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Equinor Energy AS

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Board of directors' report

In 2023, global economic recovery from the pandemic, coupled with geopolitical challenges, influenced energy markets and trade patterns, leading to inflation and headwinds for capital and energy-intensive industries. In 2023, global oil prices experienced a balanced market, with oversupply in the first half and undersupply in the second half, while gas prices dropped significantly from the previous year's record levels due to factors such as a historical European gas storage surplus, mild winter weather, higher renewable and nuclear output, and slower economic growth.

Despite a robust production performance for the fourth quarter 2023, full year production ended slightly below the 2022 level. In the second and third quarters of 2023, natural decline on several fields and unplanned turnaround extensions on Troll and Nyhamna (impacting Aasta Hansteen and Ormen Lange) contributed to the year-on-year reduction. Equinor's prior year divestments in Martin Linge and Ekofisk also decrease production levels for the full year 2023 compared to the prior year. Strong sustained production levels from Johan Sverdrup on the NCS, including phase 2 which came onstream in December 2022 contributed substantially to the increased liquids production. Operational challenges, turnarounds, and extended maintenance activities, particularly affecting NCS gas assets contributed to the decline in gas production year on year. Overall, solid production levels in 2023 were delivered, securing a robust financial performance despite the impact of lower commodity prices relative to 2022.

The successful exploration activity resulted in 12 commercial discoveries for Equinor Energy AS during 2023.

Net operating income was USD 32,348 million in 2023 compared to USD 74,646 million in 2022. The change was primarily related to lower revenues due to lower commodity prices.

The financial statements of Equinor Energy AS ("the company" or "Equinor") are prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and regulations regarding simplified application of international accounting standards issued by the Norwegian Ministry of Finance on 7 February 2022. The presentation currency of Equinor Energy AS is US dollar (USD), consistent with the presentation currency for the group financial statements and with the company's functional currency, as USD is the currency for which Equinor's operations are mainly linked to. Translation currency rates (NOK/USD) applicable for the period are as follows: 9.86 (31 Dec 2022), 10.17 (31 Dec 2023) and 10.57 (year-average).

In accordance with §3-3 of the Norwegian Accounting Act, the board of directors confirms that the financial statements have been prepared based on the going concern assumption.

Our business

Equinor Energy AS is a wholly owned subsidiary of Equinor ASA and operates about 76% of all oil and gas production on the Norwegian continental shelf.

Equinor Energy AS was founded in 2007 and is domiciled in Norway. Equinor Energy's business consists principally of the exploration, production and transportation of petroleum and petroleum-derived products. In accordance with the Norwegian Accounting Act §3-7, Equinor Energy AS does not prepare consolidated financial statements. For further information, see the notes to the financial statements and Equinor ASA's consolidated financial statements for 2023.

Effective 1 January 2009, Equinor Energy AS received certain assets and assumed certain liabilities from its parent company. The transfer included all the parent company's exploration and production assets and liabilities on the Norwegian continental shelf (NCS) and related transportation systems, processing plants and terminals. Following restructuring assets and liabilities within the Equinor group, Equinor Energy AS has become the co-obligor or guarantor of certain parent company liabilities.

Equinor Energy AS owns additional licences in oil and gas fields internationally through its subsidiaries and other equity-accounted companies. The company also owns oil and gas processing and transportation facilities in Norway.

Equinor Energy AS has no employees but purchases services from the parent company and other companies in the Equinor group.

The Company's account of due diligence pursuant to the Transparency Act is available at the Company's office and can be accessed upon request to the Company.

Profit and loss analysis

Net operating income was USD 32,348 million in 2023 compared to USD 74,646 million in 2022. The decrease was primarily attributable to lower revenues due to lower commodity prices.

Condensed financial statements	**Full year**		
(in USD million)	**2023**	**2022**	**Change**
Revenues	41,867	77,713	-46%
Net income/(loss) from subsidiaries and other equity accounted investments	1,307	8,282	-84%
Other income	216	1,155	-81%
Total revenues and other income	43,390	87,150	-50%
Purchases [net of inventory variation]	(645)	(3,044)	-79%
Operating, selling, general and administrative expenses	(4,751)	(4,733)	0%
Depreciation, amortisation and net impairment losses	(5,170)	(4,361)	19%
Exploration expenses	(476)	(366)	30%
Total operating expenses	(11,042)	(12,505)	-12%
Net operating income/(loss)	32,348	74,646	-57%
Net financial items	765	797	4%
Income/(loss) before tax	33,113	75,443	-56%
Income tax	(24,029)	(51,157)	-53%
Net income/(loss)	9,083	24,286	-63%

Revenues amounted to USD 41,867 million in 2023, compared to USD 77,713 million in 2022. Realised commodity prices, particularly gas, were markedly reduced from the elevated levels in 2022, resulting in a notable decrease in revenues relative to the prior year.

Net income from subsidiaries and other equity-accounted investments amounted to USD 1,307 million in 2023, compared to USD 8,282, million in 2022. This decline was mainly driven by lower commodity prices.

Other income was USD 216 million in 2023, mainly related to divestment gains on the Norwegian Continental Shelf. In 2022, Other income was USD 1,155 million, mainly related to gain on the divestment of Ekofisk and a 19% minority share in Martin Linge.

Equinor Energy AS purchases natural gas and pipeline transport, operating on a back-to-back basis from Equinor ASA. Equinor Energy AS carries all the risks related to these purchases, which are therefore presented as purchases. Purchases amounted to USD 645 million in 2023 compared to USD 3,044 million in 2022. The sharp decline was mainly due to lower prices on third-party gas.

Operating expenses include field production and transport systems costs related to the company's oil and natural gas production share. Selling, general and administrative expenses include expenses associated with selling and marketing our products. Operating expenses and selling, general and administrative expenses in 2023 were USD 4,751 million compared to USD 4,733 million in 2022. Increased maintenance, operational activities, higher environmental taxes, in addition to higher Gassled removal costs, led to increased operating expenses and selling, general and administrative expenses from 2022 to 2023. In contrast, energy prices have fallen, leading to lower transportation and electricity cost. Furthermore, the NOK/USD exchange rate development further diminished the visibility of the cost increases in the reported numbers.

Depreciation, amortisation and net impairment losses include depreciation of production installations and transport systems, depletion of fields in production and amortisation of intangible assets. An impairment related to an asset on the Norwegian Continental Shelf coupled with investments in fields, mainly Johan Sverdrup Phase 2, increased the depreciation, amortization and net impairment losses. The increase was partially offset by the NOK/USD exchange rate development, the divestment of Ekofisk and a 19% minority share in Martin

Linge in September 2022, and lower production on several fields. Additionally, in 2022, there was a reversal of impairments totaling USD 821 million related to assets located on the NCS.

Exploration expenditures are capitalised to the extent that exploration efforts are considered successful or pending such assessment. Otherwise, such expenditures are expensed. The exploration expenses consisted of the expensed portion of our exploration expenditures in 2023 and exploration expenditures capitalised in previous years. Exploration expenses increased by 30% compared to 2022. A higher exploration activity level (28 wells, with 26 wells completed this year compared to 21 wells with 19 wells completed in the prior year), coupled with a lower capitalisation rate, led to an increase in exploration expenses this year compared to the previous year.

Net operating income was positive USD 32,348 million in 2023 compared to USD 74,646 million in 2022, mainly due to lower gas and liquid prices.

Net financial items amounted to USD 765 million in 2023, compared to USD 797 million in 2022. The decrease compared to the last year was mainly due to lower net foreign exchange gains this year partially offset by higher interest income.

Income taxes were USD 24,029 million in 2023 compared to USD 51,157 million in 2022, equivalent to an effective tax rate of 72,6% in 2023 and 67.8% in 2022. The increase in the tax rate was mainly driven by effect of permanent differences related to equity accounted investments.

The net income amounted to USD 9,083 million in 2023. Considering the proposed dividends and group contributions of USD 9,208 million, USD 125 million will be deducted from retained earnings.

Cash flows

Cash flows provided by operating activities contributed USD 13,798 million, cash flows used in investing activities amounted to USD 5,165 million, and cash flows used in financing activities amounted to USD 8,689 million in 2023.

Cash flows provided by operating activities decreased by USD 15,579 million in 2023 compared to the full year 2022. The decrease was mainly due to lower liquids and gas prices.

Cash flows used in investing activities increased by USD 47 million in 2023 compared to the full year 2022. The increase was mainly due to lower capital contributions received from group companies, mainly offset by an increase in capital expenditures and investments.

Cash flows used in financing activities decreased by USD 15,570 million in 2023 compared to the full year 2022. The decrease was mainly contributed by a reduction of financial receivables to/from Equinor group companies (USD 35,524 million), partially offset by an increase in dividends and group contributions (USD 19,966 million).

Liquidity and capital resources

Equinor Energy AS has maintained a solid financial position through 2023.

The financial results of operations largely depend on several factors, most significantly those affecting prices received in NOK for sold products. Our annual cash flow from operations is highly dependent on oil and gas prices and production levels. It is only influenced to a small degree by seasonality and maintenance turnarounds.

Equinor Energy AS' liquidity and debt position are managed at the Equinor group level.

Risk factors

Equinor Energy AS is exposed to risks that, separately or in combination, could affect its operational and financial performance. In this section, some of the key risks are addressed.

Equinor below means Equinor Group, Equinor Energy AS and its subsidiaries.

STRATEGIC AND COMMERCIAL RISKS

Prices and markets

Fluctuating prices of oil and natural gas as well as exchange rates and general macroeconomic conditions impact our financial performance. Generally, Equinor does not have control over the factors that affect market developments and prices.

Uncertainty in global and regional energy supply and demand means that Equinor's long-term plans should take into consideration many outcomes for how global energy markets may develop. Examples of factors that can affect supply and demand, and consequently the prices of oil, natural gas, electricity and other energy products include: global and regional economic conditions, political and regulatory developments, geopolitical tensions, the actions of OPEC+ and other large energy suppliers, the social and health situation in any country or region, technological advances, availability of energy resources or access to energy related acreages, development of supply chains and consumer preferences, including those related to climate issues.

Over recent years, there has been significant volatility in energy prices, triggered by the supply and demand impacts of the Covid-19 pandemic and the post-pandemic recovery, the European security situation, including Russia's invasion of Ukraine, and its effect on global energy flows. Hamas' attack on Israel in October 2023 and the subsequent war between the parties, have escalated the potential for further tension in the Middle East and added to uncertainty and volatility in energy prices.

Energy prices and predominantly oil and natural gas prices are the primary drivers of Equinor's business results, financial condition and liquidity, and its ability to finance planned capital expenditures. A significant or prolonged period of low prices could lead to changes in production, impairment of assets or reassessment of the viability of projects under development and future business opportunities.

Increases in prices can lead to increased taxes, cost inflation or higher access costs for Equinor.

Fluctuating foreign exchange rates, especially between USD, EUR, GBP and NOK, can have a significant impact on Equinor's operational and financial results. A large percentage of Equinor's revenues and cash receipts are denominated in or driven by USD, sales of gas and refined products are mainly denominated in EUR and GBP, while a large portion of operating expenses, capital expenditures and income taxes payable accrue in NOK. The majority of Equinor's long-term debt has USD exposure. See also the description of market risk (including commodity price risk and currency risk) in note 4 Financial risk management and measurement of financial instruments in the Consolidated Financial Statements for Equinor, and the description of market risk (including commodity price risk and currency risk) in Note 4 to the financial statements for Equinor Energy AS.

Such risks could have a material adverse effect on Equinor's business, financial condition, and results of operations.

Hydrocarbon resource base and renewable and low carbon opportunities

Changes to Equinor's hydrocarbon resource base estimates and the ability to access renewable and low-carbon opportunities can impact future production, revenues, and expenditures as well as delivery of our strategy.

Our estimates relating to current and future energy resources depend on many factors, variables and assumptions that are beyond Equinor's control, and which may prove to be incorrect over time. The reliability of resource estimates depends on the quality and quantity of Equinor's geological, technical and economic data together with extensive engineering judgements. Substantial upward or downward revisions in Equinor's resources outlook may be required should additional information become available after the initial estimates were prepared. A substantial downward revision could potentially lead to impairments.

Equinor's future oil and gas resource base depends on Equinor's timely success in accessing, acquiring, and developing attractive opportunities. If unsuccessful, future production will decline and future revenue will be reduced. Equinor's access to resources is impacted by the choices of governments and, outside of Norway, national oil and gas companies. Changes in fiscal terms and fluctuations in oil and gas prices will have a direct impact on Equinor's resource base. Proved oil and gas reserves are estimated based on the US Securities and Exchange Commission (SEC) requirements and may differ substantially from Equinor's view on expected reserves and contingent resources.

Equinor's ability to build material renewable and low-carbon business portfolios depends on access to attractive opportunities where the right commercial terms are key. Future conditions, along with risks and uncertainties in power, hydrogen and carbon markets as well as internal factors, will influence our ability to achieve our ambitions relating to renewable energy resources and low-carbon business.

Such risks could have a material adverse effect on Equinor's business, financial condition and results of operations.

Climate change and transition to a lower carbon economy

Policy, legal, regulatory, market and technology developments, including stakeholder sentiment, related to the issue of climate change, can affect our business plans and financial performance.

Shifts in stakeholder focus between energy security, affordability and sustainability add uncertainty to delivery and outcomes associated with Equinor's strategy.

Stricter climate laws, regulations, and policies as well as adverse litigation outcomes could adversely impact Equinor's financial results and outlook, including the value of its assets. This might be directly (through regulatory changes towards energy systems free of unabated fossil fuels, changes in taxation, increased costs or access to opportunities) or indirectly (through changes in consumer behaviour or technology developments).

