

Q2

Report for the

SIX MONTHS

ended 30 June 2021

Lundin Energy AB (publ)

company registration number 556610-8055

Highlights

- Record quarterly revenue of USD 1.3 billion with a realised oil price of USD 68 per barrel for the second quarter
- Record free cash flow generation of MUSD 949 for the six month period, operating costs below guidance at USD 2.8 per boe and net debt reduced to below USD 3.2 billion
- Completed USD 2 billion inaugural investment grade bond issuance
- Record quarterly production above guidance at 190 Mboepd and full year production guidance increased to between 180 to 195 Mboepd
- Johan Sverdrup Phase 2 planned offshore installations completed on schedule and full field production capacity increased to 755 Mbopd gross when Phase 2 comes on line in the fourth quarter of 2022
- Key projects on track to deliver growth to over 200 Mboepd by 2023 and Kobra East/Gekko project sanctioned
- Decarbonisation plans on track to achieve carbon neutrality from 2025, with around 60% of production already independently certified as carbon neutrally produced

Financial summary

	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Production in Mboepd	186.4	189.8	157.7	162.9	164.5
Revenue and other income in MUSD	2,384.7	1,272.8	1,097.7	402.5	2,564.4
CFFO in MUSD	1,487.9	737.7	898.1	259.8	1,528.0
<i>Per share in USD</i>	5.23	2.59	3.16	0.91	5.38
EBITDAX in MUSD	2,078.0	1,059.6	916.2	335.1	2,140.2
<i>Per share in USD</i>	7.31	3.73	3.23	1.18	7.53
Free cash flow in MUSD	949.1	422.9	381.5	-25.2	448.2
<i>Per share in USD</i>	3.34	1.49	1.34	-0.09	1.58
Net result in MUSD	234.6	165.7	-131.8	178.8	384.2
<i>Per share in USD</i>	0.82	0.58	-0.46	0.63	1.35
Adjusted net result in MUSD	308.4	158.6	117.3	51.3	280.0
<i>Per share in USD</i>	1.08	0.56	0.41	0.18	0.99
Net debt in MUSD	3,189.4	3,189.4	3,796.1	3,796.1	3,911.5

Comment from Nick Walker, President and CEO of Lundin Energy:

"I'm pleased to report record production and financial results in the second quarter, backed by strong operating performance and the further strengthening of oil prices. Whilst certain challenges of the COVID-19 crisis will remain for the foreseeable future, we've normalised the management of these and continue to deliver on our main business priorities.

"Our world class producing assets continue to outperform with excellent production efficiency, along with industry leading low operating costs, delivering production in the quarter above the mid-point of the guidance range, leading us to increase our full year production guidance.

"Johan Sverdrup keeps on delivering above expectations. Phase 1 production ramped up to 535 Mbopd gross ahead of schedule and the full field production guidance has been lifted to 755 Mbopd. Phase 2 of the project is making good progress, with key offshore installations completed on schedule, and the project remains firmly on track for first oil in the fourth quarter of 2022.

"At the Greater Edvard Grieg Area we continue to deliver on the projects that support the long-term plateau extension, with excellent results so far from the Edvard Grieg infill well programme and the Solveig and Rolvsnes projects on track for first oil in the coming weeks. There's lots more to come and we'll see the results from two exciting exploration wells in the area in the second half of the year.

"Our key projects remain on track to deliver growth to over 200 Mboepd by 2023. We've a strong track record of growing resources and I'm confident that we can continue to sustain the business at these production levels. We have a pipeline of potential new projects, the first of which has just been sanctioned, and an exciting exploration programme, targeting material resources.

"The business delivered record financial results, with free cash flow of MUSD 949 for the first six months and net debt reduced to below USD 3.2 billion. This demonstrates the quality of our strong cash generative business, allowing us to fund growth, cover dividends and deleverage. On the back of attaining three investment grade credit ratings, the Company successfully completed a USD 2 billion inaugural bond issuance, the proceeds of which were used to pay down existing corporate credit facilities.

"We continue to make good progress on our decarbonisation plans, with around 60% of our production today carbon neutrally produced, and we're on target for the business as a whole to be carbon neutral from 2025. We've already made several certified carbon neutrally produced crude sales, which I believe will become a key value differentiator for Lundin Energy.

"We've delivered record results in the first half of the year, our key business priorities are on track and looking forward I'm confident the business will continue to deliver resilient sustainable growth."

Lundin Energy is an experienced Nordic oil and gas company that explores for, develops and produces resources economically, efficiently and responsibly. We focus on value creation for our shareholders and wider stakeholders through three strategic pillars: Resilience, Sustainability and Growth. Our high quality, low cost assets mean we are resilient to oil price volatility, and our organic growth strategy, combined with our sustainable approach and commitment to decarbonisation, firmly establishes our leadership role in a lower carbon energy future. (Nasdaq Stockholm: LUNE). For more information, please visit us at www.lundin-energy.com or download our App www.myirapp.com/lundin

OPERATIONAL REVIEW

All the reported numbers and updates in the operational review relate to the six month period ending 30 June 2021 (reporting period) unless otherwise specified.

Ongoing COVID-19 Crisis

Lundin Energy has maintained a proactive approach in safeguarding the wellbeing of the Company's employees and contractors, whilst also ensuring the virus has minimal impact on its operations. To date there have been no disruptions to production due to the COVID-19 situation and while certain project activities have been affected, the disruptions have been successfully managed, to avoid any negative impact on the production outlook.

Production Guidance

In June 2021, Lundin Energy announced updated production guidance for 2021 of between 180 to 195 thousand barrels of oil equivalent per day (Mboepd), increased from the original guidance of 170 to 190 Mboepd. The increase in full year production guidance is due to better than expected production in the first half of 2021 and an expected increase in facilities capacity available at the Edvard Grieg field, due to the continued decline of the Ivar Aasen field.

Current 2021 guidance

Production	180 to 195 Mboepd
Operating Cost	USD 3.00 per boe
Development expenditure	MUSD 850
Exploration and Appraisal expenditure	MUSD 260
Decommissioning expenditure	MUSD 20
Renewables Investments	MUSD 100

Production

Production was 186 Mboepd, which was in line with the updated guidance and seven percent above the mid-point of the original production guidance range for the period. Production in the second quarter of 2021, was 190 Mboepd which was a record quarterly production rate for the Company. First half 2021 production was above expectations due to excellent production efficiency across all assets, an earlier than forecast increased plateau rate of 535 thousand barrels of oil per day (Mbopd) gross at Johan Sverdrup Phase 1 and additional facilities capacity available at the Edvard Grieg field due to the Ivar Aasen field not utilising its contractual capacity.

Operating costs, net of tariff income, were USD 2.82 per boe, which was below guidance for the reporting period. Full year operating cost guidance remains USD 3.00 per boe.

Production in Mboepd	1 Jan 2021-30 Jun 2021 6 months	1 Apr 2021-30 Jun 2021 3 months	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2020-31 Dec 2020 12 months
Crude oil	174.6	179.1	145.9	151.1	152.7
Gas	11.8	10.7	11.8	11.9	11.8
Total production	186.4	189.8	157.7	162.9	164.5

Production in Mboepd	WI ¹	1 Jan 2021-30 Jun 2021 6 months	1 Apr 2021-30 Jun 2021 3 months	1 Jan 2020-30 Jun 2020 6 months	1 Apr 2020-30 Jun 2020 3 months	1 Jan 2020-31 Dec 2020 12 months
Johan Sverdrup	20%	105.7	108.6	80.0	86.6	87.6
Edvard Grieg	65%	69.2	70.3	63.1	62.7	63.6
Ivar Aasen	1.385%	0.7	0.6	0.9	0.8	0.8
Alvheim Area	15% - 35%	10.8	10.3	13.7	12.8	12.5
		186.4	189.8	157.7	162.9	164.5

¹ Lundin Energy's working interest (WI)

Production from Johan Sverdrup Phase 1 was in line with the updated production guidance, with a production efficiency of 98 percent. In May 2021, the Phase 1 processing capacity was increased from 500 Mbopd gross to 535 Mbopd, following upgrades to the water injection system, which were required to support the higher offtake rates. This represents a gross increase of 95 Mbopd since first oil in late 2019. Reservoir performance continues to be strong, with high well productivities and excellent communication across the field. One production well and one water injection well were completed in the reporting period, with results in line with expectations and the field is currently producing from 13 wells. Johan Sverdrup is being operated with power supplied from shore and is one of the lowest CO₂ emitting offshore fields in the world, with CO₂ emissions of less than 0.1 kg per boe for the reporting period. Operating costs were USD 1.63 per boe.

Production from the Edvard Grieg field was in line with the updated production guidance, with a production efficiency of 99 percent. The field has benefitted from higher available processing capacity due to the continued decline of the Ivar Aasen field. The infill drilling programme at Edvard Grieg commenced in January 2021, using the Rowan Viking jack-up rig and has progressed according to plan. The first infill well came on stream in June 2021, equipped with the innovative 'Fishbones' completion, which has contributed to well productivity around 10 times greater than the original prognosis. The first of two branches on the second infill well has been drilled, with results in line with expectations and this branch also includes a 'Fishbones' completion. Drilling of the second branch has been completed and initial reservoir results are in line with expectations. The well is scheduled to be brought on line in the fourth quarter 2021. Power from shore at Edvard Grieg is on schedule to be online in late 2022, with the power cable now installed on Edvard Grieg and laid on the seabed at Johan Sverdrup, awaiting arrival of the Phase 2 processing platform in 2022. The retirement of the existing gas turbine power generation system on the platform and installation of electric boilers to provide process heat, is on schedule and is expected to be operational in late 2022. Operating costs, net of tariff income, were USD 3.72 per boe.

Production from the Ivar Aasen field was in line with the updated forecast. The field water production rate has continued to increase, which has resulted in an accelerated oil production decline. Two infill wells have come on stream in the reporting period and both wells have performed below expectations.

