RELATÓRIO E CONTAS ANUAL

ACCCOUNT & REPORT

2021

SONANGOL E.P.

Consolidated Financial Statements

31 December 2021

17 June 2022

SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P.

Consolidated Balance Sheet as at 31 December 2021

		31.12.2021	31.12.2020
		AOA	AOA
ASSETS			
Non-current Assets			
Tangible fixed assets	4	1,559,046,271,687	1,715,482,760,534
Intangible assets	5	115,327,623,736	135,253,800,591
Oil and gas properties	4A	5,380,730,534,169	6,684,090,841,581
Exploration and evaluation assets	5A	87,638,150,626	41,153,523,593
Investments in affiliates	6	2,278,738,954,113	2,429,393,406,847
Other financial assets	7	614,496,815,012	633,556,536,926
Other non-current assets	9	72,772,267,608	869,540,694,614
Total Non-current Assets		**10,108,750,616,951**	**12,508,471,564,686**
Current assets			
Inventories	8	347,366,082,272	236,960,900,271
Accounts receivable	9	5,475,724,197,961	3,921,263,423,459
Cash and bank deposits	10	1,762,313,739,497	4,385,839,290,875
Other current assets	11	40,989,756,780	31,430,641,788
Total current Assets		**7,626,393,776,510**	**8,575,494,256,393**
Total Assets		**17,735,144,393,461**	**21,083,965,821,079**
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	2,120,423,193,271	2,068,491,232,574
Retained earnings	14	(7,014,721,030,110)	(4,626,026,262,537)
Foreign exchange translation adjustments	13	6,604,137,257,419	7,700,685,136,665
Net profit/ (loss) for the year		1,336,744,578,641	(2,383,978,740,844)
Total Equity		**5,893,533,307,209**	**5,606,120,673,846**
Non-current liabilities			
Loans	15	1,569,144,155,307	1,874,300,205,678
Provisions for post-employment benefits	17	1,034,248,282,991	1,240,997,687,680
Provisions for other risks and charges	18	2,937,956,414,341	3,407,273,276,069
Other non-current liabilities	19	926,471,461,483	501,912,756,357
Total non-current liabilities		**6,467,820,314,122**	**7,024,483,925,784**
Current liabilities			
Accounts payable	19	3,917,389,780,780	4,169,242,369,773
Loans	15	721,904,071,483	874,974,578,060
Provisions for other risks and charges	18	503,391,745,956	3,122,741,667,228
Other current liabilities	21	231,105,173,911	286,402,606,388
Total Current liabilities		**5,373,790,772,130**	**8,453,361,221,449**
Total Liabilities		**11,841,611,086,252**	**15,477,845,147,233**
Total Equity and Liabilities		**17,735,144,393,461**	**21,083,965,821,079**

Head of Department of Supervision and Consolidation
SIGNED ON THE ORIGINAL
Armando Sebastião
Registration no. 20150382

Financial Director
SIGNED ON THE ORIGINAL
Divaldo Palhares
Registration no. 20140034

Executive Director
SIGNED ON THE ORIGINAL
Baltazar A. Miguel

Chairman of the Board of Directors
SIGNED ON THE ORIGINAL
Sebastião Pai Querido Gaspar Martins

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

		31.12.2021	31.12.2020
		AOA	AOA
Sales	22	5,428,300,169,765	3,347,247,953,177
Services rendered	23	110,956,808,408	148,705,307,038
Other operating income	24	42,298,145,181	35,314,412,335
		5,581,555,123,354	**3,531,267,672,550**
Change in finished products and work in progress	25	43,465,602,083	2,908,597,640
Cost of goods sold and raw materials consumed	27	(1,589,107,365,987)	(910,303,378,457)
Oil and gas exploration and operating costs	27A	(1,195,500,892,137)	(828,650,036,258)
Personnel costs	28	(437,729,235,394)	(335,613,599,733)
Depreciation and amortisation	29	(1,270,248,206,872)	(1,609,954,331,478)
Other operating expenses	30	(252,273,838,587)	(286,619,630,964)
		(4,701,393,936,894)	**(3,968,232,379,250)**
Operating results:		**880,161,186,460**	**(436,964,706,700)**
Financial results	31	700,420,516,270	(1,140,266,740,688)
Net gains/ (losses) arising from investments in affiliates	32	42,948,328,243	534,377,479,369
Non-operating results	33	244,258,725,618	(1,123,360,792,710)
		987,627,570,131	**(1,729,250,054,029)**
Profit before taxes:		**1,867,788,756,591**	**(2,166,214,760,729)**
Income tax	35	(531,076,290,188)	(217,999,320,345)
Net profit from current activities:		**1,336,712,466,403**	**(2,384,214,081,074)**
Extraordinary results	34	32,112,238	235,340,230
Net profit/ (loss) for the year		**1,336,744,578,641**	**(2,383,978,740,844)**

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Notes to the Consolidated Financial Statements for the year ended 31 December 2021

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 research 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 the national territory. According to the Oil Activities Law (LAP) modifications, 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.

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 the 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. In addition, 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 and preference rights in the acquisition of participating interests in new oil concessions.

In order to more effectively and professionally perform its core function (value chain) for hydrocarbons, Sonangol Pesquisa & Produção and Sonangol Gás Natural were established. These two subsidiaries have been, gradually and in partnership, the Company's investment vehicles 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 its Statutes to the current model of organisation of the Petroleum Sector, as a result of the creation of

ANPG. This Decree introduced changes in the composition of its bodies, namely the Board of Directors, Supervisory Board and Advisory Board

The Advisory Board 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 no. 15/2019, of January 9, 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 (see Note 2.4.1) 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

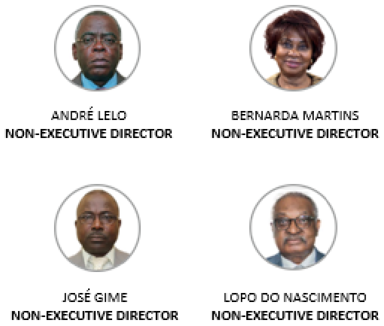
- Tax Office
- Internal Audit Office
- Sonangol Holdings [2]
- Mercury Serviços de Telecomunicações [3]

OLGA SABALO
EXECUTIVE DIRECTOR

- Legal Advisory Office
- Compliance Office
- Academia Sonangol
- PDA/ISPTEC
- CFMA
- Governance Committee

1. Angola LNG
2. China 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 EP 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:

a) Patrício do Rosário da Silva Neto – Chairman;
b) Claudia Cristina Silva Gomes Pires Pinto – Member;
c) Gaspar Filipe Sermão – Member.

In 2021, by means of the Orders of the Ministry of Finance, Order no. 319/21, of 5 July, in combination with Order no. 320/21, of 5 July, the Chairman of the Sonangol E.P. Supervisory Board was changed in accordance with Law no. 11/13, of 3 September, the Basis Law for the Public Business Sector.

Auditor

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

Committees

The organic structure of Sonangol EP 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 on 30 March 2022.

2. Remuneration Committee

The Remuneration and Compensation Committee is currently being set up.

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 17 June 2022, 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.

It is the opinion of the Board of Directors of Sonangol E.P. that these Consolidated Financial Statements present a true and fair view of the Sonangol Group operations and its financial position and performance, 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 2021, 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 rate 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 Kwanza, 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 2001, 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 P&P, Sonaref, Sonagás, SONIP, Sonangol Finance and a set of companies from the Trading & Shipping segment, prepare and present its 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 its 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.

In 2020, after assessing the criteria of IAS 21, the Board of Directors of Sonangol E.P. concluded that the American Dollar is the functional currency of the entity under the terms of the mentioned standard. In the context of this assessment, it was of particular relevance that the sales resulting from the exploration of the oil blocks in which Sonangol E.P. is an associated entity are essentially made based on prices determined in international markets, and are entirely denominated in USD, and that the majority of the investments necessary for the development and operation of the Blocks are also based on prices denominated in USD. The oil taxes collected by the State, as well as the financing obtained in the external markets (through Sonangol Finance) are also based in USD, which reinforces this understanding. It was also taken into consideration that a relevant part of the cash-flows received from the sales of crude oil are kept and used in USD for the Group's investment activities, as well as to meet the obligations assumed in the financing contracts mentioned above.

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 the entities that present their Financial Statements in a currency other than Kwanza, the Sonangol Group 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 were recognised in Equity under the caption Foreign exchange translation adjustments (financial statement conversion).

The foreign currency exchange rates used to translate foreign currency balances were based on the information published by the National Bank of Angola (selling rate until March 2020 and reference exchange rate after publication of Instruction no. 003/2020 of 30 March), and are presented as follows:

Closing Exchange Rate	2021	2020	Currency
USD 1 =	554.981	649.604	AOA
EUR 1 =	629.015	798.429	AOA
GBP 1 =	749.918	887.262	AOA
ZAR 1 =	34,900	44,411	AOA
Average Exchange Rate	**2021**	**2020**	
USD 1 =	624.115	577.403	AOA
EUR 1 =	739.265	622.382	AOA
GBP 1 =	859.408	742.907	AOA
ZAR 1 =	42.340	35.325	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:

- 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;
- Sum of the Financial Statements of the subsidiaries included in the consolidation by the full consolidation method;
- Write-off of the financial investments held in the subsidiaries against related equity;
- Adjustments related with the use of the acquisition method – calculation of goodwill and of the non-controlling interests;
- Elimination of intra group balances and transactions;
- 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 2020, 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 programme 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:

- The structure of the joint arrangement – whether it is structured through a separate vehicle;
- 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 significant 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 method (UOP) 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 occur due to 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 method to be applied is crucial to determine the amount of depreciation 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 2021 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 considering the following assumptions:

- 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 75.92/barrel in 2022, USD 71.00/barrel in 2023 and USD 70 /barrel in 2024 and 2% growth in the following years;
- Discount rates between 10% and 11%;
- Operating costs (production cost per barrel), considering a 2% growth rate from 2022 onwards;
- Future capital expenditures (capex);
- Working interest and net entitlement percentages;
- Period of the exploration licenses.

For the impairment tests performed as at 31 December 2020, the assumptions considered were the same as those disclosed above, with the following specific changes taking into account the reference date of the test:

- Crude oil price curve and price differentials, estimated in the year, for each of the oil grades: USD 51.38/barrel in 2021, USD 54/barrel in 2022, USD 57.00/barrel in 2023 and USD 60/barrel in 2024 and 2% growth in the following years;
- Discount rates between 10% and 12%;
- Reserves and cost profiles considered considering reserves certification and information of the contractor group available at the test reference date.

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 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 (considering current and historical prices, price trends and related factors), discount rates, operating costs, including downtime costs (where applicable), future capital requirements and operating performance.

For impairment tests performed in 2021, the Group has considered a nominal discount rate in AOA of 18.82% 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 2021, prepared in US dollars, a discount rate between 10.00% and 10.99% was considered (2020: 11.8% to 10.0%). The test considered 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 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

2021 was 3.82% for block 0 and 3.52% for the remaining blocks, considering 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, 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 Group's accounts.

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 2021, 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;
- 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 totally 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 venture 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 Notes 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 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 Units 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 natural 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 items 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 these 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 located and in the necessary conditions for its intended use, and cease when the future economic benefits incorporated are extinct either by total impairment or derecognition.

Oil and gas properties

Oil and Gas properties are depreciated at 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 the exploration and development investment, the proven developed reserves are used as the reference denominator.

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 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.

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

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.

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) <u>Non-financial assets (excluding Goodwill)</u>

The Group assesses at each reporting date whether there is a potential trigger that an asset (or cash-generating units) 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 project future cash flow 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.

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 price, and recorded as an account receivable or payable, against profit and loss.

Other non-current financial assets

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.

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.

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

The Group recognises in bank deposits the balances held in Banks (current accounts and fixed 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 registered 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 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.

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.

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 - The acquisition cost of crude oil includes the invoice price, transportation and insurance expenses, for which the costing method is FIFO (first in first out), applied to a unique family which includes all types of crude oil.
- Other raw materials (excluding general materials) – The acquisition cost includes the invoice price, transportation and insurance expenses, for which the costing method is FIFO, applied to product families which are created taking into consideration the characteristics of the several raw materials.
- General materials - The acquisition cost includes the invoice price, transportation and insurance expenses, for which the average weighted cost method is used to determine the cost of sales.

b. Products and work in progress

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

c. Finished products and intermediates

- 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.
- Oil by products – Finished products and intermediate goods are measured at production cost, which includes the consumables of raw materials and other products, direct labour costs and overheads. In case of products acquired from third parties, these are measured at acquisition cost which includes the invoice price, transportation and insurance expenses, using FIFO applied to product families, which are established considering the characteristics of the materials, as the method used to determine the cost of sales.
- 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

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.

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.

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 the 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 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 it has 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 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 an account payable.

(o) Taxes

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 is 20%. This rate does not cover the FS / FST Block which is covered by an exemption. Given its nature, this rate is presented in oil and gas exploration and operating costs;
- 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 Recovery Crude Oil, is deducted from the total of the charges, resulting in the "Profit Oil" on which a rate of 35% is applied (2020: 35%) 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% on the total lease value. The payment of this tax is made by the customer (withholding tax) upon completion of the DLI (Tax Settlement Document).

In accordance with the legislation in force in the Republic of Angola, taxable events are subject to review and correction by the tax authorities for a period of five years (10 years for Social Security). The Company's Board of Directors believes that the corrections resulting from reversals/inspections of those tax returns by the tax authorities will not have a significant effect on the Financial Statements for the year ended 31 December 2021.

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 2020.

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.

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 Sonagás - Sonangol Gás Natural, Lda. are subject to Value Added Tax (VAT), are covered by the general regime due to being 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.

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) Deliveries to Refinaria de Luanda;
e) State grants (subventions);
f) Services rendered – leases;
g) 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 oil and natural gas are signed, the sales and purchases are reported at its net amount.

<u>Sales of refined products</u>

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.

<u>Sales of gas</u>

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.

<u>Deliveries to Refinaria de Luanda</u>

Until October 2020, the sales of crude oil to Refinaria de Luanda corresponded to grants (subventions) for the production of refined products by the State. According to Executive Decree 706/15 of 30 December, which defines that supplies of crude oil to Refinaria de Luanda should be assured through a part of the state's oil profit in the oil concessions, based on the production-sharing agreements. According to the same Decree, the sale price and the exchange rate were set at USD 39.98 per barrel and AOA 155.612 per USD, respectively.

As part of the transition of the role of National Concessionaire, ANPG requested the responsibility of assuming and ensuring the supply of crude oil to Refinaria de Luanda, so the sales of the Exploration and Production segment of Sonangol Group with destination to Refinaria de Luanda began to be made by ANPG, whose sales price was, until October 2020, determined under the terms defined in Executive Decree no. 706/15 of 30 December.

On 27 October 2020, the Presidential Decree no. 283/20 came into force, establishing a new model for defining the sale price to Refinaria Nacional, with the sale price of crude oil, which belongs to the State, being determined on the basis of 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 kwanza at the average selling exchange rate of the month prior to that of the reference, published by the National Bank of Angola.

Additionally, with the entry into force of the above-mentioned Decree no. 283/20, the refineries may sign, with other suppliers, crude oil purchase agreements, with characteristics that are more suitable for their technical configuration and better profitability of the crude, provided that they are concluded under competitive conditions with advantages at market level. Thus, from November 2020, Sonangol E.P. and Sonangol Pesquisa & Produção have also been meeting the crude oil needs of the Refinaria de Luanda and has chosen to determine the sale price in line with the pricing model defined in the decree for state-owned crude oil. Thus, Refinaria de Luanda now uses the base price on the coast for sales of refined products. These, in turn, are based on the average of the Platts published monthly.

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 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 or at the balance sheet date 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 incorporation of the fund, will be responsible for its management.

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 income and expense, in the income statement, current and past service costs and net interest on the liability (asset).

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 rate differences, realised or unrealised, and fair value variations related with financial instruments.

Interest is recognised on an accrual basis.

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

Net gains/ (losses) arising 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

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.

Errors

The correction of errors, when preparing the Financial Statements, from one or more prior periods discovered in the current period, is corrected in profit and loss of 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 Financial Statements of one or more prior periods that those Financial Statements cannot be considered to have been reliable at the date of issue.

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

Impact of the COVID-19 Pandemic

In 2020, the COVID-19 pandemic led to containment measures implemented on a global scale to contain the spread of the virus, causing the temporary halt of oil production activities, international trade and travel, with relevant impact on global supply chains.

During 2021, with the favourable development of the vaccination process against COVID-19, there was a slowdown in the spread and mortality of the pandemic, the easing of restrictive measures by entities at national and international level, resulting in greater confidence in the markets and a recovery in economic activity. The Group's financial situation evolved favourably in 2021, essentially due to the recovery of crude oil prices to the normal levels recorded in the last three years, with an average price of crude oil marketed by the Company from January to December 2021 of around 71 USD / barrel (2020: 41 USD / barrel), it being certain that this upward trend results from the imbalance between demand and supply in the market caused by the pandemic situation until the end of 2021 and on the other hand due to strong geopolitical tension between Russia and countries of the European Union and the United States of America. This scenario was heightened in the first half of 2022 due to Russia's military conflict in Ukraine, as disclosed in Note 38.

Despite the challenging moment to the new market conditions, the Group continued with its operational activities, with the implementation of the measures initiated during the 2020 crisis period, which, together with the recovery of the markets and with the average price for the year 2021 of the oil marketed by the company at around USD 70.58, led to a positive net profit for the year 2021 of approximately AOA 1,336,744,579 thousand (USD 2,128,596 thousand).

During the first months of 2022, the prices of the crude oil marketed by the Group evolved very favourably, with an average price for the first four months of the year of USD 106.37/barrel, placing the Group in a more favourable cash flow situation compared to 2021, should this trend continue.

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 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

As at 15 November 2018, and as mentioned in Note 42, the Regeneration Programme of the Sonangol Group was launched, which was approved by the sole Shareholder, trough Presidential Decree no. 146/18 of 25 October.

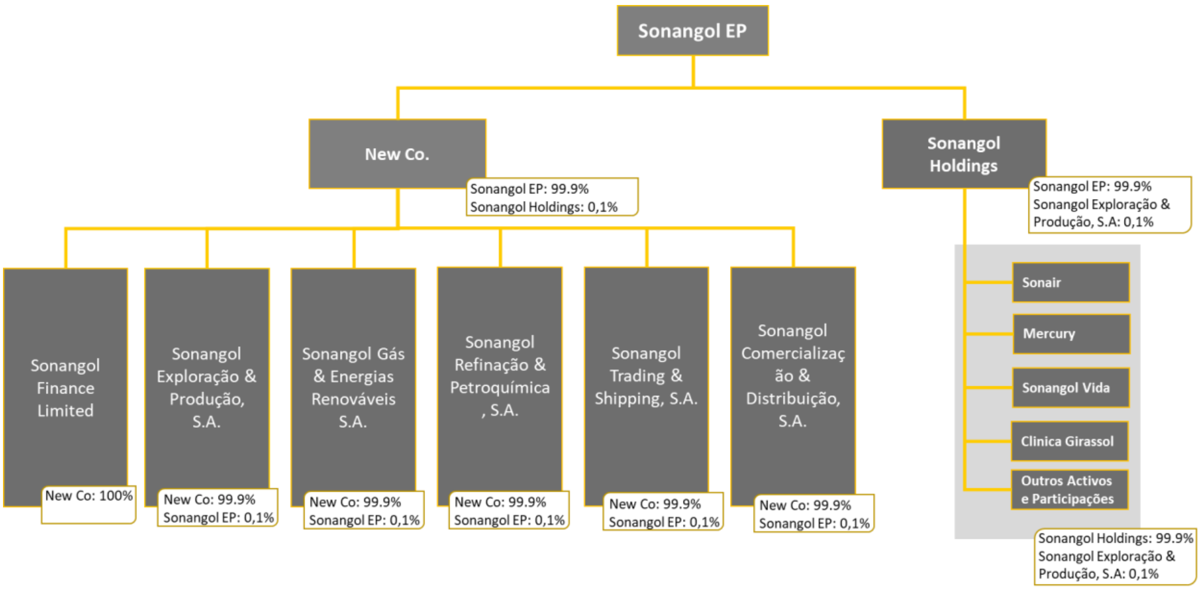
The Board of Directors approved on 18 May 2020, the Group's new organizational structure, with the purpose of repositioning the company in its value chain, as well as making it robust and more competitive for the challenges of the market, as well as meeting the Group's challenges the requirements required for the IPO and organising the companies by business. The initial public offering (IPO) is established in the Presidential Decree no. 250/19, of 5 August, which approves the Privatisation Programme ("PROPRIV") and establishes the sale of up to 30% of the share capital of Sonangol E.P., date which is under review.

In this context, on 26 July 2021, the Board of Directors approved a corporate model that defines the structure of companies by business.

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>:



For the separation of the Group into core and non-core businesses, it is intended to set up a public limited company (NewCO), which shall own the investments in the companies of the core business.

The implementation of the new corporate model will be phased, going through processes of merger, transformation, liquidation and incorporation of new companies, which will allow the reduction in the number of companies, from 19 (nineteen) subsidiaries to 6 (six) business units ("BU"), with the type of limited companies (*Sociedades Anónimas*).

Specific Vision – The corporate structure based on business units will allow for better organisation, greater efficiency in the value chain and process simplification.

To that end, the following corporate processes will be undertaken according to the nature of the businesses, giving rise to the following companies:

- Sonangol Exploração & Produção, S.A.

The Exploration and Production Business Unit will maintain Sonangol Pesquisa e Produção as a limited company and ESSA's activities and assets will be transferred into it.

The restructuring of Sonangol Hidrocarbonetos Internacional, will include the integration by the end of 2022 of its assets and liabilities into a new entity to be incorporated, and which will have the main objective of holding and managing the said assets. The entity to be incorporated will be owned by Sonangol E.P., and the assets and liabilities will be transferred at their net book value.

- **Sonangol Refinação & Petroquímica, S.A.**

For this business, it is intended to carry out a merger by incorporation, in which Sonaref, S.A. will merge with Sonangol Refinaria de Luanda, in which case the latter will include in its corporate structure all the assets and liabilities of Sonaref, S.A..

- **Sonangol Gás & Energias Renováveis S.A.**

The Gas and Renewable Energies Business Unit will keep Sonagás, Lda. as a company, being only necessary to transform it into a limited company and reorganise the shareholdings of the gas and renewable energies business in the respective company.

- **Sonangol Trading & Shipping, S.A.**

For the Trading & Shipping Business Unit, the intention is to carry out a simple merger between Sonaci and Sonangol Shipping, which will result in the incorporation of a new company.

- **Sonangol Comercialização & Distribuição, S.A.**

For this business, it is intended to carry out a merger by incorporation, in which Sonangol Logística will merge with Sonangol Distribuidora, in which case the latter will include in its corporate structure all the assets and liabilities of Sonangol Logística.

- **Sonangol Holdings**

The non-core businesses of the Group will be concentrated in Sonangol Holdings, as a company, with only the transformation of the corporate type to a limited company being necessary.

For this business, it is the intention of the Board of Directors to transfer the shareholdings of the non-core companies, especially Sonair, S.A, Clínica Girassol, S.A and Centro de Formação Marítima de Angola, allowing them to be concentrated only in Sonangol Holdings.

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

The Board of Directors expects this process to be concluded until the end of 2022, taking into account the challenges associated with the conclusion of the internal evaluations for its effective realisation.

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

For management purposes, until 31 December 2020, the Group was organised into business units based on products and services provided, and subdivided into five reportable segments:

- Corporate & Financing, which includes core financial investments, loans obtained and loans granted by the Group;
- Upstream, representing research and crude oil and natural gas production;
- Midstream, which includes refining and transport of crude oil and natural gas by products;
- Downstream, this segment includes storage, supply and distribution of the crude oil and natural gas by products to the end customer;
- Non-Core Activities, such as aviation services, healthcare services, training activities, real estate investments, telecommunications and other non-core financial investments.

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 vision of management on 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 Energy Unit: includes research, exploration and production of natural gas and renewable energy;
- Refining and Petrochemicals Unit: includes refining of crude oil by products;
- Trading & Shipping Unit: includes transport and marketing of crude oil, by products and natural gas on the international markets
- Distribution and Commercialisation Unit: includes the storage, distribution and selling activities of crude oil and natural gas by products;
- 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.

As part of the change in the composition of the segments and for comparability purposes, the necessary changes were made for the previous year.

Additionally, together with this decision, the Board of Directors has become permanently concerned with the need to convey to the readers of the Group's Financial Statements a realistic and true view of the financial performance of each of the operating segments and believes that the interest and respective financing costs borne by Sonangol EP and Sonangol Finance should be presented in the segments that justify the Group going to the market to contract such bank debt. This principle will allow monitoring of which segments require greater capital contributions and the ability to remunerate the implicit cost of financing its operating activity. Hence, at the balance sheet date, the bases that will allow documenting and systematising this accounting principle to be adopted from 2022 onwards are being defined.

