Press release 26 July, 2023

Equinor second quarter 2023

Equinor delivered adjusted earnings* of USD 7.54 billion and USD 2.25 billion after tax in the second quarter of 2023. Net operating income was USD 7.05 billion, and net income was USD 1.83 billion.

Financial and operational performance
- Solid earnings and cashflow from operations, reflecting lower prices
- Strong liquids production
- NCS gas production impacted by planned maintenance and shutdown at Hammerfest LNG and Nyhamna
- High tax and capital distribution payments reflecting strong 2022 results

Strategic progress
- Increased capacity at Johan Sverdrup
- Final investment decision for BM-C-33 in Brazil
- Acquisition of Rio Energy (announced in July) and closing of Suncor and Wellesley transactions

Competitive capital distribution
- Ordinary cash dividend of USD 0.30 per share, continued extraordinary cash dividend of USD 0.60 per share and third tranche of share buy-back USD 1.67 billion.

Anders Opedal, president and CEO of Equinor ASA:
"Equinor delivered solid earnings in a quarter affected by turnarounds and energy prices down from the extraordinary levels last year. We have increased the production capacity on Johan Sverdrup and achieved record production from the field. Our international portfolio had strong production in the quarter. We continue with significant capital distribution and expect a total distribution of 17 billion dollars in 2023."

"In the quarter we made good progress on our project portfolio. Together with our partners, we took the final investment decision on the BM-C-33 project in Brazil. Development of two subsea tie-back fields on the NCS were approved, both are expected to quickly contribute to new production to the market with low costs and emissions from production. Last week we entered into an agreement to acquire the renewables company Rio Energy, and we expect first power from Dogger Bank during the summer."

	Quarters		Change	Financial information		First half	
Q2 2023	Q1 2023	Q2 2022	Q2 on Q2	(unaudited, in USD million)	2023	2022	Change
7,051	12,517	17,733	(60%)	**Net operating income/(loss)**	**19,569**	36,125	(46%)
7,543	11,973	17,566	(57%)	Adjusted earnings*1)	**19,516**	35,435	(45%)
1,829	4,966	6,762	(73%)	**Net income/(loss)**	**6,795**	11,476	(41%)
2,246	3,514	5,283	(57%)	Adjusted earnings after tax*1)	**5,760**	10,770	(47%)
1,857	14,871	8,520	(78%)	**Cash flows provided by operating activities**	**16,728**	24,291	(31%)
(356)	9,716	9,680	N/A	Cash flow from operations after taxes paid*	**9,360**	25,428	(63%)
(10,758)	4,201	6,628	N/A	Net cash flow*	**(6,558)**	19,317	N/A
				Operational information			
70.3	73.8	106.9	(34%)	Group average liquids price (USD/bbl) [1]	**71.9**	102.0	(30%)
1,994	2,130	1,984	1%	Total equity liquids and gas production (mboe per day) [4]	**2,062**	2,045	1%
947	1,163	325	>100%	**Total power generation (GWh) Equinor share**	**2,110**	837	>100%
345	524	325	6%	Renewable power generation (GWh) Equinor share	**869**	837	4%

Health, safety and the environment	Twelve months average per Q2 2023	Full year 2022
Serious incident frequency (SIF)	**0.3**	0.4

Health, safety and the environment	First half 2023	First half 2022
Upstream CO_2 intensity (kg CO_2/boe)	**6.8**	6.8
Absolute scope 1+2 GHG emissions (million tonnes CO_2e)	**5.8**	5.4

Net debt to capital employed adjusted*	30 June 2023	31 December 2022	%-point change
Net debt to capital employed adjusted*	**(35.1%)**	(23.9%)	(11.2)

Dividend (USD per share)	Q2 2023	Q1 2023	Q2 2022
Ordinary cash dividend per share	**0.30**	0.30	0.20
Extraordinary cash dividend per share	**0.60**	0.60	0.50

In the first six months of 2023 Equinor settled shares in the market under the share buy-back programmes of USD 0.9 billion and USD 3.6 billion for the Norwegian government's share of the 2022 programme and the first tranche of the 2023 programme.

* For items marked with an asterisk throughout this report, see Use and reconciliation of non-GAAP financial measures in the Supplementary disclosures
1) Restated. For more information, see Amended principles for Adjusted earnings in the section 'Use and reconciliation of non-GAAP financial measures' in the Supplementary disclosures.

