence abandonment of the four Brynhild sub-sea wells in the second quarter of 2020. Removal of the subsea facilities is expected to take place in 2021 and 2022.

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

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 increases Lundin Energy's working interest to 60 percent in PL1057 and the Company will become the operator of the licence. The transaction is subject to customary government approvals and is expected to complete in the second quarter of 2020.

Currently the Company holds 84 licences in Norway, which is an increase of approximately 25 percent from the beginning of 2019.

Health, Safety and Environment
During the reporting period, there were no recordable safety incidents and no material environmental incidents. The resulting Lost Time Incident Rate and Total Recordable Incident Rates were zero.

FINANCIAL REVIEW

Result

The operating profit for the reporting period amounted to MUSD 404.2 (MUSD 260.9) with the increase compared to the comparative period mainly driven by higher sales volumes because of the start up of production from the Johan Sverdrup field in October 2019, partly offset by lower oil prices and higher depletion charges during the reporting period.

The net result for the reporting period amounted to MUSD -310.6 (MUSD 53.5) representing earnings per share of USD -1.09 (USD 0.16). Net result was impacted by a largely non-cash foreign currency exchange loss of MUSD 358.6 (gain of MUSD 0.8). Adjusted net result for the reporting period amounted to MUSD 66.0 (MUSD 58.9) representing adjusted earnings per share of USD 0.23 (USD 0.17). 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. The increase compared to the comparative period was mainly driven by higher sales volumes because of the start up of production from the Johan Sverdrup field, partly offset by lower oil prices and higher depletion charges.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the reporting period amounted to MUSD 581.1 (MUSD 399.7) representing EBITDA per share of USD 2.05 (USD 1.18) with the increase compared to the comparative period mainly caused by higher sales volumes because of the start up 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 638.3 (MUSD 345.8), representing CFFO per share of USD 2.25 (USD 1.02) 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 406.7 (MUSD 95.8), representing free cash flow per share of USD 1.43 (USD 0.28), with the increase compared to the comparative period impacted by higher CFFO and lower investing activities during the reporting period.

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 a 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 and reported as financial asset.

In October 2019, Lundin Energy signed an agreement 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 completion of the transaction remains subject to customary closing conditions, expected to occur during the second quarter of 2020.

Revenue and other income

Revenue and other income for the reporting period amounted to MUSD 695.2 (MUSD 484.1) 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 685.5 (MUSD 476.5). The average price achieved by Lundin Energy for a barrel of oil equivalent from own production amounted to USD 45.18 (USD 60.88) and is detailed in the following table. The average Dated Brent price for the reporting period amounted to USD 50.10 (USD 63.13) per barrel.

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- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Crude oil sales			
– Quantity in Mboe	12,212.2	5,998.5	29,769.7
– *Average price per bbl*	*47.96*	*64.78*	*65.16*
Gas and NGL sales			
– Quantity in Mboe	1,722.1	1,169.2	4,235.7
– *Average price per boe*	*25.50*	*40.87*	*31.77*
Total sales			
– Quantity in Mboe	**13,934.3**	7,167.7	34,005.4
– Average price per boe	***45.18***	*60.88*	*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 55.9 (MUSD 40.1) 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 9.7 (MUSD 7.6) and mainly included tariff income of MUSD 6.6 (MUSD 7.0) 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 51.4 (MUSD 38.9) 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- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cost of operations			
– In MUSD	38.9	28.0	118.1
– In USD per boe	*2.81*	*3.95*	*3.47*
Tariff and transportation expenses			
– In MUSD	12.4	11.0	46.3
– In USD per boe	*0.89*	*1.55*	*1.36*
Operating costs			
– In MUSD	**51.3**	39.0	164.4
–In USD per boe[1]	***3.70***	*5.50*	*4.83*
Change in under/over lift position			
– In MUSD	-1.3	-1.2	-0.9
– In USD per boe	*-0.10*	*-0.16*	*-0.03*
Change in inventory position			
– In MUSD	-0.1	0.0	-2.8
– In USD per boe	*-0.00*	*0.00*	*-0.08*
Other			
– In MUSD	1.5	1.1	4.1
– In USD per boe	*0.11*	*0.15*	*0.12*
Production costs			
– In MUSD	**51.4**	38.9	164.8
–In USD per boe	***3.71***	*5.49*	*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 3.70 (USD 5.50) per barrel is reduced to USD 3.22 (USD 4.51) when tariff income is netted off.

The total cost of operations for the reporting period amounted to MUSD 38.9 (MUSD 28.0) and the total cost of operations excluding operational projects amounted to MUSD 36.9 (MUSD 25.1). 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 2.81 (USD 3.95), including operational projects and USD 2.67 (USD 3.54) 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 12.4 (MUSD 11.0) or USD 0.89 (USD 1.55) 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 -1.3 (MUSD -1.2) 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- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Production volumes	152.4	78.8	93.3
Johan Sverdrup inventory movements	–	–	-0.7
Production volumes excluding inventory movements	152.4	78.8	92.6
Sales volumes from own production	153.1	79.7	93.2
Change in overlift position	**-0.7**	-0.9	-0.6

Other costs for the reporting period amounted to MUSD 1.5 (MUSD 1.1) and related to the business interruption insurance.