Management monitors the operating results of its business separately, with the purpose of making decisions about the corresponding resources allocation and 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 now 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.

Additionally, Sonangol E.P.'s income and expenses are split between the 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
Sonagás - Sonangol Gás Natural, Lda.	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, S.A.	Distribution and Commercialisation
Sonangol Logística, Lda.	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

Segment reporting

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**	**390,059,781,044**	**429,027,353,667**	**1,744,849,705,531**	**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)
Depreciation 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)
	(163,079,897,927)	**(2,401,140,480,220)**	**(648,354,035,341)**	**(270,491,342,652)**	**(418,523,647,984)**	**(1,721,556,820,426)**	**(238,001,151,744)**	**1,159,753,439,402**	**(4,701,393,936,894)**
Operating results:	**(145,668,402,097)**	**1,053,997,810,399**	**-31,901,772,528**	**119,568,438,392**	**10,503,705,683**	**23,292,885,105**	**(140,709,695,566)**	**(8,921,782,997)**	**880,161,186,460**
Financial results	(6,041,997,238)	(136,496,341,310)	(50,542,677,763)	511,871,771,260	32,615,078,750	238,350,173,713	108,068,915,681	2,595,593,178	700,420,516,270
Net gains / (losses) arising from investments in affiliates	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
	(44,492,093,446)	**262,336,155,665**	**(28,460,077,440)**	**467,958,525,240**	**29,925,228,845**	**200,355,507,893**	**97,408,730,195**	**2,595,593,178**	**987,627,570,131**
Profit before taxes:	**(190,160,495,543)**	**1,316,333,966,064**	**(60,361,849,968)**	**587,526,963,632**	**40,428,934,529**	**223,648,392,998**	**(43,300,965,371)**	**(6,326,189,818)**	**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:	**(190,160,495,543)**	**833,593,793,791**	**(60,361,849,968)**	**547,099,319,619**	**39,399,372,076**	**219,775,029,606**	**(46,306,513,430)**	**(6,326,189,818)**	**1,336,712,466,403**
Extraordinary results	23,056,655	-	-	-	2,579,552	-	6,476,030	-	32,112,238
Net profit/ (loss) for the year	**(190,137,438,888)**	**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**

Consolidated Income Statement by Segment for the year ended 31 December 2020

	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	AOA
Sales	-	1,979,571,261,939	283,962,908,859	268,512,985,479	181,818,157,361	984,763,111,564	4,498,272,530	(355,878,744,556)	3,347,247,953,176
Services rendered	-	-	3,604,668,333	4,237,936	133,325,123,435	483,484,126	55,465,226,545	(44,177,433,335)	148,705,307,038
Other operating income	23,564,544,962	579,161,117	-	192,691,253	17,180,056,724	576,966,414	21,044,434,618	(27,823,442,753)	35,314,412,335
	23,564,544,962	**1,980,150,423,056**	**287,567,577,191**	**268,709,914,667**	**332,323,337,520**	**985,823,562,104**	**81,007,933,692**	**(427,879,620,644)**	**3,531,267,672,550**
Change in finished products and work in progress	-	-	2,934,711,955	-	-	(26,114,315)	-	-	2,908,597,640
Costs of goods sold and raw materials consumed	-	(18,267,086,902)	(158,651,175,407)	(98,572,851,113)	(173,113,281,337)	(815,328,163,390)	(25,708,977,614)	379,338,157,306	(910,303,378,457)
Oil and Gas exploration and operating costs	-	(829,543,469,473)	-	(12,408,355,589)	-	-	-	13,301,788,803	(828,650,036,258)
Personnel costs	(67,212,236,747)	(21,668,828,678)	(23,395,844,978)	(19,981,691,202)	(18,455,932,844)	(85,601,206,781)	(106,841,552,351)	7,543,693,850	(335,613,599,733)
Depreciation and amortisation	(5,624,593,519)	(1,500,096,870,170)	(3,553,632,274)	(28,482,480,881)	(33,264,116,645)	(12,316,145,558)	(26,616,492,430)	-	(1,609,954,331,478)
Other operating expenses	(107,382,100,913)	(10,438,507,377)	(17,483,072,170)	(6,069,042,399)	(49,629,426,854)	(47,508,444,983)	(60,346,185,806)	12,237,149,538	(286,619,630,964)
	(180,218,931,179)	**(2,380,014,762,600)**	**(200,149,012,874)**	**(165,514,421,185)**	**(274,462,757,680)**	**(960,780,075,027)**	**(219,513,208,202)**	**412,420,789,497**	**(3,968,232,379,250)**
Operating results:	**(156,654,386,216)**	**(399,864,339,543)**	**87,418,564,317**	**103,195,493,482**	**57,860,579,839**	**25,043,487,077**	**(138,505,274,510)**	**(15,458,831,146)**	**(436,964,706,700)**
Financial results	(53,225,205,706)	(129,204,430,978)	57,821,927,888	14,035,921,861	(21,678,874,327)	(523,797,576,044)	(484,459,672,471)	241,169,088	(1,140,266,740,688)
Net gains / (losses) arising from investments in affiliates	32,613,228,554	-	-	-	-	-	531,721,707,186	(29,957,456,371)	534,377,479,369
Non-operating results	(127,159,820,059)	(860,784,611,202)	(96,585,150,170)	(6,986,473,124)	(52,262,247)	(56,598,498,892)	24,806,022,984	-	(1,123,360,792,710)
	(147,771,797,211)	**(989,989,042,179)**	**(38,763,222,282)**	**7,049,448,737**	**(21,731,136,574)**	**(580,396,074,936)**	**72,068,057,698**	**(29,716,287,283)**	**(1,729,250,054,029)**
Profit before taxes:	**(304,426,183,427)**	**(1,389,853,381,722)**	**48,655,342,035**	**110,244,942,219**	**36,129,443,266**	**(555,352,587,859)**	**(66,437,216,812)**	**(45,175,118,429)**	**(2,166,214,760,729)**
Income tax	-	(153,193,305,224)	(27,971,170,416)	(25,414,181,704)	(980,996,527)	(8,035,942,971)	(2,403,723,502)	-	(217,999,320,345)
Net profit from current activities:	**(304,426,183,427)**	**(1,543,046,686,948)**	**20,684,171,620**	**84,830,760,515**	**35,148,446,738**	**(563,388,530,830)**	**(68,840,940,314)**	**(45,175,118,429)**	**(2,384,214,081,074)**
Extraordinary results	-	-	-	-	-	-	235,340,230	-	235,340,230
Net profit/ (loss) for the year	**(304,426,183,427)**	**(1,543,046,686,948)**	**20,684,171,620**	**84,830,760,515**	**35,148,446,738**	**(563,388,530,830)**	**(68,605,600,084)**	**(45,175,118,429)**	**(2,383,978,740,844)**

The above segment reporting presents the aggregated values of the companies comprising the respective operating business units 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 2021, tangible fixed assets are detailed as follows:

Captions	2021 Gross amount	2021 Accumulated depreciation	2021 Net Amount	2020 Net Amount
Land and natural resources	15,581,371,313	-	15,581,371,313	17,430,180,448
Buildings and other constructions	828,020,661,827	(389,928,438,042)	438,092,223,785	522,012,510,558
Basic equipment	1,321,914,043,860	(815,865,090,446)	506,048,953,414	638,411,398,122
Transport equipment	76,249,440,118	(66,158,148,617)	10,091,291,501	13,185,393,772
IT equipment	81,086,608,275	(80,559,179,808)	527,428,467	617,259,609
Administrative equipment	212,749,665,789	(208,707,600,837)	4,042,064,952	7,705,767,510
Other Tangible fixed assets	12,110,514,793	(11,345,226,358)	765,288,435	1,141,954,628
Assets under construction	497,047,919,188	-	497,047,919,188	514,978,292,563
Advance payments for tangible fixed assets	86,849,730,632	-	86,849,730,632	3,324
	3,131,609,955,795	**(1,572,563,684,108)**	**1,559,046,271,687**	**1,715,482,760,534**

4.1.2 Movements in gross amount during the year

In 2021, the movements occurred in the gross amount of tangible fixed assets were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Other movements	Currency translation differences	Closing balance
Land and natural resources	17,430,180,448	-	-	-	-	(1,848,809,135)	15,581,371,313
Buildings and other constructions	920,464,783,212	55,496,328	(1,357,363,496)	3,370,308,299	2,126,236,243	(96,638,798,759)	828,020,661,827
Basic equipment	1,517,898,392,040	6,610,122,724	(787,631,909)	159,832,110	8,706,179,569	(210,672,850,674)	1,321,914,043,860
Transport equipment	86,113,164,577	3,493,377,299	(100,932,452)	-	(2,026,619,520)	(11,229,549,786)	76,249,440,118
IT equipment	94,413,796,526	53,391,615	(4,397,799)	-	23,804,546	(13,399,986,613)	81,086,608,275
Administrative equipment	246,945,286,074	439,568,626	(58,465,031)	17,553,226	(23,804,546)	(34,570,472,560)	212,749,665,789
Other Tangible fixed assets	14,114,607,673	-	(44,946)	-	-	(2,004,047,934)	12,110,514,793
Assets under construction	514,978,292,563	79,616,348,389	(38,271,761,518)	(3,547,693,635)	(422,572,664)	(55,304,693,947)	497,047,919,188
Advance payments for tangible fixed assets	3,324	87,797,549,811	-	-	-	(947,822,503)	86,849,730,632
	3,412,358,506,437	**178,065,854,792**	**(40,580,597,151)**	**-**	**8,383,223,628**	**(426,617,031,911)**	**3,131,609,955,795**

The column of increases in the captions Assets under construction and Advance payments for tangible fixed assets is essentially related to:

1. The investment that will reinforce the Refinaria de Luanda's production capacity through the production of new products (Platforming project) and the modification of existing production equipment. This project's main objective is to increase gasoline production capacity. Additions of the year amounted to AOA 53,226,696 thousand, as at 31 December 2021 this project presents an accumulated amount of AOA 108 billions. The estimated value of the investment in the platforming unit is USD 255 million (AOA 141 billions);

2. The investment in the reinforcement of the Group's fuel storage capacity, with the construction of the *Terminal Oceânico da Barra*. The additions of the year recognised in assets under construction and advances on account of tangible fixed assets amounting to AOA 85,919,988 thousand arise from the restart of the contract works being executed by the Companies OECI, SA (contractor); DAR AL HANDASAN (supervision) and SOAPRO (environmental impact study), since September 2021. The contracts signed with these 3 entities determine an investment of USD 519 million (AOA 288 billions), of which USD 128 million (AOA 71 billions) has been incurred.

The decreases in the period include impairment of AOA 27,438,991 thousand and AOA 10,495,145 thousand, relating to a set of assets under construction in the Supply and Distribution and Gas and Renewable Energy segments, respectively, whose projects are suspended, with this impact recognised in non-operating results in Note 33.

In 2021, the Group's main assets under construction are essentially related to the construction of the Refinaria do Lobito and the Platforming project in the "*Refining and Petrochemicals*" segment and civil works in 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 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. 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 make up 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. The tender is based on the results of preliminary economic feasibility studies of the processing capacity considered for the construction of Refinaria do Lobito, in one or several phases, aiming for the preferential achievement of 200,000 barrels per day. Refinaria do Lobito will be built on a reserved site, with an estimated area of approximately 3,800 hectares, consequently 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.

As part of Sonangol's strategy to identify investors for the Refinaria do Lobito Project, the proposals submitted by three companies competing in the international tender are currently being assessed, as are individual expressions of interest submitted by other companies outside of the tender that wish to be part of the future Refinaria do Lobito consortium. The public presentation of the Memorandum of Understanding (MoU) is expected for 2022, as well as the respective signing of the Partners Agreement. Thus, the Company awaits the results of the proposals in order to select future partners to form a consortium.

Due to bureaucratic constraints observed during the selection process of the project partners, and in order not to compromise the established works schedule, during 2022 the Group began the site structure works.

The net value of this asset as at 31 December 2021 amounts to AOA 276,845,225 thousand (USD 499 million), net of accumulated impairment amounting to AOA 391,261,605 thousand (USD 705 million) with no impairment reinforcement having 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 blocks 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), 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 came to the conclusion 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 booked in previous years, the Company requested 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 booked 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 by products with a total capacity of 730,000 m³ (628,000 m³ of the 29 tanks for liquid products already erected in the TOBD and 102,000 m³ of the 34 tanks for LPG storage);
- Unit 700 - Ship mooring dock by Pier;
- Unit 300 - Product Transportation Lines connecting the Pier 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 normal pace and within the programme, and no constraints are expected to jeopardise the completion of the work programme, including the additions for the year an advance on account of assets under construction amounting to AOA 79,240,128 thousand, for the order of major equipment, materials and raw materials required for the rendering of services.

This asset under construction has a net value of AOA 120,666,156 thousand as at 31 December 2021.

4.1.3 Movements in accumulated depreciation during the year

In 2021, the movements occurred in the accumulated depreciation were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Other movements	Currency translation differences	Closing balance
Buildings and other constructions	(398,452,272,654)	(32,131,227,817)	629,099,221	-	(77,432,982)	40,103,396,190	(389,928,438,042)
Basic equipment	(879,486,993,918)	(58,851,477,455)	90,910,926	-	(39,376,533)	122,421,846,534	(815,865,090,446)
Transport equipment	(72,927,770,805)	(2,767,034,120)	101,824,936	-	(218,606,277)	9,653,437,649	(66,158,148,617)
IT equipment	(93,796,536,917)	(131,275,432)	(4,397,799)	-	-	13,364,234,742	(80,559,179,808)
Administrative equipment	(239,239,518,564)	(3,125,505,433)	54,771,309	-	342,183,090	33,260,468,761	(208,707,600,837)
Other Tangible fixed assets	(12,972,653,045)	(236,616,673)	44,946	-	(714,565)	1,864,712,979	(11,345,226,358)
Total	**(1,696,875,745,903)**	**(97,243,136,930)**	**881,049,137**	**-**	**6,052,733**	**220,668,096,855**	**(1,572,563,684,108)**

4.A. Oil and gas properties

Included in this caption is all investment directly associated with the mining activity, 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).

4.A.1 Detail by nature

As at 31 December 2021, oil and gas properties are analysed as follows:

Captions	2021 Gross amount	2021 Accumulated depreciation	Accumulated Impairment	2021 Net Amount	2020 Net Amount
Development costs	22,192,210,945,251	(16,402,109,544,261)	(1,384,644,383,716)	4,405,457,017,274	5,358,528,145,847
Dismantling costs	1,569,127,829,761	(982,610,680,054)	(102,900,213,143)	483,616,936,564	796,921,865,551
Assets under construction (oil and gas assets)	1,805,276,119,389	-	(1,313,619,539,057)	491,656,580,331	528,640,830,183
Total	**25,566,614,894,401**	**(17,384,720,224,315)**	**(2,801,164,135,916)**	**5,380,730,534,169**	**6,684,090,841,581**

In 2021, a process for the partial sale of participating interests in blocks 3.05, 15.06, 18, 31, 23 and 27 was started, and this process had relevant developments in 2022 with the definition of the participating interests to be sold and progress in negotiations at the level of selling prices with potential counterparties. For further details see Note 38.

In 2021, the contractor group of block 0 concluded with the National Oil, Gas and Biofuels Agency ("ANPG") an agreement for the extension of the concession of block 0, from 2030 to 2050, having this information been made public by ANPG at the end of the year. The closing of the formalisation process of the new agreement will be concluded during 2022.

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% participation; Total, with 10%; and ENI Angola, with 9.8%.

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

In 2021, movements in the gross amount of oil and gas properties were as follows:

Captions	2020	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	2021
Oil and Gas assets - Development	25,483,217,952,184	467,126,364,780	-	1,219,704,798	(3,759,353,076,511)	22,192,210,945,251
Oil and Gas assets - Dismantling	1,976,686,769,575	37,803,204,757	(172,335,099,968)	-	(273,027,044,603)	1,569,127,829,761
Assets under construction (oil and gas assets)	2,094,214,457,412	19,336,932,876	-	(1,219,704,798)	(307,055,566,101)	1,805,276,119,389
Total	**29,554,119,179,171**	**524,266,502,413**	**(172,335,099,968)**	**-**	**(4,339,435,687,215)**	**25,566,614,894,401**

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

Block	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B02.05	489,003,577,675	-	-	-	-	(71,229,526,804)	417,774,050,871
B03.05	420,291,185,536	16,123,860,925	-	2,365,433	-	(63,007,024,204)	373,410,387,690
B03.5A	36,099,070,345	5,469,522,661	-	654,707,563	-	(5,936,672,671)	36,286,627,898
B04.05	283,714,618,243	528,835,364	-	-	-	(41,385,185,383)	242,858,268,224
B14.00	1,760,058,171,944	23,574,512,012	-	144,417,521	-	(259,002,004,379)	1,524,775,097,098
B14.KU	165,892,453,428	-	-	-	-	(24,164,324,143)	141,728,129,285
B15.06	3,189,756,724,668	133,896,647,802	-	-	-	(479,460,119,841)	2,844,193,252,629
B15 (15.19)	589,867,004,208	8,371,282,331	-	-	-	(86,848,852,002)	511,389,434,537
B17.00	757,932,880,632	21,661,746,102	-	-	-	(110,402,465,139)	669,192,161,595
B18.20	31,103,551,005	18,761,095,388	-	-	-	(4,530,623,744)	45,334,022,649
B31.00	4,640,424,944,163	37,549,133,345	-	418,214,281	-	(680,141,998,742)	3,998,250,293,047
B32.00	3,795,445,046,685	65,793,590,057	-	-	-	(560,142,387,542)	3,301,096,249,200
BFS/FST	68,340,627,347	3,480,999,921	-	-	-	(10,340,267,384)	61,481,359,884
BOC.ST	35,676,543,289	293,434,501	-	-	-	(5,229,241,745)	30,740,736,045
Block 0	9,219,611,553,016	131,621,704,371	-		-	(1,357,532,382,788)	7,993,700,874,599
Total	**25,483,217,952,184**	**467,126,364,780**	**-**	**1,219,704,798**	**-**	**(3,759,353,076,511)**	**22,192,210,945,251**

The increase in "Development costs" relates to the investments made during the year in the blocks in which the Group has a participating interest, particularly in block 0 (41% participating interest) and block 15.06 (36.84% participating interest), the latter relating to early production activities in the Agogo (phase 2), Cuica (phase 2) and Ndungu EP wells and the development of the Cabaça Norte & SE field.

4.A.2.2 Movements, during the year, in the gross amount of dismantling costs of oil and gas assets by block:

Block	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B02.05	39,331,827,693	-	-	-	-	(5,729,175,824)	33,602,651,869
B03.05	163,280,663,830	3,326,242,112	-	-	-	(24,152,336,114)	142,454,569,828
B03.5A	2,208,655,785	15,819,847,332	-	-	-	(2,074,102,815)	15,954,400,302
B04.05	47,697,580,826	-	-	-	-	(6,947,753,078)	40,749,827,748
B14.00	208,530,051,650	-	(2,257,370,281)	-	-	(30,124,975,326)	176,147,706,043
B14.KU	6,122,993,734	-	(68,297,529)	-	-	(884,325,713)	5,170,370,492
B15.06	151,388,014,083	-	(28,779,351,278)	-	-	(18,863,645,191)	103,745,017,614
B15 (15.19)	207,644,577,819	-	(11,834,653,368)	-	-	(28,935,107,277)	166,874,817,174
B17.06	81,707,223,600	-	(5,801,364,869)	-	-	(11,259,061,221)	64,646,797,510
B18.20	87,421,977,724	899,189,942	-	-	-	(12,833,715,944)	75,487,451,722
B31.00	185,512,954,792	-	(13,399,567,433)	-	-	(25,538,010,293)	146,575,377,066
B32.00	185,484,490,492	14,772,141,112	-	-	-	(28,654,479,539)	171,602,152,065
BFS/FST	30,963,353,143	2,985,784,259	-	-	-	(4,840,941,221)	29,108,196,181
BOC.ST	1,208,906,362	-	(40,312,836)	-	-	(171,626,924)	996,966,602
Block 0	578,183,498,042	-	(110,154,182,374)	-	-	(72,017,788,123)	396,011,527,545
Total	1,976,686,769,575	37,803,204,757	(172,335,099,968)	-	-	(273,027,044,603)	1,569,127,829,761

The decrease in the caption Dismantling costs essentially results from the update at the end of the period of the Group's responsibility for dismantling of the blocks in which it has a participating interest, with a special reference to block 0, which was recognised as an offset to the dismantling liability (See Note 18.4). The referred decrease in the liability to dismantle block 0 results from the combined effect of the increase in the rate used to discount the liability to the present time and the increase in the economic limit of the concession, following the extension of the concession contract and economic evaluation of the block (see Note 4.A.1).

The discount rate increased from 3.2% in 2020 to 3.52% in 2021 (3.82% for block 0 considering that it has an expected economic cap significantly above the average of the other blocks in the Group), which is explained by the general increase in the market risk-free rates.

In the case of blocks 3.05, 3.05A and FS/FST the increases in the period are related to the update in the period of the provisional dismantling plans, which revised upwards the estimated future flows for the purposes of the dismantling works.

In relation to block 4.05, where there was also an update of the provisional dismantling plan in the period, the revision was downwards. Considering that the dismantling asset of block 4.05 was already fully depreciated at date, the change in estimate was fully recognised in non-operating results (See Note 33).

Finally, the changes occurred in block 32 and 18 result from the combined effect of the increase in the discount rate and the revision of the estimated year to abandon the referred blocks, which led to an increase in the dismantling asset in both cases.