Production and operations
Equinor delivered total equity production of 1,994 mboe per day for the second quarter, slightly above the 1,984 mboe per day in the same quarter of 2022. Increased capacity for Johan Sverdrup to 755,000 boe per day, and high production from the Peregrino field in Brazil contributed to the strong liquids production in the quarter. This was partially offset by gas production on the NCS reduced by planned maintenance, the temporary shutdown of Hammerfest LNG and fields connected to the third-party operated Nyhamna gas process facility.

Power production from renewable energy sources was 345 GWh in the quarter, up from 325 GWh for the same quarter last year. The increase was mainly driven by production from the floating wind farm Hywind Tampen on the NCS and new solar plants in Poland. Including gas-to-power production in the UK, total power production ended at 947 GWh for the quarter.

Strategic and industrial progress
Equinor progressed the project portfolio with the final investment decision for the BM-C-33 project in Brazil and received approval for the development of the subsea tie-back fields Irpa and Verdande on the NCS.

Equinor completed 7 exploration wells offshore with 3 commercial discoveries in the quarter. 10 wells were ongoing at the quarter end.

At the world's largest offshore wind farm Dogger Bank in the UK, the first turbine components are being loaded out and first power is expected during summer. Full commercial production for Dogger Bank A is expected in third quarter 2024.

Equinor continues to develop low-carbon value chains in collaboration with industrial partners. In the quarter Equinor agreed with Engie to cooperate and explore co-investments in decarbonised thermal power production in France, Belgium and the Netherlands.

Solid financial results impacted by lower prices
Equinor realised a price for piped gas to Europe of USD 11.5 per mmbtu and realised liquids price was USD 70.3 per bbl, down by 58% and 34%, respectively, compared to the second quarter 2022.

Equinor delivered solid adjusted earnings* at USD 7.54 billion and USD 2.25 billion after tax. This is down from the same quarter last year mainly due to the lower prices for liquids and gas.

The Marketing, Midstream & Processing (MMP) segment delivered solid results, in the upper half of the updated guided range for adjusted earnings* of 400-800 million, in a market characterised by lower prices and volatility than the same quarter last year. The result was driven by crude and gas trading and optimisation.

Cash flow provided by operating activities before taxes paid and working capital items amounted to USD 10.5 billion for the second quarter. Based on the strong 2022 earnings Equinor paid two NCS tax instalments, totalling at USD 10 billion. In the second half of the year NCS tax instalments are related to expected 2023 results and consist of three instalments of around USD 3.75 billion(1), of which one is to be paid in the third quarter.

Organic capital expenditure* was USD 2.29 billion for the quarter, and total capital expenditures were USD 4.35 billion. After taxes, capital distribution to shareholders and investments, net cash flow* ended at negative USD 10.8 billion for the second quarter.

Equinor maintains a strong financial position with adjusted net debt to capital employed ratio* at negative 35.1% by the end of the second quarter, from negative 52.3% at the end of the first quarter of 2023.

Competitive capital distribution
The board of directors has decided an ordinary cash dividend of USD 0.30 per share, and to continue the extraordinary cash dividend of USD 0.60 per share for the second quarter of 2023, in line with communication at the Capital Markets Update in February.

Expected total capital distribution for 2023 is around USD 17 billion, including a share buy-back programme of USD 6 billion. The board of directors has decided to initiate a third tranche of the share buy-back programme for 2023 of USD 1.67 billion. The third tranche will commence on 27 July and end no later than 26 October 2023.

The second tranche of the share buy-back programme for 2023 was completed on 12 July 2023 with a total value of around USD 1.67 billion.

All share buy-back amounts include shares to be redeemed by the Norwegian State.

(1) NOK 37.5 bn, USD estimate based on a USD/NOK exchange rate assumption of 10.

