SONANGOL E.P.

Consolidated Financial Statements

31 December 2023

7 June 2024

Consolidated Balance Sheet as at 31 December 2023

		31-12-2023	31-12-2022
		AOA	AOA
ASSETS			
Non-current assets			
Tangible fixed assets	4	2,061,496,809,018	1,597,945,583,975
Intangible assets	5	104,309,665,876	104,491,041,884
Oil and gas properties	4A	7,675,750,414,379	4,376,422,449,210
Exploration and evaluation assets	5A	301,383,225,512	144,429,794,995
Investments in affiliates	6	2,632,641,997,641	1,415,245,875,964
Other financial assets	7	905,230,590,131	574,674,749,362
Other non-current assets	9	350,773,363,844	256,058,451,484
Total Non-current Assets		**14,031,586,066,401**	**8,469,267,946,874**
Current assets			
Inventories	8	474,463,274,351	296,984,961,920
Accounts receivable	9	7,594,852,604,263	4,758,639,844,892
Cash and bank deposits	10	2,345,257,556,961	1,864,183,751,876
Other current assets	11	31,714,362,259	19,698,912,384
Total current Assets		**10,446,287,797,834**	**6,939,507,471,072**
Total Assets		**24,477,873,864,235**	**15,408,775,417,946**
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	1,558,375,290,910	2,364,822,175,744
Retained earnings	13	(4,494,287,555,110)	(5,677,976,451,469)
Foreign exchange translation adjustments (FS conversion)	13	9,013,180,024,206	6,079,434,099,012
Net profit for the year		930,022,111,920	838,084,213,348
Total Equity		**9,854,239,179,914**	**6,451,313,344,623**
Non-current liabilities			
Loans	15	2,234,342,033,600	1,303,222,936,759
Provisions for post-employment benefits	17	1,052,732,309,022	707,884,436,702
Provisions for other risks and charges	18	3,424,054,431,223	2,162,369,769,532
Other non-current liabilities	19	1,568,470,879,767	969,295,727,851
Total non-current liabilities		**8,279,599,653,612**	**5,142,772,870,844**
Current liabilities			
Accounts payable	19	4,818,806,416,910	2,712,448,722,320
Loans	15	1,087,228,716,340	747,458,934,479
Provisions for other risks and charges	18	61,407,450,396	150,797,119,824
Other current liabilities	21	376,592,447,063	203,984,425,856
Total Current liabilities		**6,344,035,030,709**	**3,814,689,202,479**
Total Liabilities		**14,623,634,684,321**	**8,957,462,073,323**
Total Equity and Liabilities		**24,477,873,864,235**	**15,408,775,417,946**

Luanda, 7 June 2024

Head of Department of Supervision and Consolidation

SIGNED ON THE ORIGINAL

Armando Camões Sebastião

Certificate No. 20150382

The Accountant

Financial Director

SIGNED ON THE ORIGINAL

Divaldo Kienda Feijó Palhares

Certificate No. 20140034

Chief Financial Officer

SIGNED ON THE ORIGINAL

Baltazar Miguel

Chairman of the Board of Directors

SIGNED ON THE ORIGINAL

Sebastião Gaspar Martins

Consolidated Income Statement by nature for the year ended 31 December 2023

		31-12-2023	31-12-2022
		AOA	AOA
Sales	22	7,629,608,989,506	6,096,637,274,080
Services rendered	23	201,077,354,335	108,535,035,295
Other operating income	24	42,278,351,095	28,726,183,985
		7,872,964,694,936	**6,233,898,493,360**
Change in finished products and work in progress	25	(2,752,277,558)	(31,207,344,340)
Cost of goods sold and raw materials consumed	27	(2,908,266,797,601)	(2,174,234,140,018)
Oil and gas exploration and operating costs	27A	(1,377,509,670,256)	(844,358,484,530)
Personnel costs	28	(529,479,020,194)	(434,542,307,303)
Depreciation and amortisation	29	(1,203,773,799,144)	(926,292,117,746)
Other operating expenses	30	(541,303,618,327)	(269,778,196,188)
		(6,563,085,183,080)	**(4,680,412,590,125)**
Operating results:		1,309,879,511,856	1,553,485,903,235
Financial results	31	(517,911,458,558)	(166,375,986,465)
Net gains / (losses) from investments in affiliates	32	440,185,783,428	34,065,248,668
Non-operating results	33	159,458,896,883	5,094,097,807
		81,733,221,753	(127,216,639,990)
Profit before taxes:		1,391,612,733,609	1,426,269,263,245
Income tax	35	(461,590,621,689)	(588,185,049,897)
Net profit from current activities:		930,022,111,920	838,084,213,348
Extraordinary results		-	-
Net profit for the year		930,022,111,920	838,084,213,348

Luanda, 7 June 2024

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SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P

Consolidated Statement of Changes in Equity for the Year ended 31 December 2023

	Share capital	Supplementary capital	Reserves	Retained earnings	Foreign exchange translation adjustments (FS conversion)	Net Profit for the Year	Total Equity
	AOA	AOA	AOA	AOA	AOA	AOA	AOA
Opening balance	1,000,000,000,000	1,846,949,307,988	2,364,822,175,744	(5,677,976,451,469)	6,079,434,099,012	838,084,213,348	6,451,313,344,623
Changes in the period:							
Actuarial gains/losses	-	-	134,378,849,999	-	-	-	134,378,849,999
Other changes recognised in equity	-	-	(275,383,500)	243,987,007,643	(244,406,733,525)	-	(695,109,385)
Fundamental errors	-	-	-	(248,191,755,234)	-	-	(248,191,755,234)
Exchange differences arising on consolidation	-	-	-	-	3,178,152,658,719	-	3,178,152,658,719
Subtotal:	-	-	134,103,466,499	(4,204,747,596)	2,933,745,925,194	-	3,063,644,644,099
Net profit for the year	-	-				930,022,111,920	930,022,111,920
Subtotal:	-	-	-	-	-	930,022,111,920	930,022,111,920
Transactions with shareholders in the period:							
Coverage of Retained Earnings	-	-	(919,852,610,322)	919,852,610,322	-	-	-
Payment of dividends relating to 2020	-	-	(20,697,741,008)	-	-	-	(20,697,741,008)
Payment of dividends and distribution to the social fund relating to 2021	-	-		(212,286,639,618)	-	-	(212,286,639,618)
Payment of dividends and distribution to the social fund relating to 2022	-	-		(357,756,540,102)	-	-	(357,756,540,102)
Transfer of prior year's profit	-	-	-	838,084,213,348	-	(838,084,213,348)	-
Subtotal	-	-	(940,550,351,330)	1,187,893,643,950	-	(838,084,213,348)	(590,740,920,728)
Closing balance	1,000,000,000,000	1,846,949,307,988	1,558,375,290,910	(4,494,287,555,110)	9,013,180,024,206	930,022,111,920	9,854,239,179,914

Luanda, 7 June 2024

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SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P

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

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

Luanda, 7 June 2024

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Notes to the Consolidated Financial Statements for the year ended 31 December 2023

1. BUSINESS ACTIVITY AND CORPORATE INFORMATION

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

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

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

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

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

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

Presidential Decree no. 15/19, of 9 January is in force, approving the Organic Statute of Sonangol E.P., and revoked Presidential Decree no. 222/17, of 27 September, following the need to adapt the Statutes to the current organisational model of the oil sector.

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

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

Corporate Bodies

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

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

<u>Executive Directors</u>

GASPAR MARTINS
CHAIRMAN OF THE BOARD OF DIRECTORS

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

JOAQUIM FERNANDES
EXECUTIVE DIRECTOR

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

BALTAZAR MIGUEL
EXECUTIVE DIRECTOR

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

JORGE VINHAS
EXECUTIVE DIRECTOR

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

KÁTIA EPALANGA
EXECUTIVE DIRECTOR

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

OSVALDO INÁCIO
EXECUTIVE DIRECTOR

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

OLGA SABALO
EXECUTIVE DIRECTOR

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

Notes:

1,2,3 (Monitoring/Management of the investment)

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

Non-Executive Directors

ANDRÉ LELO
NON-EXECUTIVE DIRECTOR

BERNARDA MARTINS
NON-EXECUTIVE DIRECTOR

- Audit Committee

LOPO DO NASCIMENTO
NON-EXECUTIVE DIRECTOR

JOSÉ GIME
NON-EXECUTIVE DIRECTOR

- Remuneration and Compensation Committee

Supervisory Bodies

Supervisory Board

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

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

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

Auditor

KPMG Angola - Audit, Tax, Advisory, S.A., represented by the accounting expert Maria Inês Rebelo Filipe.

Committees

The organic structure of Sonangol E.P. has four committees to support the Board of Directors, which are the Risk Committee, Governance Committee, Audit Committee and the Remuneration and Compensation 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" held two ordinary and extraordinary meetings during the year, on 22 March and 24 May 2023 respectively.

2. Remuneration and Compensation Committee

The Remuneration and Compensation Committee is currently being set up and is coordinated by two of Sonangol's non-executive Directors.

3. Governance Committee

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

4. Risk Committee

The Risk Committee is an internal body of the Company responsible for identifying, evaluating, and managing the risks associated with the Company's activities. The "Committee" comprises members from different areas of the Company including finance, operations, human resources and legal. This Committee held one ordinary meeting during the year, on 31 July 2023.

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 7 June 2024, being further subject to the approval of the Shareholder and the Supervising Government member, which have the ability to change them after the authorisation for issue by the Board of Directors of Sonangol E.P.

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

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

2.1 Basis of preparation and presentation of the Consolidated 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 2023, the last rate published by National Bank of Angola was considered. The carrying amounts of non-monetary items recorded at historical cost and denominated in foreign currencies (against the presentation currency) are translated at the exchange rate of the transaction date and are not updated at each reporting date. Favourable and unfavourable exchange differences are recognised in the Income Statement, under Financial income or Financial expenses, respectively, when these are favourable or unfavourable to the Group. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are translated at the exchange rate prevailing on the date the fair value was determined.
The Consolidated Financial Statements were prepared in accordance with the characteristics of relevance and reliability and were prepared under the going concern and accrual basis assumptions in compliance with the accounting principles of consistency, materiality and comparability.

2.1.2 Basis of presentation of the Consolidated Financial Statements

The Group's Consolidated Financial Statements and related Notes are presented in 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, adjusted by the introduction of specific items relating to the Group's core activity (oil and gas industry) and by certain provisions absent from the PGC. Notes not mentioned are not applicable to the Sonangol Group, either for not being materially relevant, or as a result of the adopted accounting policies.

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

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

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

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

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

The exchange rates used to translate balances and financial statements stated in foreign currencies are based on the information published by the National Bank of Angola and are as follows:

Closing Exchange Rate	2023	2022	Currency
USD 1 =	828.800	503.691	AOA
EUR 1 =	915.990	537.438	AOA
GBP 1 =	1,053.917	607.048	AOA
ZAR 1 =	45.056	29.707	AOA
Average Exchange Rate	**2023**	**2022**	**Currency**
USD 1 =	685.643	465.077	AOA
EUR 1 =	741.557	491.088	AOA
GBP 1 =	854.53	576,423	AOA
ZAR 1 =	37,041	28,538	AOA

2.1.3 Comparability of the Consolidated Financial Statements

The elements included in these Consolidated Financial Statements are comparable with those of the previous year, except for the situations considered to be fundamental errors and recognised in Retained Earnings, as described in Note 13.

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 Supervisory Body 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 damage the control exercised by the Sonangol Group of its rights over the assets or the management of the affiliate.

In the consolidation process, the following procedures were followed:

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

The entities integrating the Group, the percentage of shares held and the nature of the financial investment (subsidiary, joint arrangement, associate, other) are disclosed in Note 3 for subsidiaries consolidated by the full consolidation method and Note 6 for the remaining affiliates.
Compared to the perimeter that was the basis for the preparation of the 2022 Consolidated Financial Statements, occurred the changes disclosed in Note 3, with the inclusion of the companies Sonangol Kulumbimbi Limited and Sonangol Rainha Ginga Limited.

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:

a) The structure of the joint arrangement – whether it is structured through a separate vehicle;
b) When the arrangement is structured through a separate vehicle, the Board of Directors also considers the rights and obligations arising from:
    - The legal form of the separate vehicle;
    - The terms of the contractual arrangement;
    - Other facts and circumstances (where relevant).

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

(ii) Determination of the functional and the reporting currencies

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

2.2.2 Estimates and assumptions

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

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

(i) Hydrocarbon reserves

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

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

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

(ii) Exploration and evaluation expenditure

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

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

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

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

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

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

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

(v) Recoverability of oil and gas assets

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

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

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

Oil and gas properties

The recoverable amount of oil and gas properties as at 31 December 2023 was determined in accordance with the best estimate of the Group's Board of Directors, based on its value in use, corresponding to the discounted value of the estimated cash flows for the exploration period of the blocks/fields. Whenever there are impairment triggers/reversals of impairment, the following assumptions are used in the tests:

- Proven and probable reserves (2P reserves) certified by external independent experts;
- Crude oil price curve and price differentials, estimated in the year, for each of the oil grades: USD 76.49/barrel in 2024, USD 73.29/barrel in 2025 and USD 76.50 /barrel in 2026 and 2% growth in the following years;
- Discount rates between 13.9% and 11.9%;
- Operating costs (production cost per barrel), considering a 2% growth rate from 2023 onwards;
- Future capital expenditures (capex);
- Working interest and net entitlement percentages;
- The deadline for the concession or the economic limit of the blocks, whichever is lowest.

For the impairment tests performed as at 31 December 2022, the assumptions considered were the same as those disclosed above, with the following specific changes taking into account the reference date of the test:

- Proven and probable reserves (2P reserves) certified by independent external experts;
- Crude oil price curve and price differentials, estimated in the year, for each of the oil grades: USD 83.83/barrel in 2023, USD 78.99/barrel in 2024 and USD 80.00 /barrel in 2025 and 2% growth in the following years;
- Discount rates between 14% and 12%.

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

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

Exploration and evaluation assets

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

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

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

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

Real Estate

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

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

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

Goodwill

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

The recoverable amount of Goodwill was determined in accordance with the best estimate of the Group's Board of Directors, based on cash flows projections for periods of five years (2024-2028) and a perpetuity without growth rate and considering assumptions regarding the oil and natural gas prices curves, discount rates, operating costs, including downtime costs (where applicable), future capital requirements and operating performance. For impairment tests performed in 2023, the nominal discount rate in AOA of 14.58% and 16.58% for Refinaria de Luanda.

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

Financial investment in Angola LNG

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

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

In 2023, the Group performed an impairment triggers analysis over the investment in Angola LNG and concluded that there are no impairment triggers, considering that the equity value of Angola LNG attributable to the Group is higher than the carrying amount of the asset, which amounts to AOA 583,352,234 thousand (USD 703,852 thousand), and that dividends amounting to AOA 370,524,828 thousand (USD 447,062 thousand) were received during the year.

The financial investment in Angola LNG is disclosed in Note 6.2 Financial investment in Angola LNG.

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

Upstream activity

The upstream dismantling cost estimates are determined by development area or by block. Estimated costs include the costs forecasted to be incurred in a future date, with the removal of facilities, closure and dismantling of wells and support services required for these activities. An inflation rate of 2% was used to update the estimate of future dismantling expenditures according to the expectation of inflation in the medium/long-term associated with the US market. Dismantling is considered a future liability that is presented each year at the present value. The nominal discount rate used for 2023 was 4.87% for block 0 and 4.81% for the remaining blocks, considering de dismantling deadlines, current market conditions and the specific risk of the liability.
The ultimate dismantling costs are uncertain and cost estimates can change in response to many factors, including changes to relevant legal requirements and development of new environmental restoration techniques. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Consequently, there could be significant adjustments to current provisions, which may affect the Group's future operating and non-operating results.

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

Refining and Downstream activities

Provisions are booked for Refining and Downstream activities whenever necessary:

i) There is a legal or constructive obligation as a result of past events;
ii) It is likely that an outflow of resources will be required to settle the obligation;
iii) A reliable estimate of the amount of the obligation can be made.

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

Changes in the estimated dismantling timing or cost 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 it occurs, any excess over the net book value is adjusted directly in the Income Statement.

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.

Consequently, provisions of this nature were recognised for the Downstream activity so as to meet the respective liabilities related to expenditure with the reposition of the sites and land of petrol stations located in public roads, commonly known as "sidewalk petrol stations" (postos de abastecimento de passeio). The recognition of these liabilities relates to the interpretation of Executive Decree 282/14, which regulates the construction and operation of petrol stations, and the conclusion of the dismantling plan for petrol stations that do not comply with the provisions of this legislation.
Moreover, these financial statements also include a provision for the dismantling of 7 (Seven) fuel installations in the downstream activity, due to the fact that these were considered inefficient at the time, and or by being part of the plan to replace them (See Note 18), the amortisation of these assets is being carried out until the foreseeable date of dismantling.

No provisions have been recognised for the Refining business.

The provisions for dismantling costs at the reporting date represent the Board of Directors' best estimates 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 bad 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 customers 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 adjustments 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 adjustments will occur by the tax authorities with a material effect on the Financial Statements for the year ended 31 December 2023.

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 2023, 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 completely eliminated in the consolidation process.

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

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

b) Investments in joint arrangements

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

i) Joint operations

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

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

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

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the 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 oil 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 Note 2.3 r), 6.3 and 7) the remaining financial investments (i.e., equity instruments in third party entities) are measured at acquisition cost net of impairment losses (where applicable) and are disclosed in Note 6.2.

d) Business combinations and Goodwill

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

Acquisition related costs are expensed as incurred.

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

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

e) Exploration and evaluation expenditure

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

i) Pre-license costs

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

ii) Exploration licenses and property acquisition costs

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

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

iii) Exploration and evaluation costs

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

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

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

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

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

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

iv) Development costs

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

f) Oil and gas properties and Other tangible fixed assets

The Group considers as oil and gas properties, those tangible fixed assets 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 they are sufficiently mature to not be classified as exploration and evaluation assets.

i) Initial recognition

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

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

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

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

ii) Capitalisation of borrowing costs and other directly attributable costs

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

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

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

As at 31 December 2023, no borrowing costs or other directly attributable costs have been capitalised.

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.

1) Oil and gas properties

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

The capitalised costs associated with the dismantling of the blocks are also depreciated using the units of production method, however, 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.

2) Tangible fixed assets

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

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

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

iv) Derecognition

1) Oil and gas properties

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

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

2) Tangible fixed assets

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

v) Major maintenance, inspections and repairs

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

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

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

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

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

h) Intangible assets

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

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

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

i) **Impairment of assets**

i) **Non-financial assets (excluding Goodwill)**

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

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

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

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

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

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

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

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

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

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

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

ii) *Goodwill*

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

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

iii) **Financial investments and investments in Real Estate**

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

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

For investments in real estate measured at cost, impairment is determined based on rules and calculation methodologies similar to the ones mentioned in note 2.2.2 (v) Recoverable amount of assets.

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

Financial instruments

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

j) Financial assets

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

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

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

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

ii) Other non-current financial assets

1) Financial investments in Real Estate

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

2) Investment funds

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

iii) Cash and bank deposits

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

k) Financial liabilities

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

i) Accounts payable

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

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

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

ii) Loans

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

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

l) Inventories

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

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

a) Raw materials and subsidiary products

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

b) Products and work in progress

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

c) Finished products and intermediates

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

d) Goods

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

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

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

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

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

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

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

m) Leases

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

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

n) Provisions for other risks and charges

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

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

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

i) Provision for dismantling

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

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

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

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

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

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

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

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

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

ii) Dismantling funds (Concessionaire)

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

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

o) Taxes

i) Oil taxes

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

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

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

Taxes, duties and fees above include:

- Oil Production fee (IPP) – tax on oil production, which is applied on the quantities of crude oil and natural gas produced, valued at tax reference prices and only on entities that participate in oil concessions whose exploration is governed by associative contracts. The tax rate for Block 0 is 20%. Given its nature, this fee is presented under Oil and gas exploration and operating costs in Note 27.A;
- Oil Transaction Tax (ITP) – applied to the annual profit of Concession Contracts at a 70% rate and deductible for the purpose of determining the taxable amount of oil income tax;
- Oil Income Tax (IRP) – applied to annual profits (net of oil production fee and oil transaction tax) applied to Concession Contracts and Production Sharing Agreements. The tax payable is calculated in accordance with the tax regime regulated in Law 13/04, complemented by the Concession Decree. The percentage referring to cost recovery, also referred to as Cost Oil, is deducted from the total of the charges, resulting in the Profit Oil on which a rate of 35% is applied in compliance with Law No. 26/20 of 20 July – Law amending the Industrial Tax Code.

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

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

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

ii) Capital Gains Tax (CGT)

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

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

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

In addition to the above, in April 2022, Law No. 8/22 of 14 April 2022 was passed, which approves the amendment of the Tax Benefits Code. Exception for dividends received from Angola LNG, which are exempt under specific legislation.

iii) Other taxes

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

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

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

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

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

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

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

iv) Deferred taxes

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

p) Sales, services rendered and other operating income

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

The main Group revenue categories are as follows:

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

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

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

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

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

<u>Sales of refined products</u>

Sales of refined products relate to sales of petrol/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>State grants (subventions)</u>

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

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

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

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

<u>Services rendered – leases</u>

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.

<u>Services rendered – shipping</u>

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

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

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

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

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

r) Balances and Transactions in currencies other than functional currencies

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

s) Current and non-current classification

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

An asset is current when:

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

All other assets are classified as non-current.

A liability is current when:

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

t) Employee benefits plans

i) Short-term benefits

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

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

ii) Termination benefits

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

iii) Post-employment benefits

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

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

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

iv) Pension Plan

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

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

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

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

v) Health care plan

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

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

w) Results policy

i) Extraordinary and non-operating results

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

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

ii) Financial results

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

Interest is recognised on an accrual basis.

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

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

x) Oil and gas exploration and operating costs

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

y) Related parties

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

z) Subsequent events

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

aa) Segment reporting

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

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

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

bb) Accounting policies, accounting estimates and errors

i) Accounting estimates

Estimation involves a high degree of judgement based on the latest available, reliable information. An accounting estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. The effect of a change in an accounting estimate, shall be recognised in Income statement of the current period in the same caption used to record the accounting estimate.

Given the accounting principles of consistency and comparability of balances, changes in accounting policies should only be made in the following scenarios:

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

ii) Errors

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

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

iii) Changes in Accounting policies

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

2.4 MAIN ASSUMPTIONS REGARDING THE FUTURE

The year 2023 was marked by a reduction of approximately 20.3% in the average price of the crude oil traded, with an average price of the crude oil traded by the company of approximately 82.035 USD/barrel, compared to 102.312 USD/barrel in 2022, which resulted in a decrease in EBITDA of around 31% compared to the previous year (2023: USD 3,666,126 thousand and 2022: USD 5,331,973 thousand). For the next few years, the average annual market price of crude oil is estimated to be USD 76.49/barrel in 2024, USD 73.29/barrel in 2025, USD 76.50/barrel in 2026 and USD 80.00/barrel in 2027. After this period, growth of 2% is expected in the following years, according to a report prepared by an external and independent expert.

Despite the challenging period marked by the decrease in the average price of the crude oil sold, the Group has continued its operating activities, focusing on measures to optimise the business, resulting in a net profit for 2023 of approximately AOA 930,022,112 thousand (USD 1,356,423 thousand).

The Board of Directors is continuously committed to analysing and adapting to the constantly evolving macroeconomic conditions and international markets, continuously evolving. To this end, financial forecasts have been prepared and an assessment has been made of the company's main cash-generating units or assets, which include Block 0 and the financial interests in Sonangol Pesquisa & Produção (upstream) and Sonangol Distribuição e Comercialização (downstream), using reasonable and supportable assumptions that represent the company's current best estimate of the range of economic conditions that may exist in the foreseeable future.

The vision for the future is driven by management considering principles of resilience and sustainability, with a focus on the positive impact we can have on our stakeholders through transparent communication and engaged leadership.

We are committed to identifying emerging opportunities, developing innovative solutions to face the challenges and increasing the productivity of the business, and we therefore expect to invest in human and technological capital to increase productivity and optimise organisational development. The energy transition is expected to bring volatility to the markets and there is uncertainty as to how the prices of the main commodities traded by the Group will evolve during the transition period and in the medium and long term, taking into account that climate change could affect the supply and demand for energy, both locally and globally. These risks are therefore monitored by the Company and, should they materialise, will be appropriately reflected in the financial statements. In order to minimise potential adverse effects, Sonangol E.P., through its subsidiaries, continues to diversify its asset portfolio, with major investments underway in the renewable energy sector in the Gas and Renewable Energy segment and in the Distribution and Marketing segment. These investments, which are considered pilot projects in Angola, include the Caraculo (Namibe) photovoltaic plant, the use of solar panels at the gas bottling plant (Cubal Benguela), technical operational improvements at the LPG plant (ICN Luanda and other gas plants in Lobito, Malange and Luena, planned construction of the Fertiliser plant). Technical and economic studies are also underway for a green hydrogen plant with a planned production capacity of 342,000 tonnes of green ammonia per year, the Quilemba Solar Project (Huíla), and the contracting process is underway for the construction of electricity generation infrastructure with a planned capacity of 80 megawatts.

These initiatives are expected to contribute positively to future results.

At the balance sheet date, the preparation of the Group's second Sustainability Report is underway, which will be an important milestone in our journey towards transparency and corporate responsibility. This report will enable the company to disclose in detail the good environmental, social and corporate governance (ESG) practices adopted. Sonangol E.P. is committed to ensuring that this second Sustainability Report is more comprehensive and informative than the previous one, focusing on our ongoing efforts to minimise our environmental impact and strengthen our governance standards. Despite the challenging market scenario due to the volatility of national and international interest rates. Sonangol E.P. is maintaining its operational activities while reinforcing measures to optimise its operations.

Sonangol E.P.'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.

In light of the current price curves' expectation that the price of oil will remain between USD 70 and 80, as well as the expectations concerning the future success of the operations, the Financial Statements were prepared on a going concern basis. In this regard, it is important to note that the current and expected market price of oil is at a significant level in relation to operating costs, indicating the robust viability of future operations.

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

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

The approved corporate model, whose definition complies with the requirements defined by the 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.

Future corporate model:

The Sonangol Group's future business model is based on the division of its activities into nuclear and non-nuclear.