Production from the Alvheim Area was in line with forecast with a production efficiency of 95 percent. One infill well that was spudded in late 2020, came on stream in March 2021, with results in line with expectations. Two infill wells are planned to be drilled in the Alvheim Area during the second half of 2021. Operating costs were USD 7.38 per boe.

Development

The development expenditure guidance for 2021 remains unchanged at MUSD 850.

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	755 Mboepd ¹
Solveig Phase 1	65%	Lundin Energy	57 MMboe	Q3 2021	30 Mboepd
Rolvsnæs EWT ²	80%	Lundin Energy	-	Q3 2021	3 Mboepd
Kobra East/Gekko (KEG)	15%	AkerBP	39 MMboe	Q1 2024	28 Mboepd

¹ Johan Sverdrup full field

² Extended Well Test

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 gross 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. In June 2021, the Company along with the operator Equinor, announced that the full field gross processing capacity had been increased to 755 Mboepd, once Phase 2 comes on stream, as result of debottlenecking work on the Phase 2 topsides and studies to optimise the full field integrated processing and export capacity. The full field breakeven oil price for Johan Sverdrup, including past investments, has been reduced to below USD 15 per boe, from less than USD 20 per boe.

The Phase 2 capital expenditure is estimated at gross NOK 41 billion (nominal), which is unchanged from the Phase 2 PDO estimate in 2019. The three modules that constitute the second processing platform topsides were successfully assembled in Norway in May 2021 awaiting final installation offshore in spring 2022. The jacket for the second processing platform was successfully installed offshore in June 2021 and the new module on the existing Riser Platform was successfully installed offshore in July 2021. The subsea facilities and flowlines installation work is progressing as per schedule, for completion during 2021, allowing for drilling operations on the subsea wells to commence in early 2022. The disruptions to project activities due to COVID-19 have been effectively managed and first oil remains on schedule for the fourth quarter of 2022, with progress now over 60 percent complete.

Greater Edvard Grieg Area Tie-Back Projects

Solveig Phase 1 is a subsea tie-back development to Edvard Grieg and will contribute to keeping the Edvard Grieg platform on plateau production until the end of 2023. Phase 1 gross proved plus probable (2P) 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 for the development is within the PDO estimate of MUSD 810 gross, with a breakeven oil price of below 20 USD per boe. Installation of the subsea facilities and flowlines is complete and development drilling started in May, 2021. The first well has been successfully drilled and initial results are above pre-drill expectations. The project is on schedule for first oil in the third quarter of 2021, with total progress now around 60 percent complete, with the remaining work mostly related to the phased drilling of the development wells.

The Rolvsnes EWT project, which was approved by the authorities in July 2019, will be developed through a 3 km subsea tie-back of the existing Rolvsnes horizontal well to the Edvard Grieg platform. The EWT will provide important reservoir data to support a decision on the potential Rolvsnes full field development. The project is being developed in conjunction with the Solveig project to take advantage of contracting and implementation synergies. In May 2021, completion activities on the existing Rolvsnes well were finalized using the West Bollsta semi-submersible rig. Final commissioning and testing is ongoing, with first oil expected in August 2021.

Kobra East/Gekko (KEG)

In June 2021, the PDO for the joint development of the two discoveries Kobra East and Gekko was submitted to the Norwegian Ministry of Petroleum and Energy. The development will be conducted as a subsea tie-back to the Alvheim FPSO and phase one of the development will include four tri-lateral production wells targeting the oil zones of the two discoveries. Phase two of the development consists of a gas production well targeting the gas cap at Gekko, which will be drilled at a later stage once gas processing capacity is available on the Alvheim FPSO. Drilling operations are expected to commence in early 2023, with first oil planned in the first quarter of 2024. Total gross 2P reserves for the project amount to 39 MMboe and the development will provide gross peak production of approximately 28 Mboepd. This project will be developed under the Norwegian temporary tax regime and has a breakeven oil price of less than USD 30 per boe.

Exploration and Appraisal

The 2021 exploration and appraisal programme was increased by one well to eight wells in total during the reporting period, as a result of a decision to drill a second appraisal well at Iving. Four wells have been drilled, yielding a small oil discovery at Segment D near to the Solveig field. The remaining four wells are targeting approximately 200 MMboe of net unrisked prospective resources. The exploration and appraisal expenditure guidance for 2021 remains unchanged at MUSD 260.

2021 exploration and appraisal well programme

Licence	Operator	WI	Well	Spud Date	Status
PL359	Lundin Energy	65%	Segment D	February 2021	Oil discovery
PL722	Equinor	20%	Shenzhou	April 2021	Dry
PL820S	MOL	41%	Iving (2 wells)	May 2021	Completed - evaluation ongoing
PL167	Lundin Energy	40%	Lille Prinsen	July 2021	Ongoing
PL981	Lundin Energy	60%	Merckx	Third Quarter 2021	
PL976 ¹	Lundin Energy	40%	Dovregubben	Third Quarter 2021	
PL1041	AkerBP	15%	Lyderhorn	Fourth Quarter 2012	

¹Lundin Energy's working interest in Licence PL976 will reduce from 50 percent to 40 percent on closing of the OneDyas transaction agreed in May 2021

In March 2021, the Segment D prospect, located north of the Solveig field on the Utsira High in the Norwegian North Sea in PL359, was drilled yielding an oil discovery. A 10 metre oil column was encountered in Triassic reservoir sandstones and the discovery is estimated to hold gross recoverable resources of 3 to 9 MMboe. A development will be evaluated in parallel with a potential future phase of development at Solveig.

In July 2021, a two-well appraisal drilling programme was completed on the Iving discovery located in the Central North Sea close to the Balder and Ringhorne fields. The results were below expectations and the feasibility of a commercial development is currently undergoing evaluation.

In 2020, the Norwegian Government introduced temporary tax incentives aiming to increase activity on the Norwegian Continental Shelf, which applies to projects with PDO's submitted before the end of 2022. These tax incentives improve project economics and the Company has taken steps to accelerate activities for nine potential projects which could benefit from this opportunity. The first of these, the KEG project, has been sanctioned, with the PDO submitted for approval. The Solveig Phase 2 project, incorporating the Segment D discovery and the Rolvsnes Full Field project, will be de-risked with production experience from Solveig Phase 1 and the Rolvsnes EWT. The appraisal well for the Lille Prinsen discovery was spudded in early July 2021, using the Deepsea Stavanger semi-submersible rig. Development studies for the Alvheim Area project Frosk are progressing, with project sanction planned in the third quarter 2021. In February 2021, the Company completed a licence swap with AkerBP, acquiring a six percent working interest in the Trell and Trine discoveries, which are potential tie-back developments to Alvheim, with concept studies ongoing towards possible sanction before the 2022 deadline. In the Barents Sea, development studies on Wisting are progressing well with concept selection planned in late 2021. Commercial feasibility studies on the Alta discovery in the Southern Barents Sea, indicate the favoured development solution is a subsea tieback to the Johan Castberg field, the timing of which means it will not benefit from the temporary tax regime.

Decarbonisation

Decarbonisation is a key strategic pillar for Lundin Energy and a significant differentiator for the business. In January 2021, the decarbonisation strategy was accelerated by five years to achieve carbon neutrality for operational emissions from 2025. The strategy is composed of four pillars – reducing operational emissions, powering key assets from shore, investing in renewable power to replace net electricity usage and investments in nature-based carbon capture projects for any residual emissions. A critical step towards carbon neutrality will be the electrification of the Edvard Grieg platform, which will be executed in parallel with the Johan Sverdrup Phase 2 development, and will be operational in late 2022. Carbon emissions were 2.9 kg of CO₂ per boe in the reporting period, which is well within the Company's 2021 guidance of less than 4 kg of CO₂ per boe.

The Company has recently updated its emissions targets as a result of learnings from Johan Sverdrup production performance. On completion of the electrification of Edvard Grieg, the Company's average net carbon intensity is expected to be approximately 1 kg CO₂ per boe (reduced from less than 2 kg CO₂ per boe), around one-fifteenth of the industry average. Further to the unit intensity reductions the Company is also committing to reduce absolute emissions by 50 percent from 2023 compared to the emission levels in 2020.

In April 2021, the Company completed a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the Karskröv onshore wind farm project in southern Sweden. The wind farm will become operational in late 2023 and will produce an estimated 290 GWh per annum, from 20 onshore wind turbines. The total investment in Karskröv, including the acquisition cost, will amount to MEUR 130 with the majority of the spend occurring in 2022 and 2023 and the project will be cash flow positive from 2024. Construction and commissioning of the second phase of the Leikanger hydropower project in Norway was completed in March 2021 and is now operational at full capacity. Construction works are progressing well on the Metsälamminkangas (MLK) wind farm in Finland, with wind turbines and towers expected to be erected and commissioned in the second half of 2021, with the project fully operational in 2022. The Company has now committed to three renewable projects, with a combined net power generation capacity of around 600 GWh per annum from late 2023, which will cover all of the Company's expected net electricity usage for the offshore producing assets. This means that from end 2023, over 95 percent of the Company's oil production will be powered by its own generated renewable energy.

In January 2021, the Company signed a partnership with Land Life Company B.V., to invest MUS\$ 35 in high quality re-forestation projects to plant approximately eight million trees between 2021 and 2025, capturing approximately 2.6 million tonnes of CO₂. Over time this project will be more than sufficient to naturally capture all of the Company's net residual emissions of CO₂, leading to carbon neutrality for operational emissions. During the reporting period, approximately 150,000 trees were planted in Spain and Ghana.

The renewable expenditure guidance for 2021 remains at MUS\$ 100.

Certified Carbon Neutrally Produced Crude Oil Sale

In April 2021, Lundin Energy announced that it had sold a cargo of certified carbon neutrally produced Edvard Grieg crude to Saras S.p.A, the first such cargo in the world to have been traded and a significant step forward for the international oil market, in terms of a barrel of crude oil trading on the merits of its carbon emissions. Lundin Energy's Edvard Grieg field was the first oil field in the world to be independently certified by Intertek Group plc (Intertek), under its CarbonClear™ certification. The field is certified as low carbon at 3.8 kg of CO₂ per boe, including exploration, development and production. In May 2021, a second cargo of certified carbon neutrally produced Edvard Grieg crude was sold to Grupa Lotos S.A.