Depletion and decommissioning costs

Depletion and decommissioning costs for the reporting period amounted to MUSD 147.3 (MUSD 99.8) at an average rate of USD 10.62 (USD 14.08) 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 27.9 (MUSD 37.3) 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 55.2 (MUSD 40.1) 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 9.2 (MUSD 7.1), which included a charge of MUSD 0.6 (MUSD 1.4) in relation to the Group's long-term incentive plans (LTIP), see also Remuneration section on page 12. Fixed asset depreciation expenses for the reporting period amounted to MUSD 1.7 (MUSD 1.7).

Finance income
Finance income for the reporting period amounted to MUSD 0.6 (MUSD 9.1) and is detailed in Note 4.

Finance costs
Finance costs for the reporting period amounted to MUSD 416.7 (MUSD 39.9) and are detailed in Note 5.

The net foreign currency exchange loss for the reporting period amounted to MUSD 358.6 (gain of MUSD 0.8). 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 20.9 (MUSD 3.8).

The US Dollar strengthened 2 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 17 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 34.3 (MUSD 16.8) and represented the portion of interest charged to the income statement. An additional amount of interest of MUSD 5.3 (MUSD 24.2), associated with the funding of the Norwegian development projects was capitalised in the reporting period. The total interest expense for the reporting period increased slightly compared to the comparative period.

The result on interest rate hedge settlements amounted to a loss of MUSD 2.3 (gain of MUSD 7.9).

The amortisation of the deferred financing fees for the reporting period amounted to MUSD 3.9 (MUSD 4.2) 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 2.5 (MUSD 3.4) 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 9.7 (MUSD 10.6) 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 associated company
Share in result of associated company for the reporting period amounted to MUSD — (MUSD -0.2) and related in the comparative period to the share in the result of the investment in Mintley Caspian Ltd. and this company is currently in the process of being liquidated.

Tax
The overall tax charge for the reporting period amounted to MUSD 298.7 (MUSD 176.4) and is detailed in Note 6.

The current tax charge for the reporting period amounted to MUSD 260.5 (MUSD 26.4) 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 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 18.0, which has in combination with the current tax charge for the reporting period resulted in an increase in current tax liabilities compared to the end of last year.

The deferred tax charge for the reporting period amounted to MUSD 38.2 (MUSD 150.0) and related to Norway. A deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes.

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 81 percent.

Balance Sheet

Non-current assets

Oil and gas properties amounted to MUSD 4,593.1 (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- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway	152.5	161.7	672.3
Development expenditure	**152.5**	161.7	672.3

Development expenditure of MUSD 152.5 (MUSD 161.7) was incurred in Norway during the reporting period, primarily on the Johan Sverdrup field. In addition an amount of MUSD 5.3 (MUSD 24.2) of interest was capitalised.

Exploration and appraisal expenditure in MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway	43.3	87.3	298.4
Exploration and appraisal expenditure	**43.3**	87.3	298.4

Exploration and appraisal expenditure of MUSD 43.3 (MUSD 87.3) 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 41.5 (MUSD 49.4) and are detailed in Note 8. Following the implementation of IFRS 16 with effective date 1 January 2019, the Company recognised right of use assets that amounted to MUSD 28.1 (MUSD 35.9).

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 32.1 (MUSD –) and related to the 50 percent interest held by Lundin Energy in the Metsälamminkangas (MLK) wind farm project, see also page 5.

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

Renewables investments in MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
MLK Windfarm – Finland	27.3	–	–
Renewables investments	**27.3**	–	–

Financial assets amounted to MUSD 14.5 (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).

Current assets

Inventories amounted to MUSD 36.9 (MUSD 40.7) and included both well supplies and hydrocarbon inventories.

Trade and other receivables amounted to MUSD 227.0 (MUSD 349.5) and are detailed in Note 10. Trade receivables, which are all current, amounted to MUSD 171.6 (MUSD 305.1) with the decrease caused by the lower oil prices in March 2020. Underlift amounted to MUSD 7.3 (MUSD 2.0) and was attributable to an underlift position on the producing fields, mainly relating to oil from the Johan Sverdrup and Edvard Grieg fields. Joint operations debtors relating to various joint venture receivables amounted to MUSD 12.7 (MUSD 11.4). Prepaid expenses and accrued income amounted to MUSD 29.0 (MUSD 23.9) and represented mainly prepaid operational and insurance expenditure. Other current assets amounted to MUSD 6.4 (MUSD 7.1).

Cash and cash equivalents amounted to MUSD 89.8 (MUSD 85.3). Cash balances are mainly held to meet ongoing operational funding requirements.