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

The Sonangol Group has two main segments (nuclear and non-nuclear) and work is currently underway to reorganise the companies that will make up the nuclear chain, with some processes completed and others in progress, expected to be completed by the end of 2024 and taking into account all aspects relevant to the main actions.

Specific Vision – As at 31 December 2023, the status of the implementation processes for the restructuring of Sonangol Group within the timetable for implementation of the respective corporate model was as follows:

Sonangol Distribuição e Comercialização, S.A.

For this business, the merger by incorporation process was completed on 1 January 2022, with the global transfer of the assets of Sonangol Logística (Acquired company) to Sonangol Distribuição e Comercialização (Surviving company), which will now include all the assets and liabilities of Sonangol Logística in its corporate structure.

Sonangol Gás e Energias Renováveis S.A.

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

Sonangol Exploração & Produção, S.A.

With regard to Sonangol Exploração & Produção, S.A., the consolidation activities for this business unit are underway, as well as the work to prepare and merge the various entities of this business unit into Sonangol Pesquisa & Produção, S.A..

Sonangol Refinação & Petroquímica, S.A.

For this business, the merger by incorporation process was completed on 1 January 2023, with Sonaref being merged into Sonangol Refinaria de Luanda, which will now incorporate all of Sonaref's assets and liabilities into its corporate structure. Moreover, the change of name of Sonangol Refinaria de Luanda, Lda. to Sonangol Refinação e Petroquímica S.A.. was completed.

Sonangol Trading & Shipping, S.A.

In relation to Sonangol Trading & Shipping, S.A., activities are still ongoing and the implementation of the entity is expected to start in 2024.

Sonangol Holdings, S.A.

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

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

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

The Board expects the process of internal reorganisation of the businesses to be completed by the end of 2026, taking into account the challenges associated with the completion of the internal valuations for the effective transfer of the shareholdings of the non-core businesses.

2.5 CHANGES IN ACCOUNTING POLICIES

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

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

3. OPERATING SEGMENTS

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

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

The Board of Directors, always mindful of the need to provide readers of the Group's financial statements with a realistic and true view of the financial performance of each operating segment, considers that the interest and related financing costs borne by Sonangol EP and Sonangol Finance should be presented in the Distribution and Commercialisation segment, as it is in this segment that requires the Group to go to the market to contract the related bank debt, with the exception of the interest costs incurred under the specific loan agreement signed in 2023 for the acquisition of the vessels Kulumbimbi and Rainha Ginga, which are presented in the Trading and Shipping segment. This principle makes it possible to monitor which segments require a greater inflow of capital and the ability to remunerate the implicit cost of financing their operating activities. This allocation is therefore reflected in the segment reporting.
Management monitors the operating results of its business separately, with the purpose of making decisions about resources allocation and their performance evaluation. The performance of a business unit is evaluated based on its operating income and expenses which are valued consistently with the consolidated operating income and expenses.

Regarding the income (dividends) of Sonangol E.P. from the subsidiary PT Ventures, which holds 25% of Unitel, it is presented in the segment of Non-Core Business Units, in order to aggregate all the impacts associated to the performance of Unitel in a single segment and allow a more realistic analysis of the financial information.

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

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

Company	Segment
Sonangol E.P.	Corporate
Sonangol Finance Limited	Corporate
Sonangol Pesquisa & Produção, S.A.	Exploration and production
Sonangol Hidrocarbonetos Internacional, S.A.	Exploration and production
Sonangol Gás Natural e Energias Renováveis, S.A. – Sonagás ER,	Gas and Renewable Energies
Sonangol Refinação e Petroquímica S.A. [1] (Entity restructured in 2023)	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 Kulumbimbi Limited	Trading & Shipping
Sonangol Rainha Ginga Limited	Trading & Shipping
Sonangol Distribuidora e Comercialização, S.A.	Distribution and Commercialisation
Sonangol Holdings, S.A.	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

[1] Sonangol Refinação e Petroquímica SA.: Entity created in 2023 as a result of the merger by incorporation of SONAREF, S.A (incorporated company) into Sociedade Refinaria de Luanda, S.A. (incorporating company) and changing its name to Sonangol Refinação e Petroquímica, S.A.

In 2022, the consolidation perimeter of Sonangol EP included the subsidiaries Sonangol Refinaria de Luanda, Lda. and Sonaref S.A., both belonging to the Refining and Petrochemicals segment. As part of the implementation of the restructuring of the Sonangol Group under the new corporate model, the merger by incorporation of Sonaref into Sonangol Refinaria de Luanda was completed in 2023, with the latter incorporating all the assets and liabilities of Sonaref into its corporate structure. Moreover, the change of name of Sonangol Refinaria de Luanda, Lda. to Sonangol Refinação e Petroquímica S.A. was completed.

In 2023, following the completion of the construction and commissioning of the two Suezmax vessels that had been under construction since 2021, as disclosed in note 4.1.2, the Group created the entities Sonangol Kulumbimbi Limited and Sonangol Rainha Ginga Limited, responsible for the management and operation of these vessels. These companies are wholly owned by the Sonangol Group and have been included in the 2023 Consolidation perimeter.

SOCIEDADE NACIONAL DE COMBUSTÍVEIS DE ANGOLA, E.P

Segment reporting

Consolidated Income Statement by Segment for the year ended 31 December 2023

ITEMS	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	-	4,217,380,859,651	906,022,887,811	320,124,664,341	287,574,368,495	3,320,597,726,918	6,090,056,569	(1,428,181,574,279)	7,629,608,989,506
Services rendered	-	-	5,628,508,101	147,688,538	215,438,725,813	91,692,698	66,170,701,867	(86,399,962,682)	201,077,354,335
Other operating income	13,701,189,520	149,656,806	-	245,691,592	20,104,816,914	149,426,414	20,822,302,376	(12,894,732,526)	42,278,351,095
	13,701,189,520	**4,217,530,516,457**	**911,651,395,912**	**320,518,044,470**	**523,117,911,222**	**3,320,838,846,031**	**93,083,060,811**	**(1,527,476,269,487)**	**7,872,964,694,936**
Change in finished products and work in progress	-	-	(17,627,158,698)	-	-	-	-	14,874,881,140	(2,752,277,558)
Concessionaire costs (sales on behalf of the State)	-	-	-	-	-	-	-	-	-
Cost of goods sold and raw materials consumed	-	(28,789,466,361)	(801,974,142,279)	(186,325,186,502)	(272,836,844,908)	(3,065,497,462,810)	(13,695,169,838)	1,460,851,475,097	(2,908,266,797,601)
Oil and Gas exploration and operating costs	-	(1,379,730,050,978)	-	(9,858,539,891)	-	-	-	12,078,920,614	(1,377,509,670,255)
Personnel Costs	(108,489,005,293)	(28,638,410,555)	(37,288,055,216)	(37,275,022,415)	(25,440,392,647)	(117,261,155,325)	(137,358,023,965)	(37,728,954,778)	(529,479,020,194)
Depreciation and amortisation	(7,446,353,110)	(1,098,465,410,191)	(14,394,454,677)	(14,046,806,276)	(39,188,911,138)	(16,108,765,534)	(14,123,098,218)	-	(1,203,773,799,144)
Other operating expenses	(210,565,810,143)	(18,218,371,042)	(39,925,325,845)	(14,969,451,056)	(99,948,231,337)	(115,255,217,985)	(87,451,451,274)	45,030,240,355	(541,303,618,327)
	(326,501,168,546)	**(2,553,841,709,127)**	**(911,209,136,715)**	**(262,475,006,141)**	**(437,414,380,029)**	**(3,314,122,601,655)**	**(252,627,743,295)**	**1,495,106,562,428**	**(6,563,085,183,080)**
Operating results:	**(312,799,979,026)**	**1,663,688,807,330**	**442,259,197**	**58,043,038,329**	**85,703,531,193**	**6,716,244,376**	**(159,544,682,484)**	**(32,369,707,059)**	**1,309,879,511,856**
Financial results	575,391,228,374	(54,643,159,071)	(56,211,975,455)	(38,980,500,961)	(70,623,089,610)	(991,872,986,912)	119,029,025,077	-	(517,911,458,558)
Net gains/(losses) from investments in other companies	1,557,008,109,105	82,692,564	-	306,524,800,724	-	-	152,451,822,875	(1,575,881,641,840)	440,185,783,428
Non-operating results	(170,188,342,938)	560,867,812,585	4,970,437,607	(12,297,286,166)	15,493,191,732	9,146,395,290	(265,813,797,843)	17,280,486,616	159,458,896,883
	1,962,210,994,541	**506,307,346,078**	**(51,241,537,848)**	**255,247,013,597**	**(55,129,897,878)**	**(982,726,591,622)**	**5,667,050,109**	**(1,558,601,155,224)**	**81,733,221,753**
Profit before taxes:	**1,649,411,015,515**	**2,169,996,153,409**	**(50,799,278,651)**	**313,290,051,926**	**30,573,633,315**	**(976,010,347,246)**	**(153,877,632,375)**	**(1,590,970,862,283)**	**1,391,612,733,609**
Income tax	-	(441,930,927,879)	-	(2,118,801,424)	(2,832,302,475)	-	(14,708,589,911)	-	(461,590,621,689)
Net profit from current activities:	**1,649,411,015,515**	**1,728,065,225,529**	**(50,799,278,651)**	**311,171,250,502**	**27,741,330,840**	**(976,010,347,246)**	**(168,586,222,286)**	**(1,590,970,862,283)**	**930,022,111,920**
Extraordinary results	-	-	-	-	-	-	-	-	-
Net profit for the year	**1,649,411,015,515**	**1,728,065,225,529**	**(50,799,278,651)**	**311,171,250,502**	**27,741,330,840**	**(976,010,347,246)**	**(168,586,222,286)**	**(1,590,970,862,283)**	**930,022,111,920**

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

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

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

4. Tangible fixed assets

4.1 Tangible fixed assets

4.1.1 Detail by nature

As at 31 December 2023, tangible fixed assets are detailed as follows:

Captions	2023 Gross amount	Accumulated amortisation and impairments 2023	2023 Net Amount	2022 Net Amount
Land and natural resources	19,534,650,657	(5,397,144,212)	14,137,506,445	14,580,627,201
Buildings and other constructions	1,416,358,591,150	(753,386,544,593)	662,972,046,558	392,401,854,908
Basic equipment	2,033,619,243,379	(1,230,526,346,760)	803,092,896,618	580,819,159,477
Transport equipment	117,228,068,040	(105,692,538,682)	11,535,529,356	8,275,056,099
IT equipment	120,770,189,808	(119,949,421,177)	820,768,633	750,293,678
Administrative equipment	310,724,335,493	(308,411,804,059)	2,312,531,435	2,709,746,301
Other Tangible fixed assets	23,297,467,297	(22,750,924,138)	7,134,131,989	503,905,072
Assets under construction	1,238,630,554,293	(735,395,653,885)	490,059,722,747	514,015,084,226
Advance payments for tangible fixed assets	62,844,086,410	-	69,431,675,241	83,889,857,013
	5,343,007,186,528	(3,281,510,377,507)	2,061,496,809,021	1,597,945,583,975

4.1.2 Movements in gross amount during the year

In 2023, the movements occurred in the gross amount of tangible fixed assets were as follows:

Captions	Opening balance	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion	Closing balance
Land and natural resources	14,580,627,202	-	(1,156,672,885)	-	-	6,110,696,340	19,534,650,657
Buildings and other constructions	989,071,485,485	21,200,895,240	(24,700,289)	5,756,401,996	51,137,792	400,303,370,927	1,416,358,591,150
Basic equipment	1,194,794,273,767	79,807,344,824	(40,424,719,348)	100,576,747,918	22,306,697	698,843,289,520	2,033,619,243,379
Transport equipment	73,808,165,982	3,908,646,399	(138,476,089)	1,268,590,386	(45,000,000)	38,426,141,362	117,228,068,040
IT equipment	74,185,976,051	406,760,658	-	1,730,997	-	46,175,722,102	120,770,189,808
Administrative equipment	192,079,751,401	2,252,852,786	(201,002,416)	81,607,990	(48,544,871)	116,559,670,604	310,724,335,493
Other Tangible fixed assets	14,269,842,353	17,243,557	-	36,017,589	-	8,974,363,798	23,297,467,297
Assets under construction	922,604,451,816	357,887,619,002	(5,845,738,025)	(105,169,472,266)	11,865,583,569	57,288,110,196	1,238,630,554,293
Advance payments for tangible fixed assets	83,889,857,019	6,014,708,249	(10,478,919,892)	(4,648,877,049)	(11,932,681,917)	-	62,844,086,410
	3,559,284,431,076	471,496,070,714	(58,270,228,943)	(2,097,252,439)	(87,198,729)	1,372,681,364,848	5,343,007,186,528

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

- Increases related to developments made in connection with the resumption of construction works on the Refinaria do Lobito site, for an amount of AOA 81,263,361 thousand, relating to the provision of advisory services of technical support, the supervision of the construction of the project and the provision of construction works and pre-EPC works;

- The investment in the reinforcement of the Group's fuel storage capacity, with the construction of the *Terminal Oceânico da Barra do Dande*. Increases for the year under assets under construction amounted to AOA 135,974,641 thousand, resulting mainly from works in progress carried out by Empresa Bento Pedroso Construções, S.A. following the transfer of the contractual position of OECI, SA.
  The contracts signed for this project represent an investment of USD 642 million, of which USD 468 million has been realised and an investment of AOA 202 million which has been fully realised;

- Increases related to the construction of two Suezmax vessels by the company Hyundai Heavy Industries started in 2021 and completed in 2023. The increases during the period for these vessels amounted to USD 109,920 thousand (AOA 75,365,879 thousand), resulting in a final asset value of USD 137,320 thousand, which has been transferred from fixed assets under construction to Basic equipment as presented in the column Transfers (AOA 94,152,820 thousand).

Main assets under construction at 31 December 2023

In 2023, the Group's main assets under construction are essentially related to the Construction of the Refinaria do Lobito in the "*Refining and Petrochemicals*" segment and works on the Terminal Oceânico da Barra do Dande (TOBD) facilities in the "*Distribution and Commercialisation* " segment.

Refinaria do Lobito

The Refinaria do Lobito construction project is designed to process 200,000 bpd of Angolan medium/light oil, using state-of-the-art technology that will increase the plant's profitability and reduce its environmental impact through CO_2 reduction initiatives such as LPG combustion.

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

Following the project's development, on 9 July 2021, the international tender was launched in the city of Lobito for selecting the entity that will 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. Due to bureaucratic constraints observed during the selection process of the project partners, this selection process is not completed. During 2022, and given the strategic importance of this investment, the Sonangol Group has decided that the Company should start the structural works phase on the Refinaria do Lobito site, namely the site structure works, without prejudice to continuing to evaluate the possible participation of other entities in the project:

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

In 2022, in light of the strategic importance of this investment, Sonangol Group initiated the structural work phase at the Refinaria do Lobito site.

In 2023, the Refinaria do Lobito construction project reached the following milestones:

- Signing of the contract for the pre-EPC (Engineering Procurement and Construction) works with Odebretch Engenharia e Construção (OEC) as the contractor, whose works are approximately 22.82% complete. Detailed engineering for the construction of the water pipeline is underway;
- Excavation and levelling has been carried out to prepare the subgrade for the Car-B service road;
- Basic Engineering Update (FEED) completed with KBR;
- EPC contracts signed with the company China National Chemical Engineering International Corporation - CNCECI, Project Management Contractor (PMC) with KBR and Owner Engineer (OE) with DAR;

- Completion of the bankability study and negotiation of the project financing model with international banks.

The net value of this asset at 31 December 2023 is AOA 104,383,912 thousand (USD 125,945,840 thousand), net of accumulated impairment of AOA 603,293,910 thousand (USD 727,913 million). The impairment increased during the year by AOA 248,191,755 thousand (USD 299,459 million), relating to the investments made in the Refinaria do Lobito project until its suspension in 2016, the effects of which have been recognised directly in Retained Earnings (see note 13), as the Board of Directors does not expect this investment to be recoverable given the current outlook for the project when it was reactivated. Investments made after 2017 are capitalised under this caption.

These amounts reflect the Board's valuation of the asset, taking into account the added value that existing assets can bring to the project by being used in the construction of the Refinery and the development of adjacent industrial projects, namely petrochemical industry projects fuelled by hydrocarbon discoveries in offshore blocks near Lobito, as well as the success in obtaining financing, which will consider international financiers and/or support from its shareholder or other financiers.

As at 31 December 2023, the Group's total commitments for the purchase of tangible fixed assets for the implementation of this project amount to AOA 5,203,239,113 thousand, of which AOA 206,969,120 thousand has already been realised. The above commitments relate to contracts denominated in USD.

Terminal Oceânico da Barra do Dande (TOBD)

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

In 2020, the Company carried out technical and financial assessment studies on the Project and concluded that conditions existed for the return of the investment which had been halted. On this basis, and in order to assess the recoverability of the investments already recorded in previous years, the 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 recorded in the Financial Statements, removing the risk of impairment of these assets under construction.

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

- Unit 100 - Storage Park for oil derivatives with a total capacity of 730,000 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 berthing dock by Quay Bridge;
- Unit 300 - Product Transportation Lines connecting the Quay bridge and the Storage Park;
- Unit 150 - Water Collection and Treatment Station on the River Dande.

The re-launch of the project had its formal start in 2021, which foresaw a construction period of 20 months, of which 17 months for physical execution and 3 months for commissioning. After changes were made during detailed engineering, the need to change the work schedule was identified. On 21 June 2022, the project team signed an addendum for the construction works for the excavation of the cliff to install the pipelines for the export and import of oil products, as well as the installation of structural reinforcement rings as part of the process of manufacturing, transporting and installing of bullets. Moreover, a contract for additional work under the EPCC contract was signed on 9 March 2023.

As a result, the following specifications became part of the scope of work:

1. Changes to the FEED project; Adjustments to existing equipment on site;
2. Project adaptations to new regulatory standards.

In view of this situation, the completion date has been postponed to July 2024 and the inauguration date to November 2024.

The project will be implemented in four phases:

- Engineering (Executive Project Engineering), which had an execution deadline of 1 September 2021 to 31 January 2023, which has been completed;
- Procurement (Procurement – Identification – Acquisition and Logistics), which had an execution period from 1 October 2021 to 31 March 2024 and is currently 93.27% complete;
- Construction (i.e. physical execution of the project), which is scheduled to run from 5 November 2021 to 31 July 2024 and is currently 68.42% complete;
- Commissioning (testing and operationalisation), which is scheduled to run from 31 March 2024 to 31 July 2024.

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

This asset under construction has a net value of AOA 337,314,899 thousand as at 31 December 2023.

4.1.3 Movements in accumulated depreciation and impairment during the year

In 2023, the movements occurred in the accumulated depreciation and impairment were as follows:

Captions	Opening balance	Increases	Decreases	Impairments	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion	Closing balance
Land and natural resources	-	-	-	(3,128,388,362)	-	-	(2,268,755,850)	(5,397,144,212)
Buildings and other constructions	(481,911,123,070)	(45,395,112,483)	24,700,289	(9,539,877,380)	-	-	(216,565,131,949)	(753,386,544,593)
Basic equipment	(728,733,621,798)	(47,392,777,361)	30,774,839,224	(8,562,079,259)	-	(2,984,155,986)	(473,628,551,580)	(1,230,526,346,760)
Transport equipment	(65,533,109,884)	(3,612,420,632)	133,784,923	(2,103,333,864)	-	7,132,595	(34,584,591,821)	(105,692,538,682)
IT equipment	(73,435,682,374)	(99,596,443)	546,894	(573,130,680)	227,006,663	-	(46,068,565,238)	(119,949,421,177)
Administrative equipment	(189,370,005,112)	(2,049,501,138)	423,714,628	(1,284,951,822)	(227,424,766)	-	(115,903,635,849)	(308,411,804,059)
Other Tangible fixed assets	(13,765,937,276)	(270,935,381)	-	(4,074,525)	-	-	(8,709,976,956)	(22,750,924,138)
Assets under construction	(408,589,367,590)	-	-	(300,915,570,140)	-	-	(25,890,716,158)	(735,395,653,888)
Total	**(1,961,338,847,103)**	**(98,820,343,438)**	**31,357,585,959**	**(326,111,406,032)**	**(418,103)**	**(2,977,023,391)**	**(923,619,925,401)**	**(3,281,510,377,509)**

Accumulated impairments, which were previously shown in the 'Movements in gross amount during the year' table, are now shown in the 'Movements in accumulated depreciation and impairment during the year' table. For comparative purposes and for accumulated impairments prior to 2023, this change has been made to the opening balances.

Losses on fixed assets essentially correspond to the recognition of impairments, as explained in note 33, in the amount of AOA 22,879,207 thousand (USD 33,369 thousand) relating to write-offs and impairments on fixed assets of Clínica Girassol and in the amount of AOA 10,675,920 thousand (USD 15,571 thousand) relating to impairments on fixed assets of MS Telecom. Moreover, as disclosed in Note 13, an impairment loss of AOA 248,191,755 thousand (USD 299,459 million) was recognised in the year in respect of the investment in the Refinaria do Lobito project.

4.A. Oil and gas properties

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

As at 31 December 2023, the Group holds a portfolio of 46 blocks in total at various stages of activity, the percentage of interest held is detailed in the map below:

National	Location	Condition	Participating Interest
Block 0	Offshore	Non-operated	41%
Block 1/14	Offshore	Non-operated	25.00%
Block 14	Offshore	Non-operated	20.00%
Block 14 Lianzi	Offshore	Non-operated	10.00%
Block 14/23	Offshore	Non-operated	10.00%
Block 15	Offshore	Non-operated	10.00%
Block 15/06	Offshore	Non-operated	36.84%
Block 16	Offshore	Non-operated	20.00%
Block 17	Offshore	Non-operated	5.00%
Block 17/06	Offshore	Non-operated	30.00%
Block 18	Offshore	Non-operated	16.28%
Block 18/15	Offshore	Non-operated	20.00%
Block 19/11	Offshore	Non-operated	40%
Block 20/11	Offshore	Non-operated	20.00%
Block 21/09	Offshore	Non-operated	20%
Block 22/11	Offshore	Non-operated	50%
Block 24/11	Offshore	Non-operated	50%
Block 25/11	Offshore	Non-operated	30%
Block 28	Offshore	Non-operated	20.00%
Block 29	Offshore	Non-operated	20.00%
Block 30	Offshore	Non-operated	40.00%
Block 31	Offshore	Non-operated	45.00%
Block 32	Offshore	Non-operated	30.00%
Block 36/11	Offshore	Non-operated	50%
Block 37/11	Offshore	Non-operated	50%
Block 40/11	Offshore	Non-operated	30%
Block 44	Offshore	Non-operated	40.00%
Block 45	Offshore	Non-operated	40.00%
Block 46	Offshore	Non-operated	20.00%
Block 47	Offshore	Non-operated	20.00%
Block 48	Offshore	Non-operated	30.00%
FS Association	*Onshore*	Non-operated	85.00%
FST Association	*Onshore*	Non-operated	68.67%
Cabinda Norte	*Onshore*	Non-operated	25.64%
Cabinda Sul	*Onshore*	Non-operated	25.00%
Cabinda Centro	*Onshore*	Non-operated	25.00%
NAG-Gas Consortium	*Onshore*	Non-operated	40.00%
KON5	*Onshore*	Non-operated	20.00%
Block 3/05	Offshore	Operated	36%
Block 3/05A	Offshore	Operated	33%
Block 4/05	Offshore	Operated	50%
Block 5/06	Offshore	Operated	100%
Block 23	Offshore	Operated	60%
Block 27	Offshore	Operated	100%
Kwanza KON 11	*Onshore*	Operated	30%
Kwanza KON 12	*Onshore*	Operated	30%

4.A.1 Detail by nature

As at 31 December 2023, oil and gas properties are analysed as follows:

Captions	2023 Gross amount	2023 Accumulated depreciation	Accumulated Impairment	2023 Net Amount	2022 Net Amount
Development costs	34,664,332,238,602	(27,028,819,619,860)	(1,690,948,200,924)	5,944,564,417,819	3,596,347,110,972
Dismantling costs	2,163,007,482,233	(1,627,389,170,061)	(76,613,508,889)	459,004,803,283	239,685,824,646
Assets under construction (oil and gas assets)	3,179,723,727,249	-	(1,907,542,533,973)	1,272,181,193,276	540,389,513,593
	40,007,063,448,084	**(28,656,208,789,921)**	**(3,675,104,243,785)**	**7,675,750,414,378**	**4,376,422,449,210**

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

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

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

During 2022, Sonangol P&P signed a series of promissory agreements for the sale of interests in the blocks listed in the table below. These agreements specify the interest to be sold and the sales price agreed between the parties, which includes a fixed component and a contingent component depending on the occurrence of future events. The expected selling prices are higher than the carrying amount of the assets as at 31 December 2023 and management believes that they will be sufficient to generate capital gains, thereby ensuring the repositioning and sustainability of the Group's investment portfolio.

Block	03.05	15.06	18	23	27
Current participating interest of Sonangol (31-12-2022)	50%	36.84%	16.28%	100%	100%
Participating interest to be sold	-	10%	8.50%	-	60%
Sonangol participating interest after sale	36%	26.84%	7.78%	60%	40%
Status at 31-12-2023	14% Sold	In progress	In progress	40% Sold	In progress

At the balance sheet date, the sale of blocks 23 and 3/05 was completed, through the Executive Decrees 233/23 and 234/23 of 7 November, in accordance with Law 5/19 of 18 April, , with interests of 40% and 14% respectively being assigned to Afentra Angola Limited.

Considering that the sale price includes a contingent component estimated by Sonangol, taking into account the probability of the underlying conditions occurring, an accounting gain of approximately AOA 11,674,113 thousand (USD 17,027 thousand) was booked, of which AOA 11,331,291 thousand relates to Block 3.05. This has been recognised in non-operating results (see Note 33).

At the same time, the fulfilment of the conditions precedent set out in the promissory contracts for the completion of the other transactions in progress is underway, including the approval and validation of the agreements by the Supervisory Body and other relevant authorities.