Following the success of the first certified, carbon neutrally produced barrels at Edvard Grieg, in June 2021, Lundin Energy announced that all future barrels of oil the Company sells from the Johan Sverdrup field will be certified as carbon neutrally produced under the CarbonZero™ standard. The field has been independently certified at 0.44 kg CO₂e per boe for life of field emissions, including exploration and appraisal activities, approximately 40 times lower than the world average. The first carbon neutrally produced cargo from Johan Sverdrup was sold to GS Caltex, Korea in June 2021.

In order to supply a carbon neutrally produced barrel, residual emissions for both the Edvard Grieg and Johan Sverdrup fields were compensated through high quality, nature-based carbon capture projects, certified by the Verified Carbon Standard (VCS) and independently certified by Intertek. Almost 60 percent of the Company's net production from now on is certified as carbon neutrally produced.

Decommissioning

The decommissioning expenditure guidance for 2021 remains unchanged at MUSD 20. The Brynhild field ceased production in 2018, abandonment of the four subsea wells was completed in 2020 and the removal of the subsea facilities was completed in July 2021. The Gaupe field ceased production in 2018 decommissioning activities are expected to commence in 2023. Following completion of Brynhild and Gaupe decommissioning, the Company has no further planned decommissioning spend until around 2035.

Licence Awards and Transactions

In January 2021, the Company was awarded 19 licences in the 2020 APA licensing round, of which seven are as operator.

In February 2021, Lundin Energy entered into a sales and purchase agreement with AkerBP involving the acquisition of a six percent working interest in licences PL036E, PL036F, PL102H, PL102F, PL102D and PL102G which includes the Trell and Trine discoveries. The transaction also included the sale of a five percent working interest in PL869 and a 15 percent working interest in PL1041. The transaction completed in June 2021.

In May 2021 Lundin Energy entered into a sales and purchase agreement with One-Dyas involving the divestment of ten percent working interest in PL 976 which includes the Dovregubben prospect. The transaction is subject to customary government approvals.

In June 2021, Lundin Energy was awarded two licences in the 25th licensing round. The Company currently holds 86 licences in Norway.

Health, Safety and Environment

During the reporting period, there were no lost time incidents and five medical treatment incidents, resulting in a Lost Time Incident Rate of 0.0 per million hours worked and a Total Recordable Incident Rate of 3.8 per million hours worked. There were no process safety or material environmental incidents during the reporting period.

FINANCIAL REVIEW

Result

The Company generated record high revenue and other income for the reporting period of MUSD 2,384.7 (MUSD 1,097.7) resulting in operating profit for the reporting period of MUSD 1,523.7 (MUSD 570.3). The increase compared to the comparative period was mainly driven by higher sales volumes and higher oil prices. Sales volumes increased by 18 percent compared to the comparative period caused by better production performance, inventory movements and overlift movements during the reporting period. Realised prices per boe increased by 84 percent compared to the comparative period. Operating profit was negatively impacted by higher exploration costs and higher purchases of crude oil from third parties compared to the comparative period.

The net result for the reporting period amounted to MUSD 234.6 (MUSD -131.8), representing earnings per share of USD 0.82 (USD -0.46). Net result was impacted by a largely non-cash foreign currency exchange loss during the reporting period of MUSD 35.2 (MUSD 227.8) and a non-cash accounting loss on ineffective interest rate hedge contracts of MUSD 38.0 (MUSD –). Adjusted net result for the reporting period amounted to MUSD 308.4 (MUSD 158.6), representing adjusted earnings per share of USD 1.08 (USD 0.41). Adjusted net result separates out the effects of loan modification gains, foreign currency exchange results, ineffective interest rate hedge contracts, and the tax impacts from these items and better reflects the net result generated by the Company's operational performance for the reporting period. Adjusted net result for the second quarter amounted to MUSD 158.6 and represented a record high quarterly adjusted net result for the Company.

The Company generated earnings before interest, tax, depletion, amortization and exploration expenses (EBITDAX) for the reporting period of MUSD 2,078.0 (MUSD 916.2) representing EBITDAX per share of USD 7.31 (USD 3.23), with the increase compared to the comparative period mainly caused by the higher sales volumes and higher oil prices. EBITDAX for the second quarter amounted to MUSD 1,059.6 and represented a record high quarterly EBITDAX for the Company. Cash flow from operating activities (CFFO) for the reporting period amounted to MUSD 1,487.9 (MUSD 898.1), representing CFFO per share of USD 5.23 (USD 3.16) with the increase compared to the comparative period, again impacted by higher sales volumes and higher oil prices, but negatively impacted by working capital changes and higher tax payments during the reporting period. Free cash flow for the reporting period amounted to MUSD 949.1 (MUSD 381.5), representing free cash flow per share of USD 3.34 (USD 1.34), with the increase compared to the comparative period mainly impacted by higher CFFO.

Changes in the Group

In April 2021, the Company completed a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the Karskröv onshore wind farm project in southern Sweden. The wind farm will become operational in late 2023 and will produce an estimated 290 GWh per annum, from 20 onshore wind turbines. The total investment in Karskröv, including the acquisition cost, will amount to MEUR 130 with the majority of the spend occurring in 2022 and 2023 and the project will be cash flow positive from 2024.

Revenue and other income

Revenue and other income for the reporting period amounted to MUSD 2,384.7 (MUSD 1,097.7) 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 2,369.7 (MUSD 1,080.6). The average price achieved by Lundin Energy for a barrel of oil equivalent (boe) from own production, amounted to USD 63.12 (USD 34.34) and is detailed in the following table. The average Dated Brent price for the reporting period amounted to USD 64.98 (USD 40.07) per barrel and USD 68.97 (USD 29.56) for the second quarter.

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

Sales from own production	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Average price per boe expressed in USD					
Crude oil sales					
- Quantity in Mboe	32,200.0	15,130.9	26,799.8	14,587.6	54,263.6
- Average price per bbl	64.29	67.88	35.88	25.78	39.96
Gas and NGL sales					
- Quantity in Mboe	2,617.8	1,219.9	2,813.6	1,091.5	6,013.2
- Average price per boe	48.82	52.33	19.60	10.28	23.80
Total sales					
- Quantity in Mboe	34,817.8	16,350.8	29,613.4	15,679.1	60,276.8
- Average price per boe	63.12	66.72	34.34	24.70	38.35

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

The sales of crude oil from third party activities for the reporting period amounted to MUSD 171.8 (MUSD 63.8) 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 15.0 (MUSD 17.1) and mainly included tariff income of MUSD 12.3 (MUSD 12.6), which is due to net income from Ivar Aasen tariffs paid to Edvard Grieg. Other income for the reporting period also included a loss of MUSD 1.2 (gain of MUSD 0.8) relating to short-term oil price derivatives.

Production costs

Production costs including under/over lift movements and inventory movements for the reporting period amounted to MUSD 115.2 (MUSD 103.3) and are detailed in Note 2. The total production cost per barrel of oil equivalent produced is detailed in the table below:

	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Production costs					
Cost of operations					
- In MUSD	75.1	37.8	69.5	30.6	134.5
- In USD per boe	2.23	2.19	2.42	2.07	2.24
Tariff and transportation expenses					
- In MUSD	32.4	16.7	22.9	10.5	50.7
- In USD per boe	0.96	0.96	0.80	0.71	0.84
Operating costs					
- In MUSD	107.5	54.5	92.4	41.1	185.2
- In USD per boe ¹	3.19	3.15	3.22	2.78	3.08
Change in under/over lift position					
- In MUSD	-7.4	-21.8	8.1	9.4	-2.7
- In USD per boe	-0.22	-1.26	0.28	0.63	-0.05
Change in inventory position					
- In MUSD	11.8	0.0	-0.1	0.0	-11.2
- In USD per boe	0.35	0.00	-0.00	0.00	-0.19
Other					
- In MUSD	3.3	1.6	2.9	1.4	5.9
- In USD per boe	0.10	0.09	0.10	0.09	0.10
Production costs					
- In MUSD	115.2	34.3	103.3	51.9	177.2
- In USD per boe	3.42	1.98	3.60	3.50	2.94

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 3.19 (USD 3.22) per barrel is reduced to USD 2.82 (USD 2.78) when tariff income is netted off. The operating cost for the second quarter of USD 3.15 (USD 2.78) per barrel is reduced to USD 2.80 (USD 2.37) when tariff income is netted off.

The total cost of operations for the reporting period amounted to MUSD 75.1 (MUSD 69.5) and the total cost of operations excluding operational projects amounted to MUSD 71.5 (MUSD 66.6). The cost of operations per barrel for the reporting period amounted to USD 2.23 (USD 2.42) including operational projects and USD 2.12 (USD 2.32) excluding operational projects. The lower unit costs compared to the comparative period are mainly caused by higher production volumes partly offset by a stronger Norwegian Krone.

Tariff and transportation expenses for the reporting period amounted to MUSD 32.4 (MUSD 22.9) or USD 0.96 (USD 0.80) per boe. The increase on a per barrel basis compared to the comparative period is caused by a stronger Norwegian Krone.

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 -7.4 (MUSD 8.1) in the reporting period due to the timing of the cargo liftings compared to production. The change in inventory position is also valued at production cost including depletion cost, and amounted to MUSD 11.8 (MUSD -0.1) in the reporting period due to a cargo in transit at the end of 2020 that was sold in early 2021. Sales quantities and production quantities are detailed in the table below:

	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Change in over/underlift position In Mboepd					
Production volumes	186.4	189.8	157.7	162.9	164.5
Inventory movements	3.5	—	—	—	-1.7
Production volumes including inventory movements	189.9	189.8	157.7	162.9	162.8
Sales volumes from own production	192.4	179.7	162.7	172.3	164.7
Change in over/underlift position	-2.5	10.1	-5.0	-9.4	-1.9

Other costs for the reporting period amounted to MUSD 3.3 (MUSD 2.9) and related to the business interruption insurance.

