SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

SONANGOL E.P.

Consolidated Financial Statements

31 December 2022

27 April 2023

SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

Consolidated Balance Sheet as at 31 December 2022

		31-12-2022	31-12-2021
		AOA	AOA
ASSETS			
Non-current assets			
Tangible fixed assets	4	1,597,945,583,975	1,559,046,271,687
Intangible assets	5	104,491,041,884	115,327,623,736
Oil and gas properties	4A	4,376,422,449,210	5,380,730,534,169
Exploration and evaluation assets	5A	144,429,794,995	87,638,150,626
Investments in affiliates	6	1,415,245,875,964	2,278,738,954,113
Other financial assets	7	574,674,749,362	614,496,815,012
Other non-current assets	9	256,058,451,484	72,772,267,608
Total Non-current Assets		**8,469,267,946,874**	**10,108,750,616,951**
Current assets			
Inventories	8	296,984,961,920	347,366,082,272
Accounts receivable	9	4,758,639,844,892	5,475,724,197,961
Cash and bank deposits	10	1,864,183,751,876	1,762,313,739,497
Other current assets	11	19,698,912,384	40,989,756,780
Total current Assets		**6,939,507,471,072**	**7,626,393,776,510**
Total Assets		15,408,775,417,946	17,735,144,393,461
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,000,000,000,000	1,000,000,000,000
Supplementary capital	12	1,846,949,307,988	1,846,949,307,988
Reserves	13	2,364,822,175,744	2,120,423,193,271
Retained earnings	13	(5,677,976,451,469)	(7,014,721,030,110)
Foreign exchange translation adjustments (FS conversion)	13	6,079,434,099,012	6,604,137,257,419
Net profit for the year		838,084,213,348	1,336,744,578,641
Total Equity		**6,451,313,344,623**	**5,893,533,307,209**
Non-current liabilities			
Loans	15	1,303,222,936,759	1,569,144,155,307
Provisions for post-employment benefits	17	707,884,436,702	1,034,248,282,991
Provisions for other risks and charges	18	2,162,369,769,532	2,937,956,414,341
Other non-current liabilities	19	969,295,727,851	926,471,461,483
Total non-current liabilities		**5,142,772,870,844**	**6,467,820,314,122**
Current liabilities			
Accounts payable	19	2,712,448,722,320	3,917,389,780,780
Loans	15	747,458,934,479	721,904,071,483
Provisions for other risks and charges	18	150,797,119,824	503,391,745,956
Other current liabilities	21	203,984,425,856	231,105,173,911
Total Current liabilities		**3,814,689,202,479**	**5,373,790,772,130**
Total Liabilities		**8,957,462,073,323**	**11,841,611,086,252**
Total Equity and Liabilities		15,408,775,417,946	17,735,144,393,461

Head of Department of Supervision
and Consolidation

SIGNED ON THE ORIGINAL

Armando Camões Sebastião

Certificate No. 20150382

Financial Director

SIGNED ON THE ORIGINAL

Divaldo Kienda Feijó Palhares

Certificate No. 20140034

Executive Director

SIGNED ON THE ORIGINAL

Baltazar Miguel

Chairman of the Board of
Directors

SIGNED ON THE ORIGINAL

Sebastião Gaspar Martins

SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

Consolidated Income Statement by nature for the year ended 31 December 2022

	Note	31-12-2022 AOA	31-12-2021 AOA
Sales	22	6,096,637,274,080	5,428,300,169,765
Services rendered	23	108,535,035,295	110,956,808,408
Other operating income	24	28,726,183,985	42,298,145,181
		6,233,898,493,360	5,581,555,123,354
Change in finished products and work in progress	25	(31,207,344,340)	43,465,602,083
Cost of goods sold and raw materials consumed	27	(2,174,234,140,018)	(1,589,107,365,987)
Oil and gas exploration and operating costs	27A	(844,358,484,530)	(1,195,500,892,137)
Personnel Costs	28	(434,542,307,303)	(437,729,235,394)
Depreciation and Amortisation	29	(926,292,117,746)	(1,270,248,206,872)
Other operating expenses	30	(269,778,196,188)	(252,273,838,587)
		(4,680,412,590,125)	(4,701,393,936,894)
Operating results:		1,553,485,903,235	880,161,186,460
Financial results	31	(166,375,986,465)	700,420,516,270
Net gains/(losses) from investments in affiliates	32	34,065,248,668	42,948,328,243
Non-operating results	33	5,094,097,807	244,258,725,618
		(127,216,639,990)	987,627,570,131
Profit before taxes:		1,426,269,263,245	1,867,788,756,591
Income tax	35	(588,185,049,897)	(531,076,290,188)
Net profit from current activities:		838,084,213,348	1,336,712,466,403
Extraordinary results	34	-	32,112,238
Net profit for the year		838,084,213,348	1,336,744,578,641

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SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Share capital	Supplementary capital	Reserves	Retained earnings	Foreign exchange translation adjustments (FS conversion)	Net profit for the year	Total Equity
	AOA	AOA	AOA	AOA	AOA	AOA	AOA
Opening balance	1,000,000,000,000	1,846,949,307,988	2,120,423,193,271	(7,014,721,030,110)	6,604,137,257,419	1,336,744,578,641	5,893,533,307,209
Changes in the period:							
Actuarial gains/losses	-	-	244,390,948,083	-	-	-	244,390,948,083
Other changes recognised in equity	-	-	8,034,390	-	-	-	8,034,390
Exchange differences arising on consolidation	-	-		-	(524,703,158,407)	-	(524,703,158,407)
Subtotal:	-	-	244,398,982,474	-	(524,703,158,407)	-	(280,304,175,933)
Net profit for the year						838,084,213,348	838,084,213,348
Subtotal:	-	-	-	-	-	838,084,213,348	838,084,213,348
Transactions with shareholders in the period:							
Transfer of prior year's net profit	-	-	-	1,336,744,578,641	-	(1,336,744,578,641)	-
Subtotal	-	-	-	1,336,744,578,641	-	(1,336,744,578,641)	-
Closing balance	1,000,000,000,000	1,846,949,307,988	2,364,822,175,744	(5,677,976,451,469)	6,079,434,099,012	838,084,213,348	6,451,313,344,623

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Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share capital	Supplementary capital	Reserves	Retained earnings	Foreign exchange translation adjustments (FS conversion)	Net profit for the year	Total Equity
	AOA	AOA		AOA	AOA	AOA	AOA
Opening balance	1,000,000,000,000	1,846,949,307,988	2,068,491,232,574	(4,626,026,262,537)	7,700,685,136,665	(2,383,978,740,844)	5,606,120,673,846
Changes in the period:							
Actuarial gains/losses	-	-	51,931,960,697	-	-	-	51,931,960,697
Other changes recognised in equity	-	-		(4,716,026,729)	-	-	(4,716,026,729)
Exchange differences arising on consolidation	-	-		-	(1,096,547,879,246)	-	(1,096,547,879,246)
Subtotal:	-	-	51,931,960,697	(4,716,026,729)	(1,096,547,879,246)	-	(1,049,331,945,278)
Net profit for the year						1,336,744,578,641	1,336,744,578,641
Subtotal:	-	-	-	-	-	1,336,744,578,641	1,336,744,578,641
Transactions with shareholders in the period:	-	-		-	-	-	-
Transfer of prior year's net profit	-	-		(2,383,978,740,844)	-	2,383,978,740,844	-
Subtotal	-	-	-	(2,383,978,740,844)	-	2,383,978,740,844	-
Closing balance	1,000,000,000,000	1,846,949,307,988	2,120,423,193,271	(7,014,721,030,110)	6,604,137,257,419	1,336,744,578,641	5,893,533,307,209

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Notes to the Consolidated Financial Statements for the year ended 31 December 2022

1. BUSINESS ACTIVITY AND CORPORATE INFORMATION

The Sociedade Nacional de Combustíveis de Angola E.P. (hereinafter referred to as "Sonangol E.P." or "Company" individually or "Sonangol Group" or "Group" when referred to as Sonangol E.P. and the entities included in the consolidation perimeter, as defined by the Board of Directors of Sonangol E.P.) has its headquarters in Rua Rainha Ginga n.º 29-31 – Luanda, Angola. Its main activity is to operate in the oil and gas industry from the initial stage of exploration and production of hydrocarbons (upstream), including all the related activities up to the moment of sale to the final customer (midstream / downstream).

In previous years, in accordance with Law no. 10/04 (Oil Activities Law), Sonangol E.P. was the designated Company to which the Angolan State had granted the mining rights of exploration, development and production of liquid and gaseous hydrocarbons. As the National Concessionaire, Sonangol E.P. was authorised to jointly perform oil operations together with foreign or Angolan companies in national territory. According to the Oil Activities Law (LAP) amendments, Law no. 10/04, of 12 November, through Law no. 5/19, of 18 April, a law that reorganises the oil sector, the entity holding the mining rights of the National Concessionaire became the National Oil, Gas and Biofuels Agency (ANPG - Agência Nacional de Petróleo, Gás e Biocombustíveis) which had been created through Presidential Decree no. 49/19, of 6 February. The outstanding balances between the parties are disclosed in notes 9, 19 and 18.

In this context of the new model of organisation of the sector, it was determined that the functions of the National Concessionaire would be transferred to the National Oil, Gas and Biofuels Agency (ANPG) from 1 May 2019, and consequently Sonangol E.P. (supported by the "Acordo de suporte à transição da separação da função Concessionária Nacional" agreement) no longer holds the exclusive rights for prospection, exploration and production of liquid and gaseous hydrocarbons, as well as the power to propose plans and programs to assess the exploitation potential of the country's hydrocarbon resources.

Once the legal bases have been introduced and given the nature of National Oil Company (NOC), Sonangol E.P. is authorised to associate itself with foreign or national entities to carry out oil operations in the national territory and will now have the right of preference in the allocation of a minimum 20% participating interest in new oil concessions, and in cases of extension of the production period in the oil fields that reach the end of the production period, there is a right of preference in the allocation of a participating interest of up to 20%. In both cases, Sonangol E.P. also enjoys rights of preference in the allocation of operator status by demonstrating the technical and financial capacity required in accordance with internationally accepted oil industry practices. These operations are substantiated in Association Contracts, Production Sharing Agreements and Service Contracts with Risk. Moreover, Sonangol E.P. has direct or indirect rights through an affiliate to be financed up to 20% in its research operations by international associates if it is not the operator.

In order to more effectively and professionally perform its core function (value chain) for hydrocarbons, Sonangol Pesquisa & Produção, S.A. and Sonangol Gás Natural e Energias Renováveis, S.A. were established. These two subsidiaries have been, gradually and in partnership, the Company's investment vehicle in the exploration and development of crude oil and natural gas.

Sonangol E.P. is also developing the business of exploration, development and production of crude oil, through investments in blocks 0 and FS/FST and activities as the Sonangol Group holding company.

Additionally, in 2019, Presidential Decree No. 15/19, of 9 January, which approves the new Organic Statute of Sonangol E.P., came into effect (which revokes Presidential Decree no. 222/17, of 27 September) following the need to adjust the Statutes to the current model of organisation of the Petroleum Sector, as a result of the creation of ANPG. The Decree introduced changes in the composition of its bodies, namely the Board of Directors, Supervisory Board and Management Board.

The Management Board (advisory body) is composed by the Chairman of the Board of Directors, the Directors, the heads of various functional areas of Sonangol E.P. and representatives of the Company's unionised workers.

Regarding the Supervisory Board, it is composed by 3 elements, one Chairman and two Members, appointed by joint order of the Ministerial Departments responsible for the Business Public sector and public finance, after consulting the ministerial department responsible for the oil sector.

Corporate Bodies

The Board of Directors currently consists of a maximum of 11 members, including four non-executive directors, and it is the responsibility of the Executive Power holder (TPE – "Titular do Poder Executivo") to appoint the members of the Board of Directors for a five year term, renewable more than once, pursuant to Presidential Decree 15/2019 of 9 January in its Article 32.

The composition of the Board of Directors and the respective allocation of portfolios between Executive and Non-Executive Directors, based on the new macro-structure in force since May 2020 is as follows:

Executive Directors

GASPAR MARTINS
CHAIRMAN OF THE BOARD OF DIRECTORS

- Chairman's office
- Secretarial services of the Board of Directors
- Human Resources
- Corporate Safety and Intelligence Office
- Exploration and Production Unit
- Sonangol Finance
- Communication, Brand and Social Responsibility Office

JOAQUIM FERNANDES
EXECUTIVE DIRECTOR

- Strategy and Portfolio Management Office
- Central Laboratory (Shared Services)
- Research and Inovation center (Shared Services)
- Refining and Petrochemistry Unit
- Distribution and Comercialization Unit

BALTAZAR MIGUEL
EXECUTIVE DIRECTOR

- Corporate Finance Office
- Sonangol Vida
- Clínica Girassol
- Petro Atlético de Luanda
- Cooperativa Cajueiro
- Centro Cultural Paz Flor
- Risk Committee
- Planning and Management Controlling Office
- Restructuring Program (Regeneration)

JORGE VINHAS
EXECUTIVE DIRECTOR

- Gas and Renewable Energy Unit [1]
- Trading & Shipping Unit
- SonAir
- Barra do Dande Ocean Terminal
- Manubito

KÁTIA EPALANGA
EXECUTIVE DIRECTOR

- Quality, Health, Safety and Environment Office
- Technology and Information Systems Office
- Privatisation Program (PROPRIV)
- Purchases and Contracting (Shared Services)
- Sonangol Investimentos Industriais
- Real Estate Management (Sonip) (Shared Services)
- General Services (Shared Services)

OSVALDO INÁCIO
EXECUTIVE DIRECTOR

- Tax Office
- Internal Audit Office
- Sonangol Holdings [2]
- Mercury Serviços de Telecomunicações [3]

OLGA SABALO
EXECUTIVE DIRECTOR

- Legal Advidory Office
- Compliance Office
- Academia Sonangol
- PDA/ISPTEC
- CFMA
- Governance Commitee

1. Angola LNG
2. Clínica Sonangol
3. Unitel/BFA

Non-executive Directors

- Audit Committee

- Remuneration and Compensation Committee

Supervisory Bodies

Supervisory Board

Article 49 of Law No. 11/13 of 3 September, the Basis Law of the Public Business Sector states that the supervisory body "Supervisory Board" of public companies should consist of three members, with a Chairman and two members appointed by joint decision of the Ministry of Mineral Resources, Oil and Gas and the Ministry of Finance.

The Supervisory Board in office at Sonangol E.P. appointed by joint order no. 3382/2020 of 16 July of the Ministry of Finance and the Ministry of Mineral Resources, Oil and Gas, consists of the following members:

- Patrício do Rosário da Silva Neto – Chairman;
- Claudia Cristina Silva Gomes Pires Pinto – Member;
- Gaspar Filipe Sermão – Member.

Auditor

KPMG Angola - Audit, Tax, Advisory, S.A., represented by the accounting expert Paulo Rui Inocêncio Ascenção.

Committees

The organic structure of Sonangol E.P. has four committees to support the Board of Directors, which are the Risk Committee, Governance Committee, Audit Committee and the Remuneration Committee, two of which are coordinated by non-executive directors in order to ensure their independence, namely:

1. Audit Committee

The Audit Committee is coordinated by two Non-Executive Directors of Sonangol E.P., and is composed of the Internal Audit Office, Compliance Office, Planning and Management Control Office, Corporate Finance Office, Quality, Health, Safety and Environment Office, as well as independent members. This "Committee" had its 1st meeting held on 30 March 2022.

2. Remuneration and Compensation Committee

The Remuneration and Compensation Committee is currently being set up and is coordinated by two Non-Executive Directors of the Board of Sonangol.

3. Governance Committee

The Governance Committee is a permanent consultative body that advises the Board of Directors of Sonangol E.P. on the adoption, review and periodic evaluation of the corporate governance model, internal rules and procedures relating to the structure and governance of Sonangol. The Committee is coordinated by an Executive Director of the Board of Sonangol E.P. and is composed of seven (7) members, namely (i) a member of the Board of Directors, (ii) the Compliance Manager, (iii) the Legal Advisory Manager, (iv) the Internal Audit Manager, (v) the Human Resources Manager, (vi) the Quality, Health, Safety and Environment Manager, (vii) the Corporate Finance Manager and (viii) the Planning and Management Control Manager.
This "Committee" had its 1st ordinary meeting held on 10 June 2022.

4. Risk Committee

The Risk Committee is an internal body of the Company responsible for identifying, assessing and managing the risks associated with the Company's activities. The "Committee" comprises members from different areas of the Company including finance, operations, human resources and legal.

The Group is present in various activities related with Oil and Gas, related activities and others, which are divided into 7 main business units, as disclosed in Note 3: Operating Segments.
These Consolidated Financial Statements were approved by the Board of Directors of Sonangol E.P. at the Board meeting held on 27 April 2023, being further subject to the approval of the Shareholder and Supervising Government member, which have the ability to change them after the authorisation for issue by the Board of Directors of Sonangol E.P..

The Board of Directors of Sonangol E.P. considers that these Consolidated Financial Statements present a true and fair view of the Sonangol Group operations and its financial position, in accordance with the accounting policies and principles presented in Note 2.

2. ACCOUNTING POLICIES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation and presentation of the Financial Statements

2.1.1 Basis of preparation and accounting framework used

These consolidated financial statements and related notes were prepared in accordance with the accounting principles and policies established and approved by the Board of Directors in the Accounting Policies Manual of Sonangol (*Manual de Políticas Contabilísticas da Sonangol*) and which take by reference the National Accounting Standards and certain provisions from the International Financial Reporting Standards (IFRS) in force. These principles are fully explained throughout Notes 2 and 3 of these Consolidated Financial Statements.

For the preparation of these Consolidated Financial Statements, the Sonangol Group followed the historical cost principle, except for Note 2.3. r), under which the assets were recognised by the amount of cash or cash equivalents paid or payable, at the exchange rate for the presentation currency, at acquisition date, and the liabilities were recognised by the amount of products and services received in exchange for the present obligation or the amount of cash payable, at the exchange rate for the presentation currency, at transaction date.

The carrying amounts of monetary items denominated in foreign currencies (against the presentation currency) are updated using the exchange rate at the reporting date, based on the reference selling exchange rates published by the National Bank of Angola (Banco Nacional de Angola) at that date. As at 31 December 2022, the last rate published by the National Bank of Angola was considered. The carrying amounts of non-monetary items recorded at historical cost and denominated in foreign currencies (against the presentation currency) are translated at the exchange rate of the transaction date and are not updated at each reporting date. Favourable and unfavourable exchange differences are recognised in the Income Statement, under Financial income or Financial expenses, respectively, when these are favourable or unfavourable to the Group. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are translated at the exchange rate prevailing on the date the fair value was determined.

The Consolidated Financial Statements were prepared in accordance with the characteristics of relevance and reliability and were prepared under the going concern and accrual basis assumptions in compliance with the accounting principles of consistency, materiality and comparability.

2.1.2 Basis of presentation of the Consolidated Financial Statements

The Group's Consolidated Financial Statements and related Notes are presented in Kwanzas, in accordance with the classification, format and order outlined in the General Accounting Plan (*Plano Geral de Contabilidade* or PGC), in compliance with the Decree no. 82/2001 of 16 November, adjusted by the introduction of specific items relating to the Group's core activity (oil and gas industry) and by certain provisions absent from the PGC. Notes not mentioned are not applicable to the Sonangol Group, either for not being materially relevant, or as a result of the adopted accounting policies.

The Group has also considered the extent to which the currency of the financial statements of entities included in the consolidation perimeter differs from the reporting currency used by the Sonangol Group.

A set of Sonangol Group companies, among which we highlight Sonangol E.P., Sonangol Pesquisa & Produção, S.A, Sonaref, Sonangol Gás Natural e Energias Renováveis, S.A., SONIP, Sonangol Finance Limited and a set of companies from the Trading & Shipping segment, prepare and present their Financial Statements based on the information included in their accounting records organised in US Dollars, prepared under the PGC, considering IAS 21 in a supplementary way. Compliance with these requirements will contribute to the relevance and reliability of the financial information to be reported to stakeholders in an area where the International Financial Reporting Standards (IFRS) have a more comprehensive and targeted guidance than that in the PGC and will also help achieve the medium-term goal of aligning Sonangol Group's accounting standards with the International Financial Reporting Standards.

As a result of this assessment, the Board of Directors of Sonangol E.P. considered that the adoption of IAS 21, supplementarily to the General Accounting Plan (PGC), and complying with its requirements would contribute to the relevance and reliability of the financial information to be reported in an area in which the IFRS provide broader and more focused guidance than that contained in the PGC.

The Group's Consolidated Financial Statements are presented in kwanza (AOA) in order to ensure compliance with the provisions of the General Accounting Plan and allowed by IAS 21.

In terms of the consolidation process, for entities that present their Financial Statements in a currency other than Kwanza, the Sonangol Group has translated those financial statements into the presentation currency of the Group, using the exchange rates of the National Bank of Angola as follows: (i) assets and liabilities were translated at the exchange rate in force at the reporting date; (ii) income and expenses were translated at the average exchange rate for the year and; (iii) equity was translated at the historical exchange rate, being the correction of fundamental errors recorded in retained earnings transposed considering the previous year's average exchange rate. The resulting exchange differences are recognised in Equity under the caption Foreign exchange translation adjustments (financial statement conversion).

The exchange rates used to translate balances and financial statements in foreign currencies are based on the information published by the Banco Nacional de Angola and are presented as follows:

Closing Exchange Rate	2022	2021	Currency
USD 1 =	503.691	554.981	AOA
EUR 1 =	537.438	629.015	AOA
GBP 1 =	607.048	749.918	AOA
ZAR 1 =	29.707	34,900	AOA
Average Exchange Rate	2022	2021	
USD 1 =	465.077	624.115	AOA
EUR 1 =	491.088	739.265	AOA
GBP 1 =	576.423	859.408	AOA
ZAR 1 =	28.538	42.340	AOA

2.1.3 Comparability of the Consolidated Financial Statements

The elements included in these Financial Statements are, as a whole, comparable with those of the previous year:

2.1.4 Consolidation perimeter

The Sonangol Group has prepared its Consolidated Financial Statements, for the first time, in 2013. The definition of the consolidation perimeter, of the entities to be included or excluded and the consolidation method to be applied, was defined by the Board of Directors for the purpose of providing the relevant information required by the Shareholder, the relevant authority, and the financing entities of Sonangol Group, as well as to provide accurate information for the purpose for which these Consolidated Financial Statements were prepared. The exclusion criteria for non-consolidation by the full consolidation method were, the immateriality of the financial investment, the absence of financial information prepared in a timely manner and the existence of severe and long-term restrictions which, in accordance with the Board of Directors, substantially impair the control exercised by the Sonangol Group of its rights over the assets or the management of the affiliate.

In the consolidation process, the following procedures were followed:

1. Standardisation of accounting policies and conversion of the Financial Statements, when the accounting policies adopted, and the currency of presentation differ from those used by the parent company;
2. Sum of the Financial Statements of the subsidiaries included in the consolidation by the full consolidation method;
3. Write-off of the financial investments held in the subsidiaries against related equity;
4. Adjustments related with the use of the acquisition method – calculation of goodwill and of the non-controlling interests;
5. Elimination of intra group balances and transactions;
6. Other necessary consolidation adjustments.

The entities integrating the Group, the percentage of shares held and the nature of the financial investment (subsidiary, joint arrangement, associate, other) are disclosed in Note 3 for subsidiaries consolidated by the full consolidation method and Note 6 for other affiliates.
In comparison with the perimeter that was the basis for the preparation of the Consolidated Financial Statements of 2021, no changes have occurred.

2.2 Judgments, estimates and significant assumptions used

The preparation of the Consolidated Financial Statements requires judgments, estimates and assumptions that affect the amount of income, expenses, assets and liabilities, and related disclosures, and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements.

Estimates and judgments are reviewed on an ongoing basis and based on the Board of Directors' experience and other factors, including expectations of future events that are believed to be reasonable according to the circumstances. However, uncertainty related to assumptions used and the estimates made, may lead to conclusions that require material adjustments to book values of assets and liabilities in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Additional information on each of these areas and how these impact the various accounting policies are described below and also in the relevant notes to the Consolidated Financial Statements.

Changes in estimates are treated prospectively.

2.2.1 Judgements

(i) Joint arrangements

The Board of Directors exercises judgment to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when decisions relating to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operations and equity decisions, such as the approval of the annual investment program and to nominate, remunerate and destitute the personnel responsible for the management or suppliers of the joint arrangement (see Note 2.3.b) for details).

Judgement is also required to classify a joint arrangement. Classifying the joint arrangement requires the Board of Directors to assess their rights and obligations arising from the arrangement. In particular, the Board of Directors considers:

a) The structure of the joint arrangement – whether it is structured through a separate vehicle;
b) When the arrangement is structured through a separate vehicle, the Board of Directors also considers the rights and obligations arising from:

- The legal form of the separate vehicle;
- The terms of the contractual arrangement;
- Other facts and circumstances (where relevant).

This assessment often requires significant judgement and may affect significantly the accounting treatment. Joint arrangements are measured at cost less impairment losses.

(ii) Determination of the functional and the reporting currencies

In determining the functional currency of the Group's entities, the Board of Directors uses its judgment to determine the currency of the principal economic environment in which each subsidiary operates, namely the currency that most accurately represents the economic effects of the transactions, events, and related conditions. As a result of this assessment, as well as the legal provisions in force, the Board of Directors considers that the US dollar (USD) is the functional currency of Sonangol E.P., the Group's parent company, as a standalone entity, which is different from the presentation currency of these Consolidated Financial Statements, kwanza (AOA).

2.2.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of uncertainty in estimates calculated at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the subsequent period, are described below.

The Group supports its assumptions and estimates based on parameters and information available when the Consolidated Financial Statements are prepared. Circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Hydrocarbon reserves

The estimation of crude oil reserves is an integral part of the decision-making process relating to the assets of upstream activities, in addition to supporting the development or implementation of assisted recovery techniques (secondary and tertiary).
The volumes of proven and probable crude oil reserves that the Group uses for the preparation of Financial Statements result from external independent expert reports. This information is updated annually and is used for calculating depreciation (according to the units of production method) and assessing the recoverability of assets allocated to oil and gas exploration and production. For evaluation of the impairment of investments in assets relating to the upstream activity (see Note 2.2.2 v)), the Group uses sources of information certified by independent entities considering proven and probable reserves as well as the future investment to be made to access these reserves and costs associated with the operation.

The estimate of reserves is subject to future revisions, based on new information available, for example, for development activities (drilling and production), prices, contract termination dates or development plans (sanctioning of development projects), the arrival of new technologies, among others.

The impact on depreciation, accumulated impairment and provisions for dismantling resulting from changes in estimated reserves is treated prospectively, depreciating the remaining net value of assets, and increasing the provision for dismantling costs, respectively, according to the expected future production.

(ii) Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are probable, from either future use or sale, or whether activities will reach a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves several degrees of uncertainty depending on how the resources are classified. The expenditure capitalisation policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. If, after expenditure is capitalised, information is made available suggesting that the recovery of the expenditure is no longer probable, an impairment loss is recognised in the Income Statement for the amounts previously capitalised.

(iii) Depreciation of Oil and Gas assets – Units of production method

Oil and Gas assets are depreciated according to the units of production (UOP) method based on total proven developed hydrocarbon reserves ("1PD"). This results in a depreciation charge proportional to the depletion of the remaining production from the field.

The useful life of each asset, which is assessed at least on an annual basis, considers both its physical life limitations and current assessments of economically recoverable reserves from the field in which the asset is located. The calculation of the depreciation ratio using the UOP is impacted by changes in the estimated future reserves. Changes in proven reserves may arise from changes in assumptions used in reserve estimates, namely estimated future prices.

Oil and Gas properties are depreciated at the units of production method, determined in accordance with the ratio of the hydrocarbons production volume in each period. For the purpose of depreciation of exploration and development investment, the entity uses the proven developed reserves as the reference denominator (1PD). The capitalised costs associated with the dismantling of the blocks are also depreciated using the units of production method but considering the 2P reserves (proven and probable). The distinction between reserve typology used to determine the depreciation rate in relation to the other assets recognised as oil and gas properties is due to the fact that the provision for dismantling is determined with reference to the contractual limit of exploration of the block, *i.e.*, with reference to the year when the Group's probable reserves will theoretically be depleted.

(iv) Useful lives and residual values of tangible fixed assets

The calculation of the assets' residual values and useful lives and the depreciation/amortisation method to be applied is crucial to determine the amount of depreciation and amortisation to be recognised in the consolidated income statement for each year. These two parameters are defined according to the best judgment of the Board of Directors for the respecting assets.

(v) Recoverability of oil and gas assets

The Group assesses its assets or cash-generating units at each reporting date to determine whether any impairment trigger or potential reversal of impairment exists. For the specific situation of Goodwill, this is assessed annually for impairment at each reporting date. Whenever an impairment trigger or potential reversal of impairment is identified, an estimate of the recoverable amount is made, which is considered the higher of fair value less cost to sell and value in use.

In determining the recoverable amount of an asset, and particularly the fair value less costs to sell, in situations where there are no recent market transactions, the Group uses discounted cash flow techniques, and the assumptions were adjusted based on the assumptions that market participants would use to evaluate the asset, cash-generating unit or a group of cash-generating units. According to this approach, cash flows and discount rates are considered after taxes.

Given the Oil & Gas business model in Angola and the type of investment decisions made by the contracting groups, the cash-generating unit was defined as the total of assets included in a production sharing agreement, *i.e.*, the block.

Oil and gas properties

The recoverable amount of oil and gas properties as at 31 December 2022 was determined in accordance with the best estimate of the Group's Board of Directors, based on its value in use, corresponding to the discounted value of the estimated cash flows for the exploration period of the blocks/fields. Whenever there are impairment triggers / reversals of impairment, the following assumptions are used in the tests:

- Proven and probable reserves (2P reserves) certified by external independent experts;
- Crude oil price curve and price differentials, estimated in the year, for each of the oil grades: USD 83.83/barrel in 2023, USD 78.99/barrel in 2024 and USD 80.00 /barrel in 2025 and 2% growth in the following years;
- The estimated crude oil price differential based on the average of the last two years: USD 1.294/barrel
- Discount rates between 14% and 12%;
- Operating costs (production cost per barrel), considering a 2% growth rate from 2023 onwards;
- Future capital expenditures (capex);
- Working interest and net entitlement percentages;
- The deadline for the concession or the economic limit of the blocks, whichever is the lowest.

For the impairment tests performed as at 31 December 2021, the assumptions considered were the same as those disclosed above, with the following specific changes taking into account the reference date of the test:

- Proven and probable reserves (2P reserves) certified by independent external experts;
- Crude oil price curve and price differentials, estimated in the year, for each of the oil grades: USD 75.92/barrel in 2022, USD 71.00/barrel in 2023 and USD 70.00 /barrel in 2024 and 2% growth in the following years;
- Discount rates between 10% and 11%.

The recoverable value of oil and gas properties resulting from impairment tests is calculated in US dollar.

The oil and gas properties tested are disclosed in Note 4.A. Oil and gas properties, net of any impairment loss recognised in the year and in previous years.

Exploration and evaluation assets

The Group uses the successful effort method for the capitalisation of its exploration and evaluation assets, i.e., expenditures incurred are capitalised to the extent these will result in the discovery of hydrocarbon resources with technical, economic and commercial viability and the outcome of the evaluation activities, such as the drilling of additional wells or delineation wells, would result to be positive and favourable to the extraction of the discovered hydrocarbons.

When determining the recoverable amount of exploration and evaluation assets, the Group's Board of Directors has used its best estimate to determine if the expected future economic benefits with the extraction of the hydrocarbons is higher than the investment performed, having considered the effect of the probable reserves (2P) in the testing areas.

This analysis was performed in US dollar and subsequently translated to AOA at the exchange rate as at the reporting date.

The exploration and evaluation assets that were tested are disclosed in Note 5.A. Exploration and evaluation assets, net of any impairment loss calculated in the year and in previous years.

Real Estate

The Group has several real estate investments (land, buildings, or part of buildings) held for capital appreciation to obtain income.

In determining the recoverable amount, the Group's Board of Directors has considered the amounts determined by external evaluators, considering the best use that the market would give to the asset.

Real estate assets are disclosed in Note 4 Tangible fixed assets and Note 7 Other financial assets – investment in real estate investments, net of impairment losses.

Goodwill

Sonangol Group has Goodwill related to the acquisition of Refinaria de Luanda from Fina Petróleos corresponding to an independent cash-generating unit (CGU).

The recoverable amount of Goodwill was determined in accordance with the best estimate of the Group's Board of Directors, based on cash flows projections for periods of five years and a perpetuity without growth rate and considering assumptions regarding the oil and natural gas prices curves of USD 83.83/barrel in 2023, USD 78.99/barrel in 2024 and USD 80.00/barrel in 2025 and growth of 2% in the following years, discount rates, operating costs, including downtime costs (where applicable), future capital requirements and operating performance.

For impairment tests performed in 2022, the nominal discount rate in AOA of 15.17% and 17.17% for Refinaria de Luanda.

Goodwill is disclosed in Note 5 Other intangible assets, net of impairment losses.

Financial investment in Angola LNG

The recoverable amount of the financial investment held in Angola LNG was determined in accordance with the best estimate of the Group's Board of Directors, based on value in use, which was determined based on the cash flows of the business, the natural gas prices curve (considering current and historical prices, price trends and related factors), discount rates, operating costs estimate, future capital requirements and operating performance (including production volumes and sales).

In the impairment test performed in 2022, prepared in US dollars, a discount rate between 17.26% and 15.26% was considered (2021: 10.0% to 10.99%). The test took into consideration not only the existing reserves but also the additional gas supply from the free areas.

The Financial investment held in Angola LNG is disclosed in Note 6.2.1 Financial investment in Angola LNG, at acquisition cost net of impairment losses.

Estimates and assumptions related with the recoverability of the assets "Oil and gas properties", "Exploration and evaluation assets", "Real estate investments" and "Goodwill" and other assets are subject to risks and uncertainties, therefore there is a possibility that changes in circumstances as well as in internal and external environment may impact these projections, which may affect the recoverable amount of assets and/or cash-generating units.

(vi) Dismantling costs

The upstream dismantling cost estimates are determined by development area or by block. Estimated costs include the costs forecasted to be incurred in a future date, with the removal of facilities, closure and dismantling of wells and support services required for these activities. An inflation rate of 2% was used to update the estimate of future dismantling expenditures according to the expectation of inflation in the medium/long-term associated with the US market. Dismantling is considered a future liability that is presented each year at the present value. The nominal discount rate used for 2022 was 5.42% for block 0 and 5.29% for the remaining blocks, considering de dismantling deadlines, current market conditions and the specific risk of the liability.

The ultimate dismantling costs are uncertain and cost estimates can change in response to many factors, including changes to relevant legal requirements and development of new environmental restoration techniques. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Consequently, there could be significant adjustments to current provisions, which may affect the Group's future operating and non-operating results.

The evaluation of future dismantling costs is supported by the work of external or internal evaluators. The involvement of independent evaluators is determined on an individual basis, taking into account factors such as the total value of the cost or time period of the dismantling, the geographical location of the block and is approved by the Board of Directors. The selection criteria include market knowledge, reputation and independence.

The provision for dismantling costs at the reporting date represents the Board of Directors' best estimate of the present value of the obligation with future dismantling costs.

(vii) Provisions for post-employment benefits

Determining pension and other employee benefits liabilities requires the use of assumptions and estimates, including actuarial assumptions and projections, discount rates and pension and salary growth rates, estimated costs with future medical care and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes to these assumptions could materially affect the amounts determined.

Provisions for post-employment benefits at the reporting date represent the Board of Director's best estimate of the present value of the obligation.

(viii) Impairment of accounts receivable and Financial Investments

Impairment losses relating to doubtful debts are estimated by Sonangol Group based on the estimated recoverable carrying amount of the investment and accounts receivable balances, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of accounts receivable in relation to the assumptions considered, including changes in the economic environment, industry trends, deterioration in the credit situation of main clients and significant defaults. Changes to these estimates could affect the determination of different levels of impairment, thereby affecting results.

(ix) Provisions for inventories

Inventories are reviewed for impairment purposes whenever there are facts or circumstances indicating that their net realisable value is below its cost. Considering the uncertainties regarding the recoverability of the net realisable value of inventories because they are based on the best available information at the time, changes in the assumptions used could result in impacts in the determination of the level of provisions for inventories and, consequently, on the results of the Group.

In relation to land for which housing projects and condominiums under construction are planned by the Group's real estate company and classified as inventories, in determining their recoverable value, the Group's Board of Directors considered the amounts determined by external evaluators, taking into account the best use that would be assigned to the property in the market.

(x) Contingent assets and liabilities

Contingent liabilities are not recognised in the Financial Statements, and they are disclosed, unless the possibility of an outflow of resources that incorporates economic benefits is remote, in which case they are not disclosed.

Contingent assets are not recognised in the Financial Statements and are disclosed when an inflow of economic benefits is probable.

Contingent assets and liabilities are evaluated periodically to ensure that updates are appropriately reflected in the Financial Statements.

If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognised in the Financial Statements in the period in which the change in probability occurs.

If it becomes virtually certain that an inflow of economic benefits will occur, the related asset and income are recognised in the Financial Statements in the period in which the change occurs.

By their nature, contingencies are resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential amount of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

The final cost of legal proceedings, settlements and other litigation may vary due to estimates based on different interpretations of the standards, opinions and final assessments of the amount of losses.

Therefore, changes in circumstances related to contingencies may have a significant impact in the amount of the provision for contingencies recorded.

(xi) Tax Revisions

There are several transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle. Other interpretations and estimates could result in a different level of current income tax recognised in the year.

In Angola, the fiscal and tax authorities are entitled to review the calculation of the taxable income determined by the Group for a period of five years (10 years for Social Security). As a result, it is possible that corrections to taxable income might occur, resulting from differences in the interpretation of tax legislation.

The Group recognises liabilities for additional tax settlements that may be derived from revisions made by the tax authorities. When the outcome of these matters is different from amounts initially recorded, the differences will have an impact on income tax and provisions, in the period in which such differences are identified. For the years in which the final amount to be paid is not fixed, the best estimate is calculated based on the best information at the time and the success history of previous years.

It is management's belief that there are no relevant, actual or contingent tax liabilities that have not been recorded or disclosed and that no corrections will occur by the tax authorities with a material effect on the Financial Statements for the year ended 31 December 2022.

2.3 Basis of valuation adopted in the preparation of the Consolidated Financial Statements

a) Investments in affiliates

The Consolidated Financial Statements of Sociedade Nacional de Combustíveis de Angola – Empresa Pública (Sonangol E.P.) for the year ended 31 December 2022, comprise the Financial Statements of the parent company (Sonangol E.P.) and of the subsidiaries mentioned in Note 3, following the criteria set out in Note 2.1.4.

Subsidiaries are those entities (including structured entities) over which the Group exercises control and for which the exclusions mentioned in Note 2.1.4. are not applicable. The Group considers that controls an entity when it is exposed, or has rights, to variable returns resulting from its involvement with the investee and has the potential to affect those same returns through its power over the investee. In particular, the Group controls an investee if, and only if, the Group presents:

- Power over the investee (e.g., existing rights that allow to direct the relevant activities of the investee);
- Exposure or rights, to variable returns resulting from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

When the Group has less than the majority of votes, or similar, rights over an investee, it considers all relevant facts and circumstances when considering whether it has control over an investee, including:

- Contracted agreements with other shareholders of the investee;
- Rights arising from other contracted agreements; and
- Voting rights and potential voting rights of the Group.

The entities that are subsidiaries and are part of the consolidation perimeter defined by the Board of Directors of Sonangol E.P., are consolidated by the full consolidation method and are listed in Note 3.

The Financial Statements of subsidiaries are prepared at the same reporting date, using consistent accounting policies between the subsidiaries and the Group.

When necessary, adjustments are made to the Financial Statements of subsidiaries to ensure that these accounting policies are consistent with the Group's accounting policies. All balances and transactions between Group companies are completely eliminated in the consolidation process.

A change in the ownership percentage of a subsidiary that does not result in a loss of control is treated as an equity transaction. When the Group loses control over a subsidiary, the Group proceeds as follows:

- Assets (including Goodwill) and liabilities of this subsidiary are derecognised;
- Non-controlling interests are derecognised;
- Accumulated translation adjustments are derecognised;
- Fair value of the consideration received is recognised;
- Fair value of the share capital retained is recognised;
- Any difference is recognised in current year income and equity; and
- Reclassification of the Group's components formerly recognised in equity into income, expenses or retained earnings as appropriate, as if it would be recognised if the Group had sold the related assets and liabilities.

b) Investments in joint arrangements

A joint arrangement is an economic activity undertaken by two or more parties, subject to joint control through a contractual arrangement. Joint control is the contractually agreed control sharing of an arrangement, whereby the Strategic, Finance and Operating decisions of the business activity requires unanimous consent of the parties sharing control.

i) Joint operations

Joint agreements are those in which two or more parties have shared control over a certain asset. Joint control happens only when decision on relevant activities (being these the activities that can affect the project's profitability), require unanimous approval from the parties.

Joint operations are a type of joint arrangement whereby the parties that have joint control of an economic activity have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output generated by the joint operation;
- Expenses, including its share of any expenses incurred jointly.