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

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

In 2023, movements in the gross amount of oil and gas properties were as follows:

Captions	2022	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	Adjustments	2023
Oil and Gas assets - Development	20,619,837,474,127	692,899,110,326	(142,100,510,225)	57,623,526,771	13,436,157,546,261	(84,908,658)	34,664,332,238,602
Oil and Gas assets - Dismantling	1,247,919,927,277	119,633,706,471	(28,953,477,960)	-	824,407,326,445	-	2,163,007,482,233
Assets under construction (oil and gas assets)	1,699,670,409,442	375,977,613,564	-	(57,623,526,771)	1,163,211,876,224	(1,512,645,210)	3,179,723,727,249
	23,567,427,810,846	1,188,510,430,361	(171,053,988,185)	-	15,423,776,748,930	(1,597,553,868)	40,007,063,448,084

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

Block	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B02.05	379,164,384,830	-	-	-	-	244,732,889,783	623,897,274,613
B03.05	357,579,542,263	21,892,728,767	(141,193,929,032)	-	-	205,891,707,036	444,170,049,034
B03.5A	39,618,953,581	1,298,676,201	-	-	(84,908,658)	25,825,608,260	66,658,329,384
B04.05	221,187,755,071	777,157,650	-	-	-	142,928,623,026	364,893,535,747
B14.00	1,403,827,401,021	28,972,534,091	-	-	-	912,154,221,008	2,344,954,156,120
B14.KU	128,743,867,367	-	-	-	-	83,098,149,413	211,842,016,780
B15.06	2,721,506,299,417	212,711,340,667	-	57,623,526,771	-	1,813,048,971,012	4,804,890,137,867
B15 (15.19)	487,203,808,934	39,711,662,785	-	-	-	322,758,779,341	849,674,251,060
B17.00	633,464,131,708	51,531,607,030	-	-	-	419,630,895,778	1,104,626,634,516
B18.20	41,753,689,073	6,561,911,803	-	-	-	28,320,131,756	76,635,732,632
B31.00	3,654,882,820,159	-	(906,581,193)	-	-	2,358,866,758,628	6,012,842,997,594
B32.00	3,060,970,727,076	102,777,061,722	-	-	-	1,997,172,609,075	5,160,920,397,873
BFS/FST	63,584,661,909	8,573,288,793	-	-	-	42,748,393,045	114,906,343,747
BOC.ST	27,980,028,712	277,075,645	-	-	-	18,117,651,814	46,374,756,171
Block 0	7,398,369,403,006	217,814,065,172	-		-	4,820,862,157,286	12,437,045,625,464
	20,619,837,474,127	692,899,110,326	(142,100,510,225)	57,623,526,771	(84,908,658)	13,436,157,546,261	34,664,332,238,602

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

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

The increase in 'Development costs' relates to the investments made during the year in the blocks in which the Group has an interest. We highlight the investments made in Blocks 0, 15.06 and 32, which focused on the following activities:

Block 15/06

- Completion of the subsea engineering work on the Projects: Ndungu EP Phase 1, Agogo EP Phase 2, Cabaça Norte and SE - UM 4/5 and Cuica EP;
- Execution of the engineering packages (surface and subsea architecture) for the Agogo and Pólo Oeste Integrated Projects;
- Continuation of construction works of all topside modules (surface facilities) at various sites; and
- The first XTree (wellhead) was shipped to Angola for final assembly.

Block 32.00

- CCE (Cominhos and Cominhos East Development Area) development concept selected and Phase 2 pre-project initiated; and
- Light well intervention campaign in 3 wells.

As mentioned above, the significant decrease in block 3.05 relates to the derecognition of the portion of gross mining assets sold to Afrentra.

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

Block	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B02.05	30,497,176,160	-	-	-	-	19,684,501,895	50,181,678,055
B03.05	119,518,087,218	-	(11,038,983,943)	-	-	74,838,484,316	183,317,587,591
B03.5A	14,867,610,627	770,686,730	-	-	-	9,757,261,286	25,395,558,643
B04.05	36,983,827,353	2,071,144,436	-	-	-	24,303,771,154	63,358,742,943
B14.00	158,829,875,743	5,396,953,855	-	-	-	103,644,104,294	267,870,933,892
B14.KU	3,823,543,468	761,542,994	-	-	-	2,626,922,948	7,212,009,410
B15.06	72,813,450,185	36,538,860,286	-	-	-	54,626,712,886	163,979,023,357
B15 (15.19)	127,403,288,245	7,419,889,360	-	-	-	83,782,084,236	218,605,261,841
B17.06	58,564,257,337	11,223,699,596	-	-	-	40,143,913,450	109,931,870,383
B18.20	61,926,771,020	-	(4,444,043,100)	-	-	39,042,954,368	96,525,682,288
B31.00	107,906,115,336	5,726,283,957	-	-	-	70,843,958,523	184,476,357,816
B32.00	123,576,865,145	-	(13,069,176,980)	-	-	77,034,347,041	187,542,035,206
BFS/FST	26,418,087,181	-	(401,273,937)	-	-	2,419,472,535	28,436,285,779
BOC.ST	904,829,361	-	-	-	-	584,024,973	1,488,854,334
Block 0	303,886,142,899	49,724,645,257	-	-	-	221,074,812,539	574,685,600,696
	1,247,919,927,277	119,633,706,471	(28,953,477,960)	-	-	824,407,326,444	2,163,007,482,233

In 2023, the discount rate used to discount the estimated future outflows with the dismantling of Block 0 decreased from 5.42% in 2022 to 4.87% in 2023, while for the others the discount rate decreased from 5.29% in 2022 to 4.81% in 2023. The decrease in the average discount rate compared to the previous year is mainly due to the general decrease in market risk-free rates. This reduction in the discount rate essentially explains the increase in the vast majority of the dismantling provisions (see Note 18) and consequently in the dismantling of oil and gas assets.

The main exception is Block 3.05, where the block's dismantling provision decreased significantly. This is due to the fact that the block's operating licence was extended to 2036, which was one of the conditions precedent to the completion of the partial sale of participating interests completed during the period, significantly extending the period over which the liability is discounted. As the decrease in the dismantling provision was greater than the net book value of the dismantling asset at the balance sheet date, the difference between the decrease in the dismantling provision and the net book value of the dismantling asset has been recognised in the income statement under non-operating results (see note 33).

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

Block	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B03.5A	26,438,888,527	584,349,881	-	-	84,908,658	17,204,802,947	44,312,950,013
B05.06	(122,669,240)	-	-	-	-	(79,177,261)	(201,846,501)
B09.09	(68,530,500)	-	-	-	-	(44,233,235)	(112,763,735)
B14.00	115,938,298,866	-	-	-	-	74,832,753,426	190,771,052,292
B15.06	29,760,867,900	328,756,930,222	-	(57,623,526,771)	(15,572,530)	75,816,573,139	376,695,271,960
B17.06	35,626,283,653	36,270,017,355	-	-	-	30,568,002,526	102,464,303,534
B20.11	124,644,553,126	1,334,948,148	-	-	(1,568,304,817)	80,403,510,573	204,814,707,030
B22.11	(362,006,665)	-	-	-	-	(233,658,384)	(595,665,049)
B31.00	1,174,018,747,684	8,499,568,712	-	-	-	759,548,877,457	1,942,067,193,853
B32.00	179,854,457,878	522,423,764	-	-	-	116,196,724,959	296,573,606,601
B35.11	(91,510,458)	-	-	-	-	(59,065,724)	(150,576,182)
B36.11	11,468,762,033	-	-	-	-	7,402,549,888	18,871,311,921
B37.11	2,554,219,513	-	-	-	-	1,648,629,322	4,202,848,835
BST.00	10,047,124	9,375,482	-	-	(13,676,521)	5,586,591	11,332,676
	1,699,670,409,442	**375,977,613,564**	**-**	**(57,623,526,771)**	**(1,512,645,210)**	**1,163,211,876,224**	**3,179,723,727,249**

Of particular note were the activities carried out in Block 15.06, namely the start of the acquisition of LLI (long lead items) for the subsea architecture of the fields.

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

In 2023, movements in accumulated depreciation of oil and gas properties were as follows:

Captions	2022	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	Adjustments	2023
Oil and Gas assets - Development	(15,745,117,245,604)	(1,054,219,344,191)	126,876,386,133	-	(10,356,359,416,198)	-	(27,028,819,619,860)
Oil and Gas assets - Dismantling	(956,527,504,946)	(46,702,656,230)	-	-	(626,629,199,722)	-	(1,629,859,360,897)
	(16,701,644,750,550)	**(1,100,922,000,420)**	**126,876,386,133**	**-**	**(10,982,988,615,920)**	**-**	**(28,658,678,980,758)**

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

4.A.3.1 Movements, during the year, in accumulated depreciation of oil and gas assets by block:

Block	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B02.05	(379,164,384,831)	-	-	-	-	(244,732,889,782)	(623,897,274,613)
B03.05	(325,938,342,845)	(12,423,536,950)	126,876,386,133	-	-	(186,481,090,117)	(397,966,583,779)
B03.5 A	(1,837,946,448)	(7,097,784,049)	-	-	-	(2,668,271,408)	(11,604,001,905)
B04.05	(220,217,613,737)	(870,102,592)	-	-	-	(142,321,848,326)	(363,409,564,655)
B14.00	(1,372,577,053,808)	(16,130,638,194)	-	-	-	(889,302,293,023)	(2,278,009,985,025)
B14.KU	(66,402,947,014)	(6,164,385,563)	-	-	-	(44,147,075,319)	(116,714,407,896)
B15.06	(2,018,050,401,942)	(171,791,090,118)	-	-	-	(1,338,425,880,960)	(3,528,267,373,020)
B15 (15.19)	(225,554,071,902)	(70,215,851,352)	-	-	-	(160,245,143,175)	(456,015,066,429)
B17.06	(168,841,906,016)	(70,126,755,603)	-	-	-	(123,621,488,086)	(362,590,149,705)
B18.20	(16,308,613,980)	(10,983,740,261)	-	-	-	(12,819,768,854)	(40,112,123,095)
B31.00	(3,447,755,415,031)	(66,966,448,907)	-	-	-	(2,239,347,067,069)	(5,754,068,931,007)
B32.00	(1,835,380,508,242)	(438,894,473,252)	-	-	-	(1,276,290,139,739)	(3,550,565,121,233)
BFS/FST	(55,419,637,934)	(2,477,124,175)	-	-	-	(36,287,990,725)	(94,184,752,834)
BOC.ST	(14,841,242,534)	(271,134,494)	-	-	-	(9,635,939,546)	(24,748,316,574)
Block 0	(5,596,827,159,340)	(179,806,278,681)	-	-	-	(3,650,032,530,070)	(9,426,665,968,091)
Total	**(15,745,117,245,604)**	**(1,054,219,344,191)**	**126,876,386,133**	**-**	**-**	**(10,356,359,416,198)**	**(27,028,819,619,860)**

As mentioned in Note 4A.2.1, the significant decrease in Block 3.05 relates to the derecognition of the portion of the accumulated amortisation of the assets sold to Afrentra.

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

Block	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B02.05	(30,497,176,076)	-	-	-	-	(19,684,501,841)	(50,181,677,917)
B03.05	(110,590,167,286)	(1,114,034,687)	-	-	-	(71,613,386,340)	(183,317,588,313)
B03.5A	(11,084,119)	(309,290,520)	-	-	-	(71,731,769)	(392,106,408)
B04.05	(36,983,827,264)	-	-	-	-	(23,871,332,023)	(60,855,159,287)
B14.00	(158,829,860,693)	-	-	-	-	(102,517,252,006)	(261,347,112,699)
B14.KU	(1,641,594,953)	(1,039,964,194)	-	-	-	(1,276,709,369)	(3,958,268,516)
B15.06	(68,904,248,334)	-	-	-	-	(44,474,471,991)	(113,378,720,325)
B15 (15.19)	(47,056,799,952)	(11,117,601,744)	-	-	-	(32,694,235,103)	(90,868,636,799)
B17.06	(10,461,423,194)	(6,041,862,427)	-	-	-	(8,013,854,285)	(24,517,139,906)
B18.20	(20,266,867,321)	(11,033,968,328)	-	-	-	(15,385,123,628)	(46,685,959,277)
B31.00	(99,462,069,138)	(146,906,802)	-	-	-	(64,228,790,183)	(163,837,766,123)
B32.00	(45,289,594,943)	(14,704,955,535)	-	-	-	(32,302,598,820)	(92,297,149,298)
BFS/FST	(22,095,959,400)	(1,194,071,993)	-	-	2,470,190,836	(13,995,465,291)	(34,815,305,847)
BOC.ST	(550,689,733)	-	-	-	-	(355,444,484)	(906,134,217)
Block 0	(303,886,142,540)	-	-	-	-	(196,144,302,589)	(500,030,445,128)
	(956,527,504,946)	(46,702,656,230)	-	-	2,470,190,836	(626,629,199,722)	(1,627,389,170,061)

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

In 2023, the movements occurred in accumulated impairment losses of oil and gas properties by Block were as follows:

Block	2022	Increases	Reversals	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
B14.00	(14,461,590,452)	-	-	-	(9,334,280,760)	(23,795,871,212)
B14.KU	(50,617,346,641)	-	-	-	(32,671,131,605)	(83,288,478,246)
B15.06	(81,192,462,520)	-	-	-	(52,405,939,946)	(133,598,402,466)
B15.19	(61,414,676,079)	-	40,038,305,366	-	(31,280,612,038)	(52,656,982,751)
B17.06	(10,214,880,177)	-	-	-	(6,593,227,752)	(16,808,107,929)
B17	(280,972,352,640)	(18,655,945,354)	-	-	(185,249,740,420)	(484,878,038,414)
B21.09	(30,988,676,923)	-	-	-	(20,001,742,667)	(50,990,419,590)
B31.00	(1,026,209,498,032)	-	-	-	(662,370,270,058)	(1,688,579,768,090)
B32.00	(131,513,247,757)	-	-	-	(84,885,655,025)	(216,398,902,782)
B36.11	(11,468,762,004)	-	-	-	(7,402,549,870)	(18,871,311,874)
B37.11	(2,554,219,580)	-	-	-	(1,648,629,365)	(4,202,848,945)
BFS/FST	(862,793,973)	-	-	-	(556,893,186)	(1,419,687,159)
BOC.ST	(13,492,925,899)	-	-	-	(8,709,053,377)	(22,201,979,276)
Block 0	(773,397,178,407)	-	326,917,582,527	-	(430,933,849,172)	(877,413,445,051)
	(2,489,360,611,085)	(18,655,945,354)	366,955,887,893	-	(1,534,043,575,242)	(3,675,104,243,785)

In assessing whether there is evidence of an eventual increase and/or reversal of impairment of oil and gas properties, the Board of Directors has determined the need to perform impairment tests on some of its major assets, taking into account the assumptions disclosed in Note 2.2.2 (v), which led to the following conclusions:

- Block 0: Reversal of impairment amounting to AOA 326,917,582 thousand (USD 476,804 thousand) (see note 33). Despite the deterioration of certain market conditions compared to the same period last year, in particular the decrease in the average price of crude oil compared to 2022 (2023: 82.035 USD/Barrel and 2022: 102.312 USD/Barrel) according to the dated Brent index published by Platts, which in turn is the basis for the reduction of the future price curve considered in the impairment test, the reduction of the discount rate ("WACC") as well as the improvement of the fiscal terms of the block's association contract resulting from the amendment of certain articles of the Oil Activities Act, resulted in the determined value in use being higher than the net book value of the block;
- Block 15.19: A reversal in the impairment of AOA 40,038,305 thousand (USD 58,395 thousand) (see note 33) justified by the combined effect of a decrease in the WACC discount rate compared to the previous year and the generalized appreciation of the block's probable reserves, compared to prior year;

- Block 17: An increase in the impairment of AOA 18,655,945 thousand (USD 27,210 thousand) (see note 33) due to the review of internal profitability, and consequent partition of profit-oil between the Contractor Group and the National Concessionaire, being areas where the profit oil is largely appropriated by the Concessionaire.

5. Intangible assets

5.1 Detail by nature

As at 31 December 2023 and 31 December 2022, Intangible assets were analysed as follows:

Items	2023 Gross amount	2023 Accumulated depreciation	2023 Net Amount	2022 Net Amount
Goodwill	103,807,285,080	-	103,807,285,080	103,816,285,080
Business acquisition/Industrial property and other rights	869,249,363	(651,758,351)	217,491,012	264,246,864
Incorporation costs	420,951,724	(420,951,724)	-	-
Other intangible assets	134,933,973,894	(134,649,084,110)	284,889,784	410,509,940
	240,031,460,061	**(135,721,794,185)**	**104,309,665,876**	**104,491,041,884**

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.

5.2 Movements, during the year, in gross amount

In 2023, the movements occurred in the gross amount of Intangible assets were as follows:

Items	2022	Increases	Decrease/write-off	Foreign exchange translation adjustments (FS conversion)	Closing balance
Goodwill	103,816,285,080	-	(9,000,000)	-	103,807,285,080
Industrial property and other rights and contracts	869,249,363	-	-	-	869,249,363
Incorporation costs	265,376,612	-	-	155,575,112	420,951,724
Other intangible assets	82,226,702,364	261,028,215	(170,252,879)	52,616,496,194	134,933,973,894
	187,177,613,419	**261,028,215**	**(179,252,879)**	**52,772,071,306**	**240,031,460,061**

5.3 Movements, during the year, in accumulated amortisation

In 2023, the movements occurred in the accumulated depreciation were as follows:

Items	2022	Increases	Decrease/write-off	Foreign exchange translation adjustments (FS conversion)	Closing balance
Industrial property and other rights and contracts	(605,002,499)	(46,755,852)	-	-	(651,758,351)
Incorporation costs	(265,376,612)	-	-	(155,575,112)	(420,951,724)
Other intangible assets	(81,816,192,424)	(59,896,735)	(117,209,727)	(52,655,785,224)	(134,649,084,110)
	(82,686,571,535)	**(106,652,587)**	**(117,209,727)**	**(52,811,360,336)**	**(135,721,794,185)**

5.A. Exploration and evaluation assets

5.A.1 Detail by nature

As at 31 December 2023 and 31 December 2022, Exploration and evaluation assets, by nature, were as follows:

Items	2023 Gross amount	2023 Accumulated depreciation	2023 Accumulated impairment	2023 Net Amount	2022 Net Amount
Exploration and evaluation assets	332,717,959,339	-	31,334,733,827	301,383,225,512	144,429,794,995
Advances for the acquisition of participating interests	1,218,010,895,185	-	1,218,010,895,185	-	-
	1,550,728,854,524	**-**	**1,249,345,629,012**	**301,383,225,512**	**144,429,794,995**

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

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

During 2023, movements in the gross amount of Exploration and evaluation assets were as follows:

Items	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
Exploration and evaluation assets:							
B04.05	6,609,311,988	-	(253,664,838)	-	-	4,213,038,723	10,568,685,873
B15.06	108,329,493,961	-	(5,253,278,447)	-	15,572,530	68,828,032,682	171,919,820,726
B15 (15/19)	2,412,763,019	-	(196,209,696)	-	-	1,516,358,686	3,732,912,009
B17.00	1,071,663,363	46,707,407				701,460,764	1,819,831,534
B19.11	14,124,210,897	35,860,608,874	-	-	-	16,603,938,132	66,588,757,903
B20.11	-	5,348,456,625			1,581,982,023	1,447,022,438	8,377,461,086
B22.11	(489,588,657)	-	-	-	-	(316,006,597)	(805,595,254)
B31.00	1,393,168,783	-	-	-	-	899,225,338	2,292,394,121
B32.00	4,687,127,248	640,403,630	-	-	-	3,159,032,948	8,486,563,826
B37.11	2,539,324,039	-	-	-	-	1,639,014,756	4,178,338,795
BKN.05	251,845,500	-				162,554,500	414,400,000
Block 9 (Cuba)	7,432,968,087	14,932,082,758				7,915,337,875	30,280,388,720
Block 2 – São Tomé and Príncipe	15,110,730,000	-	-	-	-	9,753,270,000	24,864,000,000
	163,473,018,228	**56,828,259,294**	**(5,703,152,981)**	**-**	**1,597,554,553**	**116,522,280,245**	**332,717,959,339**
Acquisition of participating interests:							
B09.09	70,408,419,237	-	-	-	-	45,445,344,010	115,853,763,247
B20.11/B21.09	669,819,773,097	-	-	-	-	432,337,358,841	1,102,157,131,938
	740,228,192,334	**-**	**-**	**-**	**-**	**477,782,702,851**	**1,218,010,895,185**
	903,701,210,562	**56,828,259,294**	**(5,703,152,981)**	**-**	**1,597,554,553**	**594,304,983,096**	**1,550,728,854,524**

The increases in exploration and evaluation assets relate to the investments made during the year in accordance with the participating interest held by the Group in each block.
The investments made in Block 19/NAG, in which the Group holds a 19.8% interest, are particularly noteworthy, namely in terms of engineering activities, with the various work packages (WPs):

- WP7 (Tubulars Supply): start of engineering activities and start of construction of the Tubulars (Singapore and Brazil);
- WP8 (Gas Treatment Plant): Completion of the clearance, excavation and earthmoving, access roads, deployment of personnel, completion of construction of bases, office, medical station, warehouse, covering of equipment and award of contracts for personnel transport services, catering, accommodation, safety and health; and
- WP9 (supply of turbochargers): Detail engineering completed, 1st turbocharger completed and 2nd and 3rd turbochargers built.

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

During 2023, movements in accumulated impairment of Exploration and evaluation assets were as follows:

Items	2022	Increases	Decreases	Transfers	Adjustments	Foreign exchange translation adjustments (FS conversion)	2023
Exploration and evaluation assets:							
B37.11	(2,539,324,449)	-	-	-	-	(1,639,015,257)	(4,178,339,706)
B31.00	(1,393,168,783)	-	-	-	-	(899,225,338)	(2,292,394,121)
Block 2 – São Tomé and Príncipe	(15,110,730,000)	-	-	-	-	(9,753,270,000)	(24,864,000,000)
	(19,043,223,232)	**-**	**-**	**-**	**-**	**(12,291,510,595)**	**(31,334,733,827)**
Acquisition of participating interests:							
B09.09	(70,408,419,237)	-	-	-	-	(45,445,344,010)	(115,853,763,247)
B21.09 and B20.11	(669,819,773,098)	-	-	-	-	(432,337,358,840)	(1,102,157,131,938)
	(740,228,192,335)	**-**	**-**	**-**	**-**	**(477,782,702,850)**	**(1,218,010,895,185)**
	(759,271,415,567)	**-**	**-**	**-**	**-**	**(490,074,213,445)**	**(1,249,345,629,012)**

6. Investments in affiliates

6.1 Detail by type of measurement

As at 31 December 2023 and 31 December 2022, the financial investments by measurement method are detailed as follows:

Net amount	2023	2022
Financial investments – cost less impairment losses	1,892,082,847,610	1,183,424,029,936
Financial investments – fair value	740,559,150,030	231,821,846,028
	2,632,641,997,640	**1,415,245,875,964**

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

As at 31 December 2023, the detail of financial investments measured at cost less impairment losses (when applicable) are as follows:

Items	% held	2023 Gross amount	2023 Accumulated provisions	2023 Net Amount	2022 Net Amount
ACS	100%	28,669,327,319	(28,669,327,319)	-	-
AGOLE	100%	2,295,769	(2,295,769)	-	-
ALM	50%	645,693	-	645,693	392,411
Angoflex	30.0%	1,084,724,391	(1,084,724,391)	-	-
Angola Cables	9.0%	11,132,686,925	(11,132,536,125)	150,800	-
Angola LNG Limited	22.8%	583,352,234,168	-	583,352,234,168	354,523,733,326
Angolan LNG Fleet Management	50%	141,765409	(94,780,739)	46,984,670	-
Bauxite	20%	491,250,000	(491,250,000)	-	-
Bayview	16%	136,000	(136,000)	-	-
Biocom	20%	19,048,466,606	(19,048,466,606)	-	-
Cogesform - Comércio Gestão e Formação	100%	6,259,750	(3,840,312)	2,419,438	2,419,438
China Sonangol International	30%	450,958,027,297	(450,958,027,297)	-	-
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%	95,592,833,857	-	95,592,833,857	83,417,053,809
Empresa de Serviços e Sondagens de Angola, Lda	100%	209,795,213,091	(168,863,973,121)	40,931,239,970	24,875,358,582
Genius, Lda	10%	701,250,000	(701,250,000)	-	-
Gesporto	100%	1,400,000	(1,400,000)	-	-
INLOC	100%	27,769,500,000	-	27,769,500,000	27,769,500,000
Quicombo	60%	60,000,000	(60,000,000)	-	-
Kwanda Lda	30%	13,141,040	-	13,141,040	13,141,040
Luanda Waterfront	26.1%	6,099,427,614	(6,099,427,614)	-	6,099,427,614
Luxervisa	80%	9,945,600,000	(9,945,600,000)	-	-
Mota Engil Angola	0%	-	-	-	6,494,048,204
Miramar Empreendimentos	40%	497,280,000	-	497,280,000	302,214,600
Manubito, Lda	100%	7,953,836	-	7,953,836	4,833,827
Net One	51.0%	19,392,951,962	(19,392,951,962)	-	-
OPCO _ Angola LNG Operating Company – Sociedade Operacional Angola LNG	22.80%	18,896,640	-	18,896,640	11,484,155
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%	42,666,493,974	(42,666,493,974)	-	-
PP São Tomé e Príncipe	100.00%	41,459,891	-	41,459,891	25,196,639
Petrolera Venangocupet, S.A.	20.00%	26,311,085	(26,311,085)	-	-
PT Ventures	100.00%	782,084,315,040	(649,680,405,556)	132,403,909,484	80,466,526,993
Societe Ivoirienne de Reffinage	20%	37,296,000,000	(37,296,000,000)	-	-
S. Tomé e Principe Offshore	51%	765,000	(765,000)	-	-
Somg	40.0%	33,134,736	-	33,134,736	20,137,148
Sonacergy-Serviços e Construções Petrolíferas, Lda	40%	2,111,916,110	-	2,111,916,110	1,283,485,924
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%	105,819,498,221	(105,819,498,221)	-	-
Sonangol Holdings USA, Ltd	100%	399,528,106	(399,528,106)	-	-
Sonangol International	100%	8,288,000	-	8,288,000	5,036,910
Sonangol Pesquisa & Produção Iraque Cayman Islands	100%	286,208,258,314	(239,732,694,118)	46,475,564,196	28,244,840,015
Sonangol São Tomé e Príncipe	90%	1,091,154,145	(1,091,154,145)	-	192,000
Sonangol São Tomé e Príncipe (Block 1)	100%	41,440,000	-	41,440,000	25,184,550
Sonangol Hidrocarbonetos Brasil, Ltda	100%	141,174,276,230	(141,174,276,230)	-	-
Sonangol Libongos Limited	100%	440,507,200,000	-	440,507,200,000	267,711,766,500
Sonangol Pacific Inc.	100%	8,288,000	-	8,288,000	5,036,910
Sonangol Quenguela Limited	100%	440,507,200,000	-	440,507,200,000	267,711,766,500
Sonasing Kuito	30%	233,922,597	(233,922,597)	-	-
Sonasing Mondo	10%	107,545	-	107,545	107,545
Sonasing Sanha	30%	270,000	-	270,000	270,000
Sonasing Saxi – Batuque	10%	107,545	(107,545)	-	-
Sonasing Xikomba	30%	2,983,680	-	2,983,680	1,813,288
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%	17,230,752,000	-	17,230,752,000	5,434,825,890
Sonangol Refinaria de Cabinda	100%	1,511,073	-	1,511,073	1,511,073
SBM Ship Yard, Ltd	n.a.	27,350,400,002	-	27,350,400,002	-
Technip Angola	40%	1,042,720	-	1,042,720	1,042,720
Total Marketing & Serviços de Angola S.A.	50.05%	14,684,907,255	-	14,684,907,255	14,684,901,484
Unitel	25%	18,124,985,387	-	18,124,985,387	11,010,918,977
Wams	100%	1,667	-	1,667	1,667
Research and Development Centre	100%	59,436,704	-	59,436,704	36,121,782
Sonangol Africa Limited	100%	829	-	829	504
Sociedade de Desenvolvimento da Barra do Dande	20%	1,195,547,953	-	1,195,547,953	181,516,486
Intercontinental Hotel	100%	350,000	-	350,000	350,000
Sociedade Quilemba Solar Lda	30%	571,806	-	571,806	347,506
AMUFERT SA	10%	1,974,541	-	1,974,541	1,200,000
		3,829,890,394,000	(1,937,807,546,390)	1,892,082,847,610	1,183,424,029,935

The main changes in the net value of financial investments shown above are due to the exchange rate effect resulting from the currency devaluation of the Kwanza.