GROUP REVIEW

Q2 2023	Quarters Q1 2023	Q2 2022	Change Q2 on Q2	Financial information (unaudited, in USD million)	First half 2023	2022	Change
22,872	29,224	36,459	(37%)	**Total revenues and other income**	**52,096**	72,852	(28%)
23,133	28,520	36,292	(36%)	Adjusted total revenues and other income*1)	**51,653**	72,881	(29%)
(15,821)	(16,707)	(18,727)	(16%)	**Total operating expenses**	**(32,527)**	(36,727)	(11%)
(10,676)	(11,262)	(13,885)	(23%)	Adjusted purchases* [5]	**(21,939)**	(27,666)	(21%)
(2,752)	(2,849)	(2,390)	15%	Adjusted operating and administrative expenses*	**(5,602)**	(4,840)	16%
(2,232)	(2,198)	(2,149)	4%	Adjusted depreciation, amortisation and net impairments*	**(4,430)**	(4,482)	(1%)
71	(238)	(301)	N/A	Adjusted exploration expenses*	**(167)**	(458)	(64%)
7,051	12,517	17,733	(60%)	**Net operating income/(loss)**	**19,569**	36,125	(46%)
7,543	11,973	17,566	(57%)	Adjusted earnings*1)	**19,516**	35,435	(45%)
2,842	2,051	1,713	66%	**Capital expenditures and Investments**	**4,893**	4,328	13%
1,857	14,871	8,520	(78%)	**Cash flows provided by operating activities**	**16,728**	24,291	(31%)
(356)	9,716	9,680	N/A	Cash flows from operations after taxes paid*	**9,360**	25,428	(63%)

Q2 2023	Quarters Q1 2023	Q2 2022	Change Q2 on Q2	Operational information	First half 2023	2022	Change
1,994	2,130	1,984	1%	Total equity liquid and gas production (mboe/day)	**2,062**	2,045	1%
1,861	2,011	1,842	1%	Total entitlement liquid and gas production (mboe/day)	**1,936**	1,900	2%
947	1,163	325	>100%	**Total Power generation (GWh) Equinor share**	**2,110**	837	>100%
345	524	325	6%	Renewable power generation (GWh) Equinor share	**869**	837	4%
78.4	81.3	113.8	(31%)	Average Brent oil price (USD/bbl)	**79.8**	107.6	(26%)
70.3	73.8	106.9	(34%)	Group average liquids price (USD/bbl)	**71.9**	102.0	(30%)
10.23	17.36	25.53	(60%)	E&P Norway average internal gas price (USD/mmbtu)	**14.12**	27.68	(49%)
1.41	2.80	6.25	(77%)	E&P USA average internal gas price (USD/mmbtu)	**2.22**	5.21	(57%)

1) Restated. For more information, see Amended principles for Adjusted earnings in the section 'Use and reconciliation of non-GAAP financial measures' in the Supplementary disclosures.

For the items impacting net operating income/(loss), see Use and reconciliation of non-GAAP financial measures in Supplementary disclosures.

Operations

Equinor delivers stable total production despite specific operational issues on the NCS this quarter. During the second quarter of 2023, Equinor had a 12% growth in liquid equity production, while gas equity production fell by 11% relative to the second quarter of 2022.

Liquid production growth for the international portfolio in the second quarter and first half of 2023 was mainly driven by stable and solid contributions from the Peregrino field in Brazil which restarted in the second half of 2022 and the ramp-up of the partner operated Vito in the US Gulf of Mexico following its start-up in the first quarter of this year. Increased production was also generated from the Cesar Tonga oil field in the USA following technical improvements made in the prior year.

On the NCS, Johan Sverdrup, including phase two which came on stream in December 2022, has been operating at an increased plateau of 755 mboe per day during the quarter driving the positive additions to E&P Norway liquid production. Offsetting the increased liquid production, turnaround activity in the quarter primarily occurring on gas fields, and specific operational challenges experienced on the NCS negatively impacted gas production for E&P Norway. Two isolated events impacted gas production for the quarter; Hammerfest LNG shutdown and postponed start-up after turnaround at the third-party operated Nyhamna facility, affecting gas production from Aasta Hansteen and Ormen Lange. The Nyhamna event reduced total gas production from the NCS this quarter compared to the same quarter last year.

Lower price realisation, compared to extraordinary highs witnessed in the second quarter of 2022, effectuated decreases in revenue and total results for the second quarter and first half of 2023 compared to the prior year despite the slight increase in total production. Solid contributions to the overall business results from the Marketing Midstream and Processing segment were driven by strong results from crude and gas trading and optimisation. The reduction compared to the prior year is influenced by reduced market volatility in gas and power.

Equinor continues to proactively manage increases in operating and administrative expenses arising from inflationary pressures. Transportation costs, driven by higher volumes sold and a strong freight market, combined with increased maintenance activity and field costs, were the primary contributors to the increase in operating and administrative expenses in the quarter. The strengthening of the USD against the NOK during the quarter impacted the visibility of these increases in the reported costs. The current strengthening on the NOK will have a future impact on our costs reported in USD.