When the joint arrangement is concluded, one partner is defined as the operator of the joint arrangement, acting as the operational manager for all day-to-day operations of the block concerned.

ii) Joint ventures

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets (equity) of the joint arrangement. The Group's investments in its joint ventures are recorded at its acquisition cost less impairment losses and are disclosed in Note 6.1 of this report.

c) Other financial investments

Except for financial investments measured at fair value (see Note 2.3 r), 6.3 and 7) the remaining financial investments (i.e., equity instruments in third party entities) are measured at acquisition cost net of impairment losses (where applicable) and are disclosed in Note 6.2.

d) Business combinations and Goodwill

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at acquisition date. The identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date, regardless of if there are any non-controlling interests. The excess of the acquisition cost over the fair value of the interest held in the identifiable net assets is recognised as goodwill.

Acquisition related costs are expensed as incurred.

If fair value of net assets acquired is greater than the aggregate consideration transferred, before recognising a gain, the Group reassesses whether it has correctly identified all of the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Unit´s that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

e) Exploration and evaluation expenditure

The Group applies the Successful Effort method to account for the exploration and evaluation expenditure, and the subsequent development costs, as detailed in Notes 5A and 27A.

i) Pre-license costs

Pre-license costs are recognised in the income statement in the period in which they are incurred.

ii) Exploration licenses and property acquisition costs

Exploration licenses and property acquisition costs are capitalised in intangible assets under "Exploration and evaluation assets" caption and are amortised over the period covered by the license.
Exploration licenses and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still in progress or firmly planned, or that it has been determined, or work is already in progress to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans.

If no future activity is planned or the license has been abandoned, cancelled or has expired, the carrying amount of the exploration and property license is written-off through the Income Statement.

iii) Exploration and evaluation costs

Exploration and evaluation activities involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of identified resources.

Geology and geophysical costs are recognised in the Income statement as incurred.

Once the legal right to explore has been acquired, costs directly associated with exploration wells are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, exploration assets are recognised in the Income Statement as a dry well (non-operating costs). If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons have not yet been found.

Such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intention to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are recognised in the Income Statement.

When proven reserves of oil and gas are identified and development is approved, the relevant capitalised expenditure is first assessed for impairment triggers and (if required) any impairment loss is recognised in the Income statement and the remaining balance is transferred to Oil and gas properties. Other than license costs, amortised over the licence period, no amortisation is booked during the exploration and development phase.

iv) Development costs

Expenditure incurred with the construction, installation or completion of infrastructure facilities such as platforms, pipelines and drilling of development wells are capitalised within Oil and gas properties as disclosed in the current Note.

f) Oil and gas properties and Other tangible fixed assets

The Group considers as oil and gas properties, those tangible fixed assets directly related with oil and gas fields/blocks. These assets are disclosed separately on the balance sheet under the caption Oil and gas properties when they are sufficiently mature to not be classified as exploration and evaluation assets.

i) Initial recognition

Oil and gas properties and other tangible fixed assets are initially measured at acquisition cost, less accumulated depreciation and accumulated impairment losses (if and where applicable).

The acquisition cost of the asset comprises its acquisition or construction cost, which includes the purchase, transportation, assembly and installation costs and other directly attributable costs to bring the asset into operation and the Group's initial estimate for the dismantling and removal obligation. As for qualifying assets, i.e., an asset that takes a substantial period to get ready for its intended use or sale (above 12 months), it also includes the associated borrowing costs.

Specifically, for Oil and gas properties, when a development project moves into the production stage, the capitalisation of certain construction / development costs ceases, and costs are either regarded as part of the cost of inventories or as expenses, except for costs which qualify for capitalisation relating to Oil and gas property asset additions, improvements, or new developments.

The subsequent costs are included in the assets carrying amount or recognised as separate assets, as appropriate, only when it is likely that future economic benefits will flow to the Group and the respective cost can be reliably measured.

ii) Capitalisation of borrowing costs and other directly attributable costs

Interest on loans attributable to the acquisition or construction of assets is capitalised as part of the cost of these assets. An asset eligible for capitalisation is an asset that requires a substantial period of time to be available for sale or use. The amount of interest to be capitalised is determined by applying a capitalisation rate on the value of the investments made.

The capitalisation rate corresponds to the weighted average interest rate on loans outstanding in the period. The capitalisation of borrowing costs begins when expenditures for the assets begins, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when all activities necessary to place the asset as available for sale or use are substantially completed.

The Group suspends the capitalisation of borrowing costs during extended periods when the development of a qualifying asset is suspended or if, because of such capitalisation, the adjusted cost of the asset exceeds the lowest of the amount of replacement, the recoverable amount from its sale (realisable value) or the value in use of the asset.

iii) Depreciation

Depreciation of Oil and gas properties and other tangible fixed assets, begins when the asset has the conditions to be used, i.e., when it is in the necessary location and conditions for its intended use, and cease when the future economic benefits incorporated are extinct either by total impairment or derecognition.

1) Oil and gas properties

Oil and gas properties are depreciated by the units-of-production ("UOP") method, determined in accordance with the ratio of the hydrocarbons production volume in each period. For the purpose of depreciation of development expenses, the proven developed reserves are used as the reference denominator (1PD).

The capitalised costs associated with the dismantling of the blocks are also depreciated using the units of production method but considering the 2P reserves (proven and probable reserves). The divergence in the reserves typology used to determine the depreciation rate in relation to the other assets recognised as oil and gas properties is due to the fact that the provision for dismantling is determined with reference to the economic limit of the concession or contractual limit of exploration of the block, whichever is the lowest, *i.e.*, with reference to the year when the entity's probable reserves will theoretically be depleted and that, in theory, the dismantling work will occur.

2) Tangible fixed assets

Other tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives on a duodecimal basis. The main depreciation rates correspond to the following estimated useful life (except for major inspection costs, which are depreciated over three to five years, which represents the estimated period before the next planned major inspection):

Class of Assets	Years
Buildings and other constructions	10-50
Basic equipment:	
- Constructions, equipment	15 – 18
- Other	3 – 10
Transport equipment	3 – 8
IT equipment	3 – 7
Administrative equipment	3 – 10

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate.

iv) Derecognition

1) Oil and gas properties

In accounting for farm-out arrangements outside the exploration phase, the Group:

- Derecognises the proportion of the asset sold;
- Recognises a gain or loss on the transaction for the difference between the fair value of the farm out and its carrying amount. A gain is only recognised when the value of the consideration can be determined reliably. Otherwise, the Group recognises the consideration received as a reduction in the carrying amount of the underlying asset.
- Gains or losses from write-offs or disposals are recognised in the income statement as Other non-operating results;
- Impairment tests are carried out to the book value of the retained interests if the terms of the arrangement indicate that such retained interests may be impaired.

2) Tangible fixed assets

An item of tangible fixed assets is derecognised upon dismantling or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the recoverable amount and its carrying amount) is included in the Income Statement when the asset is derecognised.

v) Major maintenance, inspections and repairs

Expenditure on major maintenance, inspections or repairs comprise the cost of replacement assets or parts of assets. When an asset, or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the new item will flow to the Group, the replacement cost is capitalised.

When part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off.

Inspection costs associated with major maintenance programmes are capitalised and depreciated over the period until the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

g) Transfer of participating interests by Contractor Groups under the right of preference as National Oil Company

Under Law 5/19 of April 18 (Oil Activities Law) amending Law 10/04, Sonangol E.P. as National Oil Company, has a right of first refusal over transmissions of part or all of the contractual position of associates of the National Concessionaire, if such transmissions are to non-affiliates of the assignor. In cases where this right is recognised by Executive Decree, the Group recognises the participating interests transferred as exploration and evaluation assets in exchange for a shareholder contribution recorded in Other Reserves, which is measured initially at fair value and is depreciated prospectively.

h) Intangible assets

Intangible assets acquired separately are measured at initial acquisition cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite useful lives are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful life) and accumulated impairment losses, if any. Intangible assets with indefinite useful life (*e.g.*, Goodwill) are not amortised, instead these are tested for impairment on an annual basis, at the reporting date.

Intangible assets with finite useful life are amortised over their economic life and assessed for impairment whenever there is a trigger that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed, at least, at the end of each reporting period. Changes in the expected useful life or consumption pattern of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the Income Statement under the caption Amortisations.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the recoverable value and the net book value of the asset and are recognised in the Income Statement when the asset is derecognised.

i) Impairment of assets

i) Non-financial assets (excluding Goodwill)

The Group assesses at each reporting date whether there is a potential trigger that an asset (or cash-generating unit) may be impaired.

Whenever there is any impairment indicator or if it is the Group's policy to perform an annual impairment test, the Group estimates the recoverable amount of the cash-generating unit or of the asset. The recoverable amount of a cash-generating unit or of an asset is the higher of the fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of other assets or groups of assets, in which case the asset is tested as part of a larger cash-generating unit where it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or the cash-generating unit is considered impaired and is written down to its recoverable amount.

For the oil and gas properties, the Board has assessed its cash-generating units as being the individual block, which is the lowest level for which cash flows are largely independent of other assets.

The calculation of fair value less costs to sell may be based: i) on the sales price contractually agreed in a transaction between non-related parties less costs to sell it; ii) the market price if the asset is traded on an active market; or (iii) the fair value calculated as an estimate of the future cash flows that any market player would expect to obtain from the asset. In accordance with the mentioned methodology in iii), cash flows and discount rates are considered after-taxes.

In calculating the value in use, the methodology of the discounted cash flows is used, which includes the following elements:

- an estimate of the future cash flows that the entity expects to obtain with the asset;
- the expectations of variations and timing of the expected future cash flows;
- the use of a discount rate associated with the weighted average cost of capital;
- other factors that should be considered in this analysis, such as the lack of liquidity that the market participants might reflect in the future cash flows that the entity expects to obtain from the asset.

The value in use does not reflect future cash flows associated with the restructuring and improvements or enhancing of the operating performance of the asset. Instead, for the calculation of fair value less costs to sell, the discounted cash flows model includes the cash flows associated with the costs with restructuring and improvements when it corresponds to a market expectation.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each cash-generating unit to which the individual assets are allocated. These budgets and forecasts generally consider the strategic plan over a period of 5 years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year should it not be possible to make a reliable estimate by period after the fifth year.

Impairment losses on continuing operations, including impairment of inventories, are recognised in the Income Statement in those expense categories consistent with the function/nature of the impaired asset.

For assets/cash-generating units, excluding Goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/ cash-generating units' recoverable amount since the last recognised impairment loss. The reversal is limited up to the limit where the carrying amount of the asset/cash-generating units does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/ cash-generating units in prior years. Such reversal is recognised in the Income Statement.

When an impairment loss or its reversal is recognised, the depreciation of the related assets is recalculated prospectively in accordance with the recoverable amount adjusted by the impairment loss recognised.

ii) Goodwill

Goodwill is tested for impairment on an annual basis at each reporting date or whenever circumstances indicate that the carrying amount may be impaired.

Impairment is determined for Goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the Goodwill relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

iii) Financial investments and investments in Real Estate

The Group has financial investments and investments in real estate (recorded as other financial assets) measured at cost less impairment losses and financial investments and other financial assets measured at fair value through profit and loss.

For financial investments measured at cost, impairment is determined based on rules and calculation methodologies similar to the ones used for non-financial assets.

For investments in real estate measured at cost, impairment is determined based on rules and calculation methodologies similar to the ones mentioned in Note (v) Recoverable amount of assets.

For financial investments and other financial assets measured at fair value through profit and loss the calculation is based on the quotation reported by independent experts. For listed assets, market information is used.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, and is recognised initially at the transaction cost, when the Group becomes part of the corresponding contractual arrangements.

j) Financial assets

The Group's financial assets include accounts receivable (trade and others), other current and non-current assets, other non-current financial assets and cash and bank deposits. The purchases and sales of financial assets that obligate the delivery of goods within a certain agreed timeframe are recognised on the date in which the Group commits to purchase or sell the good.

i) Accounts receivable and other current and non-current assets

This is the most significant category for the Group. Accounts receivable, other current and non-current assets are non-derivative financial assets with fixed or determined payments that are not traded in an active market. After initial recognition, such financial assets are recorded at nominal value less any impairment loss, necessary to reflect their expected net realisable value. Losses are recorded in the Income Statement when there is objective evidence that the total or part of the debt, according with the original conditions of the accounts receivable, will not be received.

For the oil and gas activities, whenever the Group has performed "lifts" below or above its rights calculated in accordance with the production sharing agreements (PSA), it is considered that there is Underlifting or Overlifting, respectively, and the amounts are measured at its sale's price, and recorded as an account receivable or payable, against profit and loss.

ii) Other non-current financial assets

1) Financial investments in Real Estate

The Group has several Hotels and Real Estate properties classified as financial investments in real estate. These investments in real estate are initially recorded at acquisition or construction cost, including non-deductible taxes (e.g. SISA), installation and assembly costs, other directly attributable costs to bring the asset to the location and condition necessary to operate as intended, the estimated costs of dismantling and removing of assets (where applicable) and related borrowing costs of qualifying assets, net of impairment losses to ensure that the asset does not exceed its realisable value.

2) Investment funds

The Group owns participation units in investment funds. These financial investments held by Sonangol are measured at cost, which includes its purchase price, the charges related with the acquisition, such as brokerage commissions, fees and expenses and bank charges. Subsequently, these financial investments are measured at fair value, calculated based on the final report of the fund managers, against financial results.

iii) Cash and bank deposits and "escrow accounts" (bank deposits with restricted mobilisation)

The Group recognises in bank deposits the balances held in Banks (demand and term deposits) subject to a reduced risk of changes in value, cash in transit and cash surplus applications in financial products (*e.g.*, Angolan Treasury bonds) which are booked in Trading securities.

Under the contracts between Sonangol and the Contractor Groups for each block, Sonangol is the beneficiary party of the bank deposits with restricted mobilisation (escrow accounts) and which are related with the wells' dismantling, asset dismantling and environment recovery after the exploration of the areas/blocks by each Contractor Group. These deposits are measured at cost.

To the extent that the escrow accounts are restricted to be exchanged or used for payment of liabilities with the dismantling funds and taking into consideration the provisions of the presidential decree 145/20 of 26 May, as well as the expectation of Sonangol E.P. to transfer these balances to ANPG within the next twelve months after the balance sheet date, these escrow accounts are presented under the caption Cash and bank deposits (note 10) as a current asset.

k) Financial liabilities

The Group's financial liabilities include accounts payable (suppliers and other accounts payable) and medium and long-term loans. A financial instrument is classified as a financial liability when there is a contractual obligation for the issuer to settle capital and / or interest, through the delivery of money or another financial asset, regardless of its legal form.

i) Accounts payable

The trade payables and other current liabilities balances are recorded at their nominal value.

The trade payables and other current liabilities balances are, usually, measured at historical cost.

The historical cost corresponds to the initial amount recorded (nominal amount) eventually adjusted to reflect (i) accrued interest related with loans that were not paid on settlement date and (ii) unrealised exchange differences determined by the application of the exchange rate at the reporting date to balances in foreign currencies.

Whenever, in exceptional circumstances, the payable amount is below the historical amount, as in the event of a reduction or a debt forgiveness, the nominal amount is reduced, directly, for its realisable amount, and an extraordinary gain is recognised in the Income Statement.
The Group derecognises a financial liability only when the obligation under the liability is discharged, cancelled or expires.

ii) Loans

These captions include loans received from credit institutions and other entities, measured at its nominal amount in its current and non-current portions.

Interest expense is recognised as incurred.
Borrowing costs related to the acquisition, construction or development of a qualifying asset, are capitalised as part of the cost of the related asset. The capitalisation of these costs begins after the preparation of the construction or development of the asset and ceases when the asset is ready for its intended use or when the related project is suspended. Any financial income generated by loans related to the specific investment are deducted from the amount of financial charges eligible to be capitalised.

l) Inventories

Inventories are recorded at the lower of cost and net realisable value.

The acquisition or production cost is determined, in accordance with the nature of the inventories and of the business developed. The Group has recognised the following types of inventories in its consolidated accounts:
a) Raw materials and subsidiary products

- Crude oil - Crude oil is valued at acquisition cost, which is the reference price used in the forecast of tax and asset revenues from the oil sector foreseen for in the annual State Budget, plus transport costs. The costing method is the Weighted Average Cost applied to a single family including all types of crude oil.
- Other raw materials (including general materials) – The acquisition cost includes the invoice price, transportation and insurance expenses, for which the costing method is the weighted average cost, applied to product families which are created taking into consideration the characteristics of the several raw materials.

b) Products and work in progress

The production cost includes materials, external supplies and services and manufacturing overheads.

c) Finished products and intermediates

- Oil by products – Finished products and intermediate goods are measured at production cost, which includes the consumables of raw materials and other products, charges with direct labour and general manufacturing costs.
- Other finished and intermediate products – The production cost includes raw materials, variable and fixed industrial costs using the weighted average cost method to determine the cost of sales.

d) Goods

- Crude oil – Relates to crude oil produced in the oil and gas activities and which is in stock as at 31 December each year, corresponding to the share in total stock for each development area, the inventories of crude oil produced by the Group are valued at the production cost per barrel.
- Oil by products – In case of products acquired from third parties, these are measured at acquisition cost which includes the invoice price, transportation and insurance expenses, using the weighted average cost

applied to product families, which are established considering the characteristics of the materials, as the method used to determine the cost of sales

The acquisition cost includes the invoice price, transportation and insurance expenses, using the weighted average cost method for natural gas (LPG), oil by-products and other goods as the method used to determine the cost of sales.

As goods in transit are not available to be consumed or sold, these are segregated from the remaining inventories and are measured at its specific acquisition cost.

Differences between the acquisition cost and the related net realisable value, if positive, are recorded as Non-operating results (see Note 33) Their reversal, in cases where there are no longer any differences between the acquisition cost and the respective net realisable value, is recognised under Non-operating results.

The net realisable value of inventories is based on the estimated sales price on the ordinary course of business, deducted from the estimated costs to finalise the product and the necessary sales costs.

The variation of products and work in progress and of finished and intermediate products at each reporting date, when compared with the position at the beginning of the period, is recognised as a variation in finished products and work in progress.

The Group recognises as Cost of inventories sold and materials consumed, the outflows of inventories under sub-items Goods and Raw Materials, subsidiary materials and consumables.

m) Leases

The Group recognises a lease when it is part of a lease contract (until the end of the contract), which is always recognised as an operating lease. The Group has, currently, leases as lessor and as lessee, which are recognised and measured as follows:

- Operating leases as a lessee: rents payable are recognised as cost in the consolidated income statement in the period to which they are contractually related, by its nominal amount;
- Operating leases as a lessor: rents received are recognised as profit in the Consolidated Income Statement in the period to which they contractually relate by its nominal amount. The leased assets are predominantly recognised as Other financial assets – investments in real estate.

n) Provisions for other risks and charges

Provisions are recognised when there is (i) a legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation.

No provision is recognised for future operating losses. Provisions are reviewed at each balance sheet date and are adjusted to reflect the best estimate at that date.

If the time effect of money is material, provisions are discounted to its present value using a discount rate (before tax) that reflects, where appropriate, the specific risks associated with the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as financial expenses. With the exception of provisions for dismantling, the cost of any provision is reflected in the Income Statement.

i) Provision for dismantling

The Group recognises a dismantling provision when there is an obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The obligation usually occurs when the asset is installed or when the land/environment is modified. When the liability is initially recognised, the present value of the estimated dismantling total cost is capitalised by increasing the net value of the underlying oil and gas assets.

Changes in the timing or cost of the estimated dismantling are treated prospectively through an adjustment to the provision made as well as to the related asset.

Any decrease in the provision for dismantling and therefore any decrease in the value of the asset may not exceed its net book value. If there is any excess over the net book value this is adjusted directly in the Income Statement.

If a change in the assessment of the dismantling obligation leads to an increase in the provision for dismantling and consequently in an increase of the net value of the related assets, the Group considers whether this is an impairment indicator of the asset as a whole, and if so, tests the asset for impairment. If, for mature fields, the revised estimate of the value for the oil and gas assets net of dismantling liabilities exceeds the recoverable amount, the proportion of the increase is recognised in the Income Statement.

The discount rates used to calculate the present value of the estimated cash flows is a risk-free interest rate, considering the timing of the associated cash flows plus a spread that represents what the management estimates as the specific risk of the liability. Discount rates are reviewed at each reporting date.

The amount of the dismantling provision is increased at the reporting date, to reflect the time value of money, and the variation is recognised as a financial expense in the Income Statement.

When the provision for dismantling is adjusted to reflect changes in the discount rates, the effect of the change in the liability is broken-down between i) the time value of money for one more year, which is recognised in Financial results and ii) the effect of the variation in the present value of the liability, which is recognised in the related asset for which the provision for dismantling was recognised.

Over time, the discounted liability is increased by the change in present value based on the discount rate that reflects current market assessments and specific liability risks.

The estimate of the dismantling costs for the assets related with participating interests on the blocks that the Group operates as an investor (in its share in the participating interest) is not related with the Group acting as the National Concessionaire.

ii) Dismantling funds (Concessionaire)

The amounts allocated to Dismantling funds (Concessionaire) are the responsibility of the field operators and were transferred to the custody of the Group, as National Concessionaire. The fund is intended to cover future costs related to the dismantling of oil wells, removal of platforms and other facilities when reserves are exhausted, as disclosed in Note 18.4.

All amounts related to dismantling funds for which the transfer of the funds to the national concessionaire has not yet been formally agreed are classified as provisions. All funds for which this has already been formally agreed with the concessionaire are recognised as accounts payable under current or non-current liabilities, depending on the year in which they are expected to be transferred to ANPG.

o) Taxes

i) Oil taxes

Sonangol Group companies, involved in crude oil and natural gas exploration and production are subject to Income Tax on oil activities as disclosed in Note 19.3, and are exempt from other income taxes due by other companies in Angola. The Oil Activities Tax Law is regulated by Law 13/04 of 24 December, as amended by Law no. 6/19, of 18 April.

According to this Law, the taxable income of each block is based on the monthly estimated production, communicated to the competent tax authorities through provisional tax declarations and paid within the time limits established by law.

The provisional tax returns are replaced at the end of the period by final tax returns, corrected by "tax reference prices", by the final costs incurred in oil operations and by operating costs incurred by the companies.

Taxes, duties and fees above include:

- Oil Production fee (IPP) – Tax on Oil Production, which is applied on the quantities of crude oil and natural gas produced, valued at tax reference prices and only on entities that participate in oil concessions whose exploration is governed by associative contracts. The tax rate for Block 0 is 20%. Given its nature, this fee is presented under Oil and gas exploration and operating costs in Note 28.A;
- Oil Transaction Tax (ITP) – applied to the annual profit of Concession Contracts at a 70% rate and deductible for the purpose of determining the taxable amount of oil income tax;
- Oil Income Tax (IRP) – applied to annual profits (net of oil production fee and oil transaction tax) applied to Concession Contracts and Production Sharing Agreements. The tax payable is calculated in accordance with the tax regime regulated in Law 13/04, complemented by the Concession Decree. The percentage referring to cost recovery, also referred to as Cost Oil, is deducted from the total of the charges, resulting in the Profit Oil on which a rate of 35% is applied in compliance with Law No. 26/20 of 20 July - Law amending the Industrial Tax Code.

The annual tax amount determined is subject to adjustments resulting from the annual examination of the tax returns submitted by the companies to the Group. This process is triggered by the Ministry of Finance in its function of regulatory and oversight body for this area.

Group companies not affiliated to the oil sector are subject to taxation under Industrial Tax - Group A. The income tax is calculated on the basis of taxable profit (accounting result adjusted for tax purposes) using a nominal rate of 25%, in accordance with the tax rules in force at the balance sheet date. The delivery of tax is made through reverse-charge upon delivery of a return that is subject to review and correction by the tax authorities for a period of five years.

The Group is also subject to Urban Property Tax ("IPU"), which is levied on the taxable value of urban buildings or their income when they are leased, at a rate of 15% of the taxable value of the urban building or of the total value of the lease. The payment of this tax is made by the customer (withholding tax) upon completion of the DLI (Tax Settlement Document).

ii) Capital Gains Tax (CGT)

The CGT focuses on a set of income from capital investments and is divided into two sections (A and B) and is regulated by Presidential Legislative Decree no. 2/14 of 20 October, in force since 19 November 2014.

Section A income is subject to a 15% tax rate and Section B income, depending on its nature, has a tax rate of 5%, 10% and 15%.

At Sonangol Group's level, dividends and interest are subject to CGT taxation, when applicable, based on current legislation.

iii) Other taxes

Sonangol Group is also subject to indirect taxes, namely, customs duties, stamp duty, excise duties, value-added taxes, as well as other taxes.

In 2019, with the approval of the Value Added Tax Code (Law 7/19 of 24 April), the Group companies that carry out oil operations in the national territory, namely Sonangol E.P., Sonangol Pesquisa & Produção, S.A. and Sonangol Gás Natural e Energias Renováveis, S.A. became subject to Value Added Tax (VAT) and are covered by the general regime as they are considered taxpayers of Group A (Large Taxpayers), and are under the special regime in terms of VAT as oil investing companies with the title of captive agents (Captive VAT regime).

The recognition of VAT active and passive operations has its application to the accounts from 1 October 2019, taking into account VAT Supported, Deductible VAT, Output VAT, Adjustment VAT, Clearance VAT, VAT to be Paid, VAT to be Recovered, Reimbursement Requests and Unofficial Reimbursements, following the revocation of the Consumption Tax regulation and the Tax as determined by its regulation.

According to the Captive VAT Regime: The Oil Investor Companies should captivate (deductible VAT and non-deductible VAT) the totality contained in the invoice or equivalent document issued by the supplier (taxable person), when transmitting goods or rendering services, in the phases of research, development, production and dismantling.

VAT is due on the transfer of goods, rendering of services and advances/prepayments, except when the law provides otherwise, even in free operations.

Group companies that are captivating agents are required to withhold 100% of the tax assessed on their suppliers' invoices and equivalent documents, ensuring that they are correct and that the respective VAT is reported in the corresponding tax returns, under penalty of the VAT not being recoverable.

The VAT taxpayers covered by the general regime and by the transitional regime are exempt from Stamp Duty on the issue of discharge receipts and the current Consumption Tax Code ("IC") and Item 15 of the Stamp Duty Code table have been revoked.

iv) Deferred taxes

The calculated tax refers exclusively to current income tax and under the terms of the General Accounting Plan, no deferred tax asset or liability resulting from the temporary differences between the accounting and tax bases was calculated or booked.

p) Sales, services rendered and other operating income

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, taxes and other obligations relating to their realisation.

The main Group revenue categories are as follows:

a) Sales of crude oil and gas – participant in the Contractor Groups;
b) Sales of refined products;
c) Sales of gas
d) State grants (subventions);
e) Services rendered – leases;
f) Services rendered – shipping.

<u>Sales of crude oil and gas – participant in the Contractor Group</u>

Revenue from the sale of crude oil and natural gas and oil by-products is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when the asset is transferred to the customer. This usually occurs when the product is physically transferred to the ship or other delivery mechanism.

Revenue from oil and gas production where the Group has participating interests with other producers is recognised based on the share in the contractor group in accordance with the production sharing agreements (PSA) and association agreements.

When forward contracts (to buy or sell) on oil and natural gas are signed, the sales and purchases are recognised at its net amount.

Sales of refined products

Sales of refined products relate to sales of gasoline and diesel, among others, and the revenue is recognised when the sale occurs based on the price list in force or based on the price determined in the tender procedures, as applicable.

Sales of gas

Gas sales correspond mainly to the sale in the domestic and foreign markets of liquefied petroleum gas, butane gas and propane gas, respectively, and the revenue from the sale of the products is recorded in accordance with the price list in force or based on the price determined in the tender procedures, as applicable.

State grants (subventions)

Income from subventions results from the differential between the market price and the sale price of crude oil and natural gas by products, whenever the latter is below the market price.

This policy is supported by Presidential Decree no. 283/20, of 27 October, which in its article 8 establishes that prices are defined monthly based on import or export parity, as the case may be, through the application of the Flexible Price Adjustment Mechanism (MFA - *Mecanismo de Ajustamento Flexível dos Preços*).

The same Decree also provides that the competence for defining the operation of the MFA lies with the Ministries of Finance and of Mineral Resources, Oil and Gas, considering the reference exchange rate for adjustment, the international reference to be adopted for the determination of the International Reference Price (IRP) and Export Parity Price, as well as the cost structure and maximum margin allowed for the determination of the Reference Price of Crude Oil and Natural Gas By products, according to the price regime defined.

Moreover, in article 10 of the referred Decree it is determined that whenever the sale prices to the public are set below the market prices, the State guarantees the due grant (subvention) under the terms of the legislation in force.

Services rendered – leases

Revenue from leases relates mainly to leased aircrafts and real estate, including variable and fixed rent components, in accordance with the contracts. Rents are recognised in profit and loss in the related period.

Services rendered – shipping

Revenue from shipping is recognised in the moment of arrival at the port of destination when all performance obligations are fulfilled.

q) Fair value measurement

The Group measures at each reporting period the investments in listed companies and investments in investment funds at fair value.

Fair value is the price that would be received to sell an asset or pay to settle a liability in an ordinary transaction between independent market participants. The fair value measurement is based on the assumption that the transaction to sell an asset or to settle a liability takes place:

- In the active market of the asset or liability; or
- In the absence of an active market/asset, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured based on the assumption that market participants will consider the price of the asset or liability, assuming that these act, based on their best economic interests.

The measurement at fair value of a financial asset considers the ability of the market participant to generate economic benefits for the use of the asset in its best consideration, or for its sale to other market participant.

When necessary, the Group uses appropriate valuation techniques for which has enough available information to measure fair value, maximising the use of relevant observable inputs and minimising the use of non-observable inputs.

The Group uses listed prices to value investments in listed companies and reports from the entities responsible for the management of investment funds to measure the participations in high-risk capital investments.

r) Balances and Transactions in currencies other than functional currencies

Favourable and unfavourable exchange differences arising from the differences between the exchange rates in force at the date of the transactions and those in effect at the date of collection, payment (realised exchange differences) or at the balance sheet date (unrealised exchange differences), are recorded as income and/or expenses in the Income Statement for the period under exchange gains / losses.

s) Current and non-current classification

The Group shows assets and liabilities in its balance sheet based on the current / non-current classification.

An asset is current when:

- There is an expectation of realisation or intention to be sold or consumed in the normal operating cycle;
- It is held for the main purpose of sale;
- It is due in a 12-month period after the balance sheet date;
- Cash and cash equivalents that are not restricted to be exchanged or used for the payment of a liability until 12 months after the balance sheet date.

All other assets are classified as non-current.

A liability is current when:

- it is expected that the liability will be settled in 12 months after the balance sheet date;
- is held mainly for trading;
- It is due in a 12-month period after the balance sheet date:
  - a) As defined in a contract; or
  - b) According to a formal request for payment from the creditor, after verifying contract default.

t) Employee benefits plans

i) Short-term benefits

Short-term benefits correspond to the expenses incurred with remunerations, fixed or variable, other expenses directly related with employees, and other liabilities recognised in the period associated with services rendered by employees, which will be paid in the future, excluding termination benefits and post-retirement benefits. These are usually recognised under Personnel costs caption when incurred.

In accordance with legislation in force, the Group's employees are entitled annually to one month's holiday and one month's holiday subsidy, and this right is obtained in the year prior to the payment. Therefore, this liability is recognised in the period when the employee earns this right, regardless of the related payment.

ii) Termination benefits

Termination benefits are recognised when the Group ceases employment before the retirement date, or when the employee accepts the contract termination in exchange for these benefits. Sonangol group recognises the responsibility with termination benefits at the earliest of the following dates: on the date when the Group is no longer able to withdraw the benefits offer or when the Group recognises the restructuring costs under the scope of a provision. Benefits due with a maturity of more than 12 months, after the reporting period, are discounted to its present value.

iii) Post-employment benefits

Until the end of 2011, the Group personnel was covered by a "Defined Benefit Plan" of Sonangol that was closed to new admissions with effect from 1 January 2012, and the active participants were transferred into a new "Defined Contribution Plan" to be financed by the employees as from that date. The new plan covers all future Sonangol employees.

The defined benefit plan remains in place to service the pension obligations of retirees and pensioners, and the curtailment made will correspond to the amount that the subsidiaries included in the new plan will have to fund in the new management entity when this entity is incorporated and operational. Nevertheless, employees who retired or ceased their relationship with the Group until 13 October 2017, date of legal implementation and approval of the new plan by the relevant authorities (Order no. 685/17 of the Ministry of Finance), were covered by the defined benefit plan.

In 2014, the responsibility for the management of the fund constituted for the Sonangol Pension Plan was transferred to Sonangol Vida. Sonangol Vida is responsible for the responsibilities associated with the Sonangol Pension Plan and, after the setting-up of the fund, will be responsible for its management.

iv) Pension Plan

Benefits are normally determined by a combination of one or more factors, such as age, years of service and base salary (pension). The Group's pension liability is calculated annually by independent experts, for each plan, at each reporting date, using the Projected Unit Credit Method. The discount rate used in the calculation is determined based on market rates of high-quality corporate bonds and that have similar maturity to the related pension liability.

The liabilities are covered by provisions recorded in the balance sheet of the Sonangol Group companies.

Actuarial gains and losses resulting from: (i) differences between financial and actuarial assumptions used and actual amounts; and (ii) changes in the actuarial assumptions are recognised against equity.

The Group recognises as Operating results, in the income statement, current and past service costs and net interest on the liability (asset).

v) Health care plan

The companies of the Sonangol Group grant benefits in Angola under which employees and immediate eligible family members have favourable conditions in medical assistance and health care services, through the provision of medical care provided through infrastructures owned and managed internally in Clínica Girassol.

The medical benefits plans are classified as defined benefit plans. The liabilities are covered by provisions recorded in the balance sheet of the Sonangol Group companies.

Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension liabilities, explained above.

u) Accrual basis

Gains and losses are recorded on an accrual basis; therefore, these are recognised when they occur, regardless of when paid or received. Differences between amounts paid or received and the related costs and revenues are recognised in Other current assets and Other current liabilities, respectively, as the differences correspond to a right or a liability for the Group.

Consequently, the captions Deferred expenses and Deferred income include expenses and income that have already been incurred but which relate to future periods and that will be recognised in profit and loss of the related periods by the correspondent amount. Accrued income and Accrued expenses relate to income and expenses already incurred and that will be invoiced in the future.

v) Under/Overlifting

It is industry practice to make Underliftings or Overliftings of its share of crude oil produced, which is expected to optimise transportation costs between partners.

Underlifting is in fact, under a substance over form principle, a sale made by the stock partner that rightfully belongs to Sonangol. Thus, in case of Underlifting, the partner made a sale on behalf of Sonangol, which is why Sonangol has an account receivable against sales. If the market price of crude oil at the end of each reporting period is lower than the price considered in the valuation of the receivable, an impairment loss is recorded in the income statement against accounts receivable.

Overlifting is a stock sale made by Sonangol which rightfully belongs to the partner. Thus, in case of Overlifting, the Group records an expense under Oil and gas exploration and operating costs against Accounts Payable.

Receipts and payments of Underlifting and Overlifting balances are later offset through barrels of crude oil as established in the sharing agreement (physical settlement). The Group considers that the substance over PSA form is not subject to price risk, since the operation is for own use of the oil contracting groups and the settlement of Under and Overlifting balances is made through physical product (Barrels of Crude Oil). Thus, the Under and Overlifting balances are valued at market rates.

w) Results policy

i) Extraordinary and non-operating results

Extraordinary income includes extraordinary costs and revenues from activities that are distinguishable from the operating activities and are, therefore, not expected to occur regularly and frequently.

Non-operating results is intended to record facts or events of a current nature but that are non-recurring or non-frequent.

ii) Financial results

Financial results include interest paid on loans, default interest, interest received from applications, gains and losses from exchange differences, realised or unrealised, and fair value variations related with financial instruments.

Interest is recognised on an accrual basis.

iii) Net gains/(losses) from investments in affiliates

Net gains/(losses) from investments in affiliates includes only dividends received from companies where the Group owns a financial investment. Dividends are recognised when the right to a receivable is established.

x) Oil and gas exploration and operating costs

This caption includes the share of the Sonangol Group in the costs related with joint operations that are charged by the contract operators of the blocks/fields and its share of the costs incurred as a block operator.

y) Related parties

The entities included in the consolidation perimeter are considered as related parties by the Sonangol Group.

z) Subsequent events

Events occurring after the balance sheet date that provide additional information about conditions that existed at the reporting date are recognised in the Group's Consolidated Financial Statements. Events occurring after the balance sheet date that provide information on conditions that occur after the reporting date are disclosed in the notes to the Consolidated Financial Statements, if considered material.

aa) Segment reporting

The Group presents operating segments based on Management information according to activities carried out by the various companies included in the consolidation perimeter.
An operating segment is deemed a Group component:

i) that develops business activities from which is possible to obtain revenue and incur in expenses;
ii) whose operating results are regularly reviewed by the person responsible for the Group's operating decision-making on the allocation of resources to the segment and evaluation of its performance; and
iii) for which separate financial information is available.

The amounts reported for each operating segment result from the aggregation of subsidiaries and business units defined in the perimeter of each segment. The elimination of intra-segment transactions is made in the segment itself and inter-segments eliminations are carried out under Consolidation adjustments.

bb) Accounting policies, accounting estimates and errors

i) Accounting estimates

Estimation involves a high degree of judgement based on the latest available, reliable information. An accounting estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. The effect of a change in an accounting estimate, shall be recognised in Income statement of the current period in the same caption used to record the accounting estimate.
Given the accounting principles of consistency and comparability of balances, changes in accounting policies should only be made in the following scenarios:

- If required by accounting provisions issued by an appropriate Authority for this purpose;
- If the change results in a more appropriate presentation of events or transactions in the entity's Financial Statements.

ii) Errors

The correction of errors, when preparing the Consolidated Financial Statements, from one or more prior periods identified in the current period, is corrected in profit and loss for the current period, except if it fulfils the characteristics of a fundamental error, in which situation shall be recognised in retained earnings.

Fundamental errors are those errors that have such a significant impact on the Consolidated Financial Statements for one or more periods prior to those Financial Statements that they materially affect the reliability at the date of issue.

iii) Changes in Accounting policies

A change in an accounting policy is generally applied retrospectively, i.e., the new accounting policy is applied to the events and transactions as if the new accounting policy had always been applied, being its impact on opening balances recognised in Retained earnings (See Note 2.5).

2.4 MAIN ASSUMPTIONS REGARDING THE FUTURE

The year 2022 was marked by the increase in crude oil prices, with an average price of the crude oil marketed by the Company of approximately USD 102.31 per barrel (2021: 70.58 USD/barrel), which together with the Company's regeneration process resulted in an increase in EBITDA of approximately 55% compared to the previous year (2022: USD 5,331,973 thousand and 2021: USD 3,445,534 thousand).

Although this trend continued for the first 3 months of 2023, the Board of Directors continues to monitor the evolution of macroeconomic and international markets conditions and has prepared its management tools, financial forecasts and valuation of its main cash-generating units taking into account reasonable and supportable assumptions that represent its current best estimate of the set of economic conditions that may exist in the foreseeable future.

On the other hand, the energy transition is expected to bring volatility to the markets and there is great uncertainty as to how the prices of the main commodities traded by the Group will evolve during the transition period and in the medium and long term, taking into account that climate change could affect the offer and demand for energy, both locally and globally, with potential impact on the recoverability of certain assets recognised in the consolidated balance sheet as at 31 December 2022. Therefore, these risks are monitored by the Group and, should they materialise, be adequately reflected in the financial statements in order to minimise their potential adverse impact. The Group is diversifying its asset portfolio with important investments underway in the renewable energy sector in the Gas and Renewable Energies segment, considered as a pilot in Angola, where the Caraculo project (Namibe) and the Quilemba solar project (Huíla) stand out. At the balance sheet date, the Group was in the process of preparing its first sustainability report, which will allow the company to disclose in detail the good environmental, social and corporate governance (ESG) practices adopted.

Moreover, the Group is monitoring the evolution of interest rates, taking into account the rising trend in 2022, as the Group's bank debt is exposed to interest rate volatility and the discount rates used for the valuation of its main cash-generating units are also affected by changes in interest rates. Despite the challenging period marked by interest rate volatility in the markets, the Group continued its operations in 2022 and reinforced the optimisation measures defined in the Regeneration Program (see Note 42. I) Regeneration Program), which together with the recovery of the markets, resulted in a net profit for the year 2022 of approximately AOA 838,084,213 thousand (USD 1,802,033 thousand).

Sonangol's Board of Directors will continue to monitor the Company's financial situation and to adopt measures to minimise uncontrollable adverse impacts on liquidity, solvency and results of operations.

Additionally, considering the evolution of the oil price, the capacity to obtain external financial resources, as well as the expectations concerning the future success of the operations, the Financial Statements were prepared on a going concern basis.