Total Marketing & Serviços de Angola S.A

As part of the joint venture between SONANGOL and TotalEnergies Afrique, a company called TotalEnergies, Marketing Angola, S.A. (TEMA) was created in 2019, 50.02% of which is owned by subsidiaries of Sonangol. The company's purpose is the commercialisation, distribution and storage of oil products and lubricants, the production, storage and commercialisation of renewable sources of electrical energy, including solar energy and biofuels, and the rendering of services.

In accordance with the legal requirements regarding the control and concentration of companies, prior to the creation of TEMA, an opinion was requested from the Competition Regulatory Authority (ARC), which approved the creation of the company subject to certain conditions, which are reflected in Resolution No. 02/2019, among which we highlight the obligation of Sonangol to begin the process of divesting from TEMA, selling 5% of the shares as of the third year of the company's creation, and the remaining shares in subsequent years until the fifth year.

However, Sonangol intends to maximise the capital gain from the sale of the shares held and to recover the investment made through the dividends generated by the company's activity. This situation did not materialise due to situations such as (i) the fact that the company was incorporated in the last quarter of 2019 (considered the first year) but did not actually start operations; (ii) the international environment in 2020 and 2021, characterised by the COVID-19 pandemic, which made it impossible to implement the business plan; and (iii) the second capital increase, originally planned for 2020, was not carried out until October 2021.

In view of these constraints, in January 2022 Sonangol sent a letter to ARC (0315/PCE/1722/GAN0/22) requesting an extension of the period during which the group's companies would remain in TEMA's capital.

After analysing the request, the ARC rejected Sonangol's request considering that it did not have sufficient grounds to justify an extension of Sonangol's participation in TEMA. It then ordered Sonangol to ensure the full divestment of its shareholding between November 2023 and October 2024.

Considering that this decision is detrimental to the interests of the Sonangol Group and its main shareholder, the State, Sonangol and the Board of Directors are currently negotiating with the Supervisory Ministerial Bodies in order to obtain a reversal of this decision and to prolong the continued presence of the Group's shareholder companies in TEMA, to the end of the 2025 financial year and that the divestment process be carried out in stages starting in 2024, a period which is expected to see an improvement in market conditions, an increase in market share, a diversification of the services and products marketed by TEMA and a consequent increase in the share price.

Financial investment in Angola LNG

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

The company Angola LNG Limited 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.

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. Thus far, this approach has proved highly successful and has enabled Angola LNG to consolidate its presence in the global liquefied natural gas markets. The prospects for continued growth in demand for this raw material will provide additional opportunities for the Project. Liquids are also an important part of Angola LNG's revenues and have also benefited from the increase in oil prices.

The shareholders of Angola LNG are aligned 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 2023, the movements in the financial investment in Angola LNG Supply Ltd were as follows:

Entity	2022 Net Amount	Amounts Paid	Amounts Received	Provisions	Foreign exchange translation adjustments (FS conversion)	2023 Net Amount
Angola LNG Limited	354,523,733,326	-	-	-	228,828,500,842	583,352,234,168
	354,523,733,326	**-**	**-**	**-**	**228,828,500,842**	**583,352,234,168**

In 2023, the Group performed an assessment of impairment indicators on the investment in Angola LNG and concluded that there is no indication of impairment, considering that the value of the equity attributable to the Group in Angola LNG is higher than the carrying amount of the asset, which amounts to AOA 583,352,234 thousand (USD 703,852 thousand), and that dividends amounting to AOA 306,524,801 thousand (USD 447,062 thousand) were received during the year.

Sonangol P&P Iraque Cayman Islands

In 2023, a valuation was performed on the investment in Sonangol P&P Iraq (which holds the Najmah and Qaiyarah fields in Iraq) and the valuation concluded that the value in use determined using a discounted future cash flow model was in line with the carrying value and therefore no additional impairment or reversal of impairment was recorded.

The valuation performed in 2023 was based on the following assumptions as disclosed below:

- 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 in previous years;
- Estimated contractor group remuneration set at 3.75USD/BBL in line with forecast profitability index;
- Najmah field coming into production in 2026 (Qaiyarah in production since the end of 2018);
- Discount rate of 18.63%;
- Tax rate of 35%;
- Estimated reserves of 236 MMbbl for Qaiyarah and 140 MMbbl for Najmah, corresponding to an ELT (Economic Limit Test) of 2036.

The valuation performed in 2022 for this investment had resulted in the need to increase the impairment by USD 58,888 thousand, equivalent to AOA 27,387,507 thousand.

Sonangol Libongos Limited and Sonangol Quenguela Limited

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

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

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

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

Esperaza Holding

In 2023, Esperaza Holding B.V. decided to repay part of the invested capital in the amount of AOA 34,469,138 thousand, equivalent to Euro 45,758 thousand. This repayment was initially made by converting the share premium reserve into share capital, followed, in 5 July 2023, by a decision to return the invested share capital to Sonangol EP, resulting in a reduction in the gross investment.

Disposals under the Privatisation Programme (PROPRIV)

In the context of the privatisation programme (PROPRIV) approved by Presidential Decree 250/19 of 5 August and extended until 2026 by Presidential Decree 78/23 of 28 March 2023, the Group sold the following shareholdings, resulting in the derecognition of this financial investment, with capital gains and losses being calculated in the disposal of these net assets and respective selling costs, disclosed in Note 31:

Assets sold in 2023

Entity	Percentage sold	Selling price (AOA thousand)	Method of sale
Mota Engil Angola	20%	10,000,000	Purchase options
		10,000,000	

The Mota Engil Angola sale agreement enabled the Group's right to receive the undistributed dividends for 2019, 2020 and 2021, amounting to AOA 2,689,834 thousands, deliberated by Mota Engil Angola in 2023 (see note 32). The parties have agreed to settle these amounts mainly by offsetting the Sonangol Group's commercial debt. As at 31 December 2023, an amount of AOA 1,050,294 thousand is still outstanding (see note 9).

Assets sold in 2022

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

The sale of Sonasurf International and Sonasurf Angola was made to the former partner of these companies. Transaction costs include the 15% fee payable to IGAPE in accordance with the provisions of Decree-Law No. 101 of 5 August 2019.

Puma Energy Equity Swap

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

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

In view of the above, with the process of Equity Swap, no financial inflow or outflow occurred in any of the entities involved in the process, with the closing of the transaction having occurred in December 2021. Considering that the operations were associated transactions, the valuation of the sale of the shareholding in Puma Energy held by Sonangol Holdings corresponded to the valuation of the assets received by the Group, whose fair value determined based on an external valuation amounted to USD 458 million, corresponding to AOA 254,181,298,000, 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 254,181,298,000, corresponding to the fair value of the transaction and recorded a purely accounting gain associated to this transaction amounting to AOA 136,008,916,749.

As at 31 December 2022 this amount has not been paid and management does not expect it to be paid in 2023, therefore the amount has been reclassified to Other non-current assets in 2022 (see note 9).

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

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

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

Note 9.2.1 shows the evolution of the balance receivable in 2023 resulting from the transaction.

Banco Económico

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

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

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

SBM Ship Yard, Ltd.

Moreover, in 2023, the Group began the process of acquiring 66.66% of the equity of SBM Ship Yard, Ltd (entity 33.33% held individually by SBM Offshore, DSME (Hanwha) and Sonangol Internacional, a wholly owned subsidiary of Sonangol E.P.).

SBM Ship Yard, Ltd holds 90% of the share capital of Paenal - Porto Amboim Estaleiros Navais, Ltda. The remaining 10% is held by Sonangol through Sonangol Holdings. At the balance sheet date, Share Purchase Agreements (SPA) had been signed with SBM Offshore and DSME (Hanwha) to acquire all of their shares in SBM Ship Yard, Ltd, with the objective of the Group to control all of Paenal. As at 31 December 2023, the completion of the transaction was subject to conditions precedent.

During 2023, a payment of USD 33,000 thousand (equivalent to AOA 22,626,219) was made to DSME (Hanwha) for the acquisition of its 33.33% stake in the aforementioned company, which is recognised in note 6 as an advance on the acquisition of a financial investment.

6.2.1 Movements, during the year, in provisions

In 2023, the movements occurred in the accumulated provisions of financial investments were as follows:

Captions	2022	Increases	Reversal of Provisions	Utilization	Foreign exchange translation adjustments (FS conversion)	2023
Movements occurred in provisions	1,180,683,669,849	10,436,562,414	-	(525,297,462)	747,212,611,589	1,937,807,546,390
	1,180,683,669,849	**10,436,562,414**	**-**	**(525,297,462)**	**747,212,611,589**	**1,937,807,546,390**

The increase in provisions is due to the recognition of the provision for the investments in Biocom, amounting to AOA 4,337,135 thousand, and Luanda Waterfront, amounting to AOA 6,099,428 thousand, recongnised in the financial results caption (see note 31).

Regarding Luanda Waterfront, given that Presidential Decree No. 23/17 of February approved the return to the Angolan State of the entire public component of the Luanda Bay Maritime Redevelopment Project and that an investigation has subsequently been initiated by the Public Prosecutor's Office in relation to these assets, and given that there are currently no prospects as to the amount or timing of the recoverability of the amounts invested in this company, the Group has decided to make a provision in 2023 for the entire financial investment as well as the loans granted to this company (see note 9. 2.1.).

6.3 Detail by entity – financial investments – fair value

As at 31 December 2023 and 31 December 2022, the financial investments measured at fair value relate to the investment in Banco Millennium BCP, as follows:

Items	% held	2023 Fair value	2022 Fair value
Banco Millennium BCP	19.49%	740,559,150,030	231,821,846,028
		740,559,150,030	**231,821,846,028**

As at 31 December 2023, 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 2023.

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

Year	No. of Shares	Fair Value	
		EUR	AOA
31-12-2007	180,000,000	525,600,000	58,030,181,977
31-12-2008	469,000,000	379,890,000	42,032,258,380
31-12-2009	469,000,000	397,008,500	51,025,914,471
31-12-2010	685,138,638	398,750,687	48,676,293,902
31-12-2011	794,933,620	108,110,564	13,671,878,185
31-12-2012	3,803,587,403	285,268,647	13,671,878,185
31-12-2013	3,803,587,403	635,877,509	85,245,738,843
31-12-2014	10,534,115,358	695,251,614	86,982,929,381
31-12-2015	10,534,115,358	516,171,653	76,689,170,933
31-12-2016 (*)	140,454,871	150,427,167	28,021,873,581
31-12-2017	2,946,353,914	801,408,265	149,304,763,921
31-12-2018	2,946,353,914	676,188,224	239,862,896,062
31-12-2019	2,946,353,914	597,520,574	326,355,579,538
31-12-2020	2,946,353,914	362,990,802	289,822,383,214
31-12-2021	2,946,353,914	415,141,266	261,130,083,737
31-12-2022	2,946,353,914	431,346,213	231,821,846,028
31-12-2023	2,946,353,914	808,479,514	740,559,150,030

(*) 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	431,346,213	-	377,133,301	-	808,479,514
Amount in AOA	231,821,846,028	11,297,891,370	285,781,373,360	211,658,039,272	740,559,150,030

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

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

6.4 Details of the more relevant investments in affiliates

As at 31 December 2023, 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	7,299,498,000	947,609,000	EUR	19.49%	Portugal	Fuson Group 27.25% Other non-qualifying shareholdings 54.52%	740,559,150,030
Angola LNG Limited	5,451,002,680	1,616,816,542	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%	583,352,234,168
Sonangol Pesquisa & Produção Iraque Cayman Islands	245,764,169 a)	2,591,290 a)	USD	100%	Cayman Islands	N/A Other (9.72%)	28,244,840,015
PT Ventures	318,099,000 b)	5,204,000 b)	EUR	100%	Portugal	N/A	132,403,909,484

a) and b) Financial information for 2022 and 2021, respectively.

7. Other financial assets

7.1 Detail by nature

As at 31 December 2023, Other financial assets are detailed as follows:

Captions	2023	2022
Real Estate Investments	604,490,221,726	364,018,176,830
Energy Fund III	29,409,997,837	17,891,819,561
Gateway Fund I	211,113,836,853	167,741,369,301
Gateway Fund II	60,215,490,061	25,022,340,016
Other financial assets	1,043,654	1,043,654
	905,230,590,131	**574,674,749,362**

7.1.1 Real Estate investments

As at 31 December 2023, Real estate investments were detailed as follows:

Captions	2023	2022
Real Estate investment:		
- Hotels	24,919,359,408	16,741,468,573
- Overseas properties	22,797,771,572	14,587,078,819
- Other properties	43,584,812,383	28,246,333,383
	91,301,943,363	**59,574,880,775**
Real Estate investment in progress:		
- Hotels	498,643,285,843	295,602,000,776
- Other properties	14,544,992,520	8,841,295,279
	513,188,278,363	**304,443,296,055**
	604,490,221,726	**364,018,176,830**

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

Work on Tower A started in 2021 and is expected to be completed in 2024.

It should also be noted that the Promissory Agreements for the Florença and Maianga hotels have been signed during 2023 and Management expects the transaction to be completed during 2024.

The caption Real Estate investment in progress includes the Hotel Intercontinental - Hotel & Casino project, which is partially operational following its official inauguration on 11 November 2021. The project is expected to be completed in 2024. Moreover, the caption includes the project Hotel Riomar, acquired by the Group in 2014 and which is expected to be sold under the Privatisation Programme (PROPRIV) under the Presidential Decree No. 250/19, extended until 2026 under Presidential Decree 78/23 of 28 March 2023.

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

In 2023, the movements occurred in real estate investments were as follows:

Captions	Closing balance 31-12-2022	Adjustments	Increases	Decreases	Financial statements conversion	Closing balance 31-12-2023
Hotels	163,522,607,393	-	-	(3,716,932,411)	104,770,133,704	264,575,808,686
Overseas properties	35,975,038,230	-	-	-	26,482,468,204	62,457,506,434
Other properties	59,717,831,586	-	-	(2,906,806,125)	37,935,370,142	94,746,395,603
Real Estate in progress	363,883,612,322	-	10,129,125,165	-	236,987,529,039	611,000,266,525
	623,099,089,521	**-**	**10,129,125,165**	**(6,623,738,536)**	**406,175,501,089**	**1,032,779,977,249**

7.1.1.2 Movements, during the year, in accumulated amortisation

In 2023, the movements occurred in Accumulated amortisation of real estate investments were as follows:

Captions	Closing balance 31-12-2022	Adjustments	Increases	Decreases	Financial statements conversion	Closing balance 31-12-2023
Hotels	(22,382,499,384)	-	(1,021,775,916)	2,564,683,364	(14,124,710,042)	(34,964,301,979)
Overseas properties	(21,387,959,410)	-	(2,053,859,791)	-	(16,217,915,662)	(39,659,734,863)
Other properties	(15,059,124,063)	-	(1,143,627,416)	1,659,262,855	(9,612,299,998)	(24,155,788,622)
	(58,829,582,857)	**-**	**(4,219,263,123)**	**4,223,946,218**	**(39,954,925,702)**	**(98,779,825,463)**

7.1.1.3 Movements, during the year, in provisions

In 2023, the movements occurred in provisions were as follows:

Captions	Closing balance 31-12-2022	Adjustments	Increases	Decreases	Financial statements conversion	Closing balance 31-12-2023
Hotels	(124,398,639,437)	-	-	-	(80,293,507,862)	(204,692,147,299)
Overseas properties	-	-	-	-	-	-
Other properties	(16,412,374,141)	-	-	-	(10,593,420,458)	(27,005,794,599)
Real Estate in progress	(59,440,316,267)	-	-	-	(38,371,671,895)	(97,811,988,162)
	(200,251,329,845)	**-**	**-**	**-**	**(129,227,600,215)**	**(329,509,930,060)**

As at 31 December 2023, the value of accrued provisions amounts to AOA 329,478,722 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 an certified independent expert valuer. In the analysis performed as at 31 December 2023, no additional impairments to be recorded were identified.

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

In 2023, 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	Financial statements conversion	Closing balance
Energy Fund III	17,891,819,561	(24,946,435)	-	11,543,124,711	29,409,997,837
Gateway Fund I	167,741,369,301	(15,749,502,970)	(37,937,755,896)	97,059,726,417	211,113,836,853
Gateway Fund II	25,022,340,016	(3,215,635,207)	18,968,877,948	19,439,907,303	60,215,490,061
Amounts in AOA	**210,655,528,878**	**(18,990,084,611)**	**(18,968,877,948)**	**128,042,758,432**	**300,739,324,751**
Amounts in USD	**418,223,730**	**(27,696,753)**	**(27,665,823)**	**-**	**362,861,154**

During the period, losses of AOA 18,990,085 thousand were recognised in the income statement under Losses on investments and financial assets in these funds (see note 31).

The amount included in Other movements of Gateway Fund I corresponds essentially to distributions of USD 55,332 thousand, of which USD 27,666 thousand were delivered to Gateway Fund II, in accordance with the subscription agreement signed by both funds, as explained in note 7.1.2.2, with the remainder amount having been received in cash.

7.1.2.1 Energy Fund III

The table below details the accumulated movements occurred in investment funds since their incorporation:

Captions	2023 Closing Balance	2022 Closing Balance
Original cost (invested capital)	309,090,706,915	187,845,327,289
Realised gain / losses	133,718,909,430	81,265,698,854
Distributions (Gross)	(415,503,198,275)	(252,515,952,513)
Unrealised gains / losses	(25,928,588,627)	(15,764,076,652)
Remaining cost	**1,377,829,443**	**830,996,978**
Other contributions and assets associated to the fund	61,613,174,336	37,444,499,752
Management fees	(33,581,005,942)	(20,383,677,158)
Investment value	**29,409,997,837**	**17,891,819,571**

The amount reported for the fund investments - Energy Fund III – is stated at fair market value, according to the independent fund manager final reports, as at 31 December 2023.

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	253,008,375	209,693,341,540	37,588,655	31,153,477,305
Balance in Liquidity Management	1,713,918	1,420,495,313	35,065,170	29,062,012,756
Fair value of investment	**254,722,293**	**211,113,836,853**	**72,653,825**	**60,215,490,061**

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

Items	Gateway Fund I		Gateway Fund II	
	USD	AOA	USD	AOA
Invested capital	**343,372,854**	**284,587,421,395**	**39,897,669**	**33,067,188,299**
Accumulated portfolio (gains/ (losses)	191,564,189	158,768,399,843	10,993,996	9,111,823,885
Distributions	(273,249,666)	(226,469,323,181)	(7,162,212)	(5,936,041,463)
Management fees	(20,291,946)	(16,817,964,845)	(5,403,000)	(4,478,006,400)
Other income and expenses related to the portfolio	11,612,944	9,624,808,327	(737,798)	(611,487,016)
Investment value	**253,008,375**	**209,693,341,540**	**37,588,655**	**31,153,477,305**

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

Gateway Fund I

The table below details the position of this investment fund:

Captions	Liquidity Management Portfolio		Investment Portfolio	
	USD	AOA	USD	AOA
Opening balance	**1,628,891**	**820,457,651**	**331,395,462**	**166,920,911,650**
Investment (contributions)	-	-	8,420,055	5,773,151,770
Management fees	-	-	(1,059,775)	(726,627,310)
Portfolio gains/ (losses	85,027	58,298,763	(21,995,666)	(15,081,174,423)
Divestment / Distributions	55,331,646	37,937,755,896	(63,751,701)	(43,710,907,529)
Liquidity management account release	(27,665,823)	(18,968,877,941)	-	-
Contributions to Gateway Fund II	(27,665,823)	(18,968,877,941)	-	-
Foreign Exchange adjustments	-	541,738,885	-	96,517,987,382
Closing balance	**1,713,918**	**1,420,495,313**	**253,008,375**	**209,693,341,540**

The reported value for the investment in the Gateway Fund I with an investment commitment in the initial amount of AOA 207,200,000 thousand (USD 250,000 thousand) represents its fair value according to the preliminary independent fund manager report as at 31 December 2023 and corresponds mainly to investments associated with companies in Africa and Asia and to the balance in the liquidity management portfolio.

Gateway Fund II

Captions	Liquidity Management Portfolio		Investment Portfolio	
	USD	AOA	USD	AOA
Opening balance	**3,581,254**	**1,803,845,338**	**46,096,703**	**23,218,494,678**
Investment (contributions)	(3,792,034)	(2,599,981,568)	3,792,034	2,599,981,568
Management fees	-	-	(1,845,001)	(1,265,012,021)
Portfolio gains/ (losses	447,914	307,109,099	(3,292,868)	(2,257,731,894)
Divestment / Distributions	7,162,213	4,910,721,208	(7,162,213)	(4,910,721,208)
Contributions to Gateway Fund I	27,665,823	18,968,877,879	-	-
Foreign Exchange adjustments	-	5,671,440,799	-	13,768,466,182
Closing balance	**35,065,170**	**29,062,012,756**	**37,588,655**	**31,153,477,305**

The value shown for the investment in Gateway Fund II, with an investment commitment of AOA 82,880,000 thousand (USD 100,000 thousand), represents its fair value. In 2023, it is noted in Gateway Fund II that part of the investment was made using distributions from Gateway Fund I in the amount of AOA 18,968,877 thousand (USD 27,666 thousand), in accordance with the terms defined in the Gateway Fund II Subscription Agreement signed in 2020, whose contributions to this fund come from the distributions released by Gateway Fund I.

8. Inventories

8.1 Detail by nature

As at 31 December 2023, Inventories are analysed as follows:

Captions	2023 Gross amount	2023 Accumulated provisions	2023 Net Amount	2022 Net Amount
Raw materials, subsidiary materials and consumables	94,871,414,307	(30,779,008,159)	64,092,406,148	44,353,955,769
Products and work in progress	268,830,031,079	(143,035,750,960)	125,794,280,118	76,394,869,840
Finished products and intermediates	23,816,611,035	(157,663,305)	23,658,947,730	24,198,117,876
Goods	286,919,617,990	(34,401,663,240)	252,517,954,750	144,646,690,657
Raw materials, good and materials in transit	8,399,685,605	-	8,399,685,605	7,391,327,778
	682,837,360,015	(208,374,085,664)	474,463,274,351	296,984,961,920

Inventories are valued at acquisition cost, subsequently reduced by appropriate provisions for for loss of value and, in the case of crude oil produced by the Group, at production cost per barrel. The amount shown is net of cutback in the amount of AOA 44,056,754 thousand (2022: AOA 26,774,843 thousand), corresponding to the value of the materials under the control of Sonangol Pesquisa & Produção, S.A. as operator, but already allocated to the contracting groups.

The item "Raw materials, subsidiary materials and consumables" mainly includes the value of crude oil in stock to be used in the production of refined products in the Refining and Petrochemicals segment (does not include crude oil from the Exploration and Production segment intended for sale, which is recorded under "Goods" in the amount of AOA 49,167,918 thousand in 2023), as well as the value of stocks of materials to support oil operations stored at the company's onshore and offshore logistics bases, and materials acquired but still owned by third parties.

The item 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 125,526,947 thousand (2022: 76,394,869 thousand), with the variation in relation to the previous year being mainly justified by the exchange rate change.

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

Commodities essentially include stocks of refined oil products in the *Distribution and Commercialisation* segment and crude oil in the *Exploration and Production* segment. This item also includes an amount of AOA 8,188,244 thousand (2022: AOA 11,964,147 thousand), net of provisions, relating to materials and medicines used to support medical assistance activities and marketing to users of the Girassol Clinic.