Non-current liabilities

Financial liabilities amounted to MUSD 3,699.0 (MUSD 3,888.4) and are detailed in Note 11. Bank loans amounted to MUSD 3,784.0 (MUSD 4,000.0) and related to the outstanding loans under the reserve-based lending facility and the corporate facility for renewable investments. Capitalised financing fees relating to the establishment of the facility amounted to MUSD 28.1 (MUSD 37.1) and are being amortised over the expected life of the facility. The capitalised loan modification gain relating to the re-negotiated improved borrowing terms for the lending facility during 2018 amounted to MUSD 81.2 (MUSD 105.6) and are being amortised over the expected life of the facility. The lease commitments amounted to MUSD 24.3 (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 444.9 (MUSD 528.1) and are detailed in Note 12. The provision for site restoration amounted to MUSD 440.0 (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 41.1 (MUSD 49.2). The decrease in site restoration is mainly caused by the weakening of the Norwegian Kroner during the reporting period.

Deferred tax liabilities amounted to MUSD 2,043.5 (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 274.3 (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 4.6 (MUSD 97.5) and are detailed in Note 11. Current financial liabilities related to the short-term portion of the lease commitments. Current financial liabilities in the comparative period also related for MUSD 92.0 to the short-term portion of the outstanding bank loans due to the reserve-based lending facility amortization schedule which starts in the second half of 2020. This reduces the reserve-based lending facility from the current commitments of USD 5.0 billion to USD 4.0 billion by 1 January 2021.

Dividends amounted to MUSD 283.1 (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 202.8 (MUSD 177.4) and are detailed in Note 13. Overlift amounted to MUSD 5.1 (MUSD 0.9) and was attributable to an overlift position mainly in relation to oil from the Alvheim field. Joint operations creditors and accrued expenses amounted to MUSD 110.9 (MUSD 133.6) and related to activity in Norway. Other accrued expenses amounted to MUSD 16.3 (MUSD 16.6) and other current liabilities amounted to MUSD 2.0 (MUSD 8.5).

Derivative instruments amounted to MUSD 234.6 (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 506.0 (MUSD 343.3) and related mainly to Norway.

Current provisions amounted to MUSD 45.7 (MUSD 55.9) and are detailed in Note 12. The short-term portion of the future decommissioning obligations amounted to MUSD 41.1 (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 4.6 (MUSD 6.7).

Parent Company

The business of the Parent Company is investment in and management of oil and gas assets. The net result for the Parent Company for the reporting period amounted to MSEK 2,815.6 (MSEK 4,603.8). 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 -52.2 (MSEK -34.3).

The net result for the reporting period included general and administrative expenses of MSEK 64.0 (MSEK 42.3) and net finance income of MSEK 1.7 (MSEK 0.6) 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.

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 2.25 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 will reduce from USD 5.0 billion to USD 4.75 billion as per 1 July 2020 and to USD 4.0 billion as per 1 January 2021.

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.

During the current oil market uncertainty, Lundin Energy has taken the prudent measure of securing further credit commitments of MUSD 340 through an unsecured corporate facility with five banks. The credit commitments remain subject to legal documentation which is expected to be put in place over the next few weeks.

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 tenth 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

In April 2020, Lundin Energy secured further credit commitments of MUSD 340 as mentioned in the section Liquidity.

For the coronavirus crisis, see section Coronavirus on page 13.

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. The second dividend payment is expected to be paid around 8 July 2020, with an expected record date of 3 July 2020 and expected ex-dividend date of 2 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 2017, 2018 and 2019 under the Unit Bonus Plan outstanding as at 31 March 2020 were 88,679, 141,748 and 186,230 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 31 March 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 31 March 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 31 March 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 changed since 1 April 2019 its accounting principle for revenue recognition relating to under/overlift balances. The Group previously recognized income based on its produced volumes (entitlement method) for the period. Lundin Energy has decided to change the accounting treatment of such under/overlift so that the income will reflect sold volumes (sales method).

This means that changes in under/overlift balances are no longer reported as other income valued at market price, but will instead be reported as an adjustment to cost valued at production cost including depletion. Comparative figures have been restated in line with IAS 8 as per the following table:

Restated net result previous quarters MUSD	Q1 2019
Reported net result previous quarters	54.9
Changes due to change in accounting principle	
Adjustment in other income	-7.5
Adjustment in production costs	1.2
Adjustment in deferred tax	4.9
Impact of change in accounting principle	-1.4
Restated net result previous quarters	53.5

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 reporting 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 recent oil price collapse provide an exceptionally challenging market backdrop. The main focus of the Company's response is on reducing the risk of the virus spreading in our 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. Lundin Energy is part of a coordinated industry response to the crisis in Norway and the authorities have introduced certain exceptional measures to help deal with the situation. Detailed contingency plans have been established, and are being implemented, to mitigate the risk. A key action is to reduce the risk of having coronavirus infected personnel offshore and so offshore sites have been down-manned while maintaining a minimum level of activity to allow production, and the most important project activities, to continue. To date there have been no disruptions to production due to the coronavirus situation. The activity deferrals will impact project schedules, but with the operational flexibility available within the business, this means there are no negative impacts to production guidance and in fact due to certain deferral of planned production shut-downs in 2020 for maintenance, having been postponed to later years, as well as the Johan Sverdrup production capacity being increased, the 2020 production guidance has been upgraded from 145 — 165 Mboepd to 160 — 170 Mboepd.