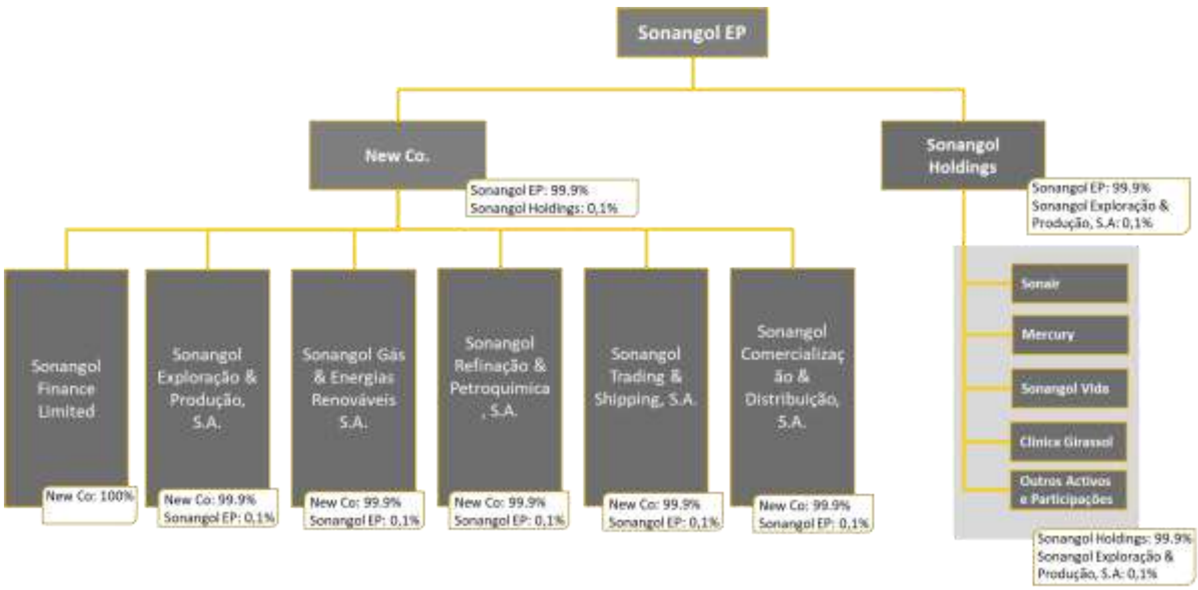
2.4.1 Reorganisation of the Corporate Model and Impact on Sonangol's Macrostructure

On 26 July 2021, the Board of Directors approved a corporate model that defines the structure of the companies by business, based on the Restructuring Program for the Sonangol Group, which received the favourable opinion of the Sole Shareholder, in accordance with Presidential Decree no. 146/18 of 25 October.

The approved corporate model, whose definition complies with the requirements defined by the Commercial Companies Act (LSC - *Lei das Sociedades Comerciais*), the Public Business Sector Act (LSEP - Lei do Sector Empresarial Público) and other related legislation, reorganises the Group as follows:

Overview - Group the universe of companies directly and indirectly owned by Sonangol, E.P. into two main groups, namely companies in the core business chain (upstream, downstream and midstream) and companies in the non-core business chain.

<u>Future corporate model:</u>



The internal reorganisation of the companies included the conclusion of 1 (one) merger process, 2 (two) processes of transformation from private limited companies to public limited companies, namely Sonangol Holdings and Sonangol Gás Natural e Energias Renováveis, S.A., and 2 (two) ongoing dissolution processes in the non-core segment (Academia and Empresa de Serviços e Sondagens de Angola, Lda), as well as the ongoing process of creation of an entity.

The intention to divide the Sonangol Group into two major segments (core and non-core chain) remains. Activities relating to the reorganisation of the companies that will make up the core chain are currently underway, with some processes already completed and others in the process of being completed.

Specific Vision - As at 31 December 2022, the status of the implementation processes for the restructuring of Sonangol Group within the timetable for implementation of the respective corporate model was as follows:

Sonangol Distribuição e Comercialização, S.A.

For this business, a merger by incorporation took place in 2022, in which Sonangol Logística was merged into Sonangol Distribuidora, which incorporated all the assets and liabilities of Sonangol Logística into its corporate structure. Moreover, the change of the name of Sonangol Distribuidora, S.A. to Sonangol Distribuição e Comercialização, S.A. was completed.

Sonangol Gás e Energias Renováveis S.A.

In relation to this business unit, Sonagás, Limitada, and its name, were changed to Sonangol Gás e Energias Renováveis, S.A., a public limited company, with the corresponding adaptation of its Articles of Association to include the renewable energy activity that will concentrate all the businesses of this segment.

Sonangol Exploração & Produção, S.A.

With respect to Sonangol Pesquisa e Produção, S.A., the asset transfer activities are expected to be completed in 2023.

Sonangol Refinação & Petroquímica, S.A.

For this business, a merger by incorporation process is in progress, in which Sonaref, S.A. will be merged with Sonangol Refinaria de Luanda, where the former will include all the assets and liabilities of the latter in its corporate structure.

Sonangol Trading & Shipping, S.A.

In relation to Sonangol Trading & Shipping, S.A., activities are still ongoing, and the implementation of the unit is expected to start in 2023.

Sonangol Holdings

The Group's non-core activities will be concentrated in Sonangol Holdings, as the Group's company with this purpose, where Sonair, Clínica Girassol and the Angolan Maritime Training Centre stand out.

In 2022, Sonangol Holdings began the transformation of its corporate form from a limited liability company to a public limited company, a process that is expected to be completed in 2023.

The companies Sonangol Investimento Indústrias, Lda. and Sonangol Imobiliária e Propriedades, Lda. will go through a process of transferring their assets to the company mentioned above due to the nature of their business and the possibility of their liquidation in the long term will be assessed.

Moreover, within the scope of the approval of the macrostructure in May 2020, the Board of Directors intends to transfer the corporate training component provided by Academia Sonangol and the real estate management provided by Sonangol Imobiliária e Propriedades, Lda to Sonangol E.P., and the safety training component (i.e., safety based on maintaining health, physical integrity, protection from hazards, among others) from Academia Sonangol, S.A. to CFMA, Lda.

The Board expects the process of internal reorganisation of the businesses to be completed by the end of 2023, taking into account the challenges associated with the completion of the internal valuations for the effective transfer of the shareholdings of the non-core businesses.

2.5 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements and related notes were prepared in accordance with the accounting principles and policies established and approved by the Board of Directors in the Accounting Policies Manual of Sonangol (*Manual de Políticas Contabilísticas da Sonangol*) and take by reference the provisions of the National Accounting Standards (*Plano Geral de Contabilidade*) and certain provisions from the International Financial Reporting Standards (IFRS) in force.

There were no changes in the accounting policies when compared to the prior year.

3. OPERATING SEGMENTS

On 26 July 2021, the Board of Directors approved a corporate model that defines the structure of companies by Business Units, corresponding to the new management vision of how it monitors and evaluates the business, broken down as shown below:

- Corporate: Corresponds to the activity of Sonangol EP, as a corporate service provider to the Subsidiaries including financial investments;
- Exploration and Production Unit: includes research, exploration and production of crude oil
- Gas and Renewable Energies Unit: includes research, exploration and production of natural gas and renewable energy;
- Refining and Petrochemicals Unit: includes refining of crude oil derivatives;
- Trading & Shipping Unit: includes transport and marketing of crude oil, derivatives and natural gas on the international markets;
- Distribution and Commercialisation Unit: includes the storage, shipping and trading activities of crude oil and natural gas derivatives;
- Non-Core Activities Unit such as aviation services, healthcare services, training activities, real estate investments, telecommunications and other non-core financial investments.

As a result of this decision, it was necessary to adjust the Group's segment reporting model as at 31 December 2021, which is no longer presented according to the value chain, namely Corporate & Finance, Upstream, Midstream, Downstream and Non-Core, but rather by Business Unit.

Furthermore, in connection with this decision, it has become a permanent concern of the Board of Directors to provide the readers of the Group's financial statements with a true and fair view of the financial performance of each operating segment, and it is the Board understanding that the interest and related financing costs borne by Sonangol EP and Sonangol Finance should be presented in the Distribution and Commercialisation segment, as it is this segment that requires the Group to go to the market to contract the related bank debt. This principle makes it possible to monitor which segments require a greater inflow of debt and the ability to remunerate the implicit cost of financing their operating activities. Therefore, this allocation has been taken into account in the preparation of the segment reporting as at 31 December 2022 and, in addition, the comparative figures as at 31 December 2021 have been modified.

Management monitors the operating results of its business separately, with the purpose of making decisions about resources allocation and their performance evaluation. The performance of a business unit is evaluated based on its operating income and expenses which are valued consistently with the consolidated operating income and expenses.

Regarding the income (dividends) of Sonangol E.P. from the subsidiary PT Ventures, which holds 25% of Unitel, it is presented in the segment of Non-Core Business Units, in order to aggregate all the impacts associated to the performance of Unitel in a single segment and allow a more realistic analysis of the financial information. This change in methodology is based on the new corporate structure and the new way in which the Board of Directors evaluates the financial and operating performance of the business.

In addition, Sonangol E.P.'s revenues and costs are allocated to Corporate, Exploration and Production Unit, based on the nature of the underlying assets and liabilities.

The table below shows, as mentioned above, the entities included in the consolidation perimeter as defined by the Board of Directors of Sonangol E.P. and their respective operating business units:

Company	Business Unit
Sonangol E.P.	Corporate
Sonangol Finance Limited	Corporate
Sonangol Pesquisa & Produção, S.A.	Exploration and production
Sonangol Hidrocarbonetos Internacional, S.A.	Exploration and production
Sonangol Gás Natural e Energias Renováveis, S.A. – Sonagás ER, (entity restructured in 2022)	Gas and Renewable Energies
Sonaref, S.A.	Refining and Petrochemicals
Sonangol – Refinaria de Luanda, S.A.	Refining and Petrochemicals
Refinaria do Lobito, S.A.	Refining and Petrochemicals
Sonaref Investimentos e Participações, S.A.	Refining and Petrochemicals
Sonangol Shipping Holding, Limited	Trading & Shipping
Sonangol Shipping Angola, Limited	Trading & Shipping
Sonangol Shipping Services, Limited	Trading & Shipping
Sonangol Chartering Services limited	Trading & Shipping
Sonangol LNG Shipping Service Limited	Trading & Shipping
Sonangol Marine Transportation limited	Trading & Shipping
Sonangol Marine Services Inc	Trading & Shipping
Sonangol Shipping Angola (Luanda) Limitada	Trading & Shipping
Sonangol Shipping Girassol Limited	Trading & Shipping
Sonangol Huila Limited	Trading & Shipping
Sonangol Shipping Kassanje Limited	Trading & Shipping
Sonangol Kalandula Limited	Trading & Shipping
Sonangol Shipping Kizomba Limited	Trading & Shipping
Sonangol Shipping Luanda Limited	Trading & Shipping
Sonangol Rangel Limited	Trading & Shipping
Sonangol Porto Amboim Limited	Trading & Shipping
Sonangol Shipping Namibe Limited	Trading & Shipping
Sonangol Cabinda Limited	Trading & Shipping
Sonangol Etosha Limited	Trading & Shipping
Sonangol Benguela Limited	Trading & Shipping
Sonangol Sambizanga Limited	Trading & Shipping
Ngol Bengo Limited	Trading & Shipping
Ngol Chiloango Limited	Trading & Shipping
Ngol Zaire Limited	Trading & Shipping
Ngol Cunene (Clyde) Limited	Trading & Shipping
Sonangol Shipping Ngol Luena Limited	Trading & Shipping
Sonangol Shipping Ngol Cassai Limited	Trading & Shipping
Ngol Dande Limited	Trading & Shipping
Ngol Kwanza Limited	Trading & Shipping
Cumberland Limited (Ngol Cubango)	Trading & Shipping
Sonangol Maiombe Limited	Trading & Shipping
Sonangol Cazenga Limited	Trading & Shipping
Sonangol Comercialização Internacional, Lda.	Trading & Shipping
Sonangol Asia	Trading & Shipping
Sonangol Limited	Trading & Shipping
Sonangol Hong Kong Limited	Trading & Shipping
Sonangol USA	Trading & Shipping
Sonangol Distribuidora e Comercialização, S.A. (entity restructured in 2022)	Distribution and Commercialisation
Sonangol Holdings, Lda.	Non-core activities
SIIND – Sonangol Investimentos Industriais, S.A.	Non-core activities
SONIP - Sonangol Imobiliária e Propriedades, Lda.	Non-core activities
Sonair - Serviços Aéreos, S.A.	Non-core activities
Clínica Girassol, SARL.	Non-core activities
MS TELCOM – Mercury Serviço de Telecomunicações, S.A.	Non-core activities
Instituto Superior Politécnico de Tecnologias e Ciências (ISPTEC)	Non-core activities
CFMA - Centro de Formação Marítima de Angola Lda	Non-core activities
Academia Sonangol S.A.	Non-core activities
Sonangol Vida	Non-core activities
Pessoas Desenvolvimento e Associações – PDA	Non-core activities
Solo Properties	Non-core activities

In 2021, the scope of consolidation of Sonangol EP included the subsidiaries Sonangol Distribuidora, S.A. and Sonangol Logística, Lda., both belonging to the Distribution and Commercialisation segment. As part of the implementation of the restructuring of the Sonangol Group under the new corporate model, the merger by incorporation of Sonangol Logística into Sonangol Distribuidora was completed in 2022, with the latter incorporating all the assets and liabilities of Sonangol Logística into its corporate structure. Moreover, the change of name of Sonangol Distribuidora, S.A. to Sonangol Distribuição e Comercialização, S.A. was completed.

SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

Segment reporting

Consolidated Income Statement by Segment for the year ended 31 December 2022

Caption	CORPORATE	EXPLORATION AND PRODUCTION	REFINING AND PETROCHEMICALS	GAS AND RENEWABLE ENERGIES	TRADING & SHIPPING	DISTRIBUTION AND COMMERCIALISATION	SONANGOL HOLDINGS (Non-core business)	Consolidation Adjustments	TOTAL
		AOA	AOA	AOA	AOA	AOA	AOA	AOA	AOA
Sales	-	3,405,383,690,631	885,605,217,601	272,503,066,912	296,433,282,017	2,772,674,737,103	4,076,404,728	(1,540,039,124,912)	6,096,637,274,080
Services rendered	-	-	3,534,739,550	58,846,783	97,457,996,974	147,989,241	46,230,946,257	(38,895,483,510)	108,535,035,295
Other operating income	12,877,214,255	731,465,385	-	181,242,856	32,441,831,329	1,543,687,941	14,632,025,103	(33,681,282,884)	28,726,183,985
	12,877,214,255	**3,406,115,156,016**	**889,139,957,151**	**272,743,156,551**	**426,333,110,320**	**2,774,366,414,285**	**64,939,376,088**	**(1,612,615,891,306)**	**6,233,898,493,360**
Change in finished products and work in progress	-	-	(1,055,032,968)	-	-	188,955,217	-	(30,341,266,589)	(31,207,344,340)
Cost of goods sold and raw materials consumed	-	(24,084,892,175)	(819,048,866,170)	(174,400,021,846)	(289,298,949,182)	(2,424,491,709,494)	(13,891,836,662)	1,570,982,135,511	(2,174,234,140,018)
Oil and Gas exploration and operating costs	-	(844,034,777,030)	-	(5,023,552,172)	-	-	-	4,699,844,672	(844,358,484,530)
Personnel Costs	(89,572,911,417)	(11,918,821,799)	(27,863,330,506)	(29,303,142,178)	(18,505,270,168)	(107,470,627,324)	(123,708,642,179)	(26,199,561,732)	(434,542,307,303)
Depreciation and Amortisation	(5,348,576,321)	(850,435,370,332)	(6,661,529,030)	(10,750,654,784)	(24,761,518,258)	(11,882,208,133)	(16,452,260,888)	-	(926,292,117,746)
Other operating expenses	(60,355,780,059)	(19,142,530,119)	(26,136,818,050)	(12,281,708,638)	(59,483,281,847)	(82,467,401,045)	(52,340,343,238)	42,429,666,808	(269,778,196,188)
	(155,277,267,797)	**(1,749,616,391,455)**	**(880,765,576,724)**	**(231,759,079,618)**	**(392,049,019,455)**	**(2,626,122,990,779)**	**(206,393,082,966)**	**1,561,570,818,669**	**(4,680,412,590,125)**
Operating results	**(142,400,053,542)**	**1,656,498,764,561**	**8,374,380,427**	**40,984,076,933**	**34,284,090,865**	**148,243,423,506**	**(141,453,706,878)**	**(51,045,072,637)**	**1,553,485,903,234**
Financial results	15,547,967,325	(58,545,970,957)	3,710,258,379	67,943,985,743	(11,950,634,764)	(172,122,519,992)	(10,959,072,199)	-	(166,375,986,465)
Net gains/(losses) from investments in other companies	5,818,310,128	-	-	-	-	-	28,246,938,540	-	34,065,248,668
Non-operating results	(98,365,811,887)	148,277,086,748	(6,411,431,990)	17,047,885,547	11,651,447,245	(53,080,329,662)	(20,141,698,550)	6,116,950,357	5,094,097,808
Profit before income tax	**(219,399,587,976)**	**1,746,229,880,352**	**5,673,206,815**	**125,975,948,223**	**33,984,903,346**	**(76,959,426,148)**	**(144,307,539,087)**	**(44,928,122,280)**	**1,426,269,263,245**
Income tax	-	(506,654,506,316)	-	(27,002,256,146)	(2,152,697,411)	(50,801,918,134)	(1,573,671,890)	-	(588,185,049,897)
Tax for the year	**-**	**(506,654,506,316)**	**-**	**(27,002,256,146)**	**(2,152,697,411)**	**(50,801,918,134)**	**(1,573,671,890)**	**-**	**(588,185,049,897)**
Net profit from current activities:	**(219,399,587,976)**	**1,239,575,374,036**	**5,673,206,815**	**98,973,692,077**	**31,832,205,935**	**(127,761,344,282)**	**(145,881,210,977)**	**(44,928,122,280)**	**838,084,213,348**
Extraordinary results	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit for the year	**(219,399,587,976)**	**1,239,575,374,036**	**5,673,206,815**	**98,973,692,077**	**31,832,205,935**	**(127,761,344,282)**	**(145,881,210,977)**	**(44,928,122,280)**	**838,084,213,348**

Consolidated Income Statement by Segment for the year ended 31 December 2021

	CORPORATE	EXPLORATION AND PRODUCTION	REFINING AND PETROCHEMICALS	GAS AND RENEWABLE ENERGIES	TRADING & SHIPPING	DISTRIBUTION AND COMMERCIALISATION	NON-CORE BUSINESS UNITS	CONSOLIDATION ADJUSTMENTS	Total
	AOA	AOA	AOA	AOA	AOA	AOA	AOA	AOA	AOA
Sales	-	3,454,641,500,994	612,876,840,250	389,898,484,071	290,850,507,231	1,744,477,439,326	8,885,270,579	(1,073,329,872,759)	5,428,300,169,765
Services rendered	-	-	3,575,422,563	26,385,598	116,050,557,057	90,005,596	65,915,763,089	(74,701,325,494)	110,956,808,408
Other operating income	17,411,495,830	496,789,623	-	134,911,376	22,126,289,378	282,260,608	22,490,422,510	(20,644,024,146)	42,298,145,181
	17,411,495,830	**3,455,138,290,617**	**616,452,262,813**	**390,059,781,045**	**429,027,353,666**	**1,744,849,705,530**	**97,291,456,178**	**(1,168,675,222,399)**	**5,581,555,123,354**
Change in finished products and work in progress	-	-	43,762,919,390	-	-	(297,317,307)	-	-	43,465,602,083
Costs of goods sold and raw materials consumed	-	(19,929,015,080)	(644,726,154,608)	(181,185,166,890)	(283,914,271,268)	(1,544,248,757,232)	(23,838,377,214)	1,108,734,376,305	(1,589,107,365,987)
Oil and Gas exploration and operating costs	-	(1,188,283,857,934)	-	(19,758,757,438)	-	-	-	12,541,723,236	(1,195,500,892,137)
Personnel Costs	(107,214,895,130)	(32,018,354,533)	(25,251,002,395)	(28,504,286,066)	(20,068,752,686)	(109,730,830,771)	(128,948,691,668)	14,007,577,855	(437,729,235,394)
Deprecation and Amortisation	(5,517,991,033)	(1,152,402,229,535)	(3,733,202,382)	(27,787,402,644)	(36,979,158,669)	(12,034,855,363)	(31,793,367,245)	-	(1,270,248,206,872)
Other operating expenses	(50,347,011,765)	(8,507,023,136)	(18,406,595,345)	(13,255,729,614)	(77,561,465,360)	(55,245,059,753)	(53,420,715,618)	24,469,762,005	(252,273,838,587)
	(163,079,897,928)	**(2,401,140,480,218)**	**(648,354,035,340)**	**(270,491,342,652)**	**(418,523,647,983)**	**(1,721,556,820,426)**	**(238,001,151,745)**	**1,159,753,439,401**	**(4,701,393,936,894)**
Operating results:	**(145,668,402,098)**	**1,053,997,810,399**	**(31,901,772,527)**	**119,568,438,393**	**10,503,705,683**	**23,292,885,104**	**(140,709,695,567)**	**(8,921,782,998)**	**880,161,186,460**
Financial results	139,586,908,836	(136,496,341,310)	(50,542,677,763)	511,871,771,260	32,615,078,750	92,721,267,639	108,068,915,681	2,595,593,178	700,420,516,270
Net gains/(losses) from investments in other companies	31,505,976,483	-	-	-	-	-	11,442,351,760	-	42,948,328,243
Non-operating results	(69,956,072,691)	398,832,496,975	22,082,600,323	(43,913,246,020)	(2,689,849,904)	(37,994,665,819)	(22,102,537,245)	-	244,258,725,618
	101,136,812,628	**262,336,155,665**	**(28,460,077,440)**	**467,958,525,240**	**29,925,228,846**	**54,726,601,820**	**97,408,730,196**	**2,595,593,178**	**987,627,570,131**
Profit before taxes:	**(44,531,589,470)**	**1,316,333,966,064**	**(60,361,849,967)**	**587,526,963,633**	**40,428,934,529**	**78,019,486,924**	**(43,300,965,371)**	**(6,326,189,820)**	**1,867,788,756,591**
Income tax	-	(482,740,172,272)	-	(40,427,644,013)	(1,029,562,452)	(3,873,363,392)	(3,005,548,059)	-	(531,076,290,188)
Net profit from current activities:	**(44,531,589,470)**	**833,593,793,792**	**(60,361,849,967)**	**547,099,319,620**	**39,399,372,077**	**74,146,123,532**	**(46,306,513,430)**	**(6,326,189,820)**	**1,336,712,466,403**
Extraordinary results	23,056,655	-	-	-	2,579,552	-	6,476,030	-	32,112,238
Net profit for the year	**(44,508,532,815)**	**833,593,793,791**	**(60,361,849,968)**	**547,099,319,619**	**39,401,951,628**	**219,775,029,606**	**(46,300,037,400)**	**(6,326,189,818)**	**1,336,744,578,641**

The above segment reporting presents the aggregated values of the companies comprising the respective operating segments net of Intra-group elimination adjustments within each segment in order to best reflect the economic substance of each Sonangol Group operating segment. The consolidation adjustments column reflects Intra-group elimination adjustments between companies within different operating segments.

4. Tangible fixed assets

4.1 Tangible fixed assets

4.1.1 Detail by nature

As at 31 December 2022, tangible fixed assets are detailed as follows:

Captions	2022 Gross amount	2022 Accumulated depreciation	2022 Net Amount	2021 Net Amount
Land and natural resources	14,580,627,201	-	14,580,627,201	15,581,371,313
Buildings and other constructions	792,042,904,634	(399,641,049,726)	392,401,854,908	438,092,223,785
Basic equipment	1,309,552,781,273	(728,733,621,796)	580,819,159,477	506,048,953,414
Transport equipment	73,808,165,983	(65,533,109,884)	8,275,056,099	10,091,291,501
IT equipment	74,185,976,051	(73,435,682,373)	750,293,678	527,428,467
Administrative equipment	192,079,751,402	(189,370,005,101)	2,709,746,301	4,042,064,952
Other Tangible fixed assets	14,269,842,352	(13,765,937,280)	503,905,072	765,288,435
Assets under construction	514,015,084,226	-	514,015,084,226	497,047,919,188
Advance payments for tangible fixed assets	83,889,857,013	-	83,889,857,013	86,849,730,632
	3,068,424,990,135	**(1,470,479,406,160)**	**1,597,945,583,975**	**1,559,046,271,687**

4.1.2 Movements in gross amount during the year

In 2022, the movements occurred in the gross amount of tangible fixed assets were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	Closing balance
Land and natural resources	15,581,371,313	-	-	-	1,395,077	(1,002,139,189)	14,580,627,201
Buildings and other constructions	828,020,661,827	5,339,762,101	-	11,298,564,786	400,857,300	(53,016,941,380)	792,042,904,634
Basic equipment	1,321,914,043,860	15,819,688,159	(58,184,323,937)	148,215,442,043	4,415,430,950	(122,627,499,802)	1,309,552,781,273
Transport equipment	76,249,440,118	4,187,956,711	(948,825,145)	168,000,000	-	(5,848,405,701)	73,808,165,983
IT equipment	81,086,608,275	304,922,258	-	1,907,397	-	(7,207,461,879)	74,185,976,051
Administrative equipment	212,749,665,789	1,085,417,829	(5,018,646)	28,019,708	-	(21,778,333,278)	192,079,751,402
Other Tangible fixed assets	12,110,514,793	18,919,877	-	-	-	2,140,407,682	14,269,842,352
Assets under construction	497,047,919,188	179,317,772,707	(580,763,698)	(153,335,763,144)	375,927,657	(8,810,008,484)	514,015,084,226
Advance payments for tangible fixed assets	86,849,730,632	4,648,874,531	(2,325)	(6,376,170,790)	-	(1,232,575,035)	83,889,857,013
	3,131,609,955,795	**210,723,314,173**	**(59,718,933,751)**	**-**	**5,193,610,984**	**(219,382,957,066)**	**3,068,424,990,135**

The increases in the captions Assets under construction and Advances payments for tangible fixed assets are essentially related to:

- The investment to increase the production capacity of the Luanda refinery through the new platforming unit. Once this new unit came into operation during the second half of 2022, gasoline production capacity recorded an increase of 519% compared to the same period last year, i.e. from 72,000 tonnes to 450,000 tonnes per year. As a result, the volume of surplus Naphtha is expected to decrease by around 16% year on year. Increases for the year related to these initiatives amounted to AOA 37,832,971 thousand and are included in Assets under construction caption;

- Increases related to developments made in connection with the resuming of the construction of the Refinaria do Lobito site structure, amounting to AOA 19,485,079 thousand;

- The investment in the reinforcement of the Group's fuel storage capacity, with the construction of the *Terminal Oceânico da Barra do Dande*. Increases for the year under assets under construction caption amounted to AOA 90,219,664 thousand, resulting mainly from works in progress carried out by Empresa Bento Pedroso Construções, S.A. following the transfer of the contractual position of OECI, SA to this entity.
  The contracts signed under the scope of this project forecast an investment of USD 519 million (AOA 288 billion), of which USD 282 million (AOA 142 billion) has been materialised.

- Increases related to the construction of two Suezmax vessels, the construction of which started in 2021 and is expected to be completed in the second quarter of 2023. These projects had increases of USD

13,700,000 (AOA 6,371,555 thousand) during the period, increasing the value of assets under construction to USD 27,400,000 (AOA 13,801,133 thousand) at the end of the period. These projects are the responsibility of Hyundai Heavy Industries and represent an expected investment of USD 68,500 thousand.

As mentioned above, in 2022, the investment in the new platform unit Project in the Refining and Petrochemicals segment in the amount of AOA 146,200,288 thousand was successfully completed. It resulted in the transfer of this asset from Assets under construction to assets in operation under the caption of Basic Equipment, as shown in the Transfers column, and it begun depreciating since September.

Main assets under construction at 31 December 2022

In 2022, the Group's main assets under construction are essentially related to the Construction of the Refinaria do Lobito in the "*Refining and Petrochemicals*" segment and works on the Terminal Oceânico da Barra do Dande (TOBD) facilities in the "*Supply and Distribution*" segment.

Refinaria do Lobito

In 2017, the Angolan State reaffirmed its commitment to carry out the construction of Refinaria do Lobito as it is a national strategic project focused on self-sufficiency in the production of refined products and on the reduction of imports. During 2020, Sonaref reassessed the project for the construction of the new Refinaria do Lobito within the scope of which it updated the economic and financial feasibility study based on new technical and financial assumptions, which allowed the choice of the ideal technical configuration for the future refinery. In 2021, the company completed the FEED (Front End Engineering Design) update. Refinaria do Lobito will be built on a reserved site, with an estimated area of approximately 3,800 hectares. The land reserved for this refinery is located approximately 35 km northwest of the city of Benguela and 8 km northwest of the city of Lobito.

Following the project's development, on 9 July 2021, the international tender was launched in the city of Lobito for selecting the entity that will integrate the corporate structure of the future company owning Refinaria do Lobito and the project's funders to design, build, own, and operate (BOO) the oil refinery in the city of Lobito, Benguela province, in partnership with Sonangol. Due to bureaucratic constraints observed during the selection process of the project partners, this selection process is not completed. During 2022, and given the strategic importance of this investment, the Sonangol Group has decided that the Company should start the structural works phase on the Refinaria do Lobito site, namely the site structure works, without prejudice to continuing to evaluate the possible participation of other entities in the project, and it is currently developing the following set of activities:

- Review of the project's financing model and update of the financial feasibility study;
- FEED ("Front-End Engineering and Design") update works: In 2022, the review of the engineering documentation and the review of the final Preliminary Process Hazard Analysis & Layers of Protection Analysis (PPHA/LOPA) reports was completed. The preparation of the technical deliverables and the definition of the 3D model of the refinery, the preparation of the "EARLY FEED BOOK" with the preliminary CAPEX estimate and the issuance of the ITB package to the EPC are in progress. The analysis and approval of the technical documents prepared by KBR and the issuance of the complete FEED UPDATE package are also planned;
- Pre-EPC works: The signing of the contractor and supervision contracts with OEC and DAR and the preparation of the contractor coordination procedure have been completed. The mobilisation of the Contractor on site for the start of shipyard cleaning and repair works, the signing of the Deed of Assignment by UNRP and the contractor (OEC) and the acquisition of site permits are underway.

The net value of this asset as at 31 December 2022 amounts to AOA 271,312,307 thousand (USD 539 million), net of accumulated impairment amounting to AOA 355,102,155 thousand (USD 705 million) with no impairment reinforcement been made during the year. These amounts reflect the assessment the Board of Directors carried out on the asset, taking into account the possibility of the assets being used in the construction of the Refinery and with the development of industrial projects adjacent to it, such as, petrochemical industry projects fuelled by the discovery of hydrocarbons in blocks offshore near Lobito. The recoverable value of the investment was determined taking into account the successful conclusion of the selection process of the partner for the project, the support of its shareholders, and the respective capacity to obtain funding and/or other means that will allow it to raise the capital necessary for the construction project of the Refinaria do Lobito. It should be noted that the choice of partner will be approved by the competent Ministry.

Terminal Oceânico da Barra do Dande (TOBD)

This project, located on the coastline of the Dande municipality (Bengo province) and which will result in the construction of a large storage centre (Industrial/Logistics facility), was started in 2011, but was suspended due to the emergence of the economic and financial crisis in 2012, when Sonangol E.P. reviewed its investment portfolio and had to suspend some of Sonangol Group's structural projects, including the TOBD.

In 2020, the Company carried out technical and financial assessment studies on the Project and concluded that conditions existed for the return of the investment, which had been halted. On this basis, and in order to assess the recoverability of the investments already recorded in previous years, the Group requested to an independent external entity to carry out an economic assessment of the assets, which determined a replacement cost value at new, higher than the historical cost recorded in the Financial Statements, removing the risk of impairment of these assets under construction.

The project is subdivided into 4 large units as detailed below:

- Unit 100 - Storage Park for oil derivatives with a total capacity of 730,000 m^3, (628,000 m^3 of the 29 tanks for liquid products already erected in the TOBD and 102,000 m^3 of the 34 tanks for LPG storage);
- Unit 700 - Ship berthing dock by Quay Bridge;
- Unit 300 - Product Transportation Lines connecting the Quay bridge and the Storage Park;
- Unit 150 - Water Collection and Treatment Station on the River Dande.

The re-launch of the project had its formal start in 2021, foreseeing a construction period of 20 months, of which 17 months for physical execution and 3 months for commissioning.

The project works are progressing at a normal pace and within the programme and no constraints are foreseen that would jeopardise the implementation of the work programme.

This asset under construction has a net value of AOA 209,172,662 thousand as at 31 December 2022.

4.1.3 Movements, during the year, in accumulated depreciation

In 2022, the movements occurred in the accumulated depreciation were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	Closing balance
Buildings and other constructions	(389,928,438,042)	(30,278,800,300)	-	-	-	20,566,188,616	(399,641,049,726)
Basic equipment	(815,865,090,446)	(35,367,062,545)	53,888,524,567	-	(3,393,418,276)	72,003,424,904	(728,733,621,796)
Transport equipment	(66,158,148,617)	(2,706,973,980)	840,370,817	-	-	2,491,641,896	(65,533,109,884)
IT equipment	(80,559,179,808)	(127,050,679)	-	-	-	7,250,548,114	(73,435,682,373)
Administrative equipment	(208,707,600,837)	(2,009,624,562)	5,018,646	-	(13,822,978)	21,356,024,630	(189,370,005,101)
Other Tangible fixed assets	(11,345,226,358)	(194,055,641)	-	-	-	(2,226,655,281)	(13,765,937,280)
	(1,572,563,684,108)	**(70,683,567,707)**	**54,733,914,030**	**-**	**(3,407,241,254)**	**121,441,172,879**	**(1,470,479,406,160)**

4.A. Oil and gas properties

Included in this caption is all investment directly associated with oil and gas exploration, namely investment made in the areas of each oil block that are in the development or production phase. The expenses related to construction, installation and finalisation of infrastructures such as platforms, pipelines and other development costs are recorded under "Assets under construction (oil and gas assets)" until the date when the respective areas of the concession enter the productive phase, *i.e.*, start generating economic benefits for the Group. Investments made in areas that are already in operation are recognised under "Oil and Gas assets - Development".
The development expenses (as well as the dismantling component), for the areas that are in the production phase, are depreciated using the units of production method, in accordance with the accounting policy disclosed in note 2.2.2.(iii).

As at 31 December 2022, the Group holds a portfolio of 42 blocks in total at various stages of activity, the percentage of interest held is detailed in the map below:

National	Location	Condition	Participating Interest
Block 0	*Offshore*	Non-operated	41%
Block 1/14	*Offshore*	Non-operated	25%
Block 14	*Offshore*	Non-operated	20%
Block 14 Lianzi	*Offshore*	Non-operated	10%
Block 15	*Offshore*	Non-operated	10%
Block 15/06	*Offshore*	Non-operated	36.84%
Block 16	*Offshore*	Non-operated	20%
Block 17	*Offshore*	Non-operated	5%
Block 17/06	*Offshore*	Non-operated	30%
Block 18	*Offshore*	Non-operated	16.28%
Block 19/11	*Offshore*	Non-operated	40%
Block 20/11	*Offshore*	Non-operated	20%
Block 21/09	*Offshore*	Non-operated	20%
Block 22/11	*Offshore*	Non-operated	50%
Block 24/11	*Offshore*	Non-operated	50%
Block 25/11	*Offshore*	Non-operated	30%
Block 28	*Offshore*	Non-operated	20%
Block 29	*Offshore*	Non-operated	20%
Block 30	*Offshore*	Non-operated	40%
Block 31	*Offshore*	Non-operated	45%
Block 32	*Offshore*	Non-operated	30%
Block 36/11	*Offshore*	Non-operated	50%
Block 37/11	*Offshore*	Non-operated	50%
Block 40/11	*Offshore*	Non-operated	30%
Block 44	*Offshore*	Non-operated	40%
Block 45	*Offshore*	Non-operated	40%
Block 48	*Offshore*	Non-operated	30%
FS Association	*Onshore*	Non-operated	85%
FST Association	*Onshore*	Non-operated	68.67%
Cabinda Norte	*Onshore*	Non-operated	25.64%
Cabinda Sul	*Onshore*	Non-operated	25%
Cabinda Centro	*Onshore*	Non-operated	25%
NAG-Gas Consortium	*Onshore*	Non-operated	40%
KON5	*Onshore*	Non-operated	20%
Block 3/05	*Offshore*	Operated	50%
Block 3/05A	*Offshore*	Operated	25%
Block 4/05	*Offshore*	Operated	50%
Block 5/06	*Offshore*	Operated	100%
Block 23	*Offshore*	Operated	100%
Block 27	*Offshore*	Operated	100%
Kwanza KON 11	*Onshore*	Operated	30%
Kwanza KON 12	*Onshore*	Operated	30%

4.A.1 Detail by nature

As at 31 December 2022, oil and gas properties are analysed as follows:

Captions	2022 Gross amount	2022 Accumulated depreciation	Accumulated Impairment	2022 Net Amount	2021 Net Amount
Development costs	20,619,837,474,127	(15,745,117,245,604)	(1,278,373,117,551)	3,596,347,110,972	4,405,457,017,274
Dismantling costs	1,247,919,927,277	(956,527,504,946)	(51,706,597,685)	239,685,824,646	483,616,936,564
Assets under construction (oil and gas assets)	1,699,670,409,442	-	(1,159,280,895,849)	540,389,513,593	491,656,580,331
	23,567,427,810,846	**(16,701,644,750,550)**	**(2,489,360,611,085)**	**4,376,422,449,210**	**5,380,730,534,169**

Strategy of revision and optimisation of the portfolio of exploration and production assets

On 22 April 2021, the Board of Directors of Sonangol E.P. approved a strategy to review and optimise ,the exploration and production assets portfolio, which includes the partial sale of participating interests in oil blocks where Sonangol Pesquisa & Produção, S.A. is the operator or partner.

The approved strategy consisted of the launching of an international tender to identify potential partners, which began on 14 June 2021 with the evaluation of the proposals received and the execution of the due diligence for the verification of the competitor's compliance.

During 2022, Sonangol P&P signed a series of promissory agreements for the sale of interests in the blocks listed in the table below. These agreements specify the interest to be sold and the sales price agreed between the parties, which includes a fixed component and a contingent component depending on the occurrence of future events. The expected selling prices are higher than the carrying amount of the assets as at 31 December 2022 and management believes that they will be sufficient to generate capital gains, thereby ensuring the repositioning and sustainability of the Group's investment portfolio.

Block	03.05	15.06	18	31	23	27
Current shareholding of Sonangol (31.12.2021)	50%	36.84%	16.28%	45%	100%	100%
Shareholding to be sold in 2022	20%	10%	8.50%	10%	80%	60%
Expected Sonangol shareholding after sale	30%	26.84%	7.78%	35%	20%	40%

It should be noted that there is also an ongoing negotiation process for the sale of up to a 20% participating interest in block 04/05 and 75% in block 5.06. For these blocks the process is not at the same level of maturity as the above blocks and no selling price has yet been determined. Nevertheless, like for the blocks above, it is the Board of Directors expectation, according to the valuations carried out, that the future selling prices will be higher than the book value of the assets and that they will allow the Group to generate future capital gains.

As at the date of approval of the financial statements, the actual sale has not yet taken place, as all the conditions precedent stipulated in each contract have not yet been met, including the approval and validation of the contracts by the relevant ministry and other competent authorities.

For details on the carrying amount of each block—which includes investments in oil and gas properties and exploration and evaluation assets—see notes 4 A and 5 A respectively.

4.A.2 Movements in the gross amount during the year

In 2022, movements in the gross amount of oil and gas properties were as follows:

Captions	2021	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	2022
Oil and Gas assets - Development	22,192,210,945,251	441,888,218,057	-	-	(2,014,261,689,181)	20,619,837,474,127
Oil and Gas assets - Dismantling	1,569,127,829,761	357,957,210	(163,043,550,747)	-	(158,522,308,946)	1,247,919,927,277
Assets under construction (oil and gas assets)	1,805,276,119,389	56,539,246,951	-	-	(162,144,956,899)	1,699,670,409,442
	25,566,614,894,401	**498,785,422,218**	**(163,043,550,747)**	**-**	**(2,334,928,955,026)**	**23,567,427,810,846**

4.A.2.1 Movements, during the year, in the gross amount of development costs of oil and gas assets by block:

Block	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
B02.05	417,774,050,871	-	-	-	-	(38,609,666,041)	379,164,384,830
B03.05	373,410,387,690	17,246,879,694	-	-	-	(33,077,725,121)	357,579,542,263
B03.5A	36,286,627,898	6,173,296,942	-	-	-	(2,840,971,259)	39,618,953,581
B04.05	242,858,268,224	714,534,150	-	-	-	(22,385,047,303)	221,187,755,071
B14.00	1,524,775,097,098	18,437,512,388	-	-	-	(139,385,208,465)	1,403,827,401,021
B14.KU	141,728,129,284	105,176,094	-	-	-	(13,089,438,012)	128,743,867,367
B15.06	2,844,193,252,629	129,421,043,842	-	-	-	(252,107,997,054)	2,721,506,299,417
B15,(15.19)	511,389,434,537	21,306,712,673	-	-	-	(45,492,338,276)	487,203,808,934
B17.00	669,192,161,595	24,114,898,692	-	-	-	(59,842,928,579)	633,464,131,708
B18.20	45,334,022,649	562,614,734	-	-	-	(4,142,948,310)	41,753,689,073
B31.00	3,998,250,293,047	24,137,102,561	-	-	-	(367,504,575,449)	3,654,882,820,159
B32.00	3,301,096,249,200	59,974,305,472	-	-	-	(300,099,827,596)	3,060,970,727,076
BFS/FST	61,481,359,884	7,188,426,151	-	-	-	(5,085,124,126)	63,584,661,909
BOC.ST	30,740,736,045	74,122,670	-	-	-	(2,834,830,003)	27,980,028,712
Block 0	7,993,700,874,599	132,431,591,994	-	-	-	(727,763,063,587)	7,398,369,403,006
	22,192,210,945,251	**441,888,218,057**	**-**	**-**	**-**	**(2,014,261,689,181)**	**20,619,837,474,127**

In 2021, the Block 0 Contractor Group entered into an agreement with the National Oil, Gas and Biofuels Agency (ANPG) to extend the concession of Block 0 from 2030 to 2050 and to merge concession areas A and B. The formalisation process of this agreement was completed in 2023 with the publication of Presidential Decree no. 9/23 of 5 January, with retroactive effect from 1 January 2022, in accordance with Rectification No. 1/23 of 13 January of the Secretariat of the Council of Ministers.