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

Block	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B03.5A	33,776,883,493	147,088,184	-	(657,072,996)	-	(4,863,536,618)	28,403,362,063
B05.06	(158,204,989)	-	-	-	-	23,044,548	(135,160,441)
B09.09	(88,382,931)	-	-	-	-	12,874,086	(75,508,845)
B14.00	149,674,493,477	-	-	(144,417,521)	-	(21,785,976,810)	127,744,099,146
B15.06	(16,227,233,293)	-	-	-	-	2,363,700,802	(13,863,532,491)
B17.06	33,180,242,043	1,674,246,430	-	-	-	(5,018,578,309)	29,835,910,164
B20.11/B21.09	144,086,516,737	7,227,925,763	-	-	-	(21,788,661,352)	129,525,781,148
B22.11	(466,875,480)	-	-	-	-	68,006,291	(398,869,189)
B31.00	1,511,503,966,323	271,820,307	-	(418,214,281)	-	(220,153,363,693)	1,291,204,208,656
B32.00	220,965,807,520	10,015,852,192	-	-	-	(33,295,919,934)	197,685,739,778
B35.11	(118,019,886)	-	-	-	-	17,191,082	(100,828,804)
B36.11	14,791,119,343	-	-	-	-	(2,154,512,727)	12,636,606,616
B37.11	3,294,145,055	-	-	-	-	(479,833,467)	2,814,311,588
Total	**2,094,214,457,412**	**19,336,932,876**	**-**	**(1,219,704,798)**	**-**	**(307,055,566,101)**	**1,805,276,119,389**

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

In 2021, movements in accumulated depreciation of oil and gas properties were as follows:

Captions	2020	Increases	Decreases	Transfers	Exchange rate differences	Other movements	2021
Oil and Gas assets - Development	(18,070,654,884,346)	(1,083,717,799,986)	-	-	2,752,263,140,071	-	(16,402,109,544,261)
Oil and Gas assets - Dismantling	(1,061,785,526,434)	(84,891,071,932)	-	-	164,065,918,312	-	(982,610,680,054)
	(19,132,440,410,780)	**(1,168,608,871,918)**	**-**	**-**	**2,916,329,058,383**	**-**	**(17,384,720,224,315)**

The increases accounted for in the caption 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	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B02.05	(489,003,577,676)	-	-	-	-	71,229,526,804	(417,774,050,872)
B03.05	(384,410,604,888)	(14,206,976,926)	-	-	-	57,567,968,294	(341,049,613,520)
B03.5A	(2,370,376,609)	-	-	-	-	345,275,192	(2,025,101,417)
B04.05	(283,714,618,243)	(285,626,305)	-	-	-	41,358,244,811	(242,641,999,737)
B14.00	(1,751,447,732,812)	(9,096,282,681)	-	-	-	256,128,016,629	(1,504,415,998,864)
B14.KU	(78,320,660,814)	(2,143,967,718)	-	-	-	11,645,880,159	(68,818,748,373)
B15.06	(2,264,064,402,036)	(193,940,927,408)	-	-	-	351,272,560,205	(2,106,732,769,239)
B15.«(15.19)	(153,975,814,242)	(75,766,263,995)	-	-	-	30,821,239,565	(198,920,838,672)
B17.06	-	(127,521,199,513)	-	-	-	14,125,682,938	(113,395,516,575)
B18.20	-	(8,922,380,581)	-	-	-	988,343,269	(7,934,037,312)
B31.00	(4,313,773,265,111)	(59,241,883,235)	-	-	-	634,917,676,652	(3,738,097,471,694)
B32.00	(1,353,570,157,005)	(438,390,015,127)	-	-	-	245,725,543,375	(1,546,234,628,757)
BFS/FST	(56,001,268,853)	(14,267,116,479)	-	-	-	9,737,676,124	(60,530,709,208)
BOC.ST	(18,407,185,687)	(206,406,988)	-	-	-	2,704,102,271	(15,909,490,404)
Block 0	(6,921,595,220,370)	(139,728,753,030)	-	-	-	1,023,695,403,783	(6,037,628,569,617)
Total	**(18,070,654,884,346)**	**(1,083,717,799,986)**	**-**	**-**	**-**	**2,752,263,140,071**	**(16,402,109,544,261)**

4.A.3.2 Movements, during the year, in accumulated depreciation of dismantling oil and gas assets by block:

Block	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B02.05	(39,331,827,584)	-	-	-	-	5,729,175,808	(33,602,651,776)
B03.05	(128,345,462,491)	(5,281,107,267)	-	-	-	19,280,127,125	(114,346,442,633)
B03.5A	(14,295,051)	-	-	-	-	2,082,255	(12,212,796)
B04.05	(47,697,580,711)	-	-	-	-	6,947,753,061	(40,749,827,650)
B14.00	(203,937,994,344)	(682,287,910)	-	-	-	29,781,713,992	(174,838,568,262)
B14.KU	(1,754,310,793)	(82,782,576)	-	-	-	264,707,380	(1,572,385,989)
B15.06	(77,069,615,442)	(7,308,275,845)	-	-	-	12,035,706,529	(72,342,184,758)
B15 (15.19)	(29,883,202,572)	(18,282,414,467)	-	-	-	6,378,030,575	(41,787,586,464)
B17.06	-	(6,947,137,604)	-	-	-	769,543,131	(6,177,594,473)
B18.20	-	(9,124,594,047)	-	-	-	1,010,742,707	(8,113,851,340)
B31.00	(113,275,447,435)	(7,764,868,736)	-	-	-	17,360,119,095	(103,680,197,076)
B32.00	(16,429,392,573)	(18,869,774,055)	-	-	-	4,483,376,345	(30,815,790,283)
BFS/FST	(21,606,856,446)	(3,449,973,017)	-	-	-	3,529,468,511	(21,527,360,952)
BOC.ST	(690,296,874)	(19,138,848)	-	-	-	102,670,463	(606,765,259)
Block 0	(381,749,244,118)	(7,078,717,560)	-	-	-	56,390,701,335	(332,437,260,343)
Total	**(1,061,785,526,434)**	**(84,891,071,932)**	**-**	**-**	**-**	**164,065,918,312**	**(982,610,680,054)**

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

In 2021, the movements occurred in accumulated impairment losses of oil and gas properties by Block were as follows:

Block	2020	Increases	Reversals	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
B14.KU	(83,144,670,598)	-	17,163,162,500	-	10,209,882,923	(55,771,625,175)
B15.06	(267,035,953,692)	-	155,953,856,200	-	21,621,944,260	(89,460,153,232)
B15.19	(109,022,466,661)	(72,510,928,930)	51,309,742,380	-	18,228,976,654	(111,994,676,557
B17.06	(13,174,003,550)	-	-	-	1,918,959,455	(11,255,044,095)
B17	-	(328,465,483,350)	-	-	36,384,532,860	(292,080,950,490)
B21.09	(39,965,710,097)	-	-	-	5,821,508,776	(34,144,201,321)
B31.00	(1,503,384,037,293)	-	114,094,463,150	10,407,211	206,347,270,698	(1,182,931,896,234)
B32.00	(406,839,879,999)	-	227,920,556,850	-	34,014,304,490	(144,905,018,659)
B36.11	(14,791,119,303)	-	-	-	2,154,512,721	(12,636,606,582)
B37.11	(3,294,145,133)	-	-	-	479,833,706	(2,814,311,427)
BFS/FST	(1,112,734,624)	-	-	-	162,083,805	(950,650,819)
BOC.ST	(17,401,658,194)	-	-	-	2,534,770,539	(14,866,887,655)
Block 0	(1,278,421,547,666)	-	275,352,369,140	-	155,717,064,856	(847,352,113,670)
Total	**(3,737,587,926,810)**	**(400,976,412,280)**	**841,794,150,220**	**10,407,211**	**495,595,645,743**	**(2,801,164,135,916)**

Under the scope of the assessment of existence of impairment triggers in the assets allocated to the blocks, taking into consideration that the year 2020 was strongly impacted by the worldwide COVID-19 pandemic, and considering the very significant increase in the price of a barrel of crude oil in 2021 (2021: 71 USD/Barrel and 2020: 42 USD/Barrel, according to the dated brent index published by platts), it was determined by the Board of Directors the need to perform impairment tests for most of its assets.

From the tests prepared, it was concluded that it was necessary to increase/book impairment in the areas of blocks 15.19 and 17 and reverse impairment in areas of blocks 0, 14-KU, 15.06, 15.19, 31 and 32.

The aforementioned impairment reversals result mainly from an upward revision of the reserves and economic limit of the blocks, as a result of the very significant increase in the crude oil market price , which made viable several investments and initiatives that would not be economically viable with the price levels of 2020. In relation to block 0, the upward assessment of the reserves of the block was additionally influenced by the extension of the block concession, which increased its economic limit from 2030 to 2041 (see Note 4.A.1).

In the specific case of block 17, the impairment charges for the year resulted from a review by the company of the internal rate of return of some areas of the block and the consequent division of the profit oil between the contractor group and the national concessionaire. This review results from information obtained from the contractor group (which Sonangol P&P joined in 2020) that was not available at the end of the previous year.

5. Intangible assets

5.1 Detail by nature

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

Captions	2021 Gross amount	2021 Accumulated amortisation	2021 Net Amount	2020 Net Amount
Goodwill	114,478,450,280	-	114,478,450,280	134,148,679,520
Business acquisition/Industrial property and other rights	869,249,363	(558,246,654)	311,002,709	369,054,856
Incorporation costs	289,920,526	(289,920,526)	-	-
Other intangible assets	90,528,980,011	(89,990,809,264)	538,170,747	736,066,215
	206,166,600,180	**(90,838,976,444)**	**115,327,623,736**	**135,253,800,591**

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 mainly by the exchange rate variation as detailed below. In the impairment tests prepared in 2021 no impairment to be recognised was identified.

5.2 Movements in gross amount during the year

In 2021, the movements occurred in the gross amount of Intangible assets were as follows:

Captions	2020	Increases	Decreases / write-off	Foreign exchange translation adjustments (FS conversion)	Closing balance
Goodwill	134,148,679,520	-	-	(19,670,229,240)	114,478,450,280
Industrial property and other rights and contracts	872,132,688	-	(2,883,325)	-	869,249,363
Incorporation costs	335,200,675	-	-	(45,280,149)	289,920,526
Other intangible assets	105,783,519,009	140,425,875	-	(15,394,964,873)	90,528,980,011
	241,139,531,892	**140,425,875**	(2,883,325)	**(35,110,474,262)**	**206,166,600,180**

5.3 Movements in accumulated amortisation during the year

In 2021, the movements occurred in the accumulated amortisation were as follows:

Captions	2020	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	Closing balance
Industrial property and other rights and contracts	(503,077,832)	(56,403,611)	1,234,789	-	(558,246,654)
Incorporation costs	(335,200,675)	-	-	45,280,149	(289,920,526)
Other intangible assets	(105,047,452,795)	(242,399,831)	-	15,299,043,362	(89,990,809,264)
	(105,885,731,302)	**(298,803,442)**	**1,234,789**	**15,344,323,511**	**(90,838,976,444)**

5.A. Exploration and evaluation assets

5.A.1 Detail by nature

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

Captions	2021 Gross amount	2021 Accumulated depreciation	2021 Accumulated impairment	2021 Net Amount	2020 Net Amount
Exploration and evaluation assets	108,620,512,974	-	20,982,362,348	87,638,150,626	41,153,523,593
Advances for the acquisition of participating interests	815,604,373,336	-	815,604,373,336	-	-
	924,224,886,310	-	836,586,735,684	87,638,150,626	41,153,523,593

Exploration and evaluation assets include all exploration and evaluation investments directly related with the mining activity. 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 2021, movements in the gross amount of Exploration and evaluation assets were as follows:

Captions	2020	Increases	Decreases	Transfers	Other movements	Foreign exchange translation adjustments (FS conversion)	2021
Exploration and evaluation assets:							
B04.05	10,951,797,884	-	(1,152,516,048)	-	-	(1,467,601,580)	8,331,680,256
B15.06	20,343,770,625	56,821,488,037	-	-	-	(9,257,513,084)	67,907,745,578
B17.00	-	46,463,851	-		-	(5,146,859)	41,316,992
B19.11	5,433,000,680	3,112,017,547	-	-	-	(1,136,107,021)	7,408,911,206
B22.11	(631,416,384)	-	-	-	-	91,973,745	(539,442,639)
B31.00	1,796,752,403	-	-	-	-	(261,719,606)	1,535,032,797
B32.00	5,056,370,788	189,032,070	-	-	-	(757,463,375)	4,487,939,483
B37.11	3,274,935,071	-	-	-	-	(477,035,770)	2,797,899,301
Block 2 – São Tomé and Príncipe	19,488,120,000	-	-	-	-	(2,838,690,000)	16,649,430,000
	65,713,331,067	**60,169,001,505**	**(1,152,516,048)**	**-**	**-**	**(16,109,303,550)**	**108,620,512,974**
Acquisition of participating interests:							
B09.09	90,804,860,061	-	-	-	-	(13,226,870,944)	77,577,989,117
B20.11/B21.09	863,858,206,475	-	-	-	-	(125,831,822,256)	738,026,384,219
	954,663,066,536	**-**	**-**	**-**	**-**	**(139,058,693,200)**	**815,604,373,336**
	1,020,376,397,603	**60,169,001,505**	**(1,152,516,048)**	**-**	**-**	**(155,167,996,750)**	**924,224,886,310**
Total	**1,020,376,397,603**	**60,169,001,505**	**(1,152,516,048)**	**-**	**-**	**(155,167,996,750)**	**924,224,886,310**

The increases in exploration and evaluation assets relate to the investments made during the year according to the participating interest held by Sonangol P&P in each block.

Noteworthy are the investments made in block 15.06, where the Group has a 36.84% participating interest, and which are related to exploration activities, which ended with the discovery of Cuica-1 oil, in the Cabaça development area, which aims to extend the residual useful life of the FPSO that operates the block.

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

During 2021, movements in accumulated impairment of Exploration and evaluation assets were as follows:

Captions	2020	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	2021
Exploration and evaluation assets:						
B37.11	(3,274,935,071)	-	-	-	477,035,520	(2,797,899,551)
B31.00	(1,796,752,403)	-	-	-	261,719,606	(1,535,032,797)
Block 2 – São Tomé and Príncipe	(19,488,120,000)	-	-	-	2,838,690,000	(16,649,430,000)
	(24,559,807,474)	**-**	**-**	**-**	**3,577,445,126**	**(20,982,362,348)**
Acquisition of participating interests:						
B09.09	(90,804,860,061)	-	-	-	13,226,870,944	(77,577,989,117)
B21.09 and B20.11	(863,858,206,475)	-	-	-	125,831,822,256	(738,026,384,219)
	(954,663,066,536)	**-**	**-**	**-**	**139,058,693,200**	**(815,604,373,336)**
Total	**(979,222,874,010)**	**-**	**-**	**-**	**142,636,138,326**	**(836,586,735,684)**

6. Investments in affiliates

6.1 Detail by type of measurement

As at 31 December 2021, the financial investments by type of measurement are detailed as follows:

Net amount	2021	2020
Financial investments – cost less impairment losses	2,017,608,870,376	2,139,571,023,633
Financial investments – fair value	261,130,083,737	289,822,383,214
Total	**2,278,738,954,113**	**2,429,393,406,847**

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

As at 31 December 2021, the detail of financial investments measured at cost less impairment losses (when applicable) are as follows:

Captions	% held	2021 Gross amount	2021 Accumulated provisions	2021 Net Amount	2020 Net Amount
ACS	100%	19,199,005,847	(19,199,005,847)	-	-
AGOLE	100%	2,295,769	(2,295,769)	-	-
ALM	50%	432,330	-	432,330	506,042
Angoflex	30.0%	1,084,724,391	(1,084,724,391)	-	-
Angola Cables	9.0%	7,454,669,066	(7,454,669,066)	-	-
Angola LNG Supply Ltd	22.8%	1,111,877,591,228	(105,165,250,639)	1,006,712,340,589	864,294,026,980
Angolan LNG Fleet Management	50%	9,734,367	-	9,734,367	29,063,283
Banco Angolano de Investimentos	8.5%	1,275,840,744	-	1,275,840,744	1,275,840,744
Banco Caixa Geral Angola	25%	38,869,961,430	-	38,869,961,430	45,458,617,499
Banco Economico, S.A.	70.38%	114,384,460,346	(114,384,460,346)	-	-
Bauxite	20%	491,250,000	(491,250,000)	-	-
Bayview	16%	136,000	(136,000)	-	-
Banco de Comércio e Indústria, SARL	0.2%	79,147,425	(79,147,425)	-	-
Biocom	20%	14,711,331,806	(14,711,331,806)	-	1,051,800,000
Cogesform - Comércio Gestão e Formação	100%	6,259,750	(3,840,312)	2,419,438	2,419,438
China Sonangol International	30%	301,970,483,768	(301,970,483,768)	-	-
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%	127,481,779,108	-	127,481,779,108	94,722,723,273
Empresa de Serviços e Sondagens de Angola, Lda	100%	140,565,651,433	(112,907,277,288)	27,658,374,145	32,331,439,684
Genius, Lda	10%	701,250,000	(701,250,000)	-	-
Gesporto	70%	1,400,000	(1,400,000)	-	-
Gestão de PA (Sonangol/Total)	0.03%	2,775	-	2,775	3,246
INLOC	100%	27,769,500,000	-	27,769,500,000	27,769,500,000
Kicombo	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%	6,659,772,000	(6,659,772,000)	-	-
Mota Engil Angola	20%	6,494,048,204	-	6,494,048,204	6,494,048,204
Miramar Empreendimentos	40%	332,988,600	-	332,988,600	389,762,400
Manubito, Lda	100%	5,326,047	-	5,326,047	6,234,126
Net One	51.0%	12,985,907,182	(12,985,907,182)	-	-
OPCO _ Angola LNG Operating Company – Sociedade Operacional Angola LNG	22.80%	12,653,567	-	12,653,567	14,810,971
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%	28,727,577,316	(28,727,577,316)	-	-
Puma Energy Holding Pte Ltd	0.00%	-	-	-	101,387,608,141
PP São Tomé e Príncipe	100.00%	27,762,370	-	27,762,370	368,304,928
Petrolera Venangocupet, S.A.	20.00%	17,618,427	(17,618,427)	-	-
PT Ventures	100.00%	523,699,246,194	(435,038,949,271)	88,660,296,923	103,776,676,178
Societe Ivoirienne de Reffinage	20%	24,974,145 000	(24,974,145,000)	-	-
S. Tomé e Principe Offshore	51%	765,000	(765,000)	-	-
Somg	22.8%	22,187,585	-	22,187,585	25,970,518
Sonacergy-Serviços e Construções Petrolíferas, Lda	40%	1,414,181,123	-	1,414,181,123	1,655,295,793
Sonadiets Limitada	0%	-	-	-	6,439,161
Sonadiets Service S.A.	0%	-	-	-	309
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%	70,858,845,249	(70,858,845,249)	-	-
Sonangol Holdings USA, Ltd	100%	399,528,106	(399,528,106)	-	-
Sonangol International	100%	5,549,810	-	5,549,810	6,496,040
Sonangol Pesquisa & Produção Iraque Cayman Islands	100%	191,650,754,594	(127,848,006,214)	63,802,748,380	132,298,543,572
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%	27,749,050	-	27,749,050	32,480,200
Sonangol Hidrocarbonetos Brasil, Ltda	100%	94,533,109,311	(94,533,109,311)	-	-
Sonangol Libongos Limited	100%	294,972,401,500	-	294,972,401,500	345,264,526,000
Sonangol Pacific Inc.	100%	5,549,810	-	5,549,810	6,496,040
Sonangol Quenguela Limited	100%	294,972,401,500	-	294,972,401,500	345,264,526,000
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%	1,997,932	-	1,997,932	2,338,574
Sonasurf (Angola)-Companhia de Serviços Marítimos, Lda	50%	187,500	-	187,500	187,500
Sonasurf Internacional	49%	401,360,442	-	401,360,442	401,360,038
Sonatide Marine Services Ltd	0%	-	-	-	52,460
Sonatide Marine Angola Ltd	0%	-	-	-	79,684,277
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%	438,434,990	-	438,434,990	6,496,040
Technip Angola	40%	1,042,720	-	1,042,720	1,042,720
Total Marketing & Serviços de Angola S.A	50%	14,683,151,592	-	14,683,151,592	11,770,082,086
Unitel	25%	12,136,851,462	-	12,136,851,462	14,206,157,383
Wams	100%	1,667	-	1,667	1,667
Research and Development Centre	100%	39,800,002	-	39,800,002	-
Sonangol Africa Limited	100%	555	-	555	-
Sociedade de Desenvolvimento da Barra do Dande	20%	200,000,001	-	200,000,001	-
Founton Limited	10%	-	-	-	-
Intercontinental Hotel	100%	350,000	-	350,000	-
		3,502,856,850,416	(1,485,247,980,040)	2,017,608,870,376	2,139,571,023,633

Sonangol Africa Limited "SAL" is a company incorporated in April 2021, headquartered in the British Virgin Islands, whose share capital is 100% owned by Sonangol E.P..
SAL is the legal entity that under the asset Equity Swap with Trafigura, acquired the set of assets in Angola held by Puma Energy, namely: Pumangol, Lda, Pumangol Bunkering, Lda, Pumangol Industrial, Lda, and Angobetumes - Sociedade Angolana de Betumes, Lda.

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

Financial investment in Angola LNG

Sonangol Gás Natural, Lda holds a 22.80% participating interest in Angola LNG Supply Ltd, Angola LNG Operating Company - Sociedade Operacional Angola LNG (OPCO) and 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%. In addition, Sonangol Gás Natural, Lda holds a 50% interest in Angola LNG Marketing Limited (ALM).

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 is 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 taxation the most relevant.
- Gradual recovery of investments through depreciation; 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 shipments 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. So 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 recent approval of the Gas Law - Presidential Legislative Decree no. 7/18 of 18 May, will allow new developments in the industry.

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 2021, the movements in the financial investment in Angola LNG Supply Ltd were as follows:

Entity	2020 Net Amount	Amounts Paid	Amounts Received	Provisions	Provision reversal	Foreign Exchange adjustments	2021 Net Amount
Angola LNG Supply Ltd	864,294,026,980	-	(161,508,479,700)	-	463,245,934,075	(159,319,140,766)	1,006,712,340,589
	864,294,026,980	**-**	**(161,508,479,700)**	**-**	**463,245,934,075**	**(159,319,140,766)**	**1,006,712,340,589**

During 2021 the shareholders of Angola LNG Ldt, decided to decrease the share capital in the amount of USD 1,135,000 thousand, of which USD 258,780 thousand (corresponding to AOA 161,508,480 thousand) were reimbursed to the subsidiary Sonagás. The receipt was recorded against a decrease in the investment in this affiliate.

Within the scope of the impairment test carried out in 2021, a reversal of almost all the impairment booked in previous years in the amount of USD 742,245 thousand (corresponding to AOA 463,245,934 thousand) was made, so that as at 31 December 2021, the accumulated impairment in the investment amounts to USD 189,493 thousand, around AOA 105,165,251 thousand (2020: USD 931,738 thousand corresponding to AOA 605,260,691 thousand). The test took into consideration not only the existing reserves but also the additional gas supply from the free areas. Given Sonagás' 22.8% shareholding in the project, the fair value of the shareholding as at 31 December 2021 is USD 1,813,958 thousand, corresponding to AOA 1,006,712,341 thousand.

In the impairment test carried out as at 31 December 2021, a discount rate of 10.99% (2020: 11.8% to 10.0%) was considered and obtained a Net Present Value ("NPV") for the project of USD 7,955,957 thousand, corresponding to AOA 4,415,405,003 thousand (2020: between USD 5,700,000 thousand and USD 6,500,000 thousand).

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 2021 Gas Supply Plan;
- Cash Flows until 2040;
- Average of the price curve of the publications of several independent entities (World Bank, Deloitte, among others) as at 2021; and
- Opex and Capex are in line with ALNG 2022-2040 Business Plan.

Sonangol P&P Iraque Cayman Islands

In 2021, 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 the amount of USD 88,696 thousand corresponding to AOA 55,356,788 thousand and considered, among others, the following assumptions:

- Operational management of the projects under the responsibility of the entity's partner, with SHI retaining the right to 10% of the projects' profit oil 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 2024 (Qaiyarah in production since the end of 2018);
- Discount rate of 15.71%;
- Tax rate of 35%;
- Estimated reserves of 438 MMbbl for Qaiyarah and 339 MMbbl for Najmah, corresponding to an ELT (Economic Limit Test) of 2036.

The investment recoverability assessment prepared in 2020 did not identify the need to reinforce the impairment booked in 2019 and considered, among others, the following assumptions:

- Operational management of the projects under the responsibility of the entity's partner, with SHI retaining the right to 10% of the projects' oil-profit after recovery of the recoverable costs financed by it;
- Najmah field coming into production in 2021 (Qaiyarah in production since the end of 2018);
- Discount rate of 14.11% (8.8% for cash-flows associated with recoverable costs whose risk is much lower);
- Tax rate of 35%;
- Estimated reserves corresponding to an ELT (Economic Limited Test) of 2042;
- Oil prices as disclosed in Note 2.2.2 v) less the estimated crude oil differential of 10 USD/bbl.

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 167,821,657 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 occurred in these financial investments is associated with the appreciation of the kwanza against the US dollar, which resulted in a decrease in the year related to currency translation adjustment of the Financial Statements.

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.

Disposals under the Privatisation Programme (PROPRIV)

The decreases also include the effect of the disposal of shareholdings in Sonadiets Service, Sonadiets Limitada, Sonatide Marine Services Limited, Sonatide Marine Angola Limitada and Founton, under the scope of the Privatisation Programme (PROPRIV) approved by the Board of Directors of Sonangol E.P. These disposals resulted in the recognition of capital gains of AOA 2,709,573,525 regarding Sonadiets Service, Sonadiets Limitada, AOA 6,148,845,970 regarding Sonatide Marine Services Limited and Sonatide Marine Angola Limitada (see Note 31) and AOA 253,848 thousands regarding Founton. Regarding the sale of Sonatide Marine Services Limited and Sonatide Marine Angola Limitada, the amount was received on 4 January 2022, 2 working days after the completion date of the operation (31 December 2021), as defined in the terms of the contract. Therefore, as at 31 December 2021, there is an asset receivable from Tidewater presented under the caption Accounts receivable (see Note 9). It is the Board of Directors understanding that the closing date of the operation occurred in December 2021, as all the precedent conditions were met on that date and all the rights and benefits associated with the participation had already been transferred to the counterparty on that date.

Puma Energy Equity Swap

As disclosed in the 2020 Annual Report and Accounts, on 15 April 2021, it was agreed to sell the investment 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, holder of a set of assets in Angola, namely:

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

Prior to the sale of Puma Energy, and following the impacts of the COVID-19 pandemic on the entity's activity, Puma Energy's core shareholders (Trafigura and Sonangol) granted support in the amount of USD 82,245 thousand, of which USD 25,830 thousand guaranteed by Sonangol Holdings. Considering the nature of the support granted, it was considered as a contribution from the shareholder consisting in an increase of the financial investment, being included in the increases of the period the amount of AOA 16,779,272 thousand. The support was initially guaranteed by Trafigura and the settlement of this debt was made during 2021, so an additional interest of USD 1,335 thousand was paid to Trafigura, which was recognised under the caption Interest Expense.

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 investment in Puma Energy held by the Group corresponded to the valuation of the assets received by the Group, with a fair value determined based on an external valuation amounted to USD 458 million, corresponding to AOA 254,181,298 thousand, which are recognised in the Financial Statements of Sonangol Africa Limited. As at 31 December 2021, the Group has an asset receivable from Sonangol Africa Limited amounting to AOA 254,181,298 thousand, corresponding to the fair value of the transaction (see Note 9.2.2.) and booked an accounting gain associated to this transaction of AOA 136,008,916,749 (see Note 31).