Equinor expects greenhouse gas emission costs to increase from current levels and to have a wider geographical range than today. Equinor applies a default minimum carbon price in investment analysis starting at USD 82 per tonne in 2025, increasing towards USD 115 per tonne by 2030. In countries where the actual or predicted carbon price is higher than our default at any point in time, Equinor applies the actual or expected cost, such as in Norway where both a CO_2 tax and the EU Emission Trading System (EU ETS) apply. A higher carbon price provides an incentive to reduce emissions and increase investment in new low-carbon solutions and technology.

Changing demand for renewable energy and low-carbon technologies, and innovation and technology changes supporting their cost-competitive development, represent both threats and opportunities for Equinor.

Market development and our ability to reduce costs and capitalise on technology improvements are important but unpredictable risk factors. Multiple factors in the energy transition contribute to uncertainty in future energy price assumptions, and changes in investor and societal sentiment can affect our access to capital markets, attractiveness for investors, and potentially restrict access to finance or increase financing costs.

Strong competition for assets, changing levels of policy support, and different commercial/contractual models may lead to diminishing returns within the renewable and low-carbon industries and hinder Equinor ambitions. These investments may be exposed to interest rate risk and inflation risk.

Equinor's net-zero strategy and climate related ambitions are responses to challenges and opportunities in the energy transition. There is no assurance that these ambitions will be achieved or that all stakeholders will accept our approach or methods to set, measure or reach our ambitions. Successful strategy execution depends on development of new technologies, new value chains, societal shifts in consumer demand, as well as firm leadership from policy makers. Should societal demands, technological innovation and policy support from governments not shift in parallel with Equinor's pursuit of significant greenhouse gas emission reductions and energy transition investments, our business plans and financial performance may be adversely affected and Equinor may be unable to fulfil its net-zero strategy and/or meet its climate related ambitions.

International politics and geopolitical change

Political, economic, and social developments or instability in regions where Equinor has interests and may seek future opportunities could adversely affect Equinor's business causing financial loss.

Political instability, civil strife, strikes, insurrections, acts of terrorism, acts of war, sanctions and trade disputes, public health situations (including pandemics such as Covid-19), adverse and hostile actions against Equinor's staff, its facilities, its transportation systems and its digital infrastructure (cyberattacks) may disrupt or curtail Equinor's operations and business opportunities. These may in turn lead to a decline in production and otherwise adversely affect Equinor's business, operations, results and financial condition. Similarly, Equinor's response to such situations could lead to claims from partners and relevant stakeholders, litigation, and litigation-related costs.

Equinor exited all projects in Russia in 2022. The European security situation will continue to impact our business environment volatility, uncertainty, and complexity for the foreseeable future, including through impacts related to oil and gas supply and demand, policy response, supply chains and security. The situation in the Middle East remains volatile with potential energy market implications.

Digital and cyber security

Increasing digitisation and reliance on information technology (IT) and operational technology (OT) means that digital and cyber disruption could materially impact Equinor's operations and financial condition.

Damage, disruption or shutdown of digital IT and OT systems can occur due to failures during the operation and maintenance of software and hardware, databases or components, power or network outages, hardware or software failures, negligence, user error, or breaches of cyber security.

Risks from cyber disruption are interconnected, company-wide, and may be linked to third party personnel, practices, hardware, software and infrastructure. Cyber disruption may arise from factors such as unauthorised access, usage or attacks, computer viruses, errors or wrongdoing by employees or others who have gained access to Equinor's or any connected networks and systems, as well as

threats to our assets from insiders who exploit, or intend to exploit, their legitimate access to Equinor's facilities or networks for unauthorised purposes. Risks related to cyber disruption may also be impacted by increasing artificial intelligence capabilities.

Digital and cyber-disruption, whether in respect of Equinor's systems and networks or those of third parties on which Equinor relies, could result in delayed activities, loss of production, loss of sensitive or personal information, misuse of information or systems, as well as safety and environmental losses as a result of damage to our physical assets caused by such disruption, and could face associated regulatory actions, legal liability, reputational damage and loss of revenue. Equinor could be required to spend significant financial and other resources to avoid, limit or remedy the damage caused by a security breach or to repair or replace networks and information systems, which in turn could affect our financial performance.

Project delivery and operations

Uncertainties in development projects and production operations in the Equinor portfolio could prevent Equinor from realising profits and cause substantial losses.

Oil and gas, renewable, low-carbon and other projects or assets may be curtailed, delayed, cancelled or suspended for many reasons. Situations such as equipment shortages or failures, natural hazards, unexpected drilling conditions or reservoir characteristics, irregularities in geological formations, challenging soil conditions, accidents, mechanical and technical difficulties, power cost and availability, protestor actions, health issues (including pandemics such as Covid-19), new technology implementation and quality issues might have significant impact. The risk is higher in new and challenging areas such as deep waters or other harsh environments, and in new value chains. Cost inflation in capital and operational expenditures can negatively affect project deliveries, results from operations and longer-term financial outcomes.

Equinor's portfolio of development projects includes a high number of major development-projects as well as "first-off" projects (i.e. involving new development concepts, operating regions, execution models, partners/contractors, value chains and markets) that increase portfolio complexity and potentially execution risk.

Equinor's ability to commercially exploit energy resources and carbon products depends, among other factors, on the availability of adequate capacity of transportation and/or transmission infrastructure to markets at a commercially viable price. Equinor may be unsuccessful in its efforts to secure commercially viable transportation, transmission, and markets for all its potential production in a cost-efficient manner or at all, which in turn could affect our operational and financial performance.

Joint arrangement and contractors

The actions of our partners, contractors and sub-contractors could result in legal liability and financial loss for Equinor.

Many of Equinor's activities are conducted through joint arrangements and with contractors and sub-contractors which may limit Equinor's influence and control over the performance of such operations. If operators, partners, or contractors fail to fulfil their responsibilities, Equinor can be exposed to financial, operational, safety, security, and compliance risks as well as reputational risks and risks related to ethics, integrity and sustainability.

Equinor is also exposed to enforcement actions by regulators or claimants in the event of an incident in an operation where it does not exercise operational control. Operators, partners, and contractors may be unable or unwilling to compensate Equinor for costs incurred on their behalf or on behalf of the relevant arrangement.

Such risks could impact Equinor's operational and financial performance, the implementation of its strategy, our reputation and the value of our securities.

Competition and technological innovation

If competitors move faster or in other directions related to the development and deployment of new technologies and products, Equinor's financial performance and ability to deliver on our strategy may be adversely affected.

Equinor could be adversely affected if we do not remain commercially and technologically competitive to efficiently develop and operate an attractive portfolio of assets, to obtain access to new opportunities, and to keep pace with deployment of new technologies and products that can impact our transition to a broad energy company.

Equinor's financial performance may be negatively impacted by competition from players with stronger financial resources or with increased agility and flexibility, and from an increasing number of companies applying new business models.

Ownership and actions by the Norwegian State

The interests of Equinor ASA's majority shareholder, the Norwegian State, may not always be aligned with the interests of Equinor ASA's other shareholders. A change in the Norwegian State's ownership policy or in the manner in which the Norwegian State exercises its ownership can impact Equinor's ability to execute its strategy and deliver on its ambitions or impact Equinor's financial performance.

The Norwegian State, as our majority shareholder with 67% ownership as of 31 December 2023, has the power to influence the outcome of any vote of shareholders, including amendments to Equinor's articles of association (which require the support of two-thirds of the

votes cast at the general meeting) and the election of all non-employee members of the corporate assembly (which requires a majority of the votes cast). Factors influencing the voting of the Norwegian State could be different from the interests of the other shareholders.

The Norwegian State has resolved that its shares in Equinor and the State's Direct Financial Interests in NCS licenses must be managed in accordance with a coordinated ownership strategy for the Norwegian State's oil and gas interests. Under this strategy, the Norwegian State has required Equinor to market the Norwegian State's oil and gas together with Equinor's own oil and gas as a single economic unit and to take account of the Norwegian State's interests in all decisions that may affect the marketing of these resources. If the Norwegian State's coordinated ownership strategy is not adequately implemented, then Equinor's mandate to sell the Norwegian State's oil and gas together with its own oil and gas is likely to be prejudiced which could have an adverse effect on Equinor's position in the markets in which it operates .

Any change to the manner in which the Norwegian State exercises its ownership of Equinor could influence Equinor's ability to execute its strategy and deliver on its ambitions and could therefore have an adverse effect on Equinor's financial performance.

Policies and legislation

Equinor's operations in various countries are subject to dynamic legal and regulatory factors that could impact our business plans and financial performance.

Equinor operates in certain countries which lack well-functioning and reliable legal systems, where the enforcement of contractual rights is uncertain, and where the governmental, fiscal, and regulatory regimes can change over time or can be subject to unexpected or rapid change. Such changes could constrain our plans, cause operational delays, increase costs of regulatory compliance, increase litigation risk, impact the sale of our products, require us to divest or curtail operations, limit access to new opportunities, and affect provisions for pension, tax, and legal liabilities.

Moreover, if a country in which Equinor operates changes its laws, regulations, policies, or practices relating to energy or the oil and gas industry, including in response to environmental, social or governance concerns, Equinor's national and/or international exploration, development and production activities, and the results of its operations, could be affected. In addition, changes in the tax laws of the countries in which Equinor operates could have a material adverse effect on liquidity and the results of operations.

Equinor's exploration and production activities undertaken together with national oil companies are subject to a significant degree of state control. In recent years, governments and national oil companies have in some regions exercised greater authority and imposed more stringent conditions on energy companies. Intervention by governments could take a variety of forms, such as nationalisation, expropriation, cancellation, non-renewal, restriction or renegotiation of our interests, assets, and related rights. Equinor could be subject to the imposition of new contractual obligations, price and exchange controls, tax or royalty increases, payment delays, and currency and capital transfer restrictions.

Equinor's US operations use hydraulic fracturing, which is subject to a range of federal, state, and local laws. Various US states and local governments have implemented, or are considering, changes to regulations or increased regulatory oversight of hydraulic fracturing that could adversely affect Equinor's US onshore business and the demand for its fracturing services.

The ongoing maturation of the regulatory framework and permitting requirements for low-carbon value chains in various countries can also impact financial outcomes from Equinor's investment in related technologies, opportunities, and projects.

Equinor incurs, and expects to continue to incur, substantial capital, operating, maintenance and remediation costs relating to compliance with increasingly complex laws, regulations and obligations related to the protection of the environment and human health and safety, as well as in response to concerns relating to climate change. Such occurrences could have a materially adverse effect on Equinor's operations and opportunities, liquidity, and financial performance.

Financial risks, liquidity and capital management

Equinor's business is exposed to liquidity, interest rate, equity and credit risks that could adversely affect the results of Equinor's operations, our financial position and ability to operate, as described in note 4 to the Consolidated Financial Statements for Equinor. See also Note 4 to the financial statements for Equinor Energy AS where financial risks for Equinor Energy AS are described.

Equinor Energy AS is exposed to financial risk as a co-obligor and guarantor for debt issued by Equinor ASA.

Trading and commercial supply activities

Equinor's trading and commercial supply activities in the commodity markets can lead to financial losses.

Equinor uses financial instruments such as futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity to manage price differences and volatility. Trading activities involve elements of forecasting, and Equinor bears the risk of market movements, the risk of losses if prices develop contrary to expectations, and the risk of default by counterparties.

There is a risk that an individual or group of traders acting for or on behalf of Equinor could act outside of their respective mandates which could therefore result in financial loss, fines, or loss of licence to operate, including permissions to trade. Should such risks materialise, they may adversely affect the Group's financial results and performance.

Workforce capabilities and organisational change

Equinor may not be able to secure the right level of workforce competence and capacity, or to leverage efficient organisational operating models, to execute on strategy and operations, which could have an adverse effect on Equinor's current and future business and performance.

Equinor depends on workforce capacity and competence to deliver on its strategy, including transition to a broad energy company. Uncertainties related to the future of the oil and gas industry and the rate of growth of new value chains, the need for new capabilities, and increased competition for talent, pose a risk to securing the right level of workforce competence and capacity through industry cycles.

Further, we may implement internal restructuring and changes to our operating model to meet the needs of the oil and gas, renewable and low-carbon domains, but such changes may not deliver on expectations.

Any such failure to secure the right level of workforce competence and capacity and/or to leverage efficient organisational operating models could have an adverse effect on Equinor's current and future business.

Crisis management, business continuity and insurance coverage

Equinor's crisis management and business continuity systems may prove inadequate to limit disruption to our business causing losses. Equinor's insurance coverage may not provide adequate protection from losses, with a potential material adverse effect on Equinor's financial position.

Our business could be severely affected if Equinor does not respond or is perceived not to have prepared, prevented, responded, or recovered in an effective and appropriate manner to a crisis or major incident. A crisis or disruption might occur as a result of a security or cybersecurity incident or if a risk described under Security, safety and environmental risks materialises.

Equinor maintains insurance coverage that includes physical damage to its properties, third-party liability, workers' compensation and employers' liability, general liability, sudden pollution, and other cover. Equinor's insurance coverage includes deductibles that must be met prior to recovery and is subject to caps, exclusions, and limitations. There is no assurance that such cover will adequately protect Equinor against liability from all potential consequences and damages as illustrated by the financial loss for the group related to the fire at Hammerfest LNG in 2020.

The Equinor group retains parts of its insurable risks in a wholly owned captive insurance company, so insurance recovery outside of the Equinor group may be limited.

SECURITY, SAFETY AND ENVIRONMENTAL RISKS

Health, safety and environmental factors

Equinor is exposed to a wide range of risk factors that could result in harm to people, the environment, and our assets, as well as cause significant losses through business interruption, increased costs, regulatory action, legal liability, and damage our reputation and social licence to operate.