At the same time as production guidance has been improved, the Company has also implemented certain deferrals of 2020 expenditure items to improve the near-term liquidity position but without impacting the Company's production outlook. The Company's original 2020 expenditure guidance relating to development, exploration and appraisal and abandonment activities amounted to MUSD 1,270 and with the implementation of certain deferrals of expenditures in addition to actual cost savings the revised expenditure guidance for 2020 is MUSD 985, a reduction of 22 percent. In addition the Company has also reduced its unit operating costs from USD 3.40 per boe to USD 2.80 per boe. Moreover, the Company has amended its original 2019 dividend proposal from MUSD 511 to approximately MUSD 284 and raised additional debt commitments of MUSD 240. When all these items are aggregated the Company's pre-tax liquidity position in 2020 has been improved by MUSD 780 in addition to having improved the mid-point production guidance for 2020 by 10 Mboepd.

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 31 March 2020, Lundin Energy had outstanding foreign currency contracts as summarised below:

Buy	Sell	Average contractual Exchange rate	Settlement period
MNOK 9,353.7	MUSD 1,052.3	NOK 8.89:USD 1	Apr 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

Lundin Energy entered into interest rate hedge contracts and at 31 March 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%	Apr 2020 – Dec 2020
3,100	2.28%	Jan 2021 – Dec 2021
2,900	2.41%	Jan 2022 – Dec 2022
2,000	1.75%	Jan 2023 – Dec 2023
1,500	1.91%	Jan 2024 – Dec 2024

Under IFRS 9, subject to hedge effectiveness testing, all of the hedges are treated as effective and changes to the fair value are reflected in other comprehensive income.

Exchange Rates

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

	31 Mar 2020		31 Mar 2019		31 Dec 2019	
	Average	Period end	Average	Period end	Average	Period end
1 USD equals NOK	9.4887	10.5057	8.5784	8.5972	8.8003	8.7803
1 USD equals Euro	0.9072	0.9127	0.8806	0.8901	0.8932	0.8902
1 USD equals SEK	9.6765	10.0961	9.1781	9.2550	9.4581	9.2993

Consolidated Income Statement

Expressed in MUSD	Note	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue and other income	1			
Revenue		685.5	476.5	2,158.6
Gain from sale of assets		–	–	756.7
Other income		9.7	7.6	33.4
		695.2	484.1	2,948.7
Cost of sales				
Production costs	2	-51.4	-38.9	-164.8
Depletion and decommissioning costs		-147.3	-99.8	-443.8
Exploration costs		-27.9	-37.3	-125.6
Impairment costs of oil and gas properties		–	–	-128.3
Purchase of crude oil from third parties		-55.2	-40.1	-84.3
Gross profit	3	**413.4**	268.0	2,001.9
General, administration and depreciation expenses		-9.2	-7.1	-31.2
Operating profit		**404.2**	260.9	1,970.7
Net financial items				
Finance income	4	0.6	9.1	27.5
Finance costs	5	-416.7	-39.9	-322.5
		-416.1	-30.8	-295.0
Share in result of associated company		–	-0.2	-1.8
Profit before tax		**-11.9**	229.9	1,673.9
Income tax	6	-298.7	-176.4	-849.0
Net result		**-310.6**	53.5	824.9
Attributable to:				
Shareholders of the Parent Company		-310.6	53.5	824.9
Non-controlling interest		–	–	–
		-310.6	53.5	824.9
Earnings per share – USD		-1.09	0.16	2.61
Earnings per share fully diluted – USD		-1.09	0.16	2.61
Adjusted earnings per share – USD		0.23	0.17	0.80
Adjusted earnings per share fully diluted – USD		0.23	0.17	0.80

Consolidated Statement of Comprehensive Income

Expressed in MUSD	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	**-310.6**	53.5	824.9
Items that may be subsequently reclassified to profit or loss:			
Exchange differences foreign operations	1.1	26.6	29.0
Cash flow hedges	-384.4	-27.9	-82.5
Other comprehensive income, net of tax	**-383.3**	-1.3	-53.5
Total comprehensive income	**-693.9**	52.2	771.4
Attributable to:			
Shareholders of the Parent Company	-693.9	52.2	771.4
Non-controlling interest	–	–	–
	-693.9	52.2	771.4