Depletion and decommissioning costs

Depletion and decommissioning costs for the reporting period amounted to MUSD 350.7 (MUSD 295.9), at an average rate of USD 10.39 (USD 10.31) per boe. The slightly higher depletion costs on a per barrel basis compared to the comparative period is caused by a lower depletion rate per barrel in Norwegian Krone as a result of increased reserves in Norway offset by a stronger Norwegian Krone as the depletion rate per boe is calculated in Norwegian Krone.

Exploration costs

Exploration costs expensed in the income statement for the reporting period amounted to MUSD 200.0 (MUSD 46.7). 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 170.4 (MUSD 63.3) and related to crude oil purchased from outside the Group.

General, administrative and depreciation expenses

The general administrative and depreciation expenses for the reporting period amounted to MUSD 24.7 (MUSD 18.2), which included a charge of MUSD 3.0 (MUSD 2.0) in relation to the Group's long-term incentive plans (LTIP), see also Remuneration section on page 13. Fixed asset depreciation expenses for the reporting period amounted to MUSD 3.6 (MUSD 3.3).

Finance income

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

Finance costs

Finance costs for the reporting period amounted to MUSD 159.4 (MUSD 343.1) and are detailed in Note 5.

The net foreign currency exchange loss for the reporting period amounted to MUSD 35.2 (MUSD 227.8). 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 gain on these settled foreign exchange instruments amounted to MUSD 8.1 (loss of MUSD 43.7).

The US Dollar strengthened three 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 strengthened three percent against the Euro during the reporting period, generating a net foreign currency exchange gain on an intercompany loan balance denominated in Norwegian Krone.

Interest expenses for the reporting period amounted to MUSD 22.8 (MUSD 58.1) and represented the portion of interest charged to the income statement. An additional amount of interest of MUSD 11.1 (MUSD 10.6), associated with the funding of the Norwegian development projects was capitalised during the reporting period. The total interest expenses for the reporting period decreased compared to the comparative period as a result of a lower LIBOR rate, a lower interest rate margin over LIBOR following the refinancing in December 2020 and a lower average outstanding debt relative to the comparative period. Interest expenses for the reporting period included MUSD 1.1 interest charges in relation to the issued bonds in June 2021.

The result on interest rate hedge settlements for the reporting period amounted to a loss of MUSD 71.9 (MUSD 14.4), as a result of the lower LIBOR rate and included a MUSD 38.0 charge to the income statement in relation to interest rate hedge contracts no longer considered effective under hedge effectiveness testing. The Company issued USD 2 billion of Senior Notes in June 2021 with a fixed interest rate and used the net proceeds, in combination with cash on hand, to repay USD 2 billion of the corporate credit facility term loans with a floating interest rate. As a result, part of the outstanding interest rate hedge contracts are no longer effective under hedge effectiveness testing.

The amortisation of the deferred financing fees for the reporting period amounted to MUSD 15.4 (MUSD 7.9) and related to the expensing of the fees incurred in establishing the credit facility over the period of usage of the facility. In addition, the unamortised portion of the capitalised financing fees incurred in relation to the repaid USD 2 billion corporate credit facility term loans were expensed during the reporting period.

Loan facility commitment fees for the reporting period amounted to MUSD 3.5 (MUSD 5.7) and related to commitment fees for the undrawn amounts under the revolving corporate credit facility which was undrawn at the end of the reporting period.

The unwinding of the loan modification gain in the comparative period amounted to MUSD 19.0 and related to the expensing of the accounting gain from the re-negotiated improved borrowing terms in 2018 for the reserve-based lending facility over the period of usage of the facility.

Share in result of joint ventures

Share in result of joint ventures for the reporting period amounted to MUSD 0.5 (MUSD 0.0) and related to the 50 percent non-operated interest in the Leikanger hydropower project in Norway.

Tax

The overall tax charge for the reporting period amounted to MUSD 1,131.0 (MUSD 359.8) and is detailed in Note 6.

The current tax charge for the reporting period amounted to MUSD 1,021.4 (MUSD 129.5) 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 paid tax installments in Norway during the reporting period amounted to MUSD 366.1, which has in combination with the current tax charge for the reporting period and exchange rate movements resulted in an increase in current tax liabilities, compared to the end 2020, from MUSD 444.4 to MUSD 1,089.1.

On 19th June 2020, certain temporary changes in the Norwegian Petroleum Tax Law were enacted. The temporary changes allow investments incurred in 2020 and 2021 to be fully deducted against SPT in the year of investment compared to a six year linear depreciation for the

ordinary tax regime. There is a further deduction available against the SPT in the form of an uplift. For the years 2020 and 2021, the uplift has been changed to 24 percent of the investment incurred in the year and is fully deductible in the year the investment is incurred, versus the previous uplift treatment which stipulated that the investment incurred during the year qualified for an uplift of 5.2 percent annually over four years (i.e. 20.8 percent uplift). The temporary changes in the Petroleum Tax Law also apply for Plan for Development and Operations submitted within 2022. These tax rules changes resulted in a reduction on current taxes for 2020 and 2021 and an increase in deferred taxes.

The deferred tax charge for the reporting period amounted to MUSD 109.6 (MUSD 230.3) and related to Norway. A deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes, with the deferred tax charge decreased for the reporting period due to the temporary tax changes for the Special Petroleum Tax in Norway enacted in June 2020, as outlined above.

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 13.7 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 expensed interest rate hedge contracts which are no longer considered effective under hedge effectiveness testing. The effective tax rate on the adjusted net results for the reporting period amounted to 79 percent.

Balance Sheet

Non-current assets

Oil and gas properties amounted to MUSD 5,889.2 (MUSD 5,902.4) and are detailed in Note 7. Oil and gas properties included Right of use assets as per IFRS16 and amounted to MUSD 28.6 (MUSD —) relating to a drilling rig recognised under IFRS 16 during the reporting period.

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

Development expenditure In MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Norway	342.6	185.9	351.9	199.4	639.8
Development expenditure	342.6	185.9	351.9	199.4	639.8

Development expenditure of MUSD 342.6 (MUSD 351.9) was incurred in Norway during the reporting period, primarily on the Johan Sverdrup, Edvard Grieg, Solveig and Rolvsnes fields. In addition an amount of MUSD 11.1 (MUSD 10.6) of interest was capitalised.

Exploration and appraisal expenditure In MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Norway	139.8	75.1	64.5	21.2	152.9
Exploration and appraisal expenditure	139.8	75.1	64.5	21.2	152.9

Exploration and appraisal expenditure of MUSD 139.8 (MUSD 64.5) was incurred in Norway during the reporting period, primarily for the exploration and appraisal wells as summarised on page 4.

Renewable energy properties amounted to MUSD 32.1 (MUSD —) and related to the fully consolidated 100 percent interest in the Karskrub onshore wind farm project in southern Sweden. Lundin Energy also holds a 50 percent interest in the Metsälamminkangas (MLK) wind farm project in Finland and a 50 percent interest in the Leikanger hydropower project in Norway which are not fully consolidated and reported as investments in joint ventures instead and amounted to MUSD 129.1 (MUSD 110.6).

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

Renewables investments In MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Karskrub Windfarm – Sweden	30.9	30.9	–	–	–
MLK Windfarm – Finland	22.2	16.7	29.8	2.5	46.3
Leikanger Hydropower – Norway	0.6	–	44.9	44.9	49.8
Natural Carbon Capture	0.6	0.1	–	–	–
Renewables investments	54.3	47.7	74.7	47.4	96.1

Other tangible fixed assets amounted to MUSD 41.7 (MUSD 45.2) and are detailed in Note 8. Other tangible fixed assets included Right of use assets as per IFRS 16 and amounted to MUSD 28.9 (MUSD 31.8).

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

Financial assets amounted to MUSD 13.6 (MUSD 13.5) 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 12.8 (MUSD 12.7).

Trade and other receivables amounted to MUSD 17.2 (MUSD 17.3) and related to prepayments with a long-term nature.

Derivative instruments amounted to MUSD 9.5 (MUSD 3.8) and related to the marked-to-market gain on outstanding interest rate and currency hedge contracts, due to be settled after twelve months.

Current assets

Inventories amounted to MUSD 51.6 (MUSD 59.1) and included both well supplies and hydrocarbon inventories. Hydrocarbon inventories as per end 2020 included a cargo lifting at the end of 2020, which was sold in early 2021.

Trade and other receivables amounted to MUSD 566.1 (MUSD 278.6) and are detailed in Note 10. Trade receivables, which are all current, amounted to MUSD 391.8 (MUSD 215.5). Underlift amounted to MUSD 11.7 (MUSD 5.7) and was attributable to an underlift position on the producing fields, mainly relating to oil from the Edvard Grieg field and the Alvheim Area. Joint operations debtors relating to various joint venture receivables amounted to MUSD 22.2 (MUSD 21.8). Prepaid expenses and accrued income amounted to MUSD 128.5 (MUSD 26.5) and included MUSD 94.0 (MUSD –) related to cargo liftings during the reporting period not invoiced yet by the end of the reporting period and prepaid operational and insurance expenditure. Other current assets amounted to MUSD 11.9 (MUSD 9.1).

Derivative instruments amounted to MUSD 2.1 (MUSD 12.1) and related to the marked-to-market gain on outstanding currency hedge contracts, due to be settled within twelve months.

Cash and cash equivalents amounted to MUSD 310.6 (MUSD 82.5). Cash balances are mainly held to meet ongoing operational funding requirements as well as to provide headroom liquidity.

Non-current liabilities

Bonds amounted to MUSD 1,977.4 (MUSD –) and are detailed in Note 11. The Company issued USD 2 billion of Senior Notes in June 2021 consisting of USD 1 billion 2.0% Senior Notes due in 2026 at a price equal to 99.827 percent and USD 1 billion 3.1% Senior Notes due in 2031 at a price equal to 99.81 percent with interest payable semi-annually. Capitalised financing fees relating to the bonds issuance amounted to MUSD 19.0 (MUSD –) and are being amortised over the expected life of the bonds.