Risk factors that could lead to impacts on health, safety and the environment include human performance, operational failures, breach of digital security, detrimental substances, subsurface conditions (including conditions related to hydraulic fracturing), technical integrity failures, vessel collisions, natural disasters, adverse weather or climatic conditions, physical effects of climate change, epidemics or pandemics (such as Covid-19), breach of human rights, structural and organisational changes and other occurrences. Continuation, resurgence or emergence of a pandemic, could precipitate or aggravate the other risk factors identified in this report and materially impact Equinor's operations and financial condition.

These risk factors could result in disruptions of our operations and could, among other things, lead to blowouts, structural collapses, loss of containment of hydrocarbons or other hazardous materials, fires, explosions and water contamination that cause harm to people, loss of life or environmental damage. All modes of transportation of hydrocarbons are susceptible to a loss of containment of hydrocarbons and other hazardous materials and represent a significant risk to people and the environment. Equinor could also be subject to civil and/or criminal liability and the possibility of incurring substantial costs, including for remediation if any such health, safety or environmental risk materialises.

It is not possible to guarantee that the management system or other policies and procedures will be able to identify or mitigate all aspects of health, safety and environmental risks or that all activities will be carried out in accordance with these systems.

Security breaches

Equinor's personnel, assets, infrastructure, and operations may be subject to hostile or malicious acts that disrupt our operations, cause loss of data, harm to people or the environment, and affect Equinor's financial performance.

Security threats may arise from terrorism, crime, acts of sabotage, armed conflict, civil unrest, maritime crime, insiders and social engineering or illegal or unsafe activism. A changing geopolitical, political, technological and social context makes these factors increasingly unpredictable.

Management of security risks, and the application of national security laws or policies, can incur significant costs, restrict our ability to do business in a particular jurisdiction and limit operations, including our supply chains and the supply of our products. Failure to avoid security breaches can disrupt Equinor operations, cause loss, misuse or manipulation of data, harm to our people, assets, or the environment, result in fines or liabilities and impact our reputation and future business, all of which may affect Equinor's financial performance. Equinor could be required to spend significant financial and other resources to avoid, limit or remedy the damage caused by a security breach, which in turn may adversely affect Equinor's operational and financial performance.

COMPLIANCE AND CONTROL RISKS

Supervisions, regulatory reviews, and reporting

Supervision, review and sanctions for violations of laws and regulations at the supranational, national and local level may lead to legal liability, substantial fines, claims for damages, criminal sanctions and other sanctions for noncompliance, and reputational damage.

Applicable laws and regulations include, among others, those relating to financial reporting, taxation, bribery and corruption, securities and commodities trading, fraud, competition and antitrust, safety and the environment, labour and employment practices and data privacy rules. The enactment of, or changes to, such laws and regulations could create compliance challenges and increase the likelihood of a violation occurring.

Equinor is subject to supervision by the Norwegian Ocean Industry Authority (Havtil), whose regulatory authority covers the whole NCS including offshore-wind as well as petroleum-related plants onshore in Norway. Equinor may become subject to supervision or be required to report to other regulators internationally, and such supervision could result in audit reports, orders, and investigations.

Equinor Energy AS' parent company, Equinor ASA, is listed on Oslo Børs (OSE) and the New York Stock Exchange (NYSE) and is a reporting company under the rules and regulations of the US Securities and Exchange Commission (the SEC). Equinor is required to comply with the continuing obligations of relevant regulatory authorities, and violation of these obligations may result in legal liability, the imposition of fines and other sanctions.

Equinor is also subject to financial review from financial supervisory authorities such as the Norwegian Financial Supervisory Authority (FSA) and the SEC. Reviews performed by financial supervisory authorities could result in changes to previously published financial statements and future accounting practices. In addition, failure of external reporting to report data accurately and in compliance with applicable standards could result in regulatory action, legal liability, and damage to Equinor's reputation.

Audits of financial statements could identify material weaknesses or deficiencies in Equinor's internal control over financial reporting and cause loss of investor confidence that can potentially impact the share price.

Business integrity and ethical misconduct

Non-compliance with anti-corruption and bribery laws, anti-money laundering laws, competition and antitrust laws, sanctions and trade restrictions or other applicable laws, or failure to meet Equinor's ethical requirements, could expose Equinor to legal liability, lead to a loss of business, loss of access to capital and damage our reputation and social licence to operate.

Equinor is subject to anti-corruption and bribery laws and anti-money laundering laws in multiple jurisdictions, including the Norwegian Penal code, the US Foreign Corrupt Practices Act and the UK Bribery Act. A violation of such applicable laws could expose Equinor to investigations from multiple authorities and may lead to criminal and/or civil liability with substantial fines. Incidents of noncompliance with applicable anti-corruption and bribery laws and regulations and the Equinor Code of Conduct could be damaging to Equinor's reputation, competitive position, and shareholder value. Similarly, a breach of human rights due diligence and reporting legislation or a failure to uphold our human rights policy may lead to fines or damage our reputation and social licence to operate.

Equinor has a diverse portfolio of projects worldwide and operates in markets and sectors impacted by sanctions and international trade restrictions. Sanctions and trade restrictions are complex, unpredictable and are often implemented at short notice. While Equinor remains committed to comply with sanctions and trade restrictions and takes steps to ensure, to the extent possible, compliance therewith, there can be no assurance that an Equinor entity, officer, director, employee, or agent is not in violation of such sanctions and trade restrictions. Any such violation, even if minor in monetary terms, could result in substantial civil and/or criminal penalties and could materially adversely affect Equinor's business and results of operations or financial condition.

Equinor is subject to competition and antitrust laws in multiple jurisdictions, including the Norwegian Competition Act, the Treaty of the Functioning of the European Union and the Unites States' Sherman Act, Clayton Act, HSR Act and Federal Trade Commission Act. A violation of such laws could expose Equinor to investigations from multiple authorities and may lead to criminal and/or civil liability with substantial fines. Incidents of noncompliance with applicable competition and antitrust laws and the Equinor Code of Conduct could be damaging to Equinor's reputation, competitive position, and shareholder value.

Risk management

Equinor below means Equinor group, Equinor Energy AS and its subsidiaries.

Enterprise risk management (ERM) relates to managing uncertainties in order to deliver Equinor's purpose in line with our core values. Risk, which refers to both threats and opportunities, is assessed as part of strategy selection and managed through execution to deliver the strategic pillars on Equinor's strategy and objectives throughout the company. The constantly changing internal and external business context means that risks can emerge and evolve quickly, underpinning the need for well-designed, adaptive and effective risk management approaches. The current most material enterprise risks and risk factors are described in the section Risk factors above.

Equinor's ERM framework is integrated across all our business activities with a focus on creating value and avoiding unwanted incidents. Equinor considers risks in shorter and longer-term perspectives, and across enduring risks, dynamic risks as well as more immature or emerging risk issues that can impact our business ambitions. Through Board Audit Committee and the Board of Directors of Equionor ASA oversees the ERM framework and reviews its effectiveness.

The ERM approach enables risk-informed decisions and risk response in a way that supports delivering value in a sustainable frame. This means that we consider the overall value upside or downside of risks for Equinor, whilst ensuring we live up to our principles for avoiding safety, security, sustainability, human rights and business integrity incidents, such as accidents, fraud and corruption.

In general, risks are managed in the business lines of Equinor as an integral part of employee and manager tasks. The business areas and corporate functions at the Equinor group level in Equinor regularly identify and evaluate risk using established procedures, assess the need for risk-adjusting actions, and review overall risk management performance. Some risks, such as oil and natural gas price risks and interest and currency risks, are managed at the Corporate Equinor group level to provide optimal solutions. A holistic corporate risk perspective is also applied in strategy development, portfolio prioritisation processes, and capital structure discussions. Throughout the year, the CEO of Equinor ASA and the Board Audit Committee of Equinor ASA maintain oversight of the risk management framework, processes, top enterprise risks and the overall risk picture. Areas of particular risk oversight currently include IT and cyber security, progress on net-zero, low-carbon value proposition, political and regulatory frameworks, human rights, and capacity and capability constraints.

Equinor's risk management process is based on ISO 31000 risk management and seeks to ensure that risks are identified, analysed, evaluated, and appropriately managed. A standardised risk process across Equinor supports consistency and efficiency that informs key decisions. Risk is integrated into Equinor's the company's management information system (IT tool) at the Equinor group level, where it is linked with Equinor's purpose, vision and strategy and associated strategic objectives and KPIs. This tool is used to capture risks, follow up risk-adjusting actions and related assurance activities, and supports a risk-based approach in the context of a three lines model (https://www.equinorbook.com/ brandcenter/en/equinorbook/component/default/82415).

Whilst our approach at the Equinor group level includes continuous improvement of risk management practices, Equinor has recognised a need has been recognised to strengthen resilience to global uncertainty and volatility that affect our business. With support from the CEO, CFO and the Board Audit Committee, At the group level, Equinor has initiated focused activities to strengthen a future-fit ERM framework. This includes further development of the corporate risk appetite framework supported by strengthened governance for executive follow-up of the top enterprise risks.

Outlook and market view

Equinor Energy AS aims to ensure safe and efficient operations, maximising the value potential from the Norwegian continental shelf (NCS). At the same time, Equinor Energy AS plans to transform the NCS using digital and carbon-efficient solutions.

In 2023, the global economic rebound and geopolitical issues affected energy markets, causing inflation and challenges for capital-intensive industries. Global prices in 2023 saw an initial oversupply followed by undersupply later in the year which resulted in the average invoiced group gas price for Europe decreasing to 12.20 USD/mmBtu at the end of 2023, from 31.22 USD/mmBtu at the end of 2022. Geopolitical shifts, challenges in liquids resource replenishments, market cyclicality, the impact of Covid-19, structural changes to costs and increasing momentum towards low carbon imply uncertainty and volatility. To be prepared, Equinor Energy AS is focusing on building a more resilient, diverse, and option-rich portfolio, delivered by an agile organisation that embraces change and empowers its people. To deliver on the sharpened strategy and fulfil the strategic intent of "always safe, high value, low carbon", Equinor Energy AS will continue to build on the unique position to maximise and develop long-term value on the NCS.

Equinor Energy AS' income could vary significantly with changes in commodity prices, even if volumes remain stable through the year. There is a small seasonal effect on volumes in the winter and summer due to normally higher off-takes of natural gas during cold periods. There is usually an additional small seasonal effect on volumes because of the higher maintenance activity level on offshore production facilities during the second and third quarters each year since generally better weather conditions allow for more maintenance work.

These forward-looking statements reflect current views about future events. They 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.

Safety, security and sustainability[1]

Health, safety and security

Equinor Energy AS and its subsidiaries face a diverse range of safety and security risks in our operations. While much of the work is intrinsically hazardous and represent major accident risks, our aspiration is for zero harm. We are committed to the principle that all accidents are preventable, and all work-related illnesses are avoidable.

We aim to embed a proactive safety culture, where we continuously learn from our own experiences and those of our peers, and where safety and security are factored into everything we do. We align our requirements and guidance with international standards and best practices and aim to comply with relevant legislation and regulations.

A framework for major accident prevention has been developed in the Equinor group, based on learning from incidents, and recognised industry practice for high-risk industries. The framework is built on three pillars: Safety barriers, Safe practices and design, and Leadership, culture and organisational frame conditions. Human and organisational performance principles are embedded in the framework.

In 2023, to further implement the framework, awareness and training programmes for employees in the Equinor group were stepped up and e-learning training made available to suppliers.

In the Equinor, we aim for continuous improvement of our safety culture and practices, and the "I Am Safety" roadmap sets the direction. The main pillars in the "I am safety" roadmap are safety visibility, leadership & behaviour, learning & follow up and safety indicators.

A large portion of our activities are undertaken by contractors, hence, and as a part of the Equinor group, we are fully committed to strong collaboration with our contractors to safeguard people, the environment, assets, and the societies in which we operate. Key tools include Life-saving Rules and Annual Safety Wheel.

Given the geopolitical environment in 2023, and as part of the Equinor group, we maintained a heightened level of security awareness and preparedness. In 2023, security awareness and leadership training were enhanced to cover insider risk, both for our own employees and in collaboration with suppliers. We continued to strengthen cyber security barriers and improve our response and recovery capabilities. During the year there were no cyber-attacks which had a material impact on the Equinor group, including Equinor Energy AS and its subsidiaries.

We maintain appropriate emergency response capabilities to limit the consequences of incidents, should they occur. For example, our oil spill response capabilities are in line with good international practice, and, through membership of local and international oil spill response organisations, we are able to call on the expertise and resources of the wider industry.

Systematic and proactive risk management of the working environment is an integral part of our efforts to safeguard our people. We routinely monitor and report any work-related illnesses related to physical and psychosocial factors.

In 2023, we experienced no actual nor potential major accidents and no fatalities. For Equinor Energy AS and its subsidiaries the serious incident frequency (SIF), which includes near misses, ended at 0.5 incidents per million work hours, compared to 0.7 in 2022. The Total Recordable Injury Frequency (TRIF) was 4.9, compared to 4.7 in 2022.

In 2023 there were five serious oil and gas leaks (with a leakage rate ≥ 0.1 kg per second), compared to four in 2022. No well control incident classified internally as serious was recorded. For accidental oil spills, the total oil spill volume was 13m3 in 2023, compared to from 32m3 in 2022.