On the basis of the renewal of the concession agreement, Cabinda Gulf Oil Company Limited ("CABGOC") continues to be the operator of block 0, with a 39.2% participating interest. The contractor group still includes Sonangol, E.P., with a 41% shareholding; Total, with 10%; and ENI Angola, with 9.8%.

The increase in the caption "Development costs" relates to the investments made during the year in the blocks in which the Group has a participating interest. We highlight the investments made in Block 15.06 with the continuation of the development work of the Ndungu EP and Cuica EP fields and Agogo - Phase 2, in Block 32 where reservoir studies were carried out in the ACCE area and where the COM-4 well was completed, and in Block 0.

4.A.2.2 Movements, during the year, in the gross amount of Dismantling Costs of Oil and Gas Assets by Block:

Block	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
B02.05	33,602,651,869	-	-	-	-	(3,105,475,709)	30,497,176,160
B03.05	142,454,569,828	-	(9,022,097,554)	-	-	(13,914,385,056)	119,518,087,218
B03.5A	15,954,400,302	357,957,210	-	-	-	(1,444,746,885)	14,867,610,627
B04.05	40,749,827,748	-	-	-	-	(3,766,000,395)	36,983,827,353
B14.00	176,147,706,043	-	(959,058,070)	-	-	(16,358,772,230)	158,829,875,743
B14.KU	5,170,370,492	-	(802,375,024)	-	-	(544,452,000)	3,823,543,468
B15.06	103,745,017,614	-	(19,707,451,379)	-	-	(11,224,116,050)	72,813,450,185
B15,(15.19)	166,874,817,174	-	(22,205,688,292)	-	-	(17,265,840,637)	127,403,288,245
B17.06	64,646,797,510	-	(99,757,156)	-	-	(5,982,783,017)	58,564,257,337
B18.20	75,487,451,722	-	(6,079,546,074)	-	-	(7,481,134,628)	61,926,771,020
B31.00	146,575,377,066	-	(23,197,129,674)	-	-	(15,472,132,056)	107,906,115,336
B32.00	171,602,152,065	-	(29,700,301,365)	-	-	(18,324,985,555)	123,576,865,145
BFS/FST	29,108,196,181	-	-	-	-	(2,690,109,000)	26,418,087,181
BOC.ST	996,966,602	-	-	-	-	(92,137,241)	904,829,361
Block 0	396,011,527,545	-	(51,270,146,159)	-	-	(40,855,238,487)	303,886,142,899
	1,569,127,829,761	357,957,210	(163,043,550,747)	-	-	(158,522,308,946)	1,247,919,927,277

In 2022, the discount rate used to discount the estimated future outflows with the dismantling of Block 0 increased from 3.82% in 2021 to 5.42% in 2022, while for the other blocks the discount rate increased from 3.52% in 2021 to 5.29% in 2022. The very significant increase in the average discount rate compared to the previous year is mainly due to the general increase in market risk-free rates. This increase in the discount rate and the downward revision of the dismantling estimates in blocks 15.06 and 31 mainly explain the overall decrease in the dismantling of oil and gas assets compared to last year.

In 2022, the update of the liability for future dismantling of Block 0, as disclosed in Note 18.4, resulted in a reduction of this liability by approximately AOA 89,641,893 thousand (USD 192,746 thousand), which is mainly explained by the aforementioned increase in the discount rate, which resulted in the following impacts:

- the decrease in the dismantling asset of AOA 51,270,146 thousand (USD 110,240 thousand) corresponding to the amount by which the gross value of the asset equals its accumulated depreciation;
- the difference of AOA 38,371,747 thousand (USD 82,506 thousand) was recognised as a gain in the income statement (see Note 33), considering that the relevant decrease in the gross value of the Block 0 dismantling asset would result in a negative net book value, taking into account the accumulated depreciation and impairments prior to the impairment test at the end of the year.

Moreover, this decrease in the gross value of the Block 0 dismantling asset resulted in a partial reversal of the accumulated impairment of AOA 23,384,973 thousand (USD 50,282 thousand) which was recognised in the income statement (see following note and note 33).

As mentioned above for Block 0, for a number of other blocks the decrease in the liability was greater than the net book value of the dismantling asset recognised, thus in these cases, the excess of the change in the liability over the net book value of the asset has been recognised as non-operating profit (see Note 33).

4.A.2.3 Movements, during the year, in the gross amount of assets under construction (oil and gas assets) by block:

Block	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
B03.5A	28,403,362,063	609,861,372	-	-	-	(2,574,334,908)	26,438,888,527
B04.05	-	-	-	-	-	-	-
B05.06	(135,160,441)	-	-	-	-	12,491,201	(122,669,240)
B09.09	(75,508,845)	-	-	-	-	6,978,345	(68,530,500)
B14.00	127,744,099,146	-	-	-	-	(11,805,800,280)	115,938,298,866
B15.06	(13,863,532,491)	39,097,051,068	-	-	-	4,527,349,323	29,760,867,900
B17.06	29,835,910,164	7,892,448,822	-	-	-	(2,102,075,333)	35,626,283,653
B20.11/B21.09	129,525,781,148	6,545,755,797	-	-	-	(11,426,983,819)	124,644,553,126
B22.11	(398,869,189)	-	-	-	-	36,862,524	(362,006,665)
B31.00	1,291,204,208,656	1,980,102,813	-	-	-	(119,165,563,785)	1,174,018,747,684
B32.00	197,685,739,778	404,750,188	-	-	-	(18,236,032,088)	179,854,457,878
B35.11	(100,828,804)	-	-	-	-	9,318,346	(91,510,458)
B36.11	12,636,606,616	-	-	-	-	(1,167,844,583)	11,468,762,033
B37.11	2,814,311,588	-	-	-	-	(260,092,075)	2,554,219,513
BST.00	-	9,276,891	-	-	-	770,233	10,047,124
	1,805,276,119,389	**56,539,246,951**	**-**	**-**	**-**	**(162,144,956,899)**	**1,699,670,409,442**

4.A.3 Movements in accumulated depreciation during the year

In 2022, movements in accumulated depreciation of oil and gas properties were as follows:

Captions	2021	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	Other movements	2022
Oil and Gas assets - Development	(16,402,109,544,261)	(793,009,643,563)	-	-	1,450,001,942,220	-	(15,745,117,245,604)
Oil and Gas assets - Dismantling	(982,610,680,054)	(59,765,192,996)	-	-	85,848,368,075	-	(956,527,504,946)
	(17,384,720,224,315)	**(852,774,836,529)**	**-**	**-**	**1,535,850,310,239**	**-**	**(16,701,644,750,550)**

The increases accounted in these captions reflect the depreciation of the oil and gas assets following the principle of asset depreciation by the units of production ("UOP") method.

4.A.3.1 Movements, during the year, in accumulated depreciation of Oil and Gas Assets by Block:

Block	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
B02.05	(417,774,050,872)	-	-	-	-	38,609,666,041	(379,164,384,831)
B03.05	(341,049,613,520)	(15,149,859,415)	-	-	-	30,261,130,090	(325,938,342,845)
B03.5A	(2,025,101,417)	-	-	-	-	187,154,969	(1,837,946,448)
B04.05	(242,641,999,737)	-	-	-	-	22,424,386,000	(220,217,613,737)
B14.00	(1,504,415,998,864)	(6,643,913,321)	-	-	-	138,482,858,377	(1,372,577,053,808)
B14.KU	(68,818,748,373)	(3,641,885,473)	-	-	-	6,057,686,832	(66,402,947,014)
B15.06	(2,106,732,769,239)	(97,889,306,866)	-	-	-	186,571,674,163	(2,018,050,401,942)
B15.(15.19)	(198,920,838,672)	(41,565,917,346)	-	-	-	14,932,684,116	(225,554,071,902)
B17.06	(113,395,516,575)	(60,872,094,299)	-	-	-	5,425,704,858	(168,841,906,016)
B18.20	(7,934,037,312)	(8,409,596,661)	-	-	-	35,019,993	(16,308,613,980)
B31.00	(3,738,097,471,694)	(50,897,949,254)	-	-	-	341,240,005,917	(3,447,755,415,031)
B32.00	(1,546,234,628,757)	(398,923,660,038)	-	-	-	109,777,780,553	(1,835,380,508,242)
BFS/FST	(60,530,709,208)	(446,000,174)	-	-	-	5,557,071,448	(55,419,637,934)
BOC.ST	(15,909,490,404)	(371,245,455)	-	-	-	1,439,493,325	(14,841,242,534)
Block 0	(6,037,628,569,617)	(108,198,215,261)	-	-	-	548,999,625,538	(5,596,827,159,340)
	(16,402,109,544,261)	**(793,009,643,563)**	**-**	**-**	**-**	**1,450,001,942,220**	**(15,745,117,245,604)**

4.A.3.2 Movements, during the year, in accumulated depreciation of dismantling Oil and Gas Assets by Block:

Block	2021	Increases	Foreign exchange translation adjustments (FS conversion)	2022
B02.05	(33,602,651,776)	-	3,105,475,700	(30,497,176,076)
B03.05	(114,346,442,633)	(6,289,174,241)	10,045,449,588	(110,590,167,286)
B03.5A	(12,212,796)	-	1,128,677	(11,084,119)
B04.05	(40,749,827,650)	-	3,766,000,386	(36,983,827,264)
B14.00	(174,838,568,262)	(137,992,387)	16,146,699,956	(158,829,860,693)
B14.KU	(1,572,385,989)	(198,079,131)	128,870,167	(1,641,594,953)
B15.06	(72,342,184,758)	(2,998,773,588)	6,436,710,012	(68,904,248,334)
B15,(15.19)	(41,787,586,464)	(8,431,110,295)	3,161,896,807	(47,056,799,952)
B17.06	(6,177,594,473)	(4,482,572,033)	198,743,312	(10,461,423,194)
B18.20	(8,113,851,340)	(11,913,716,964)	(239,299,017)	(20,266,867,321)
B31.00	(103,680,197,076)	(4,952,548,954)	9,170,676,892	(99,462,069,138)
B32.00	(30,815,790,283)	(15,993,805,865)	1,520,001,205	(45,289,594,943)
BFS/FST	(21,527,360,952)	(2,361,995,099)	1,793,396,651	(22,095,959,400)
BOC.ST	(606,765,259)	-	56,075,526	(550,689,733)
Block 0	(332,437,260,343)	(2,005,424,409)	30,556,542,212	(303,886,142,540)
Total	**(982,610,680,054)**	**(59,765,192,966)**	**85,848,368,075**	**(956,527,504,946)**

4.A.4 Movements, during the year, in Impairment by Blocks:

In 2022, the movements occurred in accumulated impairment losses of oil and gas properties by Block were as follows:

Block	2021	Increases	Reversals	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
B14.00	-	(13,352,934,840)	-	-	(1,108,655,612)	(14,461,590,452)
B14.KU	(55,771,625,175)	-	-	-	5,154,278,534	(50,617,346,641)
B15.06	(89,460,153,232)	-	-	-	8,267,690,712	(81,192,462,520)
B15.19	(111,994,676,557)	-	37,145,629,376	-	13,434,371,102	(61,414,676,079)
B17.06	(11,255,044,095)	(14,667,053,188)	-	-	26,815,814,956	893,717,673
B17	(292,080,950,490)	-	-	-	-	(292,080,950,490)
B21.09	(34,144,201,321)	-	-	-	3,155,524,398	(30,988,676,923)
B31.00	(1,182,931,896,234)	-	43,765,014,372	-	112,957,383,830	(1,026,209,498,032)
B32.00	(144,905,018,659)	-	-	-	13,391,770,902	(131,513,247,757)
B36.11	(12,636,606,582)	-	-	-	1,167,844,578	(11,468,762,004)
B37.11	(2,814,311,427)	-	-	-	260,091,847	(2,554,219,580)
BFS/FST	(950,650,819)	-	-	-	87,856,846	(862,793,973)
BOC.ST	(14,866,887,655)	-	-	-	1,373,961,756	(13,492,925,899)
Block 0	(847,352,113,670)	(27,406,383,015)	23,384,973,977	-	77,976,344,301	(773,397,178,407)
	(2,801,164,135,916)	**(55,426,371,043)**	**104,295,617,725**	**-**	**262,934,278,149**	**(2,489,360,611,085)**

In assessing whether there is evidence of an eventual increase and/or reversal of impairment of Oil and Gas Properties, taking into account the very significant increase in the price of a barrel of crude oil during the year (2022: 102.31 USD/Barrel and 2021: 70.58 USD/Barrel), the upward revision of the Probable Reserves ("2P") as a result of the increase in the market price of crude oil and the consequent increase in the economic limit of most areas of the blocks, but also the general increase in market interest rates and the consequent increase in the WACC discount rate, the Board of Directors has determined that it is necessary to perform an impairment test on its main assets, which has led to the following findings:

- - Block 0 : i) An impairment loss of AOA 27,406,383 thousand (USD 58,928 thousand) on the development asset affected by the significant increase in the discount rate (WACC), the upward revision of the estimated future production costs (Opex) as a consequence of the general price increase as well as the revision of the future capex outlook related to the development of the block and ii) reversal of the impairment of the dismantling asset up to the limit of the accumulated depreciation of AOA 23,384,973 thousand (USD 50,281 thousand) as mentioned in Note 4A.2. As a whole, and including the global effect referred to in Note 4A.2, a net gain of AOA 34,350,338,185 associated with Block 0 (see Note 33) was recognised in the period;

- Block 14: Recognition of impairment in the amount of AOA 13,352,935 thousand, following the recoverability analysis of areas in the exploration phase, taking into account the prolonged period of inactivity of oil operations and for which no investment for future development is planned;
- Block 17: the reinforcement of impairment net of reversals, in the amount of AOA 14,667,053 thousand (USD 31,537 thousand), results from the review of internal profitability, and consequent partition of profit-oil between the Contractor Group and ANPG, with the profit-oil being mostly appropriated by ANPG;
- Block 15.19: reversal of impairment in the amount of AOA 37,145,629 thousand (USD 79,870 thousand);
- Block 31: reversal of impairment in the amount of AOA 43,765,014 thousand (USD 94,103 thousand) considering the recoverable value of the investment determined through the determination of the fair value of the block as opposed to its value in use. The fair value was determined by projecting the sell price determined for the partial disposal of participating interest in the block for the entire investment held.

5. Intangible assets

5.1 Detail by nature

As at 31 December 2022 and 2021, Intangible assets were as follows:

Captions	2022 Gross amount	2022 Accumulated amortisation	2022 Net Amount	2021 Net Amount
Goodwill	103,816,285,080	-	103,816,285,080	114,478,450,280
Business acquisition/Industrial property and other rights	869,249,363	(605,002,499)	264,246,864	311,002,709
Incorporation costs	265,376,612	(265,376,612)	-	-
Other intangible assets	82,226,702,364	(81,816,192,424)	410,509,940	538,170,747
	187,177,613,419	**(82,686,571,535)**	**104,491,041,884**	**115,327,623,736**

Goodwill comprises the excess of the consideration transferred for the acquisition of Refinaria de Luanda from Fina Petróleos and the fair value of identifiable net assets acquired and liabilities assumed, being the variation in comparison with the previous year justified by the exchange rate variation as detailed below. In the impairment tests carried out in 2022 no impairments to be recognised were identified.

5.2 Movements, during the year, in gross amount

In 2022, the movements occurred in the gross amount of Intangible assets were as follows:

Captions	2021	Increases	Decreases / write-off	Foreign exchange translation adjustments (FS conversion)	Closing balance
Goodwill	114,478,450,280	-	-	(10,662,165,200)	103,816,285,080
Industrial property and other rights and contracts	869,249,363	-	-	-	869,249,363
Incorporation costs	289,920,526	-	-	(24,543,914)	265,376,612
Other intangible assets	90,528,980,011	42,110,760	-	(8,344,388,407)	82,226,702,364
	206,166,600,180	**42,110,760**	-	**(19,031,097,521)**	**187,177,613,419**

5.3 Movements, during the year, in accumulated amortisation

In 2022, the movements occurred in the accumulated amortisation were as follows:

Captions	2021	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance
Industrial property and other rights and contracts	(558,246,654)	(46,755,845)	-	-	(605,002,499)
Incorporation costs	(289,920,526)	-	-	24,543,914	(265,376,612)
Other intangible assets	(89,990,809,264)	(121,321,991)	-	8,295,938,831	(81,816,192,424)
	(90,838,976,444)	**(168,077,836)**	**-**	**8,320,482,745**	**(82,686,571,535)**

5.A. Exploration and evaluation assets

5.A.1 Detail by nature

As at 31 December 2022 and 2021, Exploration and evaluation assets, by nature, were as follows:

Captions	2022 Gross amount	2022 Accumulated amortisation	2022 Accumulated impairment	2022 Net Amount	2021 Net Amount
Exploration and evaluation assets	163,473,018,228	-	19,043,223,232	144,429,794,995	87,638,150,626
Advances for the acquisition of participating interests	740,228,192,334	-	740,228,192,335		-
	903,701,210,562	**-**	**759,271,415,567**	**144,429,794,995**	**87,638,150,626**

Exploration and evaluation assets include all exploration and evaluation investments directly related with oil and gas exploration. Costs incurred with the drilling of exploration wells until they result in commercial discovery or are deemed not economically feasible to continue their exploration and development, are considered as an investment in progress. In case of a commercial discovery, assets are transferred to oil and gas properties.

5.A.2.1 Movements in gross amount during the year

During 2022, movements in the gross amount of Exploration and evaluation assets were as follows:

Captions	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
Exploration and evaluation assets:							
B04.05	8,331,680,256	-	(879,363,541)	-	-	(843,004,727)	6,609,311,988
B15.06	67,907,745,578	43,117,681,302	-	-	-	(2,695,932,919)	108,329,493,961
B17.00	41,316,992	954,883,563	-	-	-	75,462,808	1,071,663,363
NGC	7,408,911,206	6,832,712,905	-	-	-	(117,413,214)	14,124,210,897
B15.19	-	2,227,795,586	-	-	-	184,967,443	2,412,763,019
B22.11	(539,442,639)	-	-	-	-	49,853,982	(489,588,657)
B31.00	1,535,032,797	-	-	-	-	(141,864,014)	1,393,168,783
B32.00	4,487,939,483	566,885,406	-	-	-	(367,697,641)	4,687,127,248
B37.11	2,797,899,301	-	-	-	-	(258,575,262)	2,539,324,039
BKN.05	-	232,538,500				19,307,000	251,845,500
Block 9 (Cuba)	-	6,863,141,289				569,826,798	7,432,968,087
Block 2 – São Tomé and Príncipe	16,649,430,000	-	-	-	-	(1,538,700,000)	15,110,730,000
	108,620,512,974	**60,795,638,551**	**(879,363,541)**	**-**	**-**	**(5,063,769,756)**	**163,473,018,228**
Acquisition of participating interests:							
B09.09	77,577,989,117	-	-	-	-	(7,169,569,880)	70,408,419,237
B20.11/B21.09	738,026,384,219	-	-	-	-	(68,206,611,122)	669,819,773,097
	815,604,373,336	**-**	**-**	**-**	**-**	**(75,376,181,002)**	**740,228,192,334**
	924,224,886,310	**60,795,638,551**	**(879,363,541)**	**-**	**-**	**(80,439,950,758)**	**903,701,210,562**

The increases in exploration and evaluation assets relate to the investments made during the year in accordance with the participating interest held by the Group in each block.

We highlight the investments made in block 15.06, where Sonangol Pesquisa & Produção, S.A. helds a 36.84% participating interest, and which are related to the drilling of Adigigbo 2 and Ndungu 2 wells in 2022. In the New Gas Consortium (NGC), engineering studies and development of the Quiluma and Maboqueiro fields have been carried out.

5.A.2.2 Movements in accumulated impairment during the year

During 2022, movements in accumulated impairment of Exploration and evaluation assets were as follows:

Captions	2021	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2022
Exploration and evaluation assets:							
B37.11	(2,797,899,551)	-	-	-	-	258,575,102	(2,539,324,449)
B31.00	(1,535,032,797)	-	-	-	-	141,864,014	(1,393,168,783)
Block 2 – São Tomé and Príncipe	(16,649,430,000)	-	-	-	-	1,538,700,000	(15,110,730,000)
	(20,982,362,348)	**-**	**-**	**-**	**-**	**1,939,139,116**	**(19,043,223,232)**
Acquisition of participating interests:							
B09.09	(77,577,989,117)	-	-	-	-	7,169,569,880	(70,408,419,237)
B21.09,and,B20.11	(738,026,384,219)	-	-	-	-	68,206,611,121	(669,819,773,098)
							-
	(815,604,373,336)	**-**	**-**	**-**	**-**	**75,376,181,001**	**(740,228,192,335)**
	(836,586,735,684)	**-**	**-**	**-**	**-**	**77,315,320,117**	**(759,271,415,567)**
	(836,586,735,684)	**-**	**-**	**-**	**-**	**77,315,320,117**	**(759,271,415,567)**

6. Investments in affiliates

6.1 Detail by type of measurement

As at 31 December 2022 and 2021, the financial investments by measurement method are detailed as follows:

Net amount	2022	2021
Financial investments – cost less impairment losses	1,183,424,029,936	2,017,608,870,376
Financial investments – fair value	231,821,846,028	261,130,083,737
	1,415,245,875,964	**2,278,738,954,113**

6.2 Detail by entity – financial investments – cost less impairment losses

As at 31 December 2022, the detail of financial investments measured at cost less impairment losses (when applicable) are as follows:

Captions	% held	2022 Gross amount	2022 Accumulated provisions	2022 Net Amount	2021 Net Amount
ACS	100%	17,425,086,621	(17,425,086,621)	-	-
AGOLE	100%	2,295,769	(2,295,769)	-	-
ALM	50%	392,411	-	392,411	432,330
Angoflex	30.0%	1,084,724,391	(1,084,724,391)	-	-
Angola Cables	9.0%	6,765,726,605	(6,765,726,605)	-	-
Angola LNG Supply Ltd	22.8%	354,523,733,326	-	354,523,733,326	1,006,712,340,589
Angolan LNG Fleet Management	0%	-	-	-	9,734,367
Banco Angolano de Investimentos	0.0%	-	-	-	1,275,840,744
Banco Caixa Geral Angola	0%	-	-	-	38,869,961,430
Bauxite	20%	491,250,000	(491,250,000)	-	-
Bayview	16%	136,000	(136,000)	-	-
Banco de Comércio e Indústria, SARL	0.2%	-	-	-	-
Biocom	20%	14,711,331,806	(14,711,331,806)	-	-
Cogesform - Comércio Gestão e Formação	100%	6,259,750	(3,840,312)	2,419,438	2,419,438
China Sonangol International	30%	274,063,102,953	(274,063,102,953)	-	-
Cardlane Limited	100%	16,000,300	(16,000,300)	-	-
Diranis	100%	145,621,667	(145,621,667)	-	-
E.I.H. - Energia Inovação Holding, SA	30%	2,701,890	(2,701,890)	-	-
Embal	30%	305,363,246	(305,363,246)	-	-
Enco, SARL	77.56%	2,579,284,614	(2,579,284,614)	-	-
Esperaza Holding B.V.	100%	83,417,053,809	-	83,417,053,809	127,481,779,108
Empresa de Serviços e Sondagens de Angola, Lda	100%	127,598,018,735	(102,722,660,153)	24,875,358,582	27,658,374,144
Genius, Lda	10%	701,250,000	(701,250,000)	-	-
Gesporto	100%	1,400,000	(1,400,000)	-	-
INLOC	100%	27,769,500,000	-	27,769,500,000	27,769,500,000
Quicombo	60%	60,000,000	(60,000,000)	-	-
Kwanda Lda	30%	13,141,040	-	13,141,040	13,141,040
Lobinave	75%	525,647,462	(525,647,462)	-	-
Luanda Waterfront	26.1%	6,099,427,614	-	6,099,427,614	6,099,427,614
Luxervisa	80%	6,044,292,000	(6,044,292,000)	-	-
Mota Engil Angola	20%	6,494,048,204	-	6,494,048,204	6,494,048,204
Miramar Empreendimentos	40%	302,214,600	-	302,214,600	332,988,600
Manubito, Lda	100%	4,833,827	-	4,833,827	5,326,047
Net One	51.0%	11,785,781,089	(11,785,781,089)	-	-
OPCO _ Angola LNG Operating Company – Sociedade Operacional Angola LNG	22.80%	11,484,155	-	11,484,155	12,653,567
OPS	50%	537,726	-	537,726	537,726
Paenal - Porto Amboim Estaleiros Navais, Lda	10%	7,500,000	-	7,500,000	7,500,000
Petromar Limitada	30%	9,198,728	-	9,198,728	9,198,728
Puaça – Administração e Gestão, S.A.	100%	26,116,629,809	(26,116,629,809)	-	-
PP São Tomé e Princípe	1000%	25,196,639	-	25,196,639	27,762,370
Petrolera Venangocupet, S.A.	20%	15,990,174	(15,990,174)	-	-
PT Ventures	100%	475,300,230,124	(394,833,703,131)	80,466,526,993	88,660,296,923
Societe Ivoirienne de Reffinage	20%	22,666,095,000	(22,666,095,000)	-	-
S. Tomé e Principe Offshore	51%	765,000	(765,000)	-	-
Somg	40%	20,137,148	-	20,137,148	22,187,585
Sonacergy-Serviços e Construções Petrolíferas, Lda	40%	1,283,485,924	-	1,283,485,924	1,414,181,123
Sonaid- Serviços de Apoio à Perfuração, Lda	30%	11,705,107	-	11,705,107	11,705,107
Sonamet Industrial S.A.	40%	356,351,721	-	356,351,721	356,351,721
Sonangalp	51%	501,880,661	-	501,880,661	501,880,661
Sonangol Cabo-Verde	99%	2,162,710,815	-	2,162,710,815	2,162,710,815
Sonangol Hidrocarbonetos USA, Ltd.	100%	64,310,242,373	(64,310,242,373)	-	-
Sonangol Holdings USA, Ltd	100%	399,528,106	(399,528,106)	-	-
Sonangol International	100%	5,036,910	-	5,036,910	5,549,810
Sonangol Pesquisa & Produção Iraque Cayman Islands	100%	173,938,855,982	(145,694,015,967)	28,244,840,015	63,802,748,380
Sonangol São Tomé e Príncipe	92%	1,091,346,145	(1,091,154,145)	192,000	192,000
Sonangol São Tomé e Príncipe (Block 1)	100%	25,184,550	-	25,184,550	27,749,050
Sonangol Hidrocarbonetos Brasil, Ltda	100%	85,796,588,283	(85,796,588,283)	-	-
Sonangol Libongos Limited	100%	267,711,766,500	-	267,711,766,500	294,972,401,500
Sonangol Pacific Inc.	100%	5,036,910	-	5,036,910	5,549,810
Sonangol Quenguela Limited	100%	267,711,766,500	-	267,711,766,500	294,972,401,500
Sonasing Kuito	30%	233,922,597	(233,922,597)	-	-
Sonasing Mondo	10%	107,545	-	107,545	107,545
Sonasing Sanha	30%	270,000	-	270,000	270,000
Sonasing Saxi - Batuque	10%	107,545	(107,545)	-	-
Sonasing Xikomba	30%	1,813,288	-	1,813,288	1,997,932
Sonasurf (Angola)-Companhia de Serviços Marítimos, Lda	0%	-	-	-	187,500
Sonasurf Internacional	0%	-	-	-	401,360,442
Sonangol Shipping Representações Brasil	99%	38,498,841	(38,498,841)	-	-
Sonils	30%	6,439,161	-	6,439,161	6,439,161
Spal	50%	48,932,000	(48,932,000)	-	-
Solenova	50%	5,434,825,890	-	5,434,825,890	438,434,990
Sonangol Refinaria de Cabinda	100%	1,511,073	-	1,511,073	-
Technip Angola	40%	1,042,720	-	1,042,720	1,042,720
Total Marketing & Serviços de Angola S.A.	50.02%	14,684,901,484	-	14,684,901,484	14,683,154,366
Unitel	25%	11,010,918,977	-	11,010,918,977	12,136,851,462
Wams	100%	1,667	-	1,667	1,667
Research and Development Centre	100%	36,121,782	-	36,121,782	39,800,002
Sonangol Africa Limited	100%	504	-	504	555
Sociedade de Desenvolvimento da Barra do Dande	20%	181,516,486	-	181,516,486	200,000,001
Intercontinental Hotel	100%	350,000:	-	350,000:	350,000:
Sociedade Quilemba Solar Lda	30%	347,506	-	347,506	-
AMUFERT SA	10%	1,200,000	-	1,200,000	-
		2,364,107,699,785	**(1,180,683,669,849)**	**1,183,424,029,936**	**2,017,608,870,376**

During 2022, the Group incorporated the company Sonangol Refinaria de Cabinda and subscribed the share capital of USD 3 thousand, equivalent to AOA 1,511,073. This company is domiciled in the Cayman Islands and will hold a shareholding in the special purpose vehicle that will build and operate the Cabinda refinery.

The main changes in the net value of the financial investments presented above are detailed below.

Financial investment in Angola LNG

Sonangol Gás Natural e Energias Renováveis, S.A. holds a 22.80% participating interest in Angola LNG Supply Ltd, Angola LNG Operating Company - Sociedade Operacional Angola LNG (OPCO) and 40% in Angola Gas Pipeline Company - Sociedade de Operações e Manutenção de Gasodutos, S.A. (SOMG), in which it participates together with other operators, namely Chevron (operator) with 36.4% and Total, BP Amoco and ENI, all with 13.6%. Moreover, Sonangol Gás Natural e Energias Renováveis, S.A holds a 50% shareholding in Angola LNG Marketing Limited (ALM).

The company LNG Supply Ltd. is the main focus of the consortium's investment and the entity responsible for the execution of the project, holder of the gas plant and assets derived from the gas production, rights and operations and responsible for the management of all the project's corporate affairs. SOMG is an Angolan entity, which provides maintenance and repair services for the refinery infrastructure to Angola LNG Limited and is responsible for the management and operation of the gas pipeline network. On the other hand, OPCO is an entity under Angolan law, a service provider for Angola LNG Limited and is responsible for providing technical expertise in the refinery operation and for the management and operation of the gas plant and support structures to the operations. Lastly, ALM is a British entity, a service provider to Angola LNG Limited, responsible for the marketing and commercialisation of LNG.

The Angola LNG Project has been developing its operations at the Soyo plant in a safe and reliable manner. Despite being a benchmark for other world-class LNG plants, the priority now is to optimise the operation, in order to achieve more efficiency gains and cost rationalisation in a sustainable manner, so that the Project being highly competitive regarding similar units throughout the world. Angola LNG currently generates sufficient revenues to guarantee:

- Coverage of operating costs and debt service without having to resort to shareholders, so it no longer depends on their cash-calls;
- Full compliance with its State obligations, being tax obligations the most relevant.
- Gradual recovery of investments through amortisation; and
- The return of funds to shareholders through the repurchase of shares.

LNG is exported from the Soyo factory to buyers around the world. Angola LNG has developed a customer portfolio in which about half of its cargoes are traded through forward contracts, signed with the main international LNG buyers. The other half are sold through short-term contracts, usually through tenders. This marketing strategy combines the stability resulting from forward sales contracts, indexed to the price of oil, with the use of immediate sales opportunities in regional markets. Thus far, this approach has proved highly successful and has enabled Angola LNG to consolidate its presence in the global liquefied natural gas markets. The prospects for continued growth in demand for this raw material will provide additional opportunities for the Project. Liquids are also an important part of Angola LNG's revenues and have also benefited from the increase in oil prices.

The shareholders of Angola LNG are in line with this initiative, and they are willing to invest in new sources of supply. Consequently, other specific measures are under discussion with the national authorities that will allow Angola LNG to play an even greater role as investor in new gas projects as well as gas buyer thus enabling new upstream investments to be promoted by other players.

During 2022, the movements in the financial investment in Angola LNG Supply Ltd were as follows:

Entity	2021 Net Amount	Amounts Paid	Amounts Received	Provisions	Provision reversal	Foreign exchange translation adjustments (FS conversion)	2022 Net Amount
Angola LNG Supply Ltd	1,006,712,340,589	-	(604,414,069,200)	-	88,129,033,735	(135,903,571,798)	354,523,733,326
	1,006,712,340,589	**-**	**(604,414,069,200)**	**-**	**88,129,033,735**	**(135,903,571,798)**	**354,523,733,326**

In 2021, the shareholders of Angola LNG Ltd. decided to reduce the share capital by USD 1.135 billion, of which USD 258.780 billion (AOA 161.508.480) was repaid to Sonangol Gás Natural e Energias Renováveis, S.A.. In 2022, the shareholders again deliberated a capital reduction of USD 5.700 million, of which Sonagás ER was reimbursed its share of USD 1,299,600 thousand (AOA 604,414,069 thousand). The receipts were recorded against a decrease in the investment in this affiliate.

The impairment test carried out in 2022 resulted in the reversal of the impairment in the amount of USD 189,493 thousand, equivalent to AOA 88,129,034 thousand, as disclosed in Note 31. As at 31 December 2022, this investment does not present any recorded impairment. In 2022, the total accumulated impairment of previous years has been reversed.

The impairment test took into consideration not only the existing reserves but also the additional gas supply from free areas. Given Sonangol Gás Natural e Energias Renováveis, S.A's 22.8% shareholding in the project, the fair value of the shareholding as at 31 December 2022 is USD 3,489,185 thousand, corresponding to AOA 1,757,470,953 thousand. USD 1,813,958 thousand, equivalent to AOA 1,006,712 341 thousand), which is higher than the historical cost recorded for this affiliate.

In the impairment test carried out with as at 31 December 2022, a discount rate between 17.26% and 15.26% was considered and a net present value ("NPV") for the ALNG project between AOA 1,699,318,000 thousand (USD 3,374 million) and AOA 1,820,173,328 thousand (USD 3,614 million) was obtained.

The recoverable amount was calculated using the discounted cash flow method on the project's expected cash flows and considering the following assumptions:

- Confident Supply - gas reserves presented by the Suppliers of the Block and the 2022 Gas Supply Plan;
- Cash Flows until 2041;
- Average of the price curve of the publications of several independent entities (World Bank, Deloitte, among others) as at 2022; and
- Opex and Capex in line with ALNG 2023-2041 Business Plan.

Sonangol P&P Iraq Cayman Islands

In 2022, an assessment was made regarding the investment held in Sonangol P&P Iraq (which owns the exploration of the Najmah and Qaiyarah fields in Iraq), having been identified the need to reinforce the impairment in this investment in the amount of USD 58,888 thousand corresponding to AOA 27,387,507 thousand, that considered, among others, the following assumptions:

- Operational management of the projects under the responsibility of the entity's partner, with Sonangol retaining the right to 10% of the projects' oil-profit after recovery of the recoverable costs financed by it in previous years;
- Estimated contractor group remuneration set at 3.75USD/BBL in line with forecast profitability index;
- Najmah field coming into production in 2025 (Qaiyarah in production since the end of 2018);
- Discount rates between 19.12% and 17.12%;
- Tax rate of 35%;
- Estimated reserves of 137 MMbbl for Qaiyarah and 82.3 MMbbl for Najmah, corresponding to an ELT (Economic Limit Test) of 2036.

The valuation carried out in 2021 on this investment had already resulted in the need to increase the impairment by USD 88,696 thousand, equivalent to AOA 55,356,788 thousand, taking into account the same assumptions as above, with the following specific changes in relation to the reference date of the test:

- Najmah field coming into production in 2024 (Qaiyarah in production since the end of 2018);
- Discount rate of 15.71%;
- Estimated reserves of 438 MMbbl for Qaiyarah and 339 MMbbl for Najmah, corresponding to an ELT (Economic Limit Test) of 2036.

Sonangol Libongos Limited and Sonangol Quenguela Limited

As disclosed in previous years, in 2019, Sonangol E.P. subscribed the capital increase in the amount of AOA 267,711,767 thousand (USD 531,500 thousand) in each of its subsidiaries, Sonangol Quenguela Limited and Sonangol Libongos Limited. This increase was partly realised by the transfer of the drill ships to these entities. The amount of subscribed and unpaid capital is disclosed in Note 19, in current liabilities.

Sonangol E.P. entered into an agreement in February 2019 with Seadrill for an initial duration of five years, giving rise to a joint-venture of participating interests divided in 50% for each of the parties, with the purpose of carrying out the technical, commercial and operational management of four drilling units (two belonging to the Seadrill fleet and two belonging to Sonangol E.P. through its subsidiaries "Sonangol Libongos Limited" and "Sonangol Quenguela Limited") in the oil operations in Angolan waters.

Sonangol E.P. is represented in the aforementioned Joint-Venture through its subsidiary Empresa de Serviços e Sondagens de Angola, Lda. – ESSA.

The change in these financial assets is related to the appreciation of the closing exchange rate of the Kwanza against the US dollar.

Arbitration proceeding relating to the transfer of the 40% interest of Esperaza Holdings B.V. to Exem Energy B.V.

On 23 July 2021, the International Court of Arbitration, under the auspices of the Netherlands Arbitration Institute, determined the final judgement in favour of Sonangol following the dispute, initiated in 2019 by Exem Energy B.V., which sought to legitimise an alleged transfer of shares in Esperaza Holdings B.V. from Sonangol to that company.

The litigation concerned the 40% shareholding in Esperaza Holdings B.V held by Exem allegedly transferred by Sonangol E.P. in 2006. Esperaza Holdings B.V. holds a 45% interest in Amorim Energia, which in turn holds a 33.34% investment in the Portuguese oil and gas company Galp S.A.

After reviewing the documentary evidence and conducting a seven-day evidentiary hearing, the Court of Arbitration concluded that the transaction by which Exem Energy B.V. intended to acquire its shareholding in Esperaza Holdings B.V. was tainted by illegality and based on the factual findings, the Court declared the transaction null and void and that Sonangol should be considered the rightful owner of 100% of Esperaza Holdings B.V.

Therefore, and following the described judicial decision, the Group proceeded in 2021 to the reintegration in its Financial Statements of the 40% of the shareholding in the entity Esperaza Holding B.V., previously held by Exem Energy B.V. in the amount of Euro 75,083 thousand, thus becoming again the holder of 100% of the capital of that entity. Following the recognition of this shareholding, the balance receivable from Exem Africa Limited that was recognised as other non-current asset was offset (see note 9.4)

Moreover, Exem Energy B.V. was also ordered to bear the full costs incurred by Sonangol during the arbitration proceedings.

In 2022, the entity Esperaza Holding B.V. decided to repay part of the invested capital amounting to AOA 29,808,273 thousand, equivalent to Euro 65,000 thousand, settled in two instalments, the first of Euro 20,000 thousand and the second of Euro 45,000 thousand. This repayment was initially made by converting the share premium reserve into share capital, followed by a decision to return the invested share capital to Sonangol EP, resulting in a reduction in the gross investment.

Disposals under the Privatisation Programme (PROPRIV)

In the context of the privatisation programme (PROPRIV) approved by Presidential Decree 250/19 of 5 August and extended until 2026 by Presidential Decree 78/23 of 28 March of 2023, the Group sold the following shareholdings, resulting in the derecognition of the following financial investments:

Entity	Percentage sold	Selling price (AOA thousand)	Cost of disposal (AOA thousands)	Method of sale
Banco Caixa Geral Angola	25%	20,197,000	4,099,871	Initial public offering on the stock exchange
Sonasurf Internacional	49%	4,344,270	-	Purchase options right by the other shareholder
Sonasurf Angola	50%	856,112	-	Purchase options right by the other shareholder
Banco de Comércio e Indústria, SARL	0.20%	17,325	2,716	Electronic auction
Banco Angolano de Investimentos	9%	34,123,080	6,275,746	Initial public offering on the stock exchange
		59,537,787	**10,378,334**	

Transaction costs include the 15% fee payable to IGAPE in accordance with the provisions of Decree-Law No. 101 of 5 August 2019. The sale of Sonasurf International and Sonasurf Angola was made to the former partner in these companies. The gains and losses determined on the sale of these assets, net of the respective selling costs, are disclosed in note 31.

Moreover, the Board of Directors approved the sale of the shareholding in Mota Engil Angola (20%), which will be completed in 2023 with an agreed selling price of AOA 10,000,000 thousand. The agreement also provides that Sonangol Holdings will be entitled to dividends for 2019, 2020 and 2021, which have not yet been deliberated by Mota Engil Angola.

Puma Energy Equity Swap

As disclosed in the 2020 Annual Report and Accounts, on 15 April 2021, it was agreed the sale of the shareholding of Sonangol Holdings in Puma Energy, and Sonangol Group, through Sonangol Africa Limited, based in the British Virgin Islands, acquired in exchange Puma Africa Investment Ltd, an affiliate of Puma Energy holding a set of assets in Angola, namely:

- Pumangol, Lda;
- Pumangol Bunkering, Lda;
- Pumangol Industrial, Lda; e
- Angobetumes – Sociedade Angolana de Betumes, Lda.