Consolidated Balance Sheet

Expressed in MUSD	Note	31 March 2020	31 December 2019
ASSETS			
Non-current assets			
Oil and gas properties	7	4,593.1	5,473.2
Other tangible fixed assets	8	41.5	49.4
Goodwill		128.1	128.1
Investments in joint ventures		32.1	–
Financial assets	9	14.5	14.3
Derivative instruments	14	–	2.7
Total non-current assets		**4,809.3**	5,667.7
Current assets			
Inventories		36.9	40.7
Trade and other receivables	10	227.0	349.5
Derivative instruments	14	–	11.3
Cash and cash equivalents		89.8	85.3
Total current assets		**353.7**	486.8
TOTAL ASSETS		**5,163.0**	6,154.5
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		**-2,575.5**	-1,598.8
Liabilities			
Non-current liabilities			
Financial liabilities	11	3,699.0	3,888.4
Provisions	12	444.9	528.1
Deferred tax liabilities		2,043.5	2,412.7
Derivative instruments	14	274.3	110.8
Total non-current liabilities		**6,461.7**	6,940.0
Current liabilities			
Financial liabilities	11	4.6	97.5
Dividends		283.1	106.0
Trade and other payables	13	202.8	177.4
Derivative instruments	14	234.6	33.2
Current tax liabilities		506.0	343.3
Provisions	12	45.7	55.9
Total current liabilities		**1,276.8**	813.3
Total liabilities		**7,738.5**	7,753.3
TOTAL EQUITY AND LIABILITIES		**5,163.0**	6,154.5

Consolidated Statement of Cash Flows

Expressed in MUSD	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cash flows from operating activities			
Net result	-310.6	53.5	824.9
Adjustments for:			
Gain from sale of assets	–	–	-756.7
Exploration costs	27.9	37.3	125.6
Depletion, depreciation and amortisation	149.0	101.5	450.5
Impairment of oil and gas properties	–	–	128.3
Current tax	260.5	26.4	405.8
Deferred tax	38.2	150.0	443.2
Long-term incentive plans	-0.1	6.7	14.7
Foreign currency exchange gain/ loss	337.7	-4.6	70.8
Interest expense	34.3	16.8	93.4
Unwinding of loan modification gain	9.7	10.6	41.5
Amortisation of deferred financing fees	3.9	4.2	19.7
Other	3.8	4.2	17.8
Interest received	0.3	0.3	1.8
Interest paid	-39.5	-40.9	-177.4
Income taxes paid / received	-18.0	-6.4	-132.7
Changes in working capital	141.2	-13.8	-193.0
Total cash flows from operating activities	**638.3**	345.8	1,378.2
Cash flows from investing activities			
Investment in oil and gas properties	-195.8	-249.0	-1,057.8
Investment in renewable energy business[1]	-32.3	–	-1.2
Investment in other fixed assets	-1.2	-0.1	-2.5
Investment in financial assets	–	–	-0.3
Disposal of fixed assets[2]	–	–	959.0
Decommissioning costs paid	-2.3	-0.9	-3.7
Total cash flows from investing activities	**-231.6**	-250.0	-106.5
Cash flows from financing activities			
Changes in long-term bank loans	-308.0	-70.0	627.0
Changes in lease commitments	-0.8	-0.9	-3.4
Financing fees paid	-0.6	–	-3.3
Dividends paid	-105.1	–	-355.6
Share redemption	–	–	-1,517.2
Total cash flows from financing activities	**-414.5**	-70.9	-1,252.5
Change in cash and cash equivalents	-7.8	24.9	19.2
Cash and cash equivalents at the beginning of the period	85.3	66.8	66.8
Currency exchange difference in cash and cash equivalents	12.3	-0.4	-0.7
Cash and cash equivalents at the end of the period	**89.8**	91.3	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

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**
Comprehensive income					
Net result	–	–	53.5	–	53.5
Other comprehensive income	–	-1.3	–	–	-1.3
Total comprehensive income	**–**	**-1.3**	**53.5**	**–**	**52.2**
Transactions with owners					
Distributions	–	–	–	-501.0	-501.0
Value of employee services	–	–	1.1	–	1.1
Total transaction with owners	**–**	**–**	**1.1**	**-501.0**	**-499.9**
At 31 March 2019	**0.5**	**-179.9**	**-151.1**	**-501.0**	**-831.5**
Comprehensive income					
Net result	–	–	771.4	–	771.4
Other comprehensive income	–	-52.2	–	–	-52.2
Total comprehensive income	**–**	**-52.2**	**771.4**	**–**	**719.2**
Transactions with owners					
Share redemption	-0.1	–	-1,476.9	–	-1,477.0
Bonus issue (sw. fondemission)	0.1	–	-0.1	–	–
Share based payments	–	-13.7	–	–	-13.7
Value of employee services	–	–	4.2	–	4.2
Total transaction with owners	**–**	**-13.7**	**-1,472.8**	–	**-1,486.5**
At 31 December 2019	**0.5**	**-245.8**	**-852.5**	**-501.0**	**-1,598.8**
Transfer of prior year dividends	–	–	-501.0	501.0	–
Comprehensive income					
Net result	–	–	-310.6	–	-310.6
Other comprehensive income	–	-383.3	–	–	-383.3
Total comprehensive income	**–**	**-383.3**	**-310.6**	**–**	**-693.9**
Transactions with owners					
Distributions	–	–	–	-284.1	-284.1
Value of employee services	–	–	1.3	–	1.3
Total transaction with owners	**–**	–	**1.3**	**-284.1**	**-282.8**
At 31 March 2020	**0.5**	**-629.1**	**-1,662.8**	**-284.1**	**-2,575.5**