Financial liabilities amounted to MUSD 1,503.3 (MUSD 3,983.9) and are detailed in Note 12. Bank loans amounted to MUSD 1,500.0 (MUSD 3,994.0) and related to the outstanding term loans under the corporate credit facility. The Company repaid USD 2 billion of the corporate credit facility term loans in June 2021 following the bonds issuance. Capitalised financing fees relating to the establishment of the credit facility amounted to MUSD 21.4 (MUSD 37.1) and are being amortised over the expected life of the facility. The lease commitments amounted to MUSD 24.7 (MUSD 27.0) 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 and amounted to MUSD 34.5 (MUSD 5.7). The increase in lease commitments is mainly caused by a drilling rig recognised under IFRS 16 during the reporting period.

Provisions amounted to MUSD 606.0 (MUSD 565.6) and are detailed in Note 13. The provision for site restoration amounted to MUSD 598.7 (MUSD 560.5) 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 9.5 (MUSD 16.0).

Deferred tax liabilities amounted to MUSD 2,993.1 (MUSD 2,893.9). 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 67.9 (MUSD 144.7) 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 34.5 (MUSD 6.1) and are detailed in Note 11. Current financial liabilities related to the short-term portion of the outstanding lease commitments.

Dividends amounted to MUSD 383.3 (MUSD 72.3) and related to the cash dividend approved by the AGM held on 30 March 2021 in Stockholm, paid in quarterly installments.

Trade and other payables amounted to MUSD 320.9 (MUSD 202.5) and are detailed in Note 14. Trade payables amounted to MUSD 62.4 (MUSD 8.7) with the increase mainly caused by a purchase of crude oil from a third party. Joint operations creditors and accrued expenses amounted to MUSD 219.4 (MUSD 151.3) and related to activity in Norway. Other accrued expenses amounted to MUSD 28.2 (MUSD 31.7) and other current liabilities amounted to MUSD 10.6 (MUSD 9.2).

Derivative instruments amounted to MUSD 86.7 (MUSD 87.6) 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 1,089.1 (MUSD 444.4) and related mainly to Norway. The current tax liabilities have increased during the reporting period mainly due to a current tax charge for the reporting period of MUSD 1,021.4 offset by cash tax payments of MUSD 366.1 during the reporting period.

Current provisions amounted to MUSD 13.6 (MUSD 21.3) and are detailed in Note 13. The short-term portion of the future decommissioning obligations amounted to MUSD 9.5 (MUSD 16.0) mainly relating to the Brynhild field. The short-term portion of the provision for Lundin Energy's Unit Bonus Plan amounted to MUSD 4.1 (MUSD 5.3).

Changes in working capital

Changes in working capital for the reporting period, as included in the consolidated statement of cash flows, amounted to MUSD -176.9 (MUSD 162.8). Working capital increases mainly related to higher receivables at the end of the quarter, as a result of increasing oil prices and a cargo lifting schedule which was weighted more towards the second half of the quarter, partly offset by higher payables.

Parent Company

The business of the Parent Company is investment in and management of oil and gas assets and renewable energy projects. The net result for the Parent Company for the reporting period amounted to MSEK 4,355.0 (MSEK 2,758.8). The net result for the reporting period included MSEK 4,467.2 (MSEK 2,867.8) financial income as a result of received dividends from a subsidiary. The net result excluding received dividends amounted to MSEK -112.2 (MSEK -109.0).

The net result for the reporting period included general and administrative expenses of MSEK 123.3 (MSEK 119.3) and net finance income of MSEK 0.5 (MSEK -1.3) when excluding the received dividends as mentioned above.

Related Party Transactions

Lundin Energy recognises the following related parties: associated companies, jointly controlled entities, key management personnel and members of their close family or other parties that are partly, directly or indirectly controlled by key management personnel or of its family or of any individual that controls, or has joint control or significant influence over the entity.

During the second quarter, the Group entered into a sponsorship agreement with Team Tilt SA, a Swiss sailing racing team, for their participation in the SailGP high-speed racing catamaran series. The sponsorship agreement spans over three years, with an annual payment of between MUSD 2.6 to MUSD 3.5, with the first payment expected to be made in the fourth quarter of 2021.

Team Tilt SA's majority owner is Sebastien Schneiter, an internationally recognised sailor who has represented Switzerland at European, World and Olympic events. Sebastien Schneiter is a close family member of the Company's current Board member and former CEO Alex Schneiter.

Liquidity

In June 2021, Lundin Energy issued USD 2 billion of Senior Notes consisting of USD 1 billion 2.0% Senior Notes due in 2026 at a price equal to 99.827 percent and USD 1 billion 3.1% Senior Notes due in 2031 at a price equal to 99.81 percent. Interest will be payable semi-annually and none of the bonds have financial covenants. The Company used the net proceeds, in combination with cash on hand, to repay USD 2.0 billion of the corporate credit facility term loans entered into in December 2020.

In December 2020, Lundin Energy entered into a five year corporate credit facility of USD 5 billion. The facility is a combination of a five-year USD 1.5 billion revolving credit facility and USD 3.5 billion term loans, split across two, three, four and five year maturities with USD 2.0 billion term loans being repaid in June 2021 leaving USD 1.5 billion term loans, split across three, four and five year maturities. The facility also includes the option to bring in additional commitments in an accordion option of up to USD 1 billion. In line with the Company's best in class environmental profile, ESG KPIs on carbon intensity and renewable electricity generation have been incorporated into the margin structure, providing further financial incentives for the delivery of the Decarbonisation Strategy and the 2025 carbon neutrality target. The Company achieved a lower interest rate margin over LIBOR during the reporting period based on the ESG KPIs incorporated in the margin structure. The structure of the Facility is such, that it is compatible with the issued unsecured bonds through the debt capital markets at pari passu terms.

The Company currently has Baa3, BBB- and BBB- credit ratings from Moody's, S&P and Fitch respectively, all with a stable outlook.

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 twelfth 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 July 2021, the second Iving appraisal well in PL 820S in the North Sea was drilled with results below expectation and will be expensed in the third quarter.

During July 2021, Lundin Energy entered into fx options to buy MNOK 1,862.0 at an average strike price of 8.33 for the second half of 2021 and fx options to buy MNOK 4,159.0 at an average strike price of 8.30 for the first half of 2022.

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.

During 2020, Lundin Energy used 300,167 of the purchased own shares for settlement of the 2017 performance based incentive plan resulting in 1,573,143 of its own shares held by the Company by the end of the reporting period.

The AGM of Lundin Energy held on 30 March 2021 in Stockholm approved a cash dividend distribution for the year 2020 of USD 1.80 per share, to be paid in quarterly installments of USD 0.45 per share. Before payment, each quarterly dividend of USD 0.45 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 4,467.2, equaling MUSD 511.8 based on the exchange rate on the date of AGM approval.

The first dividend payment was made on 8 April 2021 and the second dividend payment was made on 7 July 2021. The third dividend payment is expected to be paid on 7 October 2021, with an expected record date of 4 October 2021 and expected ex-dividend date of 1 October 2021. The fourth dividend payment is expected to be paid on 11 January 2022, with an expected record date of 5 January 2022 and expected ex-dividend date of 4 January 2022.

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 2020 dividend has been set to a cap of SEK 7.636 billion (i.e., SEK 1.909 billion per quarter). If the total dividend would exceed the cap of SEK 7.636 billion, the dividend will be automatically adjusted downwards so that the total dividend corresponds to the cap of SEK 7.636 billion.

Remuneration

Lundin Energy's principles for remuneration and details of the long-term incentive plans are provided in the Company's 2020 Annual Report, Remuneration Report and in the materials provided to shareholders in respect of the 2021 AGM, available on www.lundin-energy.com

Unit Bonus Plan

The number of units relating to the awards made in 2019, 2020 and 2021 under the Unit Bonus Plan outstanding as at 30 June 2021 were 60,478, 174,316 and 221,418 respectively.

Performance Based Incentive Plan

The AGM 2020 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 2020 and the 2020 award is accounted for from the second half of 2020. The total outstanding number of awards at 30 June 2021 was 411,897 and the awards vest over three years from 1 July 2020 subject to certain performance conditions being met. The outstanding number of awards has increased from the original number of awards reflecting dividends paid since the award date. Each original award was fair valued at the date of grant at SEK 147.10 using an option pricing model.

The 2019 plan is effective from 1 July 2019 and the total outstanding number of awards at 30 June 2021 was 332,728 and the awards vest over three years from 1 July 2019 subject to certain performance conditions being met. The outstanding number of awards has increased from the original number of awards reflecting dividends paid since the award date. Each original award was fair valued at the date of grant at SEK 169.00 using an option pricing model.

The 2018 plan is effective from 1 July 2018 and the total outstanding number of awards at 30 June 2021 was 260,055 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 dividend equivalent on vested shares is paid in cash at vesting.

Accounting Policies

The interim Group report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

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 2020.

The financial reporting of the Parent Company has been prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 Reporting for legal entities, issued by the Swedish Financial Reporting Board and the Annual Accounts Act (SFS 1995:1554).

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company's financial information is reported in Swedish Krona and not the Group's presentation currency of US Dollar.

Risks and Risk Management

The objective of Business Risk Management is to identify, understand and manage threats and opportunities within the business on a continual basis. This objective is achieved by creating a mandate and commitment to risk management at all levels of the business. This approach actively addresses risk as an integral and continual part of decision making within the Group and is designed to ensure that all risks are identified, fully acknowledged, understood and communicated well in advance. The ability to manage and or mitigate these risks represents a key component in ensuring that the business aim of the Company is achieved. Nevertheless, oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control.

A detailed analysis of Lundin Energy's strategic, operational, financial and external risks and mitigation of those risks through risk management is described in Lundin Energy's 2020 Annual Report.