In view of the above, with the process of Equity Swap, no financial inflow or outflow occurred in any of the entities involved in the process, with the closing of the transaction having occurred in December 2021. Considering that the operations were associated transactions, the valuation of the sale of the shareholding in Puma Energy held by Sonangol Holdings corresponded to the valuation of the assets received by the Group, whose fair value determined based on an external valuation amounted to USD 458 million, corresponding to AOA 254,181,298 thousand, which were recognised in the Financial Statements of Sonangol Africa Limited. As at 31 December 2021, the Group had an asset receivable from Sonangol Africa Limited amounting to AOA 254,181,298,000, corresponding to the fair value of the transaction (see note 9) and recorded a purely accounting gain associated to this transaction amounting to AOA 136,008,916,749 (see note 31). As at 31 December 2022 this amount has not been paid and management does not expect it to be paid in 2023, therefore the amount has been reclassified to Other non-current assets in 2022 (see note 9), being in evaluation, in the context of the transfer, the mechanism by which it will be paid.

Regarding the transaction recognised in 2021, the parties concluded that the assets subject to the exchange had a similar value, a situation that made the said operation possible. As disclosed in previous financial years, the shares in Puma Energy were included in the Angolan Government's Privatisation Programme (PROPRIV) approved at the end of 2019. However, as a result of the uncertainties in the market, caused by the COVID-19 Pandemic, it was not possible to conclude a sale operation in the market, and was opted for the referred exchange operation.

The investment made by Sonangol Holdings in Puma Energy amounted to USD 1,096 million and, when compared with the value of the assets received by the Group in this operation (approximately USD 458 million), it represents a capital loss in the currency of the operation (USD). In accordance with the provisions of the PGC, the investment was recorded at historical cost determined in the currency of the entity (Kwanza), in the amount of AOA 118,172 million, corresponding to USD 213 million if translated at the exchange rate on the date of the exchange operation, which, when compared with the value of the operation (of USD 458 million) as set out above, generated an accounting gain in 2021, as presented in note 31.

Management is of the opinion that, from the point of view of the concept of capital gain applied in Angolan tax legislation, there was a capital loss and that the accounting gain recorded is due to the depreciation of the Kwanza against the US dollar over the years. Consequently, there was no observed capital gain for tax purposes.

Banco Económico

In view of the continued unfavourable financial performance of Banco Económico in the domestic market, on 31 December 2019 Sonangol E.P. recorded a provision proportional to the net position of the investment made, with the said investment having a nil net value. On 15 February 2022, the Executive Committee of Banco Económico, presented the Bank's Recapitalisation and Restructuring Plan (RRP). In substance, the RRP includes the issue of convertible Equity Securities, which reflect financial products to reinforce the Bank's recapitalisation process. Added to this effort is the conversion of 45% of eligible deposits (over USD 5 million) into capital via a Transferable Securities Investment Fund (closed), and the conversion of 20% of deposits via the referred Plan. Public entities are not allowed to hold shares in the Plan.

Sonangol's strategy was to not increase its exposure to the Bank's capital by not exercising its right of preference to follow the capital increase provided for in the RRP and the consequent full dilution of its shareholding.

The approval of the RRP at the General Meeting of 5 August 2022—in accordance with the instructions of the sectoral regulator as part of the corrective action applied to the Bank—culminated in the cancellation of the shares held by Sonangol and the subsequent loss of the status of shareholder of Sonangol EP and its subsidiaries. This event had no impact on the Group's income statement, and only resulted in the write-off of the investment from the company's balance sheet.

6.2.1 Movements, during the year, in provisions

In 2022, the movements occurred in the accumulated provisions of financial investments were as follows:

Captions	2021	Increases	Reversal of Provisions	Disposals	Foreign exchange translation adjustments (FS conversion)	2022
Movements occurred in provisions	1,485,247,980,040	27,637,507,251	(88,129,033,735)	(114,463,607,771)	(129,609,175,936)	1,180,683,669,849
	1,485,247,980,040	**27,637,507,251**	**(88,129,033,735)**	**(114,463,607,771)**	(129,609,175,936)	1,180,683,669,849

The increase comes mainly from the recognition of the impairment of the financial investment Sonangol Pesquisa & Produção Iraq in the amount of AOA 27,387,507 thousand (USD 58,888 thousand).

With regard to the decrease, and as explained above in note 6.2, all the remaining impairment booked in previous years in the Angola LNG Supply Ltd investment in the amount of AOA 88,129,034 thousand (USD 189,493 thousand), was reversed.

6.3 Detail by entity – financial investments – fair value

As at 31 December 2022, the financial investments measured at fair value relate to the investment in Banco Millennium BCP, as follows:

Captions	% held	2022 Fair value	2021 Fair value
Banco Millennium BCP	19.49%	231,821,846,028	261,130,083,737
		231,821,846,028	**261,130,083,737**

As at 31 December 2022, the Group holds 2,946,353,914 shares representing a qualified participation in Millennium BCP's share capital of 19.49% valued at fair value, based on market price as at 31 December 2022.

The table below details the position in the balance sheet of the Group:

Year	No. of Shares	Fair Value	
		EUR	AOA
31-12-2007	180,000,000	525,600,000	58,030,181,977
31-12-2008	469,000,000	379,890,000	42,032,258,380
31-12-2009	469,000,000	397,008,500	51,025,914,471
31-12-2010	685,138,638	398,750,687	48,676,293,902
31-12-2011	794,933,620	108,110,564	13,671,878,185
31-12-2012	3,803,587,403	285,268,647	13,671,878,185
31-12-2013	3,803,587,403	635,877,509	85,245,738,843
31-12-2014	10,534,115,358	695,251,614	86,982,929,381
31-12-2015	10,534,115,358	516,171,653	76,689,170,933
31.12.2016,(*)	140,454,871	150,427,167	28,021,873,581
31-12-2017	2,946,353,914	801,408,265	149,304,763,921
31-12-2018	2,946,353,914	676,188,224	239,862,896,062
31-12-2019	2,946,353,914	597,520,574	326,355,579,538
31-12-2020	2,946,353,914	362,990,802	289,822,383,214
31-12-2021	2,946,353,914	415,141,266	261,130,083,737
31-12-2022	2,946,353,914	431,346,213	231,821,846,028

(*) The capital increase and rearrangement of shares of Millennium BCP in 2016 meant that each lot of 75 shares was converted to a single share of the bank. In this context, Sonangol E.P. became the holder of 140,454,871 shares

Fair value changes were as follows:

	Opening balance	Exchange rate change	Fair Value Changes	Foreign exchange translation adjustments (FS conversion)	Closing balance
Amount in EUR	415,141,266	-	16,204,947	-	431,346,213
Amount in AOA	261,130,083,737	(12,819,976,215)	8,041,492,182	(24,529,753,678)	231,821,846,028

Sonangol E.P.'s shareholding in Millennium BCP constitutes a strategic investment, since it is a relevant support for diversification of investments of Sonangol E.P., in geographies such as Africa and Europe and enhances the Group's internationalisation.

These securities are in the custody of Millennium BCP under a contract signed between the bank and Sonangol E.P. in 2017.

6.4 Details on the more relevant investments in affiliates

As at 31 December 2022, the investments in affiliates with higher relevance in the investment portfolio are detailed below:

Company	Equity	Net profit for the year	Currency	%	Head Office	Parent company / Other relevant shareholders	Net Investment Amount (AOA)
Banco Millennium BCP	5,920,565,000	129,675,000	EUR	19.49%	Portugal	Fuson Group 29.95% BlackRock, Inc 2.68% EDP Group Pension Fund 2.06% Other shareholders 45.82%	231,821,846,028
Angola LNG Supply Ltd	5,794,984,257	5,409,850,281	USD	22.80%	Bermuda Islands	Cabinda Gulf Oil Company 36.4% BP Exploration (Angola) - 13.6% Total LNG Angola 13.6% ENI Angola Production 13.6%	354,523,733,326
Sonangol Pesquisa & Produção Iraque Cayman Islands	275,523,000 a)	(25,217,000) a)	USD	100%	Cayman Islands	N/A	28,244,840,015
PT Ventures	225,395630 a)	152,956,245 a)	EUR	100%	Portugal	N/A	80,466,526,993

a) Financial information for 2020.

7. Other financial assets

7.1 Detail by nature

As at 31 December 2022, Other financial assets are detailed as follows:

Captions	2022	2021
Real Estate Investments	364,018,176,830	384,593,834,553
Energy Fund III	17,891,819,561	24,811,785,863
Gateway Fund I	167,741,369,301	190,004,868,048
Gateway Fund II	25,022,340,016	13,678,055,960
Other financial assets	1,043,654	1,408,270,588
	574,674,749,362	**614,496,815,012**

7.1.1 Real Estate investments

As at 31 December 2022, Real estate investments were detailed as follows:

Captions	2022	2021
Real Estate investment:		
- Hotels	16,741,468,573	19,308,381,821
- Overseas properties	14,587,078,819	19,701,094,257
- Other properties	28,246,333,383	34,039,368,380
	59,574,880,775	**73,048,844,458**
Real Estate investment in progress:		
- Hotels	295,602,000,776	303,447,544,514
- Other properties	8,841,295,279	8,097,445,581
	304,443,296,055	**311,544,990,095**
	364,018,176,830	**384,593,834,553**

The caption Hotels includes the investments in the HCTA, Maianga, Florença and Base do Kwanda Hotels. The operation of these Hotels is managed by third parties under exploration contracts and the Group receives rents for it (Note 24). The caption Overseas properties relates to the building owned in London which is operated by the Solo Properties.

Work on Tower A started in 2021 and is expected to be completed in 2023.

It should also be noted that the Promissory Agreements for the Florença and Maianga hotels have been signed during 2022 and Management expects the transaction to be completed during 2023.

The caption Real Estate investment in progress includes projects in progress, the main investment being related to the Intercontinental Hotel - Hotel & Casino in the amount of AOA 265,016,168 thousand, which is partially operational after its official inauguration on 11 November 2021. The project is expected to be completed in 2023.

The caption assets under construction also includes the investment in Hotel Riomar, acquired by the Group in 2014 and which is expected to be sold under the Privatisation Programme (PROPRIV) under the Presidential Decree No. 250/19, extended until 2026 under Presidential Decree 78/23 of 28 March 2023.

7.1.1.1 Movements, during the year, in the amount of real estate investments

In 2022, the movements occurred in real estate investments were as follows:

Captions	Closing balance 31.12.2021	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance 31.12.2022
Hotels	180,173,836,935	-	-	(16,651,229,542)	163,522,607,393
Overseas properties	44,319,702,281	-	-	(8,344,664,051)	35,975,038,230
Other properties	70,132,664,461	301,981,933	(3,933,785,566)	(6,783,029,242)	59,717,831,586
Real Estate investment in progress	377,038,139,859	20,027,172,169	-	(33,181,699,706)	363,883,612,322
	671,664,343,536	**20,329,154,102**	**(3,933,785,566)**	**(64,960,622,541)**	**623,099,089,521**

7.1.1.2 Movements, during the year, in accumulated amortisation

In 2022, the movements occurred in Accumulated amortisation of real estate investments were as follows:

Captions	Closing balance 31.12.2021	Other movements	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance 31.12.2022
Hotels	(23,799,513,270)	-	(722,492,864)	-	2,139,506,750	(22,382,499,384)
Overseas properties	(24,618,608,024)	-	(1,385,430,613)	-	4,616,079,227	(21,387,959,410)
Other properties	(16,077,906,127)	-	(761,655,559)	384,606,703	1,395,830,920	(15,059,124,063)
Real Estate investment in progress	-	-	-	-	-	-
	(64,496,027,421)	**-**	**(2,869,579,036)**	**384,606,703**	**8,151,416,897**	**(58,829,582,857)**

7.1.1.3 Movements, during the year, in provisions

In 2022, the movements occurred in provisions were as follows:

Captions	Closing balance 31.12.2021	Other movements	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance 31.12.2022
Hotels	(137,065,941,844)	-	-	-	12,667,302,407	(124,398,639,437)
Overseas properties	-	-	-	-	-	-
Other properties	(20,015,389,954)	-	-	1,618,834,771	1,984,181,042	(16,412,374,141)
Real Estate investment in progress	(65,493,149,764)	-	-	-	6,052,833,497	(59,440,316,267)
	(222,574,481,562)	**-**	**-**	**1,618,834,771**	**20,704,316,946**	**(200,251,329,845)**

As at 31 December 2022, the value of provisions amounts to AOA 200,251,330 thousand, relating to the difference between the value of the investment made in each of the units and their respective recoverable value, following the real estate valuation carried out by a certified independent expert valuer. In the analysis performed as at 31 December 2022, no additional impairments to be recorded were identified.

7.1.2 Investment Fund - *Energy Fund III and Gateway Fund*

In 2022, the movements occurred in the Energy Fund II & III and Gateway Fund were as follows:

Captions	Movements in the year				
	Opening balance	Gains / Losses	Other movements	Foreign exchange translation adjustments (FS conversion)	Closing balance
Energy Fund III	24,811,785,863	(4,272,211,739)	-	(2,647,754,563)	17,891,819,561
Gateway Fund I	190,004,868,048	9,766,488,871	(14,109,601,739)	(17,920,385,879)	167,741,369,301
Gateway Fund II	13,678,055,960	1,817,671,820	9,824,120,641	(297,508,405)	25,022,340,016
Amounts in AOA	**228,494,709,871**	**7,311,948,952**	**(4,285,481,098)**	**(20,865,648,847)**	**210,655,528,878**
Amounts in USD	**411,716,275**	**15,722,018**	**(9,214,563)**		**418,223,730**

In the year, gains in the amount of AOA 11,584,160 thousand were recognised under Gains on investments and financial assets and losses in the amount of AOA 4,272,212 thousand were recognised under Losses on investments and financial assets related to these funds (see note 31).

The amount included in Other movements of Gateway Fund I corresponds essentially to distributions of USD 30,338 thousand, of which USD 21,124 thousand were delivered to Gateway Fund II, in accordance with the subscription agreement signed by both funds, as explained in note 7.1.2.2.

7.1.2.1 Energy Fund III

The table below details the accumulated movements occurred in investment funds since their set-up:

Captions	2022 Closing Balance	2021 Closing Balance
Original cost (invested capital)	187,845,327,289	206,973,298,280
Realised gain / losses	81,265,698,854	89,540,847,098
Distributions (Gross)	(252,515,952,513)	(277,901,742,031)
Unrealised gains / losses	(15,764,076,652)	(12,309,238,828)
Remaining cost	**830,996,978**	**6,303,164,519**
Other contributions and assets associated to the fund	37,444,499,752	40,929,928,112
Management fees	(20,383,677,158)	(22,421,306,767)
Investment value	**17,891,819,571**	**24,811,785,863**

The amount reported for the fund investments - Energy Fund III – represent their market fair value, according to the independent fund manager final reports, as at 31 December 2022.

7.1.2.2 Gateway Fund I and II

The table below details the position of this investment fund:

Description	Gateway Fund I		Gateway Fund II	
% held	33.00%		19.61%	
	USD	AOA	USD	AOA
Investment Portfolio	331,395,462	166,920,911,650	46,096,703	23,218,494,678
Balance in Liquidity Management	1,628,891	820,457,651	3,581,254	1,803,845,338
Remaining commitment	**333,024,353**	**167,741,369,301**	**49,677,957**	**25,022,340,016**

The table below details the accumulated movements occurred in the investment portfolio since its incorporation:

Captions	Gateway Fund I		Gateway Fund II	
	USD	AOA	USD	AOA
Invested capital	**334,952,799**	**168,712,710,281**	**36,105,636**	**18,186,084,149**
Accumulated portfolio gains/ (losses)	213,559,855	107,568,176,925	14,286,864	7,196,164,815
Distributions	(209,497,965)	(105,522,239,489)	-	-
Management fees	(19,232,171)	(9,687,071,443)	(3,557,999)	(1,792,132,074)
Other income and expenses related to the portfolio	11,612,944	5,849,335,376	(737,798)	(371,622,212)
Investment value	**331,395,462**	**166,920,911,650**	**46,096,703**	**23,218,494,677**

The following table details the movements occurred in the Gateway Fund I and II during the year:

<u>Gateway Fund I</u>

Captions	Liquidity Management Portfolio		Investment Portfolio	
	USD	AOA	USD	AOA
Opening balance	**6,158,078**	**3,417,616,120**	**336,204,756**	**186,587,251,928**
Investment (contributions)		-	2,792,402	1,298,681,945
Management fees	-	-	(962,892)	(447,818,923)
Portfolio gains/ (losses)	29,280	13,617,436	21,933,336	10,200,690,107
Divestment / Distributions	25,779,739	11,989,563,661	(28,572,140)	(13,288,245,155)
Liquidity management account release	(9,214,563)	(4,285,481,270)	-	-
Contributions to Gateway Fund II	(21,123,643)	(9,824,120,469)	-	
Foreign Exchange adjustments	-	(490,737,827)	-	(17,429,648,252)
Closing balance	**1,628,891**	**820,457,651**	**331,395,463**	**166,920,911,650**

The reported value for the investment in the Gateway Fund I with an investment commitment in the initial amount of AOA 125,922,749 thousand (USD 250,000 thousand) represents its fair value according to the independent fund manager report as at 31 December 2022 and corresponds mainly to investments associated to companies in Africa and Asia and to the balance in the liquidity management portfolio.

<u>Gateway Fund II</u>

Captions	Liquidity Management Portfolio		Investment Portfolio	
	USD	AOA	USD	AOA
Opening balance	**99,635**	**55,295,255**	**24,546,355**	**13,622,760,705**
Investment (contributions)	(17,692,802)	(8,228,515,471)	20,616,733	9,588,368,468
Management fees	-	-	(1,401,741)	(651,917,499)
Portfolio gains/ (losses)	50,779	23,616,089	5,259,287	2,445,973,346
Divestment / Distributions	-	-	(2,923,931)	(1,359,852,997)
Contributions to Gateway Fund I	21,123,643	9,824,120,469	-	-
Foreign Exchange adjustments	-	129,328,996	-	(426,837,345)
Closing balance	**3,581,254**	**1,803,845,338**	**46,096,703**	**23,218,494,678**

The value shown for the investment in Gateway Fund II, with an investment commitment of AOA 50,369,099 thousand (USD 100 thousand), represents its fair value. In 2022, it is noted in Gateway Fund II that part of the investment was made using distributions from Gateway Fund I in the amount of AOA 9,824,120,000 (USD 21,123,000), in accordance with the terms defined in the Gateway Fund II Subscription Agreement signed in 2020, whose contributions to this fund come from the distributions released by Gateway Fund I.

8. Inventories

8.1 Detail by nature

As at 31 December 2022, Inventories are analysed as follows:

Captions	2022 Gross amount	2022 Accumulated provisions	2022 Net Amount	2021 Net Amount
Raw materials, subsidiary materials and consumables	65,974,933,407	(21,620,977,638)	44,353,955,769	49,542,658,737
Products and work in progress	163,322,741,990	(86,927,872,150)	76,394,869,840	84,134,489,783
Finished products and intermediates	25,426,962,115	(1,228,844,239)	24,198,117,876	55,809,290,351
Goods	167,182,157,531	(22,535,466,874)	144,646,690,657	156,280,380,865
Raw materials, good and materials in transit	7,391,327,778	-	7,391,327,778	1,599,262,536
	429,298,122,821	**(132,313,160,901)**	**296,984,961,920**	**347,366,082,272**

Inventories are valued at acquisition cost, subsequently reduced by appropriate provisions for for loss of value and, in the case of crude oil produced by the Group, they are valued at production cost per barrel. The amount shown is net of cutback in the amount of AOA 26,774,843 thousand (2021: AOA 30,025,765 thousand), corresponding to the value of the materials under the control of Sonangol Pesquisa & Produção, S.A. as operator, but already allocated to the contracting groups.

The caption Raw Materials, subsidiary materials and consumables represents mainly the materials supporting oil operations (not including crude oil from the *Exploration and production* segment intended for sale), stored in the company's onshore and offshore logistics bases, as well as the crude oil stock for production of refined products in Refinaria de Luanda.

The caption Products and work in progress essentially includes land for which housing projects are planned and a condominium under construction, by the Group's real estate company, in the net amount of AOA 76,394,869 thousand (2021: 84,055,346 thousand), and the variation in relation to the previous year is essentially justified by the exchange rate change.

Finished and intermediate products essentially include refined petroleum products from the Refining and Petrochemicals segment.

Goods essentially include stocks of refined oil products in the *Distribution and Commercialisation* segment and crude oil in the *Exploration and Production* segment. This caption also includes an amount of AOA 11 964 147 thousand (2021: AOA 10,646,275 thousand), net of provisions, relating to materials and medicines used to support medical assistance activities and marketing to users of the Girassol Clinic.

8.2 Movements, during the year, in provisions

Captions	Opening balance 31.12.2021	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance 31.12.2022
Raw materials, subsidiary materials and consumables	(20,245,450,755)	(2,965,885,311)	-	1,590,358,428	(21,620,977,638)
Products and work in progress	(95,779,589,894)	-	-	8,851,717,744	(86,927,872,150)
Finished products and intermediates	(1,337,199,088)	-	108,354,849	-	(1,228,844,239)
Goods	(15,298,664,622)	(8,579,105,282)	424,501,334	917,801,696	(22,535,466,874)
	(132,660,904,359)	**(11,544,990,593)**	**532,856,183**	**11,359,877,868**	**(132,313,160,901)**

9. Other non-current assets and accounts receivable

9.1. Detail by nature

As at 31 December 2022 and 2021, Other non-current assets and accounts receivable are detailed as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
Trade receivables	345,495,686,944	429,439,892,415	-	40,937,966,324
Trade payables – debt balances	71,546,761,149	42,727,725,349	-	-
State	45,124,014,462	21,786,496,192	-	-
State (PNUH - Centralities)	473,675,302,005	549,657,904,401	-	-
Parent companies and affiliates	69,276,608,358	317,538,222,636	255,724,434,039	31,347,277,380
Personnel	3,814,187,340	3,602,212,075	-	-
Transactions with the State	3,247,772,576,620	3,541,401,354,395	-	-
Transactions with the National Oil, Gas and Biofuels Agency	57,795,847,321	165,907,748,578	-	-
Receivables – Oil and gas exploration	119,525,995,695	139,221,990,322	-	-
Working capital	112,158,014,828	68,336,910,955	-	-
Receivables - Underlift	153,607,486,027	117,582,608,307	-	-
Other receivables	58,847,364,143	78,521,132,336	334,017,445	487,023,904
	4,758,639,844,892	**5,475,724,197,961**	**256,058,451,484**	**72,772,267,608**

The balance of current trade receivables is essentially related to non-resident trade receivables of crude oil and natural gas in the international market and trade receivables in the "*Commercialisation and Distribution*" segment and is net of the provision for doubtful debts.

The amount of AOA 473,675,302 thousand equivalent to USD 990,409 thousand related to the Reimbursement of the National Urbanism and Housing Programme ("PNUH") is recognised as current debt, due to the fact that it is totally overdue and because an agreement for the reimbursement of the PNUH debt for the year from January to December 2020 was signed in December 2021, between Sonangol E. P. and the Ministry of Finance, where the possibility of payment of this debt in cash by the Ministry of Finance is defined, under terms and conditions to be defined by the parties. In August 2022, the additional payment of USD 50 million (AOA 25,184,550 thousand) was made under the aforementioned agreement.

The PNUH is an initiative of the Government of the Republic of Angola, partially implemented by Sonangol E.P. using the debt contracted with International Banks and corresponds to debt of the Angolan State related with the transfer of houses under the National Urbanism and Housing Programme to the scope of IMOGESTIM, which occurred in 2014.

The caption Working capital represents the Group's share in the net position of the working capital of the non-operated blocks.

The caption Receivables – Underlift refers to the settlement of withdrawal rights due by the contractor groups within the perspective of the entity as a partner in the blocks in which the Group holds participating interests. This balance is mainly due to Blocks 14.00, 15.06, 15.19 and 17.00.

9.2 Parent companies and affiliates

As at 31 December 2022, balances receivable from loans granted, dividends attributed but not received and fees receivable associated with affiliates valued at cost less impairment losses (when applicable) are as follows:

9.2.1 Parent companies and affiliates (non-current)

Caption	2022 Gross amount	2022 Accumulated provisions	2022 Net Amount	2021 Net Amount
Puaça	28,082,016,503	(16,566,644,586)	11,515,371,917	13,204,915,759
GENIUS	9,868,652,552	(9,868,652,552)	-	-
Embal	393,671,016	(393,671,016)	-	-
Lobinave	3,314,435,815	(3,314,435,815)	-	-
Bauxite	251,845,500	(251,845,500)	-	-
Paenal	25,756,239,285	(25,756,239,285)	-	-
Luanda Waterfront	9,202,434,570	-	9,202,434,570	10,139,502,870
Diranis	8,388,989,375	(6,917,425,067)	1,471,564,308	7,964,553,271
Angoflex	460,698,550	(460,698,550)	-	-
Sonangol Hidrocarbonetos Brasil, Ltda	349,830,257,030	(349,830,257,030)	-	-
Sonangol Hidrocarbonetos USA, Ltd.	62,143,072,053	(62,143,072,053)	-	-
Sonangol São Tomé	100,738,200	(99,657,131)	1,081,069	-
Sonangol Africa Limited	230,690,478,000	-	230,690,478,000	-
KWANDA	5,162,685,913	(2,335,353,115)	2,827,332,798	-
Others	16,171,377	-	16,171,377	38,305,480
	733,662,385,739	(477,937,951,700)	255,724,434,039	31,347,277,380

The changes during the period mainly relate to the exchange rate impact of the appreciation of the Kwanza, as these receivables are denominated in foreign currencies (US dollar and Euro), which resulted in an exchange loss during the period, as disclosed in Note 31.

Moreover, the following changes occurred during the period:

- Receipt from Diranis of approximately Euro 9,600 thousand (AOA 5,159,405 thousand);
- Reversal of the provision for the receivable from Puaça by approximately AOA 622,570 thousand, in view of the updated prospects of recovery of the outstanding balance;
- The reclassification to non-current of the receivable from Sonangol Africa Limited of AOA 230,690,478 thousand, as disclosed in note 6, and of the receivable from Kwanda of AOA 2,827,333 thousand, as they will not be received in the next 12 months, as disclosed in note 9.2.2.

9.2.2 Parent companies and affiliates (current)

Caption	2022 Gross amount	2021 Accumulated provisions	2022 Net Amount	2021 Net Amount
Empresa de Serviços e Sondagem de Angola, Lda (ESSA)	47,795,074,137	(35,202,799,137)	12,592,275,000	13,874,525,000
OPS Angola	9,013,921,560	(878,880,554)	8,135,041,006	6,428,531,739
Mota Engil Angola	1,029,020,361	-	1,029,020,361	1,029,020,361
Sonamet	145,050,336	-	145,050,336	-
Sonacergy	16,765,635	-	16,765,635	-
Coperativa Cajueiro	3,852,268,811	(3,852,268,811)	-	4,155,145,111
Kwanda	2,506,546,514	(272,315,320)	2,234,231,194	6,559,629,125
Angola Cables	7,588,348,475	-	7,588,348,475	1,348,113,898
Complexo Cultural Paz-Flor	4,928,241,573	(4,928,241,573)	-	-
Tecnip	9,658,060,749	-	9,658,060,749	-
Sonasurf	1,511,098,734	-	1,511,098,734	938,558,350
Sonangol P&P STP_Block 1	4,262,322,708	-	4,262,322,708	-
Sonasing Xikomba	-	-	-	26,045,470,377
Sonangol Pacific	4,380,120,443	(3,694,611,766)	685,508,678	1,733,629,113
Sonangol Africa Limited	982,197	-	982,197	254,181,298,000
Space Group	747,981,135	-	747,981,135	-
Refinaria de Cabinda	20,617,774,260	-	20,617,774,260	-
Other	52,147,891	-	52,147,891	1,244,301,562
	118,105,725,519	(48,829,117,161)	69,276,608,358	317,538,222,636

The Balance receivable from "Empresa de Serviços e Sondagem da Angola, Lda (ESSA)" mainly relates to the amount transferred to this entity for the equity investment in the Joint Venture between ESSA and Seadrill.

In 2019, the Board of Directors determined the set-up of Sonadrill, a Joint Venture between ESSA and Seadrill with identical investement of 50% for each of these companies, as a Joint Venture type partnership set up in 2019 by Empresa de Serviços e Sondagem de Angola, Lda (ESSA) with the company Seadrill.

Sonadrill consists of a charter model of 4 drill ships operating in Angola, with the inclusion of 2 drill ships by ESSA, namely Sonangol Libongos Limited and Sonangol Quenguela Limited and an equal number for Seadrill namely West Gemini and probably West Jupiter. The operation and maintenance of the drill ships is the responsibility of Seadrill, which will start operations in October and November 2019, as established in the partnership agreements, however, it is planned that Sonangol will support a set of costs until the two ships under ESSA's responsibility start operating. At the balance sheet date, after analysing the recoverability of this balance, Sonangol found it necessary to set-up a partial provision for this balance receivable.

The receivable from Sonasing Xikomba in the amount of AOA 26,045,470 thousand refers to the distribution of dividends approved in the meeting of 21 December 2021, fully settled in 2022.

The amount receivable from the entity Sonangol Africa Limited is associated with the operation of Puma Energy, as disclosed in note 6 and has been reclassified in full to "Parent companies and affiliates (non-current)".
The balances of Kwanda and OPS Angola are related mainly to know-how and management fees for the year, as disclosed in note 24, and for previous years. During the period, steps have been taken to recover the amounts due and plans have been agreed for the payment of these debts.

With respect to Kwanda, the Group's Board of Directors has approved a payment plan until December 2027 without interest. The amounts due until 2023 continue to be classified as current. The instalments due after 2023 have been reclassified as non-current. Moreover, the effect of the discount associated with the agreed payment plan, based on the yield of treasury bonds with a maturity similar to the agreed maturity, of AOA 2,607,668,435 has been recognised as a charge to non-operating results (see Note 33).

Regarding the balance with Sonangol Refinaria de Cabinda, S.A., the amount shown corresponds to loans granted with a maturity of one year. If the amount is not received on time, it can be converted into capital for the special purpose vehicle that will build and operate the Cabinda refinery.

9.3 Other receivables

The detail of other receivables is analysed as follows:

9.3.1 Other receivables (non-current)

Caption	2022 Gross amount	2022 Accumulated provisions	2022 Net Amount	2021 Net Amount
Cohydro (Nessergy)	96,576,988,602	(96,576,988,602)	-	-
Monumental	566,652,375	(566,652,375)	-	-
Space Group	747,981,135	(747,981,135)	-	-
FORCE PETROLEUM ANGOLA	99,160,157,791	(99,160,157,791)	-	-
Grupo Genius	88,382,240,437	(88,382,240,437)	-	-
Fornecedor - Saldo Devedor AAA	8,664,879,512	(8,664,879,512)	-	-
Other	334,017,443	-	334,017,443	487,023,904
	294,432,917,295	(294,098,899,852)	334,017,443	487,023,904

On 25 October 2012, Sonangol E.P. agreed with Nessergy Ltd. to purchase its holding in the Common Interest Zone (CIZ) in the Democratic Republic of Congo (RDC) (95%) for later transfer to Cohydro (Congolese NOC) for the amount of USD 150 million. Moreover, Sonangol has paid an amount of USD 50 million for advisory fees related to the acquisition process.

The "Preliminary Commercial Agreement" signed between Sonangol E.P. Cohydro, dated 27 January 2015, in conjunction with Joint Decision No. 001. CAB.MIN.HYDRO/CATM/2012 and CAB/MIN/FINANÇAS/2012/532, dated 17-08-2012, establishes that the amounts due to Sonangol E.P. in the amount of USD 200 million will be repaid in full by Cohydro through the profit oil received as concessionaire in the CIZ to be defined in the future Production Sharing Agreement (PSA) to be concluded between the parties.

Sonangol E.P.´s Board of Directors expects that negotiations will continue with RDC to continue – Cohydro to define a PSA for the CIZ, with profitability and guaranteed return for both parties. Since 2020 this receivable is fully provisioned.

Considering the nature of part of the loans granted in the scope of the law for business development (LFE - "Lei do Fomento Empresarial"), as at the balance sheet date, the recovery of the funds is under analysis with the competent State entities.

The remaining loans granted to national entities, within the scope of LFE, are fully provisioned as at 31 December 2022, considering that the Board of Directors believes that the probability of recovery is low considering the available information of that date.

9.3.2 Other receivables (current)

Caption	2022	2021
Social Fund	-	649,509,804
Social Fund – Advanced payment	21,741,757,951	8,389,989,951
Other	37,105,606,192	69,481,632,581
	58,847,364,143	**78,521,132,336**

The item Social Fund - Social Fund Advance corresponds to the transfer of funds to the Sonangol Group's Employees' Social Fund ("Fundo Social dos Colaboradores") to cover the social and housing expenses of the Group's employees and will be repaid through the distribution of dividends in favour of the Fund, in accordance with Sonangol's by-laws.

9.4 Transactions with the State

As at 31 December 2022 and 2021, the detail of the balances associated with transactions with the state is as follows:

Captions	2022	2021
Concessionaire's current account	3,698,302,531	4,074,894,404
Credit receivables from OGE customers 2016 - 2022	651,824,579,520	402,508,966,143
State grants (subvention)	2,096,835,776,392	1,907,521,098,275
Settlement of ZEE industries	39,794,785,569	43,781,466,049
Fuel company of São Tomé e Príncipe	19,858,695,250	7,719,401,380
Sale of Kora	-	-
Expenses incurred with Sonangol Investimentos e Indústrias, Lda	58,297,004,947	64,233,290,058
Other movements	239,628,470,993	130,376,455,440
Oil tax for 2022 (Tax Credit - Final Returns)	94,358,074,161	-
Clearing agreement with the State - "Outstanding balance"	6,627,549,456	981,185,782,646
Current account - Regular Clearing of Balances with the State	36,849,337,801	-
	3,247,772,576,620	**3,541,401,354,395**

The change in balances under the caption "Credit receivables from OGE customers 2016-2022" results from the receivables of the year´s transactions with State budgeted customers for which balance reconciliation minutes were prepared for a significant group of counterparties involved, in the amount of AOA 382,312,938 thousand, which allow Sonangol E.P. to recover them from the Angolan State.

The item oil tax 2022 (Tax Credit - Final Returns) corresponds to the year-end adjustment of the 2022 oil tax resulting from the submission of final tax returns. As the 2022 oil taxes have already been offset with non-tax credits at the settlement date (see note 9.4.3. Current Account - Regular Clearing of Balances with the State), the adjustment amount is recognised as a receivable from the State and is expected to be recovered through future settlements.

9.4.1. Clearing agreement with the State

As at 31 December 2019, the Sonangol Group entered into the "Balance Reconciliation and Recognition Agreement and Debt Clearing Commitment ("The General Agreement")" with the Angolan State. This agreement allowed the reconciliation and definitive and irrevocable validation of a significant component of credits and debts recorded in the financial statements of Sonangol E.P. and its subsidiaries. Subsequently, the "Compensation Agreement of non-tax credits for tax debts ("the Clearing Agreement")" was entered into with the Angolan State, which provided that the credits and debts validated and fixed in the General Agreement were offset, as at 1 January 2020. Thus, within the scope of the referred General Agreement, the credits and debts that were the object of reconciliation and validation were offset and are presented under the caption Clearing agreement with the State – "Outstanding balance" in favour of Sonangol E.P.

The Clearing Agreement did not imply the monetisation of the outstanding balances, being envisaged the settlement of the net credit in favour of Sonangol E.P. by direct and unlimited compensation using surplus credits in favour of Sonangol E.P. and its subsidiaries, namely debts resulting from commercial operations, general tax debts, customs and/or oil taxes, as well as allocation of cargoes of crude oil.
The aforementioned offsetting operation, which includes credits and debt that were recognised in the financial statements of the subsidiaries and that were transferred to Sonangol E.P. for offsetting purposes, resulted in an amount in favour of the entity, as at 31 December 2021, of AOA 981,185,783 thousand (USD 1,767,963 thousand), recognised under "Clearing agreement with the State - Outstanding balance".

In 2022, the additional settlement of non-tax credits and tax and non-tax liabilities between Sonangol and the Angolan State and other public entities was carried out, as described in note 9.4.3. Current account - Regular Clearing of Balances with the State. Included in the non-taxable credit to the Group is a portion of the above net asset of AOA 816,119,384 thousand (USD 1,754,805 thousand), with the remaining amount of AOA 6,627,549 thousand (USD 13,158 million) with reference to 31 December 2022, which is expected to be settled in a future year.

The movement during the year in the caption Clearing agreement with the State - "Outstanding balance" is as follows:

Captions	31-12-2021	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	31-12-2022
Clearing agreement with the State - "Outstanding balance"	981,185,782,647	-	(816,119,384,023)	(158,438,849,168)	6,627,549,456
Total	**981,185,782,647**	**-**	**(816,119,384,023)**	**(158,438,849,168)**	**6,627,549,456**

9.4.2. State grants (subventions)

As at 31 December 2022 and 2021, State grants (subventions) are analysed as follows:

Captions	31-12-2021	Increases	Decreases	Exchange rate change	Foreign exchange translation adjustments (FS conversion)	31-12-2022
Subvention	1,777,917,545,233	1,684,302,071,244	(1,641,618,687,082)	12,021,596,128	(159,768,837,369)	1,672,853,688,154
Implicit grant due to exchange rate differences	129,603,553,042	-	-	-	(11,977,646,506)	117,625,906,536
	1,907,521,098,275	**1,684,302,071,244**	**(1,641,618,687,082)**	**12,021,596,128**	**(171,746,483,875**	**1,790,479,594,690**

The increase of AOA 1,979,209,870 thousand booked between the periods in the item Subvention is related to the subventions confirmed by the competent entities (see Notes 22 and 31).

In 2022, due to changes in fundamentals, dynamics and market conditions, there have been increasing difficulties in acquiring the products such as diesel and petrol at the Platts prices included in Executive Decree No. 331/20 of 16 December, as a result of the geopolitical tensions recorded.

Thus, the amount of subventions allocated to Sonangol for the period from January to December 2022, amounting to AOA 1,979,209,870 thousand, taking into account the actual FOB acquisition costs, was confirmed by the Ministry of Finance and the Ministry of Mineral Resources, Oil and Gas through the "Memorandum of Interpretation and Application of Joint Executive Decree no. 331/20, of 16 December, in the context of the Within the Scope of Determining Price Subventions, for 2022" of 17 March, following the need for clarification of Article 14 of Executive Decree No. 331/20 of 16 December. The difference between the approved amount and the amount shown in the column "Increases" is due to the fact that, for the purpose of presenting the financial statements, amounts in the functional currency of the Company are translated into the reporting currency at the average exchange rate for the year.

The State Budget (SB) for 2023 foresees expenditure of AOA 899,713,363,000 on fuel price subventions to settle the State's debt to Sonangol. The balance of subventions owed as at 31 December 2022, amounting to AOA 1,979,209,870,000, will be recovered from the State through the regular mechanism of offsetting of balances as disclosed in note 9.4.3. The Board of Directors expects that until the end of 2023 the amount included in the State Budget will be paid in favour of the Group.

In turn, the reduction that occurred in the caption results mainly from the new offsetting of tax and non-tax debt with non-tax credits, which resulted in the offsetting of 2020 and 2021 subventions amounting to AOA 1,777,917,545 thousand (see note 9.4.3).

The Implicit subvention due to exchange rate differences in the amount of AOA 117,625,906 thousand is in the process of reconciliation.

9.4.3. Current account - Regular Clearing of Balances with the State

As mentioned in note 9.4.1, at the end of 2022, Sonangol E.P. carried out an additional offsetting of non-tax credits and tax and non-tax debts with the Angolan State and other public entities. The settlement was based on the mechanism established by the General Tax Code, namely the Offseting of Non-Tax Credits against Tax Debts (Article 59 of Law 21/20, the Law amending the General Tax Code). Moreover, given that Article 59 of the General Tax Code stipulates that the credit in favour of the customer must be recognised by the competent body for the purposes of the offset, only the debts in favour of Sonangol duly recognised by the competent State body at the balance sheet date have been taken into account for the purposes of the offset.

The following assets and liabilities have been included in the offsetting:

(i) The entire balance of the 2020 and 2021 subventions validated by IGAPE;

(ii) Part of the remaining balance in favour of Sonangol E.P. resulting from the 2019 Clearing Agreement with the State;

(iii) The balance receivable from the sale of crude oil to the National Oil, Gas and Biofuels Agency until the end of the 2021 financial year;

(iv) Group Sonangol's oil tax debts for 2021 and 2022 (unaudited tax returns) in favour of the State;

(v) The balance of the 3rd phase Clearing Agreement between Sonangol E.P. and AGT;

(vi) The balance payable in respect of Crude Oil purchases from the National Oil, Gas and Biofuels Agency for the financial years of 2021 and 2022;

(vii) The balance of the process of allocating supplies from Sonangol to ANPG for Debt Service until the end of 2022.