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 to the market opting for the referred exchange operation.

Banco Económico

In view of the continued unfavourable financial performance of Banco Economico in the domestic market, on 31 December 2019 Sonangol E.P. decreased its net position in that bank, booking a provision proportionate to its net position, with the said investment having a net value of zero. On 15 February 2022, the Executive Committee of Banco Económico, presented the Bank's Recapitalisation and Restructuring Plan (PRR). In substance, the PRR includes the issuing 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 (above USD 5 million) into share capital through a Securities Investment Fund (closed), and the conversion of 20% of deposits through the Participation Fund without the possibility of public entities participating in the plan.

Sonangol's strategy is to not increase its exposure in the Bank's capital, so its current investment will be diluted under the PRR mechanism approved by the National Bank of Angola. Thus, Sonangol has already requested the necessary authorisation from higher authorities to not participate in the recapitalisation of Banco Económico and, consequently, its withdrawal from the Bank's capital without any additional onus.

6.2.1 Movements, during the year, in provisions

In 2021, the movements occurred in the accumulated provisions of financial investments were as follows:

Captions	2020	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	2021
Movements occurred in provisions	2,141,520,941,686	56,408,587,582	463,245,934,075	13,659,531,806	(263,095,146,959)	1,485,247,980,040
	2,141,520,941,686	**56,408,587,582**	**463,245,934,075**	**13,659,531,806**	**(263,095,146,959)**	**1,485,247,980,040**

The increase is mainly due to the recognition of impairment over the financial investment in Sonangol Pesquisa & Produção Iraq in the amount of AOA 55,356,788 thousand (USD 88,696,454).

With regard to the decrease, and as explained above in Note 6.2, almost all the impairment booked in previous years was reversed in the Angola LNG Supply Ltd investment by AOA 463,245,934 thousand.

The transfers column relates to the increase in the value of the investment in Biocom under the scope of the resolution of the General Meeting of the entity of 7 May 2021, which determined the conversion of the shareholder loans granted to the company into additional capital contributions. Accordingly, the amount of AOA 13,659,532 thousand was recognised as financial investment, corresponding to the value of the referred shareholder loans. The value of the financial investment was also provisioned as the referred shareholder loans were fully provided for. It should be noted that at the referred General Meeting the need for future capital contributions was discussed, but as at this date there is no commitment by Sonangol Holdings for this future contribution.

6.3 Detail by entity – financial investments – fair value

As at 31 December 2021, the financial investments measured at fair value relate to the investment in Banco Millennium BCP, as follows:

Captions	% held	2021 Fair value	2020 Fair value
Banco Millennium BCP	19.49%	261,130,083,737	289,822,383,214
Total		**261,130,083,737**	**289,822,383,214**

As at 31 December 2021, 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 2021.

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

(*) 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	362,990,802	-	52,150,464	-	415,141,266
Amount in AOA	289,822,383,214	(21,680,834,012)	36,889,747,846	(43,901,213,311)	261,130,083,737

Sonangol E.P.´s investment 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 of the more relevant investments in affiliates

As at 31 December 2021, 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	7,062,057,000	24,992,000	EUR	19.49%	Portugal	Fuson Group 29.95% BlackRock, Inc 2.68% EDP Group Pension Fund 2.06% Other shareholders 45.82%	261,130,083,737
Angola LNG Supply Ltd	6,085,133,976	1,110,860,139	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%	1,006,712,340,589
Sonangol Pesquisa & Produção Iraque Cayman Islands	275,523,000 a)	(25,217 000) a)	USD	100%	Cayman Islands	N/A Other (9.72%)	132,298,543,572
PT Ventures	313,281,949 b)	127,672,131 b)	EUR	100.00%	Portugal	N/A	88,660,296,923

a) Financial information for 2020.

b) Preliminary financial information for 2020

7. Other financial assets

7.1 Detail by nature

As at 31 December 2021, Other financial assets are detailed as follows:

Captions	2021	2020
Real Estate Investments	384,593,834,553	425,500,340,574
Energy Fund III	24,811,785,863	31,307,851,216
Gateway Fund I	190,004,868,048	176,747,301,482
Gateway Fund II	13,678,055,960	-
Other financial assets	1,408,270,588	1,043,654
	614,496,815,012	**633,556,536,926**

7.1.1 Real Estate investments

As at 31 December 2021, Real estate investments were detailed as follows:

Captions	2021	2020
Real Estate investment:		
- Hotels	19,308,381,821	23,609,570,937
- Overseas properties	19,701 094,257	25,428,282,142
- Other properties	34 039 368,380	40,976,363,960
	73 048 844,458	**90,014,217,039**
Real Estate investment in progress:		
- Hotels	303,447,544,514	326,007,348,608
- Other properties	8 097 445,581	9,478,774,927
	311 544 990,095	**335,486,123,535**
	384,593,834,553	**425,500,340,574**

The caption Hotels includes investments in hotels, such as, HCTA (AOA 14,908,462 thousand), Maianga (AOA 2,313,381 thousand), Florença (AOA 1,068,627 thousand) and Base do Kwanda (AOA 1,017,910 thousand). 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.

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 290,367,382 thousand, which is partially operational after its official inauguration on 11 November 2021, with completion scheduled for 2022.

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.

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

Captions	Opening balance 31.12.2020	Other movements	Increases	Decreases	Exchange rate differences	Closing balance 31.12.2021
Hotels	210,893,066,938	-	-	-	(30,719,230,003)	180,173,836,935
Overseas properties	52,436,650,419	-	-	-	(8,116,948,138)	44,319,702,281
Other properties	82,090,124,447	-	-	-	(11,957,459,986)	70,132,664,461
Real Estate in progress	412,145,684,939	-	26,373,184,600	-	(61,480,729,680)	377,038,139,859
	757,565,526,743	**-**	**26,373,184,600**	**-**	**(112,274,367,807)**	**671,664,343,536**

7.1.1.2 Movements, during the year, in accumulated depreciation

In 2021, the movements occurred in Accumulated depreciation of real estate investments were as follows:

Captions	Opening balance 31.12.2020	Other movements	Increases	Decreases	Exchange rate differences	Closing balance 31.12.2021
Hotels	(26,848,122,383)	-	(969,556,942)	-	4,018,166,055	(23,799,513,270)
Overseas properties	(27,008,368,277)	-	(2,052,500,563)	-	4,442,260,816	(24,618,608,024)
Other properties	(17,685,792,006)	-	(1,088,890,077)	-	2,696,775,956	(16,077,906,127)
	(71,542,282,666)	**-**	**(4,110,947,582)**	**-**	**11,157,202,827**	**(64,496,027,421)**

7.1.1.3 Movements, during the year, in provisions

In 2021, the movements occurred in provisions were as follows:

Captions	Opening balance 31.12.2020	Other movements	Increases	Decreases	Exchange rate differences	Closing balance 31.12.2021
Hotels	(160,435,373,618)	-	-	-	23,369,431,774	(137,065,941,844)
Other properties	(23,427,968,481)	-	-	-	3,412,578,527	(20,015,389,954)
Real Estate in progress	(76,659,561,404)	-	-	-	11,166,411,640	(65,493,149,764)
	(260,522,903,503)	**-**	**-**	**-**	**37,948,421,941**	**(222,574,481,562)**

As at 31 December 2021, the value of provisions amounts to AOA 222,574,482 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 to the Group's Hotels, Other properties and Real Estate in progress (excluding Hotel Intercontinental). In the analysis performed as at 31 December 2021, no additional impairments to be booked were identified.

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

In 2021, 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	Exchange rate differences	Closing balance
Energy Fund III	31,307,851,216	(2,176,810,765)	-	(4,319,254,588)	24,811,785,863
Gateway Fund I	176,747,301,482	59,466,323,159	(15,604,678,068)	(30,604,078,525)	190,004,868,048
Gateway Fund II	-	3,838,682,967	11,543,249,082	(1,703,876,089)	13,678,055,960
Amounts in AOA	**208,055,152,698**	**61,128,195,361**	**(4,061,428,986)**	**(36,627,209,202)**	**228,494,709,871**
Amounts in USD	**320,279,975**	**97,943,801**	**(6,507,501)**		**411,716,275**

In 2021, gains in the amount of AOA 63,305,006 thousand were recognised under Gains on investments and financial assets and losses in the amount of AOA 2,176,811 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 25,003 thousand, of which USD 18,495 thousand were delivered to Gateway Fund II, according to 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 incorporation:

Captions	2021 Closing Balance	2020 Closing Balance
Original cost (invested capital)	206,973,298,280	320,824,967,758
Realised gain / losses	89,540,847,098	186,832,478,468
Distributions (Gross)	(277,901,742,031)	(485,871,670,381)
Unrealised gains / losses	(12,309,238,828)	(12,197,655,233)
Remaining cost	**6,303,164,519**	**9,588,120,611**
Other contributions and assets associated to the fund	40,929,928,111	58,285,320,692
Management fees	(22,421,306,767)	(36,565,590,087)
Investment value	**24,811,785,863**	**31,307,851,216**

The amount reported for the fund investment - Energy Fund III – represent their market fair value, according to the independent fund manager final reports, as at 31 December 2021.
The comparative data in the table includes information regarding Energy Fund II which was settled at the end of 2020.

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	336,204,756	186,587,251,928	24,546,355	13,622,760,705
Balance in Liquidity Management	6,158,078	3,417,616,120	99,635	55,295,255
Fair value of investment	**342,362,834**	**190,004,868,048**	**24,645,990**	**13,678,055,960**

The reported value for the investment in the Gateway Fund with an investment commitment in the initial amount of AOA 138,745,250 thousand (USD 250,000 thousand) represents its fair value according to the independent fund manager report as at 31 December 2021 and corresponds mainly to investments associated to companies in Africa and Asia and to the balance in the liquidity management portfolio.

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	**332,160,398**	**184,342,709,842.44**	**18,412,834**	**10,218,773,026**
Accumulated portfolio gains/ (losses)	193,213,563	107,229,856,646	8,004,043	4,442,091,788
Distributions	(180,925,825)	(100,410,395,284)	-	-
Management fees	(17,967,655)	(9,971,707,140)	(1,685,417)	(935,374,412)
Other income and expenses related to the portfolio	9,724,275	5,396,787,864	(185,105)	(102,729,697)
Investment value	**336,204,756**	**186,587,251,928**	**24,546,355**	**13,622,760,705**

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	**19,986,814**	**12,983,514,972**	**252,097,873**	**163,763,786,510**
Investment (contributions)	(3,562,846)	(2,223,625,631)	15,681,325	9,786,950,152
Management fees	-	-	(1,430,811)	(892,990,607)
Portfolio gains/ (losses)	74,094	46,243,177	96,637,752	60,313,070,589
Divestment / Distributions	14,662,904	9,151,338,399	(26,781,383)	(16,714,662,994)
Liquidity management account release	(6,507,501)	(4,061,428,987)	-	-
Contributions to Gateway Fund II	(18,495,388)	(11,543,249,057)	-	-
Foreign Exchange adjustments	-	(935,176,753)	-	(29,668,901,722)
Closing balance	**6,158,078**	**3,417,616,120**	**336,204,756**	**186,587,251,928**

Gateway Fund II

Captions	Liquidity Management Portfolio		Investment Portfolio	
	USD	AOA	USD	AOA
Opening balance	-	-	-	-
Investment (contributions)	(18,412,834)	(11,491,725,892)	18,412,834	11,491,725,892
Management fees	-	-	(1,685,417)	(1,051,894,031)
Portfolio gains/ (losses)	17,081	10,659,884	7,818,938	4,879,916,490
Contributions to Gateway Fund I	18,495,388	11,543,249,057	-	-
Foreign Exchange adjustments	-	(6,887,794)	-	(1,696,987,646)
Closing balance	**99,635**	**55,295,255**	**24,546,355**	**13,622,760,705**

In 2021, in Gateway Fund I, part of the investment was made with Distributions from the fund itself.
In October 2020, the Board of Directors of Sonangol E.P. approved the terms and execution of the Subscription Agreement of Gateway Fund II, with a subscription date of 8 February 2021. As defined in the Subscription Agreement the contributions to the fund are based on distributions released by the Gateway Fund I. The investment commitment in Gateway Fund II amounts to USD 100 million.

8. Inventories

8.1 Detail by nature

As at 31 December 2021, Inventories are analysed as follows:

Captions	2021 Gross amount	2021 Accumulated provisions	2021 Net Amount	2020 Net Amount
Raw materials, subsidiary materials and consumables	69,788,109,492	(20,245,450,755)	49,542,658,737	30,069,171,782
Products and work in progress	179,914,079,677	(95,779,589,894)	84,134,489,783	100,830,058,203
Finished products and intermediates	57,146,489,439	(1,337,199,088)	55,809,290,351	10,874,541,833
Goods	171,579,045,487	(15,298,664,622)	156,280,380,865	94,608,114,504
Raw materials, good and materials in transit	1,599,262,536	-	1,599,262,536	579,013,949
	480,026,986,631	**(132,660,904,359)**	**347,366,082,272**	**236,960,900,271**

Inventories are valued at purchase price and subsequently deducted from the respective provisions for value losses. The amount shown is net of cutback in the amount of AOA 30,025,765 thousand (2020: AOA 36,025,765), 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 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 oil products from the Refining and Petrochemicals segment.

Goods mainly include the stock of refined oil products in the *Distribution and Commercialisation* segment and crude oil from the *Exploration and Production* segment being recorded at the lower of their acquisition cost and their net realisable value.

The increase in the captions finished products and intermediates and goods is influenced by the effect of the increase in quantities in stock at the end of the year compared to the same period last year and by the price effect, resulting from changes in the legal and regulatory framework in the sector in Angola (Presidential Decree no. 283/20) and by the increase in the market reference price.

8.2 Movements, during the year, in provisions

Captions	Opening balance 31.12.2020	Other movements	Increases	Decreases	Charge-offs	Exchange rate differences	Closing balance 31.12.2021
Raw materials, subsidiary materials and consumables	(22,266,216,685)	-	(913,226,767)	-	-	2,933,992,697	(20,245,450,755)
Products and work in progress	(112,299,444,954)	-	(112,868,737)	-	1,437,317,971	15,195,405,826	(95,779,589,894)
Finished products and intermediates	(225,509,158)	-	(1,111,689,930)	-	-	-	(1,337,199,088)
Goods	(23,841,090,915)	-	(744,057,716)	2,598,892,250	4,332,321,914	2,355,269,844	(15,298,664,622)
	(158,632,261,711)	**-**	**(2,881,843,150)**	**2,598,892,250**	**5,769,639,885**	**20,484,668,367**	**(132,660,904,359)**

9. Other non-current assets and accounts receivable

9.1. Detail by nature

As at 31 December 2021 and 2020, Other non-current assets and accounts receivable are detailed as follows:

Captions	Current		Non-current	
	2021	2020	2021	2020
Trade receivables	429,439,892,415	373,980,345,610	40,937,966,324	71,931,248,465
Trade payables – debt balances	42,727,725,349	46,389,808,654	-	-
State	21,786,496,192	12,306,164,065	-	-
State (PNUH - Centralities)	549,657,904,401	-	-	666,957,685,860
Subsidiaries and associates	317,538,222,636	69,387,398,759	31,347,277,380	70,490,708,132
Personnel	3,602,212,075	3,213,302,796	-	-
Transactions with the State	3,541,401,354,395	2,357,481,813,995	-	-
Transactions with the National Oil, Gas and Biofuels Agency	165,907,748,578	583,217,476,950	-	-
Receivables – mining activity	139,221,990,322	160,953,040,960	-	-
Working capital	68,336,910,955	90,874,007,283	-	-
Receivables – Underlift	117,582,608,307	164,803,738,866	-	-
Other receivables	78,521,132,336	58,656,325,521	487,023,904	60,161,052,157
	5,475,724,197,961	**3,921,263,423,459**	**72,772,267,608**	**869,540,694,614**

The balance of non-current trade receivables, in the amount of AOA 40,937,966 thousand, is mainly related to instalment sales of real estate assets in the "*Non-core*" segment, net of provisions for doubtful debts in the amount of AOA 54,588,120 thousand.

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 change compared to the previous year is mainly justified by the appreciation of the kwanza against the dollar.
The amount of AOA 549,657,904 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 period 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. At the balance sheet date, USD 70 million were paid under this agreement.

The PNUH is an initiative of the Executive 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 Subsidiaries and associates

As at 31 December 2021, 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 Subsidiaries and associates (non-current)

Caption	2021 Gross amount	2021 Accumulated provisions	2021 Net Amount	2020 Net Amount
Puaça	33,323,095,009	(20,118,179,250)	13,204,915,759	43,411,844,958
GENIUS	10,873,560,699	(10,873,560,699)	-	-
Embal	437,635,605	(437,635,605)	-	-
Lobinave	3,616,021,015	(3,616,021,015)	-	-
Biocom	-	-		
Bauxite	277,490,500	(277,490,500)	-	-
Paenal	28,378,953,435	(28,378,953,435)	-	-
Luanda Waterfront	10,139,502,870	-	10,139,502,870	11,868,265,080
Diranis	16,060,676,226	(8,096,122,955)	7,964,553,271	10,204,008,409
Angoflex	507,610,702	(507,610,702)	-	-
Sonangol Hidrocarbonetos Brasil, Ltda	385,452,878,604	(385,452,878,604)	-	-
Sonangol Hidrocarbonetos USA, Ltd.	68,470,995,653	(68,470,995,653)	-	-
Esperaza Holding B.V.	-	-	-	5,006,589,687
Others	110,996,200	(72,690,720)	38,305,480	-
Total	**557,649,416,518**	**(526,302,139,138)**	**31,347,277,380**	**70,490,708,134**

Intercompany loans to each of the above entities are subject to the respective contracts. These intercompany loans are investments made by the Group in affiliates and the payment terms are deferred according to the respective contracts.

The changes in the period are mainly due to the exchange rate impact, since these receivables are denominated in foreign currency (US dollar and Euro), and to the recognition of a provision on the receivable from Puaça, as a result of the assessment of the recoverability of this entity's outstanding balance, taking into account the degree of hedging of its net assets available for debt settlement in favour of the Group, the impact of which was recognised in non-operating results (Note 33).

9.2.2 Subsidiaries and associates (current)

Caption	2021 Gross amount	2021 Accumulated provisions	2021 Net Amount	2020 Net Amount
Empresa de Serviços e Sondagem de Angola, Lda (ESSA)	44,872,329,920	(30,997,804,920)	13,874,525,000	20,184,493,832
OPS Angola	7,307,412,293	(878,880,554)	6,428,531,739	4,380,073,485
Mota Engil Angola	1,029,020,361	-	1,029,020,361	1,029,020,362
Sonadiets Sevices	-	-	-	550,554,833
Cooperativa Cajueiro	4,155,145,111	-	4,155,145,111	4,686,270,500
Kwanda	6,559,629,125	-	6,559,629,125	4,636,666,182
Angola Cables	1,348,113,898	-	1,348,113,898	1,188,697,598
Complexo Cultural Paz-Flor	3,916,622,658	(3,916,622,658)	-	-
Sonils	-	-	-	13,301,723,099
Sonasurf	938,558,350	-	938,558,350	936,844,656
PT Ventures	-	-	-	17,358,068,614
Sonasing Xikomba	26 045 470,377	-	26 045 470,377	-
Sonangol Pacific	5,770,999,714	(4,037,370,601)	1,733,629,113	-
Sonangol Africa Limited	254,181,298,000	-	254,181,298,000	-
Other	1 224 301,562	-	1 224 301,562	1,134,985,598
	357,368,901,369	**(39,830,678,733)**	**317,538,222,636**	**69,387,398,758**

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 investment 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 identified the need to make a partial provision for this 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, but only 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.

9.3 Other receivables

The detail of other receivables is analysed as follows:

9.3.1 Other receivables (non-current)

Caption	2021 Gross amount	2021 Accumulated provisions	2021 Net Amount	2020 Net Amount
Cohydro (Nessergy)	106,834,988,597	(106,834,988,597)	-	-
Monumental	624,353,625	(624,353,625)	-	-
Space Group	857,383,376	(857,383,376)	-	-
FORCE PETROLEUM ANGOLA	107,086,135,497	(107,086,135,497)	-	-
EXEM AFRICA	-	-	-	59,590,991,785
Grupo Genius	95,844,538,748	(95,844,538,748)	-	-
Fornecedor - Saldo Devedor AAA	9,547,209,493	(9,547,209,493)	-	-
Other	487,023,904	-	487,023,904	570,060,372
	321,281,633,240	**(320,794,609,336)**	**487,023,904**	**60,161,052,157**

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 200 million.

The "Preliminary Commercial Agreement" signed between Sonangol E.P. and Cohydro, dated 27 January 2015, establishes that the amount due to Sonangol E.P. shall be reimbursed by Cohydro through Profit Oil obtained as concessionaire in CIZ to be defined in the PSA to be concluded between both parties.

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

The decrease in the receivable from Exem Africa Limited is associated with the decision of the International Court of Arbitration regarding Esperaza (See Note 6).

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 provided as at 31 December 2021, considering that the Board of Directors believes that the probability of recovery is low considering the available information at date.

9.3.2 Other receivables (current)

Caption	2021	2020
Social Fund	649,509,804	-
Social Fund – Advanced payment	8,389,989,951	4,526,194,108
Pension Fund	-	3,121,951,846
Other	69,481,632,581	51,008,179,567
Total	78,521,132,336	58,656,325,521

The Pension Fund item corresponds to advances made to the Sonangol Pension Fund to meet its liabilities.

9.4 Transactions with the State

As at 31 December 2021 and 2020, the detail of the balances associated with transactions with the state is as follows:

Captions	2021	2020
Concessionaire's current account	4,074,894,404	4,779,247,191
Credit receivables from OGE customers 2016 - 2021	402,508,966,143	283,267,368,385
State grants	1,907,521,098,275	702,868,602,702
Settlement of ZEE industries	43,781,466,049	51,136,343,542
Fuel company of São Tomé e Príncipe	7,719,401,380	1,394,502,828
Expenses incurred with Sonangol Investimentos e Indústrias, Lda	64,233,290,058	75,184,920,123
Other movements	130,376,455,440	90,375,099,153
Clearing agreement with the State - "Outstanding balance"	981,185,782,646	1,148,475,730,071
Total	3,541,401,354,395	2,357,481,813,995

The change in balances under the caption "Credit receivables from OGE customers 2016-2021" 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, which allow Sonangol E.P. to recover them from the Angolan State.

9.4.1. Clearing agreement with the State

As at 31 December 2019, 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 booked 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., and of the remaining balances presented in the previous table as at 31 December 2021, are in the process of reconciliation.

The aforementioned compensation exercise, which included credits and debt that were recognised in the Financial Statements of the subsidiaries and that were transferred to Sonangol E.P. for compensation purposes, resulted in an amount in favour of the entity of AOA 981,185,783 thousand (USD 1,767,963 thousand), recognised under the item "Clearing agreement with the State - "Outstanding balance", as shown in the map below.

The Clearing Agreement should 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 and its subsidiaries, namely debts resulting from commercial operations, general tax debts, customs and/or oil taxes, as well as allocation of shipments of crude oil.

As at 31 December 2021, under the "Clearing agreement with the State - "Outstanding balance" in favour of Sonangol to be recovered in future years through compensation for overdue tax liabilities, which is denominated in USD, is presented below:

Captions	Amount of USD 31.12.2021	Amount of AOA 31.12.2021 (calculated using the exchange rate as at 31.12.2021)
Balance according to clearing agreement with State as at 31.12.2019	**1,754,804,840**	**973,883,344,371**
"Offset" PNUH from May to December 2019	527,562,045	292,786,911,196
Balance according to clearing agreement with State as at 01.01.2020	**2,282,366,885**	**1,266,670,255,567**
Oil taxes from January to December 2020	(514,404,049)	(285,484,472,920)
Balance according to clearing agreement with State as at 31.12.2021	**1,767,962,836**	**981,185,782,647**

The change in this caption is associated with the appreciation of the kwanza against the US dollar, and there was no offsetting in the period under review.

The Board of Directors expects that the amount payable relating to the tax debts presented in Note 19.3. will be offset by the end of 2022 with the balance according to the offsetting agreement with the State as at 31 December 2021 to be received from the Angolan State.

9.4.2. State grants (subventions)

Captions	2020	Increases	Exchange rate change	2021
Grant	551,167,938,228	1,226,749,607,005	-	1,777,917,545,233
Implicit grant due to exchange rate differences	151,700,664,474	-	(22,097,111,432)	129,603,553,042
Total	**702,868,602,702**	**1,226,749,607,005**	**(22,097,111,432)**	**1,907,521,098,275**

The increase of AOA 1,226,769,607 thousand booked between the periods in the item Grant is related to the grants confirmed by IGAPE (see Notes 22 and 31).