Notes to the Consolidated Financial Statements

Note 1 — Revenue and other income MUSD	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue			
Crude oil from own production	585.7	388,6	1,939.8
Crude oil from third party activities	55.9	40.1	84.3
Condensate	23.0	17.3	41.4
Gas	20.9	30.5	93.1
Sales of oil and gas	**685.5**	476.5	2,158.6
Gain from sale of assets	—	—	756.7
Other income	9.7	7.6	33.4
Revenue and other income	**695.2**	484.1	2,948.7

Note 2 — Production costs MUSD	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cost of operations	38.9	28.0	118.1
Tariff and transportation expenses	12.4	11.0	46.3
Change in under/over lift position	-1.3	-1.2	-0.9
Change in inventory position	-0.1	—	-2.8
Other	1.5	1.1	4.1
Production costs	**51.4**	38.9	164.8

Note 3 — Segment information MUSD	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Norway			
Crude oil from own production	585.7	388.6	1,939.8
Condensate	23.0	17.3	41.4
Gas	20.9	30.5	93.1
Revenue	**629.6**	436.4	2,074.3
Gain from sale of assets	—	—	756.7
Other income	8.9	7.6	33.4
Revenue and other income	**638.5**	444.0	2,864.4
Production costs	-51.4	-38.9	-164.8
Depletion and decommissioning costs	-147.3	-99.8	-443.8
Exploration costs	-27.9	-37.3	-125.6
Impairment costs of oil and gas properties	—	—	-128.3
Gross profit	**411.9**	268.0	2,001.9
Other			
Crude oil from third party activities	55.9	40.1	84.3
Revenue	**55.9**	40.1	84.3
Other income	0.8	—	—
Revenue and other income	**56.7**	40.1	84.3
Purchase of crude oil from third parties	-55.2	-40.1	-84.3
Gross profit	**1.5**	0.0	0.0

Note 3 — Segment information cont. MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Total			
Crude oil from own production	585.7	388.6	1,939.8
Crude oil from third party activities	55.9	40.1	84.3
Condensate	23.0	17.3	41.4
Gas	20.9	30.5	93.1
Revenue	**685.5**	476.5	2,158.6
Gain from sale of assets	–	–	756.7
Other income	9.7	7.6	33.4
Revenue and other income	**695.2**	484.1	2,948.7
Production costs	-51.4	-38.9	-164.8
Depletion and decommissioning costs	-147.3	-99.8	-443.8
Exploration costs	-27.9	-37.3	-125.6
Impairment costs of oil and gas properties	–	–	-128.3
Purchase of crude oil from third parties	-55.2	-40.1	-84.3
Gross profit	**413.4**	268.0	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- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Foreign currency exchange gain, net	–	0.8	–
Interest income	0.6	0.4	1.8
Gain on interest rate hedge settlement	–	7.9	25.7
Finance income	**0.6**	9.1	27.5

Note 5 — Finance costs MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Foreign currency exchange loss, net	358.6	–	131.7
Interest expense	34.3	16.8	93.4
Loss on interest rate hedge settlement	2.3	–	–
Unwinding of site restoration discount	4.7	4.4	17.9
Amortisation of deferred financing fees	3.9	4.2	19.7
Loan facility commitment fees	2.5	3.4	10.9
Unwinding of loan modification gain	9.7	10.6	41.5
Other	0.7	0.5	7.4
Finance costs	**416.7**	39.9	322.5

Note 6 — Income tax MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Current tax	260.5	26.4	405.8
Deferred tax	38.2	150.0	443.2
Income tax	**298.7**	176.4	849.0

Note 7 — Oil and gas properties

MUSD	31 Mar 2020	31 Dec 2019
Norway		
Producing assets	3,330.1	4,065.3
Assets under development	654.3	652.2
Capitalised exploration and appraisal expenditure	608.7	755.7
	4,593.1	5,473.2

Note 8 — Other tangible fixed assets

MUSD	31 Mar 2020	31 Dec 2019
Right of use assets	28.1	35.9
Other	13.4	13.5
	41.5	49.4

Note 9 — Financial assets

MUSD	31 Mar 2020	31 Dec 2019
Contingent consideration	12.5	12.4
Associated companies	0.2	0.3
Other	1.8	1.6
	14.5	14.3