As shown in the table below, as a result of the settlement of the above assets and liabilities, a balance of AOA 36,849,338 thousand (USD 73,158 thousand) remains to be recovered from the Angolan State, which is recorded under the item "Current account - Regular Clearing of Balances with the State":

Captions	USD	AOA	Note
Credits validated in favour of Sonangol as at 31-12-2022			
2020 Subventions	1,094,257,420	551,167,614,230	9.4.2. State grants (subventions)
2021 Subventions	2,435,520,847	1,226,749,931,010	9.4.2. State grants (subventions)
Remaining balance of the Clearing Agreement with the State	1,754,804,869	883,879,419,231	9.4.1. Clearing agreement with the State
Balance of crude oil sales to the National Concessionaire	311,951,866	157,127,347,136	9.5. Transactions with the National Concessionaire
Total receivables in favour of Sonangol EP	**5,596,535,002**	**2,818,924,311,607**	
Phase III agreement taxes in USD	(385,680,608)	(194,263,851,290)	19.3.1. State (Current)
Phase III agreement taxes in AOA	(784,877,257)	(395,335,610,631)	19.3.1. State (Current)
2021 Oil tax Sonangol EP	(863,503,666)	(434,939,025,056)	19.3.1. State (Current)
2021 Oil tax Sonangol Pesquisa & Produção, S.A.	(305,719,605)	(153,988,213,562)	19.3.1. State (Current)
2022 Oil tax Sonangol EP	(1,342,282,055)	(676,095,390,565)	19.3.1. State (Current)
2022 Oil tax Sonangol Pesquisa & Produção, S.A.	(395,792,730)	(199,357,235,966)	19.3.1. State (Current)
Balance of the purchase of crude oil to the National Concessionaire for Refinaria de Luanda	(957,203,233)	(482,134,653,847)	9.5 Transactions with the National Concessionaire
National Concessionaire's Balance	(488,317,228)	(245,960,992,889)	9.5 Transactions with the National Concessionaire
Total debt in favour of the State	**(5,523,376,383)**	**(2,782,074,973,806)**	
Current Account - Regular Clearing of Balances with the State as at 31-12-2022	**73,158,619**	**36,849,337,801**	

Sonangol has informed the supervising entity of the clearing through letter 502/GPCA/2022 dated 13 March 2023.

9.5. Transactions with the National Oil, Gas and Biofuels Agency

As at 31 December 2022 and 2021, the transactions with the National Oil, Gas and Biofuels Agency (ANPG) are as follows:

Captions	2022	2021
State Owned ANPG Balances (as National Concessionaire)	**-**	**129,558,176,241**
Sale of Crude Oil in the international market	-	261,786,832,735
Purchase of Crude Oil from ANPG for Refinaria de Luanda	-	(305,356,014,817)
Sale of Crude Oil to ANPG	-	173,127,358,323
ANPG Own Funds	**57,795,847,321**	**36,349,572,338**
Upstream	**(9,584,964,206)**	**(26,182,051,406)**
Underlift balance	305,685,036	336,812,425
Cost Resulting from the Transfer of Participating Interest	(9,890,649,242)	-
Pension Fund	-	(26,518,863,831)
Transition support	**19,553,562,357**	**19,494,976,118**
Concessionaire function expenses	12,922,521,495	11,885,125,340
Direct costs (Payments on account)	6,631,040,862	7,609,850,778
Other Services	**47,827,249,169**	**43,036,647,626**
Marketing Commission (Agency)	22,594,397,779	15,921,428,057
Other expenses	25,232,851,390	27,115,219,569
	57,795,847,321	**165,907,748,579**

Although the items "Sale of Crude Oil in the international market", "Purchase of Crude Oil from ANPG for Refinaria de Luanda" and "Sale of Crude Oil to ANPG" are under ANPG's trusteeship as National Concessionaire, the State is the ultimate beneficiary.

The main transactions between Sonangol and ANPG are detailed as follows:

Sale of Crude Oil in the international market
This item corresponds to Sale of Crude Oil in the international market and is related to the export of State crude oil in international markets. The decrease in the amount is related to the execution of the offsetting of non-tax credits with tax and non-tax debt, being that the accumulated credit as at 31 December 2022 regarding this type of transaction had been fully offset (See note 9.4.3).

Purchase of Crude Oil from ANPG

The item "Purchase of Crude Oil from ANPG" relates to the amount payable to ANPG in respect of crude oil purchases made by Sonangol. The aggregate balance of the purchases of 2022 and prior years was subsequently offset together with the other assets and liabilities disclosed in note 9.4.3.

Sale of Crude Oil to ANPG

As at 27 October 2020, with the entry into force of the new Presidential Decree 283/20, ANPG no longer has the obligation to exclusively ensure the supply of crude oil to national refineries.

This Decree establishes the price definition model, whereby the selling price of crude oil, which belongs to the State, supplied to national refineries corresponds to the average monthly quotation of Angolan crude on the date of loading, calculated on the basis of the Brent reference price according to the publications of "Platts Europe Marketscan", and converted to kwanzas at the average selling exchange rate of the month prior to that of the reference, published by National Bank of Angola.

This caption refers to the cargoes of crude oil from blocks held by the Sonangol Group, whose destination was Refinaria de Luanda. As stated above, until 27 October 2020, the cargoes required for the supply of raw materials and operation of the Refinaria de Luanda were the exclusive responsibility of the national concessionaire. However, in cases where the state's crude oil crude was insufficient, the crude oil of the concessionaire's partners in the oil concessions, which includes Sonangol Group, was used as a resource.

The variation presented above results from the offset of non-tax credits with tax and non-tax liabilities, and the amounts in question have been offset together with the other assets and liabilities disclosed in note 9.4.3.

Pension Fund

The item "Pension fund" corresponds to the transfer of liabilities for post-employment benefits of the employees transferred from Sonangol to ANPG, namely liabilities relating to the curtailment liability of these employees and defined contribution withholdings made to them as at 30 April 2019 (date on which Sonangol E.P. ceased its role as national concessionaire and the employees were transferred from Sonangol E.P. to ANPG).

The change in the item of Pension Fund, is due to the fact that in 2022 the total amount associated with post-employment benefits was paid to the scope of the National Concessionaire. As at 31 December 2022 all the responsibility regarding retirees and pensioners, including all employees that were transferred from Sonangol E.P. to ANPG, to the responsibility of the Concessionaire's Pension Fund.

Participating Interest Acquisition Cost

The Benefit resulting from the Transfer of Participating Interest corresponds to the liabilities constituted in 2020 under the pooling agreements between Sonangol Pesquisa & Produção, S.A and the contractor group of block 15 (Commitment Agreement for the transfer of Participating Interest and extension of production license of the Production Sharing Agreement ("PSA") of Block 15 following the joining of Sonangol in said block. The agreements provide that the National Concessionaire will be entitled to withdraw barrels of crude oil from Sonangol Pesquisa & Produção, S.A's share of cost oil up to the Contractor Group's total amount of unrecovered costs from previous years in proportion to the interest acquired by Sonangol Pesquisa & Produção, S.A. in the blocks. The balance shown under this caption represents the amounts received from ANPG during the period.

9.6 Receivables – Oil and gas exploration

As at 31 December 2022, the outstanding amounts by the Contractor Groups are included in the caption Receivables - Oil and gas exploration, resulting from the joint operations in Blocks in which the Group has participating interests.

The balance Receivables - Oil and gas exploration records the outstanding balances of the Partners in the blocks operated by the Sonangol Group, as follows:

Captions	2022 Gross amount	2022 Provision	2022 Net Amount	2021 Net Amount
CHINA SONANGOL	3,650,152,205	(1,397,381,882)	2,252,770,323	2,654,062,321
INAFTAPLIN	1,319,780,174	-	1,319,780,174	973,072,051
NAFTAGAS	1,758,060,844	-	1,758,060,844	1,251,779,764
ACREP - OIL EXPLORATION	7,447,608,586	-	7,447,608,586	10,838,575,402
TULLOW OIL	4,188,950,055	(4,188,950,059)	(4)	-
SOMOIL	233,514,733,542	(219,762,355,662)	13,752,377,880	22,862,170,715
PETROPARS	11,215,633,270	(11,215,633,270)	-	(1,269,608)
TEIKOKU	404,113,546	-	404,113,546	445,263,743
POLIEDRO OIL CORPORATION,	41,157,467,821	(41,157,467,821)	-	(259,021)
KOTOIL, SA.	43,899,358,124	(43,899,358,124)	-	(259,032)
PRODOIL	2,199,704,627	-	2,199,704,627	6,945,134,756
EXEM. AFRICA	5,359,482,042	(4,864,171,690)	495,310,352	-
AJOCO	-	-	-	4,003,387,077
CABINDA GULF OIL COMPANY	532,439,934	-	532,439,934	586,657,390
ENI ANGOLA	4,792,535,074	-	4,792,535,074	3,611,487,261
ANGOLA LNG LIMITED	240,453,288	-	240,453,288	240,453,327
ANGOLA LNG - OPCO	1,117,914,878	-	1,117,914,878	1,117,914,944
ANGOLA LNG - SUPPLY SERVICES LLC	13,826,154,679	(13,501,017,177)	325,137,502	-
ANGOLA LNG SOMG	1,010,597,647	-	1,010,597,647	1,010,597,758
SONANGOL OFFSHORE SERVICE	1,840,318,661	(1,193,904,822)	646,413,839	524,840,398
NORSK HYDRO ANGOLA/STATOI	-	-	-	54,789,645
BP AMOCO	14,092,451,512	-	14,092,451,512	4,212,433,719
PLUSPETROL ANGOLA	1,271,558,994	-	1,271,558,994	604,110,893
TOTAL EP ANGOLA	76,972,969,448	(5,398,890,560)	71,574,078,888	88,219,474,691
OTHER - CUT BACK	(10,030,051,559)	-	(10,030,051,559)	(16,121,331,314)
MAUREL & PROM ANGOLA S.A.	4,322,739,370	-	4,322,739,370	-
MELBENA ENERGY	-	-	-	5,188,903,442
	466,105,126,762	**(346,579,131,067)**	**119,525,995,695**	**139,221,990,322**

As at 31 December 2022, the amount of AOA 67,120,511 thousand owed by Total EP Angola, corresponds to the contingent receivable, estimated by the Group, in connection with the sale of participating interests in blocks 20 and 21 under the Sale and Purchase Agreement signed between the parties in 2020 (2021: AOA 88,219,475 thousand).

The change essentially results from the appreciation of the Kwanza against the US Dollar.

10. Cash and bank deposits

10.1 Detail by nature

As at 31 December 2021 and 2022, Cash and bank deposits are detailed as follows:

Captions	Current	
	2022	2021
Bonds	1,277,174,418	-
Cash in transit	1,092,620,453	37,101,772,431
Bank deposits	1,861,637,978,779	1,302,117,678,376
Cash	175,978,226	170,435,099
Bank deposits with restricted mobilisation – "escrow accounts"	-	422,923,853,591
	1,864,183,751,876	**1,762,313,739,497**

Bank deposits include the amount of AOA 180,625,707 thousand related with contributions made by the partners in Blocks 19, 20, 21, 35, 38 and 39, plus interest, aiming to finance the future Research and Technology Centre (CPD - "Centro de Investigação Tecnológico").

The oil market international environment, which has significantly changed in the last years, advised for the careful management of the application of these funds which was made with the full approval of all the international partners. In 2023 it is expected that these funds will start being used to fund the expenses associated with Sonangol's Research and Development Centre, as mentioned in Note 19.

During 2022, as expected by the Board of Directors, the transfer of ownership of the Escrow Account to ANPG was completed, after overcoming the main constraints that prevented the transfer of the Block 17 dismantling funds deposited in an escrow account. The transferred balance in 2022, recorded in the item "Bank Deposits - Escrow Accounts", corresponded to the amounts funded by the Contractor Group of Block 17 plus bank interest earned since its incorporation.

11. Other current assets

As at 31 December 2022 and 2021, Other current assets are analysed as follows:

Captions	2022	2021
Accrued income:		
Invoicing - Rentals	5,757,035,910	3,419,427,251
Other	6,262,389,962	8,787,437,996
Invoicing - Crude Oil and Gas	5,016,664,296	15,627,549,656
	17,036,090,168	**27,834,414,903**
Deferred costs:		
Rents	801,493,262	1,092,460,119
Docking and freight	-	2,811,468,469
Other	1,861,328,954	9,251,413,292
	2,662,822,216	**13,155,341,880**
	19,698,912,384	**40,989,756,783**

In 2022, the amount in the caption Accrued Income: "Invoicing - Crude Oil and Gas" mainly refers to an increase in crude oil sales to Esso amounting to AOA 5,016,664 thousand (2021: AOA 1,445,949 thousand) to be invoiced in 2023.

As at 31 December 2022, the item "Accrued income": Invoicing - rentals" mainly concerns the amount of AOA 4,097,855 thousand related to the management fund of the Hotel Intercontinental Luanda Miramar.

12. Share capital and Supplementary capital

Sonangol E.P. is a company under Angolan law and fully owned by the Angolan State.
As at 31 December 2022, the Company's share capital was fully subscribed and paid up in the amount of AOA 1,000,000,000 thousand.

The table below shows the movements of Share capital and Supplementary capital in 2022 and 2021:

Captions	2022	Increases	Decreases	2021
Share capital	1,000,000,000,000	-	-	1,000,000,000,000
Supplementary capital	1,846,949,307,988	-	-	1,846,949,307,988
	2,846,949,307,988	**-**	**-**	**2,846,949,307,988**

There were no changes in the above captions during the period.

13. Reserves, Retained earnings and Exchange rate adjustments "financial statements translation" (FST)

As at 31 December 2022, Reserves and retained earnings are analysed as follows:

Captions	2021	Transfer of prior year's net profit	Net profit for the year	Actuarial Gains / Losses	Correction of Fundamental Errors	Other movements	2022
Legal reserves	23,043,062,802	-	-	-	-	-	23,043,062,802
Other reserves	977,979,365,634	-	-	244,390,948,083	-	8,034,390	1,222,378,348,107
Evaluation fund	178,850,413,504	-	-	-	-	-	178,850,413,504
Investment fund	940,550,351,331	-	-	-	-	-	940,550,351,331
Total Reserves	**2,120,423,193,271**	**-**	**-**	**244,390,948,083**	**-**	**8,034,390**	**2,364,822,175,744**
Retained earnings	**(7,014,721,030,110)**	**1,336,744,578,641**		**-**		**-**	**(5,677,976,451,469)**
Foreign exchange translation adjustments (FS conversion)	6,604,137,257,418	-	-	-	-	(524,703,158,406)	6,079,434,099,012
Net Profit for the year	1,336,744,578,641	(1,336,744,578,641)	838,084,213,348	-	-	-	838,084,213,348
	7,940,881,836,059	**(1,336,744,578,641)**	**838,084,213,348**	**-**	**-**	**(524,703,158,406)**	**6,917,518,312,360**
Balance as at December	**3,046,583,999,221**	**-**	**838,084,213,348**	**244,390,948,083**	**-**	**(524,695,124,018)**	**3,604,364,036,634**

According to Presidential Decree no. 15/19, of 9 January, which approves the new organic statute for Sociedade Nacional de Combustíveis de Angola E.P. "Sonangol E.P.", the provisions of Article 26 of the Basic Law for the Public Business Sector - (Law 11/13 of 3 September), the Company's results, after deducting taxes to be withheld, shall have the following application:

- 10% to legal reserve, whose cumulative value should not exceed 20% of the statutory capital;
- At least 10% for the set-up of the fund for the evaluation of the hydrocarbon potential;
- At least 5% to fund other investments;
- Up to 5% to the social fund;
- Distribution of individual incentives to employees and members of the governing body, as profit participation within the limits established by the applicable legislation;
- Other voluntary funds that are approved by the Board of Directors and approved by the appropriate State agencies;
- Delivery to the State as the company owner, according to the law;
- The amount of profit for the year, necessary to cover losses recorded in previous years.

In 2021 the Group's Consolidated Net Profit was positive by AOA 1,336,744,579 thousand equivalent to USD 2,141,824 thousand, fully incorporated in Retained earnings.

Actuarial gains and losses reflect the movements arising from the Group's post-retirement benefit plans (pensions and health care) (see Note 17).

The very significant variation in the caption Foreign Exchange translation adjustments reflects essentially the appreciation of the exchange rate of the AOA against the USD in the year and its impact on the translation of the financial statements of the subsidiaries included in the consolidation perimeter whose functional currency is the USD.

15. Loans

The position of the Group's loans in the short, medium and long term, as at 31 December 2022, is detailed as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
International bank loans	745,763,458,647	721,904,071,483	1,303,222,936,759	1,563,905,039,998
National bank loans	1,695,475,832	-	-	5,239,115,309
	747,458,934,479	**721,904,071,483**	**1,303,222,936,759**	**1,569,144,155,307**

15.1 National bank loans

The item "National bank loans" corresponds to the loan contracted in 2019 with Banco BAI in order to meet the liabilities assumed with the employees in relation to housing loans.

Movements during the year in current and medium/long-term loans are as follows

Description	Opening balance	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	Closing balance
Bank loans – Medium and long-term	5,239,115,309	-	(2,824,909,086)	(1,565,497,127)	(848,709,096)	-
Bank loans – Short-term	-	-	-	1,565,497,127	129,978,705	1,695,475,832
	5,239,115,309	**-**	**(2,824,909,086)**	**-**	**(718,730,391)**	**1,695,475,832**

15.2 International bank loans

The Group borrows from international banks through its subsidiary Sonangol Finance Limited.

Current and non-current Group's loans from International banks, as at 31 December 2022, are detailed as follows:

Captions	Acquisition year	31-12-2021	Increases	Decreases/ Prepayments	Reimbursements	Foreign exchange translation adjustments (FS conversion)	31-12-2022	Current	Non-current	Maturity (Months)
<u>International bank loans:</u>										
SNL Finance $2Bn (CDB)	2014	332,988,599,845	-	-	(93,015,400,000)	(38,496,799,845)	201,476,400,000	100,738,200,000	100,738,200,000	24
SNL Finance SCB $1.5	2018	336,816,055,204	-	-	(141,126,813,820)	(42,845,075,867)	152,844,165,517	152,844,165,517	-	12
SNL Finance K-SURE$087Bn	2019	347,961,339,827	-	-	(40,452,268,410)	(35,516,379,945)	271,992,691,472	43,810,903,415	228,181,788,057	75
SNL Finance AFREXIM$013Bn	2019	31,312,695,284	-	-	(12,110,863,198)	(3,899,373,618)	15,302,458,468	13,116,393,189	2,186,065,280	14
SNL Finance SCB&SCG $1.1 Bn (SCB $0.5BN DEC-2019)	2020	376,462,111,709	-	-	(102,316,939,981)	(43,286,796,896)	230,858,374,832	110,812,020,000	120,046,354,832	25
SNL Finance SCB & AFREXIM $0.4Bn	2020	175,743,982,963	-	-	(93,015,400,000)	(23,964,632,795)	58,763,950,168	58,763,950,168	-	7
SNL Finance SCB $1.3Bn	2021	684,524,326,649	-	-	(122,921,798,452)	(73,467,922,644)	488,134,605,553	133,127,563,688	355,007,041,865	44
SNL Finance SCB $1.3Bn	2022	-	953,407,850,000	(255,792,350,000)	(116,269,250,000)	48,267,499,396	629,613,749,395	132,550,262,670	497,063,486,725	57
		2,285,809,111,481	**953,407,850,000**	**(255,792,350,000)**	**(721,228,733,861)**	**(213,209,482,214)**	**2,048,986,395,406**	**745,763,458,647**	**1,303,222,936,759**	

In 2022, the Company contracted a new loan with the syndicate of banks Standard Chartered Bank, Société Générale, Standard Bank, Afrexim Bank and ABSA for a total amount of USD 1,300 million, of which Sonangol Finance received an advance of USD 500 million (AOA 232,538,500 thousand) in March and USD 250 million (AOA 116,269,250 thousand) in June, both repaid up to September 2022 (including the prepayments mentioned in the table above).

This USD 1,300,000,000 loan was disbursed in two tranches: the first in the amount of USD 1,000,000,000 in September 2022, and the second in the amount of USD USD 300,000,000 in December 2022. This loan bears interest at SOFR (Secured Overnight Financing Rate) plus spread and the first tranche is repayable in 60 monthly instalments, while the second tranche is repayable in 57 monthly instalments.

In 2022 there were no loan closures other than the above.

In 2021, the company contracted a new loan through a banking syndicate, made up by Standard Chartered Bank - SCB, NATIXIS, Afreximbank, SOCIÉTÉ GENERALE and DEUTSCH BANK in the global amount of USD 1,300,000 thousand (AOA 811,349,500 thousand) bearing interest at Libor plus spread, reimbursable in 60 monthly instalments.

Additionally, three loans were completed in 2021 according to their repayment plans namely:

- In May 2021 the loan contracted in 2011 in the amount of USD 1,000,000 thousand from the banks SCB and K-SURE;
- In June 2021 the loan contracted in 2014 in the amount of USD 2,000,000 thousand from SCB bank;
- In October 2021 the loan contracted in 2014 in the amount of USD 1,500,000 thousand from SCB.

Financial Covenants

The loans referred above have a corporate guarantee, which requires Sonangol, E.P., from a consolidated perspective, to comply with the following debt covenants:

- The amount of "Net equity" should under no circumstance be less than AOA 1,200,000,000,000;
- The "Adjusted EBITDA (by receipts from PNUH) / Net Debt" ratio should not be less than 0.5;
- The "Adjusted EBITDA (by receipts from PNUH) / Debt Service" ratio should not be less than 1.3;
- The "Net Debt / Adjusted EBITDA (by receipts from PNUH)" ratio should not exceed 2.5;
- The "Gearing Ratio" should not be higher than 100%; and
- The "Cash EBITDA / Debt service" ratio should not be less than 1.1. This covenant is applicable as of the year ended 31 December 2022 (inclusive).

All contracts include a cross-default clause.

As at 31 December 2022, the Group has fully complied with the "financial covenants".

Definition and calculation of Adjusted EBITDA

The National Urbanism and Housing Program (PNUH - *Programa Nacional de Urbanismo e Habitação*) is a Government initiative, partially implemented by the Company using the financing obtained from international banks.

In December 2021, an agreement was signed between Sonangol E.P. and the Ministry of Finance which defined the possibility of cash settlement of the PNUH debt due from January to December 2020, in the amount of USD 642,329 thousand (AOA 356,480,407 thousand) in cash. Under this agreement, the Ministry of Finance made payments to the Group totalling USD 70,000 thousand (AOA 43,688,050 thousand) in 2021 and USD 50,000 thousand (AOA 23,253,850 thousand) in 2022.
The method of payment of the remaining amount of USD 522,329 thousand (AOA 263,092,416 thousand) will be defined by the parties under the agreement, and it remains the possibility that it will be recovered through the process of allocation of the crude oil cargoes between Sonangol E.P. and the State.

This is a relevant matter regarding the technical appreciation of the Group's financial covenants, as it is the understanding of Sonangol's Board of Directors, that there is a certain inconsistency in the calculation parameters used in the covenants.

This is due to the fact that the debt contracted by Sonangol Finance is being fully considered for the calculation of "DEBT" and "NET DEBT", but to no extent are the repayments by the State on the investments made in PNUH being expressed in the "EBITDA" calculation.

Thus, and given the relevance of such finding, in 2016 Sonangol submitted a proposal for adjustment of the contractual definition of the "EBITDA" of Sonangol E.P. in order to include the PNUH Reimbursements in its calculation, which was duly approved by the international partners. Consequently, the EBITDA to be considered for the purposes of calculating the financial covenants is the "Adjusted EBITDA" calculated from the operating results as shown in the Consolidated Financial Statements of Sonangol Group, excluding the amortisation/depreciation for the year and adding the receipts from the PNUH.

Definition and calculation of Cash EBITDA

The Cash EBITDA ratio, effective since 31 December 2022, is a mechanism for evaluating the company's ability to generate cash flow and meet its financial obligations. For its calculation, it is used the EBITDA (corresponding to the Operating results caption of the consolidated financial statements plus the amortisation/depreciation for the year) adjusted for flows generated in the year and balances payable to and receivable from the State that were not settled (or compensated in the year), namely including PNUH reimbursements, taxes payable (oil, general and customs) and other balances payable to the State, net of Subventions for the period and supplies to OGE clients.

Financing conditions

All contracts have as collateral the mandatory requirement to allocate monthly revenues at the rate of 125% of the debt service value to be performed in a certain period.

17. Provisions for post-employment benefits

As at 31 December 2022 and 2021, the Group's provisions for post-employment benefits is detailed as follows:

Captions	2022	2021
Sonangol Pension Plan	238,597,064,216	345,216,716,178
Sonangol Healthcare Plan	425,006,146,497	646,765,656,355
ENSA Pension Plan	28,403,091,780	42,265,910,458
Other Post-Employment Benefits	15,878,134,209	-
	707,884,436,702	**1,034,248,282,991**

17.1 Provisions for post-employment benefits

The provisions for post-employment benefits, by type of benefit, are as follows:

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Balance as at 31 December 2021					
Defined benefit obligation	345,216,716,178	646,765,656,355	44,683,037,380	-	1,036,665,409,913
Fair value of plan assets	-	-	(2,417,126,922)	-	(2,417,126,922)
	345,216,716,178	646,765,656,355	42,265,910,458	-	1,034,248,282,992
Balance (receivable) / payable	**345,216,716,178**	**646,765,656,355**	**42,265,910,458**	**-**	**1,034,248,282,992**
Balance as at 31 December 2022					
Defined benefit obligation	238,597,064,216	425,006,146,497	30,424,181,299	15,878,134,209	709,905,526,221
Fair value of plan assets	-	-	(2,021,089,519)	-	(2,021,089,519)
	238,597,064,216	425,006,146,497	28,403,091,780	15,878,134,209	707,884,436,702
Balance (receivable) / payable	**238,597,064,216**	**425,006,146,497**	**28,403,091,780**	**15,878,134,209**	**707,884,436,702**

17.2 Type of benefits

Defined benefit pension plans

Plan	Type	Beneficiaries	Location
Sonangol Pension Plan	Defined Benefit	Sonangol retirees and pensioners Former employees with acquired rights	Angola
ENSA Pension Plan	Defined benefit – fund set in ENSA	Retirees and pensioners from ex-FINA	Angola

Until the end of 2011, Sonangol Group's employees were covered by Sonangol's Defined Benefit Plan, which was closed to new admissions with effect from 1 January 2012, and the active participants were transferred into a new Defined Contribution Plan.

However, the Sonangol Pension Plan retains responsibility for retirees and pensioners, including all employees who have retired or have ceased their labour contract between 1 January 2012 and 13 October 2017, date of legal implementation and approval of the defined contribution plan by the relevant authorities (Order no. 685/17 of the Ministry of Finance).

The past service liabilities of active employees at the cut-off date (curtailment) will be financed by contributions that the subsidiaries, included in the new plan, will transfer to the Sonangol Pension Fund. This liability is disclosed under Other non-current liabilities (see Note 19).

The Sonangol Group is depositing in a bank account held by Sonangol E.P. the amounts of the contributions for the defined contribution plan and for the defined benefit plan. As at 31 December 2022, the balance of the said bank account whose use is not exclusive for this purpose amounts to AOA 539,283,558 thousand (2021: AOA 561,490,438 thousand).

During 2021, Sonangol Vida and Sonangol EP entered into an agreement for the financing and repayment of the Group's total debt to the pension fund, as at 31 December 2020, which aims to transfer the liability related to the curtailment and withholdings disclosed under Other non-current liabilities in note 19 and the defined benefit liability. As at 31 December 2022, the existing balance amounts to USD 1,460,845 thousand (AOA 735,814,614 thousand). The amount to be transferred regarding the defined benefit provision will be updated annually based on the actuarial valuation. Following this agreement, a grace period of 3 years was determined as well as the payment of interest based on the Libor 1 month rate plus spread.

ENSA Pension Plan

ENSA's pension plan, which corresponds to the liability established for a closed population group from Ex-Fina Petróleos de Angola, is a defined benefit pension plan that provides for the payment of retirement (60 years of age) and survivors' pension benefits.

Defined contribution plans

Plan	Type	Beneficiaries	Location
Sonangol Pension Plan	Defined contribution	Sonangol Employees, Retirees, and Pensioners and Former employees with acquired rights	Angola

The defined contribution pension plan is based on contributions made by the participants (employees or members of the board of Sonangol E.P. and its subsidiaries). Therefore, on a monthly basis, the Group withholds a percentage of the employees' salary AOA. The amount capitalised in the participant's accumulated account, under this pension plan, is subject to positive or negative variation, as a result of the evolution of the investments made and of the financial market. The associates (Sonangol E.P. and subsidiaries) will not be liable, now or in the future, for the level of income generated or for the benefits provided under the plan. The financing method for the pension plan will be chosen by the associates and the vehicle will correspond to the defined risk profile at the associates' discretion.

Sonangol Healthcare Plan

Plan	Type	Beneficiaries	Location
Sonangol Healthcare Plan	Defined Benefit	Sonangol employees Sonangol Retirees (working for Sonangol at the time of retirement) and close family	Angola

The post-employment health care plan of the Group corresponds to the constructive obligation related to the provision of medical and medication assistance to pensioners and their close family members within the Sonangol Healthcare Plan (as established in the Internal Standard for Medical and Medication Assistance Co-participation), provided mainly by the Group's company, Clínica Girassol.

The accounting and reporting of future liabilities with post-employment benefit plans is temporarily excluded from the General Accounting Plan, until the provisions of international accounting standards are adopted.

The Sonangol Group recognises that the accounting for liabilities arising from the application of international standards is a fundamental step in terms of a true and appropriate image of its financial position and performance, which is why it has adopted, in previous years, the international accounting standard IAS 19 for accounting for post-employment benefits.

Other benefits

Plan	Type	Beneficiaries	Location
Availability program and Inactives	Post-Employment Benefits	Sonangol employees	Angola

The Sonangol Group offers its employees the opportunity to participate in the Availability program ("Bolsa de Disponibilidade"), which is equivalent to an early retirement program, if they meet certain conditions, namely:

- Age between 50 and 58 years;
- Being an employee of Sonangol E.P. with at least 15 years of service (minimum service time to apply);
- Having an employment contract for an indefinite period;
- Not undergoing disciplinary proceedings leading to the application of the sanction of disciplinary dismissal;
- May be eligible for the other types of retirement foreseen in Angolan labour legislation.

As at 31 December 2022, the Group has employees who are covered by these programmes and, therefore, the corresponding liability has been booked for benefits to be paid until the effective date of retirement, taking into account the conditions of access to the availability program and the perspective of adapting to new functions within 2 (two) years for Inactive employees.

The Board of Directors expects that the employees who join this programme will remain in the programme until retirement age.

17.3 Movements of the liabilities with post-employment benefits

The reconciliation between the opening and closing balances of the defined benefit obligation present value is as follows:

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Defined benefit obligation as at 01 January 2022	**345,216,716,178**	**646,765,656,355**	**44,683,037,380**	**-**	**1,036,665,409,913**
Interest cost	7,210,441,724	15,514,402,256	935,748,876	-	23,660,592,856
Current service costs	-	23,900,280,521	151,683,003	-	24,051,963,524
Other costs	-	-	-	14,757,457,996	14,757,457,996
Benefits paid	(22,231,234,886)	(7,932,409,446)	(2,921,629,928)	-	(33,085,274,260)
Actuarial gains and losses	(55,671,207,472)	(180,509,328,923)	(7,742,600,500)	-	(243,923,136,895)
Transfers of employees within the Group	-	(1,149,792,855)	-	-	(1,149,792,855)
Foreign exchange translation adjustments (FS conversion)	(35,927,651,928)	(71,582,660,411)	(4,682,057,532)	1,120,676,213	(111,071,693,658)
Defined benefit obligation as at 31 December 2022	**238,597,063,616**	**425,006,147,497**	**30,424,181,299**	**15,878,134,209**	**709,905,526,621**

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Defined benefit obligation as at 01 January 2021	**455,336,272,012**	**735,355,717,562**	**58,358,247,651**	**-**	**1,249,050,237,225**
Interest cost	8,417,596,282	17,458,722,839	1,080,442,822	-	26,956,761,943
Current service costs	-	33,460,386,875	356,621,171	-	33,817,008,046
Benefits paid	(25,495,171,735)	(8,248,488,532)	(3,843,813,041)	-	(37,587,473,308)
Actuarial gains and losses	(28,996,017,035)	(20,811,846,886)	(2,933,623,504)	-	(52,741,487,425)
Foreign exchange translation adjustments (FS conversion)	(64,045,963,346)	(110,448,835,503)	(8,334,837,719)	-	(182,829,636,568)
Defined benefit obligation as at 31 December 2021	**345,216,716,178**	**646,765,656,355**	**44,683,037,380**	**-**	**1,036,665,409,913**

Exchange differences, which refer to the updating of the liability, denominated in United States of America dollar, are recognised in financial results (Note 31) for companies whose functional currency is the AOA and in equity in the caption Foreign exchange translation adjustments (financial statements translation) for companies whose functional currency is the USD.

According to the 31 December 2022 actuarial study, the estimated payment of pension benefits in 2023 amounts to AOA 24,968,932 thousand relating to the Sonangol Pension Plan, AOA 2,469,682 thousand relating to the ENSA Plan and AOA 16,230,892 thousand relating to the Sonangol Healthcare Plan.

The main actuarial assumptions used at the reporting date to determine the defined benefit obligation were as follows:

	2022	2021
Financial Assumptions		
Discount rate *		
Pension Plan	5.20%	2.60%
Medical Plan	5.20%	2.90%
Inflation rate	2.00%	2.00%
Future salary growth	3.00%	3.00%
Normal retirement age	60	60
Expected pension increases	1.00%	1.00%
Healthcare costs growth rate	5.00%	5.00%
Cost per medical act (USD / per household)	7,642	7,278:
Percentage of married employees (a)	90.00%	90.00%
Age difference (a)	Men 3 years older	Men 3 years older
Mortality table	ANGV2020P	ANGV2020P
Turnover table	Crocker Sarason	Crocker Sarason

(a) Assumptions considered for the purposes of assessing the Health Care benefit and ENSA plan

The assumptions used combine trends and expectations regarding the long-term evolution of macroeconomic indicators and the sensitivity of the actuary regarding the past experience in terms of demographic characteristics.

The Health Care Plan includes 7,532 employees of working age (2021: 7,826), 3,809 retired employees (2021: 3,770) and 396 survivors (2021: 267). Sonangol Pension Plan (defined benefit) includes 786 former employees with acquired rights (2021: 812), 1,750 retired employees (2021: 1,864) and 172 survivors (2021: 152). The ENSA Pension Plan includes 17 employees of working age (2021: 28), 236 retirees (2021: 235) and 20 survivors (2021: 13).

17.4 Fair value of plan assets

The reconciliation between the opening and closing balances of the assets' fair value of the ENSA Pension Plan, the only one with an independent fund set-up, is as follows:

	ENSA Pension Plan
	Defined benefit (funded)
Fair value of plan assets as at 1 January 2022	**(2,417,126,922)**
Expected return on plan assets	(14,853,394)
Benefits paid	2,921,629,928
Cash Flows: Company contributions/Employee contributions (funding)	(2,033,658,256)
Gains and losses	(467,811,188)
Exchange differences	(9,269,687)
Fair value of plan assets as at 31 December 2022	**(2,021,089,519)**

	ENSA Pension Plan
	Defined benefit (funded)
Fair value of plan assets as at 1 January 2021	**(8,052,549,545)**
Expected return on plan assets	(113,806,515)
Benefits paid	3,843,813,041
Gains and losses	809,526,728
Exchange differences	1,095,889,368
Fair value of plan assets as at 31 December 2021	**(2,417,126,922)**

17.5 Actuarial gains and losses

As mentioned in Note 2.3 t), the Group recognises all actuarial gains and losses in equity (reserves). The amount recognised in the year is AOA 244,390,948 thousand, as shown in Note 13, which includes AOA 8,210,412 thousand (2021: AOA 2,124,097 thousand) relating to actuarial gains on the assets and liabilities of the ENSA Pension Plan and AOA 236,180,536 thousand (2021: AOA 49,807,964 thousand) of actuarial gains on the assets and liabilities of Sonangol's Pension and Healthcare Plans.

The actuarial gains recognised in 2022 are mainly due to the upward revision of the financial assumption regarding the discount rate from 2.60% to 5.20% for the pension plan and the Ensa plan and from 2.90% to 5.20% for the medical plan in 2022, which resulted in a decrease in the pension plan liability, the Ensa plan liability and the medical plan liability of AOA 50,030,341 thousand, AOA 7,521,152 thousand and AOA 182,586,379 thousand respectively.

17.6 Sensitivity analysis

The tables below set out the results of the sensitivity analysis to the discount rate, pension growth rate, future salary growth of the Pension Plans and growth rate of healthcare costs.

Sensitivity to discount rate	5.20% Accounting scenario	4.95% - 25 b.p.	Var	5.45% + 25 b.p.	Var
Pension Plan	238,597,064,216	242,979,397,036	2%	234,360,506,119	-2%
Healthcare Plan	425,006,146,497	441,319,022,199	4%	409,582,605,971	-4%
ENSA	30,424,181,299	31,061,925,351	2%	29,799,530,642	-2%
	694,027,392,012	**715,360,344,584**	**3%**	**673,742,642,731**	**-3%**

Sensitivity to the Pension's growth rate	1% Accounting scenario	0.75% - 25 b.p.	Var.	1.25% + 25 b.p.	Var.
Pension Plan	238,597,064,216	234,169,223,417	-2%	243,154,220,627	2%
ENSA	30,424,181,299	29,754,621,552	-2%	31,108,807,398	2%
	269,021,245,514	**263,923,844,968**	**-2%**	**274,263,028,025**	**2%**

Sensitivity to future salary growth rate	3% Accounting scenario	2.75% .- 25 b.p	Var.	3.25% .+ 25 b.p	Var.
ENSA	30,424,181,299	30,402,314,283	0%	30,446,063,372	0%
	30,424,181,299	**30,402,314,283**	**0%**	**30,446,063,372**	**0%**

Sensitivity to the growth rate of healthcare costs	5% Accounting scenario	4% - 100 b.p.	Var.	6% + 100 b.p.	Var.
Healthcare costs growth rate - Healthcare Plan	425,006,146,497	365,935,648,277	-14%	498,672,720,799	17%
	425,006,146,497	**365,935,648,277**	**-14%**	**498,672,720,799**	**17%**

Additionally, considering the mortality table SA 85-90 instead of the mortality table ANGV-2020P would give rise to an increase of 5% in the Sonangol Pension Plan liability, 6% in the ENSA Plan and 16% in the Healthcare Plan in the amount of AOA 13,052,851 thousand, AOA 1,776,312 thousand and AOA 68,238,696 thousand, respectively.

18. Provisions for other risks and charges

18.1 Detail of provisions for other risks and charges

The table below details the provisions for other risks and charges:

Captions	Current		Non-current	
	2022	2021	2022	2021
Provisions for legal proceedings	-	6,674,274	2,112,168,451	8,426,521,368
Provision for dismantling - Investor	-	-	1,128,474,276,636	1,566,618,091,047
Dismantling funds (Concessionaire)	-	422,923,853,591	312,245,732,555	344,041,185,764
Tax contingencies	-	2,456,529,215	686,125,231,361	795,860,659,109
Provisions for other risks and charges	150,797,119,824	78,004,688,876	33,412,360,529	223,009,957,053
	150,797,119,824	**503,391,745,956**	**2,162,369,769,532**	**2,937,956,414,341**

18.2 Provisions for legal proceedings

The amount referring to Provisions for lawsuits includes the best estimate of liabilities related to the litigation in which the Group is involved and in which financial outflows are likely in the future.

In 2021, the Company recognised a provision for legal proceedings, namely for the ongoing litigation with the entity Destin Trading as a result of the dispute related to the dismantling works of Block 3 Canuku. The law suit was concluded in 2022 and, although the outcome was not favourable to the Company, the final amount paid to settle the law suit was lower than the amount provided for. Therefore, part of the provision booked as at 31 December 2021 was used, and the amount of AOA 895,846 thousand was released by non-operating results (see note 33).

18.3 Provision for dismantling

The table below details the movements occurred in 2022 and 2021 in provisions for dismantling where Sonangol participates as an investor:

Captions	2021	Increases	Decreases	dismantling interest	Foreign exchange translation adjustments (FS conversion)	2022
Provision for dismantling - Investor	1,566,618,091,047	3,744,494,583	(332,512,448,771)	57,638,018,775	(167,013,878,998)	1,128,474,276,636
	1,566,618,091,047	**3,744,494,583**	**(332,512,448,771)**	**57,638,018,775**	**(167,013,878,998)**	**1,128,474,276,629**

The main assumptions inherent to the calculation of the provision for dismantling, as mentioned in Note 2.2.2 vi), are as follows:

- Discount rate: 5.42% for block 0 and average rate of 5.29% for the remaining blocks (2021: 3.82% for block 0 and average rate of 3.52% for the remaining blocks);
- Inflation rate: 2%
- Maturity: shorter between the end date of the concession licence and the economic limit determined for each block; and
- Estimated expenses of the Contractor Group.

The decreases verified are essentially related to the effect of the increase in the rate used to discount the liability to the present date. The increase in the discount rate is explained by the general increase in risk-free market rates. The decrease in the liability had a parallel effect on the dismantling asset (see note 4.A.2.2).