The Institute for the Management of State Assets and Invstments (IGAPE - "Instituto de Gestão de Activos e Participações do Estado"), in compliance with its mission to support the Government in the coordination of the Income, Price and Grant Policy, under the terms of Presidential Decree no. 141/18, of 7 June, approving its Organic Statute, amended by Presidential Decree no. 72/20, of 20 March, combined with Presidential Decrees no. 206/11, of 29 July, of the General Bases of the National Pricing Policy and no. 283/20, of 27 October, and Executive Decrees no. 331/20, of 16 December and no. 77/16, of 25 February, published on its official website, on 15 April 2022, the confirmation relating to the costs of the price grants awarded to Sonangol for the period from January to December 2021, in the amount of AOA 1,226,749,607 thousand. In the State Budget for 2022 are included expenses related to grants on fuel prices for the settlement of the State's debt with Sonangol, amounting to AOA 819,882,528 thousand, and the Board of Directors expects that until the end of 2022 this amount will be paid in favour of the Group.

The Implicit grant due to exchange rate differences in the amount of AOA 129,603,553 thousand is in process of reconciliation.

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

As at 31 December 2021 and 2020, the transactions with the National Oil, Gas and Biofuels Agency (ANPG) are as follows:

Captions	2021	2020
Exploration, Production and Refining	**103,376,124,834**	**549,585,408,011**
Sale of Crude Oil in the international markets	261,786,832,735	339,055,464,710
Underlift balance	336,812,424	7,884,763,600
Purchase of Crude Oil from the National Oil, Gas and Biofuels Agency for Refinaria de Luanda	(305,356,014,817)	-
Sale of Crude Oil to ANPG	173,127,358,323	202,645,179,701
Pension Fund	(26,518,863,831)	-
Transition support	**19,494,976,118**	**18,626,270,645**
Concessionaire function expenses	11,885,125,340	18,626,270,645
Direct costs (Payments on account)	7,609,850,778	-
Other Services	**43,036,647,626**	**15,005,798,294**
Marketing Commission (Agency)	15,921,428,057	9,167,703,831
Other expenses	27,115,219,569	5,838,094,463
Total	**165,907,748,578**	**583,217,476,950**

Sale of Crude Oil in the international markets

The Sale of Crude Oil in the international market, in the amount of AOA 261,786,833 thousand (USD 471,704 thousand) corresponds to the balance receivable related to Sonangol Group's barrels sales in the international market that were used by the Angolan State, and that will be receivable by the Group by deducting the amounts related to the sale of barrels abroad on behalf of ANPG. This situation, together with the exchange rate impacts, sustained the reduction occurred in 2021, in which about USD 50,238 thousand, equivalent to AOA 27,880,935 thousand, were deducted from the balance owed by ANPG as at 31 December 2020.

Purchase of Crude Oil from the National Oil, Gas and Biofuels Agency for Refinaria de Luanda

The item "purchase of crude oil from ANPG for Refinaria de Luanda" in the amount of AOA 305,356,015 thousand (USD 550,210 thousand), refers to the amount to be paid to ANPG regarding the purchase of crude oil in 2020 and 2021, made by Refinaria de Luanda.

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 guarantee 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 the National Bank of Angola.

Sale of Crude Oil to ANPG

The Sale of Crude Oil to ANPG refers to the shipments of crude oil from blocks participated by the Sonangol Group, whose destination was Refinaria de Luanda. As stated above, until 27 October 2020, the shipments 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 was insufficient, the crude oil of the concessionaire's partners in the oil concessions, which includes Sonangol Group, was used as resource. As there were no changes in the year in the company's functional currency, the change presented above results from the appreciation of the Kwanza against the USD during the year.

Pension Fund

The item "pension fund" in the amount of AOA 26,518,863 thousand (USD 56,757 thousand) 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).

9.6 Receivables – mining activity

As at 31 December 2021, the outstanding amounts by the Contractor Groups are included in the caption Receivables - mining activities, resulting from the joint operations in Blocks in which the Group has participating interests.

The balance Receivables - mining activities includes the outstanding balances of the Partners in the blocks operated by the Sonangol Group, as follows:

Caption	2021 Gross amount	2021 Provision	2021 Net Amount	2020 Net Amount
CHINA SONANGOL	4,193,737,230	(1,539,674,909)	2,654,062,321	1,204,957,871
INAFTAPLIN	973,072,051	-	973,072,051	-
NAFTAGAS	1,251,779,764	-	1,251,779,764	122,945,001
ACREP - OIL EXPLORATION	10,838,575,402	-	10,838,575,402	15,190,492,651
TULLOW OIL	4,615,503,732	(4,615,503,732)	-	-
SOMOIL	265,616,018,497	(242,753,847,782)	22,862,170,715	20,746,581,272
Petropars	12,357,702,178	(12,358,971,786)	(1,269,608)	-
TEIKOKU	445,263,743	-	445,263,743	521,180,225
POLIEDRO OIL CORPORATION,	45,348,462,944	(45,348,721,965)	(259,021)	-
KOTOIL, SA.	48,369,555,284	(48,369,814,316)	(259,032)	-
PRODOIL	6,945,134,756	-	6,945,134,756	11,143,036,216
Exem Africa	5,359,482,030	(5,359,482,030)	-	-
AJOCO	4,003,387,077	-	4,003,387,077	-
Cabinda Gulf Oil Company	586,657,390	-	586,657,390	709,042,798
DEVON ENERGY	-	-	-	1,532,344
ENI ANGOLA	3,611,487,261	-	3,611,487,261	1,324,940,744
ANGOLA LNG LIMITED	240,453,327	-	240,453,327	185,312,533
ANGOLA LNG - OPCO	1,117,914,944	-	1,117,914,944	855,190,674
ANGOLA LNG - SUPPLY SERVICES LLC	14,875,802,607	(14,875,802,607)	-	-
ANGOLA LNG SOMG	1,010,597,758	-	1,010,597,758	514,877,430
Sonangol Offshore Service	1,840,318,494	(1,315,478,096)	524,840,398	444,979,390
NORSK HYDRO ANGOLA/STATOI	54,789,645	-	54,789,645	64,131,155
BP AMOCO	4,212,433,719	-	4,212,433,719	5,256,092,645
PLUSPETROL ANGOLA	604,110,893	-	604,110,893	707,110,428
TOTAL EP ANGOLA	94,168,125,116	(5,948,650,425)	88,219,474,691	114,181,143,098
Other - Cut Back	(16,121,331,314)	-	(16,121,331,314)	(15,600,621,209)
Cuba Block 9	5,188,903,442	-	5,188,903,442	3,380,115,694
	521,707,937,970	**(382,485,947,648)**	**139,221,990,322**	**160,953,040,960**

The amount of AOA 88,441,207 thousand receivable from 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.
The variation 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 2020 and 2021, Cash and bank deposits are detailed as follows:

Captions	2021	2020
Cash in transit	37,101,772,431	2,633,612,639
Bank deposits	1,302,117,678,376	1,371,714,988,837
Cash	170,435,099	231,793,869
Bank deposits with restricted mobilisation – "escrow accounts"	422,923,853,591	3,011,258,895,530
Total	**1,762,313,739,497**	**4,385,839,290,875**

Bank deposits include the amount of AOA 198,041,774 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 Development Centre – CPD (previously designated as Research and Technology Centre – CITEC).

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 2022 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.

The amount of AOA 422,923,854 thousand, corresponding to USD 762,051 thousand shown under Bank deposits with restricted mobilisation is deposited in escrow accounts held by Sonangol E.P. and corresponds to the contributions made by the contractor group for block 17, plus the bank interest since its creation, to cover future dismantling expenses. As at the balance sheet date these funds were still in the custody of Sonangol E.P. as the necessary procedures to transfer the ownership of these accounts to ANPG have not yet been completed.
The Board of Directors expects that the process will be concluded and the remaining funds transferred to the national concessionaire by the end of 2022.

In 2021, after the main constraints that prevented full compliance with Presidential Decree no. 49/19, of 6 February 2019, were overcome, namely opening the bank accounts in the name of ANPG, signing the escrow account agreement novations and the due diligence of the new holders, the dismantling funds deposited by the groups contracting blocks 14, 15 and 17 (partially in the case of the latter) in the total amount of AOA 2,590,534,102 million (USD 4,150,732 thousand) were transferred in 2021 from Sonangol EP to ANPG.

11. Other current assets

As at 31 December 2021 and 2020, Other current assets are analysed as follows:

Captions	2021	2020
Accrued income:		
Invoicing - Rentals	3,419,427,251	372,310,399
Other	8,787,437,996	18,096,418,673
Invoicing - Crude Oil and Gas	15,627,549,656	-
	27,834,414,903	**18,468,729,072**
Deferred costs:		
Rents	1,092,460,119	1,065,601,736
Docking and freight	2,811,468,469	582,784,680
Other	9,251,413,292	11,313,526,300
	13,155,341,880	**12,961,912,716**
	40,989,756,783	**31,430,641,788**

In 2021, the amount in the caption Accrued Income: Invoicing - Crude Oil and Gas" relates to an accrual of crude oil sales to Esso in the amount of AOA 1,445,949 thousand and an accrual of income relating to the sale of propane and butane gas in December 2021 relating to the last two Sanha shipments in the amount of AOA 14,181,601 thousand, which were invoiced in 2022.

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 2021, 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 detail of Share capital and Supplementary capital in 2021 and 2020:

Captions	2021	2020
Share capital	1,000,000,000,000	1,000,000,000,000
Supplementary capital	1,846,949,307,988	1,846,949,307,988
Total	**2 846 949 307,988**	**2 846 949 307,988**

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

As at 31 December 2021, Reserves and retained earnings are analysed as follows:

Captions	2020	Application of prior year's net profit	Net profit/ (loss) for the year	Prior year adjustments	Correction of Fundamental Errors	Other movements	2021
Legal reserves	23,043,062,802	-	-	-	-	-	23,043,062,802
Other reserves	926,047,404,937	-	-	51,931,960,697	-	-	977,979,365,634
Evaluation fund	178,850,413,504	-	-	-	-	-	178,850,413,504
Investment fund	940,550,351,331	-	-	-	-	-	940,550,351,331
Total Reserves	**2,068,491,232,574**	**-**	**-**	**51,931,960,697**	**-**	**-**	**2,120,423,193,271**
Retained earnings	**(4,626,026,262,537)**	**(2,383,978,740,844)**		**-**		**(4,716,026,729)**	**(7,014,721,030,110)**
Exchange rate adjustment FS	7,700,685,136,665	-	-	-	-	(1,096,547,879,246)	6,604,137,257,419
Profit for the year	(2,383,978,740,844)	2,383,978,740,844	1,336,744,578,641	-	-	-	1,336,744,578,641
	5,316,706,395,821	**2,383,978,740,844**	**1,336,744,578,641**	**-**	**-**	**(1,096,547,879,246)**	**7,940,881,836,060**
Balance as at December 2021	**2,759,171,365,858**	**-**	**1,336,744,578,641**	**51,931,960,697**	**-**	**(1,101,263,905,975)**	**3,046,583,999,221**

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 no. 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 constitution 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 2020, the Group presented a Consolidated Net Loss of AOA 2,383,978,741 thousand equivalent to USD 4,128,795 thousand (sustained by the impacts of COVID-19, as presented in Note 2.4.) fully incorporated in retained earnings, as presented in the table above. In 2021 the Group's Consolidated Net Profit is positive by AOA 1,328,488,622 thousand equivalent to USD 2,128,596 thousand.

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 2021, is detailed as follows:

Captions	Current		Non-current	
	2021	2020	2021	2020
International bank loans	721,904,071,483	869,728,619,647	1,563,905,039,998	1,874,300,205,678
Local bank loans	-	5,245,958,413	5,239,115,309	-
Total	**721,904,071,483**	**874,974,578,060**	**1,569,144,155,307**	**1,874,300,205,678**

15.1 National bank loans

As at 31 December 2021, the 2019 borrowing from BAI to meet liabilities to employees under housing loans amounts to AOA 5,239,115 thousand.

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 2021 are detailed as follows:

Captions	Acquisition year	2020	Increases	Decreases/ Prepayments	Reimbursements	FS Translation	2021	Current	Non-current	Maturity (Months)
International bank loans:										
SNL Finance $1Bn (SCB-KS)	2011	27,066,833,602	-	-	(26,004,791,667)	(1,062,041,935)	-	-	-	0
SNL Finance $2Bn (SCB)	2014	103,936,640,000	-	-	(99,858,400,000)	(4,078,240,000)	-	-	-	0
SNL Finance $1.5Bn (SCB)	2014	141,218,161,400	-	-	(135,677,173,913)	(5,540,987,487)	-	-	-	0
SNL Finance $2Bn (CDB)	2014	519,683,199,869	-	-	(124,823,000,000)	(61,871,600,024)	332,988,599,845	110,996,200,000	221,992,399,845	36
SNL Finance SCB $1.0 Bn-2018	2018	591,363,641,394	-	-	(189,386,620,690)	(65,160,965,500)	336,816,055,204	168,408,027,586	168,408,027,618	24
SNL Finance K-SURE$087Bn	2019	463,790,333,629	-	-	(54,285,349,519)	(61,543,644,283)	347,961,339,827	48,272,093,383	299,689,246,444	87
SNL Finance AFREXIM$013Bn	2019	53,567,487,380	-	-	(16,252,300,984)	(6,002,491,111)	31,312,695,284	14,452,013,254	16,860,682,030	26
SNL Finance SCB&SCG $1.1 Bn (SCB $0.5BN DEC-2019)	2019	583,560,926,677	-	-	(137,305,299,376)	(69,793,515,592)	376,462,111,709	122,095,820,000	254,366,291,709	37
SNL Finance SCB & AFREXIM $04Bn	2020	259,841,601,374	-	-	(52,009,583,333)	(32,088,035,078)	175,743,982,963	110,996,200,000	64,747,782,963	19
SNL Finance SCB $1.3Bn	2021	-	1,248,230,000,000	(374,469,000,000)	(103,965,363,649)	(85,271,309,702)	684,524,326,649	146,683,717,260	537,840,609,389	56
		2,744,028,825,325	**1,248,230,000,000**	**(374,469,000 000)**	**(939,567,883,131)**	**(392,412,830 713)**	**2,285,809,111,481**	**721,904,071,483**	**1,563,905,039,998**	

In 2021, the company contracted a new financing through a bank syndicate, made up by Standard Chartered Bank - SCB, NATIXIS, Afreximbank, SOCIÉTÉ GENERAL and DEUTSCH BANK in the total amount of USD 1,300,000 thousand (AOA 811,349,500 thousand) bearing interest at the Libor rate plus a spread of 5.75% (5.50% for the advances received), reimbursable in 60 monthly instalments.

Under the referred financing, the amount of USD 500,000 thousand (AOA 312,057,500 thousand) and USD 200,000 thousand (AOA 124,823,000 thousand) were received in advance during 2021, both settled early in August 2021 (for the amount outstanding at that date).

The actual disbursement of the financing occurred in three tranches, the first tranche in the amount of USD 850 000 thousand (AOA 530 497 750 thousand) in August 2021; the second tranche in the amount of USD 287 500 thousand (AOA 179 433 063 thousand) in October 2021; and the last tranche in the amount of USD 162 500 thousand (AOA 101 418 688 thousand) in December 2021.

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

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

In 2022, the Company obtained a new loan amounting to USD 500,000 thousand, bearing interest at Libor plus a margin of 5.25%, reimbursable in 6 monthly instalments.

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

a) The amount of the "Net equity" should, under no circumstance, be less than AOA 1,200,000,000,000;

b) The "Adjusted EBITDA (by receipts from PNUH) / Net Debt" ratio should not be less than 0.5;
c) The "Adjusted EBITDA (by receipts from PNUH) / Debt Service" ratio should not be less than 1.3;
d) The "Net Debt / Adjusted EBITDA (by receipts from PNUH)" ratio should not exceed 2.5;
e) The "Gearing Ratio" should not exceed 100%; and
f) The ratio "Cash EBITDA / Debt Service" shall not be less than 1.1 (agreed between Sonangol Finance and the Creditors following the last financing contracted in 2021 in the amount of USD 1,300,000 thousand). This covenant is applicable as of the year ending 31 December 2022 (inclusive).

The National Urbanism and Housing Programme (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). Under this agreement, the Ministry of Finance made payments to the Group amounting to USD 70,000 thousand (AOA 43,688,050 thousand), of which USD 20,000 thousand (AOA 12,482,300 thousand) was received in 2021 and the remaining USD 50,000 thousand (AOA 31,205,750 thousand) was in transit as at 31 December 2021 and was received in early January 2022. The method of payment of the remaining amount of USD 572,329 thousand (AOA 317,631,737 thousand) will be defined by the parties under the agreement, and it is expected that it will be recovered through the process of allocation of the crude oil shipments between Sonangol E.P. and the State.

This is a relevant issue regarding the technical appraisal of the Group's financial covenants, as it is the understanding of Sonangol's Board of Directors, that some inconsistency weighs on these ratios in the calculation parameters used.

This is due to the fact that the value of the debt contracted by Sonangol Finance is being fully considered for the calculation of "DEBT" and "NET DEBT". However, the State reimbursements on investments made in PNUH are not being reflected on 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 depreciation and amortisation for the year and adding the receipts from PNUH.

<u>Financing conditions</u>

The average interest rate on outstanding loans during 2021 was approximately 4.25% plus indexation to Libor (2020: 3.80% plus indexation to Libor).

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 2021 and 2020, the Group's provisions for post-employment benefits is detailed as follows:

Captions	2021	2020
Sonangol Pension Plan	345,216,716,178	455,336,272,012
Sonangol Healthcare Plan	646,765,656,355	735,355,717,562
ENSA Pension Plan	42,265,910,458	50,305,698,106
Total	**1,034,248,282,991**	**1,240,997,687,680**

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	Total
Balance as at 31 December 2020				
Defined benefit obligation	455,336,272,012	735,355,717,562	58,358,247,651	1,249,050,237,225
Fair value of plan assets	-	-	(8,052,549,545)	(8,052,549,545)
	455,336,272,012	735,355,717,562	50,305,698,106	1,240,997,687,680
Balance (receivable) / payable	**455,336,272,012**	**735,355,717,562**	**50,305,698,106**	**1,240,997,687,680**
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	1,034,248,282,991
Balance (receivable) / payable	**345,216,716,178**	**646,765,656,355**	**42,265,910,458**	**1,034,248,282,991**

17.2 Type of benefits

<u>Defined benefit pension plans</u>

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 2021, the balance of the said bank account whose use is not exclusive for this purpose amounts to AOA 561,490,438 thousand (2020: AOA 632,903,673 thousand).

During 2021 Sonangol Vida and Sonangol Group entered into an agreement for the financing and amortisation of the pension fund liabilities which aims to transfer the liabilities relating to the curtailment and withholdings disclosed in Note 19 and the provision for defined benefits existing as at 31 December 2020 in the amount of USD

743,019,825 (AOA 412,361,885 thousand) to Sonangol's pension fund. The amount to be transferred regarding the defined benefit provision will be updated annually based on the actuarial valuation.

Following this agreement, it was determined a grace period of 3 years and the payment of interest based on the Libor 1 month rate plus a spread of 3.7%.

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 Sonangol retirees and pensioners 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 in 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.

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	Total
Defined benefit obligation as at 1 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
Past service costs	-	-	-	-
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)
Exchange rate differences	(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**

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Total
Defined benefit obligation as at 1 January 2020	**322,923,326,105**	**487,475,664,400**	**39,289,955,333**	**849,688,945,838**
Interest cost	11,750,398,915	18,256,597,341	1,443,415,830	31,450,412,086
Current service costs	-	23,604,236,773	429,957,139	24,034,193,912
Past service costs	-	-	-	-
Benefits paid	(24,990,251,147)	(6,253,799,550)	(3,097,712,028)	(34,341,762,725)
Actuarial gains and losses	32,398,326,020	39,470,940,596	6,177,918,202	78,047,184,818
Exchange rate differences	113,254,472,119	172,802,078,002	14,114,713,175	300,171,263,296
Termination of Liabilities	-	-	-	-
Defined benefit obligation as at 31 December 2020	**455,336,272,012**	**735,355,717,562**	**58,358,247,651**	**1,249,050,237,225**

Exchange differences, which refer to the updating of the liability, denominated in US 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 2021 actuarial study, the estimated payment of pension benefits in 2022 amounts to AOA 28,564,908 thousand relating to the Sonangol Pension Plan, AOA 3,470,815 thousand relating to the ENSA Plan and AOA 16,738,919 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:

	2021	2020
Financial Assumptions		
Discount rate *		
Pension Plan	2.60%	2.00%
Medical Plan	2.90%	2.50%
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)	7,278:	6,743:
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 7,826 employees of working age, 3,770 retired employees and 267 survivors. Sonangol Pension Plan (defined benefit) includes 812 former employees with acquired rights, 1,864 retired employees and 152 survivors. The ENSA Pension Plan includes 28 employees of working age, 235 retirees and 13 survivors.

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 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 rate differences	1,095,889,369
Fair value of plan assets as at 31 December 2021	**(2,417,126,922)**

	ENSA Pension Plan
	Defined benefit (funded)
Fair value of plan assets as at 1 January 2020	**(11,678,240,673)**
Expected return on plan assets	(396,031,575)
Benefits paid	3,097,712,028
Gains and losses	4,328,394,193
Exchange rate differences	(3,404,383,518)
Fair value of plan assets as at 31 December 2020	**(8,052,549,545)**

17.5 Actuarial gains and losses

As mentioned in Note 2.3 u), the Group recognises all actuarial gains and losses in equity (reserves). The amount recognised in the year amounted to AOA 51,931,961 thousand, as presented in Note 13, which includes AOA 2,124,097 thousand related to actuarial losses in the assets and liabilities of the ENSA Pension Plan and AOA 49,807,964 thousand of actuarial gains of the Sonangol Pension and Medical Plans.

The actuarial gains recognised in 2021, mainly result from the upward revision of the financial assumption regarding the discount rate of the pension plan to 2.60% (2020: 2.00%) and in the medical plan to 2.90% (2020: 2.50%).
This effect was partially offset by the increase in the actuarial assumption relating to estimated future medical costs with the healthcare plan from USD 6,743 in 2020 to USD 7,278 in 2021.

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	2.00%-2.50% Accounting scenario	1.75%-2.25% -25 pb	Var	2.25%-2.75% + 25 pb	Var
Pension Plan	345,216,716,178	352,823,196,380	2%	337,774,333,803	-2%
Healthcare Plan	646,765,656,355	676,936,056,839	5%	617,963,715,841	-4%
ENSA	44,683,037,380	45,834,198,088	3%	43,560,788,349	-3%
	1,036,665,409,913	**1,075,593,451,307**	**4%**	**999,298,837,993**	**-4%**

Sensitivity to the Pension's growth rate	1% Accounting scenario	0.75% -25 p.b	Var.	1.25% +25 p.b	Var.
Pension Plan	345,216,716,178	337,679,198,960	-2%	352,922,519,109	2%
ENSA	44,683,037,380	43,535,476,775	-3%	45,860,846,055	3%
	389,899,753,558	**381,214,675,735**	**-2%**	**398,783,365,164**	**2%**

Sensitivity to future salary growth rate	3% Accounting scenario	2.75% -25 p.b	Var.	3.25% +25 p.b	Var.
ENSA	44,683,037,380	44,632,470,534	0%	44,733,660,775	0%
	44,683,037,380	**44,632,470,534**	**0%**	**44,733,660,775**	**0%**

Sensitivity to the growth rate of healthcare costs	5% Accounting scenario	4% -100 p.b	Var.	6% +100 p.b	Var.
Healthcare costs growth rate - Healthcare Plan	646,765,654,783	534,056,072,963	-17%	783,743,023,829	21%
	646,765,654,783	**534,056,072,963**	**-17%**	**783,743,023,829**	**21%**

Additionally, considering the mortality table SA 85-90 instead of the mortality table ANGV-2020P would give rise to an increase of 6% in the Sonangol Pension Plan liability, 7% in the ENSA Plan and 18% in the Healthcare Plan in the amount of AOA 21,651,762 thousand, AOA 3,041,041 thousand and AOA 118,978,384 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	
	2021	2020	2021	2020
Provisions for legal proceedings	6,674,274	7,812,222	8,426,521,368	2,580,727,288
Provision for dismantling - Investor	-	-	1,566,618,091,047	1,914,831,840,474
Dismantling funds (Concessionaire)	422,923,853,591	3,025,766,121,246	344,041,185,764	402,699,426,391
Tax contingencies	2,456,529,215	-	795,860,659,109	676,269,047,846
Provisions for other risks and charges	78,004,688,876	96,967,733,760	223,009,957,053	410,892,234,070
	503,391,745,956	**3,122,741,667,228**	**2,937,956,414,341**	**3,407,273,276,069**

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.