Ongoing COVID-19 Crisis

Lundin Energy has maintained a proactive approach in safeguarding the wellbeing of the Company's employees and contractors and ensuring the virus has minimal impact on its operations. To date there have been no disruptions to production due to the COVID-19 situation and while certain project activities have been affected, the disruptions have been successfully managed to avoid any negative impact on the production outlook.

Derivative financial instruments

Lundin Energy has entered into derivative financial instruments to address its exposure for exchange rate fluctuations for capital expenditure amounts relating to its committed field development projects and Corporate and Special Petroleum Tax amounts. At 30 June 2021, Lundin Energy had outstanding foreign currency contracts as summarised below:

Buy	Sell	Average contractual Exchange rate	Settlement period
MNOK 1,362.9	MUSD 169.1	NOK 8.06:USD 1	Jul 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 30 June 2021 had outstanding interest rate hedge contracts as follows:

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

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

Exchange Rates

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

	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Average	Period end	Average	Period end	Average	Period end
1 USD equals NOK	8.4399	8.5592	9.7538	9.7446	9.4146	8.5326
1 USD equals Euro	0.8294	0.8415	0.9079	0.8930	0.8762	0.8149
1 USD equals SEK	8.4026	8.5081	9.6813	9.3720	9.2092	8.1772

Consolidated Income Statement

Expressed in MUSD	Note	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Revenue and other income	1					
Revenue		2,369.7	1,262.8	1,080.6	395.1	2,533.2
Other income		15.0	10.0	17.1	7.4	31.2
		2,384.7	1,272.8	1,097.7	402.5	2,564.4
Cost of sales						
Production costs	2	-115.2	-34.3	-103.3	-51.9	-177.2
Depletion and decommissioning costs		-350.7	-179.7	-295.9	-148.6	-607.7
Exploration costs		-200.0	-119.3	-46.7	-18.8	-104.9
Purchase of crude oil from third parties		-170.4	-170.4	-63.3	-8.1	-217.8
Gross profit	3	1,548.4	769.1	588.5	175.1	1,456.8
General, administration and depreciation expenses		-24.7	-10.3	-18.2	-9.0	-36.1
Operating profit		1,523.7	758.8	570.3	166.1	1,420.7
Net financial items						
Finance income	4	0.8	0.3	0.8	0.2	172.3
Finance costs	5	-159.4	-40.2	-343.1	73.6	-318.6
		-158.6	-39.9	-342.3	73.8	-146.3
Share in result of joint ventures		0.5	0.6	0.0	0.0	-0.1
Profit before tax		1,365.6	719.5	228.0	239.9	1,274.3
Income tax	6	-1,131.0	-553.8	-359.8	-61.1	-890.1
Net result		234.6	165.7	-131.8	178.8	384.2
Attributable to:						
Shareholders of the Parent Company		234.6	165.7	-131.8	178.8	384.2
Non-controlling interest		—	—	—	—	—
		234.6	165.7	-131.8	178.8	384.2
Earnings per share – USD		0.82	0.58	-0.46	0.63	1.35
Earnings per share fully diluted – USD		0.82	0.58	-0.46	0.63	1.35
Adjusted earnings per share – USD		1.08	0.56	0.41	0.18	0.99
Adjusted earnings per share fully diluted – USD		1.08	0.56	0.41	0.18	0.98

Consolidated Statement of Comprehensive Income

Expressed in MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Net result	234.6	165.7	-131.8	178.8	384.2
Items that may be subsequently reclassified to profit or loss:					
Exchange differences foreign operations	56.8	-43.2	-40.5	-41.6	-210.1
Cash flow hedges	101.8	44.1	-256.9	127.5	-63.4
Other comprehensive income, net of tax	158.6	0.9	-297.4	85.9	-273.5
Total comprehensive income	393.2	166.6	-429.2	264.7	110.7
Attributable to:					
Shareholders of the Parent Company	393.2	166.6	-429.2	264.7	110.7
Non-controlling interest	—	—	—	—	—
	393.2	166.6	-429.2	264.7	110.7

Consolidated Balance Sheet

Expressed in MUSD	Note	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Oil and gas properties	7	5,889.2	5,902.4
Renewable energy properties		32.1	—
Other tangible fixed assets	8	41.7	45.2
Goodwill		128.1	128.1
Investments in joint ventures		129.1	110.6
Financial assets	9	13.6	13.5
Trade and other receivables	10	17.2	17.3
Derivative instruments	15	9.5	3.8
Total non-current assets		6,260.5	6,220.9
Current assets			
Inventories		51.6	59.1
Trade and other receivables	10	566.1	278.6
Derivative instruments	15	2.1	12.1
Cash and cash equivalents		310.6	82.5
Total current assets		930.4	432.3
TOTAL ASSETS		7,190.9	6,653.2
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		-1,884.9	-1,769.1
Liabilities			
Non-current liabilities			
Bonds	11	1,977.4	—
Financial liabilities	12	1,503.3	3,983.9
Provisions	13	606.0	565.6
Deferred tax liabilities		2,993.1	2,893.9
Derivative instruments	15	67.9	144.7
Total non-current liabilities		7,147.7	7,588.1
Current liabilities			
Financial liabilities	12	34.5	6.1
Dividends		383.3	72.3
Trade and other payables	14	320.9	202.5
Derivative instruments	15	86.7	87.6
Current tax liabilities		1,089.1	444.4
Provisions	13	13.6	21.3
Total current liabilities		1,928.1	834.2
Total liabilities		9,075.8	8,422.3
TOTAL EQUITY AND LIABILITIES		7,190.9	6,653.2

Consolidated Statement of Cash Flows

Expressed in MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Cash flows from operating activities					
Net result	234.6	165.7	-131.8	178.8	384.2
Adjustments for:					
Exploration costs	200.0	119.3	46.7	18.8	104.9
Depletion, depreciation and amortisation	354.3	181.5	299.2	150.2	614.6
Current tax	1,021.4	514.4	129.5	-131.0	511.8
Deferred tax	109.6	39.4	230.3	192.1	378.3
Long-term incentive plans	9.0	4.2	3.6	3.7	9.5
Foreign currency exchange gain/ loss	37.3	-47.5	184.9	-152.8	-230.3
Interest expense	22.4	9.9	58.1	23.8	104.3
Unwinding of loan modification gain	—	—	19.0	9.3	99.7
Amortisation of deferred financing fees	15.4	13.1	7.9	4.0	37.6
Ineffective interest rate hedge contracts	38.0	38.0	—	—	—
Other	23.2	4.6	8.2	4.4	6.3
Interest received	0.5	0.1	0.5	0.2	0.8
Interest paid	-34.4	-17.1	-67.7	-28.2	-126.6
Income taxes paid / received	-366.5	-245.5	-53.1	-35.1	-428.5
Changes in working capital	-176.9	-42.4	162.8	21.6	61.4
Total cash flows from operating activities	1,487.9	737.7	898.1	259.8	1,528.0
Cash flows from investing activities					
Investment in oil and gas properties	-476.1	-257.7	-418.4	-222.6	-919.7
Investment in renewable energy business ¹	-52.6	-47.4	-77.0	-44.7	-99.8
Investment in other fixed assets	-0.6	-0.3	-1.3	-0.1	-2.4
Decommissioning costs paid	-9.5	-9.4	-19.9	-17.6	-57.9
Total cash flows from investing activities	-538.8	-314.8	-516.6	-285.0	-1,079.8
Cash flows from financing activities					
Senior Notes	1,996.4	1,996.4	—	—	—
Net drawdown/repayment of corporate credit facility	-2,494.0	-2,124.0	—	—	3,994.0
Net drawdown/repayment of reserve-based lending facility	—	—	-221.0	87.0	-4,092.0
Repayment of principal portion of lease commitments	-8.3	-4.3	-1.5	-0.7	-3.2
Financing fees paid	-15.1	-12.5	-2.5	-1.9	-36.8
Dividends paid	-199.0	-127.9	-176.1	-71.0	-318.2
Total cash flows from financing activities	-720.0	-272.3	-401.1	13.4	-456.2
Change in cash and cash equivalents	229.1	150.6	-19.6	-11.8	-8.0
Cash and cash equivalents at the beginning of the period	82.5	160.0	85.3	89.8	85.3
Currency exchange difference in cash and cash equivalents	-1.0	—	9.2	-3.1	5.2
Cash and cash equivalents at the end of the period	310.6	310.6	74.9	74.9	82.5

¹ Includes incurred cost relating to the acquisition of the renewable energy business and working capital funding of joint ventures

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 2020	0.5	-169.7	-1,429.6	—	-1,598.8
Comprehensive income					
Net result	—	—	-131.8	—	-131.8
Other comprehensive income	—	-297.4	—	—	-297.4
Total comprehensive income	—	-297.4	-131.8	—	-429.2
Transactions with owners					
Distributions	—	—	—	-284.1	-284.1
Value of employee services	—	—	2.5	—	2.5
Total transaction with owners	—	—	2.5	-284.1	-281.6
At 30 June 2020	0.5	-467.1	-1,558.9	-284.1	-2,309.6
Comprehensive income					
Net result	—	—	516.0	—	516.0
Other comprehensive income	—	23.9	—	—	23.9
Total comprehensive income	—	23.9	516.0	—	539.9
Transactions with owners					
Issuance of treasury shares	—	7.3	—	—	7.3
Share based payments	—	-9.6	—	—	-9.6
Value of employee services	—	—	2.9	—	2.9
Total transaction with owners	—	-2.3	2.9	—	0.6
At 31 December 2020	0.5	-445.5	-1,040.0	-284.1	-1,769.1
Transfer of prior year dividends	—	—	-284.1	284.1	—
Comprehensive income					
Net result	—	—	234.6	—	234.6
Other comprehensive income	—	158.6	—	—	158.6
Total comprehensive income	—	158.6	234.6	—	393.2
Transactions with owners					
Distributions	—	—	—	-511.8	-511.8
Value of employee services	—	—	2.8	—	2.8
Total transaction with owners	—	—	2.8	-511.8	-509.0
At 30 June 2021	0.5	-286.9	-1,086.7	-511.8	-1,884.9