This caption also includes a provision for the dismantling of 7 (seven) fuel facilities, in the amount of AOA 9,462,014 thousand. The reasons for dismantling are the fact that some installations are considered inefficient, with low consumption, and others will be dismantled according to the plan for their replacement. The calculation was based on the best estimate of cost per cubic meter prepared internally by Sonangol Distribuição e Comercialização, the inflation rate, a discount rate appropriate for the discount period and the estimated dismantling date for each facility.

Moreover, the change in the caption is also related to the exchange rate change of the monetary liabilities denominated in US dollars (USD) in the year, due to the devaluation of the Kwanza exchange rate (AOA) against the US dollar (USD) and with the recognition of the financial interest related to the update of the provision (see note 31).

However, the decrease in the gross value of the dismantling asset of Block 0 is less than the decrease in the liability, taking into account that the said decrease was higher than the net book value of the asset at the date of the change in estimate. The difference between the decrease in the liability and the decrease in the asset was recognised directly in the income statement, namely in non-operating results (see Note 4A).

18.3.1 Movements in the provision for dismantling – Investor

The following table details the provision for dismantling, segregated by blocks, during 2022.

Block	2021	Increases	Decreases	dismantling interests	Foreign exchange translation adjustments (FS conversion)	2022
Block 0	616,513,834,731	-	(89,641,892,791)	19,735,718,252	(62,780,823,327)	483,826,836,865
FS/FST	38,518,206,037	-	-	1,311,292,257	(3,450,886,513)	36,378,611,781
B03.05	58,018,270,347	-	(9,405,683,595)	5,253,973,446	(5,706,612,542)	48,159,947,656
B03.5A	16,194,897,044	357,957,210	-	476,372,316	(1,427,421,194)	15,601,805,376
B04.05	(9,402,313,008)	-	(4,299,335,960)	1,145,995,910	607,126,282	(11,948,526,776)
B14.00	(3,995,637,430)	-	(14,089,000,841)	4,044,254,611	(464,719,132)	(14,505,102,792)
B14.KU	6,088,986,642	-	(802 375 024)	178,685,765	(614,512,517)	4,850,784,866
B15.06	141,127,180,361	-	(86,953,298,385)	4,227,084,755	(19,911,150,810)	38,489,815,921
B15.19	164,559,985,505	-	(22,205,688,292)	5,249,892,586	(16,616,026,082)	130,988,163,717
B17.00	55,038,667,641	-	(3,504,986,258)	1,972,828,808	(5,213,750,981)	48,292,759,210
B18.00	77,870,584,639	-	(6,079,546,074)	2,297,212,700	(7,510,647,065)	66,577,604,200
B31.00	193,167,740,032	-	(65,169,381,590)	5,698,020,534	(22,789,830,063)	110,906,548,913
B32.00	205,517,415,137	-	(29,700,301,365)	6,007,458,767	(20,960,570,092)	160,864,002,447
BOC.ST	1,324,796,402	-	(660,958,596)	39,228,068	(174,054,968)	529,010,906
	1,560,542,614,081	**357,957,210**	**(332,512,448,771)**	**57,638,018,775**	**(167,013,879,004)**	**1,119,012,262,290**

18.4 Dismantling funds (Concessionaire)

The table below details the movements in the Provision for Dismantling funds (Concessionaire):

Captions	2021	Increases	Decreases	Reimbursements	Reclassifications	Foreign exchange translation adjustments (FS conversion)	2022
Dismantling funds (Concessionaire) Non-current	344,041,185,764	-	-	-		(31,795,453,209)	312,245,732,555
Dismantling funds (Concessionaire) Current	422,923,853,591	36,176,505,808	-	(390,588,921,836)	-	(68,511,437,563)	-
	766,965,039,355	**36,176,505,808**	**-**	**(390,588,921,836)**	**-**	**(100,306,890,772)**	**312,245,732,555**

This caption refers to the amount of provisions for Dismantling funds (Concessionaire) arising from the provisions of Article 5(3), of Presidential Decree no. 145/20 of 26 May, which required Sonangol E.P. to hold the dismantling funds until December 2020, at which time ANPG would assume this liability and the corresponding assets.

Non-current:

Additionally, under an Agreement signed in 2020 between Sonangol E.P. and ANPG, the Group assumed the responsibility to fund the work of dismantling the oil wells, removal of platforms and other facilities of Block 2 operated by a third-party entity, up to the limit of the liability booked in the Financial Statements, subject to the update of the dismantling plan and the contributions of the new Contractor Group. Considering that this expense will occur when the reserves are exhausted, and the existence of uncertainty as to the moment of dismantling, this liability is recognised as a non-current provision in the amount of AOA 312,245,733 thousand as at 31 December 2022.

Current:

The amount of Provision for dismantling funds (Concessionaire) was set up by the operators and transferred to the control of Sonangol E.P. The increases in the period relate to the contributions made by the partners of the Contractor Groups in Block 17 to cover future dismantling expenses when closing oil wells, removing platforms and other facilities when reserves are depleted. On the other hand, the transfers of AOA 390,588,922 thousand are due to the fact that the transfer of ownership of the escrow accounts associated with Block 17 to the National Oil, Gas and Biofuels Agency has been completed, with the captive funds of the block being transferred to the actual national concessionaire (see note 10). Therefore, as at 31 December 2022, all liabilities related to the funds deposited in the escrow accounts have been transferred to ANPG.

Moreover, since the liability is stated in US dollars, there is a decrease in the balance of the caption of AOA 100,306,891 thousand due to the appreciation of the Kwanza against the US dollar.

18.5 Tax contingencies

This balance includes the provisions to cover tax contingencies associated with oil and non-oil taxes. It includes, among others, provisions to cover tax contingencies resulting from audits of the recoverable costs of the blocks in which the Group holds participating interests. These contingencies result mainly from possible non-compliance with the provisions of production-sharing agreements and association agreements. The amounts booked represent the best settlement estimate and may differ from the final amounts payable as a result of subsequent revisions.

In the current year, as a result of the year-end reassessment of tax contingencies in terms of probability of occurrence and estimated future expenditure, as well as the findings of the AGT tax inspection reports and audits of oil taxes in previous years and the conclusions of the third phase agreement, the provisions for tax contingencies were updated, resulting in the release of provisions of AOA 48,835,853 thousand and the establishment/increase of provisions of AOA 275,166,830 thousand, as disclosed in note 33.

Regarding the third phase agreement between the General Tax Administration (AGT - "Administração Geral Tributária") and the Sonangol Group, as at 31 December 2022, tax and non-tax debts have been offset against non-tax credits to the Angolan State. As a result of this offsetting, AOA 43,476,887 thousand were transferred to accounts receivable (as disclosed in note 9.4).

18.6 Provisions for other risks and charges

The movements in Provisions for other risks and charges are detailed as follows:

Captions	2021	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	2022
Provisions for other risks and charges - Non-current	223,009,957,053	4,243,764,413	(21,852,278,638)	(139,236,698,883)	(32,752,383,417)	33,412,360,528
Provisions for other risks and charges – Current	78,004,688,876	-	(65,368,339,977)	139,236,698,883	(1,075,927,957)	150,797,119,824
	301,014,645,929	**4,243,764,413**	**(87,220,618,615)**	**-**	**(33,828,311,374)**	**184,209,480,353**

The caption "Provisions for other risks and charges", under current and non-current liabilities, is mainly related to the provisions set up in 2020 by the Group within the scope of the pooling agreements signed with the groups of contractors of blocks 15 and 17, following the entrance of Sonangol in those blocks. The agreements provide that the National Concessionaire (ANPG) will be entitled to withdraw barrels of crude oil from the Group's share of cost oil up to the Contractor Groups' total amount of unrecovered costs from previous years in proportion to the interest acquired by the Group in the respective blocks.

Based on the unrecovered costs of previous years reported by the operators of the blocks and ANPG's expectation of annual withdrawals, the future annual charges associated with this commitment were estimated and discounted to present date considering the time value of money. The liability was discounted based on Group Sonangol's average annual interest rate.

The decrease is mainly due to costs recovered by the National Concessionaire during the period. The costs to be recovered from previous years remaining at the balance sheet date have been allocated between current and non-current provisions in accordance with the date on which the national concessionaire is expected to withdraw the barrels—which is expected to be in 2023.

19. Other non-current liabilities and accounts payable

19.1 Detail of other non-current liabilities and accounts payable

As at 31 December 2022 and 2021, the detail of Other non-current liabilities and accounts payable was as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
Trade payables – current	1,137,003,356,708	1,302,310,232,938	2,385,883,978	3,880,613,013
Research and Development Centre	21,399,739,749	46,170,983,328	158,029,383,372	173,144,504,932
Trade receivables – credit balances	11,372,462,733	9,695,793,299	-	-
State	238,266,105,020	955,730,111,765	1,987,294,000	1,987,294,000
Parent companies and affiliates	341,268,415,991	328,424,575,445	-	-
Personnel	1,553,176,174	1,779,855,948	2,017,174,161	2,222,579,584
Creditors – acquisition of assets	938,060,526	304,810,884	157,861,863	-
Creditors – Minig activity	246,839,799,763	365,070,252,900	-	-
Working Capital	150,585,622,189	121,879,559,821	-	-
Creditors – Overlift	138,884,169,838	193,406,861,192	-	-
Pension Fund - Curtailment (Note 17)	-	-	345,529,402,203	380,714,075,026
Pension Fund - Withholdings	68,247,639,897	41,990,225,706	159,116,234,462	181,056,977,273
Other creditors	407,710,319,396	614,278,450,018	300,072,493,812	183,465,417,655
Mining activity - Cut Back - Liability	(51,620,145,664)	(63,651,932,465)	-	-
	2,712,448,722,320	**3,917,389,780,780**	**969,295,727,851**	**926,471,461,483**

The caption Trade payables – current includes the balances with external entities that relate to the acquisition of goods and services provided to Sonangol Group companies.

The main component of this balance comes from the subsidiary Sonangol Comercialização e Distribuição, SA, representing about 73% of the total amount of outstanding debt in 2022 (2021: 65%) and mainly corresponds to the acquisition of refined products (import of fuel).

The caption Working capital represents the Group's share in the net position of the working capital of the non-operated blocks.

19.2 Research and Development Centre

As at 31 December 2022 and 2021, the detail of the balances associated with this caption is as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
Research and Development Centre	21,399,739,749	46,170,983,329	158,029,383,372	173,144,504,932
	21,399,739,749	**46,170,983,329**	**158,029,383,372**	**173,144,504,932**

The caption "Research and Development Centre" ("CPD – Centro de Pesquisa e Desenvolvimento", former Technology Research Centre - CITEC), relates to contributions defined in production sharing agreements and delivered by the contractor groups to the National Concessionaire (Sonangol E.P. at the time), the latter acting on behalf of the Angolan State. These amounts are under the responsibility of Sonangol and are expressed in USD.

Within the framework of the definition of the general strategic bases for pre-salt exploration in Angola (Presidential Decree no. 243/11), and with the objective of developing special skills to guarantee the maintenance of existing oil resources and the discovery of new areas for exploration, the referred decree also defines that the Contractor Group of blocks (19, 20, 22, 24, 25, 35, 36, 37, 38, 39 and 40) must contribute to the creation of the Technology Research Centre.

On 7 October 2021 the Group's Centro de Pesquisa e Desenvolvimento da Sonangol, S.A (Research and Development Centre) was created, an Angolan-rights-owned entity wholly-owned by Sonangol Group. Its social object is to contribute to the sustainable development of the national oil sector through research and technical assistance and training in the various areas of oil, gas, mining and renewable energies, such as: Green hydrogen, biofuels and strategic minerals of the future.

In accordance with the above, the pre-salt blocks contracting Groups disbursed, from the perspective of non-reimbursable expenses, funds for the creation and operations of the Technology Research Centre. With the approval of Sonangol's new macro structure, the Technology Research Centre is now called the "Research and Development Centre" and should operate at the Sonangol E.P. Shared Services Centre. At the balance sheet date preliminary work was underway to enable the construction phase of the infrastructure.

To make the activities of the Centro de Pesquisa e Desenvolvimento possible, Sonangol E.P. has paid out around AOA 24,771,244 thousand up to 2022, and will have to build, equip and guarantee its operation, using the contributions made by the partners. The Board of Directors expects that during 2023 approximately AOA 21,399,740 thousand will be disbursed, relating to preliminary civil construction works, engineering works, among other expenses. Therefore, this amount was recognised as a current liability, and the disbursements of the subsequent expenses that are expected to be incurred in 2023 and following years were presented under Other non-current liabilities.

19.3. State

As at 31 December 2022 and 2021 the detail of the State balances is as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
State				
Corporate Income tax	196,519,976,760	911,185,360,785	1,987,294,000	1,987,294,000
Production and consumption tax	74,727,024	5,355,483,822	-	-
Withholding taxes	14,508,951,325	14,572,816,456	-	-
Other taxes	27,162,449,911	24,616,450,702	-	-
	238,266,105,020	955,730,111,765	1,987,294,000	1,987,294,000

The caption Corporate Income Tax includes the component of oil taxes in the amount of AOA 64,255,578 thousand. The change compared to the previous year is mainly due to the increase in taxes assessed during the period (see note 35) and to the offsetting of oil tax debts of 2021 and 2022 with the State's debts to the Group (see note 9.4.1).

19.3.1. State (Current)

In August 2022, the Group completed the third phase of the "Reconciliação da Conta Corrente e dos Processos Fiscais e Aduaneiros entre a Administração Geral Tributária e a Sonangol EP e suas Subsidiárias" (Reconciliation of Current Account and Tax and Customs Proceedings between the General Tax Administration and Sonangol EP and its Subsidiaries), in which the debts of the different entities of the Sonangol Group regarding i) General Taxes, ii) General Taxes related to Upstream Operations, iii) Customs Debts, iv) Oil Taxes of Sonangol E. P and Sonangol Pesquisa & Produção, S.A for the period of 2017 to 2019. The liabilities assumed by the Group in the mentioned agreement amount to AOA 589,599,462 thousand and have been offset against the non-tax liabilities of the State to Sonangol, as disclosed in note 9.4.1.

Moreover, the reduction in this caption includes the amount of AOA 1,464,379,865 thousand relating to the oil tax debt for the years 2021 and 2022 (amount translated at the exchange rate of 31 December 2022), offset in the regular process of offsetting balances, set up between Sonangol EP and the State, as disclosed in note 9.4.1.

19.4 Creditors – Mining activity

As at 31 December 2022 and 2021, the detail of the creditors – mining activity is as follows:

Captions	Current	
	2022	2021
INAFTAPLIN	701,566,584	-
AJOCO	-	316,435,548
ENI Angola	48,982,660,820	50,248,906,947
PHILIPS	12,356,900	13,615,182
TOTAL E&P ANGOLA	2,968,701,191	33,675,343,760
Cabgoc	121,292,802,589	169,789,151,343
Somoil	52,710,264,155	80,634,014,974
BP AMOCO	8,035,590,673	23,547,728,422
CHINA SONANGOL HOLDING	15,047,265	16,579,502
Repsol	453,175,250	499,321,317
PETROBRAS	26,084,394	28,740,524
SOCO	451,737,520	497,737,185
PLUSPETROL ANGOLA	854,552,530	804,757,719
ACREP	1,227,525,833	1,352,522,706
ESSO	4,689,369,053	3,310,716,296
INA - NAFTAPLIN	-	334,681,475
MELBANA ENERGY	4,418,365,006	-
	246,839,799,762	**365,070,252,900**

As at 31 December 2022, the outstanding amounts resulting from the joint operations in Blocks in which the Group has participating interests, are included in this caption. In general, these debts must be settled in the short term and are the result of the difference between the funds requested to carry out oil operations (cash-calls) in the blocks and the expenses incurred in these blocks (billings).

In the functional currency of US dollar for *Exploration and Production* segment companies, there is a reduction of approximately 32% compared to the previous year in the amount payable to partners in the oil and gas exploration, as a result of the treasury effort made by the Group to settle debts that fell due in the oil operations. Due to the corresponding appreciation of the Kwanza against the US dollar in 2022, the decrease is more significant in the company's reporting currency.

19.5 Pension fund – Non-current

The item "Pension Fund – Curtailment" relates to the amount that the Company will have to deliver to Sonangol's Pension Fund (defined contribution), as mentioned in Note 17. The liability is stated in US dollars and the change is due to the translation of the amount to kwanza at a lower closing rate as disclosed in note 2.1.2.

The amount "Pension fund - Withholdings" relates to the withholdings made to the employees of the Company under the defined contribution pension plan. The change in the caption is related to the amounts withheld in 2022 less the amounts already paid to retirees and the subsequent exchange rate update resulting from the translation of the Financial Statements.

In September 2021, the "Agreement for the Financing and Amortisation of the Responsibilities of Sonangol's Pension Fund" was signed between Sonangol E.P. and the Pension Fund, which incorporates the unfunded liabilities of the Defined Contribution Pension Plan and the Defined Benefit Pension Plans, remunerated according with the following terms and conditions:

1. Grace period of capital for a period of 3 years;
2. Maturity of 15 years starting 1 January 2021;
3. Interest rate: Libor 1 month + margin.

19.6 Creditors - Overlift

Creditors – Overlift refers to the oil lifting rights due to the Contractor Groups from the perspective of the Group as partner in the different blocks. This balance will be adjusted in the corresponding blocks rights during 2023. This balance is mainly due to Blocks 3.05, 15.06, 18.02, 31 and 32.

19.7 Other creditors

As at 31 December 2022 and 2021, this balance is detailed as follows:

Captions	Current		Non-current	
	2022	2021	2022	2021
Sales on behalf of third parties	398,492,223	23,156,405,519	-	-
Social Fund	5,575,984,091	9,548,459,098	-	-
Dismantling Fund	261,002,649,883	440,294,236,080	297,821,150,090	180,718,119,150
Other	140,733,193,200	141,279,349,321	2,251,343,721	2,747,298,505
	407,710,319,397	**614,278,450,018**	**300,072,493,812**	**183,465,417,655**

The caption "Sales on behalf of third parties" results from the marketing of crude oil on behalf of the third parties Acrep, Prodoil and Somoil.

In 2022, based on the schedule for the repayment of the dismantling fund for blocks 2, 03.05 and 04.05 as agreed between Sonangol E.P. and the National Oil, Gas and Biofuels Agency, it was established the transfer of the instalments for block 2 (AOA 36,206,954 thousand), block 03.05 (AOA 108,417,687 thousand), block 04.05 (AOA 58,948,150 thousand) and the respective interest in the amount of AOA 11,683,201 thousand until the end of 2023. This item is recognised as a current liability.

Moreover, the agreed schedule provides for the repayment of the outstanding amount in instalments until 31 December 2027, in a total amount of AOA 132,429,390 thousand, divided by blocks 03.05 (AOA 103,882,492 thousand) and 04.05 (AOA 28,546,898 thousand). This component to be transferred is presented as a non-current liability.

Additionally, in December 2022, a new agreement was signed between the National Agency of Oil, Gas and Biofuels and Sonangol E.P. which revised the terms of the restitution of the dismantling fund associated to block 14, during the next 5 years, having been agreed a monthly instalment of USD 6,986 thousands.

As a result, based on the above-mentioned agreement, the liability to the dismantling fund for Block 14 and the related interest, the component due in 2023 of AOA 45,746,657 thousand is presented under current liabilities and the remaining liability of AOA 165,391,760 thousand is presented under non-current liabilities.

The caption Other, mainly includes the amount of AOA 65,669,685 thousand (2021: AOA 54,457,997 thousand) related to accrued costs for services rendered by ENI to Refinaria de Luanda.

19.8 Parent companies and affiliates

The total amount of AOA 341,268,416 thousand disclosed under Parent companies and affiliates (current) includes the subscribed unpaid capital of the affiliates Empresa de Serviços e Sondagens de Angola, Lda "ESSA", Sonangol Libongos Limited and Sonangol Quenguela Limited in the amount of AOA 284,132,383 thousand - see Note 6. Regarding the first entity, the Share Capital is denominated in AOA and, therefore, the liabilities related to the subscribed and unpaid capital did not change in relation to the previous year in the reporting currency. Regarding the last two entities, in 2019, Sonangol E.P. subscribed the capital increase in the amount of USD 531,500 thousand in each of these affiliates. This increase was partially realised with the transfer of drill ships the subsidiaries in the individual amount of USD 274,000 thousand, which corresponded to the fair value of the ships at the date of the capital increase. The subscribed and unpaid capital is recorded as a liability in this caption.

It also includes the debt to PT Ventures of AOA 57,128,759 thousand, corresponding to cash disbursements made by the company, fully settled in January 2023.

21. Other current liabilities

As at 31 December 2022 and 2021, Other current liabilities are analysed as follows:

Captions	2022	2021
Accrued expenses		
Personnel costs	46,768,591,836	47,855,699,974
Specialised services/technical assistance	4,996,721,052	5,322,236,038
Charges - Oil and Gas exploration (operated blocks)	46,906,776,915	64,625,143,346
Rents	-	537,644,559
Acquisition and construction works in condominiums	-	14,918,777,250
Charges – band and default interest	52,209,843,443	43,513,174,587
Other	41,204,516,410	46,855,466,330
	192,086,449,656	**223,628,142,084**
Deferred income		
Billing	6,700,264,157	2,952,559,217
Other	5,197,712,043	4,524,472,610
	11,897,976,200	**7,477,031,827**
	203,984,425,856	**231,105,173,911**

Accrued expenses with personnel costs caption refer mainly to the Sonangol Group employees´ holiday pay and holiday subsidy to be paid during 2023.

Charges - Oil and gas exploration caption refers to the accrued charges arising from mining activities (oil and gas), namely:

(i) OPEX mainly relates to costs associated with the rendering of services and goods supply by third parties in blocks operated by the Sonangol Group, including charges payable in connection with the Gimboa FPSO lease;

(ii) "Common Operating Costs" relate to services rendered for the common use of the operated blocks, namely vessel rental, helicopter costs and spaces occupation at the Kwanda Base and Sonils; and

(iii) "Partners - Joint Venture" relates to the 2022 billings not yet issued by the operators of non-operated blocks.

The Charges – bank and default interest caption in 2022 includes the Interest accrual in the amount of AOA 20,886,596 thousand, resulting from defaults on due and unsettled cash calls of the FS/FST block charged by Somoil. Additionally presents the presumable default interest (AGT) regarding to the customs debt with AGT not settled within the stipulated period.

Other´s caption is related to several services provided to the Group's companies associated with its operational activity, whose invoices were not received at the end of the year.

22. Sales

The table below details the sales by product during 2022 and 2021.

Captions	2022	2021
Crude Oil - Association	2,745,095,881,962	3,001,600,596,206
Refined - Gasoline	232,504,500,877	208,463,737,833
Refined – Diesel	483,411,924,654	383,562,273,502
Jet A1	117,146,828,729	51,171,677,780
Jet B	3,012,640,957	1,808,090,435
Gas	125,418,206,450	182,255,208,993
Kerosene	8,783,244,071	26,759,971,052
Fuel Oil	272,106,535,954	210,306,589,465
Naphtha	104,043,327,236	117,753,325,373
Price subvention	1,981,940,866,357	1,225,313,383,755
Other sales	23,173,316,833	19,305,315,371
	6,096,637,274,080	**5,428,300,169,765**

With the verified increase in the crude oil price in the international markets and the improved macroeconomic conditions resulting from an increased in demand for crude oil, in 2022 there was an increase in "Crude Oil -

Association" revenues when compared to the same period of the previous year segment companies functional currency (US dollar), despite a slight decrease in the volumes sold in the period. It should be noted that there was a decrease in the reporting currency, taking into account that the average exchange rate for the year between the Kwanza and the US dollar was lower than in the same period of the previous year. Additionally, it should be referred an allocation increase of crude oil supplies to the refining process at Refinaria de Luanda in order to meet the domestic market demand for refined products.
Thus, the average selling price of crude oil sold by the Group was around 102.31 USD/barrel (2021: USD 70.58/barrel).

As disclosed in Note 2.3 (w), the Sonangol Group recognises the underlift position variance against Sales and the overlift position and Crude Oil stock rights variance against the Oil and gas exploration and operating costs.

The crude oil sales - Association, includes the underlift variance that gave rise to an increase in the amount of AOA 47,093,569 thousand (2021: a decrease of AOA 12,664,421 thousand) relating to the debtor's position variance with the contractor groups as at 31 December 2022. Additionally, the Gas sales include the underlift variance position of Sanha gas which led to a sales negative impact of AOA 3,624,125 thousand (2021: positive effect of AOA 7,812,445 thousand).

The refined products sales recorded a year-on-year increase, essentially due to the domestica market increase in demand resulting from the economic activity acceleration in the country after a slowdown period caused by the Covid-19 Pandemic impacts, whose impacts were still felt more intensely in 2021.

During 2020 it was approved the Presidential Decree 283/20 of October 27, which in its articles 8, establishes that the market prices are monthly defined based on import or export parity, through the application of the Flexible Price Adjustment Mechanism (MFA – *Mecanismo de Ajustamento Flexível dos Preços*).

This subvention is calculated from the differential between the market selling price and the charged selling price, the amount has been approved by the relevant entities as set out below. Thus, given that the selling price remains below the market price, under article 10 of the Presidential Decree Sonangol Group has recorded the subventions in the 2021 and 2022 Financial Statements in accordance with the in force legislation. In 2022, the income associated to subventions amounted to AOA 1,979,209,870 thousand of which AOA 1,981,940,866 thousand corresponds to the effective subvention and the amount of AOA 2,730,996 thousand corresponds to exchange differences from the translation of financial statements of the Group companies that have the US dollar as their functional currency. The increase in the current year arises from the increase in quantities sold as well as the current year increase in the market price, when compared to the domestic market price.

The amount awarded during 2022 and 2021, net of exchange rate impacts, is detailed by the following products:

Description	2022	2021	Variation %
Kerosene	29,020,199,255	16,117,069,174	80%
LPG	144,353,863,973	207,292,506,646	(30%)
Gasoline	458,777,019,115	358,212,188,184	28%
Diesel	1,347,058,787,524	645,128,167,006	109%
Global Subventions	**1,979,209,869,867**	**1,226,749,931,010**	

As mentioned in note 9.4.2, the subvention's amount allocated to Sonangol for the January to December 2022 period, amounting to AOA 1,979,209,870 thousand, considering the actual FOB acquisition costs, was confirmed by the Finance Ministry and the Mineral Resources, Oil and Gas Ministry through the " Interpretation and Application Memorandum of the Joint Executive Decree no. 331/20, of December 16, in the 2022 price subventions determination context" of March 17, following the clarification need of Article 14 of Executive Decree No. 331/20 of December 16.

23. Services rendered

The table below details the services rendered by activity and nature during 2022 and 2021.

Captions	2022	2021
Aircraft renting	3,166,204,657	3,768,617,313
Communication services	7,632,720,516	10,449,525,621
Healthcare and medical services	11,030,329,516	23,662,098,902
Training activities	4,482,960,090	3,945,419,244
Pension Fund management	2,779,367,792	2,591,398,036
Other	2,165,705,849	1,821,987,028
Services rendered – Domestic Market	**31,257,288,420**	**46,239,046,143**
Ship freight	77,277,746,875	64,717,762,265
Services rendered – Foreign Market	**77,277,746,875**	**64,717,762,265**
	108,535,035,295	**110,956,808,408**

24. Other operating income

The table below details the other operating income in 2022 and 2021.

Captions	2022	2021
Supplementary services	12,469,399,958	15,323,676,724
Management fees	3,321,533,009	3,909,244,373
Real Estate management (Hotels)	283,438,252	5,796,617,220
Other operating income	12,651,812,765	17,268,606,864
	28,726,183,985	**42,298,145,181**

The Supplementary Services caption is essentially related to the debits carried out to offset the technical costs incurred by the LNG ships fleet technical manager associated with crude oil and its derivatives transport activities by sea, in the amount of AOA 8,445,237 thousand (2021: AOA 11,143,626 thousand) performed during 2022.

Management fees refer essentially to know-how and management fees invoiced to Kwanda and OPS Angola under contracts in force between the parties.

The other operating income caption refers essentially to the crude oil marketing commission from the Oil, Gas and Biofuels National Agency in the amount of AOA 6,733,442 thousand (2021: AOA 6,589,803 thousand), under the terms of the Agency agreement with ANPG entered into on 4 May 2019, as disclosed in Note 9.5. This amount is calculated based on a coefficient over the traded crude oil volume (fee per barrel of oil marketed).

25. Change in finished products and work in progress

The table below details the movements in finished goods and work in progress during 2022 and 2021:

Captions	2022	2021
Finished products and intermediates	(31,207,344,340)	43,465,602,083
	(31,207,344,340)	**43,465,602,083**

The variance in the finished goods and work in progress is mainly related to the variance in the Refinaria de Luanda finished goods, namely oil refined products.

27. Cost of goods sold and consumed raw materials

The table below details the cost of goods sold and consumed raw materials in 2022 and 2021.

Captions	2022	2021
Raw materials, subsidiary materials and consumables	190,695,440,371	214,778,310,333
Goods	1,983,538,699,647	1,374,329,055,654
	2,174,234,140,018	**1,589,107,365,987**

This caption essentially includes the costs with goods associated with the "*Supply and Distribution*" segment, sold to customers during 2022.

The increase in the Goods cost in comparison with the same period of the previous year is directly related to the increase in the sold quantities of refined products (as disclosed in note 22), to the increase in the average reference price for the goods acquisition (dated brent published by Platts) in comparison with the same period of the previous year and to the exchange effect associated with the exchange rate appreciation between the kwanza and the US dollar.

This caption also includes the gas supply cost by Angola LNG in the amount of around AOA 32,923,265 thousand (2021: AOA 52,307,281 thousand), equivalent to USD 70,791 thousand (2021: USD 83,810 thousand) under the gas sales agreements in the foreign market. During the period there were also purchases to this entity in the amount of AOA 81,593,889 thousand (2021: AOA 101,866,486 thousand) equivalent to USD 175,442 thousand (2021: USD 163,217 thousand) for gas supply in the domestic market.

27A. Oil and gas exploration and operating costs

The table below details the Oil and Gas exploration and operating costs in 2022 and 2021:

Captions	2022	2021
Exploration and production costs	663,579,023,566	855,475,576,096
Custom fees	1,857,714,386	996,534,556
Royalties	220,736,816,885	216,344,613,710
Other	(41,815,070,307)	122,684,167,775
	844,358,484,530	**1,195,500,892,137**

The research cost are related with seismic acquisition costs and with geology and geophysics costs.
The production costs, are related with the direct operation costs regarding the blocks in which the Group holds participating interests and that are in the production stage.

The Group companies allocated to the *Exploration and Production* segment have the US dollar as their functional currency. Research and production costs in this currency show an increase of approximately 4% over 2021, influenced by the current macroeconomic context and industry prices. This decrease is more significant in the company's reporting currency considering that the annual average exchange rate between the Kwanza and the US dollar (2022: USD/AOA 465,077) is lower than in the same period of the previous year (2021: USD/AOA 624,115). Regarding the production rate (royalties), it presents a 36% increase in the functional currency, in line with the increase in Block 0 sales.

The Other´s caption essentially corresponds to the stock rights variation and the overlift position in relation to the oil blocks in which the Group has participating interests, of which a negative variance in the over liftings of AOA 36,943,276 thousand (2021 positive change: AOA 125,269,700 thousand) is highlighted.

27A.1. Detail of research and production costs

The table below details the research and production costs by block in 2022 and 2021.

Captions	2022	2021
Block 0	214,856,155,116	230,114,157,662
B01.14	514,200,786	501,003,860
FS/FST	10,575,850,818	19,932,299,826
B03.05	32,578,396,368	59,162,591,848
B03.5A	1,339,920,324	(214,055,594)
B04.05	13,528,613,239	13,966,507,154
B05.06	2,286,055,297	4,892,486,372
B14.00	34,658,027,170	36,181,646,405
B14.KU	-	1,531,843,147
B15.06	141,543,237,506	175,774,528,761
B15.19	30,559,736,975	35,810,401,281
B17.06	19,189,744,991	120,092,115
B17.20	-	27,981,752,174
B18.20	29,847,103,297	42,516,240,810
B20.11	(965,885,122)	-
B21.09	36,768,630	345,336,241
B22.11	-	-
B31.00	76,274,044,950	114,505,446,547
B27.00	1,286,360,873	4,557,218,572
B32.00	44,965,402,965	62,680,926,058
BOC.ST	990 730 786	992,909,259
BCC.00	610,545,337	104,595,901
NCG	383,021,777	578,299,217
CUBA	8,191,771,719	13,167,977,086
Other	329,219,764	10,271,371,395
	663,579,023,566	**855,475,576,096**

28. Personnel Costs

The table below details the personnel costs in 2022 and 2021:

Captions	2022	2021
Wages and salaries	310,595,611,899	327,159,140,538
Extraordinary services	3,957,992,038	2,708,402,838
Shift allowance	2,122,215,095	1,938,535,901
Training expenses	5,552,124,924	9,008,147,604
Family allowance	1,253,156,679	976,860,449
Social security expenses	19,052,181,105	18,036,993,511
Celebration parties and social action expenses	6,858,746,024	2,153,254,417
Accommodation expenses	5,541,249,385	1,998,345,486
Insurance expenses	1,670,668,595	3,733,721,450
Post-employment benefits	62,455,160,982	60,659,963,474
Uniforms	565,120	-
Other	15,482,635,457	9,355,869,725
	434,542,307,303	**(437,729,235,394)**

The decrease in the period when compared to 2021, is mainly due to the appreciation of the average exchange rate, which is approximately 465.077 AOA/USD in 2022 (2021: 624.115 AOA/USD).

The "Wages and salaries" caption includes variable remuneration in the amount of AOA 2,969,578 thousand. In 2022, the average number of employees working at the Sonangol Group was 7,512 (2021: 7,506).

The personnel costs for the year are net from the employee costs charged to the operated Blocks, based on the allocation methodology in force in the company and approved by the National Concessionaire in the amount of AOA 35,839,368 thousand (2021: AOA 36,119,796 thousand).

Expenses with post-employment benefits

The total expenses with post-employment benefits (see note 17) are recognised under the Personnel costs caption and are detailed as follows:

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	
	Defined benefit	Defined benefit	Defined benefit		Total
2021 Net cost					
Current service costs	-	33,460,386,875	356,621,171	-	33,817,008,046
Interest cost	8,417,596,282	17,458,722,839	1,080,442,822	-	26,956,761,943
Expected return arising from plan assets	-	-	(113,806,515)	-	(113,806,515)
	8,417,596,282	**50,919,109,714**	**1,323,257,478**	**-**	**60,659,963,474**
Net cost as at 31-12-2022					
Current service costs	-	23,900,280,521	151,683,003	-	24,051,963,524
Interest cost	7,210,441,724	15,514,402,256	935,748,876	-	23,660,592,856
Other costs	-	-	-	14,757,457,996	14,757,457,996
Expected return arising from plan assets	-	-	(14,853,394)	-	(14,853,394)
	7,210,441,724	**39,414,682,777**	**1,072,578,485**	**14,757,457,996**	**62,455,160,982**

29. Depreciation and Amortisation

The table below details the depreciation and amortisation costs in 2022 and 2021

Captions	2022	2021
Tangible fixed assets and other financial assets – Real Estate investments	73,349,203,381	101,340,531,512
Intangible assets	168,077,836	298,803,442
Oil and gas exploration assets - Development	793,009,643,563	1,083,717,799,986
Oil and gas exploration assets – dismantling	59,765,192,966	84,891,071,932
	926,292,117,746	**1,270,248,206,872**

The Tangible fixed assets and other financial assets – Real Estate investments caption is deducted from the amount of AOA 203,943,362 thousand relating to the depreciation of goods associated with the management and services charged to the blocks through the in-force model of cost allocation.

The Group companies included in the *Exploration and Production* segment have the US dollar as their functional currency.

In the company's functional currency, the oil and gas exploration assets depreciation is, in the overall context, almost unchanged when compared to the previous period. However, in the reporting currency, the significant decrease is mainly explained by the Kwanza appreciation against the US dollar, whose average exchange rate in 2022 was approximately 465.077 AOA/USD (2021: average exchange rate 624.115 AOA/USD).

30. Other operating expenses

The table below details the other operating expenses as at 31 December 2022 and 2021:

Captions	2022	2021
Water and energy	1,134,339,113	2,383,616,633
Technical assistance	6,438,222,132	7,397,310,711
Audit and advisory services	5,513,757,401	6,803,210,772
Fuel and lubricants	4,204,661,629	341,899,685
Communication	5,973,059,658	11,674,801,710
Maintenance and repair	21,508,640,437	19,522,763,160
Litigation and notaries	1,428,584,365	1,932,990,205
Travel and accommodation	3,875,297,260	1,666,746,435
Representation expenses	1,613,540,666	926,990,571
Meals	135,241,796	2,866,412,899
Fees	4,486,551,397	4,336,439,869
Taxes and duties	29,596,898,630	15,449,016,510
Books and technical documentation	568,330,866	244,681,930
Office equipment	739,212,265	845,450,991
Health and comfort material	3,873,525,245	2,938,224,685
IT equipment	4,693,066,883	1,750,090,443
Offerings and donations	213,261,525	71,304,567
Marketing	28,924,250,913	17,392,983,543
Rents and leases	13,630,585,367	8,924,226,229
Insurance	4,682,502,686	5,389,288,778
Surveillance and security services	8,309,422,235	6,629,059,000
Subcontracts	10,140,769,047	8,642,492,113
Specialised services	29,770,181,689	34,655,303,765
Houston Express Operation	29,593,557	45,096,575
Block charges / Ship maintenance and operation	50,018,407,840	60,391,589,103
Other	28,276,291,586	29,051,847,705
	269,778,196,188	**252,273,838,587**

As at 31 December 2022, the caption "Other operating expenses" increased by approximately 7% when compared to the previous year, mainly due to the change in "Block charges / Ship maintenance and operation" (-17%), "Taxes and duties" (92%) and "Marketing" (66%).

The variance in the "Marketing" caption is mainly related with the increase in several social responsibility actions, developed throughout 2022, from sports sponsorship, to the promotion and support of educational organisations and religious entities, among others, with the goal of improving and strengthening the company's image in the community and ensuring the maintenance of customers in the market.

The increase in taxes and levies is mainly due to the increase in non-deductible VAT costs.

The caption "Block charges / Ship maintenance and operation" includes the costs inherent to the operation and maintenance of the ships in the amount of AOA 40,967,829 thousand (2021: AOA 60,120,768 thousand). The decrease is due to the Kwanza appreciation against the US dollar from 2021 to 2022, as mentioned in note 2.1.2.

31. Financial results

The table below details the financial results as at 31 December 2022 and 2021:

Captions	2022	2021
Financial income:		
Interest income	12,389,174,779	26,159,610,415
Income from investments in Real Estate	418,708,825	426,523,972
Gains on investment and Financial assets	50,846,292,873	245,062,090,054
Reversal of provisions for investments in affiliates	88,129,033,735	463,245,934,075
Other	1,050,562,327	889,871,116
	152,833,772,539	**735,784,029,632**
Financial expenses:		
Interest expense	158,671,080,652	153,222,467,988
Bank expenses	1,609,523,340	1,711,146,212
Financing charges	25,430,658,423	34,855,646,268
Losses on investments and Financial assets	47,533,629,071	58,585,398,347
Dismantling interest	57,638,018,775	70,837,547,961
Default interest (cost)	54,791,394,388	59,204,059,832
Other financial expenses	483,836,287	2,291,678,082
	346,158,140,936	**380,707,944,690**
Exchange rate differences (net)	26,948,381,932	345,344,431,328
Total	**(166,375,986,465)**	**700,420,516,270**

The caption "Gains on investment and Financial assets" includes essentially the following gains:

- The fair value variance of the shares held by the Company in Millennium BPC of EUR 16,205 thousand, equivalent to AOA 8,041,492 thousand;
- The change in fair value of the investment portfolio related to the Gateway I and II funds in the amount of USD 24,908 thousand, equivalent to AOA 11,584,161 thousand (see note 7);
- Sale's gains of financial investments in the entities Sonasurf Internacional, Sonasurf Angola, Banco de Comércio e Indústria, SARL and Banco Angolano de Investimentos under PROPRIV, amounting to AOA 31,385,054 thousand, as disclosed in Note 6.2.

In 2021, this item included the following gains:

- Capital gain recognition from the financial investment disposal in Puma Energy in the amount of AOA 136,008,917 thousand, as disclosed in note 6.2;
- Gains from the financial investments sales under PROPRIV in the amount of AOA 9,112,267 thousand;
- The fair value change of the investment portfolio related to the Gateway I and II funds in the amount of AOA 63,305,006 thousand (see note 7); and
- The fair value change of the shares held by the Group in Millennium BCP in the amount of AOA 36,889,748 thousand (see note 6). The foreign exchange loss for the year associated with this investment in the amount of AOA 21,680,834 thousand is presented under Exchange differences line (net impact).

The caption "Reversal of provisions for investments in affiliates" refers to the impairments reversals resulting from the recoverability analysis performed over the investment held in the Angola LNG project, amounting to AOA 88,129,034 thousand, equivalent to USD 189,493 million (2021: AOA 463,245,934 thousand (equivalent to USD 742,245 thousand), as disclosed in note 6.2.