Climate and energy transition

In 2023, the world saw further evidence of the effects of and the prognosis for global climate change. The Intergovernmental Panel on Climate Change Synthesis Report (March 2023) found that average global temperatures have already risen 1.1°C since pre-industrial times; that every region of the world is facing "widespread adverse impacts" of climate change; and that global warming is now "more likely than not" to reach 1.5°C above pre-industrial levels. The IPCC's models found that limiting global warming to 1.5°C or 2°C would depend on deep global emissions reductions this decade". Importantly, the IPCC found that feasible, effective, and low-cost options for mitigation and adaptation are available.

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[1] All data in this section are reported based on an operational control boundary.

Equinor's business has both direct and indirect impacts on the climate. The emissions associated with the use of the products we sell are several times higher than those within our operational control. We also have an impact via the broader supply chain, including transportation of our products and the capital goods embedded in the projects we develop.

Direct greenhouse gas (GHG) emissions include carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O). In 2023 direct greenhouse gas emissions were 8.9 million tonnes CO2 equivalents and remains at the same level as in 2022.

CO2 constitutes the largest part of GHG emission with 8.6 million tonnes of CO2 in 2023, a 1% decrease compared to the 2022 level. The main contributor to the decrease was a shutdown at Norne due to a gas leakage. Additionally, there was turnarounds at Statfjord C and Troll in 2023. At Hywind Tampen, all 11 turbines were installed and in operation from mid-August providing renewable energy to Gullfaks and Snorre, resulting in reduced emissions there.

Methane (CH4) emissions were 8.1 thousand tonnes in 2023, 1% decrease from 8.2 thousand tonnes in 2022. The decrease were mainly due to reduced flow through the amine plant at Åsgard B and less gas vented. Also, less oil loaded and change in emission factor at Gullfaks A contributed to the decrease. From 2023, nitrous oxide emissions (N2O) were included in Scope 1 GHG emissions, consisting of 98 tonnes N2O.

The upstream CO2 intensity for the assets of Equinor Energy AS and its subsidiaries ended at 6.4 kg CO2 per boe in 2023, a decrease from 6.7 kg CO2 per boe in 2022. The change in upstream CO2 intensity was driven by high production at the Johan Sverdrup field, in addition to reduced CO2 levels. The decrease in CO2 were mainly due to planned shutdown at Sleipner in September and unplanned shutdown at Norne mid-May to early July caused by a gas leakage. The start-up of Hywind Tampen also had a positive effect on the intensity.

The upstream CO2 intensity for our Norwegian offshore portfolio is significantly lower than the global industry average of 16 kg CO2 per boe.

Environment

As part of the Equinor group, management of our activities and their potential impacts on the marine environment continues to be a priority for us as a large offshore oil and gas operator. Our operations have actual or potential impacts on nature through pollution, including both regular and uncontrolled discharges to sea or land and emissions to air.

Our use of land and sea areas, related disturbances and potential introduction of alien invasive species, may also negatively impact biodiversity and ecosystems. This is particularly important if our activities are in or near protected areas or areas of high biodiversity value.

For decades, our zero-harm ambition has guided our work. In line with the mitigation hierarchy, we will continue to prioritise avoiding or minimising adverse impacts. To manage our impacts on nature, and comply with applicable laws and regulations, we aim to apply recognised environmental management practices, such as the mitigation hierarchy, the waste hierarchy, the precautionary approach, best available techniques, and the ISO 14001 environmental management principles.

In the planning phases of all our assets, we carry out environmental and social risk and impact assessments. In addition to stakeholder engagement, these processes include baseline studies, surveys, monitoring programmes, and collaborative research projects.

In 2023, we continued our focus on environmental regulatory compliance and made improvements at our Norwegian oil and gas assets. This included strengthened management focus, with new competence requirements for operational leaders, development of new training programmes, and related operational measures.

In 2023 we started to implement a novel site-specific inventory and net-positive impact (NPI) plans. The site-specific inventory is a company-wide overview of key biodiversity features near our installations.

The total volume of oil discharged to sea decreased by 8% in 2023 compared to 2022, from 1045 tonnes to 963 tonnes. The key driver to the decrease was an unplanned shutdown at Norne from mid-May to early July, resulting in less produced water to sea. Additionally, turnarounds at several fields contributed to the decrease. NOx emissions decreased by 9% to 25.9 thousand tonnes and SOx emissions decreased by 4% to 299 tonnes. This was largely a result of reduced drilling and well activity at Snorre and Troll in 2023. Additionally, start-up of Hywind Tampen contributed to reduced emissions at Snorre and Gullfaks. The non-methane volatile organic compound (nmVOC) emissions decreased by 7% compared to 2022 levels. The decrease was mainly due to less oil loaded and change in emission factor at Gullfaks A.

In 2023, the total volume of generated waste was 217 thousand tonnes compared to 204 thousand tonnes in 2022. The main contributor to the change was the increased hazardous waste from drilling activity at Statfjord East, Visund and Johan Sverdrup. The quantities of hazardous waste increased by 5%, from 185 thousand tonnes in 2022 to 195 thousand tonnes in 2023. The non-hazardous waste increased by 16%, from 19 thousand tonnes in 2022 to 22 thousand tonnes in 2023, mainly due to deposited concrete from the Snøhvit Future project at Hammerfest LNG.

Working with suppliers

The suppliers of Equinor Energy AS and its subsidiaries generate significant value to us, our partners and customers, and we believe in strong relationships with high-quality suppliers. They help us maintain safe and efficient operation at our facilities, realise new projects and create local supplier and employment opportunities. We aim to cooperate with the best performing suppliers that operate in accordance with our values and who maintain high standards for health, safety, sustainability and business conduct.

We expect that our suppliers to adhere to our Supplier Code of Conduct and meet our expectations related to climate and human rights as outlined in our Climate Expectations to Suppliers and Human Rights Expectations to Suppliers.

Human rights

Our commitment to conduct our business consistently with the United Nations Guiding Principles on Business and Human Rights (UNGPs) to respect the rights of people affected by our business stands firm and is also fundamental to a just and responsible transition.

Understanding and managing the risk of adverse human rights impacts related to our activities are at the core of our human rights commitment. We recognise that our activities can cause, contribute, or be linked to adverse human rights and other social impacts, especially in jurisdictions with weak regulatory frameworks, insufficient enforcement, and where our activities face inherent risks.

The Human Rights Policy and the Code of Conduct for the Equinor group apply to all our activities. Further internal requirements and work processes for conducting human rights due diligence are part of our management system. In accordance with our risk management system, we work to identify adverse human rights risks and impacts, and seek to prevent, mitigate or remediate such, as relevant in each situation.

To understand risks related to our new activities at large, we perform environmental and social impact assessments. These are an essential part of our project development process and include consultation with potentially affected stakeholders. What we learn through these consultations is used to inform our understanding of and address potential impacts on local stakeholders and communities, including indigenous peoples. Impact assessments in the early phases of project planning inform decision-making and enable more effective mitigation.

Integrity and anti-corruption

Our Code of Conduct, applicable for the Equinor group, sets out our commitment and requirements for how we do business. It applies to our employees, board members and hired personnel who, each year, are required to confirm that they understand and will comply with the Code of Conduct. In the Equinor group, we expect our suppliers to act in a way that is consistent with our Code of Conduct, and we engage with them to help them understand our ethical requirements and how we do business. If our expectations are not met, we take appropriate action. In 2023, the Code of Conduct underwent a review, and several sections were updated, particularly those related to harassment, bullying and discrimination.

Our Code of Conduct explicitly prohibits engaging in bribery and corruption in any form. The anti-corruption compliance programme for the Equinor group summarises the standards, requirements and procedures implemented to comply with applicable laws and regulations and maintain our high ethical standards. The programme lays down the foundation for ensuring that anti-bribery and corruption risks are identified, concerns are reported, and measures are taken to mitigate risks in all parts of the organisation.

The Code of Conduct also addresses the requirement to comply with applicable competition and antitrust laws. Our competition and antitrust programme consists of governing documents and manuals, and training of employees in high-risk positions, as well as regular risk assessments and assurance activities.

According to the Code of Conduct, all employees have a duty to report suspected violations of the Code or other unethical conduct. We require that our leaders work systematically and pro-actively to prevent, detect and respond to possible breaches of the Code and other ethical issues. Employees are encouraged to report/discuss concerns with their line manager or the line manager's superior, or to use available internal channels established to provide support. Concerns can also be reported through Equinor's Ethics Helpline which allows for anonymous reporting and is open for employees, business partners and the general public.

People and organisation

Equinor Energy AS has no employees, and relies on the services provided by other companies in the Equinor group and the Equinor group's principles and practices pertaining to people and organisation.

Research and development

Equinor is a technology intensive group of companies and research, and development are an integral part of its strategy.

Improved oil and gas recovery and improved drilling and well solutions are important to successfully fight declining production from mature fields. The research and development work is managed at the Equinor group level, and closely cooperates with universities and research institutions. Equinor has achieved some of the petroleum industry's highest recovery factors on the Norwegian continental shelf by combining scientific and engineering capabilities and boldly introducing new technology. As a part of the Equinor group, we contribute to the group's intention to further advance the most critical technologies to meet forthcoming improved oil recovery ambitions.

Research and development expenditures were USD 226 million in 2023, compared to USD 242 million in 2022.

Board of directors

At present, Equinor Energy AS' board of directors consists of five members.

The board held four ordinary meetings in 2023, and five extraordinary meetings. The average meeting attendance at these board meetings was 96%.

STAVANGER, 11 April 2024

THE BOARD OF DIRECTORS OF EQUINOR ENERGY AS

/s/ TORGRIM REITAN
CHAIR

/s/ ASLEIV BRANDSØY
MANAGING DIRECTOR

/s/ METTE FERKINGSTAD

/s/ FINN LEXOW

/s/ SIV HELEN RYGH TORSTENSEN

Financial statements

STATEMENT OF INCOME EQUINOR ENERGY AS

		Full year	
(in USD million)	Note	2023	2022
Revenues	5	41,867	77,713
Net income/(loss) from subsidiaries and other equity accounted investments	13	1,307	8,282
Other income		216	1,155
Total revenues and other income		43,390	87,150
Purchases [net of inventory variation]		(645)	(3,044)
Operating expenses		(4,653)	(4,646)
Selling, general and administrative expenses		(98)	(88)
Depreciation, amortisation and net impairment	11, 12	(5,170)	(4,361)
Exploration expenses	12	(476)	(366)
Total operating expenses		(11,042)	(12,505)
Net operating income/(loss)		32,348	74,646
Interest income and other financial income	9	721	611
Interest expenses and other financial expenses	9	(310)	(421)
Other financial items	9	354	607
Net financial items		765	797
Income/(loss) before tax		33,113	75,443
Income tax	10	(24,029)	(51,157)
Net income/(loss)		9,083	24,286

STATEMENT OF COMPREHENSIVE INCOME EQUINOR ENERGY AS

(in USD million)	Note	Full year 2023	2022
Net income/(loss)		9,083	24,286
Foreign currency translation effects		(1,396)	(1,700)
Items that may subsequently be reclassified to the Statement of income		(1,396)	(1,700)
Other comprehensive income/(loss)		(1,396)	(1,700)
Total comprehensive income/(loss)		7,687	22,586
Attributable to the equity holders of the company		7,687	22,586

BALANCE SHEET EQUINOR ENERGY AS

(in USD million)	Note	At 31 December 2023	2022
ASSETS			
Property, plant and equipment	11	28,356	28,565
Intangible assets	12	1,607	1,083
Investments in subsidiaries and other equity accounted investments	13	23,585	23,533
Derivative financial instruments	4	274	388
Prepayments and financial receivables		135	94
Receivables from group companies		389	176
Total non-current assets		54,346	53,839
Inventories		139	227
Trade and other receivables	15	1,054	1,510
Receivables from group companies	14	14,775	38,376
Derivative financial instruments	4	62	137
Total current assets		16,030	40,250
Total assets		70,376	94,089
EQUITY AND LIABILITIES			
Share capital		5,530	5,530
Additional paid-in capital		9,505	9,505
Reserves for unrealised gains		110	138
Retained earnings		16,773	16,869
Other reserves		(6,478)	(5,082)
Total equity	16	25,439	26,960
Lease liabilities	19	517	493
Deferred tax liabilities	10	13,204	11,727
Liabilities to group companies	14	6,424	6,628
Provisions and other liabilities	17	8,742	8,294
Total non-current liabilities		28,887	27,142
Trade, other payables and provisions	18	1,949	1,679
Current tax payable	10	11,372	16,909
Lease liabilities	19	315	422
Liabilities to group companies	14	2,414	20,978
Total current liabilities		16,050	39,987
Total liabilities		44,937	67,129
Total equity and liabilities		70,376	94,089

STATEMENT OF CASH FLOWS EQUINOR ENERGY AS

(in USD million)	Note	Full year 2023	2022
Income/(loss) before tax		33,113	75,443
Depreciation, amortisation and net impairment	11, 12	5,170	4,361
Exploration expenditures written off	12	67	(5)
(Gains)/losses on foreign currency transactions and balances		(354)	(607)
(Gains)/losses on sale of assets and businesses	3	(221)	(731)
(Income)/loss from equity accounted subsidiaries and investments		(41)	(8,028)
(Increase)/decrease in other items related to operating activities		(443)	(375)
(Increase)/decrease in net derivative financial instruments		(554)	2,122
Interest received		807	504
Interest paid		(18)	(161)
Cash flows provided by operating activities before taxes paid and working capital items		37,527	72,524
Taxes paid		(27,047)	(42,818)
(Increase)/decrease in working capital		3,319	(329)
Cash flows provided by operating activities		13,798	29,377
Capital expenditures and investments	11, 12, 13	(5,425)	(4,813)
(Increase)/decrease in other interest-bearing items		32	29
(Increase)/decrease in financial receivables from group companies		(1)	(714)
Proceeds from sale of assets and businesses and capital contribution received		228	380
Cash flows provided by/(used in) investing activities		(5,165)	(5,118)
Repayment of lease liabilities	19	(440)	(482)
Dividend and group contribution		(26,626)	(6,630)
Increase/(decrease) in financial receivables and liabilities to/from Equinor group companies[1)]	14	18,377	(17,147)
Cash flows provided by/(used in) financing activities		(8,689)	(24,259)
Net increase/(decrease) in cash and cash equivalents		(56)	0
Foreign currency translation effects		(1)	(10)
Cash and cash equivalents at the beginning of the period		57	67
Cash and cash equivalents at the end of the period[2)]		0	57

1) Mainly deposits in Equinor group's internal bank arrangement.
2) Cash and cash equivalents are included in the line Trade and other receivables in the Balance sheet. In addition, Equinor Energy AS is taking part in an internal cash pool arrangement with Equinor ASA. See note 14 Financial assets and liabilities for more information.