The increase in depreciation and amortisation for the second quarter compared to 2022 is driven by an increase in production across the international portfolio, partially offset by the divestment of a 19% ownership share in Martin Linge in the second half of 2022.

During the second quarter of 2023, E&P International capitalised USD 227 million previously expensed exploration expenses in relation to exploration wells in Brazil BM-C-33 resulting in a reduction in exploration expenses, and operating expenses, for the second quarter and first half of 2023 compared to 2022.

Taxes
The reported effective tax rate was 75.2% for the second quarter of 2023 (65.8% for the second quarter of 2022) and 67.8% for the first half of 2023 (69.0% for the first half of 2022). The movement in reported tax rates in the quarter and first half of the year has been dependent on the relative share of income before tax from the Norwegian continental shelf. This was higher in the second quarter of 2023 than 2022 and lower in the first half of 2023 than 2022.

The effective tax rate on adjusted earnings* of 70.2% for the second quarter of 2023 and 70.5% for the first half increased compared to 69.9% and 69.6% in 2022 due to the recognition of the US deferred tax assets in the fourth quarter of 2022.

Cash flow, net debt and capital distribution
The significant downward movement in commodity prices from unprecedented highs in the second quarter of 2022 is the primary driver for the reduction in cashflow provided by operating activities before taxes paid and working capital items from USD 18,066 million in the second quarter of 2022 to USD 10,485 million in the second quarter of 2023.

The last two Norwegian corporate income tax instalments relating to 2022 results were paid in the second quarter of 2023 totalling USD 10,044 million. The increase in taxes paid of USD 5,252 million compared to taxes paid in the first quarter, was due to only one instalment being paid in the first quarter. From the third quarter of 2023 NCS tax payments are at a reduced amount of approximately USD 3.75 billion (NOK 37.5 billion) per instalment reflecting the lower price environment of the current year compared to 2022.

Working capital reduction of USD 2,214 million in the second quarter positively impacts cash flow (increase of USD 1,160 million in the second quarter of 2022).

Net cash flow* was impacted by the timing of substantial cash outflows relating to 2022 coupled with reduced inflows from lower prices in 2023. In addition to the Norwegian corporate income tax instalments, increased outflows included dividend payments and payments to the Norwegian state for the second, third, fourth tranche of the 2022, and first tranche of the 2023 share buy-back programme. Net cash flow* decreased by USD 17,386 million to negative USD 10,758 million for the second quarter and USD 25,875 million to negative USD 6,558 million for the first half of 2023.

The adjusted net debt to capital employed ratio* was negative 35.1% at the end of June 2023, an increase from negative 52.3% at the end of March 2023. The increase mainly relates to a reduction in financial investments and a decrease in equity in the quarter due to capital distributions.

The board of directors has decided an ordinary cash dividend of USD 0.30 per share, and to continue the extraordinary cash dividend of USD 0.60 per share for the second quarter of 2023, in line with communication at the Capital Markets Update in February.

Expected total capital distribution for 2023 is around USD 17 billion, including a share buy-back programme of USD 6 billion. The board of directors has decided to initiate a third tranche of the share buy-back programme for 2023 of USD 1.67 billion. The third tranche will commence on 27 July and end no later than 26 October 2023.

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OUTLOOK

- **Organic capital expenditures*** are estimated at USD 10-11 billion for 2023, and at an annual average of around USD 13 billion for 2024-2026[1].
- **Production** for 2023 is estimated to be around 3% above 2022 level [6].
- Equinor's ambition is to keep the **unit of production cost** in the top quartile of its peer group.
- **Scheduled maintenance activity** is estimated to reduce equity production by around 45 mboe per day for the full year of 2023.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Deferral of production to create future value, gas off-take, timing of new capacity coming on stream and operational regularity and levels of industry product supply, demand and pricing represent the most significant risks related to the foregoing production guidance. Our future financial performance, including cash flow and liquidity, will be affected by the extent and duration of the current market conditions, the development in realised prices, including price differentials and other factors discussed elsewhere in the report. For further information, see section Forward-looking statements.

References

To see end notes referenced in main table and text please download our complete report from our website - https://www.equinor.com/quarterlyreports

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[1] USD/NOK exchange rate assumption of 10.