Note 1 – Revenue and other income MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Revenue					
Crude oil from own production	2,070.0	1,027.0	961.7	376.0	2,168.5
Crude oil from third party activities	171.8	171.8	63.8	7.9	221.5
Condensate	31.2	12.3	25.0	2.0	63.8
Gas	96.7	51.7	30.1	9.2	79.4
Sales of oil and gas	2,369.7	1,262.8	1,080.6	395.1	2,533.2
Other income	15.0	10.0	17.1	7.4	31.2
Revenue and other income	2,384.7	1,272.8	1,097.7	402.5	2,564.4

Note 2 – Production costs MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Cost of operations	75.1	37.8	69.5	30.6	134.5
Tariff and transportation expenses	32.4	16.7	22.9	10.5	50.7
Change in under/over lift position	-7.4	-21.8	8.1	9.4	-2.7
Change in inventory position	11.8	–	-0.1	–	-11.2
Other	3.3	1.6	2.9	1.4	5.9
Production costs	115.2	34.3	103.3	51.9	177.2

Note 3 – Segment information MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Norway					
Crude oil from own production	2,070.0	1,027.0	961.7	376.0	2,168.5
Condensate	31.2	12.3	25.0	2.0	63.8
Gas	96.7	51.7	30.1	9.2	79.4
Revenue	2,197.9	1,091.0	1,016.8	387.2	2,311.7
Other income	15.0	10.0	16.3	7.4	30.3
Revenue and other income	2,212.9	1,101.0	1,033.1	394.6	2,342.0
Production costs	-115.2	-34.3	-103.3	-51.9	-177.2
Depletion and decommissioning costs	-350.7	-179.7	-295.9	-148.6	-607.7
Exploration costs	-200.0	-119.3	-46.7	-18.8	-104.9
Gross profit	1,547.0	767.7	587.2	175.3	1,452.2
Other					
Crude oil from third party activities	171.8	171.8	63.8	7.9	221.5
Revenue	171.8	171.8	63.8	7.9	221.5
Other income	–	–	0.8	–	0.9
Revenue and other income	171.8	171.8	64.6	7.9	222.4
Purchase of crude oil from third parties	-170.4	-170.4	-63.3	-8.1	-217.8
Gross profit	1.4	1.4	1.3	-0.2	4.6

Note 3 – Segment information cont. MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Total					
Crude oil from own production	2,070.0	1,027.0	961.7	376.0	2,168.5
Crude oil from third party activities	171.8	171.8	63.8	7.9	221.5
Condensate	31.2	12.3	25.0	2.0	63.8
Gas	96.7	51.7	30.1	9.2	79.4
Revenue	2,369.7	1,262.8	1,080.6	395.1	2,533.2
Other income	15.0	10.0	17.1	7.4	31.2
Revenue and other income	2,384.7	1,272.8	1,097.7	402.5	2,564.4
Production costs	-115.2	-34.3	-103.3	-51.9	-177.2
Depletion and decommissioning costs	-350.7	-179.7	-295.9	-148.6	-607.7
Exploration costs	-200.0	-119.3	-46.7	-18.8	-104.9
Purchase of crude oil from third parties	-170.4	-170.4	-63.3	-8.1	-217.8
Gross profit	1,548.4	769.1	588.5	175.1	1,456.8

Note 4 – Finance income MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Foreign currency exchange gain, net	–	–	–	–	171.0
Interest income	0.8	0.3	0.8	0.2	1.3
Finance income	0.8	0.3	0.8	0.2	172.3

Note 5 – Finance costs MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Foreign currency exchange loss, net	35.2	-45.5	227.8	-130.8	–
Interest expense	22.8	10.3	58.1	23.8	104.4
Loss on interest rate hedges	71.9	55.3	14.4	12.1	44.5
Unwinding of site restoration discount	10.2	5.2	9.2	4.5	19.2
Amortisation of deferred financing fees	15.4	13.1	7.9	4.0	37.6
Loan facility commitment fees	3.5	1.7	5.7	3.2	11.5
Unwinding of loan modification gain	–	–	19.0	9.3	99.7
Other	0.4	0.1	1.0	0.3	1.7
Finance costs	159.4	40.2	343.1	-73.6	318.6

Note 6 – Income tax MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Current tax	1,021.4	514.4	129.5	-131.0	511.8
Deferred tax	109.6	39.4	230.3	192.1	378.3
Income tax	1,131.0	553.8	359.8	61.1	890.1

Note 7 – Oil and gas properties MUSD	30 June 2021	31 December 2020
Right of use assets	28.6	–
Producing assets	3,500.5	3,776.9
Assets under development	1,528.3	1,216.1
Capitalised exploration and appraisal expenditure	831.8	909.4
	5,889.2	5,902.4
Note 8 – Other tangible fixed assets MUSD	30 June 2021	31 December 2020
Right of use assets	28.9	31.8
Other	12.8	13.4
	41.7	45.2
Note 9 – Financial assets MUSD	30 June 2021	31 December 2020
Contingent consideration	12.8	12.7
Associated companies	0.3	0.3
Other	0.5	0.5
	13.6	13.5
Note 10 – Trade and other receivables MUSD	30 June 2021	31 December 2020
Non-current:		
Prepaid expenses and accrued income	17.2	17.3
	17.2	17.3
Current:		
Trade receivables	391.8	215.5
Underlift	11.7	5.7
Joint operations debtors	22.2	21.8
Prepaid expenses and accrued income	128.5	26.5
Other	11.9	9.1
	566.1	278.6
	583.3	295.9
Note 11 – Bonds MUSD	30 June 2021	31 December 2020
Senior Notes 2.0% (21/26) - maturity July 2026	1,000.0	–
Senior Notes 3.1% (21/31) - maturity July 2031	1,000.0	–
Discount on bonds issuance	-3.6	–
Capitalised financing fees	-19.0	–
	1,977.4	–

Note 12 – Financial liabilities MUSD	30 June 2021	31 December 2020
Non-current:		
Bank loans	1,500.0	3,994.0
Capitalised financing fees	-21.4	-37.1
Lease commitments	24.7	27.0
	1,503.3	3,983.9
Current:		
Lease commitments	34.5	5.7
Others	–	0.4
	34.5	6.1
	1,537.8	3,990.0

Note 13 – Provisions MUSD	30 June 2021	31 December 2020
Non-current:		
Site restoration	598.7	560.5
Long-term incentive plans	1.4	2.3
Other	5.9	2.8
	606.0	565.6
Current:		
Site restoration	9.5	16.0
Long-term incentive plans	4.1	5.3
	13.6	21.3
	619.6	586.9

Note 14 – Trade and other payables MUSD	30 June 2021	31 December 2020
Trade payables	62.4	8.7
Overlift	0.3	1.6
Joint operations creditors and accrued expenses	219.4	151.3
Other accrued expenses	28.2	31.7
Other	10.6	9.2
	320.9	202.5

Note 15 – Financial Instruments

For financial instruments measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

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

30 June 2021 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.8
Derivative instruments – non-current	–	9.5	–
Derivative instruments – current	–	2.1	–
	–	11.6	12.8
Liabilities			
Derivative instruments – non-current	–	67.9	–
Derivative instruments – current	–	86.7	–
	–	154.6	–
31 December 2020 MUSD			
	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.7
Derivative instruments – non-current	–	3.8	–
Derivative instruments – current	–	12.1	–
	–	15.9	12.7
Liabilities			
Derivative instruments – non-current	–	144.7	–
Derivative instruments – current	–	87.6	–
	–	232.3	–

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

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

Note 16 – Additional disclosures

Additional disclosures supplementing the financial statements are included in the Financial Review section of this report on pages 6-12.

Parent Company Income Statement

Expressed in MSEK	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Revenue	10.6	0.7	11.6	1.5	19.5
General and administration expenses	-123.3	-47.4	-119.3	-55.3	-240.1
Operating loss	-112.7	-46.7	-107.7	-53.8	-220.6
Net financial items					
Finance income	4,467.8	-0.3	2,867.8	-1.8	2,867.8
Finance costs	-0.1	-0.1	-1.3	-1.2	-5.3
	4,467.7	-0.4	2,866.5	-3.0	2,862.5
Profit before tax	4,355.0	-47.1	2,758.8	-56.8	2,641.9
Income tax	—	—	—	—	—
Net result	4,355.0	-47.1	2,758.8	-56.8	2,641.9

Parent Company Comprehensive Income Statement

Expressed in MSEK	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Net result	4,355.0	-47.1	2,758.8	-56.8	2,641.9
Other comprehensive income	—	—	—	—	—
Total comprehensive income	4,355.0	-47.1	2,758.8	-56.8	2,641.9
Attributable to:					
Shareholders of the Parent Company	4,355.0	-47.1	2,758.8	-56.8	2,641.9
	4,355.0	-47.1	2,758.8	-56.8	2,641.9

Parent Company Balance Sheet

Expressed in MSEK	30 June 2021	31 December 2020
ASSETS		
Non-current assets		
Shares in subsidiaries	55,118.9	55,118.9
Other tangible fixed assets	0.4	0.5
Total non-current assets	55,119.3	55,119.4
Current assets:		
Receivables	3,101.1	568.5
Cash and cash equivalents	35.2	26.6
Total current assets	3,136.3	595.1
TOTAL ASSETS	58,255.6	55,714.5
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	54,967.8	55,080.0
Non-current liabilities		
Provisions	0.8	0.9
Total non-current liabilities	0.8	0.9
Current liabilities		
Dividends	3,260.7	591.5
Other liabilities	26.3	42.1
Total current liabilities	3,287.0	633.6
Total liabilities	3,287.8	634.5
TOTAL EQUITY AND LIABILITIES	58,255.6	55,714.5