Notes to the Financial statements Equinor Energy AS

1 Organisation

Equinor Energy AS is incorporated and domiciled in Norway. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Equinor Energy AS´ business consists of the exploration, production and transportation of petroleum and petroleum-derived products, as well as financial support to other Equinor group entities. The group internal financial support includes the issuance of guarantees and to serve as co-obligor for certain finance debt entered into by Equinor ASA. The Equinor group's net assets on the Norwegian continental shelf are owned by Equinor Energy AS.

Equinor Energy AS is consolidated into Equinor ASA's Consolidated financial statements, cf. Equinor ASA's annual report. In accordance with the Norwegian Accounting Act §3-7, Equinor Energy AS does not prepare consolidated financial statements. For more information see Equinor ASA's Annual report 2023. The Consolidated financial statements can be obtained by contacting Equinor ASA, Forusbeen 50, 4035 Stavanger or from the website, www.equinor.com.

The financial statements of Equinor Energy AS for the full year of 2023 were authorised for issue in accordance with a resolution of the board of directors on 11 April 2024.

2 Material accounting policies

Statement of compliance
The financial statements of Equinor Energy AS ("the company" or "Equinor") are prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and regulations regarding simplified application of international accounting standards issued by the Norwegian Ministry of Finance on 7 February 2022.

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions where fair value measurement is applied. These exceptions are specifically disclosed in the accounting policies set out below. These material accounting policies have been applied consistently to all periods presented in these financial statements, except as otherwise noted. Certain amounts in the comparable years have been restated or reclassified to conform to current year presentation. The subtotals and totals in some of the tables in the notes may not equal the sum of the amounts shown in the primary financial statements due to rounding.

The statement of cash flows has been prepared in accordance with the indirect method.

Subsidiaries, associated companies and joint arrangements
Shareholdings and interests in subsidiaries and associated companies (companies in which Equinor Energy AS does not have control, or joint control, but has the ability to exercise significant influence over operating and financial policies, generally when the ownership share is between 20% and 50%), as well as Equinor´s participation in joint arrangements that are joint ventures, are accounted for using the equity method. Under the equity method, the investment is carried on the Balance sheet at cost plus post-acquisition changes in Equinor Energy AS´ share of net assets of the entity, less distribution received and less any impairment in value of the investment. Goodwill may arise as the surplus of the cost of investment over Equinor´s share of the net fair value of the identifiable assets and liabilities of the subsidiary, joint venture or associate. Goodwill included in the balance sheets of subsidiaries and associated companies is tested for impairment as part of the related investment in the subsidiary or associated company. The Statement of income reflects Equinor´s share of the results after tax of an equity-accounted entity, adjusted to account for depreciation, amortisation and any impairment of the equity-accounted entity´s assets based on their fair values at the date of acquisition in situations where Equinor Energy AS has not been the owner since the establishment of the entity. Equinor also reflects its share of the investment´s other comprehensive income (OCI) arisen after the acquisition. Net income/loss from equity accounted investments is presented as part of Total revenues and other income, as these investments in other companies engaged in energy-related business activities are considered part of Equinor´s main operating activities.

Within Equinor Energy AS´ equity, a reserve for valuation variances has been established. All positive differences between the equity accounted investments´ carrying value and the acquisition cost are allocated to this reserve.

Interests in joint operations (arrangements in which Equinor and other participants have joint control and each of the parties have rights to the assets and obligations for the liabilities, relating to their respective share of the arrangement) and similar arrangements (licences) outside the scope of IFRS 11 are recognised on a line-by-line basis, reflecting Equinor Energy AS´ share of assets, liabilities, income and expenses.

Indirect operating expenses, such as personnel expenses from Equinor ASA, are accumulated in cost pools. These costs are allocated on an hour incurred basis to business areas and to Equinor-operated joint operations under IFRS 11 and to similar arrangements (licences) outside the scope of IFRS 11. Costs allocated to the other partners' share of operated joint operations and similar arrangements reduce the costs in the Statement of income.

Asset transfers between Equinor Energy AS and its subsidiaries
Transfers of assets and liabilities between Equinor Energy AS and entities directly or indirectly controlled by Equinor Energy AS are accounted for at the carrying amounts of the assets and liabilities transferred, when the transfer is part of a reorganisation within the Equinor group.

Functional currency and foreign currency translations
Equinor Energy AS´ functional currency is Norwegian Krone (NOK), based on an evaluation of the company's primary environment and related cash-flows. Transactions in foreign currencies are translated to NOK, at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to NOK at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of income. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the dates of the transactions.

Presentation currency
Equinor Energy AS´ presentation currency is US dollar (USD). The Statement of income, the Balance sheet and the Statement of cash flows of Equinor Energy AS are translated from NOK into USD. Assets and liabilities are translated into USD at the foreign exchange rate at the balance sheet date. Revenues and expenses are translated using the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation from functional currency to presentation currency are recognised separately within Other comprehensive income (OCI).

Revenues
Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods and services in each such contract. The revenue amounts that are recognised reflect the consideration to which Equinor expects to be entitled in exchange for those goods and services. Revenue from the sale of crude oil, natural gas, petroleum products and other merchandise is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation. In the case of natural gas, which is delivered on a continuous basis through pipelines, sales are completed over time in line with the delivery of the actual physical quantities.

Revenues from the production of oil and gas in which Equinor shares an interest with other companies are recognised on basis of volumes lifted and sold to customers during the period (the sales method). Where Equinor has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Equinor has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Research and development
The company undertakes research and development both on a funded basis for licence holders, and on an unfunded basis for projects at its own risk. The company's own share of the licence holders' funding and the total costs of the unfunded projects are considered for capitalisation under the applicable requirements. All other research and development expenditures are expensed as incurred. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment.

Cost of CO2 Quotas
Purchased CO2 quotas under the EU Emissions Trading System (EU ETS) are reflected at cost in Operating expenses as incurred in line with emissions. Accruals for CO2 quotas required to cover emissions to date are valued at market price and reflected as a current liability within Trade, other payables and provisions. Quotas owned, but exceeding the emissions incurred to date, are carried in the Balance sheet at cost price, classified as Other current receivables, as long as such purchased quotas are acquired in order to cover own emissions and may be kept to cover subsequent years' emissions.

Obligations resulting from current year emissions and the corresponding amounts for quotas that have been bought, paid and expensed, but which have not yet been surrendered to the relevant authorities, are reflected net in the Balance sheet.

Income tax
Income tax in the Statement of income for the year comprises current income tax and effects of changes in deferred tax positions. Income tax is recognised in the Statement of income except when it relates to items recognised in other comprehensive income (OCI), in which case it is recognised in OCI.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually. The outcomes of tax disputes are mostly binary in

nature, and in each case the most likely amount for probable liabilities to be paid (including penalties) or assets to be received (disputed tax positions for which payment has already been made) is recognised within current tax or deferred tax as appropriate. Uplift benefit on the Norwegian continental shelf (NCS) is recognised when the deduction is included in the current year tax return and impacts taxes payable.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. For a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, considering the existence of contracts, production of oil or gas in the near future based on volumes of proved reserves, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances. When an asset retirement obligation or a lease contract is initially reflected in the accounts, a deferred tax liability and a corresponding deferred tax asset are recognised simultaneously and accounted for in line with other deferred tax items.

Oil and gas exploration, evaluation and development expenditures
Equinor Energy AS uses the successful efforts method of accounting for oil and gas exploration costs. Expenditures to acquire mineral interests in oil and gas properties, including signature bonuses, expenditures to drill and equip exploratory wells and evaluation expenditures are capitalised within Intangible assets as Exploration expenditures and Acquisition costs – oil and gas prospects. Geological and geophysical costs and other exploration and evaluation expenditures are expensed as incurred.

Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the find. This evaluation is normally finalised within one year after well completion. If, following the evaluation, the exploratory well has not found potentially commercial quantities of hydrocarbons, the previously capitalised costs are evaluated for derecognition or tested for impairment. Any derecognition or impairment is classified as Exploration expenses in the Statement of income.

Capitalised exploration and evaluation expenditures related to wells that find proved reserves, are transferred to Property, plant and equipment at the time of sanctioning of the development project. The timing from evaluation of a discovery until a project is sanctioned could take several years depending on the location and maturity, including existing infrastructure, of the area of discovery, whether a host government agreement is in place, the complexity of the project and the financial robustness of the project.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the company has decided to fund a portion of the selling partners' exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration and development work progresses. The company reflects exploration and evaluation asset disposals (farm-out arrangements) on a historical cost basis with no gain or loss recognition.

A gain related to a post-tax-based disposal of assets on the NCS includes the release of tax liabilities previously recognised related to the assets in question. The resulting post-tax gain is recognised in full in Other income in the Statement of income.

Equal-valued exchanges (swaps) of exploration and evaluation assets with only immaterial cash considerations are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Property, plant and equipment
Property, plant and equipment is reflected at cost, less accumulated depreciation and impairment. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, exploration costs transferred from intangible assets and, for qualifying assets, borrowing costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Capitalised exploration and evaluation expenditures, development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of production wells, and field-dedicated transport systems for oil and gas are capitalised as producing oil and gas properties within Property, plant and equipment. Such capitalised costs, when designed for significantly larger volumes than the reserves from already developed and producing wells, are depreciated using the unit of production method (UoP) based on proved reserves expected to be recovered from the area during the concession or contract period. Depreciation of production wells uses the UoP method based on proved developed reserves, and capitalised acquisition costs of proved properties are depreciated using the UoP method based on total proved reserves. In the rare circumstances where the use of proved reserves fails to provide an appropriate basis reflecting the pattern in which the asset's future economic benefits are expected to be consumed, a more appropriate reserve estimate is used. Depreciation of other assets and transport systems used by several fields is calculated on the basis of their estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For exploration and production

assets the company has established separate depreciation categories which as a minimum distinguish between platforms, pipelines and wells.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset is included in Other income or Operating expenses, respectively, in the period the item is derecognised.

Monetary or non-monetary grants from governments, when related to property, plant and equipment and considered reasonably certain, are recognised in the Balance sheet as a deduction to the carrying value of the asset and subsequently recognised in the Statement of income over the life of the depreciable asset as a reduced depreciation expense.

Leases
A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Equinor Energy AS is for most part the lessee in its lease contracts, where the company leases assets used in its operations, such as drilling rigs, supply vessels, land bases and helicopters. As a lessee, for each contract that meets the definition of a lease, Equinor Energy AS recognises a lease liability at commencement of the lease term, equal to the net present value of non-variable lease payments over the lease term. The lease term includes non-cancellable lease periods under the lease contracts, including periods covered by lease extension options considered reasonably certain to be executed. Short-term leases (<12 months), leases of low value assets (defined as when the sum of nominal lease payments over the lease term do not exceed USD 500,000), variable lease elements and non-lease components within lease contracts are expensed as incurred. The discount rate used to calculate the lease liability is based on Equinor Energy AS' incremental borrowing rate.

Correspondingly, a right-of-use (RoU) asset is recognised at an amount which normally would equal the lease liability. The RoU asset is depreciated over the lease term, unless the lease costs are included in the cost of another asset, typically in exploration or development activities.

Lease payments are separated into repayment of the lease liability, presented within cash flows used in financing activities in the Statement of cash flows, and payments of interests, presented with financial items in the Statement of income and operating cash flows in the Statement of cash flows.

Where all partners in a licence are considered to share the primary responsibility for lease payments under a contract, the related lease liability and RoU asset will be recognised net by Equinor, on the basis of Equinor's participation interest in the licence. When Equinor is considered to have the primary responsibility for the full external lease payments, the lease liability is recognised gross (100%). Equinor derecognises a portion of the RoU asset equal to the non-operator's interests in the lease, and replace it with a corresponding financial lease receivable, if a financial sublease is considered to exist between Equinor and the licence. A financial sublease will typically exist where Equinor enters into a contract in its own name, has the primary responsibility for the external lease payments, the underlying asset will only be used on one specific licence, and the costs and risks related to the use of the asset are carried by that specific licence.

Intangible assets including goodwill
Intangible assets are stated at cost, less accumulated amortisation and impairment. Intangible assets mainly include expenditure on the exploration for and evaluation of oil and natural gas resources and goodwill.

Intangible assets relating to expenditures on the exploration for and evaluation of oil and natural gas resources are not amortised. When the decision to develop a particular area is made, related intangible exploration and evaluation assets are reclassified to Property, plant and equipment.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in a business combination at the acquisition date. Goodwill acquired is allocated to each cash generating unit (CGU), or group of units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment. In acquisitions made on a post-tax basis according to the rules on the NCS, a provision for deferred tax is reflected in the accounts based on the difference between the acquisition cost and the tax depreciation basis transferred from the seller. The offsetting entry to such deferred tax amounts is reflected as goodwill, which is allocated to the CGU or group of CGUs on whose tax depreciation basis the deferred tax has been computed.