8.2 Movements, during the year, in provisions

Captions	Opening balance 31-12-2022	Adjustments	Increases	Decreases	Charge-offs	Exchange rate differences	Closing balance 31-12-2023
Raw materials, subsidiary materials and consumables	(21,620,977,638)	-	-	922,683,809		(10,080,714,330)	(30,779,008,159)
Products and work in progress	(86,927,872,150)	-	-	-	-	(56,107,878,811)	(143,035,750,960)
Finished products and intermediates	(1,228,844,239)	-	-	1,071,180,934		-	(157,663,305)
Goods	(22,535,466,874)	-	(6,003,677,631)	4,208,757,551	-	(10,071,276,285)	(34,401,663,240)
	(132,313,160,901)	-	(6,003,677,631)	6,202,622,294	-	(76,259,869,426)	(208,374,085,664)

9. Other non-current assets and accounts receivable

9.1. Detail by nature

As at 31 December 2023 and 31 December 2022, Other non-current assets and accounts receivable are detailed as follows:

Caption	Current		Non-current	
	2023	2022	2023	2022
Trade receivables	746,742,149,361	345,495,686,944	-	-
Trade payables – debt balances	187,000,677,999	71,546,761,149	-	-
State	70,297,886,114	45,124,014,462	-	-
State (PNUH - Centralities)	-	473,675,302,005	-	-
Parent companies and affiliates	79,134,408,829	69,276,608,358	298,058,557,565	255,724,434,039
Personnel	9,097,321,747	3,814,187,340	-	-
Transactions with the State	5,318,915,580,363	3,247,772,576,620	-	-
Transactions with the National Oil, Gas and Biofuels Agency	78,272,706,927	57,795,847,321	-	-
Receivables – Oil and gas exploration	492,545,122,323	119,525,995,695	-	-
Working capital	243,490,446,076	112,158,014,828	-	-
Receivables – Underlift	225,263,626,696	153,607,486,027	-	-
Other receivables	144,092,677,828	58,847,364,143	52,714,806,279	334,017,445
	7,594,852,604,263	4,758,639,844,892	350,773,363,844	256,058,451,484

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 "*Distribution and Commercialisation*" segment and is net of the provision for doubtful debts. The year-on-year change is mainly due to the increase in the balance due from non-resident crude oil and natural gas customers, denominated in US dollars, and the depreciation of the Kwanza during the year.

The caption State (PNUH - Centralities) relates to the repayment of the National Programme for Urbanism and Housing ("PNUH"). In August 2022, an additional settlement of USD 50 million was made as part of the agreement to repay the PNUH debt under the terms and modalities defined by the parties. As at 31 December 2023, this item was offset on the basis of the Clearing Agreement for Non-Tax Credits and Tax and Non-Tax Debts ("Acordo de Compensação de Créditos não Tributários e Dívidas Tributárias e não Tributárias") between the Ministry of Finance and Sonangol E.P. (See note 9.4.1), with the agreement between Sonangol E.P. and the Ministry of Finance to repay the PNUH debt for the period from January to December 2020 no longer in effect.

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

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

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

9.2 Parent companies and affiliates

As at 31 December 2023, balances receivable from loans granted, dividends attributed but not received and fees receivable associated with affiliates valued at cost less impairment losses (when applicable) are as follows:

9.2.1 Parent companies and affiliates (non-current)

Caption	2023 Gross amount	2023 Accumulated provisions	2023 Net Amount	2022 Net Amount
Puaça	43,469,437,643	(25,506,615,207)	17,962,822,436	11,515,371,917
GENIUS	16,238,406,554	(16,238,406,554)	-	-
Embal	672,346,850	(672,346,850)	-	-
Bauxite	414,400,000	(414,400,000)	-	-
Paenal	42,380,688,000	(42,380,688,000)	-	-
Luanda Waterfront	15,142,176,000	(15,142,176,000)	-	9,202,434,570
Diranis	14,023,094,899	(11,789,810,522)	2,233,284,377	1,471,564,308
Sonasing OPS	9,688,054,336	(9,688,054,336)	-	-
Angoflex	272,629,548	(272,629,548)	-	-
Sonangol Hidrocarbonetos Brasil, Ltda.	349,830,257,030	(349,830,257,030)	-	-
Sonangol Hidrocarbonetos USA, Ltd.	62,143,072,053	(62,143,072,053)	-	-
Sonangol São Tomé	165,760,000	(139,401,560)	26,358,440	1,081,069
Sonangol Africa Limited	379,590,400,000	(134,699,930,000)	244,890,470,000	230,690,478,000
KWANDA	8,426,383,350	(2,123,805,160)	6,302,578,190	2,827,332,798
Refinaria de Cabinda	26,616,434,874	-	26,616,434,874	-
Others	26,609,248	-	26,609,247	16,171,377
	969,100,150,385	**(671,041,592,820)**	**298,058,557,565**	**255,724,434,039**

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

<u>Sonangol Africa Limited</u>

As disclosed in note 6.2. Equity Swap Puma Energy, the Group has an amount receivable from Sonangol Africa Limited amounting to AOA 379,590,400 thousand (USD 458 million), following the acquisition of the Pumangol Group companies.

During 2023, several events had a significant impact on the national economy, most notably the depreciation of the Kwanza currency against the US dollar. Given that the entity's receivable balance is denominated in USD, a foreign exchange gain of AOA 148 million was recognised. However, taking into account the impact of this situation on the entity's operations, which mostly take place in AOA, there are indications that the amount in USD may not be fully recoverable, which is why the impairment test was carried out.

The Group carried out an impairment test on this receivable, and determined an impairment loss of AOA 134,699,930 thousand (USD 162,524 thousand) (see note 33) and the fair value of the asset as at 31 December 2023 of AOA 244,890,470 thousand (USD 295,476 thousand).

The impairment test was performed in US dollars using the following assumptions:

- Discount rate of 14.67%;
- A sales and operating cost growth rate of 2.5% until 2029 and 3.5% in perpetuity;
- The discounted cash flow method was used;
- Pumangol Group's financial forecasts from 2024 to 2026;
- Estimated capital expenditure of approximately USD 10 million in 2024, between USD 6 million and USD 8 million from 2025 to 2027 and approximately USD 8 million in 2028 and in perpetuity.

As the outstanding receivable from Sonangol Africa Limited is denominated in USD, a foreign exchange gain of AOA 149 billion has been recognised.

Moreover, the following changes occurred during the period:

- Reversal of the provision for the receivable from Puaça by approximately AOA 3,495,239 thousand, in view of the updated prospects of recovery of the outstanding balance, considering the sale of some assets held for this entity;
- A provision of AOA 15,142,176 thousand has also been made for receivables from Luanda Waterfront.

The amount shown for the Cabinda refinery corresponds to the loans granted to the related party Sonaref Refinaria de Cabinda to finance the initial works of the Cabinda refinery construction project for a nominal amount of USD 40,000,000. This amount has been discounted to its present value, taking into account management's best estimate of when it will be received, which is within a period of more than one year, as impact disclosed in Note 31.

9.2.2 Parent companies and affiliates (current)

Caption	2023 Gross amount	2023 Accumulated provisions	2023 Net Amount	2022 Net Amount
Empresa de Serviços e Sondagem de Angola, Lda (ESSA)	84,816,729,563	(64,096,729,563)	20,720,000,000	12,592,275,000
OPS Angola	-	-	-	8,135,041,006
Sonangol Cabo Verde, SA	1,831,980,000	-	1,831,980,000	-
Mota Engil Angola	1,050,294,895	-	1,050,294,895	1,029,020,361
Sonacergy	-	-	-	16,765,635
Cooperativa Cajueiro	7,492,193,136	(7,492,193,136)	-	-
Kwanda	5,632,446,969	(483,863,274)	5,148,583,695	2,234,231,194
Angola Cables	-	-	-	7,588,348,475
Complexo Cultural Paz-Flor	6,131,259,568	(6,131,259,568)	-	-
Tecnip	-	-	-	9,658,060,749
Sonangol P&P STP_Block 1	8,016,251,158	-	8,016,251,158	4,262,322,708
PT Ventures	28,131,806,224	-	28,131,806,224	-
Sonangol Pacific	7,207,283,430	(6,079,310,989)	1,127,972,441	685,508,678
Space Group	-	-	-	747,981,135
Refinaria de Cabinda	-	-	-	20,617,774,260
Sonils	11,841,004,256	-	11,841,004,256	-
Other	1,266,516,160	-	1,266,516,160	1,564,228,823
	163,417,765,359	(84,283,356,529)	79,134,408,829	69,276,608,358

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 shareholding 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, Sonangol is expected to support a set of costs until the two ships under ESSA's responsibility start operating. At the balance sheet date, after analysing the recoverability of this balance, Sonangol found it necessary to make a partial provision for this balance receivable.

The balances of Kwanda and OPS Angola relate mainly to know-how and management fees for the year, as disclosed in note 24, and for previous years. During the period, diligences have been taken to recover the amounts due and plans have been agreed for the payment of these debts.

The increase in the Kwanda balance (current and non-current) relates to the overdue debt for royalties and know-how fees as disclosed in Note 24 and the value of the joint venture agreement as disclosed in Note 33, with new payment plans having been agreed during the period which include this component of the debt. The payment plan is non-interest bearing and provides for the debt to be repaid by December 2026 and the effect of the discount associated with the agreed plan has been recognised in line with that made in the period.

With respect to OPS Angola, a sale and purchase agreement (SPA) for OPS Production Limited's stake in SBM Holding INC S.A. was signed in 2023, subject to certain conditions precedent, namely the approval of customers, partner creditors and various competent authorities. The proposed agreement provides for the recovery of Sonangol's receivables only in the event that OPS Angola succeeds in recovering the amount of outstanding debt from other customers. Due to the uncertainty of the recovery of these amounts, a provision has been made for the entire receivable, which has also been reclassified to non-current.

The balance receivable from Sonils relates to the dividends deliberated by this company for the financial years 2021 and 2022, already deducted from IAC and not yet settled.

Regarding the balance with Sonangol Refinaria de Cabinda, S.A., the change is due to the reclassification of the company's receivables from current to non-current, as disclosed in note 9.2.1.

9.3 Other receivables

The detail of other receivables is analysed as follows:

9.3.1 Other receivables (non-current)

Caption	2023 Gross amount	2023 Accumulated provisions	2023 Net Amount	2022 Net Amount
Cohydro (Nessergy)	161,598,788,600	(161,598,788,600)	-	-
Monumental	932,400,000	(932,400,000)	-	-
Space Group	1,230,768,000	(1,230,768,000)	-	-
FORCE PETROLEUM ANGOLA	171,341,913,755	(171,341,913,755)	-	-
Grupo Genius	152,725,334,781	(152,725,334,781)	-	-
Fornecedor - Saldo Devedor AAA	14,257,654,276	(14,257,654,276)	-	-
Others	52,714,806,279	-	52,714,806,279	334,017,445
	554,801,665,691	**(502,086,859,413)**	**52,714,806,279**	**334,017,445**

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

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

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

The remaining loans granted to national entities, within the scope of LFE, are fully provisioned as at 31 December 2023, considering that the Board of Directors believes that the probability of recovery is low considering the available information of that date.
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 recoverability of the funds is under analysis with the competent State entities.

The caption "Others" represents the net balance between the cumulative deposits paid to the National Concessionaire and the estimated liability at the time of the dismantling of some blocks in which Sonangol P&P

has an interest. As the net balance for three blocks is positive at the balance sheet date, it has been reclassified from provisions for other (non-current) risks and charges to other non-current assets (see note 18).

9.3.2 Other receivables (current)

Caption	2023	2022
Social Fund	18,955,971,306	10,711,217,368
Social Fund – Advanced payment	183,795,857	21,741,757,951
Others	124,952,910,666	26,394,388,824
	144,092,677,828	**58,847,364,143**

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

9.4 Transactions with the State

As at 31 December 2023 and 31 December 2022, the detail of the balances associated with transactions with the state is as follows:

Captions	2023	2022
Concessionaire's current account	6,083,722,268	3,698,302,531
Credit receivables from OGE customers 2016 - 2023	1,339,571,111,113	651,824,579,520
State grants	193,547,931,841	2,096,835,776,392
Settlement of ZEE industries	65,064,929,902	39,794,785,569
Fuel company of São Tomé e Príncipe	39,999,746,717	19,858,695,250
Expenses incurred with Sonangol Investimentos e Indústrias, Lda	95,924,997,073	58,297,004,947
Other movements	264,549,423,735	239,628,470,993
Oil tax for 2022 (Tax Credit - Final Returns)	-	94,358,074,161
Clearing agreement with the State - "Outstanding balance"	-	6,627,549,456
Current account – Regular Offsetting of Balances with the State	3,314,173,717,714	36,849,337,801
	5,318,915,580,363	**3,247,772,576,620**

The caption "Credit receivables from OGE customers 2016 – 2023" includes balances receivable from State budget customers. The change in the year is due to transactions with budgeted customers and, in particular, the translation of credits in Kwanzas into US dollars at the average rate for the year in which the respective credits were generated, as disclosed in note 9.4.1.

The change in the item "State grants" is the result of the credit to the State in respect of the grants for 2023 approved by IGAPE and the implementation of a new exercise to offset tax and non-tax debts against non-tax credits (which include grants), which led to a reduction in the amount receivable from the State by offsetting it against liabilities, as explained in note 9.4.1.

As at 31 December 2022, the balance of Oil tax for 2022 (Tax Credit - Final Returns) corresponds to the year-end adjustment of the 2022 oil tax resulting from the submission of final tax returns. Given that, at the time of the adjustment, the oil taxes for 2022 had already been offset against non-tax credits, the amount of the adjustment in question has been recognised as a receivable from the State, and recovered in 2023 through a new offsetting exercise, as disclosed in note 9.4.1, resulting in a nil balance at the balance sheet date.

The caption "Other movements" mainly includes amounts paid on behalf of the State and other public entities.

Finally, the item Current account – Regular Offsetting of Balances with the State shows an amount of AOA 3,314,173,718 thousand with reference to 31 December 2023, corresponding to the balance remaining after the offsetting exercise carried out and disclosed above and in note 9.4.1.

9.4.1. Offsetting agreements with the State

As at 31 December 2019, the Sonangol Group entered into the "Balance Reconciliation and Recognition Agreement and Debt Clearing Commitment ("The General Agreement")" with the Angolan State. This agreement allowed the reconciliation and definitive and irrevocable validation of a significant component of credits and debts recorded in the Group's Consolidated financial statements. Subsequently, in 2020, the "Offsetting Agreement of non-tax credits for tax debts ("the Offsetting Agreement")" was entered into with the Angolan State, which provides that the credits and debts validated and fixed in the General Agreement were offset, as at 1 January 2020. Thus, under the aforementioned General Agreement and its addends, the credits and debts subject to reconciliation and validation have been offset.

The Offsetting Agreement does 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 offsetting using surplus credits in favour of the Sonangol Group, namely debts resulting from commercial operations, general tax debts, customs and/or oil taxes, as well as allocation of shipments of crude oil.

The offsetting exercise above mentioned resulted in an amount in favour of the Company, which as at 31 December 2022, amounted to AOA 890,506,969 thousand (USD 1,767,963 thousand), which is included under the item "Current account – Regular Offsetting of Balances with the State". As at 31 December 2022, the Sonangol EP offset this credit and subsequent non-tax credits confirmed by the counterparties amounting to AOA 2,818,924,312 thousand against tax and non-tax liabilities amounting to AOA 2,782,074,974 thousand, resulting in a remaining net balance of AOA 36,849,338 thousand.

Pursuant to the above-mentioned agreement and its addends, Sonangol E.P. formalised, in May 2024, a new agreement with the State of Angola called "Agreement for the offsetting of non-tax credits of the State in favour of Sonangol EP against tax and non-tax debts of Sonangol EP in favour of the State" ("the 2023 Agreement"), which approves and formalises the regularisation of the existing credits and debts between the parties through the offsetting of balances as at 31 December 2023 and which were already under negotiation at that date.

Given that the majority of transactions between the parties are denominated in US dollars, the agreement has been prepared in this currency. Therefore, all assets and liabilities were first converted into US dollars and then the tax credits were offset against the tax and non-tax liabilities, resulting in a net balance in favour of the Sonangol Group of USD 4,537,475 thousand (AOA 3,760,658,950 thousand).

Non-tax credits and tax and non-tax liabilities denominated in Kwanzas have been translated into US dollars at the average exchange rate for the year in which they arose, in accordance with the methodology applied in the Agreement.

As a result of the above, accounting adjustments have been made, the impact of which on the results for the year is essentially due to the translation of balances denominated in Kwanzas into US dollars at the average exchange rate for the financial years to which they relate, as disclosed above.

On the other hand, in view of the offsetting mechanism provided for in the agreement signed in May 2024, which is in line with the compensation criteria used in the agreement for the year ended 31 December 2019, the remaining tax credits and tax and non-tax liabilities not included in the aforementioned agreement and denominated in Kwanzas have also been translated into US dollars at the average rate for the year to which the transactions relate. This represents the Board of Directors' best estimate at that time of the form and amount with which they will be recovered and/or settled.

Finally, in 2023 an additional offset of tax credits of AOA 145,461,611 thousand against tax liabilities was made, resulting in a remaining credit of AOA 446,485,233 thousand. This settlement was notified to the Supervisory Authority in a letter dated 29 April 2024.

The table below summarises the disclosed above, including the amounts recorded in the consolidated financial statements of Sonangol E.P., included in the scope of the agreement signed with the State, as well as the additional offsets communicated to the Supervisory Authority:

Captions	Amount of USD 31-12-2023	Amount of AOA 31-12-2023	
A. Non-tax credits in favor of Sonangol	**13,757,973,260**	**11,402,608,238,142**	
Remaining balance of the Offsetting Agreement	1,754,804,840	1,454,382,251,392	
Grants for oil derivatives 2020	954,563,129	791,141,921,109	
Grants for oil derivatives 2021	1,965,583,155	1,629,075,319,166	
Grants for oil derivatives 2022	4,255,660,611	3,527,091,514,192	
Grants for oil derivatives 2023	3,359,390,973	2,784,263,238,024	
PNUH 2019	527,562,045	437,243,422,896	
PNUH 2020	522,329,029	432,906,299,202	
PNUH 2021	418,079,479	346,504,272,162	
B. Tax and non-tax debt owed to the State	**(9,220,498,658)**	**(7,641,949,287,855)**	
Oil taxes (direct)	(3,824,683,034)	(3,169,897,298,745)	
Oil taxes (indirect)	(602,640,912)	(499,468,787,714)	
General Taxes 2019-2021	(1,078,178,628)	(893,594,447,038)	
Customs debt 2019-2023	(779,421,862)	(645,984,839,226)	
Dividends to IGAPE 2020-2022	(1,095,280,970)	(907,768,867,936)	
Purchase of crude oil by Refinaria de Luanda to ANPG 2022	(1,036,677,053)	(859,197,941,649)	
Purchase of crude oil by Refinaria de Luanda to ANPG 2023	(445,295,347)	(369,060,783,263)	
Balance of the 2023 Debt Service Shipment Allocation Process	(358,320, 852)	(296,976,322,284)	
C. Offset balance in the consolidated financial statements (A) + (B)	**4,537,474,602**	**3,760,658,950,287**	
D. Additional offset not included in the Agreement with the State of 27-05-24	**(538,712,877)**	**(446,485,232,573)**	
Total item Current account – Regular Offsetting of Balances with the State (C) + (D)	**3,998,761,725**	**3,314,173,717,714**	

The additional offset not included in the Agreement with the State is as follows:

Description	USD	AOA
Oil Taxes 2023	(727,561,704)	(603,003,140,017)
Oil Taxes 2017	1,062,547	880,638,953
Other	175,508,700	145,461,610,607
Final statement 2020	12,277,580	10,175,657,884
	(538,712,877)	**(446,485,232,573)**

The Offsetting Agreement should not imply the monetisation of the outstanding balances, being envisaged the settlement of the net credit in favour of the Sonangol Group by direct and unlimited offsetting using surplus credits in favour of the Sonangol Group, namely debts resulting from commercial operations, general tax debts, customs and/or oil taxes, as well as allocation of shipments of crude oil.

9.4.2. State grants(subventions)

As at 31 December 2023 and 31 December 2022, State grants(subventions) are analysed as follows:

Caption	2022	Increases	Decreases	Adjustments	Exchange rate change	Foreign exchange translation adjustments (FS conversion)	2023
Subvention	1,979,209,869,856	2,183,181,937,392	(4,950,214,888,235)	-	72,858,560,601	714,964,520,386	-
Implicit subvention due to exchange rate differences	117,625,906,536	-	-		-	75,922,025,305	193,547,931,841
	2,096,835,776,392	**2,183,181,937,392**	**(4,950,214,888,235)**	**-**	**72,858,560,601**	**790,886,545,691**	**193,547,931,841**

In 2023, due to changes in fundamentals, dynamics and market conditions, there have been increasing difficulties in acquiring products such as diesel and petrol at the Platts prices included in Executive Decree No. 331/20 of 16 December, as a result of the geopolitical tensions recorded.

In this context, Sonangol, like the other players, was faced with the need to guarantee greater flexibility in terms of sources, resulting in acquisition costs that differed from those provided for in the aforementioned legislation.

Thus, the amount of price subventions awarded to Sonangol for the period from January to December 2023, amounting to AOA 2,303,342,905 thousand, was confirmed by the Ministry of Finance through a communication to the market published on its website on 22 April 2024 (Highlight No. 02/2024 of Fuel Grant Expenses).

The increase of AOA 2,183,181,937 thousand in the "Subvention" item refers to part of the grants for 2023, calculated on the basis of Decree 331/20 of 16 December, which was initially recognised at the level of Sonangol Distribuição e Comercialização and Sonangol Gás & Energias Renováveis, whose balance receivable from the State was subsequently transferred to Sonangol E.P., which in turn recognised a liability towards the subsidiaries. As mentioned above, the amount of subventions approved and transferred to Sonangol E.P. was AOA 2,303,342,905 thousand and the difference in the column "Increases" is due to the fact that, for the purpose of presenting the Financial Statements, the amounts in the functional currency of the Company are translated into the reporting currency at the average exchange rate for the year.

The decreases result from the offsetting of non-tax credits against tax and non-tax liabilities amounting to AOA 4,950,214,888 thousand, as explained in note 9.4.1.

The Implicit subvention due to exchange rate differences in the amount of AOA 193,547,932 thousand is in the process of reconciliation.

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

As at 31 December 2023 and 31 December 2022, the transactions with the National Oil, Gas and Biofuels Agency (ANPG) are as follows:

Captions	2023	2022
Upstream	**502,990,457**	**(9,584,964,206)**
Underlift balance	502,990,457	305,685,036
Benefit Resulting from the Transfer of Participating Interest	-	(9,890,649,242)
Transition support	**2,758,983,340**	**19,553,562,357**
Concessionaire function expenses	77,331,429	12,922,521,495
Direct costs (Payments on account)	2,681,651,911	6,631,040,862
Other Services	**75,010,733,144**	**47,827,249,169**
Marketing Commission (Agency)	3,444,580,132	22,594,397,779
Other expenses	71,566,153,012	25,232,851,390
	78,272,706,925	**57,795,847,320**

Although under the supervision of ANPG as the National Concessionaire, the items "Sale of Crude Oil on the International Market" have "the State as the final beneficiary.

The main transactions between Sonangol and the National Concessionaire are detailed as follows:

Sale of Crude Oil on the International Market

The item "Sale of Crude Oil on the International Market" refers to the sale of crude oil shipments on the international markets related to ANPG's share as National Concessionaire, which were carried out by Sonangol E.P. free of any encumbrances or associated credit risks.

As at 31 December 2023 and 31 December 2022, an offsetting exercise has been carried out which includes the balance of this item, as disclosed in note 9.4.1.

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

The item "Purchase of Crude Oil from ANPG by Refinaria de Luanda" relates to the amount payable to ANPG in respect of crude oil purchases made by Refinaria de Luanda. As in previous years, the Luanda Refinery's debt to ANPG relating to crude oil purchases in 2022 and 2023 was transferred to Sonangol E.P., except for the amount of AOA 190,656,200 thousand. The total balance of these purchases was subsequently offset against the remaining assets and liabilities as described in note 9.4.1, which is why this type of transaction has a zero balance at the balance sheet date and is not shown in the table above.

Sale of Crude Oil to ANPG

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

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

The Sale of Crude Oil to ANPG refers to the shipments of crude oil from blocks in which Sonangol Group has an interest, 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 crude was insufficient, the crude oil of the concessionaire's partners in the oil concessions, which includes Sonangol Group, was used as a resource.

In 2023, the balance of this type of transaction is nil as a result of the offsetting exercise that took place during the period, which is why it is not shown in the table above.

Benefit Resulting from the Transfer of Participating Interest

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

Other expenses

Other expenses include the balance to be paid to Sonangol E.P. of AOA 48,346,320 thousand, calculated in accordance with the clearing agreement with the State, as disclosed in note 9.4.1.

9.6. Receivables – Oil and gas exploration

As at 31 December 2023, the outstanding amounts by the Contractor Groups are included in the item Receivables - Oil and gas exploration, resulting from the joint operations in Blocks in which the Group has participating interests.

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

Caption	2023 Gross amount	2023 Provision	2023 Net Amount	2022 Net Amount
China Sonangol	7,649,879,032	(2,299,326,579)	5,350,552,453	2,252,770,323
Inaftaplin	11,416,549,242	-	11,416,549,242	1,319,780,174
Naftagas	4,542,776,026	-	4,542,776,026	1,758,060,844
Acrep - Oil Exploration	18,424,351,710	-	18,424,351,710	7,447,608,586
Tullow Oil	6,892,721,540	(6,892,721,540)	-	(4)
Etu energias	436,818,325,500	(362,598,665,708)	74,219,659,792	13,752,377,880
Petropars	18,454,800,371	(18,454,800,371)	-	-
Teikoku	664,949,986	-	664,949,986	404,113,546
Poliedro Oil Corporation,	67,724,273,219	(67,724,273,219)	-	-
Kotoil, S.A.	72,235,925,568	(72,235,925,568)	-	-
Prodoil	7,017,802,735	-	7,017,802,735	2,199,704,627
Exem Africa	8,003,767,167	(8,003,767,167)	-	495,310,352
Cabinda Gulf Oil Company	6,064,346,988	-	6,064,346,988	532,439,934
Devon Energy	1,955,048	-	1,955,048	-
Angola LNG Limited	349,317,112	-	349,317,112	240,453,288
Angola LNG – OPCO	957,214,164	-	957,214,164	1,117,914,878
Angola LNG - Supply Services LLC	22,215,292,416	(22,215,292,416)	-	325,137,502
Angola LNG Somg	248,424,686	-	248,424,686	1,010,597,647
Sonangol Offshore Service	3,045,985,952	(1,964,514,544)	1,081,471,408	646,413,839
Vaalco	1,076,611,517	-	1,076,611,517	-
Pluspetrol Angola	902,169,818	-	902,169,818	1,271,558,994
Total E.P Angola	143,331,065,678	(8,883,622,093)	134,447,443,586	71,574,078,888
Esso	13,936,538,260	-	13,936,538,260	-
Maurel & Prom Angola S.A.	14,457,470,033	-	14,457,470,033	4,322,739,370
Azule Energy Angola Production b.v.	200,715,285,867	-	200,715,285,867	18,884,986,586
Afentra Angola Limited	13,905,473,875	-	13,905,473,875	-
Petrobras	3,655,116	-	3,655,116	-
Other	40,211,420	-	40,211,420	-
Other – cut back	(17,279,108,518)	-	(17,279,108,518)	(10,030,051,559)
	1,063,818,031,528	**(571,272,909,205)**	**492,545,122,323**	**119,525,995,695**

As at 31 December 2023, the amount due from Total EP Angola includes AOA 136,893,104 thousand (USD 165,170 thousand) related to the contingent price component to be received by the Group from the partial sale of interests in Block 20.11 under the Sale and Purchase Agreement signed between the parties in 2020. As at 31 December 2022, this amount corresponds to AOA 67,120,511 thousand.