Parent Company Cash Flow Statement

Expressed in MSEK	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Cash flow from operations					
Net result	4,355.0	-47.1	2,758.8	-56.8	2,641.9
Adjustment for non-cash related items	-4,466.7	0.9	-2,149.4	720.7	-711.0
Changes in working capital	1,817.6	1,149.0	1,084.3	44.7	1,007.3
Total cash flow from operations	1,705.9	1,102.8	1,693.7	708.6	2,938.2
Cash flow from investing					
Investments in other fixed assets	—	—	-0.2	-0.2	-0.2
Total cash flow from investing	—	—	-0.2	-0.2	-0.2
Cash flow from financing					
Dividends paid	-1,697.6	-1,106.1	-1,692.9	-707.2	-3,003.1
Issuance of treasury shares	—	—	—	—	63.1
Total cash flow from financing	-1,697.6	-1,106.1	-1,692.9	-707.2	-2,940.0
Change in cash and cash equivalents	8.3	-3.3	0.6	1.2	-2.0
Cash and cash equivalents at the beginning of the period	26.6	39.4	31.7	32.8	31.7
Currency exchange difference in cash and cash equivalents	0.3	-0.9	—	-1.7	-3.1
Cash and cash equivalents at the end of the period	35.2	35.2	32.3	32.3	26.6

Parent Company Statement of Changes in Equity

Expressed in MSEK	Restricted equity		Unrestricted equity				Total equity
	Share capital	Statutory reserve	Other reserves	Retained earnings	Dividends	Total	
Balance at 1 January 2020	3.5	861.3	6,479.7	47,898.3	–	54,378.0	55,242.8
Total comprehensive income	–	–	–	2,758.8	–	2,758.8	2,758.8
Transactions with owners							
Distributions	–	–	–	–	-2,867.8	-2,867.8	-2,867.8
Total transactions with owners	–	–	–	–	-2,867.8	-2,867.8	-2,867.8
Balance at 30 June 2020	3.5	861.3	6,479.7	50,657.1	-2,867.8	54,269.0	55,133.8
Total comprehensive income	–	–	–	-116.9	–	-116.9	-116.9
Transactions with owners							
Issuance of treasury shares	–	–	63.1	–	–	63.1	63.1
Total transactions with owners	–	–	63.1	–	–	63.1	63.1
Balance at 31 December 2020	3.5	861.3	6,542.8	50,540.2	-2,867.8	54,215.2	55,080.0
Transfer of prior year dividends	–	–	–	-2,867.8	2,867.8	–	–
Total comprehensive income	–	–	–	4,355.0	–	4,355.0	4,355.0
Transactions with owners							
Distributions	–	–	–	–	-4,467.2	-4,467.2	-4,467.2
Total transactions with owners	–	–	–	–	-4,467.2	-4,467.2	-4,467.2
Balance at 30 June 2021	3.5	861.3	6,542.8	52,027.4	-4,467.2	54,103.0	54,967.8

Key Financial Data

Lundin Energy discloses alternative performance measures as part of its financial statements prepared in accordance with ESMA's (European Securities and Markets Authority) guidelines. Lundin Energy believes that the alternative performance measures provide useful supplemental 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 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Revenue and other income	2,384.7	1,272.8	1,097.7	402.5	2,564.4
Operating cash flow	1,077.7	553.7	801.6	473.5	1,657.6
CFFO	1,487.9	737.7	898.1	259.8	1,528.0
EBITDAX	2,078.0	1,059.6	916.2	335.1	2,140.2
Free cash flow	949.1	422.9	381.5	-25.2	448.2
Net result	234.6	165.7	-131.8	178.8	384.2
Adjusted net result	308.4	158.6	117.3	51.3	280.0
Net debt	3,189.4	3,189.4	3,796.1	3,796.1	3,911.5
Data per share USD					
Shareholders' equity per share	-6.63	-6.63	-8.13	-8.13	-6.22
Operating cash flow per share	3.79	1.95	2.82	1.66	5.83
CFFO per share	5.23	2.59	3.16	0.91	5.38
EBITDAX per share	7.31	3.73	3.23	1.18	7.53
Free cash flow per share	3.34	1.49	1.34	-0.09	1.58
Earnings per share	0.82	0.58	-0.46	0.63	1.35
Earnings per share fully diluted	0.82	0.58	-0.46	0.63	1.35
Adjusted earnings per share	1.08	0.56	0.41	0.18	0.99
Adjusted earnings per share fully diluted	1.08	0.56	0.41	0.18	0.98
Dividend per share ¹	0.70	0.45	0.62	0.25	1.12
Number of shares issued at period end	285,924,614	285,924,614	285,924,614	285,924,614	285,924,614
Number of shares in circulation at period end	284,351,471	284,351,471	284,051,304	284,051,304	284,351,471
Weighted average number of shares for the period	284,351,471	284,351,471	284,051,304	284,051,304	284,177,604
Weighted average number of shares for the period fully diluted	284,970,644	284,970,644	284,688,114	284,688,114	284,830,491
Share price					
Share price at period end in SEK	302.80	302.80	224.60	224.60	222.30
Share price at period end in USD ²	35.59	35.59	23.97	23.97	27.19
Key ratios					
Return on equity (%) ³	—	—	—	—	—
Return on capital employed (%)	26	12	11	3	22
Net debt/equity ratio (%) ³	—	—	—	—	—
Net debt/EBITDAX ratio	1.0	1.0	1.9	1.9	1.8
Equity ratio (%)	-26	-26	-41	-41	-27
Share of risk capital (%)	15	15	1	1	17
Interest coverage ratio	26	26	7	4	8
Operating cash flow/interest ratio	19	20	11	13	11
Yield	2	1	3	1	4

¹ Dividend per share represents the actual paid out dividend per share.

² 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.

³ As the equity at 30 June 2021, 31 December 2020 and 30 June 2020 is negative, these ratios have not been calculated.

Relevant Reconciliations of Alternative Performance Measures

EBITDAX MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Operating profit	1,523.7	758.8	570.3	166.1	1,420.7
Add: depletion of oil and gas properties	350.7	179.7	295.9	148.6	607.7
Add: exploration costs	200.0	119.3	46.7	18.8	104.9
Add: depreciation of other tangible assets	3.6	1.8	3.3	1.6	6.9
EBITDAX	2,078.0	1,059.6	916.2	335.1	2,140.2

Operating cash flow MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Revenue and other income	2,384.7	1,272.8	1,097.7	402.5	2,564.4
Minus: production costs	-115.2	-34.3	-103.3	-51.9	-177.2
Minus: purchase of crude oil from third parties	-170.4	-170.4	-63.3	-8.1	-217.8
Minus: current taxes	-1,021.4	-514.4	-129.5	131.0	-511.8
Operating cash flow	1,077.7	553.7	801.6	473.5	1,657.6

Free cash flow MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Cash flows from operating activities (CFFO)	1,487.9	737.7	898.1	259.8	1,528.0
Minus: cash flows from investing activities	-538.8	-314.8	-516.6	-285.0	-1,079.8
Free cash flow	949.1	422.9	381.5	-25.2	448.2

Adjusted net result MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Net result	234.6	165.7	-131.8	178.8	384.2
Adjusted for unwinding of loan modification gain	—	—	19.0	9.3	99.7
Adjusted for foreign currency exchange gain or loss	35.2	-45.5	227.8	-130.8	-171.0
Adjusted for ineffective interest rate hedge contracts	38.0	38.0	—	—	—
Adjusted for tax effects of above mentioned items	0.6	0.4	2.3	-6.0	-32.9
Adjusted net result	308.4	158.6	117.3	51.3	280.0

Net debt MUSD	1 Jan 2021- 30 Jun 2021 6 months	1 Apr 2021- 30 Jun 2021 3 months	1 Jan 2020- 30 Jun 2020 6 months	1 Apr 2020- 30 Jun 2020 3 months	1 Jan 2020- 31 Dec 2020 12 months
Senior Notes	2,000.0	2,000.0	—	—	—
Bank loans	1,500.0	1,500.0	3,871.0	3,871.0	3,994.0
Minus: cash and cash equivalents	-310.6	-310.6	-74.9	-74.9	-82.5
Net debt	3,189.4	3,189.4	3,796.1	3,796.1	3,911.5

Key Ratio Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net debt: Bonds plus bank loan less cash and cash equivalents.

Net debt/EBITDAX ratio: Bonds plus bank loan less cash and cash equivalents divided by EBITDAX of the last four quarters.

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

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

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

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

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

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

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

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

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

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

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

Board Assurance

The Board of Directors and the President and CEO certify that the financial report for the six months ended 30 June 2021 gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 28 July 2021

Ian H. Lundin
Chairman

Nick Walker
President and CEO

Alex Schneiter
Board Member

Peggy Bruzelius
Board Member

C. Ashley Heppenstall
Board Member

Lukas H. Lundin
Board Member

Torstein Sanness
Board Member

Grace Reksten Skaugen
Board Member

Jakob Thomasen
Board Member

Cecilia Vieweg
Board Member

Adam I. Lundin
Board Member

Review Report

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

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

Introduction

We have reviewed the condensed interim report for Lundin Energy AB (publ) as at June 30, 2021 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 28 July 2021

Ernst & Young AB

Anders Kriström
Authorized Public Accountant
Lead Partner

Financial Information

The Company will publish the following reports:

- The nine month report (January – September 2021) will be published on 28 October 2021.
- The year end report (January – December 2021) will be published on 1 February 2022.
- The three month report (January – March 2022) will be published on 27 April 2022.

For further information, please contact:

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Definitions and abbreviations

CHF	Swiss franc
EUR	Euro
NOK	Norwegian Krone
SEK	Swedish Krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MEUR	Million EUR
MSEK	Million SEK
MUSD	Million USD

Oil related terms and measurements

bo	Barrels of oil
boe	Barrels of oil equivalents
boepd	Barrels of oil equivalents per day
bopd	Barrels of oil per day
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalents
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
MMboe	Million barrels of oil equivalents
MMbo	Million barrels of oil

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 28 July 2021.

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), production 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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