The amounts disclosed under Interest expense mainly relate to loans interest received through the subsidiary Sonangol Finance in the amount of AOA 114,266,727 thousand (2021: AOA 111,015,750 thousand) equivalent to USD 245,694 thousand (2021: USD 177,877 thousand) and the amount of AOA 672,077 thousand relating to the loan obtained from the national banks. The increase of approximately 38% when compared to 2021 in US dollars, is mainly due to the increase in the average indexed interest rate from 0.10% in 2021 to 2.19% in 2022. In 2022, following the loans obtained in the period, as disclosed in note 15, the Group incurred in financing charges in the amount of AOA 25,430,658 thousand (2021: AOA 34,613,156 thousand) equivalent to USD 54,680 thousand (2021: USD 55,185 thousand). Interest's expense caption also includes the amount of AOA 44,404,353 thousand equivalent to USD 95,477 thousand (2021: AOA 41,995,354 thousand equivalent to USD 67,288 thousand) calculated in accordance with the Sonangol´s Pension Fund financing and amortisation plan (see note 17).

Dismantling interest results from the financial update of the estimated oils plants dismantling amount considering the nominal risk-free rate plus the liability specific risk and the estimated dismantling dates. (See note 18.3).

The Losses on investments and financial assets capiton, essentially includes, i) the provision for the financial investment held in Sonangol Pesquisa & Produção, S.A Iraq Cayman Islands in the amount of AOA 27,387,507 thousand equivalent to USD 58,888 thousand (2021: AOA 55,536,788 thousand equivalent to USD 119,414 thousand, ii) the sale loss of Banco Caixa Geral Angola shares of USD 33,534,000 equivalent to AOA 15,595,873,000 as disclosed in note 6.1 and iii) the fair value change of the investment portfolio related to the "Energy Fund III" fund of USD 9,186,000 equivalent to AOA 4,272,212,000 as disclosed in note 7.1.1.

The Default interest (cost) caption is related with the delays in payments to the oil derivatives imports suppliers and the interest arising from the non-liquidation of the funds requested by the blocks operators for the operations development.

In 2022, the financial results are affected by the Kwanza appreciation against the US dollar, with the exchange rate on 31 December 2022 set at AOA 503.691/USD (2020: AOA 554.981/USD), corresponding to a national currency appreciation of approximately 9%. These exchange differences refer mostly to subsidiaries with the Kwanza functional currency and results from updating the contracted and granted debt to third parties in foreign currency (bank counterparties, trade payables, trade receivables, other debtors and various creditors, affiliates and parent companies and State bodies), from the exchange rate adjustment associated with liabilities with post-employment benefits, as well as exchange differences resulting from the debts settlement to and from third-parties.

32. Net gains/(losses) from investments in affiliates

The table below details the results from dividends distributed by affiliates in 2022 and 2021:

Captions	2022	2021
Banco Angolano de Investimentos	5,698,901,543	1,282,690,546
Banco Caixa Geral Angola	4,669,331,558	2,591,628,983
Enco	-	527,973,203
Petromar	550,171,594	307,566,231
Sonagalp	2,093,553,929	372,314,199
Unitel	9,612,274,728	6,498,149,903
Millennium BCP	1,321,060,929	-
Sonacing Xikomba	-	29,021,347,500
Tecnhip Angola	9,658,060,749	-
SNL Cabo-Verde	427,608,719	812,953,757
Sonasurf internacional	34,284,917	1,533,703,921
	34,065,248,668	**42,948,328,243**

33. Non-operating results

The table below details the non-operating results in 31 December 2022 and 2021.

Captions	2022	2021
Non-operating income and gains:		
Provisions write-back – Inventories	532,856,183	2,598,892,250
Provisions write-back – Bad debts	733,434,132	19,490,290,323
Provisions write-back – Legal proceedings	895,845,735	6,091,911
Provisions write-back – Tax contingencies	48,835,853,591	56,549,399,660
Provisions write-back – Other	76,048,134,491	144,209,736,438
Gains on fixed assets	264,751,676,132	850,597,175,633
Gains on inventories	4,839,373,009	25,123,546,695
Other non-operating income	14,575,639,453	92,235,588,689
	411,212,812,726	**1,190,810,721,600**
Non-operating expenses and losses:		
Provisions – Inventories	11,544,990,593	2,881,843,150
Provisions – Bad debts	43,324,437,099	60,658,925,451
Provisions – Legal proceedings	363,786,291	8,919,197,650
Provisions – Tax contingencies	275,166,830,322	267,145,699,615
Provisions – Other	8,530,282,619	1,175,559,793
Extraordinary amortisations	-	-
Losses on fixed assets	28,019,988,028	439,002,688,053
Losses on inventories	19,935,733,187	30,634,742,668
Bad debts	-	614,659,231
Other non-operating expenses	32,388,691,750	116,628,883,118
	419,274,739,889	**927,662,198,729**
Adjustments relating to prior years	13,156,024,970	(18,889,797,253)
	5,094,097,807	**244,258,725,618**

The fixed assets gains in 2022 and 2021 are substantially related with accumulated impairment reversals and dismantling liabilities adjustments for oil and gas properties in which the Group has a participating interest. These impairment reversals result from the improvement of the assumptions considered in the performed impairment tests as disclosed in note 4.A.4, and are detailed as follows:

Assets	2022		2021	
	Amount in AOA	Amount in USD	Amount in AOA	Amount in USD
B14.KU	-	-	17,163,162,500	27,500,000
B15.06	-	-	155,953,856,200	249,880,000
B15.19	37,145,629,376	79,869,848	51,309,742,380	82,212,000
B31.00	43,765,014,372	94,102,728	114,094,463,150	182,810,000
B32.00	-	-	227,920,556,850	365,190,000
Block 0*	34,350,337,474	73,859,463	275,352,369,140	441,188,514
	115,260,981,222	**247,832,039**	**841,794,150,220**	**1,348,780,514**

* In the case of Block 0, the presented amount in the above table is the net of the following impacts;

- Impairment loss of AOA 27,406,383 thousand (USD 58,928 thousand) on development assets as disclosed in Note 4A.4,
- Gain on the reduction of the estimated provision for the dismantling asset of AOA 38,372,490 thousand (USD 82,506 thousand) and,
- Gain on the impairment reversal of the dismantling asset up to the limit of accumulated depreciation of AOA 23,384,973 thousand (USD 50,281 thousand) as disclosed in Note 4A.4.

As in Block 0, due to the relevant decrease in the dismantling liability of the remaining blocks (see Note 4A and 18), in some cases the liability decrease was higher than the net book value of the dismantling asset recognised in the Oil and gas properties caption, so in these cases, the excess between the change in the liability and the net book value of the asset, amounting to AOA 127,691,922 thousand, was recognised in this caption.

In 2022, fixed assets losses amounted to AOA 28,019,987 thousand (USD 60,248 thousand), resulting from the recognition of impairments as explained in Note 4.A, which details as follows:

- The amount of AOA 13,352,934 thousand (USD 28,711 thousand) relates with Block 14;
- The amount of AOA 14,667,053 thousand (USD 31,537 thousand) relates with Block 17.

On the other hand, the impairment increase recognised in 2021, registered in fixed assets losses, is mainly related with the recognition of impairments on the following assets:

- Block 17 in the amount of AOA 328,465,483 thousand (USD 526 million);
- Block 15.19 in the amount of AOA 72,510,929 thousand (USD 116 million);
- and recognised losses in tangible fixed assets resulting from suspended projects in the *Distribution and Commercialization* and *Gas and Renewable energies* segments, amounting to AOA 27,438,992 thousand and AOA 10,495,145 thousand, respectively.

The caption Provisions write-back – Other essentially relates to the pooling agreements effects between Sonangol Pesquisa & Produção, S.A and blocks 15 and 17 contractors groups, following Sonangol's entrance in the referred blocks, as referred in note 18.6. This reversal results essentially from the estimate revision of future charges based on the effective costs appropriation and recovery occurred in 2022 by ANPG.

In 2021, the Other non-operating income caption includes the amounts resulting from the ongoing litigations to recover assets from China Sonangol International, pursuant to which agreements have been signed between Sonangol E.P. and the referred company, allowing for assets recovery with a monetary value of AOA 32,105,399 thousand (USD 51,441,479), as well as the recognised income with the out-of-court agreement between Sonair and Airbus Helicopters, settling the litigation involving both parties, with an amount of AOA 9,552,000 thousand (USD 16,000,000).
Finally, as disclosed in Note 18, as a result of the year-end tax contingencies reassessment, in terms of probability of occurrence and estimated future expenditure, as well as the conclusions of the AGT's tax audit reports and oil tax audits of previous years and the conclusions of the third phase agreement between the General Tax Administration (AGT) and Sonangol Group, the tax contingencies provisions were updated, resulting in the reversal of provisions in the amount of AOA 48,835,853 and the provisions establishment/increase in the amount of AOA 275,166,830.

34. Extraordinary results

The table below details the extraordinary results in 31 December 2022 and 2021.

Captions	2022	2021
Extraordinary income and gains		
Other extraordinary income and gains	-	32,112,238
	-	**32,112,238**

35. Income tax

The table below details the income tax expense in 31 December 2022 and 2021.

Captions	2022	2021
Oil income tax and Oil transaction fee	514,780,211,433	497,422,276,208
Tax for the year - Industrial tax	71,159,673,609	31,761,087,925
Other taxes	2,245,164,855	1,892,926,055
	588,185,049,897	**531,076,290,188**

The Group's companies carrying out research, exploration, development and production activities of crude oil and natural gas onshore and offshore, either as operator or non-operator in joint agreements or/and production sharing agreements are subject to oil income tax, as disclosed in Note 2.3 (o).

35.1 Details on Oil Income Tax by Block:

Block	2022	2021	Variation	Variation %
Block 0	311,471,324,304	322,351,250,805	(10,879,926,501)	-3%
Block 0305	6,998,546,597	6,262,602,705	735,943,892	12%
Block 035A	(17,795,241)	577,424,957	(595,220,198)	-103%
Block 0405	706,819,374	1,578,896,113	(872,076,739)	-55%
Block 14	13,218,425,470	14,436,980,747	(1,218,555,277)	-8%
Block 14 KU	572,684,656	222,417,111	350,267,545	157%
Block 15 (1519)	3,845,093,845	16,749,542,766	(12,904,448,921)	-77%
Block 15	52,937,466,960	26,042,403,541	26,895,063,419	103%
Block 17	17,552,717,548	6,510,928,078	11,041,789,470	170%
Block 1820	12,266,495,170	20,133,799,488	(7,867,304,318)	-39%
Block 31	32,325,419,655	35,140,513,599	(2,815,093,944)	-8%
Block 32	54,044,058,733	47,276,029,092	6,768,029,641	14%
BOC 02	105,435,746	139,487,206	(34,051,460)	-24%
BFS00/BST00	8,753,518,616	-	8,753,518,615	100%
	514,780,211,433	**497,422,276,208**	**17,357,935,224**	

The tax associated with block 0 relates to oil income tax and oil transaction tax supported by the Group in the amount of AOA 311,183,468 thousand (2021: AOA 307,055,709 thousand) in crude oil exploration and production activities and the amount of AOA 9,961,661 thousand (2021: AOA 15,295,541 thousand) related with gas exploration and production activities. The tax expenses increase for this block is related with the increase in taxable profit when compared with the previous year, taking into account the improvement in the oil barrel price, as referred in Note 22.

In the remaining blocks, the year-on-year increase in Oil Income Tax is mainly the result of the significant increase in year-on-year sales and, inherently, of the profit oil generated in each of the oil blocks in which the Group has a participating interest and which are in the production phase.

The variance is less significant in the company's presentation currency. This is due to the relevant appreciation of the Kwanza against the US dollar during the year, with a yearly average rate significantly lower than in 2021.

36. Commitments not reflected in the balance sheet

As at 31 December 2022, the Group assumed commitments not reflected in the balance sheet, being the most significant the ones presented in the below map:

Carry on Blocks under exploration phase

Sonangol holds participating interests in some blocks. However, as a result of signed financing agreements, the contribution of the exploration costs is financed by the partners of the respective contractor groups, which will be recovered in accordance with the production sharing agreements terms.

Area	Operator	Carry	Carry Phase
Block 15/06	ENI	15.00%	Exploration
Block 16	Total	20.00%	Exploration
Block 17/06	Total	17.50%	Exploration
Block 31	BP	20.00%	Exploration
Block 32	Total	17.50%	Exploration
Block 48/18	Total	50.00%	Exploration
BOC	Pluspetrol	20.00%	Exploration
BCN	ENI	20.00%	Exploration
BCC	ENI	18.75%	Exploration
Block 1/14	ENI	18.75%	Exploration
Block 20/11	Total	20.00%	Exploration
Block 21/09	Total	20.00%	Exploration
Block 28	ENI	20.00%	Exploration
Block 29	Total	20.00%	Exploration
Block 30	ESSO	40.00%	Exploration
Block 44	ESSO	40.00%	Exploration
Block 45	ESSO	40.00%	Exploration

Cash Call Debt

As at 31 December 2022, the Group assumed responsibilities not reflected in the balance sheet, namely regarding the agreements terms with the contractor groups in which it holds participating interests and which foresees the obligation to face cash calls requested by the blocks operators.

Guarantees provided

Sonangol E.P. is the guarantor of loans contracted by BIOCOM - Companhia de Bioenergia de Angola, Lda. (a company onwed in 20% by its subsidiary Sonangol Holdings) with an Angolan banks syndicate.

Additionally, as at 31 December 2022, the Group presents assumed responsibilities with Biocom, an entity in which it holds a 20% interest, namely, additional financial contributions in the amounts of USD 8.6 million, which was already paid in March 2023, and USD 3.1 million, which will be paid in 2024. A blank promissory note was also issued in favour of the banking syndicates that financed the entity. These contributions and guarantees were approved at the Company's General Meeting on 28 October 2022.

Additionally, the Group is the guarantor of the service agreement between its subsidiary Sonair SA and its supplier GULF MED AVIATION SERVICE LTD, in the amount of USD 1.4 million, valid until February 2025.

37. Contingent assets and liabilities

In the normal course of its activity, the Group is involved in administrative, civil, tax, labour and other proceedings whose risk is rated as possible, and these actions may involve different entities, such as customers, suppliers or the State.
The contingencies whose losses were estimated as possible do not require the constitution of provisions and are periodically reassessed. In the opinion of the Board of Directors and its legal advisors, the outcome of these contingencies will not materially affect the Group's financial position.

As at 31 December 2022, there were a number of possible tax contingencies arising from tax inspections and other situations amounting to USD 2,338 million equivalent to AOA 1,177,484,932 thousand.

The contingencies considered as probable are provided in the Group's financial statements, as disclosed in Note 18.1 or the respective liability recorded as an amount payable to the State, as disclosed in Note 19.3 and 18.5. Under the Agreement with the State there is a signed commitment to settle and offset credits and debts between the parties.

Contingent assets

Dividends receivable by Esperaza in the scope of the arbitration proceedings regarding the transfer of the 40% interest of Esperaza Holdings B.V. to Exem Energy B.V.

The decision of the Court of Arbitration in the Netherlands decided to nullify the Share Purchase Agreement (SPA) signed between Sonangol EP and Exem, with the ownership of Esperaza now considered to be 100% held by Sonangol E.P. from the date of the SPA. The registration of this change with the Dutch entities has already been updated, as disclosed in note 6.2.

Additionally, the court ordered Exem to pay the costs of the proceedings and following the referred decision, the resolutions of Esperaza that include EXEM are also invalid regarding this entity. Thus the dividend resolution in 2017 should be considered null and void only for the EXEM component, which should return to Sonangol the total dividends unduly received in the amount of Euro 44.5 thousand (AOA 23,916 thousand).

Within the scope of the decision, there is also a credit of Sonangol to be liquidated in favour of Exem associated to the payment made by this entity within the scope of the SPA in the amount of approximately Euro 11 million (AOA

5,912 million). However, until this date there was no claim from the liquidating agent, and Sonangol expects this credit to be deducted from the amount to be reimbursed and that EXEM will be required to pay the differential.

Gas Consortium

In 2020, the legal proceedings in The London Court of International Arbitration (LCIA) were underway, between one of the Group's entities and EXEM, concerning the gas consortium, were in progress. According to the Board of Directors' assessment, supported by the lawyers of the Group, the allegations presented by EXEM are abusive, on the grounds that the members of the consortium were aware of its economic unfeasibility based on the information shared and discussed between the respective members and that the amount claimed by EXEM concerning the expenses of the Consortium is not supported by the audit reports required by the members of the Consortium.

In 2022, the Group obtained a clear victory, the main conclusions of which follow below:

- Exem's claims should be treated as withdrawn;
- EXEM was ordered to pay 90% of the lawyer's fees incurred by Sonangol;
- EXEM was also ordered to pay interest of 5% for late payment from the date of the judgement;
- Sonangol's arbitration costs will be fully reimbursed;
- EXEM may not appeal the judgment unless within 12 months of the judgment it pays (i) the court fees and costs as ordered by the Court; (ii) an additional deposit of GBP 150,000 to the LCIA.

Contingent liabilities

Precautionary order for seizure of Airbus A-319 aircraft

A precautionary order has been requested by White Airways to seize the Airbus A-319 CS-TFU aircraft owned by Sonair in connection with the litigation involving both Entities. In April 2022, the Group company was notified by the Portuguese Legal Authorities of the request made by White Airways, having responded within the legal time limit. Following the final pronouncement by the Portuguese Legal Authorities in favour of our company, the aforementioned plaintiff has appealed to the Portuguese Supreme Court, but no response has been received by the balance sheet date. The Board of Directors considers that there are no additional liabilities beyond those recognised in the Financial Statements.

38. Subsequent events

Extension of Presidential Decree No. 250/19 of 5 August - Privatisation Programme (PROPRIV)

Considering that the process of privatisation and sale of assets considered in Presidential Decree No. 250/19 of 5 August was not completed in the period 2019-2022, the Government, by Presidential Decree No. 78/23 of 20 March 2023, extended the deadline for the implementation of the said programme for a further three years.

Under Presidential Decree 78/23 of 20 March 2023, a number of companies were included in the Privatisation Programme (PROPRIV) for sale by public tender in the period 2022-2026, among which the Group's investments and assets listed below are included:

- Unitel, S.A.;
- MS Telecom;
- Hotel Miramar;
- Multitel, LDA;
- Sonasing Saxi Batuque;
- Sonasing Xikomba;
- Sonasing Mondo;
- OPS – Serviços de Produção Petrolífera;
- OPS Production, Limited;
- ENCO, SARL,

- Societe Ivoirienne de Reffinage;
- Sonacergy – Serviços e Construções Petrolíferas, Lda.;
- Diraniproject III – Projectos Imobiliários;
- Genius;
- Centro Infantil Futuro do Amanhã;
- Centro Infantil 1 de Junho.

Loans

On 28 March 2023, the Company contracted a new loan in the amount of USD 500,000,000, repayable in a single instalment, with a grace period of six months after the loan start date.

39. Grants from the Government and other entities

In 2022, except for the subventions to Sonangol EP and its direct subsidiaries, confirmed by the supervising bodies, as disclosed in note 9.4.2 State grants (subventions), the Group did not benefit from grants from the Government or other entities.

40. Balances and transactions with related parties

Balances and transactions with related parties were eliminated in the consolidation process, therefore there were no outstanding balances and transactions as at 31 December 2022 and 2021.

41. Information required by law

No information required by law.

42. Other information

I) Regeneration Programme

As part of the Organisational Restructuring of the Oil Sector, Sonangol's Regeneration Programme was launched on 15 November 2018, aiming at its repositioning and focus on the primary oil and gas value chain, making it more robust and competitive, a reference company in the oil sector on the African continent, committed to sustainability.

In organisational terms, the restructuring of Sonangol, whose completion was in line with the term of the Interministerial Commission to Support the Organisational Restructuring of the Oil Sector (CIAROSP), created by Presidential Order no. 113/18 of 27 August, resulted, among other achievements, in the:

- Separation of the Concessionary Function and transfer to the National Oil, Gas and Biofuels Agency. In the process, around 600 employees previously assigned to the Concessionaire's areas were also transferred;
- Redefinition and adoption of the new organizational model with a focus on the primary value chain. To this end, the structure of the Group's parent company (Sonangol E.P.) was reduced, now comprised of a corporate structure with the number of departments reduced from the previous 21 to 12, a Shared Services Centre, five (5) Business Units in the primary value chain and Sonangol Holdings, as the corporate structure that brings together all the non-core businesses and the management of interest in other assets that remain within the sphere of Sonangol, with the perspective of their privatisation under PROPRIV 2019-2022;
- Financial restructuring, with the mitigation of financial reserves and resolution of contingencies with the State;

- Constituting its most valuable resource, human capital, with regard to optimising the workforce, the optimum framework was determined, in terms of the levels of activity and the Group's new organisational model. Meanwhile, without resorting to dismissals, the process of internal mobility of employees is underway, combined with the preparation and implementation of career conversion programs, in order to ensure the achievement of the goals defined for the medium and long term, and to decrease the employee's working-time autonomy. Moreover, considering the framework of employees of old age, based on defined criteria, the Availability Pocket project was also designed, which, among other aspects, is a voluntary joining programme that consists in the attribution of special conditions that aim to give employees aged between 50 and 58 years old the opportunity to develop personal and/or professional projects that allow them to follow their career and potentiate their development in different contexts.

As a result of the restructuring, and as mentioned in note 2.4.1, the new strategic positioning for the 2020-2027 cycle was defined and is being implemented, with emphasis on the:

i. Exploration and Production: focused on increasing the exploration and production of crude oil, aims to achieve a share of operated production of no less than 10% of national production;

ii. Refining and Petrochemicals: focused on ensuring domestic autonomy in the production of refined products, through the building of the new Platforming Unit of Refinaria de Luanda, to increase gasoline production, the building of Refinaria Lobito and participation in the project to build Refinaria de Cabinda, with a participating interest of 10%;

iii. Gas and Renewable Energies: with priority on the implementation of the gas monetisation strategy, the development of projects and exploration of assets for the production of electricity through renewable sources;

iv. Trading & Shipping: focused on the integration of international commercialisation activities and the transport of hydrocarbons, the optimisation of available resources and assets in order to ensure a leadership position in the region and contribute to adding value and greater returns for Sonangol group;

v. Distribution and Commercialisation: focused on optimising the distribution and commercialisation network for products derived from liquid hydrocarbons, with a focus on increasing profitability and competitiveness; on resizing the infrastructures and means to support the distribution and commercialisation of oil derivatives; on distributing and commercialising products derived from liquid hydrocarbons and related services in the region's markets, through the exploration of new business opportunities.

II) <u>Transfer of Block 32 participating interest</u>

Block 32 of the Kaombo project, located at 260 kilometres west of Luanda, between 1,400 e 2,000 meters in depth, has a production capacity of 115 thousand barrels of oil per day. The Kaombo Sul development area increases the global production capacity of Block 32 to 230 thousand barrels of oil per day, equivalent to 15 percent of the country's production.

During 2019, Sonangol Group concluded an agreement with the remaining shareholders of China Sonangol International and with Sinopec, which determined that the group would hold 15% of Sonangol Sinopec International 32, Limited (SSI 32) which holds 20% of participating interest in Block 32 in return for the transfer of a set of holdings held by China Sonangol International to Sinopec and the termination of a set of "Loan Agreements" between the parties.

Under the scope of the above-mentioned agreement, Sonangol was granted an option to transfer its 15% stake in SSI32 to Sinopec (which in this situation would hold 100% of this entity) in exchange for a direct stake of 3% in Block 32.

The contractor group of block 32 is constituted, in addition to SSI32, by Total with 30%, Sonangol Pesquisa & Produção, S.A. with 30%, Esso Exploração e Produção Angola (Overseas) Limited with 15%, and Galp Energia Overseas Block BV 32, holder of 5% of participating interests in block 32.

As at 31 December 2022, the transfer of this asset was subject to preceding conditions that were not fulfilled.

III) <u>Change in product ownership</u>

Presidential Decree 208-19 introduced significant changes to the legal regime governing the import, receipt, storage, transport, distribution and commercialisation of oil products. One of these changes was the abolition of the function of logistical superintendent, which, among other duties, was the sole importer of oil products for the domestic market, thus the primary holder of all fuel imported into Angola's borders.

The elimination of the figure of logistical superintendent resulted in the opening of the import of oil products to other market agents, whom, through licensing by the authority regulating the commercialisation of oil products, may now import oil derivatives and lubricants.

Under these terms, the import of oil products has been opened up to agents commercialising and distributing the products on the domestic market with the primary ownership of the products falling on these agents, who take responsibility for the regular supply of oil products and ensure the availability of products, under penalty of a fine equivalent to half the value of the volume of products declared for import.

In the event of situations that may prevent the normal supply of oil products, importers must inform the Oil Derivatives Regulatory Institute (IRDP) and the Department responsible for the sector of such occurrence in a timely manner (Art. 53, nº 2).

It will be up to the holder of the Ministerial Department responsible for the sector to promote joint emergency meetings with public and private institutions to solve such occurrences.

In this context, given the slow recovery from the country's economic crisis, which has made it difficult for private companies to acquire foreign currency quickly and regularly, fuel imports continue to be carried out exclusively by Sonangol, which resells to all distributors in the market.

The Consolidated Financial Statements were approved by the Board of Directors on 27 April 2023.

Head of Department of Supervision and Consolidation

SIGNED ON THE ORIGINAL

Armando Camões Sebastião
Certificate No. 20150382

Financial Director

SIGNED ON THE ORIGINAL

Divaldo Kienda Feijó Palhares
Certificate No. 20140034

Executive Director

SIGNED ON THE ORIGINAL

Baltazar Miguel

Chairman of the Board of Directors

SIGNED ON THE ORIGINAL

Sebastião Gaspar Martins

43 Explanation added for translation

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

OTHER UNAUDITED INFORMATION

Statement of cash flows for the year ended 31 December 2022 (Direct Method)

	2022 AOA	2021 AOA
Cash flows from operating activities		
Receipts from customers	4,340,862,785,240	3,360,661,881,592
Payments to suppliers	(3,483,584,198,643)	(2,558,247,649,374)
Imports of Refined Products and Derivatives	(1,842,817,185,552)	(1,230,414,155,924)
Operating Cash Call - OPEX	(564,841,203,014)	(564,136,732,030)
External supplies and services	(612,656,457,586)	(460,251,864,714)
Payments to employees	(463,269,352,491)	(303,444,896,706)
Cash generated from operations	901,457,824,052	802,414,232,218
General taxes and duties	(275,399,417,994)	(221,767,818,103)
Cash flows from operating activities	626,058,406,058	580,646,414,115
Cash flows from investing activities		
Payments related to:	(576,494,576,816)	(464,843,406,100)
Capital expenditure cash call - CAPEX	(242,074,801,292)	(241,772,885,156)
Investment Portfolio	(334,419,775,524)	(223,070,520,945)
Receivables related to:	773,389,040,970	69,466,772,621
Financial investments	773,389,040,971	69,466,772,621
Cash flows from investing activities	196,894,464,154	(395,376,633,479)
Cash flows from financing activities		
Receivables related to:	654,798,300,000	1,248,230,000,000
External financing	654,798,300,000	1,248,230,000,000
Payments related to:	(908,903,320,798)	(1,050,115,198,098)
Capital repayments and interest	(908,903,320,798)	(1,050,115,198,098)
Cash flows from financing activities	(254,105,020,798)	198,114,801,902
Net cash flow from Treasury - (I+II+III)	568,847,849,414	383,384,582,539
Transfer of the Dismantling Fund to ANPG	(524,154,935,524)	(2,590,534,081,584)
Impact of exchange rate differences	57,177,098,497	(416,376,052,334)
Cash and cash equivalents at the beginning of the year	1,762,313,739,497	4,385,839,290,877
Cash and cash equivalents at the end of the year	1,864,183,751,876	1,762,313,739,497

Head of Department of Supervision and Consolidation

SIGNED ON THE ORIGINAL

Armando Camões Sebastião

Certificate No. 20150382

Financial Director

SIGNED ON THE ORIGINAL

Divaldo Kienda Feijó Palhares

Certificate No. 20140034

Executive Director

SIGNED ON THE ORIGINAL

Baltazar Miguel

Chairman of the Board of Directors

SIGNED ON THE ORIGINAL

Sebastião Gaspar Martins

Consolidated Balance Sheet as at 31 December 2022 (USD)

	31-12-2022	31-12-2021
	USD	USD
ASSETS		
Non-current assets		
Tangible fixed assets	3,172,471,980	2,809,188,552
Intangible assets	207,450,683	207,804,634
Oil and gas properties	8,688,704,879	9,695,341,884
Exploration and evaluation assets	286,742,854	157,911,984
Investments in affiliates	2,809,750,176	4,105,976,518
Other financial assets	1,140,927,174	1,107,239,374
Other non-current assets	508,364,159	131,125,692
Total Non-current Assets	**16,814,411,905**	**18,214,588,638**
Current assets		
Inventories	589,617,368	625,906,260
Accounts receivable	9,447,537,965	9,866,507,498
Cash and bank deposits	3,701,046,379	3,175,448,780
Other current assets	39,109,121	73,857,946
Total current Assets	**13,777,310,834**	**13,741,720,485**
Total Assets	**30,591,722,739**	**31,956,309,123**
EQUITY AND LIABILITIES		
Equity		
Share capital	12,023,539,502	12,023,539,502
Supplementary capital	12,287,358,033	12,287,358,033
Reserves	4,694,985,965	3,820,713,129
Retained earnings	(11,272,737,554)	(12,639,569,697)
Foreign exchange translation adjustments (FS conversion)	(6,727,101,725)	(7,014,522,639)
Net profit for the year	1,802,033,240	2,141,824,149
Total Equity	**12,808,077,461**	**10,619,342,477**
Non-current liabilities		
Loans	2,587,346,085	2,827,383,560
Provisions for post-employment benefits	1,405,394,253	1,863,574,218
Provisions for other risks and charges	4,293,048,257	5,293,796,390
Other non-current liabilities	1,924,385,641	1,669,375,098
Total non-current liabilities	**10,210,174,235**	**11,654,129,266**
Current liabilities		
Accounts payable	5,385,144,309	7,058,601,611
Loans	1,483,963,252	1,300,772,588
Provisions for other risks and charges	299,384,186	907,043,207
Other current liabilities	404,979,295	416,419,975
Total Current liabilities	**7,573,471,042**	**9,682,837,380**
Total Liabilities	**17,783,645,277**	**21,336,966,646**
Total Equity and Liabilities	**30,591,722,739**	**31,956,309,123**

Consolidated Income Statement by Nature for the year ended 31 December 2022 (USD)

	31-12-2022	31-12-2021
	USD	USD
Sales	13,108,877,184	8,697,596,068
Services rendered	233,370,034	177,782,634
Other operating income	61,766,512	67,772,999
	13,404,013,730	**8,943,151,700**
Change in finished products and work in progress	(67,101,457)	69,643,579
Cost of goods sold and raw materials consumed	(4,674,998,205)	(2,546,177,172)
Oil and gas exploration and operating costs	(1,815,524,063)	(1,915,513,795)
Personnel Costs	(934,344,866)	(701,359,902)
Depreciation and Amortisation	(1,991,696,252)	(2,035,279,086)
Other operating expenses	(580,072,109)	(404,210,504)
	(10,063,736,951)	**(7,532,896,881)**
Operating results:	**3,340,276,778**	**1,410,254,819**
Financial results	(357,738,582)	1,122,261,949
Net gains/(losses) from investments in affiliates	73,246,470	68,814,767
Non-operating results	10,953,235	391,368,138
	(273,538,876)	**1,582,444,854**
Profit before taxes:	**3,066,737,902**	**2,992,699,673**
Income tax	(1,264,704,662)	(850,926,977)
Net profit from current activities:	**1,802,033,240**	**2,141,772,696**
Extraordinary results	-	51,452
Net profit for the year	**1,802,033,240**	**2,141,824,149**

Statement of cash flows for the year ended 31 December 2022 - Direct Method (USD)

Cash Flow Statement - Direct Method	2022	2021
	USD	USD
Cash flows from operating activities		
Receipts from customers	8,705,817,699	5,362,679,714
Payments to suppliers	-6,916,113,646	-4,074,633,168
Imports of Refined Products and Derivatives	-3,658,626,391	-1,959,168,203
Operating Cash Call - OPEX	-1,121,404,200	-900,599,383
External supplies and services	-1,216,333,938	-732,610,037
Payments to employees	-919,749,117	-482,255,545
Cash generated from operations	1,789,704,053	1,288,046,546
General taxes and duties	-394,425,944	-448,980,792
Cash flows from operating activities [1]	1,395,278,109	839,065,754
Cash flows from investing activities		
Payments related to:	-1,144,540,158	-742,183,764
Capital expenditure cash call - CAPEX	-480,601,800	-385,971,164
Investment Portfolio	-663,938,358	-356,212,600
Receivables related to:	1,535,443,438	110,100,579
Disposal of shareholdings	100,481,893	
Dividends	1,434,961,546	110,100,579
Cash flows from investing activities [2]	390,903,280	(632,083,185)
Cash flows from financing activities		
Receivables related to:	1,300,000,000	2,000,000,000
External financing	1,300,000,000	2,000,000,000
Payments related to:	-1,804,485,926	-1,682,566,832
Capital repayments and interest	-1,804,485,926	-1,682,566,832
Cash flows from financing activities [3]	(504,485,926)	317,433,168
Net cash flow from Treasury - (I+II+III) [4]	1,281,695,462	524,415,738
Transfer of ownership of Escrow SNL to ANPG	-839,837,106	-4,150,731,967
Impact of exchange rate differences	83,739,244	50,206,690
Cash and cash equivalents at the beginning of the year [5]	3,175,448,780	6,751,558,320
Cash and cash equivalents at the end of the year [6]	3,701,046,380	3,175,448,780

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INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Board of Directors of
Sociedade Nacional de Combustíveis de Angola, Empresa Pública

Introduction

1. We have audited the accompanying consolidated financial statements of **Sociedade Nacional de Combustíveis de Angola, Empresa Pública** (which include the financial information of the Entity and the companies included in the consolidation perimeter defined by its Board of Directors) ("Sonangol EP", "Sonangol Group" or "the Group") which comprise the consolidated Balance sheet as at 31 December 2022 (which shows total assets of 15,408,775,418 thousand kwanzas and a total equity of 6,451,313,345 thousand kwanzas, including a profit for the year of 838,084,213 thousand kwanzas), the consolidated Income statement by nature and the consolidated Statement of changes in equity for the year then ended, and the corresponding Notes to the consolidated financial statements, which include a summary of the significant accounting policies and other explanatory information.

2. The consolidated financial statements have been prepared by the Board of Directors based on the financial reporting provisions described in notes 2 and 3 of the Notes to the consolidated financial statements.

Board of Directors' Responsibility for the Consolidated Financial Statements

3. The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting provisions described in notes 2 and 3 of the Notes to the consolidated financial statements, including the definition of the consolidation perimeter, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an independent opinion on these consolidated financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

7. As described in note 9.4.3 of the Notes to the consolidated financial statements, in 2019 the Sonangol Group performed the reconciliation of balances and transactions with the Angolan State within the Working Group created by the Presidential Decree no. 58/11 of 30 March to ascertain the effective tax and customs position of the Sonangol Group regarding the State, as well as the State's responsibilities in relation to the Sonangol Group, in order to regularise the said responsibilities and tax processes. This process culminated with the conclusion of an agreement between the State of Angola and the Sonangol Group called "Balance Reconciliation and Recognition Agreement and Debt Compensation Commitment" that allowed definitive, unconditional and irrevocable confirmation of a set of credits and debt balances between the State and Sonangol Group and to perform the respective accounting regularisation. This Agreement also defined the offsetting between tax and non-tax credits validated as at 1 January 2020, resulting from this offsetting exercise and the addendum subsequently signed, a net credit of the Sonangol Group over the State of Angola, as at 31 December 2022 of 890,506,969 thousand kwanzas (2021: 981,185,783 thousand kwanzas), corresponding to 1,767,963 thousand United States dollars.

   As at 31 December 2022, the Sonangol Group netted this credit and subsequent non-tax credits confirmed by the counterparties amounting to 2,818,924,312 thousand kwanzas against tax and non-tax liabilities amounting to 2,782,074,974 thousand kwanzas, resulting in a remaining net balance of 36,849,338 thousand kwanzas.

   As at 31 December 2022, the caption Accounts receivable includes the amount of 3,215,830,184 thousand kwanzas (2021: 2,285,215,002 thousand kwanzas) relating to credits of Sonangol Group over the State of Angola and other Public Entities, being the values confirmed by the counterparty and include, among others, the above mentioned net credit and the overdue and unpaid credit associated with the Reimbursement Plan of the National Urbanism and Housing Program ("PNUH") in the amount of 473,675,302 thousand kwanzas. Since the agreements signed with the State establish that the recovery of the overdue credits in favour of the Sonangol Group will be carried out, interest-free, by offsetting them against future credits, including those resulting from commercial operations, allocation of crude oil shipments and tax debts, and at this date there is no reimbursement plan for these credits, it is not possible to determine the timing that it will be received and, consequently its present value, as well as the impact in the presentation between current and non-current.

Additionally, at the balance sheet date, credits from Sonangol Group over Budgeted Units and Public Entities were still in the process of validation and reconciliation, in which are included the payments to third parties on behalf of the State of Angola. At the balance sheet date, these credits, presented under Accounts receivable in the amount of 593,802,636 thousand kwanzas (2021: 469,990,926 thousand kwanzas), are in the process of validation and reconciliation, and therefore we were not able to conclude on the ownership, existence and recoverability of these credits, nor on the effects that any adjustments arising from the conclusion of the reconciliation process may have on the consolidated financial statements for the year.

8. As mentioned in the Independent Auditors' Report on the accounts for the year ended 31 December 2021, Sonangol Group presents in its consolidated balance sheet, Tangible fixed assets, Investments in affiliates, Other financial assets, Other non-current assets, Inventories and Account receivables, in the amounts of 485,774,785 thousand kwanzas (2021: 227,052,256 thousand kwanzas), 320,546,163 thousand kwanzas (2021: 352,827,004 thousand kwanzas), 308,134,391 thousand kwanzas (2021: 312,149,743 thousand kwanzas), 9,202,435 thousand kwanzas (2021: 10,139,503 thousand kwanzas), 11,964,147 thousand kwanzas (2021: 13,826,857 thousand kwanzas) and 30,060,519 thousand kwanzas (2021: 81 684 824 thousand kwanzas) respectively, for which reconciliation and internal procedures have not yet been completed in order to demonstrate their ownership, future recoverability and/or completeness. As such, we were unable to conclude on the recoverability and/or completeness of these assets, the financial results of 1,187,068 thousand kwanzas (2021: 8,834,899 thousand kwanzas) and the non-operating results of 8,693,554 thousand kwanzas (2021: 106,707,142 thousand kwanzas), nor as to the effects that any regularisations had or may have in the 2022 consolidated financial statements.

Qualified Opinion

9. In our opinion, except for the possible effects of the matters described in paragraphs 7 and 8 of the "Basis for Qualified Opinion" section, the consolidated financial statements mentioned in paragraph 1 above of **Sociedade Nacional de Combustíveis de Angola, Empresa Pública** and of the companies included in the consolidation perimeter as defined by the Board of Directors for the year ended 31 December 2022, have been prepared, in all material respects, in accordance with the accounting policies described in note 2 of the Notes to the consolidated financial statements and with the consolidation perimeter defined by the Board of Directors described in note 3 of the Notes to the consolidated financial statements.

Basis of Accounting

10. Without qualifying our opinion expressed in the previous paragraph, we draw attention to notes 2 and 3 of the Notes to the consolidated financial statements, which describe the basis of accounting and the consolidation perimeter defined by the Board of Directors as at 31 December 2022. The consolidated financial statements are prepared to assist the Group to comply with the consolidated financial reporting requirements towards its shareholder and lenders, being the sole consolidated financial statements prepared by the Sonangol Group. As a result, the consolidated financial statements may not be suitable for any other purpose.

Emphasis of Matter

11. Without qualifying our opinion expressed in the previous paragraph, we draw attention to note 1, which states that, as of 1 May 2019, Sonangol EP ceased to exercise the functions and attributions of National Concessionaire which were attributed to the National Oil, Gas and Biofuels Agency ("ANPG"). As mentioned in note 18.4 of the Notes do the consolidated financial statements, number 3 of Article 5 of Presidential Decree 145/20 of 26 May foresaw that Sonangol EP would hold the funds for abandonment until December 2020, when ANPG would assume this responsibility and the corresponding assets. In note 10 it is mentioned that the process of transferring the ownership of the escrow accounts and the corresponding liabilities was completed during 2022. On the other hand, in note 19.7 it is mentioned that Sonangol EP signed agreements with ANPG under which it assumed the responsibility for the phasing of transfers of funds not associated with escrow accounts. In 2022, the scheduled transfers did not take place and therefore the consolidated financial statements of the Sonangol Group, as at 31 December 2022, include under caption Other current and non-current creditors, the amounts to be transferred to ANPG under the terms of these agreements, amounting to 419,026,328 thousand kwanzas and 139,797,472 thousand kwanzas, respectively.

    Additionally, in note 18.4 it is stated that Sonangol EP signed an agreement with ANPG in 2020 under which it assumed responsibility for contributing to the dismantling of Block 2.05, operated by a third party, up to the limit of the liability booked in the consolidated financial statements, which is shown under the caption "Dismantling funds - non-current", which amounts to AOA 312,245,733 thousand as at 31 December 2022 and is subject to the updating of the dismantling plan and the contributions of the new Contractor Group.

Luanda, 30 April 2023

SIGNED ON THE ORIGINAL

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Paulo Rui Inocêncio Ascenção
(Registered Auditor with certificate no. 20140082)