Other intangible assets with a finite useful life, are depreciated over their useful life using the straight-line method.

Financial assets excluding derivatives
Financial assets are initially recognised at fair value. Trade and other receivables are subsequently carried at amortised cost, which for receivables are represented by the original invoice amount, less a provision for doubtful receivables which represents expected losses computed on a probability-weighted basis. The line-item Receivables from group companies includes the company's positive internal bank balances, as these represent a receivable against the cash pool in Equinor ASA. See note 14 Financial assets and liabilities for more details. The line-item Trade and other receivables also includes the company's cash and cash equivalents. See note 15 Trade and other receivables for more details.

Financial assets are presented as current if these contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if these are held for the purpose of being traded. Financial assets and financial liabilities are shown separately in the Balance sheet, unless Equinor has both a legal right and a demonstrable intention to net settle certain balances payable to and receivable from the same counterparty.

Derivative financial instruments
Equinor uses commodity-based derivative financial instruments to manage certain exposures to fluctuations in commodity prices. As described in note 21 Related parties, Equinor Energy AS carries the risk related to certain contracts entered into by Equinor ASA through back-to-back arrangements. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss. Equinor Energy AS presents the fair value of such derivative positions as intercompany receivables or liabilities towards Equinor ASA. The impact of commodity-based derivative financial instruments is recognised in the Statement of income under Revenues, as such derivative instruments are related to sales contracts or revenue-related risk management for all significant purposes.

Embedded derivatives within sales or purchase contracts between Equinor Energy AS and other companies within the Equinor group are not separated from the host contract.

Reserves for unrealised gains included within the Company's equity consists of accumulated unrealised gains on non-exchange traded financial instruments and accumulated positive fair value changes from embedded derivatives.

Contingent consideration which is included in Equinor's sales transactions from time to time is initially reflected at its fair value in the computation of transaction gain or loss, and, depending on the terms of the agreement, subsequently in most cases have been reflected in the accounts as a derivative, with the impact on the Statement of income included in Other income.

Impairment of property, plant and equipment, right-of-use assets and intangible assets including goodwill
The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on lowest levels with separately identifiable and largely independent cash inflows. Normally, separate cash generating units (CGUs) are individual oil and gas fields or plants. For capitalised exploration expenditures, the CGUs are individual wells. In Equinor Energy AS' line of business, judgement is involved in determining what constitutes a CGU. Development in production, infrastructure solutions, markets, product pricing, management actions and other factors may over time lead to changes in CGUs such as the disaggregation of one original CGU into several.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. The recoverable amount used in Equinor's impairment assessments is normally estimated value in use. The assets' fair value less cost of disposal may also be applied when such a value is available, reasonably reliable and based on a recent and comparable transaction.

Value in use is determined using a discounted cash flow model. The estimated future cash flows are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the assets, as set down in the Equinor group's most recently approved forecasts. Assumptions and economic conditions applied in establishing the forecasts are reviewed by management on a regular basis and updated at least annually. See note 11 Property, plant and equipment for a presentation of the most recently updated commodity price assumptions. For assets and CGUs with an expected useful life or timeline for production of expected oil and gas reserves extending beyond 5 years, the forecasts reflect expected production volumes, and the related cash flows include project or asset specific estimates reflecting the relevant period. Such estimates are established on the basis of Equinor group`s principles and group assumptions and are consistently applied.

The estimated future cash flows are adjusted for risks specific to the asset or CGU and discounted using a real post-tax discount rate which is based on Equinor's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset or CGU to which the unproved properties belong may exceed its recoverable amount, and at least once a year. Exploratory wells that have found reserves, but where classification of those reserves as proved depends on whether major capital expenditure can be justified or where the economic viability of that major capital expenditure depends on the successful completion of further exploration work, will remain capitalised during the evaluation phase for the exploratory finds. If, following evaluation, an exploratory well has not found proved reserves, the previously capitalised costs are tested for impairment. Subsequent to the initial evaluation phase for a well, it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future and there is no firm plan for future drilling in the licence.

A previously recognised impairment is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. A reversal cannot exceed the carrying amount of the asset or CGU that

would have been reflected, net of depreciation, if no impairment had been recognised in prior years. Impairment of unsuccessful wells is reversed, only to the extent that conditions for impairment are no longer present.

Impairments and reversals of impairments are presented in the Statement of income as Exploration expenses or Depreciation, amortisation and net impairment, on the basis of their nature as either exploration assets (intangible exploration assets) or development and producing assets (property, plant and equipment and other intangible assets), respectively.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU, or group of units, to which the goodwill relates. Where the recoverable amount of the CGU, or group of units, is less than the carrying amount, an impairment is recognised. When impairment testing goodwill originally recognised as an offsetting item to the computed deferred tax provision in a post-tax transaction on the NCS, the remaining amount of the deferred tax provision will factor into the impairment evaluations. Once recognised, impairments of goodwill are not reversed in future periods, and as such, Equinor considers impaired goodwill as derecognised.

Financial liabilities
Interest-bearing loans and borrowings are generally from the parent company Equinor ASA, or from other entities in the Equinor group. These are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated including any issue costs as well as discount or premium on settlement.

Financial liabilities are presented as current if the liability is expected to be settled as part of Equinor's normal operating cycle, the liabilities are due to be settled within 12 months after the balance sheet date, Equinor does not have the right to defer settlement of the liability more than 12 months after the balance sheet date, or if the liabilities are held for the purpose of being traded. Financial liabilities are derecognised when the contractual obligations are settled, or if they expire, are discharged or cancelled.

Dividends payable and group contributions
Dividends are reflected as Dividends payable within current liabilities. Group contributions for the year to other entities within Equinor's Norwegian tax group are reflected in the Balance sheet as current liabilities within Liabilities to group companies. Under simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, the presentation of dividends payable and group contributions payable differs from the presentation under IFRS® Accounting Standards, as it also includes dividends and group contributions payable which at the balance sheet date is subject to a future general assembly approval before distribution.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised under interest and other financial expenses in Net financial items.

Onerous contracts
The company recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received in relation to the contract. The provision for onerous contracts comprises the costs that relate directly to the contract, both incremental costs and an allocation of other costs that relate directly to fulfilling the contracts. A contract which forms an integral part of the operations of a cash generating unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash generating unit, is included in impairment considerations for the applicable cash generating unit.

Asset retirement obligations
Provisions for Asset retirement obligations (ARO) are recognised when the company has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. An obligation may also arise during the period of operation of a facility through a change in legislation or through a decision to terminate operations or be based on commitments associated with the company's ongoing use of pipeline transport systems where removal obligations rest with the volume shippers.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The cost is estimated based on current regulation and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a market-based risk-free rate based on the applicable currency and time horizon of the underlying cash flows. The provisions are classified under Provisions in the Balance sheet.

When a provision for ARO is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the property, plant and equipment. Any change in the present value of the estimated

expenditures is reflected as an adjustment to the provision and the corresponding property, plant and equipment. When a decrease in the ARO related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of Depreciation, amortisation and net impairment in the Statement of income. When an asset has reached the end of its useful life, all subsequent changes to the ARO are recognised as they occur in Operating expenses in the Statement of income. Removal provisions associated with shipping of volumes through third party transport systems are expensed as incurred.

Accounting judgement and key sources of estimation uncertainty.
A detailed description of accounting judgement and key sources of estimation uncertainty can be found in the Equinor's Consolidated statements for 2023.

3 Acquisitions and disposals

2023
There were no significant acquisitions or disposals in 2023.

2022
Acquisition of Statfjord licence shares
On 31 May 2022, Equinor Energy AS closed a transaction to acquire all of Spirit Energy's ownership interests in production licences in the Statfjord area on the Norwegian Continental Shelf ranging from 11.56% to 34.30%. All licences are operated by Equinor. The cash consideration received was USD 95 million. The assets and liabilities acquired have been reflected in accordance with the principles in IFRS 3 Business Combinations, resulting in an increase of USD 98 million in property, plant and equipment, an increase of USD 390 million in asset retirement obligation, a reduction of deferred tax liability of USD 298 million and an increase in taxes payable of USD 98 million.

Disposal of Ekofisk and Martin Linge on the Norwegian Continental Shelf
On 30 September 2022, Equinor Energy AS closed a transaction with Sval Energi AS to divest Equinor's entire ownership share in the Greater Ekofisk Area including its share in Norpipe Oil AS, and a 19% ownership share in Martin Linge. The cash consideration at closing amounted to USD 293 million. Equinor retained a 51% ownership share in Martin Linge and continues as operator of the field. The disposal resulted in a decrease in property, plant and equipment of USD 1,493 million, a decrease in asset retirement obligation of USD 376 million, a decrease in deferred tax liability of USD 597 million and a decrease in taxes payable of USD 686 million. A post-tax gain of USD 655 million is presented in the line item Other income in the Statement of income.

4 Financial risk management and measurement of financial instruments

General information relevant to financial risks
Equinor Energy AS' activities expose the company to market risk, liquidity risk and credit risk. Financial risks are managed at Equinor group level. The Equinor group's approach to risk management includes assessing and managing risk in activities using a holistic risk approach by considering the correlation between the most important market risks and the natural hedges inherent in the group's portfolio, with focus on achieving the highest risk adjusted returns for the group within the given mandate.

Market risk
Equinor Energy AS operates in the worldwide crude oil and natural gas market and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing. Equinor has guidelines for entering into derivative contracts to manage its commodity price, foreign currency rate, and interest rate risk, which encompasses Equinor Energy AS most significant market risks.

Commodity price risk
Commodity price risk represents Equinor Energy AS most important market risk. Equinor Energy AS has intercompany commodity based derivative contracts with Equinor ASA in order to manage the short-term commodity price risk, mainly related to gas prices. The commodity based derivative contracts consist of over-the-counter forward contracts, futures, market swaps and options related to natural gas. The term for natural gas derivatives is usually three years or less. Equinor's bilateral gas sales portfolio is exposed to various price indices with a combination of gas price markers.

Currency risk
Equinor Energy AS operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies, the United States Dollar (USD), the Euro (EUR) and the British Pound (GBP), against the Norwegian Krone (NOK). The company's cash inflows are largely denominated in or driven by USD while cash outflows, such as operating expenses and taxes payable, are to a large extent denominated in NOK. Foreign currency exchange risk is managed at corporate level in accordance with policies and mandates.

Interest rate risk
Equinor Energy AS has liabilities with both variable and fixed interest rates. The liabilities with floating interest rate condition expose the company to cash flow risk caused by market interest rate fluctuations.

Liquidity risk
Liquidity risk is the risk that Equinor Energy AS will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Equinor Energy AS has sufficient funds available at all times to cover its financial obligations.

Liquidity and funding are managed at the corporate level of Equinor group, ensuring adequate liquidity to cover Equinor Energy AS' operational requirements. The Equinor group has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting the financial obligations, The group maintains a conservative liquidity management policy. To identify future long-term financing needs, the Equinor group carries out three-year cash flow forecasts on a regular basis.

Credit risk
Key elements in the Equinor group's credit risk management are identification and assignment of credit ratings as well as exposure limits. The Equinor group uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral.

Credit risk is the risk that Equinor Energy AS customers or counterparties will cause Equinor Energy AS financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from derivative financial instruments. Equinor Energy AS is mainly exposed to credit risk related intercompany transactions and the back-to-back contracts with Equinor ASA. See note 5 Revenues for further information.

Measurement of financial instruments
Equinor Energy AS' derivative financial instruments are measured at fair value. All other financial instruments are measures at amortised cost and mainly consist of group liabilities and receivables, trade and other payables, and trade and other receivables. Amortised cost is a reasonable approximate of fair value, except for non-current group financial liabilities.

Fair value measurement of derivative financial instruments
The fair value of certain earn-out agreements is determined by the use of valuation techniques with price inputs from observable market transactions as well as internally generated price assumptions and volume profiles. The discount rate used in the valuation is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows adjusted for a credit premium to reflect either Equinor's credit premium, if the value is a liability, or an estimated counterparty credit premium if the value is an asset. In addition, a risk premium for risk elements not adjusted for in the cash flow may be included when applicable. The fair values of these assets derivative financial instruments have been classified in their entirety in the third level in the fair value hierarchy within current derivative financial instruments and non-current derivative financial instruments.

During 2023, derivative financial instruments within third level has a net decrease in fair value of USD 184 million. USD 57 million is recognised in the Statement of income related to changes in fair value of earn-out agreements. Related to the same agreements, USD 105 million has been fully realised as the underlying volumes have been delivered during 2023.

Commodity price risk
The table below contains the commodity price risk sensitivities of Equinor Energy AS' derivative financial instruments including the back-to-back derivative contracts with Equinor ASA. See note 2 Material accounting policies for further information regarding derivative financial instruments.

Price risk sensitivities at the end of 2023 and 2022 at 30%, are assumed to represent a reasonably possible change based on the duration of the derivatives.

	2023		2022	
(in USD million)	**- 30%**	**+ 30%**	**- 30%**	**+ 30%**
At 31 December				
Natural gas net gains/(losses)	(180)	168	(931)	938

5 Revenues

(in USD million)	Full year 2023	2022
Revenues third party	23,240	56,095
Intercompany revenues	18,627	21,618
Revenues	41,867	77,713

Equinor Energy AS sells most of its gas volumes to external customers through the parent company Equinor ASA. A significant portion of these sales are based on back-to-back contracts between Equinor Energy AS and Equinor ASA whereby Equinor Energy AS carries all risks related to the sale. These back-to-back sales contracts are considered as revenues third party. The receivables from these sales are included in the Balance sheet as receivables from group companies. Equinor Energy AS sells most of its liquid volumes to Equinor ASA whereby Equinor ASA takes over all risks related to the external sale of these volumes. These sales are considered intercompany sales in Equinor Energy AS. The receivables from these sales are included in the Balance sheet as receivables from group companies.