18.3 Provision for dismantling

The table below details the movements occurred in 2021 and 2020 in provisions for dismantling where Sonangol participates as an investor:

Captions	2020	Increases	Decreases	Dismantling interest	Foreign exchange translation adjustments (FS conversion)	2021
Provision for dismantling - Investor	1,914,831,840,473	37,795,469,064	(187,554,618,696)	70,837,547,961	(269,292,147,756)	1,566,618,091,047
Total	**1,914,831,840,473**	**37,795,469,064**	**(187,554,618,696)**	**70,837,547,961**	**(269,292,147,756)**	**1,566,618,091,047**

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: 3.82% for block 0 and 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 update of the rate used to discount the liability to the present moment, which in 2021 was 3.82% for block 0 and 3.52% for the remaining blocks (2020: 3.2% for most of the blocks), the slight increase in the rate is due to the reasons explained in Note 4.A.2.2.

This caption also includes the value of the provision, booked in 2020, the provision for the dismantling of 7 (seven) fuel facilities, in the amount of AOA 6,075,476 thousand, which remains unchanged in 2021. 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 Logistica, 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 valuation 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).

18.3.1 Movements in the provision for dismantling – Investor

The following table details the dismantling provisions, segregated by blocks, during 2021.

Block	2020	Increases	Decreases	Dismantling interest	Exchange rate differences	2021
Block 0	810,349,755,620	-	(110,154,182,374)	24,913,710,505	(108,595,449,020)	616,513,834,731
FS/FST	40,342,221,994	2,985,784,259	-	1,571,351,940	(6,381,152,155)	38,518,206,038
B03.05	58,272,159,903	3,326,242,112	-	5,933,674,529	(9,513,806,197)	58,018,270,347
B03.5A	2,414,592,848	15,819,847,332	-	72,598,873	(2,112,142,009)	16,194,897,044
B04.05	(122,400,425)	-	(12,188,626,431)	1,732,664,714	1,176,049,134	(9,402,313,008)
B14.00	(6,174,517,401)	-	(3,446,729,973)	4,885,599,092	740,010,852	(3,995,637,430)
B14.KU	6,976,170,060	-	(68,297,529)	213,348,585	(1,032,234,474)	6,088,986,642
B15.06	189,013,856,139	-	(28,779,351,278)	5,889,371,260	(24,996,695,760)	141,127,180,361
B15.19	198,119,853,549	-	(11,859,900,230)	6,573,052,052	(28,273,019,866)	164,559,985,505
B17.00	69,405,347,854	-	(7,299,240,869)	2,512,038,909	(9,579,478,253)	55,038,667,641
B18.00	87,421,977,724	891,454,249	-	2,687,735,550	(13,130,582,884)	77,870,584,639
B31.00	232,605,823,453	-	(13,399,567,433)	7,151,324,623	(33,189,840,611)	193,167,740,032
B32.00	218,267,322,348	14,772,141,112	-	6,643,581,247	(34,165,629,570)	205,517,415,137
BOC.ST	1,864,199,841	-	(358,722,579)	57,496,082	(238,176,942)	1,324,796,402
	1,908,756,363,507	**37,795,469,064**	**(187,554,618,696)**	**70,837,547,961**	**(269,292,147,755)**	**1,560,542,614,081**

18.4 Dismantling funds (Concessionaire)

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

Captions	2020	Increases	Decreases	Reimbursements	Reclassifications	Foreign exchange translation adjustments (FS conversion)	2021
Dismantling funds - Non-current	402,699,426,391	-	-	-	-	(58,658,240,626)	344,041,185,764
Dismantling funds – Current	3,025,766,121,246	173,037,703,657	(48,964,848,539)	(2,590,534,081,584)	35,026,853,520	(171,407,894,708)	422,923,853,591
	3,428,465,547,637	**173,037,703,657**	**(48,964,848,539)**	**(2,590,534,081,584)**	**35,026,853,520**	**(230,066,135,335)**	**766,965,039,355**

This caption refers to the amount of provisions for dismantling funds (Concessionaire) arising from the provisions of Article 5, paragraph 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 Company assumed the responsibility to fund the work of dismantling the oil wells, removal of platforms and other facilities of Block 2 operated by Somoil, up to the limit of the responsibility booked in the Financial Statements, subject to update of the abandonment plan and the contributions of the new contractor group. Considering that this expense will occur when the reserves are exhausted, this liability is recognised as a non-current provision in the amount of AOA 344,041,186 thousand as at 31 December 2021.

Current:

As at 31 December 2021, the item for current dismantling funds (Concessionaire) in the amount of AOA 422,923,854 thousand (USD 762,051 thousand), corresponds to the component for which the novation processes of the escrow account agreements and due diligence were still pending at the reporting date, namely the bank accounts associated with block 17 (See Note 10).

The decreases column of AOA 2,590,534,082 thousand equivalent to USD 4,150,731 thousand, corresponds to the funds transferred to ANPG following the completion of activities relating to blocks 14, 15 and 17 during 2021.

The increases in the period relate to the contributions made by the partners of the Contractor Groups in Blocks 15 and 17 to cover future dismantling expenses when closing oil wells, removing platforms and other facilities when reserves are depleted.

Furthermore, there was a decrease in the balance of the caption in the amount of AOA 230,066,135 thousand resulting from the appreciation of the exchange rate of the Kwanza against the United States 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.

The increase in tax contingencies results mainly from the tax audit of the oil taxes calculated and recognised in 2018, as well as the ongoing negotiations with the Ministry of Finance and the General Tax Administration (AGT - "Administração Geral Tributária") regarding the third phase agreement. This increase was recognised against non-operating results (See Note 33). In turn, the exchange rate differences of this liability, which is denominated in kwanza, were recognised against financial results (Note 31).

18.6 Provisions for other risks and charges

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

Captions	2020	Increases	Decreases	Exchange rate differences	2020
Provisions for other risks and charges - Non-current	410,892,234,070	1,112,290,701	(146,093,294,643)	(42,901,273,075)	223,009,957,053
Provisions for other risks and charges - Current	96,967,733,760	-	(5,441,202,633)	(13,521,842,251)	78,004,688,876
	507,859,967,830	**1,112,290,701**	**(151,534,497,276)**	**(56,423,115,326)**	**301,014,645,929**

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 Sonangol P&P'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 the company 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.

Associated with this matter there was a decrease in the caption "Provisions for other risks and charges - Non-current" of around AOA 138,714,758 thousand (USD 222,258 thousand) and AOA 5,441,203 thousand (USD 8,718 thousand) in the caption "Provisions for other risks and charges - Current". This change results essentially from the revision of the estimate of future charges based on the effective appropriation and recovery of costs occurred in 2021 by the National Concessionaire. The disaggregation between non-current and current liabilities results from the expectation of annual withdrawals that will be made by the National Concessionaire, part of which will occur in 2022.

19. Other non-current liabilities and accounts payable

19.1 Detail of other non-current liabilities and accounts payable

As at 31 December 2021 and 2020, the detail of Other non-current liabilities and accounts payable was as follows:

Captions	Current		Non-current	
	2021	2020	2021	2020
Trade payables	1,302,310,232,938	1,506,395,590,675	3,880,613,013	-
Social projects Bonus and Research and Development Centre	57,365,797,277	31,050,936,238	173,144,504,932	238,760,848,952
Trade receivables – credit balances	9,695,793,299	9,858,539,774	-	-
State	955,730,111,765	224,589,979,713	1,987,294,000	1,987,294,000
Subsidiaries and associates	328,424,575,445	359,543,887,389	-	32,480,200
Personnel	1,779,855,948	1,333,215,373	2,222,579,584	-
Creditors – acquisition of assets	304,810,884	357,678,966	-	7,802,631,077
Creditors – Mining activity	365,070,252,900	622,656,641,027	-	-
Working Capital	121,879,559,821	130,332,863,500	-	-
Creditors – Overlift	193,406,861,192	107,393,274,355	-	-
Pension Fund - Curtailment (Note 17)	-	462,471,869,693	380,714,075,026	-
Pension Fund – Withholdings	41,990,225,706	216,221,031,334	181,056,977,273	-
Other creditors	603,083,636,070	584,326,364,670	183,465,417,655	253,329,502,128
Mining activity - Cut Back - Liability	(63,651,932,465)	(87,289,502,934)	-	
	3,917,389,780,780	**4,169,242,369,773**	**926,471,461,483**	**501,912,756,357**

The caption Trade payables 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 Logística, Lda, representing about 65% of the total amount of outstanding debt in 2021 (2020: 61%) and mainly corresponds to the acquisition of refined products (import of fuel).

19.2 Social Projects Bonus and Research and Development Centre

As at 31 December 2021 and 2020, the detail of the balances associated with this caption is as follows:

Captions	Accounts payable		Other non-current liabilities	
	2021	2020	2021	2020
Social Projects Bonus	11,194,813,948	13,103,504,300	-	-
Research and Development Centre	46,170,983,329	17,947,431,938	173,144,504,932	238,760,848,952
Total	57,365,797,277	31,050,936,238	173,144,504,932	238,760,848,952

The captions "Social Projects Bonus" and "Research and Development Centre - CPD (former Technology Research Centre - CITEC), relate to contributions defined in production sharing agreements and delivered by the contractor groups to Sonangol E.P. to finance the construction and operationalisation of the future centre. These amounts are under the responsibility of Sonangol and are expressed in US dollars.

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.

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" will temporarily be part of the Sonangol E.P. Shared Services Centre. At the balance sheet date preliminary work was underway to enable the construction phase of the infrastructure.

On 7 October 2021 the Group's Research and Development Centre was created, an Angolan-rights-owned entity represented by the shareholders Sonangol E.P and Sonangol Pesquisa e Produção, S.A in 99% and 1% respectively. 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.

To make the activities of the Research and Development Centre possible, Sonangol will have to build, equip and guarantee its operation, using the contributions made by the partners. The Board of Directors expects that during 2022 approximately AOA 46,170,983 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.

19.2.1 Social projects Bonus

Caption	31.12.2020	Increases	Decreases	Other movements	Foreign exchange translation adjustments (FS conversion)	31.12.2021
Social projects Bonus	13,103,504,300	-	-	-	(1,908,690,352)	11,194,813,948
Total	13,103,504,300	-	-	-	(1,908,690,352)	11,194,813,948

The change recorded under the caption Social Projects Bonus results from the impact of exchange rate differences, given the appreciation of the kwanza against the dollar.

19.3. State

As at 31 December 2021 and 2020 the detail of the State balances is as follows:

Captions	Current		Non-current	
	2021	2020	2021	2020
State				
Corporate Income tax	911,185,360,785	197,280,962,074	1,987,294,000	1,987,294,000
Production and consumption tax	5,355,483,822	1,605,981,637	-	-
Withholding taxes	14,572,816,456	9,987,961,344	-	-
Other taxes	24,616,450,702	15,715,074,658	-	-
Total	955,730,111,765	224,589,979,713	1,987,294,000	1,987,294,000

The caption Corporate Income tax includes the oil taxes component in the amount of AOA 750,296,378 thousand. The change compared with the same period of the previous year is essentially justified by the increase in tax assessed in the period (see Note 35).

Considering the provisions of the Clearing Agreement of non-tax credits for tax debts disclosed in Note 9.4.1. Clearing Agreement with the State, the Board of Directors expects that the amount payable relating to tax debts, will be offset by the end of 2022 with the amount that the Group has receivable from the Angolan State.

19.4 Creditors – Mining activity

As at 31 December 2021 and 2020, the detail of the creditors of Oil and gas exploration is as follows:

Captions	Current	
	2021	2020
AJOCO	316,435,548	7,573,255,921
ENI ANGOLA	50,248,906,947	110,424,662,691
CHEVRONTEXACO	-	56,918,033,031
PHILIPS	13,615,182	15,936,540
TOTALFINAELF EP	33,675,343,760	77,790,264,721
CABGOC	169,789,151,343	245,872,296,875
SOMOIL	80,634,014,974	67,100,316,415
BP AMOCO	23,547,728,422	39,359,610,518
CHINA SONANGOL HOLDING	16,579,502	19,406,270
DEVON ENERGY	-	1,532,344
NAFTAGAS	-	764,392,197
REPSOL	499,321,317	584,454,468
PETROBRAS	28,740,524	33,640,718
SOCO	497,737,185	582,600,245
PLUSTETROL	804,757,719	3,263,765,940
ACREP	1,352,522,706	491,363,571
ESSO	3,310,716,296	10,451,123,787
INA - NAFTAPLIN	334,681,475	1,409,984,775
Total	365,070,252,900	622,656,641,027

As at 31 December 2021, the amounts due from joint operations in blocks in which the Group holds 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 46% 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.

19.5 Pension Fund

The Pension Fund – Curtailment relates to the amount that the Company will have to fund to Sonangol's Pension Fund (defined contribution), as mentioned in Note 17. The decrease in this caption is related to the following events that occurred during the year:

- The amount of AOA 14,426,371 thousand, equivalent to USD 25,994 thousand refers to the recognition of this liability in favour of ANPG following the workers transferred to this entity in the process of leaving the

concessionary function. This liability is recognised as an amount payable to ANPG to be offset against receivables in favour of Sonangol in 2022;
- The remaining variation results from the transfer of the liabilities to non-current following the Agreement signed between Sonangol EP and the Pension Fund, as mentioned below.

The amount "Pension fund - Withholdings" relates to the withholdings made to the employees of the Company under the pension plan - defined contribution. The change in this caption is related to the following events that occurred during the year:

- The amounts retained in 2021 deducted the amounts already paid to retired employees and subsequent exchange rate differences resulting from the translation of the Financial Statements;
- As with the Pension Fund - Curtailment, the decrease is associated with the transfer of this liability to ANPG, in the amount of AOA 14,332,939 thousand, equivalent to USD 25,826 thousand; and
- The remaining change results from the transfer of accumulated withholdings as at 31 December 2020 to non-current following the Agreement signed between Sonangol EP and the Pension Fund, as mentioned below.

Agreement for the Financing and Amortisation of the Liabilities of Sonangol's Pension Fund

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:

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

As a result of the referred agreement, the amounts due associated with the two captions were reclassified to Other non-current liabilities in 2021.

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 2022. This balance is mainly due to Blocks 15.06, 15.19, 17, 18, 31 and 32.

19.7 Other creditors

As at 31 December 2021 and 2020, this balance is detailed as follows:

Captions	Current		Non-current	
	2021	2020	2021	2020
Sales on behalf of third parties	23,156,405,519	17,386,163,779	-	-
Social Fund	9,548,459,098	11,616,335,035	-	-
Dismantling Fund	440,294,236,080	481,121,532,728	180,718,119,150	252,395,745,700
Other	130,084,535,373	74,202,333,128	2,747,298,505	933,756,428
	603,083,636,070	**584,326,364,670**	**183,465,417,655**	**53,329,502,128**

The amounts payable regarding sales on behalf of third parties results from the sale of crude oil on behalf of Somoil and Force Petroleum at the end of 2021, which will be delivered in the following year.

In 2020, a schedule for the return of the dismantling fund for blocks 2, 03.05, 04.05 and 14 was agreed between Sonangol E.P. and the National Oil, Gas and Biofuels Agency, where it was established the payment of the instalments for block 2 (AOA 39,628,513 thousand), block 03.05 (AOA 105,930,708 thousand), block 04.05 (AOA 49,223,850 thousand), block 14 (AOA 211,155,390 thousand) and the respective interest in the amount of AOA

34,355,776 thousand was to occur until the end of 2021. This component, amounting to AOA 440,294,236 thousand (USD 793,350 thousand) is recognised as a current liability.

Additionally, the agreed schedule provides for the reimbursement of the outstanding amount in instalments until 2027, in a total amount of AOA 180,718,119 thousand (USD 325,629 thousand), divided by the block 03.05 (AOA 133,537,448 thousand) and block 04.05 (AOA 47,180,671 thousand). This component is recognised as a non-current liability.

The remaining dismantling fund, which is not included in the above mentioned schedule, is recognised under provisions - See Note 18.4.

The item Other includes, essentially, the amount of AOA 54,457,997 thousand referring to accrued costs of services rendered by ENI to Refinaria de Luanda within the scope of the new Platforming Unit construction project.

19.8 Subsidiaries and associates

The total amount of AOA 328,424,575 thousand disclosed under Subsidiaries and associates (current) is mainly related to the subscribed and unpaid capital of the subsidiaries Empresa de Serviços e Sondagens de Angola, Lda "ESSA" (AOA 24,731,518 thousand), Sonangol Libongos Limited (AOA 142,907,608 thousand) and Sonangol Quenguela Limited (AOA 142,907,608 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 subsidiaries. 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.

21. Other current liabilities

As at 31 December 2021 and 2020, Other current liabilities are analysed as follows:

Captions	2021	2020
Accrued expenses		
Personnel costs	47,855,699,974	41,821,436,924
Charges - Specialised services/technical assistance	5,322,236,038	4,584,381,975
Charges - Mining activity (operated blocks)	64,625,143,346	100,151,024,022
Rents	537,644,559	110,772,442
Acquisition and construction works in condominiums	14,918,777,250	17,462,394,886
Charges – bank interest and interest on arrears	43,513,174,587	19,175,095,644
Other	46,855,466,330	93,034,647,168
	223,628,142,084	**276,339,753,061**
Deferred income		
Billing	2,952,559,217	9,766,729,971
Other	4,524,472,610	296,123,356
	7,477,031,827	**10,062,853,327**
	231,105,173,911	**286,402,606,388**

Accrued expenses with personnel costs refer mainly to the employees' holiday pay and holiday subsidy to be settled in 2022.

Charges - Mining activity refers to the specialisation of charges arising from mining activities (oil and gas exploration), namely: (i) OPEX regarding costs associated with the provision of services and supplies of goods by third parties in blocks operated by the Sonangol Group; (ii) "Common Operating Costs" regarding the provision of common use services by the operated blocks, namely rental of ships, expenses with helicopters and occupation of spaces at the Kwanda and Sonils Base, and (iii) "Partners – Joint Venture" related to 2021 billings that had not yet been issued by non-operated block operators.

The item Charges – bank interest and interest on arrears includes the accrual of Interest in the amount of AOA 17,357,834 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) respects to customs debt with AGT not settled within the stipulated period.

Other 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 2021 and 2020.

Captions	2021	2020
Crude Oil - Association	3,001,600,596,206	1,894,191,986,827
Refined - Gasoline	208,463,737,833	176,821,453,783
Refined – Diesel	383,562,273,502	307,206,037,049
Jet A1	51,171,677,780	40,980,937,689
Jet B	1,808,090,435	206,667,047
Gas	182,255,208,993	122,385,965,480
Kerosene	26,759,971,052	28,296,987,211
Fuel Oil	210,306,589,465	152,988,115,249
Naphtha	117,753,325,373	59,393,261,128
Price subvention	1,225,313,383,755	548,266,502,144
Other sales	19,305,315,371	16,510,039,570
	5,428,300,169,765	**3,347,247,953,177**

In 2021 there was an increase in sales of "Crude Oil - Association" compared with 2020, fundamentally sustained by the increase in the price of crude oil in international markets, as well as the improvement in macroeconomic conditions arising from the control of the COVID-19 pandemic through prevention measures at a global level and the increased demand for energy and, consequently, crude oil. Thus, the average sale price of crude oil sold by the Group was around 70.58 USD/barrel (2020: 41.387 USD /barrel). It should also be mentioned the decrease in the quantities produced and consequently sold resulting from strategic operational and commercial decisions as well as alignment with the OPEC guidelines and the greater availability of product for the Refining and petrochemicals segment. Nevertheless, the price effect was more than enough to supplement the quantity effect and cause a significant increase in sales compared to last year.

It should be noted that the increase of the caption in the reporting currency is more significant than in the currency of the transaction, considering that the average exchange rate for the year between the Kwanza and the US dollar is higher than in the previous year.

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

The sales of Crude Oil - Association includes the change of underlift which led to a decrease in the amount of AOA 12,664,421 thousand regarding the variation in the position with the contractor groups as at 31 December 2021. Additionally, the sales of Gas include the variation on underlift position of Sanha gas which led to a positive impact in sales by AOA 7,812,445 thousand.

The sales of refined products presented an increase when compared to the same period last year, essentially due to the increase in demand in the domestic market resulting from the return of the economic activities in the country after a period of higher slowdown caused by the impacts of the COVID-19 Pandemic. Regarding Naphtha and Fuel Oil, the increase in sales is essentially justified by the increase in market prices in international markets.

During 2020 it was approved the Presidential Decree 283/20, of 27 October, which in its Article 8 establishes that market 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*). This grant is calculated from the differential between the market selling price (calculated as indicated above) and the selling price invoiced, this amount having been approved by the relevant entities as set out below. Thus, given that the selling price invoiced remains below the market price, under Article 10 of the Presidential Decree, Group Sonangol booked the subventions in the Financial Statements of 2020 and 2021 in accordance with the legislation in force. In 2021, the income associated to subventions amounted to AOA 1,225,313,384 thousand of which AOA 1,226,749,931 thousand corresponds to the effective grant and the amount of AOA 1,436,547 thousand corresponds to impacts of translation of financial statements of the Group companies that have the US dollar as their functional currency. The increase in the current year comes from the increase in quantities sold as well as the increase in market price compared to the price invoiced in the domestic market.

The amount of the subventions granted during 2021 are broken down by the following products:

Description	2021
Kerosene	16,117,069,174
LPG	207,292,506,646
Gasoline	358,212,188,184
Diesel	645,128,167,006
Global Grant	**1,226,749,931,009**

The Institute for the Management of State Assets and Investments (IGAPE - "Instituto de Gestão de Activos e Participações do Estado"), in compliance with its mission to support the Government in the coordination of the Income, Price and Grant Policy, under the terms of Presidential Decree no. 141/18, of 7 June, approving its Organic Statute, amended by Presidential Decree no. 72/20, of 20 March, combined with Presidential Decrees no. 206/11, of 29 July, of the General Bases of the National Pricing Policy and no. 283/20, of 27 October, and Executive Decrees no. 331/20, of 16 December and no. 77/16, of 25 February, published on its official website, on 15 April 2022, the confirmation relating to the costs of the price grants awarded to Sonangol for the period from January to December 2021, in the above-mentioned amount.

23. Services rendered

The table below details the services rendered by activity and nature during 2021 and 2020.

Captions	2021	2020
Aircraft renting	3,768,617,313	4,448,238,684
Communication services	10,449,525,621	9,765,136,041
Healthcare and medical services	23,662,098,902	25,755,183,283
Training activities	3,945,419,244	1,133,951,155
Pension Fund management	2,591,398,036	1,518,348,962
Other	1,821,987,028	2,298,692,371
Services rendered – Domestic Market	**46,239,046,143**	**44,919,550,496**
Ship freight	64,717,762,265	103,785,756,542
Services rendered – Foreign Market	**64,717,762,265**	**103,785,756,542**
	110,956,808,408	**148,705,307,038**

The decrease in the line Ship freight in comparison with the previous year is essentially explained by the drop in freight prices in 2021 as a consequence of the prolonged impact of the crisis in 2020.

24. Other operating income

The table below details the Other operating income in 2021 and 2020.

Captions	2021	2020
Supplementary services	15,323,676,724	17,182,118,430
Management fees	3,909,244,373	3,732,464,227
Real Estate management (Hotels)	5,796,617,220	2,595,433,183
Other operating income	17,268,606,864	11,804,396,495
	42,298,145,181	**35,314,412,335**

The supplementary services caption is essentially related to the debits made to offset the technical costs incurred by the technical manager of the LNG fleet ships associated with the activities of transporting crude oil and its derivatives by sea, in the amount of AOA 11,143,626 thousand (2020: AOA 14,399,105 thousand) performed during 2021.

Management fees refer essentially to know how and management fees invoiced to Kwanda and OPS Angola under contracts in force between the parties.

The item other operating income refers essentially to the crude oil marketing commission from the National Oil, Gas and Biofuels Agency in the amount of AOA 6,589,803 thousand (2020: AOA 5,485,029 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 on the volume of crude oil marketed (fee per barrel of oil marketed).

The caption "Real Estate management (Hotels)" mainly refers to the management of real estate developments and hotels in the amount of AOA 5,796,617,220 thousand carried out by Sonangol Imobiliária e Propriedade, Lda.

25. Change in finished products and work in progress

The table below details the movements in finished products and work in progress during 2021 and 2020:

Captions	2021	2020
Finished products and intermediates	43,465,602,083	2,908,597,640
Total	**43,465,602,083**	**2,908,597,640**

The Change in finished products and work in progress is mainly related to the change in the Refinaria de Luanda finished products, namely oil refined products.

27. Cost of goods sold and raw materials consumed

The table below details the cost of goods sold and raw material consumed in 2021 and 2020.

Captions	2021	2020
Raw materials, subsidiary materials and consumables	214,778,310,333	114,975,168,813
Goods	1,374,329,055,654	795,328,209,644
Total	**1,589,107,365,987**	**910,303,378,457**

The caption Goods essentially includes the costs with goods associated with the "*Commercialisation and Distribution*" segment, sold to customers during 2021.