On the other hand, the amount receivable from Afentra Angola Limited at the balance sheet date results from the sale of interests in blocks 3.05 and 23, including the contingent price component, under the Sale and Purchase Agreement signed between the parties in 2022, the sale process of which was completed in 2023 (see note 4.A.).

The year-on-year variation essentially results from the depreciation of the Kwanza against the US Dollar.

10. Cash and bank deposits

10.1 Detail by nature

As at 31 December 2023 and 31 December 2022, Cash and bank deposits are detailed as follows:

Captions	Current	
	2023	2022
Bonds	10,947,603	1,277,174,418
Cash in transit	10,955,990	1,092,620,453
Bank deposits	2,345,059,655,796	1,861,637,978,779
Cash	175,997,572	175,978,226
	2,345,257,556,961	**1,864,183,751,876**

Bank deposits include the amount of AOA 202,131,446 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 (formerly known as the Research and Technology Centre – CITEC).

The oil market international environment, which has significantly changed in the last years, advised for a careful management of the application of these funds which was made with the full approval of all the international partners. In 2023, the use of these funds was intensified, as part of the funding of expenses associated with Sonangol's Research and Development Centre, as mentioned in Note 19.

11. Other current assets

As at 31 December 2023 and 31 December 2022, Other current assets are analysed as follows:

Captions	2023	2022
Accrued income:		
Invoicing - Rentals	9,127,163,860	5,757,035,910
Invoicing- Others	5,442,156,128	6,262,389,962
Invoicing - Crude Oil and Gas	3,099,346,532	5,016,664,296
	17,668,666,520	**17,036,090,168**
Deferred costs:		
Rents	-	801,493,262
Others	14,045,695,739	1,861,328,954
	14,045,695,739	**2,662,822,216**
	31,714,362,259	**19,698,912,384**

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 2023, the Company's share capital was fully subscribed and paid up in the amount of AOA 1,000,000,000 thousand.

The table below shows the movements of Share capital and Supplementary capital contributions in 2023 and 2022:

Items	2023	Increases	Decreases	2022
Share capital	1,000,000,000,000	-	-	1,000,000,000,000
Supplementary capital	1,846,949,307,988	-	-	1,846,949,307,988
	2,846,949,307,988	**-**	**-**	**2,846,949,307,988**

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

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

As at 31 December 2023, Reserves and retained earnings are analysed as follows:

Items	2022	Net Profit for the Year	2023 Net Profit	Distribution of dividends and to the social fund	Actuarial Gains / Losses	Change in exchange rate differences	Correction of fundamental errors	Other movements	2023
Legal reserves	23,043,062,802	-	-	-	-	-	-	-	23,043,062,802
Other reserves	1,222,378,348,106	-	-	-	134,378,849,999	-	-	(275,383,502)	1,356,481,814,604
Evaluation fund	178,850,413,504	-	-	-	-	-	-	-	178,850,413,504
Investment fund	940,550,351,331	-	-	(20,697,741,008)	-	-	-	(919,852,610,323)	-
Total Reserves	**2,364,822,175,744**	**-**	**-**	**-**	**134,378,849,999**	**-**	**-**	**(920,127,993,825)**	**1,558,375,290,910**
Retained earnings	**(5,677,976,451,469)**	**838,084,213,348**	**-**	**(570,043,179,720)**		**-**	**(248,191,755,234)**	**1,163,839,617,965**	**(4,494,287,555,110)**
Foreign exchange translation adjustments (FS conversion)	6,079,434,099,012	-	-	-	-	3,178,152,658,719	-	244,406,735,525	9,013,180,024,206
Net profit for the year	838,084,213,348	(838,084,213,348)	930,022,111,920	-	-	-	-	-	930,022,111,920
	6,917,518,312,360	**(838,084,213,348)**	**930,022,111,920**	**-**	**-**	3,178,152,658,719	**-**	244,406,735,525	**9,943,202,136,126**
	3,604,364,036,635	**-**	**930,022,111,920**	**(590,740,920,728)**	**134,378,849,999**	3,178,152,658,719	**(248,191,755,234)**	**695,109,385**	**7,007,289,871,926**

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

- 10% to legal reserve, whose cumulative value should not exceed 20% of the statutory capital;
- At least 10% for the 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.

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 item Foreign Exchange translation adjustments reflects essentially the depreciation 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.

<u>Application of profits (Distribution of Dividends to Shareholders and to the Social Fund for 2020, 2021 and 2022 and Coverage of negative retained earnings by distribution from the investment fund)</u>

Presidential Decree no. 15/19 of 9 January, which approves the bylaws of Sonangol E.P., stipulates that the Financial Statements must be submitted for approval and homologation by the competent state bodies and shall be deemed approved and homologated if no decision to the contrary is taken by 10 June.

In accordance with Article 34(1) of Law 1/04 of 13 February the Companies Act, the Board of Directors has submitted the annual report and financial statements, including the proposal for the application of the net profit for the past financial years, to the Institute for Asset Management and State Holdings (IGAPE), as required by law.

With regard to the net results for 2020 and 2021, the Board of Directors has taken a positive decision on the individual profit application proposal of Sonangol E.P., which were awaiting shareholder approval until the date of the 2022 financial statements (31 December 2022). As a result, the net profit for these financial years has been presented in their entirety in retained earnings until 31 December 2022. In 2023, the above-mentioned profit applications were recognised in the financial statements, as there was no decision against the proposals submitted to IGAPE. Moreover, the individual profit application proposal of Sonangol E.P. for the year ending 31 December 2022 was submitted and no decision to the contrary was received.

Thus, in 2023, the profit application proposed in the Financial Statements of Sonangol E.P. for the financial years 2020, 2021 and 2022 was recognised in the financial statements, resulting in the distribution of dividends to the shareholder (settled by offsetting against the liabilities with the State as shareholder, as defined in the agreement with the State signed in May 2024), distributions to the Social Fund and the recognition of the coverage of the negative retained earnings by the distribution of the Investment Fund, as detailed below:

- Coverage of retained earnings through the use of the entire reserve of the Investment Fund, which amounted to USD 9,575 million (AOA 940,550,351 thousand, at historical exchange rate), of which i) USD 9,364 million (AOA 919,852,610 thousand) was used to partially cover negative retained earnings and the remaining USD 210,700,900 million was used to distribute dividends to the shareholder.
  The movement to cover retained earnings is shown in the column Other movements.

- Dividends distributed to shareholders in the amount of USD 297,263,729 and distributions to the social fund in the amount of USD 42,517,532.

Distribution of dividends to shareholders amounting to USD 593,957,341 and distributions to the social fund (including amounts distributed by subsidiaries) amounting to USD 175,284,183.

The remainder of the undistributed profit was transferred to retained earnings.

Fundamental errors (Refinaria do Lobito)

The fundamental errors item corresponds to the recognition of impairments on the investment in the Refinaria do Lobito project until its suspension in 2016. As such evidence already existed as at 31 December 2022, this transaction was classified as a fundamental error and recognised in retained earnings, as disclosed in note 4.1.2.

Other movements (merger effect of Sonangol Refinação & Petroquímica, S.A.)

Following the merger by incorporation of Sonaref, S.A. into Sonangol Refinação & Petroquímica, S.A., which resulted in a change in the functional currency of the merged company, a reclassification of AOA 244,406,734 thousand was made between the foreign exchange translation adjustments and retained earnings, which is included in Other movements.

15. Loans

The position of the Group's loans in the short, medium and long term, as at 31 December 2023, is detailed as follows:

Captions	Current		Non-current	
	2023	2022	2023	2022
International bank loans	1,087,228,716,340	745,763,458,647	2,159,342,033,601	1,303,222,936,759
National bank loans	-	1,695,475,832	-	-
Bond loans	-	-	75,000,000,000	-
	1,087,228,716,340	**747,458,934,479**	**2,234,342,033,600**	**1,303,222,936,759**

15.1 National bank loans

The item "National bank loans" corresponds to the loan contracted in 2019 with Banco BAI in order to meet the liabilities assumed with the employees in relation to housing loans, which was fully paid in 2023.

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

Captions	Opening balance	Increases	Decreases	Transfers	Foreign exchange translation adjustments (FS conversion)	Closing balance
Bank loans – Medium and long-term	-	-	-	-	-	-
Bank loans – Short-term	1,695,475,832	-	(2,307,945,021)	-	612,469,189	-
	1,695,475,832	**-**	**(2,307,945,021)**	**-**	**612,469,189**	**-**

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 2023, are detailed as follows:

Captions	Acquisition year	2022	Increases	Decreases/ Prepayments	Repayments	FS Translation	31-12-2023	Current	Non-current	Maturity (Months)
International bank loans:										
SNL Finance $2Bn (CDB)	2014	201,476,400,000	-	-	(137,128,600,000)	101,412,200,000	165,760,000,000	165,760,000,000	-	12
SNL Finance SCB $1.5	2018	152,844,165,517	-	-	(208,057,186,302)	55,213,020,785	-	-	-	
SNL Finance K-SURE$087Bn	2019	271,992,691,472	-	-	(59,637,038,902)	163,106,816,205	375,462,468,774	72,088,794,422	303,373,674,352	63
SNL Finance AFREXIM$013Bn	2019	15,302,458,468	-	-	(17,854,524,252)	6,149,134,862	3,597,069,078	3,597,069,078	-	2
SNL Finance SCB&SCG $1.1 Bn (SCB $0.5BN DEC-2019)	2020	230,858,374,832	-	-	(150,841,460,000)	117,513,751,558	197,530,666,390	182,336,000,000	15,194,666,390	13
SNL Finance SCB & AFREXIM $0.4Bn	2020	58,763,950,168	-	-	(79,991,682,876)	21,227,732,708	-	-	-	-
SNL Finance SCB $1.3Bn	2021	488,134,605,553	-	-	(181,218,316,373)	277,231,078,399	584,147,367,579	219,055,183,379	365,092,184,195	32
SNL Finance SCB $1.3Bn	2022	629,613,749,395	-	-	(180,432,368,601)	368,713,356,659	817,894,737,453	218,105,263,376	599,789,474,077	45
SNL Finance DB&KEXIM $0.1096Bn	2023	-	75,146,472,800	-	(1,878,661,820)	15,297,756,083	88,565,566,893	9,083,647,063	79,481,919,835	117
SNL Finance SCB $1.3Bn	2023	-	1,405,568,150,000	(514,232,250,000)	(52,802,391,781)	175,079,365,553	1,013,612,873,773	217,202,759,021	796,410,114,752	56
		2,048,986,395,406	**1,480,714,622,800**	**(514,232,250,000)**	**(1,069,842,230,907)**	**1,300,944,212,813**	**3,246,570,749,941**	**1,087,228,716,340**	**2,159,342,033,601**	

In December 2014, a loan was obtained from CDB – China Development Bank (in the amount of USD 2,000,000,000), bearing interest at Libor 1M plus a spread of 3.4%, repayable in 120 monthly instalments and maturity in December 2024.

In December 2018, the Company obtained a loan from SCB – Standard Chartered Bank in the amount of USD 1,500,000,000, bearing interest at Libor 1M plus a spread of 4.25%, repayable in 60 monthly instalments and maturity in December 2023. Of the total amount of the loan, USD 1,000,000,000 was received in December 2018 and the remaining was received in February 2019. In December 2023, this loan was fully repaid as determined in the repayment plan.

In 2019, two loans were contracted for a total amount of USD 1,000,000,000. The first loan was contracted in February 2019 through a banking syndicate composed by SCB (K-SURE) and AFREXIM and was fully paid by March 2019. The loan in SCB (K-SURE), in the amount of USD 869,797,225, bears interest at Libor 1M plus a margin of 2.10%, and is repayable in 120 monthly instalments. The loan from AFREXIM, in the amount of USD 130,202,775, bears interest at Libor 1M plus a margin of 4.25%, and is repayable in 60 monthly instalments.

In 2020, the Company obtained two loans through banking syndicates: the first in the amount of USD 1,100,000,000, disbursed in February, bearing interest at Libor 1M plus a margin of 4.20% and repayable in 60 monthly instalments. From this loan, there was an advance of funds in the amount of USD 500,000,000, in December 2019, which was fully deducted from the total amount contracted. The second loan, in the amount of USD 400,000,000, obtained in July 2020, bears interest at Libor 1M plus a margin of 5.75%, and is repayable in 24 monthly instalments with a grace period of one year after the start date of the loan. In July 2023, this loan was fully repaid as determined in the repayment plan.

In 2021, the Company contracted a loan through a banking syndicate composed of SCB, NATIXIS, AFREXIM, Société Générale and Deutsche Bank for a total amount of USD 1,300,000,000 that was disbursed in three tranches: the first tranche in the amount of USD 850,000,000 in August 2021, the second tranche in the amount of USD 287,500,000 in October 2021 and the final and third tranche in the amount of USD 162,500,000 in December 2021. This financing bears interest at the Libor 1M rate plus margin of 5.75%, repayable in 60 monthly instalments, with the second and third tranches repayable in 58 and 56 monthly instalments, respectively. Initially, when this financing was contracted, it bared interest at Libor 1M plus margin. However, according to the facility agreement signed in 2021, the contracted margin is not fixed and may increase or decrease depending on the rating assigned to Angola by two rating agencies. In this context, in 2022 there was an improvement in Angola's rating, thus leading to a reduction in the margin of this financing. This margin was maintained in 2023.

It should be noted that the loan contracted up to 2021 had Libor as its reference rate and, as of July 2023, it was changed to the SOFR reference rate.

In 2022, the Company contracted a new loan with the syndicate of banks Standard Chartered Bank, Société Générale, Standard Bank, Afreximbank and ABSA, in the total amount of USD 1,300,000,000, with the company having received in advance the amounts of USD 500,000,000 in March and the amount of USD 250,000,000 in June. This USD 1,300,000,000 loan was disbursed in two tranches: the first in the amount of USD 1,000,000,000 in September 2022, and the second in the amount of USD 300,000,000 in December 2022. This loan bears interest at SOFR (Secured Overnight Financing Rate) plus margin and the first tranche is repayable in 60 monthly instalments, while the second tranche is repayable in 57 monthly instalments.

In 2023 the Company contracted three new loans.

- The first from KEXIM, managed by Deutsche Bank (DB), in the amount of USD 109,600,000, disbursed in two equal tranches of USD 54,800,000, the first in July 2023 and the second in September 2023. This loan bears interest at the SOFR (Secured Overnight Financing Rate) plus margin and is repayable in 20 six-month periods;
- The second loan was contracted with the syndicate of banks Standard Chartered Bank, Société Générale and Standard Bank, in the total amount of USD 1,300,000,000, with Sonangol Finance having received in advance the amounts of USD 500,000,000 in March and the amount of USD 250,000,000 in June, which were fully repaid in 2023. This USD 1,300,000,000 loan was disbursed in two tranches: the first in the amount of USD 1,000,000,000 in August 2023, and the second in the amount of USD 300,000,000 in November 2023. This loan bears interest at SOFR (Secured Overnight Financing Rate) plus margin and the first tranche is repayable in 60 monthly instalments, while the second tranche is repayable in 58 monthly instalments;
- Also in December 2023, the Company contracted a third loan from Standard Chartered Bank, in the amount of USD 750,000,000, with a maturity of 9 months and a grace period of the same length. The first tranche was disbursed in January 2024, the second tranche in March 2024 and the third tranche will be disbursed in June 2024. This loan bears interest at the SOFR rate plus margin.

Except for the "SNL Finance DB&KEXIM $0.1096Bn" loan, obtained in 2023, all contracts signed between Sonangol Finance and the international Creditors are guaranteed by the Receivables Agreement between Sonangol - E.P. and Sonangol Finance, where Sonangol - E.P. is required to allocate monthly revenues in a portion of 125% of the debt service of the following period.

Financial Covenants

The loans referred above have a corporate guarantee, and are subject to financial covenants that require Sonangol, E.P., from a consolidated perspective, to comply with the following

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

All contracts include a cross-default clause.

As at 31 December 2023, the Group has fully complied with the "financial covenants".

Definition and calculation of Adjusted EBITDA

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) in cash. Under this agreement, the Ministry of Finance made payments to the Group totalling USD 70,000 thousand (AOA 43,688,050 thousand) in 2021 and USD 50,000 thousand (AOA 23,253,850 thousand) in 2022, and made no payments in 2023.

The method of payment of the remaining amount of USD 522,329 thousand (AOA 432,906,275 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 cargoes between Sonangol E.P. and the State.

As at 31 December 2023, the remaining amount of the "PNUH" of AOA 779,410,572 thousand, equivalent to USD 940,409 thousand, has been fully compensated under the Clearing Agreement for Non-Tax Credits and Tax and Non-Tax Debts between the Ministry of Finance and Sonangol E.P., "The Agreement - 2023", as disclosed in note 9.4.1.

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

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

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 amortisations for the year and adding the receipts from the PNUH.

Definition and calculation of Cash EBITDA

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

Financing conditions

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

15.3 Bond loans

In September 2023, the Company successfully completed the public subscription offer with the issuing of Corporate Bonds called "Sonangol Bonds 2023-2028", admitted for trading on the Angolan Debt and Securities Exchange (BODIVA), with the following characteristics:

- 7,500,000 bonds issued;
- Nominal unit subscription value per bond of AOA 10,000, for a total of AOA 75,000,000 thousand;
- Paying interest at 17.5% per annum, payable semi-annually in arrears on 14 March and 14 September of each year until maturity;
- With a maturity of 5 years, i.e. to be repaid in full at nominal value on 14 September 2028.

17. Provisions for post-employment benefits

As at 31 December 2023 and 2022, the Group's provisions for post-employment benefits is detailed as follows:

Captions	2023	2022
Sonangol Pension Plan	381,332,204,890	238,597,064,216
Sonangol Healthcare Plan	574,335,250,562	425,006,146,497
ENSA Pension Plan	48,075,953,988	28,403,091,780
Other Post-Employment Benefits	48,988,899,582	15,878,134,209
	1,052,732,309,022	**707,884,436,702**

17.1 Provisions for post-employment benefits

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

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Balance as at 31 December 2022					
Defined benefit obligation	238,597,064,216	425,006,146,497	30,424,181,299	15,878,134,209	709,905,526,221
Fair value of plan assets	-	-	(2,021,089,519)	-	(2,021,089,519)
	238,597,064,216	425,006,146,497	28,403,091,780	15,878,134,209	707,884,436,702
Balance (receivable) / payable	**238,597,064,216**	**425,006,146,497**	**28,403,091,780**	**15,878,134,209**	**707,884,436,702**
Balance as at 31 December 2023					
Defined benefit obligation	381,332,204,890	574,335,250,562	49,594,426,906	48,988,899,582	1,054,250,781,940
Fair value of plan assets	-	-	(1,518,472,918)	-	(1,518,472,918)
	381,332,204,890	574,335,250,562	48,075,953,988	48,988,899,582	1,052,732,309,022
Balance (receivable) / payable	**381,332,204,890**	**574,335,250,562**	**48,075,953,988**	**48,988,899,582**	**1,052,732,309,022**

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 2023, the balance of the said bank account whose use is not exclusive for this purpose amounts to AOA 935,465,522 thousand (2022: AOA 539,283,558 thousand).

Financing and amortisation agreement for the Group's liability to the pension fund

In September 2021, Sonangol Vida and Sonangol EP entered into an agreement for the financing and repayment of the Group's total debt to the pension fund, as at 31 December 2020, with the aim of transferring the debt related to the curtailment and retention liabilities disclosed under Other non-current liabilities in note 19 and the defined benefit liability (updated annually on the basis of the actuarial valuation).
This agreement established a repayment schedule for the amount owed by the Sonangol Group, with a grace period of 3 years for the amortisation of the outstanding principal, and only required the payment of interest during the first 3 years of the agreement (1-month Libor rate plus a spread).

In 2023, the Funding and Amortisation Agreement for Sonangol's Pension Fund Liabilities was renegotiated, resulting in the following modifications: i) extension of the validity period and the grace period for further 3 (three) years; ii) revision of the applicable interest rate, which is now the SOFR rate; iii) retroactive exclusion of the Defined Benefit Plan component (exclusively for the Group's pensioners and their survivors) for the purpose of interest calculation.

The revision of the Fund's amortisation plan took into account actuarial changes, accrued interest and payments made by Sonangol over the period 2021 to 2023, as detailed in paragraph 3 of the Addendum to the Agreement. The total calculated value of the liabilities included in the agreement as of 30 September 2023, with periodic interest payments, was of USD 1,138,622 thousand for the Sonangol Group.

By virtue of the original agreement and the addendum signed in 2023, the outstanding amounts included in the original agreement until 31 December 2020 and in the addendum from 2023 onwards are presented in the Other non-current liabilities caption. As at 31 December 2023, the Group's liability amounts to USD 1,138,622 thousand, equivalent to AOA 943,689,741 thousand, as disclosed in Note 19.

ENSA Pension Plan

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

Defined contribution plans

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

The defined contribution pension plan is based on contributions made by the participants (employees or members of the board of Sonangol E.P. and its subsidiaries). Therefore, on a monthly basis, the Group withholds a percentage of the employees' salary 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.

The liabilities of the Group that have not been transferred to the pension fund as at 31 December 2023 are disclosed in accounts payable as disclosed in note 19.

Sonangol Healthcare Plan

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

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

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

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

Other benefits

Plan	Type	Beneficiaries	Location
Availability programme and inactives "Bolsa de Disponibilidade e Inactivos"	Other Post-Employment Benefits	Sonangol employees	Angola

The Sonangol Group offers its employees the opportunity to participate in a programme called the Availability programme ("Bolsa de Disponibilidade"), which is equivalent to an early retirement programme, subject to certain conditions and approval by the Board of Directors:

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

As at 31 December 2023, the Group has employees who are covered by these programmes and, therefore, the corresponding liability has been booked for benefits to be paid until the effective date of retirement, taking into account the conditions of membership of access to the availability programme and the perspective of adapting to new functions within 2 (two) years for Inactive employees.

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

17.3 Movements of the liabilities with post-employment benefits

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

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Defined benefit obligation as at 01 January 2023	**238,597,064,216**	**425,006,146,497**	**30,424,181,299**	**15,878,134,209**	**709,905,526,221**
Interest cost	16,005,231,481	29,509,333,872	2,066,148,222	-	47,580,713,575
Current service costs		20,162,057,020	154,459,140	-	20,316,516,160
Other costs	-	-	-	18,913,233,680	18,913,233,680
Benefits paid	(35,687,241,798)	(14,774,298,427)	(3,737,823,747)	-	(54,199,363,972)
Actuarial gains and losses	4,196,029,176	(140,017,165,596)	485,136,335	-	(135,336,000,085)
Transfers of employees within the Group	-	(834,655,238)	-	-	(834,655,238)
Foreign exchange translation adjustments (FS conversion)	158,221,121,815	255,283,832,434	20,202,325,657	14,197,531,693	447,904,811,599
Defined benefit obligation as at 31 December 2023	**381,332,204,890**	**574,335,250,562**	**49,594,426,906**	**48,988,899,582**	**1,054,250,781,940**

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	Total
Defined benefit obligation as at 01 January 2022	**345,216,716,178**	**646,765,656,355**	**44,683,037,380**	**-**	**1,036,665,409,913**
Interest cost	7,210,441,724	15,514,402,256	935,748,876	-	23,660,592,856
Current service costs	-	23,900,280,521	151,683,003	-	24,051,963,524
Other costs	-	-	-	14,757,457,996	14,757,457,996
Benefits paid	(22,231,234,886)	(7,932,409,446)	(2,921,629,928)	-	(33,085,274,260)
Actuarial gains and losses	(55,671,207,472)	(180,509,328,923)	(7,742,600,500)	-	(243,923,136,895)
Transfers of employees within the Group	-	(1,149,792,855)			(1,149,792,855)
Foreign exchange translation adjustments (FS conversion)	(35,927,651,328)	(71,582,661,411)	(4,682,057,532)	1,120,676,213	(111,071,694,058)
Defined benefit obligation as at 31 December 2022	**238,597,064,216**	**425,006,146,497**	**30,424,181,299**	**15,878,134,209**	**709,905,526,221**

Exchange differences, which refer to the updating of the liability, denominated in United States Dollars, 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 2023 actuarial study, the estimated payment of pension benefits in 2024 amounts to AOA 40,380,463 thousand relating to the Sonangol Pension Plan, AOA 4,516,938 thousand relating to the ENSA Plan and AOA 21,495,780 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:

		2023	2022
Financial Assumptions			
Discount rate *			
	Pension Plan	4.90%	5.20%
	Medical Plan	5.00%	5.20%
	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)		5,977	7,642
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 7,391 employees of working age (2022: 7,532), 3,901 retired employees (2022: 3,809) and 395 survivors (2022: 396). Sonangol Pension Plan (defined benefit) includes 759 former employees with acquired rights (2022: 786), 1,697 retired employees (2021: 1,750) and 131 survivors (2022: 172). The ENSA Pension Plan includes 16 employees of working age (2022: 17), 224 retired employees (2022: 236) and 25 survivors (2022: 20). The availability programme includes 148 employees and the inactive benefits include 143 employees.