6 Salaries and personnel expenses

The company has no employees. No salary or other remuneration has been paid to the managing director in 2023 or 2022. The managing director is employed and paid by Equinor ASA.

No compensation was paid to the board of directors in 2023 or 2022.

7 Auditor's remuneration

Auditor's remuneration

(in USD million, excluding VAT)	Full year 2023	2022
Audit fee	1.3	0.4
Audit related fee	0.5	0.6
Total remuneration	1.8	1.0

In addition to the figures above, audit fees and audit related fees to the external auditor related to Equinor Energy AS operated licences amounted to USD 0.5 million and USD 0.6 million in 2023 and 2022, respectively.

There are no fees incurred related to tax advice or other services.

8 Research and development expenditures

Equinor Energy AS has research and development (R&D) activities within exploration, subsurface, drilling and well, facilities, low carbon and renewables. Our R&D contributes to maximizing and developing long-term value from Equinor's assets.

R&D expenditures amounted to USD 226 million and USD 242 million in 2023 and 2022, respectively. R&D expenditures are partly financed by partners of Equinor Energy AS operated licences. Equinor Energy AS share of the expenditures has been recognised in the Total operating expenses in the Statement of income.

9 Financial items

(in USD million)	Full year 2023	2022
Net foreign currency exchange gains/(losses)	354	607
Interest income from group companies	704	499
Interest income other current financial assets and other financial items	17	112
Interest income and other financial income	721	611
Capitalised borrowing costs	258	222
Accretion expense asset retirement obligations	(311)	(269)
Interest expense lease liabilities	(16)	(13)
Interest expense to group companies	(230)	(352)
Interest expense current financial liabilities and other finance expenses	(10)	(10)
Interest expenses and other financial expenses	(310)	(421)
Net financial items	765	797

10 Income taxes

Income tax

(in USD million)	Full year 2023	2022
Current taxes	22,418	50,455
Change in deferred tax	1,612	702
Income tax	24,029	51,157

No change in income tax legislation has been enacted in 2023 that would materially impact the financial statement for Equinor Energy AS.

Reconciliation of Norwegian statutory tax rate to effective tax rate

(in USD million)	Full year 2023	2022
Income/(loss) before tax	33,113	75,443
Calculated income tax at statutory tax rates:		
Corporate tax rate[1)]	(7,285)	(16,597)
Special petroleum tax rate[2)]	(18,543)	(42,248)
Tax effect of:		
Uplift[3)]	160	253
Income not subject to special petroleum tax	1,237	3,160
Permanent differences divestments on the NCS	262	1,454
Tax effect of permanent differences related to equity accounted investments	376	6,318
Permanent differences other	(169)	(574)
Income tax prior years	(23)	(76)
Change in tax legislation	0	(2,784)
Other	(44)	(62)
Income tax	(24,029)	(51,157)
Effective tax rate	72.6 %	67.8 %

1) Statutory tax rate is 22% for 2023 and 2022.

2) The Norwegian petroleum income is taxable at a tax rate of 56% after deduction for a calculated 22% corporate tax in the special petroleum tax basis.

3) As from 2023, the uplift deduction for investments has been discontinued except for asset investments that fall under the temporary rules enacted under the Covid-19 pandemic. For investments with PUD submitted to the authorities before 31 December 2022 and approved before 31 Dec 2023, the rules allow a direct deduction of the whole uplift in the year the capital expenditure is incurred. In 2022, the rate was 17.69% and this rate was reduced to 12.4% in 2023.

Significant components of deferred tax assets and liabilities:

(in USD million)	At 31 December 2023	2022
Deferred tax assets		
Other items	172	231
Asset retirement obligations	6,391	6,168
Lease liabilities	649	714
Derivatives	3	468
Total deferred tax assets	7,215	7,581
Deferred tax liabilities		
Property, plant and equipment	19,020	17,635
Capitalised exploration expenditures and capitalised interest	1,399	1,674
Total deferred tax liabilities	20,419	19,308
Net deferred tax liabilities	13,204	11,727

Deferred tax liabilities

(in USD million)	2023	2022
Deferred income tax liability at 1 January	11,727	13,517
Charged to the Statement of income	1,612	702
Acquisition and divestment	155	(893)
Foreign currency translation effects	(289)	(1,598)
Deferred income tax liabilities at 31 December	13,204	11,727

Current tax payable

(in USD million)	2023	2022
Tax payable at 1 January	16,909	12,857
Current tax payable	22,331	50,299
Tax settlement previous years	(15,210)	(12,581)
Tax instalment current year	(11,573)	(30,576)
Other[1)]	(1,085)	(3,090)
Tax payable at 31 December	11,373	16,909

1) Mainly exchange rate effects.

11 Property, plant and equipment

(in USD million)	Machinery, equipment and transportation equipment	Production plants and oil and gas assets	Refining and manufacturing plants	Buildings and land	Assets under development	Right of use assets[5)]	Total
Cost at 1 January 2023	190	99,905	502	63	5,397	1,572	107,630
Additions and transfers	5	3,582	3	0	1,622	209	5,420
Changes in asset retirement obligations	0	543	0	0	32	0	575
Disposals at cost	0	(2,588)	(5)	0	(2)	(110)	(2,704)
Foreign currency translation effects	(6)	(3,050)	(16)	(2)	(114)	(45)	(3,232)
Cost at 31 December 2023	189	98,392	484	61	6,935	1,626	107,688
Accumulated depreciation and impairment at 1 January 2023	(175)	(77,716)	(359)	(18)	(71)	(726)	(79,065)
Depreciation	(5)	(4,302)	(27)	(9)	0	(228)	(4,571)
Impairment	0	(588)	0	0	0	0	(588)
Accumulated depreciation and impairment on disposed assets	0	2,378	2	0	0	110	2,490
Foreign currency translation effects	5	2,371	10	0	2	14	2,403
Accumulated depreciation and impairment at 31 December 2023	(175)	(77,856)	(374)	(28)	(69)	(831)	(79,332)
Carrying amount at 31 December 2023	15	20,536	111	34	6,867	795	28,356
Estimated useful lives (years)	3 - 10	UoP[1)]	15 - 20/UoP[2)]	15 - 25/UoP[3)]		1 - 16[4)]	

1) Depreciation according to unit of production method (UoP), see note 2 Material accounting policies.
2) Includes UoP method on offshore activity assets.
3) Land is not depreciated. Buildings include UoP method on offshore activity assets.
4) Depreciation linearly over contract period.
5) Right of use assets as per 31 December 2023 mainly consist of Drilling rigs USD 234 million, Vessels USD 241 million and Land and buildings USD 185 million.

Impairment
In 2023 Equinor recognised net impairments of USD 588 million, mainly relating to net reduced expected reserves and expectations of stabilizing refinery margins at a lower level than the margins consumed in recent periods. In 2022 net impairment reversal of USD 821 million was recognised mainly due to increased gas price assumptions and upward revision of reserves.

For impairment purposes, the producing and development asset's carrying amount is compared to its recoverable amount, defined as the higher of fair value less cost of disposal (FVLCOD) and estimated value in use (VIU). The recoverable amount applied in Equinor Energy AS´ impairment assessments is normally estimated value in use. The carrying amount for assets tested for impairment is USD 887 million in 2023. The carrying amount for assets tested for impairment was USD 3,201 million after the reversals in 2022.

The recoverable amounts of assets tested for impairment were mainly based on value in use (VIU) estimates or net present value estimates using assumed market participant assumptions based on internal forecasts on costs, production profiles and commodity prices. The base discount rate for VIU calculations is 5% real after tax. The discount rate is derived from Equinor's weighted average cost of capital. A derived pre-tax discount rate is 24% in the current year, which varies by year depending on asset specific characteristics, such as specific tax treatments, cash flow profiles and economic life.

Accounting assumptions
Management´s future commodity price assumptions and currency assumptions are used for value in use impairment testing. The same assumptions are also used for evaluating investment opportunities, together with other relevant criteria, including among others robustness targets (value creation in lower commodity price scenarios). While there are inherent uncertainties in the assumptions, the commodity price assumptions as well as currency assumptions reflect management´s best estimate of the price and currency development over the life of the Group´s assets based on its view of relevant current circumstances and the likely future development of such circumstances, including energy demand development, energy and climate change policies as well as the speed of the energy transition, population and economic growth, geopolitical risks, technology and cost development and other factors. Management´s best estimate also takes into consideration a range of external forecasts.

Equinor group has performed a thorough and broad analysis of the expected development in drivers for the different commodity markets and exchange rates. Significant uncertainty exists regarding future commodity price development due to the transition to a lower carbon economy, future supply actions by OPEC+ and other factors. The management´s analysis of the expected development in drivers for the different commodity markets and exchange rates resulted in changes in the long-term price assumptions with effect from the second quarter of 2023. The main changes with effect for impairment and impairment reversal assessments are disclosed in the table below as price-points on price-curves. Previously applied price-points are given in brackets.

Year Prices in real terms 1)		2025		2030		2040		2050
Brent Blend (USD/bbl)	79	(78)	78	(78)	73	(73)	68	(68)
European gas (USD/mmBtu) - TTF	15.5	(20.9)	9.1	(9.9)	9.5	(9.4)	9.5	(9.4)
Electricity Germany (EUR/MWh)	106	(122)	78	(74)	71	(60)	71	(60)
EU ETS (EUR/tonne)	90	(84)	105	(84)	128	(111)	150	(137)

1) Basis year 2023. The prices in the table are price-points on price-curves.

Climate considerations are included in the impairment calculations directly by estimating the CO2 taxes in the cash flows. Indirectly, the expected effect of climate change is also included in the estimated commodity prices where supply and demand are considered. The prices also have effect on the estimated production profiles and economic cut-off of the projects. Furthermore, climate considerations are a part of the investment decisions following Equinor´s strategy and commitments to the energy transition.

Norway´s Climate Action Plan for the period 2021-2030 (Meld. St 13 (2020-2021)) which assumes a gradually increased CO2 tax (the total of EU ETS + Norwegian CO2 tax) in Norway to 2,000 NOK/tonne in 2030 is used for impairment calculations of Norwegian upstream assets.

The long-term NOK currency exchange rates are expected to be unchanged. The NOK/USD rate from 2026 and onwards is kept at 8.50 the NOK/EUR at 10.0. The USD/ GBP rate is kept at 1.35.

The base discount rate applied in value in use calculations is 5.0% real after tax. This rate is basically the interest rate used for upstream activities. For other business areas the discount rate will be determined based on a risk assessment. Typically, the rate will decrease for assets/projects where the revenue is secured by fixed fees or government grants.

Sensitivities
Commodity prices have historically been volatile. Significant downward adjustments of Equinor's commodity price assumptions would result in impairment on certain producing and development assets in Equinor's portfolio that are subject to impairment assessment under IAS 36, while an opposite adjustment could lead to impairment-reversals. If a decline in commodity price forecasts over the lifetime of the assets were 30%, considered to represent a reasonably possible change, the impairment amount to be recognised could illustratively be in the region of USD 2 billion before tax effects.

A future change in the trajectory of how the world acts with regards to implementing actions in accordance with the goals in the Paris agreement could, depending on the detailed characteristics of such a trajectory, have a negative impact on the valuation of Equinor's property, plant, and equipment.

A calculation of a possible effect of using the prices (including CO2 prices) in a 1.5°C compatible Net Zero Emission by 2050 Scenario as estimated by the International Energy Agency (IEA) could result in an impairment of around USD 2 billion before tax. The possible effect of using the Announced Pledges Scenario (APS), where assumes that the governments will meet in full and on time all the climate commitments that they have announced, is approximately USD 1 billion.

These illustrative impairment sensitivities, both based on a simplified method, assumes no changes to input factors other than prices; however, a price reduction of 30% or those representing Net Zero Emission by 2050 Scenario is likely to result in changes in business plans as well as other factors used when estimating an asset's recoverable amount. These associated changes reduce the stand-alone impact on commodity price sensitivity. Changes in such input factors would likely include a reduction in the cost level in the oil and gas industry as well as offsetting foreign currency effects, both of which have historically occurred following significant changes in commodity prices. The illustrative sensitivities are therefore not considered to represent a best estimate of an expected impairment impact, nor an estimated impact on revenues or operating income in such a scenario. A significant and prolonged reduction in oil and gas prices would also result in mitigating actions by Equinor and its licence partners, as a reduction of oil and gas prices would impact drilling plans and production profiles for new and existing assets. Quantifying such impacts is considered impracticable, as it requires detailed technical, geological, and economical evaluations based on hypothetical scenarios and not based on existing business or development plans.