The increase in the cost of goods in comparison with the same period of the previous year is directly related to the increase in the quantities of refined products sold (as disclosed in Note 22), to the increase in the average reference price for the acquisition of goods (dated brent published by Platts) in comparison with the same period of the previous year, and to the exchange rate effect associated with the exchange rate between the kwanza and the US dollar, about 8% higher than in 2020.

This caption also includes the cost of gas supply by Angola LNG in the amount of around AOA 52,307,281 thousand (2020: AOA 26,677,751 thousand) corresponding to USD 83,810 thousand under the agreements for the sale of gas in the foreign market. During the period there were also purchases from this entity in the amount of AOA 101,866,486 thousand (2020: AOA 42,150,419 thousand) equivalent to USD 163,217 thousand (2020: USD 73,354 thousand) for gas supply in the domestic market.

With regard to raw materials, subsidiary materials and consumables, the year-on-year increase is directly influenced by the entry into force of the new Presidential Decree 283/20 at the end of 2020, which aimed to liberalise crude oil purchases by Refinaria de Luanda at market price.

27A. Oil and gas exploration and operating costs

The table below details the Oil and Gas exploration and operating costs in 2021 and 2020:

Captions	2021	2020
Research costs	30,996,896,350	3,985,768,172
Production costs	824,478,679,746	697,555,894,138
Custom fees	996,534,556	4,318,081,642
Royalties	216,344,613,710	133,850,372,731
Other	122,684,167,775	(11,060,080,425)
Total	**1,195,500,892,137**	**828,650,036,258**

In the caption Research cost are booked the costs with seismic acquisition and with geology and geophysics.
In the caption Production costs, are booked the direct operation costs relating to 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. The oil and gas exploration costs in this currency show an increase compared to 2020 of approximately 34%. This increase essentially relates to the workover campaigns carried out by the operators. Considering the very significant increase in the barrel price in 2021, the operators of the main blocks, and for those with the higher charges compared with 2020, namely blocks B15.06, B15.19, B18.00, B31.00 and B32.00, materialised some projects (Workover and physical integrity of the installations) that had been cancelled when the price reached historic lows and by the increase in the Oil Production Tax for block 0 in the financial year in line with the increase in sales.

The increase is more significant in the company's reporting currency considering that the average annual exchange rate between the Kwanza and the US dollar is higher than in the same period of the previous year.

The caption "other" essentially corresponds to the change of stock rights and the overlift position in relation to the oil blocks in which the Group has participating interests, highlighting the variation of overliftings (2021: AOA 125,269,700 and 2020: AOA 2,838,777,372).

27A.1. Detail of research and production costs

The table below details the Research and production costs by block in 2021 and 2020.

Captions	2021			2020
	Production	Research	Total	Total
Block 0	230,114,157,662	-	230,114,157,662	256,207,881,227
B01.14	-	501,003,860	501,003,860	
FS/FST	19,932,299,826	-	19,932,299,826	18,490,670,439
B03.05	59,162,591,848	-	59,162,591,848	39,153,336,248
B03.5A	(214,055,594)	-	(214,055,594)	198,917,318
B04.05	14,030,757,684	(64,250,530)	13,966,507,154	14,385,071,106
B05.06	9,180,969	4,883,305,403	4,892,486,372	-
B14.00	36,181,646,405	-	36,181,646,405	31,044,917,780
B14.KU	1,531,843,147	-	1,531,843,147	1,074,896,254
B15.06	174,584,567,336	1,189,961,425	175,774,528,761	150,347,420,476
B15.19	35,810,401,281	-	35,810,401,281	7,846,103,874
B17.06	11,953,094	108,139,021	120,092,115	97,850,887
B17.20	27,853,478,966	128,273,208	27,981,752,174	18,477,201,192
B18.20	42,516,240,810	-	42,516,240,810	18,858,581,324
B21.09	27,124,387	318,211,854	345,336,241	714,797,845
B22.11	-	-	-	(12,645,478)
B31.00	114,505,446,547	-	114,505,446,547	88,310,366,883
B27.00	(131,975)	4,557,350,547	4,557,218,572	-
B32.00	62,660,971,703	19,954,355	62,680,926,058	49,874,434,278
B35.11	-	-	-	1,207,927
B36.11	-	-	-	(2,714,487)
B37.11	-	-	-	(2,870,703)
BOC.ST	1,029,203,525	(36,294,266)	992,909,259	1,948,382,176
BCC.00	-	104,595,901	104,595,901	-
NCG	-	578,299,217	578,299,217	-
CUBA	-	13,167,977,086	13,167,977,086	256,313,615
Other	4,731,002,125	5,540,369,269	10,271,371,394	4,271,542,129
TOTAL	**824,478,679,746**	**30,996,896,350**	**855,475,576,096**	**701,541,662,310**

28. Personnel Costs

The table below details the personnel costs in 2021 and 2020:

Captions	2021	2020
Wages and salaries	327,159,140,538	251,542,789,449
Extraordinary services	2,708,402,838	2,309,079,175
Shift allowance	1,938,535,901	1,401,275,104
Training expenses	9,008,147,604	1,982,233,307
Family allowance	976,860,449	745,027,974
Social security expenses	18,036,993,511	14,438,985,133
Celebration parties and social action expenses	2,153,254,417	2,937,494,597
Accommodation expenses	1,998,345,486	1,270,958,497
Insurance expenses	3,733,721,450	2,776,828,959
Post-employment benefits	60,659,963,474	55,088,574,423
Other	9,355,869,725	1,120,353,115
	(437,729,235,394)	**335,613,599,733**

The increase in personnel costs verified in the period, compared to the 2020 financial year, is essentially related to the lifting of grouping restrictions decreed by the Angolan authorities following the control of the COVID-19 pandemic, which resulted in the gradual return to face-to-face work instead of remote work, which was in force during the period of the health crisis caused by the COVID-19 pandemic. During the crisis period, the Group suspended a large part of the payment of variable grants to employees and training. Additionally, foreign exchange impacts associated with the processing of employees' salaries contributed to this effect.

The caption "Wages and salaries" includes variable remuneration in the amount of AOA 2,892,799 thousand.

Personnel costs for the year are net of employee costs charged to operated Blocks, based on the allocation methodology in force in the company and approved by the National Concessionaire in the amount of AOA 36,119,796 thousand (2020: AOA 34,848,678 thousand).

Expenses with post-employment benefits

Expenses with post-employment benefits are recognised under Personnel costs and are detailed as follows:

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	
	Defined benefit	Defined benefit	Defined benefit	Total
2020 Net cost				
Current service costs	-	23,604,236,773	429,957,139	24,034,193,912
Interest cost	11,750,398,915	18,256,597,341	1,443,415,830	31,450,412,086
Expected return arising from plan assets	-	-	(396,031,575)	(396,031,575)
Total	**11,750,398,915**	**41,860,834,113**	**1,477,341,394**	**55,088,574,423**
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)
Total	**8,417,596,282**	**50,919,109,714**	**1,323,257,478**	**60,659,963,474**

29. Depreciation and amortisation

The table below details the depreciation and amortisation in 2021 and 2020

Captions	2021	2020
Tangible fixed assets and other financial assets – Real Estate investments	101,340,531,512	92,028,287,987
Intangible assets	298,803,442	440,418,738
Oil and Gas assets - Development	1,083,717,799,986	1,453,487,766,833
Oil and Gas assets - Dismantling	84,891,071,932	63,997,857,920
Total	**1,270,248,206,872**	**1,609,954,331,478**

The caption Tangible fixed assets and other financial assets – Real Estate investments is shown net of the amount of AOA 13,553 thousand relating to the depreciation of goods associated with the management and services charged to the blocks through the model of cost allocation in force.

The Group companies allocated to the *Exploration and Production* segment have the US dollar as their functional currency.

The decrease of about 25% in the depreciation of Oil and Gas assets in "Development" (31% in the functional currency), results mainly from a generalised upward revision of the reserves of the company's crude oil compared to 2020, derived from improved general market conditions, which led to a decrease in the amortisation rate calculated according to the units of production method. The decrease in the reporting currency is mitigated considering that the average annual exchange rate between the Kwanza and the US dollar is higher than in the same period of the previous year.

The increase in the dismantling depreciation results mainly from the depreciation recognised at the level of blocks 17 and 18 which did not occur in 2020. The company became part of the contracting groups at the end of 2020, and consequently only booked the provision for dismantling and the respective asset at the end of the period, the latter not having been depreciated in the same period of the previous year.

30. Other operating expenses

The table below details the other operating expenses as at 31 December 2021 and 2020:

Captions	2021	2020
Water and energy	2,383,616,633	913,207,956
Technical assistance	7,397,310,711	2,403,337,465
Audit and advisory services	6,803,210,772	22,483,786,656
Fuel and lubricants	341,899,685	316,801,645
Commissions and intermediaries	-	4,437,804
Communication	11,674,801,710	14,031,405,373
Maintenance and repair	19,522,763,160	24,907,420,955
Litigation and notaries	1,932,990,205	2,074,241,113
Travel and accommodation	1,666,746,435	529,428,784
Representation expenses	926,990,571	121,733,102
Meals	2,866,412,899	92,084,478
Fees	4,336,439,869	4,236,054,187
Taxes and duties	15,449,016,510	62,553,380,420
Books and technical documentation	244,681,930	89,029,851
Office equipment	845,450,991	1,886,801,902
Health and comfort material	2,938,224,685	3,439,739,093
IT equipment	1,750,090,443	386,145,297
Offerings and donations	71,304,567	15,176,935
Marketing	17,392,983,543	7,480,280,408
Rents and leases	8,924,226,229	24,962,862,141
Insurance	5,389,288,778	4,211,858,807
Surveillance and security services	6,629,059,000	6,571,524,138
Subcontracts	8,642,492,113	9,956,067,042
Specialised services	34,655,303,765	48,340,549,147
Houston Express Operation	45,096,575	67,088,960
Block charges / Ship maintenance and operation	60,391,589,103	26,243,932,046
Other	29,051,847,705	18,301,255,259
Total	**252,273,838,587**	**286,619,630,964**

As at 31 December 2021, the caption "Other operating expenses" decreased by about 12% compared to the previous year, sustained essentially by the change in auditing and advisory services (-70%), taxes and fees (-75%), partially compensated by advertising and publicity (133%) and finally by Block charges / Ship maintenance and operation (130%).

The charge in the caption "Marketing" is mostly related to the increase in sports sponsorship, with the objective of improving and enhancing the image of the company and safeguarding the continuance of clients in the market.

In 2021, the caption "Audit and advisory services" decreased, since the company reassessed its expenses and proceeded with negotiations with third parties seeking to ensure the strategic repositioning in reducing costs by at least 40% of the budget due to the actual environment, having resorted preferentially to internal human resources.

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 60,120,768 thousand.

31. Financial results

The table below details the financial results as at 31 December 2021 and 2020:

Captions	2021	2020
Financial income:		
Interest income	26,159,610,415	42,388,198,523
Income from investments in Real Estate	426,523,972	377,267,890
Gains on investment and Financial assets	245,062,090,054	20,072,493,263
Reversal of provisions for investments in affiliates	463,245,934,075	13,280,269,000
Payment discounts received	-	13,952,403
Other	889,871,116	330,910,184
	735,784,029,632	76,463,091,263
Financial expenses:		
Interest expense	153,222,467,988	125,398,284,289
Bank expenses	1,711,146,212	1,311,124,147
Financing charges	34,855,646,268	25,460,822,020
Losses on investments and Financial assets	58,585,398,347	631,194,338,544
Dismantling interest	70,837,547,961	77,337,797,593
Default interest (cost)	59,204,059,832	95,575,821,277
Other financial expenses	2,291,678,082	2,347,207,697
	380,707,944,690	958,625,395,567
Exchange rate differences (net)	345,344,431,328	(258,104,436,384)
Total	700,420,516,270	(1,140,266,740,688)

The caption "Gains on investment and Financial assets" includes essentially the following gains:

i. recognition of a capital gain from the disposal of the financial investment in Puma Energy in the amount of AOA 136,008,917 thousand, as disclosed in Note 6.2;
ii. gains from the sale of financial investments under PROPRIV in the amount of AOA 9,112,267 thousand as disclosed in Note 6.2;
iii. the change in fair value 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
iv. the change in the fair value 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 rate differences (net impact) (2020: gain of AOA 37,192,097 thousand).

The caption "Reversal of provisions for investments in affiliates" relates, as in 2020, to the reversal of impairment resulting from the recoverability analysis of the investment held in the Angola LNG project, which in 2021 amounted to AOA 463,245,934 thousand (USD 742 million), as disclosed in Note 6.2.

The amounts presented under Interest expense mainly relate to interest on the loans obtained through the subsidiary Sonangol Finance in the amount of AOA 111,015,750 thousand (2020: AOA 123,356,141 thousand) equivalent to USD 177,877 thousand (2020: USD 213,640 thousand). The decrease of around 17% compared to 2020 in US dollar, is essentially explained by the decrease in the Libor rate compared to the same period in the previous year. In 2021, following the financing incurred in the period, as disclosed in Note 15, the Group incurred in financing charges in the amount of AOA 34,613,156 thousand (2020: AOA 25,749,512 thousand) equivalent to USD 55,185 thousand (2020: USD 44,595 thousand). The caption Interest expense additionally includes the amount of AOA 41,995,354 thousand (USD 67,288 thousand) calculated under the financing and amortisation plan of Sonangol Pension Fund (see Note 17).

Dismantling interest results from the financial update of the estimated dismantling amount of the oil installations considering the nominal risk-free rate plus the specific risk of the liability and the estimated dismantling dates. (See Note 18.3).

The caption Losses in investments and financial assets, essentially includes the provision for the financial investment held in Sonangol P&P Iraq Cayman Islands in the amount of AOA 55,536,788 thousand, as disclosed in note 6. In 2020 the caption included mainly the recognition of a provision for the financial investment in PT Ventures in the amount of AOA 452,615,125 thousand (see additionally Note 32) and the amount of AOA 166,442,502 thousand relating to the change in fair value of the financial investment in Millennium BCP (in 2021 a gain as referred above).

The caption Default interest (cost) in the amount of AOA 59,204,060 thousand is mainly related with the delays in payments to suppliers of oil derivatives imports and the interest arising from the non-liquidation of the funds requested by the operators of the blocks for the development of operations.

In 2021, the financial results are affected by the appreciation of the Kwanza against the US dollar, with the exchange rate on 31 December 2021 set at AOA 554.981/USD (2020: AOA 649.604/USD), corresponding to an appreciation of the national currency of approximately 15%. These exchange differences refer mostly to subsidiaries with the functional currency Kwanza and result from the update of the debt contracted and granted to third parties, in foreign currency (bank, trade payables, trade receivables, other debtors and various creditors, subsidiaries and associates, and State bodies counterparties), the exchange rate adjustment associated with the post-employment benefits liabilities, as well as exchange differences resulting from the settlement of debts to and from third-parties. It should be noted the significant impact in the *Distribution and Commercialisation* segment (see Note 3), derived from this segment's exposure to the US dollar, namely regarding the acquisition of imported refined products.

32. Net gains/ (losses) arising from investments in affiliates

The table below details the net gains/ (losses) arising from dividends distributed by affiliates in 2021 and 2020:

Captions	2021	2020
BAI	1,282,690,546	2,868,332,540
INLOC	-	49,332,237,336
Banco Caixa Geral Angola	2,591,628,983	2,751,995,896
Enco	527,973,203	-
Mota Engil Angola	-	453,663,062
Petromar	307,566,231	-
Sonadiets Lda	-	554,724,541
Sonadiets Services	-	435,597,797
Sonatide Marine Services Ltd	-	10,343,182,500
Sonagalp	372,314,199	763,635,871
Unitel	6,498,149,903	4,058,742,112
Sonacing Xikomba	29,021,347,500	-
Tecnhip Angola	-	5,683,298,710
SNL Cabo-Verde	812,953,757	584,606,275
Sonasurf internacional	1,533,703,921	3,932,338,200
PT Ventures	-	452,615,124,529
	42,948,328,243	**534,377,479,369**

During 2021 it was decided to distribute dividends to the Group in the amount of AOA 42,948,328 thousand, and the change from the previous year is mainly related to the dividends attributed in 2020 by PT Ventures.

In 2020, Sonangol acquired from Africatel Holdings BV, a subsidiary of Oi Group, the 100% of the interest in PT Ventures, which, among other assets, held credit rights of dividends declared by Unitel S.A. and already past due and a set of rights resulting from the final decision rendered by the Arbitral Tribunal constituted according to the Arbitration Rules of the International Chamber of Commerce ("ICC"). As the acquisition price of PT Ventures included the valuation of these dividends related to previous years, the receipt of these dividends determined the booking of an impairment loss in this financial investment as mentioned in Note 31.

The dividends of Sonasing Xikomba were approved in the meeting held on 21 December 2021, but were only paid in 2022, so, as at 31 December 2021, they are presented as a receivable (see Note 9.2.2).

33. Non-operating results

As at 31 December 2021 and 2020, this balance is analysed as follows:

Captions	2021	2020
Non-operating income and gains:		
Provisions write-back – Inventories	2,598,892,250	35,190,872,634
Provisions write-back – Bad debts	19,490,290,323	5,800,409,120
Provisions write-back – Legal proceedings	6,091,911	8,629,127,675
Provisions write-back – Dismantling Fund	-	6,971,230
Provisions write-back – Tax contingencies	56,549,399,660	23,368,755,708
Provisions write-back – Other	144,209,736,438	30,662,166
Gains on fixed assets	850,597,175,633	94,573,488,141
Gains on inventories	25,123,546,695	10,090,766,367
Other non-operating income and gains	92,235,588,690	20,713,892,878
	1,190,810,721,600	198,404,945,919
Non-operating expenses and losses:		
Provisions – Inventories	2,881,843,150	797,021,801
Provisions – Bad debts	60,658,925,451	135,341,592,795
Provisions – Legal proceedings	8,919,197,650	118,099,815
Provisions – Tax contingencies	267,145,699,615	129,833,265,474
Provisions – Other	1,175,559,793	34,800,583
Losses on fixed assets	439,002,688,053	993,812,909,057
Losses on inventories	30,634,742,668	18,755,146,234
Bad debts	614,659,231	1,717,575,063
Other non-operating expenses and losses	116,628,883,118	43,481,107,357
	927,662,198,729	1,323,891,518,179
Adjustments relating to prior years	(18,889,797,253)	2,125,779,550
	244,258,725,618	(1,123,360,792,710)

The gains on fixed assets in 2021 are substantially related to reversals of accumulated impairment losses on 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 impairment tests performed as disclosed in Note 4.A.4, as well as from the extension of the block 0 concession, and are broken down as follows:

Assets	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	51,309,742,380	82,212,000
B31.00	114,094,463,150	182,810,000
B32.00	227,920,556,850	365,190,000
Block 0	275,352,369,140	441,188,514
Total	**841,794,150,220**	**1,348,780,514**

In 2020 Losses on fixed assets amounted to AOA 993,812,909 thousand (USD 1,721 million) and resulted essentially from the impairment tests performed in the year, which were influenced by the impacts of the COVID-19 pandemic, the macroeconomic scenario and assumptions considered, breaking down as follows:

i. The amount of AOA 835,222,574 thousand referring to impairments in the captions oil and gas properties;
ii. The amount of AOA 14,910,159 thousand relating to impairments in the captions exploration and evaluation assets;
iii. The amount of AOA 60,627,315 thousand as a result of updating the economic and financial study of the Refinaria do Lobito project;
iv. The amount of AOA 82,713,238 thousand as a loss on the sale of participating interests in blocks 20 and 21.

On the other hand, the reinforcement of impairment recognised in 2021, booked under Losses on fixed assets is mostly associated with the recognition of additional impairment in blocks 17 in the amount of AOA 328,465,483 thousand (USD 526 million) and 15.19 in the amount of AOA 72,510,929 thousand (USD 116 million), as disclosed in Note 4.A.4 and losses recognised in tangible fixed assets of projects which are suspended in the *Distribution* and

Commercialisation and *Gas and Renewable Energies* segments, in the amount of AOA 27,438,992 thousand and AOA 10,495,145 thousand, respectively, as disclosed in Note 4.

The caption Provisions write-back – Other essentially refers to the effects of the pooling agreements between Sonangol P&P and the contractors groups of blocks 15 and 17 following the entrance of Sonangol in the referred blocks as referred to in Note 18.6. This write-back results essentially from the revision of the estimate of future charges based on the effective appropriation and recovery of costs occurred in 2021 by ANPG.

Within the scope of the ongoing processes for the recovery of assets from China Sonangol International, agreements were signed between Sonangol E.P. and this entity which allowed for the recovery of the following assets:

- Monetary assets amounting to AOA 32,105,399 thousand (USD 51,441,479) recognised under Other non-operating income and gains;
- 33 motor boats and 6 catamarans received and delivered through assignment and donation agreements to the Ministry of National Defence and Homeland Veterans and to Secil Marítima S.A. of the Ministry of Transport, as it was understood that these ministerial departments are in a better position to place these assets at the service of the Angolan population. In respect to these assets, Sonangol E.P. entered into an assignment and donation agreement. Under this agreement Sonangol E.P. authorised the immediate handing over of these assets to the Angolan authorities. To enable the delivery, Sonangol E.P. guaranteed the process of repair and shipment of the assets, for which a cost in the amount of USD 3,961 thousand, equivalent to AOA 2,472,346 thousand, was incurred and booked under the caption Other non-operating expenses and losses.

The caption Provisions – Bad Debts is mainly related to provisions recognised over the receivables from the affiliates ESSA and Puaça (see Notes 9.2.1 and 9.2.2).

Finally, mainly as a result of the negotiations under way relating to phase III of the "Memorandum for the Reconciliation of Current Account and Tax and Customs Proceedings" between the General Tax Administration (AGT) and Sonangol Group (see Note 18.2), as well as the tax audits on oil taxes in previous years, the provisions for tax contingencies were updated (see Note 18.2) and other non-operating costs and losses in the amount of AOA 75,740,566 thousand were recognised.

<u>Legal proceedings against Airbus</u>

On 29 April 2016, an H225 Super Puma helicopter, operated by the company CHC Helicopter Services was involved in a fatal accident in the North Sea (Norway). Due to this accident, the civil aviation authorities of Norway and the United Kingdom immediately set up an independent investigation, coordinated by the Accident Investigation Board Norway (AIBN), deciding on the immediate suspension of all commercial passenger operations with Super Puma aircraft (H225 and AS332 L2) in Norway and the United Kingdom, followed by European Union (EASA) and Angolan civil aviation authorities (INAVIC).

The AIBN preliminary report of 28 April 2017 pointed out that the accident was the result of a fatigue fracture in one of the eight (8) gears in the epicyclic module of the main engine of the Main Gear Box (MGB).

Additionally, the final report of AIBN, published on 5 July 2018, confirms, in its conclusions, the structural degradation of the second stage of the planet gear as the main cause of the accident, with a critical part of its subsurface developing the undetected fracture leading to catastrophic failure fatigue.

As operator of 16 (sixteen) Super Puma aircraft, of which twelve (12) of the H225 model directly owned and four (4) of the AS332 L2 model owned by third parties, Sonair filled a proceeding on 26 April 2018 in the Commercial Court of Marseille claiming for a monetary compensation based on i) operating losses due to the lack of helicopters operation, ii) operating and maintenance costs, insurance and other costs, and iii) amounts received by Airbus in exchange for the sale of the helicopters.

During 2021 the litigation was finalised, and the caption other non-operating income and gains also includes the amount of AOA 9,552,000 thousand (USD 16,000,000) resulting from the out-of-court settlement between Sonair and Airbus Helicopters ending the litigation involving both parties concerning the "Super Puma" case.

34. Extraordinary results

The table below details the extraordinary results in 31 December 2021 and 2020.

Captions	2021	2020
Extraordinary income and gains		
Other extraordinary income and gains	32,112,238	235,340,230
Total	**32,112,238**	**235,340,230**

35. Income tax

The table below details income tax expense in 31 December 2021 and 2020.