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:

	Pension Plan ENSA
	Defined benefit (funded)
Fair value of plan assets as at 1 January 2023	**(2,021,089,519)**
Expected return on plan assets	(55,654,328)
Benefits paid	3,737,823,354
Cash Flows: Company contributions/Employee contributions (funding)	(2,498,700,441)
Gains and losses	957,150,086
Exchange differences	(1,638,002,070)
Fair value of plan assets as at 31 December 2023	**(1,518,472,918)**

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

17.5 Actuarial gains and losses

As mentioned in Note 2.3 t), the Group recognises all actuarial gains and losses in equity (reserves). The amount recognised in the year is AOA 134,378,850 thousand, as shown in Note 13, which includes AOA 5,638,316 thousand (2022: AOA 8,210,412 thousand of actuarial gains) of actuarial losses of the Sonangol and ENSA pension plans and AOA 140,017,166 thousand (2022: AOA 236,180,536 thousand) of actuarial gains on Sonangol's Healthcare Plans.

The actuarial losses recognised in 2023 are mainly due to the downward revision of the financial assumption regarding the discount rate of the Sonangol pension plan and the ENSA pension plan from 5.20% to 4.90% in 2023, which resulted in a decrease in the liabilities with the Sonangol pension plan and the ENSA plan in the amounts of AOA 6,647,257 thousand and AOA 989,565 thousand, respectively. With regard to the Sonangol Health Plan, although the discount rate decreases from 5.20% to 5.00%, resulting in actuarial losses amounting to AOA 13,945,303 thousand, the reduction in the per capita cost from USD 7,642 in 2022 to 5,977 in 2023 resulted in actuarial gains amounting to AOA 142,059,546 thousand in 2023.

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	4.90%/5.00% Accounting scenario	4.65%/4.75% - 25 bp	Var	5.15%/5.25% + 25 bp	Var
Pension Plan	381,332,204,890	388,280,517,184	2%	374,614,051,907	-2%
Healthcare Plan	574,335,250,562	596,595,313,686	4%	553,356,664,358	-4%
ENSA	49,594,426,906	50,642,399,293	2%	48,584,346,339	-2%
	1,005,261,882,358	**1,035,518,230,163**	**3%**	**976,555,062,604**	**-3%**

Sensitivity to the Pension's growth rate	1.00% Accounting scenario	0.50% - 50 bp	Var.	1.50% + 50 bp	Var
Pension Plan	381,332,204,890	367,472,626,259	-4%	396,008,233,466	4%
ENSA	49,594,426,906	47,473,685,549	-4%	51,860,549,642	5%
	430,926,631,796	**414,946,311,808**	**-4%**	**447,868,783,108**	**4%**

Sensitivity to future salary growth rate	3.00% Accounting scenario	2.50% - 25 bp	Var.	3.50% + 25 bp	Var
ENSA	49,594,426,906	49,543,827,379	-0.1%	49,645,682,755	0.1%
	49,594,426,906	**49,543,827,379**	**0%**	**49,645,682,755**	**0%**

Sensitivity to the growth rate of healthcare costs	5.00% Accounting scenario	4.50% - 100 bp	Var.	5.50% + 100 pb	Var
Healthcare costs growth rate - Healthcare Plan	574,335,250,562	531,971,675,850	-7%	621,642,549,763	8%
	574,335,250,562	**531,971,675,850**	**-7%**	**621,642,549,763**	**8%**

Additionally, considering the mortality table SA 85-90 instead of the mortality table ANGV-2020P would give rise to an increase of 5% in the Sonangol Pension Plan liability, 5% in the ENSA Plan and 16% in the Healthcare Plan in the amount of AOA 17,754,682 thousand, AOA 2,581,785 thousand and AOA 89,971,513 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	
	2023	2022	2023	2022
Provisions for legal proceedings	-	-	8,680,328,572	2,112,168,451
Dismantling provisions - Investor	-	-	2,003,020,756,227	1,128,474,276,636
Dismantling funds (Concessionaire)	-	-	513,785,759,805	312,245,732,555
Tax contingencies	-	-	843,329,655,492	686,125,231,361
Provisions for other risks and charges	61,407,450,396	150,797,119,824	55,237,931,127	33,412,360,529
	61,407,450,396	**150,797,119,824**	**3,424,054,431,224**	**2,162,369,769,532**

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 Dismantling Provision

The table below details the movements occurred in 2023 and 2022 in provisions for dismantling where Sonangol participates as an investor:

Captions	2022	Increases	Decreases	Charge-offs	Regularisations	Abandonment interest	Transfers	Foreign exchange translation adjustments (FS conversion)	2023
Dismantling provisions - Investor–	1,128,474,276,636	122,427,089,251	(124,629,603,087)	(18,140,216,044)	691,543,705	103,076,299,186	43,609,481,083	747,511,885,497	2,003,020,756,227
Total	**1,128,474,276,636**	**122,427,089,251**	**(124,629,603,087)**	**(18,140,216,044)**	**691,543,705**	**103,076,299,186**	**43,609,481,083**	**747,511,885,497**	**2,003,020,756,227**

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: 4.87% for block 0, 4.94% for block FS/FST and average rate of 4.81% for the remaining blocks (2022: 5.42% for block 0 and average rate of 5.29% 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.

18.3.1. Movements in the Dismantling provisions - Investor

The following table details the dismantling provisions, segregated by blocks, during 2023.

Block	2022	Increases	Decreases	Charge-offs	Regularisations	Abandonment interests	Transfers	Financial statements conversion	2023
Block 0	483,826,836,865	49,724,645,257	-	(18,140,216,044)	-	34,713,091,552	-	326,130,024,949	876,254,382,580
FS/FST	36,378,611,781	-	(401,271,880)	-	691,543,705	2,461,506,653	-	24,055,243,957	63,185,634,216
B03.05	48,159,947,656	-	(103,542,423,617)	-	-	12,215,277,504	25,770,026,787	17,397,171,670	-
B03.5A	15,601,805,376	770,686,730			-	1,107,546,516	-	10,462,396,901	27,942,435,523
B04.05	(11,948,526,776)	2,071,144,436	-	-	-	2,401,485,334	11,792,151,106	(4,316,254,100)	-
B14.00	(14,505,102,792)	5,396,953,855	-	-	-	8,300,630,581	6,047,303,190	(5,239,784,834)	-
B14.KU	4,850,784,866	761,542,994	-	-	-	352,502,512	-	3,363,559,082	9,328,389,454
B15.06	38,489,815,921	33,191,784,279	-	-	-	3,285,651,918	-	32,459,586,239	107,426,838,357
B15.19	130,988,163,717	7,419,889,360	(364,226,589)	-	-	10,016,851,295	-	88,111,347,819	236,172,025,602
B17.00	48,292,759,210	11,223,699,596	(2,789,915,649)	-	-	4,401,974,033	-	33,850,726,882	94,979,244,072
B18.00	66,577,604,200	-	(4,445,124,359)	-	-	4,867,175,733	-	43,060,853,031	110,060,508,605
B31.00	110,906,548,913	5,726,283,957	(2,969,520)	-	-	7,820,253,113	-	74,412,787,013	198,862,903,476
B32.00	160,864,002,447	-	(13,069,176,980)	-	-	11,093,854,767	-	103,417,763,363	262,306,443,597
BOC.ST	529,010,906	-	(14,494,493)	-	-	38,497,675	-	346,463,514	899,477,602
	1,119,012,262,290	**116,286,630,464**	**(124,629,603,087)**	**(18,140,216,044)**	**691,543,705**	**103,076,299,186**	**43,609,481,083**	**747,511,885,486**	**1,987,418,283,084**

The observed decrease in discount rates resulted in a general increase in the provision for abandonment of blocks, with a few exceptions, notably Block 3.05 where the provision for abandonment of blocks decreased significantly. This is due to the fact that the block's operating licence was extended to 2036, which is one of the precedent conditions to the completion of the partial farm-out of participating interests completed during the period (see note 4.A), significantly extending the period over which the liability is discounted. Taking into consideration that the decrease in the abandonment provision was greater than the net book value of the abandonment asset as at the balance sheet date, the relevant difference between the decrease in the abandonment provision and the net book value of the abandonment asset has been recognised in the income statement under non-operating results (see note 33).

In the case of Block 0, the increase over the period in the responsibility for dismantling the blocks results from the combined effect of the increase in the estimate of the expected expenditure for dismantling the block following the revision by the operator (CABGOC) of the Preliminary Abandonment Plan in September 2023, which amounts to 4.87% in 2023 compared with 5.42% in 2022. The increase in the liability had a parallel effect on the blocks' abandonment asset (see note 4.A.2.2). The Charge-offs column corresponds to the abandonment fund amounts collected by the operator through billing, as well as the amounts anchored by the Group in 2023.

This caption includes still the amount for the provision for the dismantling of 7 (seven) fuel facilities, in the amount of AOA 15,602,473 thousand. The reasons for dismantling are the fact that some installations are considered inefficient, with low consumption, and others will be dismantled according to the plan for their replacement. The calculation was based on the best estimate of cost per cubic meter prepared internally by Sonangol Distribuição e Comercialização, the inflation rate, a discount rate appropriate for the discount period and the estimated dismantling date for each facility.

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

18.4. Dismantling funds (Concessionaire)

The movement in this balance is detailed as follows:

Captions	2022	Increases	Decreases	Foreign exchange translation adjustments (FS conversion)	2023
Dismantling funds (Concessionaire) Non-current	312,245,732,555	-	-	201,540,027,250	513,785,759,805
	312,245,732,555	**-**	**-**	**201,540,027,250**	**513,785,759,805**

Under an Agreement signed in 2020 between Sonangol E.P. and ANPG, the Entity assumed the responsibility to fund the work of dismantling the oil wells, removal of platforms and other facilities of Block 2 operated by ETU Energias, up to the limit of the responsibility booked in the Financial Statements, subject to updating of the abandonment plan and the contributions of the new Contractor Group. As there is uncertainty regarding the timing of the dismantling, this liability is recorded as a non-current provision of AOA 513,785,760 thousand as at 31 December 2023, which is the maximum liability attributable to Sonangol.

Moreover, since the liability is stated in US dollars, there is an increase in the balance of the item of AOA 201,540,027 thousand due to the depreciation of the Kwanza against the US dollar.

18.5 Tax contingencies

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

In the current year, as a result of the year-end reassessment of tax contingencies in terms of probability of occurrence and estimated future expenditure, as well as the conclusions of the reports of tax inspection by AGT and audits of oil taxes in previous years and the conclusions of the 4th phase agreement, the provisions for tax contingencies were updated, resulting in the release of provisions of AOA 26,716,524 thousand and the establishment/increase of provisions of AOA 196,230,564 thousand, as disclosed in note 33.

The amount of AOA 311,441,338 thousand has been offset against balances receivable from the State under the terms of the Agreement with the State, as disclosed in note 9.4.1.

18.6 Provisions for other risks and charges

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

Captions	2022	Increases	Decreases	Transfers	Financial statements conversion	2023
Provisions for other risks and charges – Non-current	33,412,360,528	9,618,656,172	(5,293,866,512)	-	17,500,780,940	55,237,931,127
Provisions for other risks and charges – Current	150,797,119,824	3,513,799,451	(157,376,877,103)	-	64,473,408,223	61,407,450,396
	184,209,480,353	**13,132,455,623**	**(162,670,743,615)**	**-**	**81,974,189,163**	**116,645,381,523**

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

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

The changes during the year are due to the costs recovered by the national concessionaire during the period and management's best estimate of the costs still to be recovered at the balance sheet date. The costs to be recovered from previous years remaining at the balance sheet date have been allocated between current and non-current provisions in accordance with the date on which the national concessionaire is expected to withdraw the barrels.

19. Other non-current liabilities and accounts payable

19.1 Detail of other non-current liabilities and accounts payable

As at 31 December 2023 and 31 December 2022, the detail of Other non-current liabilities and accounts payable was as follows:

Captions	Current		Non-current	
	2023	2022	2023	2022
Trade payables – current	1,800,514,432,789	1,137,003,356,708	1,466,767,600	2,385,883,978
Research and Development Centre	36,541,673,855	21,399,739,749	234,066,704,471	158,029,383,372
Trade receivables – credit balances	11,707,262,729	11,372,462,733	-	-
State	318,684,833,460	238,266,105,020	1,987,294,000	1,987,294,000
Parent companies and affiliates	478,512,392,226	341,268,415,991	-	-
Personnel	6,372,696,037	1,553,176,174	-	2,017,174,161
Creditors – acquisition of assets	1,268,567,415	938,060,526	919,285,069	157,861,863
Creditors – Oil and gas exploration	794,695,481,650	246,839,799,763	-	-
Working Capital	341,209,827,720	150,585,622,189	-	-
Creditors – Overlift	382,568,990,289	138,884,169,838	-	-
Pension Fund - Curtailment (Note 17)	-	-	665,618,044,003	345,529,402,203
Pension Fund – Withholdings	2,093,168,094	68,247,639,897	278,071,697,206	159,116,234,462
Other creditors	711,352,157,320	407,710,319,396	386,341,087,418	300,072,493,812
Oil and gas exploration - Cut Back – Liability	(66,715,066,674)	(51,620,145,664)	-	-
	4,818,806,416,910	**2,712,448,722,320**	**1,568,470,879,767**	**969,295,727,851**

The caption Trade payables – current includes the balances with external entities that relate to the acquisition of goods and services provided to Sonangol Group companies. The main component of this balance comes from the subsidiary Sonangol Comercialização e Distribuição, SA, representing about 69% of the total amount of outstanding debt in 2023 (2022: 73%) and corresponds mainly to the purchase of refined products denominated in US dollars (fuel imports), which at the balance sheet date present the following breakdown by supplier: BP OIL INTERNATIONAL LTD with AOA 468,985,452 thousand (2022: AOA 327,550,232 thousand), TRAFIGURA PTE LTD with AOA 402,016,246 thousand (2022: AOA 17,327,370 thousand) and AGT with AOA 397,849,070 thousand (2022: AOA 209,116,196 thousand).

The change in this caption is mainly related to the increase of the volume amount owed to suppliers of refined products, resulting from the increase in volumes purchased, the increase in the average reference price for the purchase of goods (dated Brent, published by Platts) compared to the same period of the previous year and the impact of the exchange rate of the depreciation of the Kwanza that occurred during the year.

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

19.2 Research and Development Centre

As at 31 December 2023 and 31 December 2022, the detail of the balances associated with this caption is as follows:

Items	Current		Non-current	
	2023	2022	2023	2022
Research and Development Centre	36,541,673,855	21,399,739,749	234,066,704,471	158,029,383,372
	36,541,673,855	**21,399,739,749**	**234,066,704,471**	**158,029,383,372**

The caption "Research and Development Centre" (former Technology Research Centre - CITEC), relates to contributions defined in production sharing agreements and delivered by the contracting groups to the National Concessionaire (Sonangol E.P. at the time), this one acting on behalf of the Angolan State. These amounts are under the responsibility of Sonangol and are expressed in USD.

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

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

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

To make viable the activities of the Research and Development Centre, Sonangol E.P. bear the costs of AOA 60,080,166 thousand until to 2023, and will have to build, equip and guarantee its operation, using the contributions made by the partners. The Board of Directors expects that during 2024 approximately AOA 36,541,674 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 2024 and following years were presented under Other non-current liabilities.

19.3. State

As at 31 December 2023 and 31 December 2022 the detail of the State balances is as follows:

Captions	Current		Non-current	
	2023	2022	2023	2022
State				
Corporate Income tax	263,336,479,169	196,519,976,760	1,987,294,000	1,987,294,000
Production and consumption tax	221,774,613	74,727,024	-	-
Withholding taxes	31,583,730,386	14,508,951,325	-	-
Other taxes	23,542,849,292	27,162,449,911	-	-
	318,684,833,460	**238,266,105,020**	**1,987,294,000**	**1,987,294,000**

The caption Income tax includes the component of oil taxes in the amount of AOA 255,183,209 thousand (2022: 64,255,578 thousand).

In 2023, Sonangol E.P. carried out a new offsetting exercise of tax credits in favour of Sonangol and tax and non-tax debts in favour of the State of Angola and other public entities with non-tax credits in favour of Sonangol. As a result of this offsetting exercise in 2023 of the Agreement, oil taxes for 2017, 2019, 2021, 2022 and 2023 amounting to AOA 457,870,947,322 thousand (USD 667,797,888 thousand) were offset against balances in favour of the Group, as shown in note 9.4.1.

The change in this caption is mainly due to the fact that in 2022, the entire oil tax liability owed by the subsidiary Sonangol Pesquisa e Produção was offset, while in 2023, only the oil tax liability for the months of January to April 2023 owed by the subsidiary Sonangol Pesquisa e Produção were offset, the remaining liability still being recorded under the item "Income taxes".

19.4 Creditors – Oil and gas exploration

As at 31 December 2023 and 31 December 2022, the detail of Creditors – Oil and gas exploration is as follows:

Caption	Current	
	2023	2022
Inaftaplin	826,190,697	701,566,584
Azule	396,373,392,253	57,018,251,493
Philips	20,332,702	12,356,900
Total Fina Elf EP	22,632,208,064	2,968,701,191
Cabgoc	234,177,219,455	121,292,802,589
Etu Energias	104,887,486,307	52,710,264,155
Vaalco	1,076,611,200	-
China Sonangol Holding	26,077,504	15,047,265
Devon energy	1,955,048	-
Repsol	745,678,695	453,175,250
Petrobras	46,575,767	26,084,394
Soco	743,312,976	451,737,520
Pluspetrol Angola	909,362,485	854,552,530
Acrep	2,927,882,126	1,227,525,833
Esso	1,657,703,285	4,689,369,053
Melbana Energy	9,617,676,486	4,418,365,006
Afentra Angola Limited	14,997,040,149	-
Atlas petroleum Exploration Worldwi	1,344,646,496	-
Brites Oil & Gas	1,680,963,043	-
Kotoil, S.A.	1,583,456	-
Poliedro Oil Corporation, S.A.	1,583,456	-
	794,695,481,650	**246,839,799,762**

It is included in the caption Receivables – Oil and gas exploration as at 31 December 2023, the outstanding amounts resulting from the joint operations in Blocks in which the Group has participating interests. 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 US dollar functional currency the companies in the *Exploration and Production* segment, the amount payable to mining partners increased by approximately 96% compared to the prior year, as result of the cash call settlements in the period were lower than the billing amounts recognised. Due to the corresponding depreciation of the Kwanza against the US dollar in 2023, the increase is 222% in the reporting currency.

19.5 Pension fund – Non-current

The caption "Pension fund – curtailment " corresponds to the amount that the Company will have to contribute to Sonangol's pension fund (defined contribution), plus interest, related to the renegotiation of the Fund's Liability Amortisation Plan, as mentioned in note 17. The liability is denominated in United States dollars, and the change includes the exchange rate impact of translating the amount in question into kwanza at a higher closing rate, as disclosed in note 2.1.2.

The amount "Pension fund – withholdings" refers to the withholdings made to the Company's employees under the defined contribution pension plan, plus interest, relating to the renegotiation of the Fund's Liability Amortisation

Plan. The change in the item includes the amounts withheld in 2023 less the amounts already paid to retirees and the subsequent exchange rate update resulting from the translation of the Financial Statements.

In September 2021, the "Financing and Amortisation Agreement for Sonangol Pension Fund Liabilities" was signed between Sonangol E.P. and Sonangol Vida. This agreement included the unfunded liabilities of the Defined Contribution Pension Plan and the Defined Benefit Pension Plan, to be settled in accordance with the following terms and conditions:

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

In 2023, Sonangol E.P. asked Sonangol Vida to renegotiate Financing and Amortisation Agreement for Sonangol Pension Fund Liabilities. The conclusion resulted in the following points:

1. Extension of the term and grace period for 3 (three) years further;
2. Revision of the applicable interest rate, taking into account the discontinuation of Libor and its revision from the Libor rate to the adoption of the SOFR rate;
3. Exclusion of the Defined Benefit Plan component (exclusively for the Group's pensioners and their respective survivors).

The revision of the Fund's amortisation plan took into account actuarial changes, accrued interest and payments made by Sonangol over the period 2021 to 2023, as detailed in paragraph 3 of the Addendum to the Agreement. The total amount of liabilities covered by the Agreement at the reporting date of 30 September 2023, with periodic interest payments, was USD 1,138,622 thousand.

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 2024. This balance is mainly due to blocks 3.05, 3.5A, 15.06, 18.02, 31 and 32.

19.7 Other creditors

As at 31 December 2023 and 31 December 2022, this balance is detailed as follows:

Captions	Current		Non-current	
	2023	2022	2023	2022
Sales on behalf of third parties	10,080,366,005	398,492,223	-	-
Social Fund	145,196,764,381	5,575,984,091	-	-
Abandonment Fund	488,326,636,708	261,002,649,883	378,806,116,224	297,821,150,090
Other	67,748,390,226	140,733,193,199	7,534,971,194	2,251,343,722
	711,352,157,320	**407,710,319,396**	**386,341,087,418**	**300,072,493,812**

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

The change in the Social Fund item is mainly related to the Group's outstanding liability to the Sonangol Employees' Social Fund, resulting from the appropriation of net profit of previous years.

In 2023, based on the schedule for the repayment of the abandonment fund for blocks 2, 03.05 and 04.05 as agreed between Sonangol E.P. and the National Oil, Gas and Biofuels Agency, where it was established the transfer of the instalments for block 2 (AOA 19,992,578 thousand), block 03.05 (AOA 106,996,391 thousand), block 04.05 (AOA 60,518,346 thousand) and the respective interest in the amount of AOA 19,224,162 thousand is to occur until the end of 2024. This component is recognised as a current liability.

Moreover, the agreed schedule provides for the repayment of the outstanding amount in instalments until 31 December 2027, in a total amount of AOA 165,931,115 thousand, divided by blocks 03.05 (AOA 142,444,822 thousand) and 04.05 (AOA 23,486,293 thousand). This component to be transferred is presented as a non-current liability.

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

As a result, based on the above-mentioned agreement, in what concerns this liability to the abandonment fund for Block 14 and the related interest, the component due in 2024 of AOA 79,045,235 thousand is presented in current liability while the remaining liability of AOA 212,875,001 thousand is presented under non-current liabilities. The agreement foresees the payment of additional interest on the amount owed during the repayment period as specified in the agreement. This interest will be paid monthly together with the repayment of the principal.

19.8 Parent companies and affiliates

The total amount of AOA 478,512,392 thousand disclosed under Parent companies and affiliates (current) includes the subscribed and unpaid capital of the subsidiaries Empresa de Serviços e Sondagens de Angola, Lda "ESSA", Sonangol Libongos Limited and Sonangol Quenguela Limited totalling AOA 451,563,518 thousand (2022: AOA 284,132,383 thousand) – see Note 6. Regarding the first entity, the Share Capital is denominated in AOA and, therefore, the liabilities related to the subscribed and unpaid capital did not change in relation to the previous year in the reporting currency. Regarding the last two entities, in 2019, Sonangol E.P. subscribed the capital increase in the amount of USD 531,500 thousand in each of these affiliates. This increase was partially realised with the transfer of drill ships into to these affiliates 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.

In 2022, the caption also included the amount of AOA 57,128,759 thousand of debt to PT Ventures, corresponding to cash disbursements made by the company, totally settled in January 2023.

21. Other current liabilities

As at 31 December 2023 and 31 December 2022, Other current liabilities are analysed as follows:

Captions	2023	2022
Accrued expenses		
Personnel costs	53,308,285,497	46,768,591,836
Specialised services/technical assistance	2,431,255,655	4,996,721,052
Charges - Oil and Gas exploration (operated blocks)	204,765,581,143	46,906,776,915
Acquisition and construction works in condominiums	1,338,991,370	-
Charges – default interest and other	71,385,847,050	52,209,843,443
Other	23,939,970,622	41,204,516,411
	357,169,931,337	**192,086,449,656**
Deferred income		
Billing	16,582,526,723	6,700,264,157
Other	2,839,989,003	5,197,712,044
	19,422,515,726	**11,897,976,200**
	376,592,447,063	**203,984,425,856**

The caption Personnel costs refer mainly to the employees' holiday pay and holiday subsidy to be settled in 2024.

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

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

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

(iii) "Partners – Joint Venture" includes amounts due to operators of non-operated blocks that have not been invoiced as at 31 December 2023.

The very significant increase compared to the same period last year is due to the fact that the Group did not receive the December 2023 invoices for Blocks 18 and 15.06 from Azule (the operator of the blocks) during the period of accounts closure due to technical problems reported by the operator. The Group has therefore made an accrual for them, estimated on the basis of the latest annual budgets provided by the operator and the costs already incurred until December 2023. Management believes that this is the best estimate of the charges to be paid based on the information available.

The caption Charges – default interest and other in 2023 includes the amount of AOA 31,544,284 thousand related to interest payable to the Tax Authorities as a result of customs expenses not paid within the prescribed period and AOA 21,580,647 thousand related to excess interest charged to partners in operated blocks, which will be credited to them in 2024.

The accrued expenses Other line 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 2023 and 2022.

Captions	2023	2022
Crude Oil – Association	3,700,901,214,158	2,745,095,881,962
Refined – Gasoline	371,327,046,592	232,504,500,877
Refined – Diesel	554,523,000,301	483,411,924,654
Jet A1	145,687,696,191	117,146,828,729
Jet B	630,204,289	3,012,640,957
Gas	150,035,911,718	125,418,206,450
Kerosene	21,052,413,185	8,783,244,071
Fuel Oil	300,896,539,463	272,106,535,954
Naphtha	52,592,321,835	104,043,327,236
Price subvention	2,304,392,292,591	1,981,940,866,357
Other sales	27,570,349,183	23,173,316,833
	7,629,608,989,506	**6,096,637,274,080**

Due to the reduction in the price of crude oil on the international markets, combined with a slight reduction in volumes sold of around 8%, in the financial year 2023, there was a volume of 135,706 thousand barrel (2022:114,247 thousand barrels), a decrease in sales of "Crude Oil - Association" compared to the prior year in the functional currency of the companies in the segment (US dollar). It should be noted that there was an increase in the item in the reporting currency (kwanza), taking into account the currency devaluation of the kwanza against the US dollar during the year.
The average price of crude oil sold by the Group was around 82.02 USD/barrel (2022: USD 102,31/barrel).