Note 10 — Trade and other receivables

MUSD	31 Mar 2020	31 Dec 2019
Trade receivables	171.6	305.1
Underlift	7.3	2.0
Joint operations debtors	12.7	11.4
Prepaid expenses and accrued income	29.0	23.9
Other	6.4	7.1
	227.0	349.5

Note 11 — Financial liabilities

MUSD	31 Mar 2020	31 Dec 2019
Non-current:		
Bank loans	3,784.0	4,000.0
Capitalised financing fees	-28.1	-37.1
Capitalised loan modification gain	-81.2	-105.6
Lease commitments	24.3	31.1
	3,699.0	3,888.4
Current:		
Bank loans	—	92.0
Lease commitments	4.6	5.5
	4.6	97.5
	3,703.6	3,985.9

Note 12 — Provisions

MUSD	31 Mar 2020	31 Dec 2019
Non-current:		
Site restoration	440.0	522.2
Long-term incentive plans	2.0	2.7
Other	2.9	3.2
	444.9	528.1
Current:		
Site restoration	41.1	49.2
Long-term incentive plans	4.6	6.7
	45.7	55.9
	490.6	584.0

Note 13 — Trade and other payables

MUSD	31 Mar 2020	31 Dec 2019
Trade payables	68.5	17.8
Overlift	5.1	0.9
Joint operations creditors and accrued expenses	110.9	133.6
Other accrued expenses	16.3	16.6
Other	2.0	8.5
	202.8	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:

31 March 2020 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.5
Associated companies	–	–	0.2
Derivative instruments — non-current	–	–	–
Derivative instruments — current	–	–	–
	–	–	12.7
Liabilities			
Derivative instruments — non-current	–	274.3	–
Derivative instruments — current	–	234.6	–
	–	508.9	–

31 December 2019 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.4
Associated companies	–	–	0.3
Derivative instruments — non-current	–	2.7	–
Derivative instruments — current	–	11.3	–
	–	14.0	12.7
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.

Parent Company Income Statement

Expressed in MSEK	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue	10.1	7.4	18.9
General and administration expenses	-64.0	-42.3	-248.1
Operating loss	**-53.9**	-34.9	-229.2
Net financial items			
Finance income	2,869.6	4,638.8	19,148.5
Finance costs	-0.1	-0.1	-33.8
	2,869.5	4,638.7	19,114.7
Profit before tax	**2,815.6**	4,603.8	18,885.5
Income tax	—	—	—
Net result	**2,815.6**	4,603.8	18,885.5

Parent Company Comprehensive Income Statement

Expressed in MSEK	1 Jan 2020- 31 Mar 2020 3 months	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	**2,815.6**	4,603.8	18,885.5
Other comprehensive income	—	—	—
Total comprehensive income	**2,815.6**	4,603.8	18,885.5
Attributable to:			
Shareholders of the Parent Company	2,815.6	4,603.8	18,885.5
	2,815.6	4,603.8	18,885.5

Parent Company Balance Sheet

Expressed in MSEK	31 December 2020	31 December 2019
ASSETS		
Non-current assets		
Shares in subsidiaries	55,118.9	55,118.9
Other tangible fixed assets	0.3	0.4
Total non-current assets	**55,119.2**	55,119.3
Current assets		
Receivables	2,949.8	1,107.4
Cash and cash equivalents	32.8	31.7
Total current assets	**2,982.6**	1,139.1
TOTAL ASSETS	**58,101.8**	56,258.4
SHAREHOLDERS´EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	55,190.6	55,242.8
Non-current liabilities		
Provisions	0.7	1.0
Total non-current liabilities	**0.7**	1.0
Current liabilities		
Dividends	2,858.1	985.7
Other liabilities	52.4	28.9
Total current liabilities	**2,910.5**	1,014.6
Total liabilities	**2,911.2**	1,015.6
TOTAL EQUITY AND LIABILITIES	**58,101.8**	56,258.4

Parent Company Cash Flow Statement

Expressed in MSEK	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cash flow from operations			
Net result	2,815.6	4,603.8	18,885.5
Adjustment for non-cash related items	-2,870.1	-4,638.3	-1,157.9
Changes in working capital	1,039.6	39.1	133.0
Total cash flow from operations	**985.1**	4.6	17,860.6
Cash flow from investing			
Investments in other fixed assets	–	–	-0.1
Total cash flow from investing	**–**	**–**	-0.1
Cash flow from financing			
Dividends paid	-985.7	–	-3,347.6
Share redemption	–	–	-14,510.3
Total cash flow from financing	**-985.7**	–	-17,857.9
Change in cash and cash equivalents	-0.6	4.6	2.6
Cash and cash equivalents at the beginning of the period	31.7	29.5	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	**32.8**	34.9	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	**–**	**–**	**–**	**4,603.8**	**–**	**4,603.8**	**4,603.8**
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 31 March 2019	**3.5**	**861.3**	**6,479.7**	**52,380.1**	**-4,638.7**	**54,221.1**	**55,085.9**
Total comprehensive income	**–**	**–**	**–**	**14,281.7**	**–**	**14,281.7**	**14,281.7**
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	**–**	**–**	**–**	**2,815.6**	**–**	**2,815.6**	**2,815.6**
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 31 March 2020	**3.5**	**861.3**	**6,479.7**	**50,713.9**	**-2,867.8**	**54,325.8**	**55,190.6**