Captions	2021	2020
Oil income tax and Oil transaction fee	497,422,276,208	164,648,993,419
Tax for the year - Industrial tax	31,761,087,925	50,584,941,882
Other taxes	1,892,926,055	2,765,385,044
Total	**531,076,290,188**	**217,999,320,345**

The Group's companies with activities on the research, exploration, development and production of crude oil and natural gas onshore and offshore business, either as operator or non-operator, in joint agreements 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	2021	2020	Variation	Variation %
Block 0	322,351,250,805	35,459,926,107	286,891,324,698	809%
Block 0305	6,262,602,705	4,608,960,356	1,653,642,349	36%
Block 035A	577,424,957	-	577,424,957	100%
Block 0405	1,578,896,113	502,396,520	1,076,499,593	214%
Block 14	14,436,980,747	7,208,561,753	7,228,418,994	100%
Block 14 KU	222,417,111	234,085,718	(11,668,607)	-5%
Block 15 (1519)	16,749,542,766	22,589,135,372	(5,839,592,606)	100%
Block 15	26,042,403,541	25,604,493,404	437,910,137	2%
Block 17	6,510,928,078	14,000,184,535	(7,489,256,458)	100%
Block 1820	20,133,799,488	-	-	-
Block 31	35,140,513,599	22,403,042,461	12,737,471,138	57%
Block 32	47,276,029,092	31,941,486,519	15,334,542,573	48%
BOC 02	139,487,206	56,297,266	83,189,940	148%
BFS00/BST00	-	40,423,408	(40,423,408)	-100%
Total	**497,422,276,208**	**164,648,993,419**	**312,639,483,301**	

The tax associated with block 0 relates to the oil income tax and oil transaction tax borne by the Group in the amount of AOA 307,055,709 thousand (crude oil), and in the amount of AOA 15,295,541 thousand (gas). The increase in tax expense for this block is related to the increase in taxable profit compared to the previous year, taking into account the improvement in the oil barrel price, as mentioned in Note 22. In relation to the oil transaction tax, the entity determined a tax loss in relation to this tax in 2020, a fact that did not occur in 2021 due to the improvement previously identified.

In the case of 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.

36. Commitments not reflected in the balance sheet

As at 31 December 2021, the Group assumed commitments not reflected in the balance sheet, the most significant of which are as follows:

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 terms of the production sharing agreements:

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 2021, the Group assumed responsibilities not reflected in the balance sheet, namely with regard to the terms of the agreements with the contractor groups in which it holds participating interests and which provides for the obligation to face cash calls requested by the operators of the blocks in question.

Guarantees provided

The Group is the guarantor of 60% of a loan in the amount of USD 178,860,996 plus the respective interest, obtained by BIOCOM-Companhia de Bioenergia de Angola, Lda (entity 20% owned by its subsidiary Sonangol Holdings) in 2008 with a syndicate of Angolan banks.

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 7 million, valid until February 2022.

37. Contingent assets and liabilities

In the normal course of Sonangol's 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 2020, there were a number of possible tax contingencies arising from tax inspections and other situations amounting to USD 1,554 million equivalent to AOA 865,665,073 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 9.3.1. Under the Agreement with the State there is a signed commitment to settle and offset credits and debts between the parties.

a) 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.

As disclosed in Note 6.2, the decision of the Court of Arbitration in the Netherlands decided to nullify the 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.

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 the total dividends unduly received in the amount of Euro 44.5 thousand (AOA 27,991 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. 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, amounting to: USD 1,793,213, Euro 737,158 and GBP 139,944;
- EXEM was also ordered to pay interest of 5% for late payment from the date of the judgement;
- Sonangol will be reimbursed for all its arbitration costs, amounting to GBP 17,567, of which EXEM was ordered to pay GBP 9,023 (with 5% interest) and the remaining is to be reimbursed by LCIA for all unused arbitration costs;
- 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.

b) Contingent liabilities

Late Payment Interest

During the course of the 2021 financial year the company received notifications from business partners in respect of late payment interest charges amounting to approximately AOA 44,398,480 thousand. The Company believes that the referred interests are not due, considering the methodology adopted by those entities for the calculation of interest, the basis for their calculation and taking into consideration the output of the subsequent meetings held with the referred partners.

The above-described position reflects management's best understanding, based on the best information currently available.

Precautionary order for seizure of Airbus A-319 aircraft

An 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 and is awaiting the final pronouncement by the Portuguese Legal Authorities. The Board of Directors considers that there are no additional responsibilities beyond those recognised in the Financial Statements.

Dismantling Proceeding of Canuko Field

It is also important to highlight the ongoing litigation with the entity Destin Trading , S.A. regarding the services rendered by it in the dismantling proceeding of the Canuko field, from which it claims approximately USD 86 million (AOA 55,866 million), to which must be added interest and fines as a result of alleged additional services rendered, adverse weather conditions and delays, of which the entity claims to be unrelated to.

Considering the current status of the process, the Board of Directors, supported by its legal advisors, is confident of a favourable outcome for Sonangol P&P and that it will not have to pay the amount claimed above. Nevertheless, the process will continue to be closely monitored by management and the Group's lawyers and for any future changes in circumstances and/or additional information that may arise the possible impacts of these on the company's Financial Statements will be assessed.

38. Subsequent events

Impact of the conflict in Ukraine

On 24 February 2022, a generalised military conflict began between Russia and Ukraine, which has affected the world economy, initially with strong impacts on energy prices and other commodities, particularly in its logistics chain.

In response, multiple jurisdictions have condemned this conflict, thus, the economic impact is expected to be very relevant and may include:

- i) the suspension and/or disruption of business with entities based in or originating from Russia and Ukraine;
- ii) increased commodity prices, with an emphasis in fossil fuels;
- iii) increased global economic uncertainty, being expected more volatility in exchange rates, interest rates and an increase in the inflation rate;
- v) a possible increase in cyber-attacks, which may arise on public and private entities in the main sectors of the economy.

Group Sonangol is continuously following and monitoring the situation in the markets where it operates. Notwithstanding the above, the Board of Directors has evaluated the impacts and does not expect them to have a direct impact on the company's ability to remain a going concern or, in a significant way, on its future financial and operational performance, considering that there is no exposure or direct or indirect relationship with the targeted entities.

Regarding the international economic context, a high volatility of the oil market price is anticipated, which is expected to be highly uncertain, so it is not possible to estimate with reasonable confidence the possible impacts, if any, on the Group's activity.

In accordance with the accounting standards, these events, which occurred after the balance sheet date, were considered as non-adjustable subsequent events and therefore the assumptions used by the Board of Directors in the valuation of impairment and recoverability of the Group's assets as at 31 December 2021 do not take into account their potential impact.

Strategy to review and optimise the exploration and production assets portfolio

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, the Company reached preliminary agreements with potential buyers for the disposal of participating interests in the blocks listed in the table below. The sale prices determined are higher than the assets' book values as at 31 December 2021, and management believes that these will be sufficient to generate capital gains, which will ensure the repositioning and sustainability of the company's investment portfolio.

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

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

Following the signing of the respective sale and purchase agreements, a series of precedent conditions must be met for the effective transfer of the participating interests to the potential new owners, such as the homologation and validation of these agreements with the competent authorities and other interested parties.

Financing

As disclosed in Note 15, in 2022 the Group contracted a new loan in th total amount of USD 500,000 thousand, bearing interest at Libor plus a margin of 5.25%, reimbursable in 6 monthly instalments.

39. Grants from the Government and other entities

In 2021, with the exception of the subvention to Sonangol E.P. and its direct subsidiaries, confirmed in the site of IGAPE disclosed in Note 9.4.2 State grants (subventions), the Group did not benefit from other 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 2021 and 2020.

41. Information required by law

No information required by law.

42. Other information

I) Ongoing Renewable Energy Sector Initiatives

The energy transition refers to the gradual shift from fossil fuel-based energy production to renewable energy sources such as wind, solar and hydroelectric power, as well as lithium-ion batteries, hydrogen and biofuels.

While energy consumption is expected to continue to increase, the increased focus on renewable energy sources in the energy supply chain, increased electrification in transports, manufacturing and buildings, and the subsequent needs for improved energy storage, new mobility solutions and energy efficiency technologies are the key drivers and challenges of the energy transition.

The Group intends to play an important role in the energy transition, adapting its business portfolio to accompany the paradigm shift in energy sources, making the most of the synergies with business partners and the existing distribution networks in the country.

Aligned with the targets set by the Angolan government of producing up to 500 MW of energy from renewable sources in the 2022-2025 period. The Group initiated the first steps to diversify its asset base to mitigate the carbon footprint in the business areas related to fossil fuels and is committed to invest in alternative energy sources and develop innovative solutions that contribute to a low-carbon economy, having launched the following projects:

1) Caraculo Project (Namibe)

Caraculo Photovoltaic Plant Project, to be implemented in the Namibe province which will have an installed capacity of 50 Mega Watts, to be materialised via the Joint Venture to be formed by Sonangol, ENI and TOTAL, and in commercial partnership, will use the electricity distribution network belonging to RNT under the existing agreement between SOLENA and RNT.

The project is in the process of setting up and finalising contractual documents with the Public Electricity Sector (PES) entities and the project team is being formed.

2) Quilemba Solar Project (Huila)

The Quilemba Solar photovoltaic power plant will be built in the Lubango region, Huila province, with a future production capacity of up to 30 MW to be supplied to the national grid, thereby reinforcing power generation in Angola.

This project's implementation will be materialised with the implementation of the Joint Venture to be jointly held by Sonangol, TOTAL and Angola Enviroment Technology and will be another step towards the production of clean energy by the Group.

The project is in the phase of conclusion of the partnership agreement and discussion of the contractual documents with the Public Business Sector entities.

With these actions, Sonangol strengthens its transformation into an energy company and the fulfilment of its environmental responsibility through concrete actions to reduce its carbon footprint, aligned with the objectives of energy transition, using natural resources in an efficient and sustainable way, with the increasing investment for the generation of energy from renewable sources.

II) 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 organisational model, with focus on the primary value chain, having for this purpose reduced the structure of the Group's parent company (Sonangol E.P.), now consisting of a corporate structure with a reduced number of departments (from 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 programmes, 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;

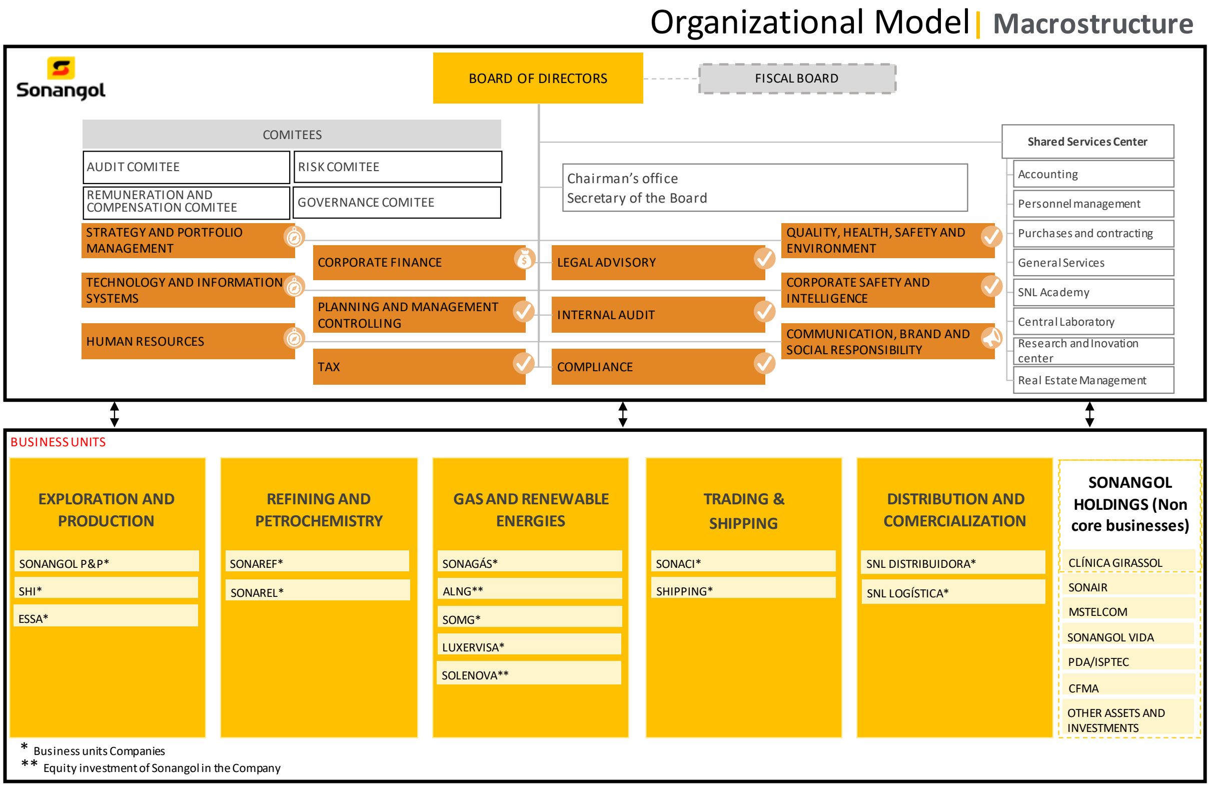
ii. Refining and Petrochemicals: focused on ensuring domestic autonomy in the production of refined products, through the building of the new Platforming Unit of Refinaria de Luanda, to increase gasoline production, the building of Refinaria Lobito and participation in the project to build Refinaria de Cabinda, in partnership with an entity of the Gemcorp Group, 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.

III) New Macro structure of the Sonangol Group



In May 2020, within Sonangol Group's Regeneration Programme, the Board of Directors approved the Organisation Manual containing the new Sonangol Group's macrostructure (as presented above), beginning its phased implementation, considering the legal nature of the companies that integrate each of the Business Units, thus ensuring their stability and going concern, through active and fluent communications to all employees and partners.

Regarding the Group's parent-company (Sonangol E.P.), the new macro structure maintains the existence of a Board of Directors, approves the creation of 4 (four) Committees with strategic responsibilities, namely: Audit Committee, Government Committee, Risk Committee and Payroll and Compensation Committee, with 12 (twelve) Corporate Departments that shall ensure strategic support for decision-making and a Shared Services Center.

The organisational structure was composed of 19 (nineteen) Corporate Departments and 19 (nineteen) Subsidiaries and has now 12 (twelve) Corporate Departments, in addition to a Shared Services Centre, 5 (five) Business Units (BU) dedicated to the core business, and Sonangol Holdings, as a holding company, which incorporates the non-core business.

The 12 (twelve) Corporate Departments established under the new macrostructure are as follows:

- Human Resources Department;
- Strategy and Portfolio Management Department;
- Technologies and Information Systems Department;
- Corporate Finance Department;
- Quality, Health, Safety and Environment Department;
- Legal Advisory Department;
- Planning and Management Control Department;
- Tax Department;
- Compliance Department;
- Communication, Brand and Social Responsibility Department;

- Internal Audit Department;
- Business Intelligence and Security Department.

The corporate structure has the responsibility to monitor and provide support to the 5 (five) Business Units, focused on: i) Exploration and Production; ii) Refining and Petrochemicals; iii) Gas and Renewable Energies; iv) Trading & Shipping; v) Distribution and Commercialisation, as well as to an entity dedicated to the structures of the Non-Core Business Companies, namely the project of harmonisation of business processes that aims to conform the process mapping carried out at the level of the business units and its updating in system, with the objective of:

- Ensuring that changes in system conform to the organisational manuals of each business unit;
- Ensuring the updating of the new macro structure in the system in order to ensure the implementation of the processes, activities and functions defined in the organisational and functions manual;
- Ensuring the definition of the corporate image (necessary changes in the business units' layout and acronyms).

Also, within the approval of the macrostructure, 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 the sphere of 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. Therefore, after completion of the internal assessments, still in progress, these entities may be liquidated.

Thus, all assignments of these entities, including rights and obligations, will be transferred to the sphere of Sonangol E.P., and the Board of Directors expects that this entire process will be concluded by the end of 2021, considering the associated challenges.

IV) <u>Privatisation programme</u>

As at 31 December 2021, the Group's assets listed under the Privatisation Programme (PROPRIV) for disposal through tenders, include a number of companies in which the Group's holdings listed below stand out:

- Sonaid – Serviços de Apoio à Perfuração, Lda.;
- Sonasurf International Shipping, Lda.;
- Sonasurf (Angola) – Companhia de Serviços Marítimos, Lda.;
- Petromar, Lda;
- Paenal, Lda;
- Sonadiets Services, S.A.;
- Sonadiets, Lda.
- Sonamet Industrial, S.A.;
- Sonatide Marine Ltd.;
- Manubito, Lda.
- Banco Africano de Investimemto (BAI);
- Mota Engil Angola;
- Riomar Hotel;
- Sonatide Marine Angola, Lda.

Within the Privatisation Programme *(PROPRIV)* for the 2019-2022 program approved by the Executive through Presidential Decree no. 250/19, of 5 August, it should be noted the actions developed in view of the need to prepare the assumptions related to privatisations of companies in Public Business Sector, namely:

- Systematisation of the assets to be sold, considering the best conditions of these assets in the market through the development of an internal strategy;
- Beginning of the equity regularisation process for some assets;

- Creation of a virtual room to support the business process (Virtual Data Room);
- Creation of Negotiation Commissions to conduct the process;
- Disclosure of the sales process through the website, as well as national and international roadshows.

It should be noted that this intention was impacted by the COVID-19 pandemic, with only the Sonatide and Sonadiets Group investments having been sold to date. In 2022 the process of disposal of the Sonasurf Group is in its final stages and the tenders for the disposal of Banco BAI and Mota Engil Angola have already been launched.

Regarding Banco BAI, the process of its sale on the stock exchange was concluded in June 2022, having the Group received about AOA 34,123,080 thousand as consideration for the transfer of the participating interest of 8.5%.

V) Transfer of Block 32 participating interests

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 2021, the transfer of this asset was subject to preceding conditions that were not fulfilled.

VI) Change in product ownership

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 assigned to the Sonangol Group, 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.

Despite the liberalisation defined by the decree, for reasons outside the Group's control, fuel imports continue to be undertaken exclusively by Sonangol, which resells to all market distributors.

At the balance sheet date, the new legislation had not yet been implemented, so the Group did not make any adjustments to its operating model.

The Consolidated Financial Statements were approved by the Board of Directors on 17 June 2022

43. Explanation added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese language. In the event of discrepancies, the Portuguese version prevails.

Head of Department of Supervision and Consolidation
SIGNED ON THE ORIGINAL
Armando Sebastião
Registration no. 20150382

Financial Director
SIGNED ON THE ORIGINAL
Divaldo Palhares
Registration no. 20140034

Executive Director
SIGNED ON THE ORIGINAL
Baltazar A. Miguel

Chairman of the Board of Directors
SIGNED ON THE ORIGINAL
Sebastião Pai Querido Gaspar Martins

Attachment - 1

Cash Flow Statement as at 31 December 2021

	31.12.2021 AOA	31.12.2020 AOA
Cash flows from operating activities		
Customer Receipts	3 360 661 881 592	2 909 030 448 801
Suppliers Payments	(2 558 247 649 374)	(2 031 935 601 375)
Import of Refined and Derivatives	(1 230 414 155 924)	(734 062 414 858)
Operating Cash Call - OPEX	(564 136 732 030)	(634 286 523 363)
Other operating expenses	(460 251 864 714)	(426 159 599 888)
Salaries	(303 444 896 706)	(237 427 063 265)
Cash generated by operations	802 414 232 218	877 094 847 426
General Regime Taxes and Customs Obligations	(221 767 818 103)	(106 341 430 547)
Cash flows from operating activities	580 646 414 115	770 753 416 879
Cash flows from investing activities		
Payments relating to:	(464 843 406 100)	(730 417 079 470)
Investment Cash Call - CAPEX	(241 772 885 156)	(212 583 126 761)
Investment Portfolio	(223 070 520 945)	(517 833 952 709)
Receipts from:	69 466 772 621	218 714 753 573
Disposal of petroleum shareholdings		202 620 950 000
Dividends	69 466 772 621	16 093 803 573
Cash flows from investing activities	(395 376 633 479)	(511 702 325 897)
Cash flows from financing activities		
Receipts from:	1 248 230 000 000	764 597 000 000
External Financing	1 248 230 000 000	764 597 000 000
Payments relating to:	(1 050 115 198 098)	(1 076 734 785 447)
Reimbursement of Capital and Interest	(1 050 115 198 098)	(1 076 734 785 447)
Cash flows from financing activities	198 114 801 902	(312 137 785 447)
Treasury Net Cash Flow - (I+II+III)	383 384 582 539	(53 086 694 465)
Transfer of Abandonment Funds to ANPG	(2 590 534 081 584)	
Exchange rate conversion effects	(416 376 052 334)	1 037 445 513 317
Cash and cash equivalents at the beginning of the period	4 385 839 290 877	3 401 480 472 025
Cash and cash equivalents at the end of the period	1 762 313 739 497	4 385 839 290 877

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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 of the companies included in the consolidation perimeter defined by its Board of Directors) ("Sonangol E.P.", "Sonangol Group" or "the Group") which comprise the consolidated balance sheet as of 31 December 2021 (which shows total assets of 17,735,144,393 thousand kwanzas and a total equity of 5,893,533,307 thousand kwanzas, including a consolidated profit for the year of 1,336,744,579 thousand kwanzas), and the consolidated income statement by nature 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 consolidated 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 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 regularization. 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 of 31 December 2021 of 981,185,783 thousand kwanzas (2020: 1,148,475,730 thousand kwanzas), corresponding to USD 1,767,963 thousand.

   As at 31 December 2021, the caption Accounts receivable includes 2,285,215,002 thousand kwanzas (2020: 2,567,271,407 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 549,657,904 thousand kwanzas. Since the agreements signed with the State establish that the recovery of the 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, 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 466,990,926 thousand kwanzas (2020: 377,512,021 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 2020, 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 227,052,256 thousand kwanzas (2020: 336,709,607 thousand kwanzas), 352,827,004 thousand kwanzas (2020: 371,248,785 thousand kwanzas), 312,149,743 thousand kwanzas (2020: 355,492,651 thousand kwanzas), 10,139,503 thousand kwanzas (2020: 112,332,918 thousand kwanzas), 13,826,857 thousand kwanzas (2020: 14,348,712 thousand kwanzas) and 81,684,824 thousand kwanzas (2020: 47,504,530 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 8,834,899 thousand kwanzas (2020: 10,561,004 thousand kwanzas) and the non-operating results of 106,707,142 thousand kwanzas (2020: 14,568,693 thousand kwanzas), nor as to the effects that any regularizations had or may have in the 2021 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 2021, 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 of 31 December 2021. 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 Matters

11. Without affecting our opinion expressed in paragraph 9, we draw attention to the following matters:

12.1 Note 1 refers that, from 1 May 2019, Sonangol E.P. ceased to exercise the functions and attributions of National Concessionaire which were attributed to the National Oil, Gas and Biofuels Agency (ANPG), and as mentioned in note 18.4 of the Notes to the consolidated financial statements, paragraph 3, Article 5 of Presidential Decree 145/20 of 26 May, foresaw that Sonangol E.P. would hold the funds for dismantling until December 2020, when ANPG would assume this responsibility and the corresponding assets. In note 10 it is mentioned that at the balance sheet date, the process of transferring the ownership of the escrow accounts and the corresponding liabilities was still in progress, reason why the consolidated financial statements include, under the caption Dismantling funds (Concessionaire) current (note 18.4), 422,923,854 thousand kwanzas relating to dismantling liabilities. On note 10 it is also mentioned that there are 422,923,854 thousand kwanzas corresponding to funds received from the contractor groups, registered under Bank deposits with restricted mobilisation - "Escrow Accounts" (note 10 – Cash and bank deposits).

In note 18.4 it is mentioned that Sonangol E.P. signed an agreement with ANPG under which it assumed the responsibility for the phasing of transfers of funds not associated with escrow accounts and assumed responsibility for the dismantling of Block 2 operated by Somoil, up to the limit of the liability booked in the consolidated financial statements, subject to the update of the abandonment plan and to the contributions of the new contractor group. In 2021 the planed transfer did not occur and the consolidated financial statements include under Other current and non-current creditors the amounts to be transferred to ANPG under the terms of the referred agreement, in the amounts of 440,294,236 thousand kwanzas (2020: 481,121,533 thousand kwanzas) and 180,718,119 thousand kwanzas (2020: 252,395,746 thousand kwanzas), respectively (note 19.7) relating to funds received from the contractor groups and a liability of 344,041,186 thousand kwanzas (2020: 402,699,426 thousand kwanzas) presented under Dismantling funds (Concessionaire) non-current corresponding to the liability with the dismantling of Block 2 (note 18.4 – Dismantling funds).

12.2 As disclosed in note 2.4.1 of the Notes to the consolidated financial statements, the Board of Directors of Sonangol Group disclosed the launch of public tenders for the sale of participating interests in companies, within the scope of the Privatisation Programme (PROPRIV) for the 2019-2022 period approved by the Government through Presidential Decree No 250/19 of 05 August, which includes assets and financial investments held by the Sonangol Group and establishes the sale of up to 30% of the share capital of Sonangol E.P., through an initial public offering (IPO). In the same note it is mentioned that it was approved by the Board of Directors on 26 July 2021 a new corporate model expected to be concluded by the end of 2022.

Luanda, 17 June 2022

SIGNED ON THE ORIGINAL

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Paulo Rui Inocêncio Ascenção
Registered Auditor with certificate no 20140082