12 Intangible assets

(in USD million)	Exploration expenses	Acquisition costs - oil and gas prospects	Goodwill	Other	Total
Cost at 1 January 2023	355	105	606	57	1,123
Additions	253	352	0	9	615
Disposals at cost	0	0	(7)	0	(7)
Expensed exploration expenditures previously capitalised	(67)	0	0	0	(67)
Foreign currency translation effects	(2)	15	(19)	(1)	(7)
Cost at 31 December 2023	540	472	579	65	1,656
Accumulated amortisation and impairment at 31 December 2023				(49)	(49)
Carrying amount at 31 December 2023	540	472	579	16	1,607

The table below shows the aging of capitalised exploration expenditures:

(in USD million)	2023	2022
Less than one year	272	182
Between one and five years	248	109
More than five years	19	65
Total capitalised exploration expenditures	540	355

The table below shows the components of the exploration expenses:

	Full year	
(in USD million)	2023	2022
Exploration expenditures	662	493
Expensed exploration expenditures previously capitalised	67	(5)
Capitalised exploration	(253)	(123)
Exploration expenses	476	366

13 Investments in subsidiaries and other equity accounted companies

(in USD million)	2023	2022
Investments at 1 January	23,533	15,496
Net income/(loss) from subsidiaries and other equity accounted companies	1,307	8,282
Additions/(disposals)	(16)	187
Distributions	(1,323)	(296)
Foreign currency translation effects	84	(137)
Investments at 31 December	23,585	23,533

The closing balance of investments at 31 December 2023 of USD 23,585 million consists of investments in subsidiaries amounting to USD 23,580 million and investments in other equity accounted companies amounting to USD 5 million. In 2022, the amounts were USD 23,527 million and USD 6 million, respectively.

The translation adjustments relate to foreign currency translation effects from subsidiaries with functional currencies other than USD. In addition, there are also foreign currency exchange rate effects caused by the difference in Equinor Energy AS' functional currency (NOK) and presentation currency (USD).

In 2023, Net income/(loss) from subsidiaries and other equity accounted companies was impacted by net impairment of USD 60 million after tax due to impairment resulting from New York State Public Service Commission (PSC) decision to reject price increase petitions related to offtake agreements from several offshore and onshore wind farm developers, including Equinor's joint ventures – which is partially offset by impairment reversals in Equinor's Gulf of Mexico operations.

In 2022, Net income/(loss) from subsidiaries and other equity accounted companies was impacted by net impairment reversal of USD 1,023 million after tax mainly due to increased price assumptions.

Distributions during 2023 consist mainly of received dividend from Equinor Holding Netherlands BV of USD 821 million, dividend from Equinor Dezassete AS of USD 425 million and dividend from Equinor Murzuq AS of USD 59 million..

The acquisition cost for investments in subsidiaries and other equity accounted companies are USD 31,294 million in 2023 and USD 32,487 million in 2022.

The following table shows the largest subsidiaries directly held by Equinor Energy AS at 31 December 2023:

Name	Ownership share in %	Country of incorporation
Equinor Dezassete AS	100	Norway
Equinor Energy International AS	100	Norway
Equinor Holding Netherlands BV	100	Netherlands
Equinor International Well Response Company AS	100	Norway
Equinor Murzuq AS	100	Norway
Equinor US Holdings Inc.	100	USA

For the investments, voting rights correspond to ownership.

14 Financial assets and liabilities

Current receivables from group companies:

(in USD million)	At 31 December 2023	2022
Internal bank balances	10,264	30,265
Other receivables from group companies	4,511	8,111
Receivables from group companies	14,775	38,376

Non-current liabilities to group companies:

(in USD million)	At 31 December 2023	2022
Interest-bearing liabilities to group companies	6,390	6,594
Non-interest-bearing liabilities to group companies	34	34
Liabilities to group companies	6,424	6,628

The credit facility given from Equinor ASA has been fully utilised in both 2023 and 2022.

Of the total interest-bearing non-current liabilities at 31 December 2023 USD 3,932 million is due later than five years. USD 2,458 million is due within the next five years.

Current liabilities to group companies:

(in USD million)	At 31 December 2023	2022
Dividend and group contributions[1)]	1,180	18,261
Other current liabilities	1,234	2,717
Liabilities to group companies	2,414	20,978

1) Includes accrued dividend of USD 786 million to Equinor ASA and accrued group contribution before tax to Statholding AS of USD 394 million. In 2022, the corresponding amounts were USD 17,550 million for Equinor ASA and USD 710 million for Statholding AS.

15 Trade and other receivables

(in USD million)	At 31 December 2023	2022
Trade receivables	91	83
Other receivables	964	1,427
Trade and other receivables	1,054	1,510

Other receivables mainly consist of joint venture receivables, prepaid expenses, other current receivables (non-interest-bearing) and accruals for lifting imbalances related to Equinor Energy AS operated licences. Other receivables also include Cash and cash equivalents of USD 0.4 million at 31 December 2023. The corresponding amount was USD 57.3 million at 31 December 2022.

16 Equity and shareholders

(in USD million)	2023	2022
Shareholders' equity at 1 January	26,960	21,872
Net income/(loss)	9,083	24,286
Foreign currency translation effects[1)]	(1,396)	(1,700)
Dividends and Group contributions[2)]	(9,208)	(17,498)
Shareholders' equity at 31 December	25,439	26,960

Share capital of NOK 36,172,224,000 (USD 5,529,516,612) comprised of 17,424,000 shares at a nominal value of NOK 2,076. All shares are owned by Equinor ASA.

1) The foreign currency translation reserve as of 31 December 2023 was negative USD 6,478 million and negative USD 5,082 million as of 31 December 2022.
2) Includes extraordinary dividend to Equinor ASA of USD 9,540 million, accrued dividend of USD 786 million to Equinor ASA and accrued group contribution to Statholding AS of USD 307 million for 2023. In addition there is a positive currency effect of USD 1,441 million mainly related to accrued dividend for 2022.

17 Provisions and other liabilities

(in USD million)	Asset retirement obligations	Other provisions and liabilities	Total
Non-current portion at 31 December 2022	7,846	448	8,294
Current portion at 31 December 2022	62	8	70
Provisions and other liabilities at 31 December 2022	7,908	456	8,364
New or increased provisions and other liabilities	151	68	219
Change in estimates	613	33	646
Amounts charged against provisions and other liabilities	(38)	(23)	(61)
Effects of change in the discount rate	(188)	5	(184)
Reduction due to divestments	(347)	98	(248)
Accretion expenses	311	0	311
Reclassification and transfer	(25)	9	(16)
Foreign currency translation effects	(192)	(2)	(194)
Provisions and other liabilities at 31 December 2023	8,193	645	8,837
Non-current portion at 31 December 2023	8,109	633	8,742
Current portion at 31 December 2023	83	12	95

The timing of cash outflows of asset retirement obligations depends on the expected production cease at the various facilities.

The Other provisions and liabilities category relates to expected payments on cancellation fees, onerous contracts and other liabilities.

For further information of methods applied and estimates required, see note 2 Material accounting policies.

Expected timing of cash outflows:

(in USD million)	Asset retirement obligations	Other provisions and liabilities	Total
2024 - 2028	528	244	772
2029 - 2033	543	84	627
2034 - 2038	1,811	33	1,843
2039 - 2043	3,921	11	3,932
Thereafter	1,389	273	1,662
At 31 December 2023	8,193	645	8,837

18 Trade, other payables and provisions

	At 31 December	
(in USD million)	2023	2022
Trade payables	181	191
Payables due to participation in joint operations and similar arrangements	1,332	1,149
Other non-trade payables, accrued expenses and provisions	436	339
Trade, other payables and provisions	1,949	1,679

19 Leases

Equinor Energy AS is for the most part a lessee in its lease contracts, in which it leases assets used in operational activities, such as drilling rigs, supply vessels, helicopters and land bases. The use of leases in Equinor merely serves operational purposes, rather than as a tool for financing.

Information related to lease payments and lease liabilities

(in USD million)		2023		2022
Lease liabilities at 1 January		915		1,294
New leases, including remeasurements and cancellations		385		185
Gross lease payments	(483)		(524)	
Lease interest	32		24	
Lease repayments	(451)	(451)	(500)	(500)
Foreign currency translation effects		(17)		(64)
Lease liabilities at 31 December		832		915
Current lease liabilities		315		422
Non-current lease liabilities		517		493

Equinor recognised revenues of USD 144 million in 2023 and USD 131 million in 2022 related to lease costs recovered from licence partners related to lease contracts being recognised gross by Equinor.

Commitments relating to lease contracts which had not yet commenced at year end are included within commitments in note 20 Other Commitments, contingent liabilities and contingent assets.

Non-current lease liabilities maturity profile

	At 31 December	
(in USD million)	2023	2022
Year 2 and 3	334	318
Year 4 and 5	119	89
After 5 years	63	86
Total repayment of non-current lease liabilities	517	493

Undiscounted contractual lease payments for Equinor's lease liabilities are USD 344 million in 2024, USD 490 million within two to five years and USD 67 million after five years.

The Right of use assets are included within the line item Property, plant and equipment in the Balance sheet. See also note 11 Property, plant and equipment.

20 Other commitments, contingent liabilities and contingent assets

Contractual commitments
Equinor Energy AS had contractual commitments of USD 4,714 million at 31 December 2023. The contractual commitments reflect Equinor's proportional share and mainly comprise construction and acquisition of property, plant and equipment. It also includes Equinors' estimated expenditures related to commitments to drill a certain number of wells, commitments which sometimes can be a prerequisite to be awarded oil and gas exploration and production licences.

As a condition for being awarded offshore oil and gas exploration and production licences, participants may be committed to drill a certain number of wells. At the end of 2023, Equinor was committed to participate in 12 offshore wells, with an average ownership interest of approximately 43%. Equinor's share of estimated expenditures to drill these wells amounts to USD 181 million. Additional wells that Equinor may become committed to participating in, depending on future discoveries in certain licences, are not included in these numbers.

Other long-term commitments
Equinor Energy AS has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on Equinor Energy AS the obligation to pay for the agreed-upon service or commodity, irrespective of actual use. The contracts' terms vary, with duration of up to 2060.

Take-or-pay contracts for the purchase of commodity quantities are only included in the table below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by Equinor Energy AS to entities accounted for using the equity method are included in the table below with Equinor Energy AS' full proportionate share. For assets (such as pipelines) that are included in the Equinor Energy AS accounts through joint operations or similar arrangements, and where consequently Equinor Energy AS' share of assets, liabilities, income and expenses (capacity costs) are reflected on a line-by-line basis in the financial statements, the amounts in the table include the net commitment payable by Equinor Energy AS (i.e. Equinor's proportionate share of the commitment less Equinor's ownership share in the applicable entity).

The table below includes USD 956 million related to the non-lease components of lease agreements reflected in the accounts according to IFRS 16, as well as leases not yet commenced. See note 19 Leases for information regarding lease related commitments.

Nominal minimum commitments at 31 December 2023:

(in USD million)	
2024	1,100
2025	1,121
2026	845
2027	668
2028	559
Thereafter	4,773
Total other long-term commitments	9,064

Guarantees
All of Equinor's Norwegian continental shelf (NCS) net assets are owned by Equinor Energy AS, and the company is co-obligor or guarantor of existing debt securities and other loan arrangements of Equinor ASA. For the portion of the debt for which it is co-obligor, Equinor Energy AS assumes and agrees to perform, jointly and severally with Equinor ASA, all payment and covenant obligations. At year-end 2023 the carrying value of debts for which Equinor Energy AS is the co-obligor and guarantor is equivalent to USD 1,830 million and USD 22,611 million, respectively.

Contingencies
During the normal course of its business Equinor Energy AS is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Equinor

Energy AS has provided in its financial statements for probable liabilities related to litigation and claims based on the company's best judgment. Equinor Energy AS does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

21 Related parties

The Norwegian State is the majority shareholder of Equinor ASA and also holds major investments in other Norwegian entities. Equinor ASA is the parent company of Equinor Energy AS. This ownership structure means that Equinor Energy AS participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party.

Revenue transactions with related parties are presented in note 5 Revenues. Total intercompany revenues amounted to USD 18.6 billion and USD 21.6 billion in 2023 and 2022, respectively. A major part of intercompany revenues is attributed to Equinor ASA, USD 18.5 billion and USD 21.3 billion in 2023 and 2022, respectively.

Equinor Energy AS purchases natural gas and pipeline transport on a back-to-back basis from Equinor ASA. Similarly, Equinor ASA enters into certain financial contracts, also on a back-to-back basis with Equinor Energy AS. Equinor Energy AS carries all the risks related to these transactions and they are therefore presented as third party purchases, operating expenses and financial instruments in these financial statements.

Expenses incurred on behalf of Equinor Energy AS are accumulated in cost pools in Equinor ASA and other group companies. Such expenses are allocated to Equinor Energy AS and to licences where Equinor Energy AS is operator. Expenses allocated from group companies amounted to USD 5.6 billion and USD 9.6 billion in 2023 and 2022, respectively. A major part of these expenses is allocated from Equinor ASA, USD 5.6 billion and USD 9 billion in 2023 and 2022, respectively. Equinor Energy AS' share of these expenses is reflected in the Statement of income and the remaining part is recharged to the other partners in the licences. Equinor Energy AS does not have any employees but purchases administrative services from Equinor ASA. A major part of the allocation is related to such personnel expenses from Equinor ASA, which is charged to Equinor Energy AS at cost on hours incurred basis.

Finance transactions with group companies are presented in note 9 Financial items.

Current receivables, non-current and current liabilities to group companies are included in note 14 Financial assets and liabilities.

22 Reserves (unaudited)

The company's proved oil and gas reserves have been estimated by its parent company's experts in accordance with industry standards under the requirements of the US Securities and Exchange Commission. At year-end 2023, the company's estimated proved reserves amounted to 531 million Sm3 oil equivalents. At year-end 2022, estimated proved reserves amounted to 589 million Sm3 oil equivalents.

Proved reserves are expected to be produced in the period from 2024 to 2054.

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time.

STAVANGER, 11 April 2024

THE BOARD OF DIRECTORS OF EQUINOR ENERGY AS

/s/ TORGRIM REITAN
CHAIR

/s/ ASLEIV BRANDSØY
MANAGING DIRECTOR

/s/ METTE FERKINGSTAD

/s/ FINN LEXOW

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Equinor Energy AS

Opinion

We have audited the financial statements of Equinor Energy AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 11 April 2024
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The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

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