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- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue and other income	695.2	484.1	2,948.7
Operating cash flow[1]	328.1	378.7	1,537.1
CFFO	638.3	345.8	1,378.2
EBITDA[1]	581.1	399.7	1,918.4
Free cash flow	406.7	95.8	1,271.7
Net result	-310.6	53.5	824.9
Adjusted net result	66.0	58.9	252.7
Net debt	3,694.2	3,303.7	4,006.7
Data per share USD			
Shareholders' equity per share	-9.07	-2.46	-5.63
Operating cash flow per share[1]	1.16	1.12	4.87
CFFO per share	2.25	1.02	4.36
EBITDA per share[1]	2.05	1.18	6.07
Free cash flow per share	1.43	0.28	4.03
Earnings per share	-1.09	0.16	2.61
Earnings per share fully diluted	-1.09	0.16	2.61
Adjusted earnings per share	0.23	0.17	0.80
Adjusted earnings per share fully diluted	0.23	0.17	0.80
Dividend per share[2]	0.37	–	1.11
Number of shares issued at period end	285,924,614	340,386,445	285,924,614
Number of shares in circulation at period end	284,051,304	338,513,135	284,051,304
Weighted average number of shares for the period	284,051,304	338,513,135	315,833,140
Weighted average number of shares for the period fully diluted	284,609,911	339,165,735	316,551,300
Share price			
Share price at period end in SEK	190.50	314.80	318.30
Share price at period end in USD[3]	18.87	34.01	34.23
Key ratios			
Return on equity (%)[4]	–	–	–
Return on capital employed (%)	22	9	72
Net debt/equity ratio (%)[4]	–	–	–
Net debt/EBITDA ratio[1]	1.8	1.8	2.1
Equity ratio (%)	-50	-13	-26
Share of risk capital (%)	-10	23	13
Interest coverage ratio	10	15	20
Operating cash flow/interest ratio[1]	9	22	16
Yield	2	–	3

[1] Excludes the reported after tax accounting gain of MUSD 756.7 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 31 March 2020, 31 December 2019 and 31 March 2019 is negative, these ratios have not been calculated.

Relevant Reconciliations of Alternative Performance Measures

EBITDA MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Operating profit	404.2	260.9	1,970.7
Minus: gain from sale of assets	–	–	-756.7
Add: depletion of oil and gas properties	147.3	99.8	443.8
Add: exploration costs	27.9	37.3	125.6
Add: impairment costs of oil and gas properties	–	–	128.3
Add: depreciation of other tangible assets	1.7	1.7	6.7
EBITDA	**581.1**	399.7	1,918.4

Operating cash flow MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Revenue and other income	695.2	484.1	2,948.7
Minus: gain from sale of assets	–	–	-756.7
Minus: production costs	-51.4	-38.9	-164.8
Minus: purchase of crude oil from third parties	-55.2	-40.1	-84.3
Minus: current taxes	-260.5	-26.4	-405.8
Operating cash flow	**328.1**	378.7	1,537.1

Free cash flow MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Cash flows from operating activities (CFFO)	638.3	345.8	1,378.2
Minus: cash flows from investing activities	-231.6	-250.0	-106.5
Free cash flow	**406.7**	95.8	1,271.7

Adjusted net result MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Net result	-310.6	53.5	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	9.7	10.6	41.5
Adjusted for foreign currency exchange gain or loss	358.6	-0.8	131.7
Adjusted for tax effects of above mentioned items	8.3	-4.4	-117.0
Adjusted net result	**66.0**	58.9	252.7

Net debt MUSD	**1 Jan 2020- 31 Mar 2020 3 months**	1 Jan 2019- 31 Mar 2019 3 months	1 Jan 2019- 31 Dec 2019 12 months
Bank loans	3,784.0	3,395.0	4,092.0
Minus: cash and cash equivalents	-89.8	-91.3	-85.3
Net debt	**3,694.2**	3,303.7	4,006.7

Key Ratio Definitions

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.

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.

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

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

Net debt: Bank loan less cash and cash equivalents.

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

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

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

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

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

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.

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

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.

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

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 non-interest bearing liabilities).

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

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

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

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

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

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

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

Financial Information

The financial information relating to the three month period ended 31 March 2020 has not been subject to review by the auditors of the Company.

Stockholm, 30 April 2020

Alex Schneiter
President and CEO

The Company will publish the following reports:

- The six month report (January — June 2020) will be published on 29 July 2020.
- The nine month report (January — September 2020) will be published on 29 October 2020.
- The year end report (January — December 2020) will be published on 28 January 2021.

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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 30 April 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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