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

The sales of Crude Oil - Association includes the underlift variance which led to a decrease in the amount of AOA 27,425,521 thousand (2022: an increase of AOA 47,093,569 thousand) relating to the debtor's position variance with the contractor groups as at 31 December 2023. Moreover, the sales of Gas include the underlift variance position of Sanha gas which led to a positive impact on sales by AOA 4,683,556 thousand (2022: negative effect of AOA 3,624,125 thousand).

Sales of refined products increased compared to the same period last year, particularly gasoline and diesel:

- In the case of gasoline, there was an increase in volumes of around 9% compared to prior year, with this increase resulting in a variation of AOA 138,822,546 thousand, with the average price charged being AOA 290,538 per metric tonne. The variation takes into account the effect of the price increase pursuant to Regulation Letter no. 006/DG/IRDP/2023 of 1 June 2023, issued by the Oil Derivatives Regulatory Institute, which formalises the change in prices to be applied to the sale of gasoline with effect from 2 June 2023, as disclosed in Note 42 IV) Change in the sale price of gasoline;
- With regard to diesel, there was an increase in volumes of approximately 7% compared to the prior year, which resulted in a change of AOA 71,111,076 thousand, with the average price charged being AOA 239,169 per metric tonne.

During 2020 it was approved the Presidential Decree 283/20 of October 27, which in its articles 8, establishes that the market prices are monthly defined based on import or export parity, through the application of the Flexible Price Adjustment Mechanism (MFA – *Mecanismo de Ajustamento Flexível dos Preços*). This subvention is calculated from the differential between the market selling price and the charged selling price. This amount was approved by the relevant entities as set out below. Thus, given that the selling price remains below the internal market price, under article 10 of the Presidential Decree, Sonangol Group has recorded the subventions in the 2022 and 2023 Financial Statements in accordance with the legislation in force. In 2023, the income associated to subventions amounted to AOA 2,304,392,292 thousand of which AOA 2,303,342,905 thousand corresponds to the effective grant and the amount of AOA 1,049,388,018 thousand corresponds to exchange differences from the translation of financial statements of the Group companies that have the US dollar as their functional currency. The increase in the current year is due to the increase in volumes sold, as well as the increase in the market price in the current year compared to the price on the domestic market and the impact of the currency devaluation in 2023.

The amount of the subventions awarded during 2023 and 2022, net of exchange rate impacts, are broken down by the following products:

Description	2023	2022	Variation %
Kerosene	19,133,796,325	29,020,199,255	-34%
LPG	169,039,367,626	144,353,863,973	17%
Gasoline	529,594,911,851	458,777,019,115	15%
Diesel	1,585,574,828,770	1,347,058,787,524	18%
Global subvention	**2,303,342,904,572**	**1,979,209,869,867**	

As mentioned in note 9.4.2, the amount of price subvention attributable to Sonangol for the period from January to December 2023, amounting to AOA 2,303,342,905 thousand (2022: 1,979,209,870 thousand), calculated on the basis of actual FOB purchase prices and recognised by the Ministry of Finance through a notice to the market (Highlight No. 02/2024 of Fuel Subvention Expenses), in accordance with the "Memorandum on the Interpretation and Application of Joint Executive Decree No. 331/20 of 16 December, in the Scope of the Calculation of Price Subventions, Referring to the Year 2022" of 17 March, following the need to clarify Article 14 of Executive Decree No. 331/20 of 16 December.

23. Services rendered

The table below details the services rendered by activity and nature during 2023 and 2022.

Captions	2023	2022
Aircraft renting	7,003,487,111	3,166,204,657
Communication services	11,458,693,942	7,632,720,516
Healthcare and medical services	17,031,597,242	11,030,329,516
Training activities	4,547,902,247	4,482,960,090
Pension Fund management	3,013,796,074	2,779,367,792
Other	3,069,463,918	2,165,705,849
Services rendered – Domestic Market	**46,124,940,534**	**31,257,288,420**
Ship freight	154,952,413,801	77,277,746,875
Services rendered – Foreign Market	**154,952,413,801**	**77,277,746,875**
	201,077,354,335	**108,535,035,295**

With regard to the caption "Services rendered – Foreign Market", the change noted is essentially related to the exchange rate impact on the rendering of these services in the Trading and Shipping segment, as they are denominated in US dollars (USD), as well as the increase in freight rates.

24. Other operating income

The table below details the Other operating income in 2023 and 2022:

Captions	2023	2022
Supplementary services	23,124,785,542	12,469,399,958
Management fees	3,322,896,086	3,321,533,009
Real Estate management (Hotels)	-	283,438,252
Other operating income	15,830,669,467	12,651,812,765
	42,278,351,095	**28,726,183,985**

The supplementary services caption is essentially related to the debits made to offset the technical costs incurred by the LNG ships fleet technical manager associated with the activities of transporting crude oil and its derivatives by sea in the Trading and Shipping segment, in the amount of AOA 16,914,395 thousand (2022: AOA 8,445,237 thousand) performed during 2023.

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

The other operating income caption refers essentially to the crude oil marketing commission from the Oil, Gas and Biofuels National Agency in the amount of AOA 8,213,280 thousand (2022: AOA 6,733,442 thousand), under the terms of the Agency Agreement with this entity entered into on 4 May 2019, as disclosed in Note 9.5. This amount is calculated based on a coefficient over the traded crude oil volume (fee per barrel of oil marketed).

25. Change in finished products and work in progress

The table below details the movements in finished products and work in progress during 2023 and 2022:

Captions	2023	2022
Finished products and intermediates	(2,752,277,558)	(31,207,344,340)
	(2,752,277,558)	**(31,207,344,340)**

The Change in finished products and work in progress is mainly related to the change in the Refinaria de Luanda finished product, 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 2023 and 2022.

Captions	2023	2022
Raw materials, subsidiary materials and consumables	315,497,162,791	190,695,440,371
Goods	2,592,769,634,810	1,983,538,699,647
	2,908,266,797,601	**2,174,234,140,018**

Raw materials, affiliates and consumables mainly reflect the cost of crude oil purchased from third parties and used in the Refining and Petrochemicals segment.

The caption Goods essentially includes the costs with goods associated with the "*Distribution and Commercialisation*" segment, sold to customers during 2023.

The increase in the cost of Goods in comparison with the prior 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 prior year, and to the currency devaluation of the kwanza against the US dollar.

This caption also includes the gas supply cost by Angola LNG in the amount of around AOA 45,466,876 thousand (2022: AOA 32,923,265 thousand) equivalent to USD 66,313 thousand (2022: USD 70,791 thousand) under the gas sales agreements in the foreign market. During the period there were also purchases to this entity in the amount of AOA 69,510,917 thousand (2022: AOA 81,593,889 thousand) equivalent to USD 101,381 thousand (2022: USD 175,442 thousand) for gas supply in the domestic market.

27A. Oil and gas exploration and operating costs

The table below details the Oil and Gas exploration and operating costs in 2023 and 2022.

Captions	2023	2022
Exploration and production costs	997,763,668,666	663,579,023,566
Custom fees	3,177,186,960	1,857,714,386
Royalties	243,517,292,827	220,736,816,885
Other	133,051,521,803	(41,815,070,307)
	1,377,509,670,256	**844,358,484,530**

Exploration and production costs comprise seismic acquisition costs, geological and geophysical costs and direct operating costs related to the blocks in which the Group holds participating interests and which are in the production phase.

The Group companies allocated to the *Exploration and Production* segment have the US dollar as their functional currency. Exploration and production costs in this currency show an increase of approximately 2% over 2022, influenced by the current macroeconomic context and industry prices. 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 (2023: USD/AOA 685.643) is higher than in the same period of the previous year (2022: USD/AOA 465.077). The production rate (royalties) decreased by 25% in functional currency, in line with the decrease in Block 0 sales.

The caption Other essentially corresponds to the variation of stock rights and the overlift position in relation to the oil blocks in which the Group has participating interests, of which the positive change of over liftings amounts to AOA 131,244,477 thousand (2022 negative change: AOA 36,943,276 thousand).

27A.1. Detail of research and production costs.

The table below details the Research and production costs by block in 2023 and 2022.

Items	2023	2022
Block 0	348,211,293,392	214,856,155,116
B01.14	372,457,877	514,200,786
FS/FST	15,961,451,527	10,575,850,818
B03.05	67,183,112,614	32,578,396,368
B03.5A	529,641,027	1,339,920,324
B04.05	20,236,136,139	13,528,613,239
B05.06	2,058,520,235	2,286,055,297
B14.00	56,832,365,557	34,658,027,170
B14.KU	8,065,321,673	-
B15.06	179,695,404,949	141,543,237,506
B15.19	48,732,651,281	30,559,736,975
B17.06	353,726,323	19,189,744,991
B17.20	28,516,432,924	-
B18.20	43,656,914,884	29,847,103,297
B20.11	3,779,209,522	(965,885,122)
B21.09	-	36,768,630
B31.00	80,550,174,623	76,274,044,950
B27.00	1,111,092,758	1,286,360,873
B32.00	64,518,542,689	44,965,402,965
BOC.ST	1,057,329,014	990,730,786
BCC.00	1,319,323,750	610,545,337
NCG	1,055,069,245	383,021,777
BKN.04	194,809,675	-
BKN.11	12,244,033,309	-
BKN.12	238,382,541	-
BKN.17	94,614,017	-
CUBA	3,132,112,768	8,191,771,719
Other	8,063,544,352	329,219,764
	997,763,668,666	**663,579,023,566**

28. Personnel Costs

The table below details the personnel costs in 2023 and 2022:

Captions	2023	2022
Wages and salaries	366,128,837,416	310,595,611,899
Extraordinary services	4,190,637,729	3,957,992,038
Shift allowance	2,179,258,389	2,122,215,095
Training expenses	14,138,525,316	5,552,124,924
Family allowance	1,142,256,740	1,253,156,679
Social security expenses	18,922,338,406	19,052,181,105
Celebration parties and social action expenses	7,656,808,830	6,858,746,024
Accommodation expenses	11,550,149,452	5,541,249,385
Insurance expenses	1,613,774,440	1,670,668,595
Post-employment benefits	86,754,809,087	62,455,160,982
Uniforms	15,207,507	565,120
Other	15,186,416,882	15,482,635,457
	529,479,020,194	**434,542,307,303**

The increase in the period compared to 2002 is mainly due to the effect of the currency devaluation of the Kwanza against the US dollar.
The caption "Wages and salaries" includes variable remuneration in the amount of AOA 41,557,434 thousand (2022: 2,969,576 thousand). In 2023, the average number of employees working for the Sonangol Group was 7,829 (2022: 7,512).

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 51,138,586 thousand (2022: AOA 35,839,368 thousand).

Expenses with post-employment benefits

Expenses with post-employment benefits (see note 17) are recognised under Personnel costs captions and are detailed as follows:

	Sonangol Pension Plan	Sonangol Healthcare Plan	ENSA Pension Plan	Other benefits	
	Defined benefit	Defined benefit	Defined benefit		Total
2022 Net cost					
Current service costs	-	23,900,280,521	151,683,003	-	24,051,963,524
Interest cost	7,210,441,724	15,514,402,256	935,748,876	-	23,660,592,856
Other costs	-	-	-	14,757,457,996	14,757,457,996
Expected return arising from plan assets	-	-	(14,853,394)	-	(14,853,394)
	7,210,441,724	**39,414,682,777**	**1,072,578,485**	**14,757,457,996**	**62,455,160,982**
2023 Net cost					
Current service costs	-	20,162,057,020	154,459,140	-	20,316,516,160
Interest cost	16,005,231,481	29,509,333,872	2,066,148,222	-	47,580,713,575
Other costs	-	-	-	18,913,233,680	18,913,233,680
Expected return arising from plan assets	-	-	(55,654,328)	-	(55,654,328)
	16,005,231,481	**49,671,390,892**	**2,164,953,034**	**18,913,233,680**	**86,754,809,087**

29. Depreciation and amortisation

The table below details the depreciation and amortisation in 2023 and 2022

Captions	2023	2022
Tangible fixed assets and other financial assets – Real Estate investments	102,745,146,136	73,349,203,381
Intangible assets	106,652,587	168,077,836
Oil and Gas properties – Development	1,054,219,344,191	793,009,643,563
Oil and Gas properties – Dismantling	46,702,656,230	59,765,192,966
	1,203,773,799,144	**926,292,117,746**

The caption "Tangible fixed assets and other financial assets – Real Estate investments" is deducted from the amount of AOA 294,460 thousand (2022: AOA 203,943 thousand) relating to the depreciation of assets related to management and services charged to blocks under the in-force model of cost allocation.

The Group companies included in the *Exploration and Production* segment have the US dollar as their functional currency. In this currency, depreciation of oil and gas properties is approximately 12% lower than in prior year. However, the significant increase in reporting currency is mainly due to the currency devaluation of the Kwanza against the US dollar.

30. Other operating expenses

The table below details the other operating expenses as at 31 December 2023 and 2022.

Captions	2023	2022
Water and energy	1,685,719,425	1,134,339,113
Technical assistance	7,718,536,395	6,438,222,132
Audit and advisory services	9,381,696,311	5,513,757,401
Fuel and lubricants	6,764,329,685	4,204,661,629
Communication	6,782,371,670	5,973,059,658
Maintenance and repair	38,221,419,228	21,508,640,437
Litigation and notary	6,641,430,009	1,428,584,365
Travel and accommodation	5,712,470,195	3,875,297,260
Representation expenses	5,068,376,586	1,613,540,666
Meals	269,009,764	135,241,796
Fees	4,097,189,583	4,486,551,397
Taxes and duties	212,490,347,257	29,596,898,630
Books and technical documentation	488,974,036	568,330,866
Office equipment	3,053,505,748	739,212,265
Health and comfort material	4,045,214,731	3,873,525,245
IT equipment	3,080,771,121	4,693,066,883
Offerings and donations	85,647,537	213,261,525
Marketing	1,978,916,162	28,924,250,913
Rents and leases	20,514,607,402	13,630,585,367
Insurance	6,583,573,924	4,682,502,686
Surveillance and security services	10,326,864,330	8,309,422,235
Subcontracts	2,962,205,173	10,140,769,047
Specialised services	63,904,641,969	29,770,181,689
Houston Express Operation	-	29,593,557
Charges to Blocks/Ship maintenance and operation	85,840,086,813	50,018,407,840
Other	33,605,713,273	28,276,291,586
Total	**541,303,618,327**	**269,778,196,188**

As at 31 December 2023, the caption "Other operating expenses" increased by around 101% compared to the previous year, mainly due to the change in the item "Taxes and duties", which recorded a significant increase of around 618% compared to the prior year, mainly due to the costs resulting from the calculation of the IAC (capital investment tax), relating to the dividends received by Sonangol E.P. in the period from Group entities, which are eliminated in the consolidation process, but for which the liability to the State is due based on the legislation in force.

The change in the caption "Litigation and notary" is related to the costs incurred in the settlement of legal processes and with notarial expenses for administrative procedures related to the surface right for a plot of land for the power generation project in the Caraculo/Namibe area.

In 2023 the Group changed the presentation of the costs incurred for various social actions throughout the year, such as sports sponsorships, medical aid, educational organisations, religious support, etc. to the Note 33, as these are expenses that are not related to the social purpose of the company. As a result of this change in the presentation of costs in the income statement, there has been a significant change in the caption "Marketing" compared to the previous year.

The caption "Charges to Blocks/ Ship maintenance and operation" includes the costs associated with the operation and maintenance of ships and the year-on-year change is mainly due to the currency devaluation of the Kwanza against the US dollar and the commissioning of two new ships.

31. Financial results

The table below details the financial results as at 31 December 2023 and 2022.

Captions	2023	2022
Financial income:		
Interest income	83,965,764,221	12,389,174,779
Income from investments in Real Estate	305,587,845	418,708,825
Gains on investment and Financial assets	289,288,575,293	50,846,292,873
Reversal of provisions for investments in affiliates	-	88,129,033,735
Other	1,254,940,744	1,050,562,327
	374,814,868,103	**152,833,772,539**
Financial expenses:		
Interest expense	339,731,199,506	158,671,080,652
Bank expenses	2,871,226,133	1,609,523,340
Financing charges	49,189,141,728	25,430,658,423
Losses on investments and Financial assets	29,426,647,025	47,533,629,071
Dismantling interest	103,076,299,186	57,638,018,775
Default interest (cost)	97,105,625,404	54,791,394,388
Other financial expenses	7,104,285,996	483,836,287
	628,504,424,978	**346,158,140,936**
Exchange rate differences (net)	(264,221,901,683)	26,948,381,932
Total	**(517,911,458,558)**	**(166,375,986,465)**

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

- Change in the fair value of the shares held in Millennium BPC of EUR 377,133 thousand, equivalent to AOA 285,781,373 thousand;
- Gains from the sale of the financial investment in the company Mota Engil Angola within the scope of PROPRIV, in the amount of AOA 3,505,952 thousand, as disclosed in note 6.2.

In 2022, this item includes the following gains:

- Change in the fair value of the shares held in Millennium BPC of EUR 16,205 thousand, equivalent to AOA 8,041,492 thousand;
- Change in the fair value of the investment portfolio related to the Gateway I and II funds in the amount of USD 24,908 thousand, equivalent to AOA 11,584,161 thousand;
- Gains from the sale of financial investments in Sonasurf Internacional, Sonasurf Angola, Banco de Comércio e Indústria, SARL and Banco Angolano de Investimentos under PROPRIV, amounting to AOA 31,385,054 thousand.

In 2022, the item "Reversal of provisions for investments in affiliates" referred to the reversal of impairments resulting from the recoverability analysis performed on the investment held in the Angola LNG project, amounting to AOA 88,129,034 thousand, equivalent to USD 189,493 thousand.

The amounts shown under the caption Interest expense mainly relate to interest on loans obtained by the subsidiary Sonangol Finance in the amount of AOA 268,856,628 thousand (2022: AOA 114,266,727 thousand) equivalent to USD 392,609 thousand (2022: USD 245,694 thousand) and the amount of AOA 152,050 thousand relating to the loan obtained from national banks (2022: AOA 672,077 thousand). The increase of around 60 % compared to 2022 in US dollar is essentially explained by the rise in the average interest rate (before margin) from 2.19 % in 2022 to 5.05 % in 2023, as disclosed in note 15. The Group incurred in financing expenses amounting to AOA 49,184,141 thousand (2022: AOA 25,430,658 thousand) equivalent to USD 70,193 thousand (2022: USD 54,680 thousand). Interest expense caption also includes the amount of AOA 56,822,493 thousand equivalent to USD 82,875 thousand (2022: AOA 44,404,353 thousand equivalent to USD 95,477 thousand) calculated in accordance with the Sonangol´s Pension Fund financing and amortisation plan, as explained in 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 liability specific risk and the estimated dismantling dates. (See note 18.3).

The caption "Losses on investments and Financial assets" mainly includes the change in fair value of the investment portfolio related to the "Energy Fund III" and the "Gateway I and II Funds", as disclosed in note 7.1.1, amounting to USD 27,697 thousand, equivalent to AOA 18,990,085 thousand, and the recognition of provisions for the investments in Luanda Waterfront and Biocom, as disclosed in note 6.2.1, amounting to AOA 6,099,428 thousand. In 2022, this caption mainly includes i) the provision for the financial investment in Sonangol Pesquisa & Produção, S. Iraq Cayman Islands, amounting to AOA 27,387,507 thousand, equivalent to USD 58,888 thousand; ii) the capital loss on the sale of shares in Banco Caixa Geral Angola, amounting to USD 33,534 thousand, equivalent to AOA 15,595,873 thousand; and iii) the change in fair value of the investment portfolio related to the Energy Fund III, amounting to USD 9,186 thousand, equivalent to AOA 4,272,212 thousand.

The caption Default Interest (cost) is mainly related to overdue payments to suppliers for the import of oil derivatives amounting to AOA 43,936,431 thousand (2022: AOA 43,936,431 thousand (2022: AOA 28,138,989 thousand), interest on overdue payments related to customs expenses arising from the process of importing oil derivatives amounting to AOA 30,860,440 thousand (2022: AOA 13,397,738 thousand).

In 2023, the financial results are affected by the currency devaluation of the Kwanza against the US dollar, with the exchange rate on 31 December 2023 set at AOA 828.80/USD (2022: AOA 503.691/USD), corresponding to a depreciation of the domestic currency of approximately 65%. This devaluation of the Kwanza resulted in the recognition of favourable exchange differences and unfavourable exchange differences arising from the updating of debts contracted and granted to third parties in a currency other than the functional currency (bank counterparties, suppliers, customers, other debtors and sundry creditors, subsidiaries and participants and state bodies), the exchange rate adjustment associated with post-employment benefit liabilities, as well as exchange rate differences resulting from the settlement of debts to and from third parties, which resulted in the calculation of net unfavourable exchange rate differences in the amount of AOA 264,221,902 thousand.

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

The table below details the net gains/ (losses) arising from dividends distributed by affiliates in 2023 and 2022.

Captions	2023	2022
Banco Angolano de Investimentos	-	5,698,901,543
Banco Caixa Geral Angola	-	4,669,331,558
Mota Engil Angola	2,689,834,590	-
Petromar	87,960,947	550,171,594
Sonagalp	2,456,593,470	2,093,553,929
Sonils	13,320,000,000	-
Unitel	-	9,612,274,728
Millennium BCP	-	1,321,060,929
Tecnhip Angola	-	9,658,060,749
SNL Cabo-Verde	1,675,509,000	427,608,719
Sonasurf internacional	-	34,284,917
PT Ventures	113,431,084,697	-
Angola LNG Limited	306,524,800,724	-
	440,185,783,428	**34,065,248,668**

33. Non-operating results

As at 31 December 2023 and 31 December 2022, this balance is analysed as follows.

Captions	2023	2022
Non-operating income and gains:		
Provisions write-back – Inventories	6,202,622,294	532,856,183
Provisions write-back – Bad debts	7,416,218,039	733,434,132
Provisions write-back – Legal proceedings	-	895,845,735
Provisions write-back – Tax contingencies	26,716,523,897	48,835,853,591
Provisions write-back – Other	150,669,704,740	76,048,134,491
Gains on fixed assets	488,810,380,798	264,751,676,132
Gains on inventories	10,118,732,671	4,839,373,009
Other non-operating income	80,174,278,107	14,575,639,453
	770,108,460,546	**411,212,812,726**
Non-operating expenses and losses:		
Provisions – Inventories	6,003,677,631	11,544,990,593
Provisions – Bad debts	183,493,253,268	43,324,437,099
Provisions – Legal proceedings	494,734,215	363,786,291
Provisions – Tax contingencies	196,230,563,448	275,166,830,322
Provisions – Other	9,258,847,611	8,530,282,619
Losses on fixed assets	54,610,865,491	28,019,988,028
Losses on inventories	22,460,437,652	19,935,733,187
Bad debts	1,899,699,843	-
Other non-operating expenses	85,336,276,926	32,388,691,750
	559,788,356,086	**419,274,739,889**
Adjustments relating to prior years	(50,861,207,577)	13,156,024,970
	159,458,896,883	**5,094,097,807**

In 2023 and 2022, the caption Provisions write-back – Other essentially refers to the effects of the pooling agreements between Sonangol Pesquisa & Produção, S.A and blocks 15 and 17 contractors groups, 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 2023 by the National Concessionaire.

The gains on fixed assets in 2023 and 2022 are substantially related to reversals of accumulated impairment losses and adjustment of the dismantling liabilities for oil and gas properties in which the Group has a participating interest. These impairment reversals result from the improvement of the assumptions considered in the impairment tests performed as disclosed in note 4.A.4, and are broken down as follows:

Assets	2023		2022	
	Amount in AOA	Amount in USD	Amount in AOA	Amount in USD
Block 3.05 *	11,331,291,000	16,526,517	-	-
Block 15.19	40,038,305,366	58,395,266	37,145,629,376	79,869,848
Block 23 *	342,821,000	499,999	-	-
Block 31.00	-	-	43,765,014,372	94,102,728
Block 0 **	326,917,582,527	476,804,376	34,350,337,474	73,859,463
	378,629,999,893	**552,226,158**	**115,260,981,222**	**247,832,039**

* In the case of blocks 3.05 and 23, the amount shown in the table above for 2023 corresponds to the capital gain obtained in the sale process.

** In the case of block 0, the amount shown in the table above in 2022 corresponded to the net of the following impacts:

- Impairment loss of AOA 27,406,383 thousand (USD 58,928 thousand) on development assets,
- Gain on the reduction of the estimated provision for the dismantling asset of AOA 38,372,490 thousand (USD 82,506 thousand) and,
- Gain on reversal of impairment of dismantling asset up to the limit of accumulated depreciation of AOA 23,384,973 thousand (USD 50,281 thousand).

Moreover, in 2022 and 2023, due to the significant decrease in the dismantling liabilities for some blocks (see note 18), the decrease in the liabilities for some of these blocks was greater than the net carrying amount of the dismantling asset recognised in Oil and Gas Properties caption in 2022 and 2023. For these specific cases, the excess between the change in the liability and the net book value of the asset has been recognised as income for the year, with an impact in this caption of AOA 95,865,010 thousand (2022: AOA 127,691,922 thousand). The main block contributing to this impact was Block 3.05, resulting from the extension of the end date of the concession from 2025 to 2036 (see Note 4.A.).

The remainder of the caption relates to the capital gain on the sale of real estate assets in the United States and the vessel Kassanje in the Trading and Shipping segment.

Other non-operating income includes the following main effects:

- The gain of AOA 21,880,880 thousand (USD 31,913 thousand) related to the change in fair value of the amounts receivable from Total E.P. Angola as a result of the sale of interests in Blocks 20 and 21. The sale in question, which took place at the end of 2020, has a contingent price component and varies depending on the achievement of certain milestones and other future events (see note 9.6) and the impact in the period is mainly the result of an upward revision of the expected reserves in the aforementioned blocks and the expected start of production;
- The gain of AOA 43,440,860 thousand resulting from the amendment of the pension fund loan agreement, which changed the financing conditions and retroactively eliminated the interest on the defined benefit component, as disclosed in note 17.2 Types of benefits.

The amounts recognised in the period for provisions for bad debts relate mainly to the value of the provisions recognised for amounts receivable from Sonangol Africa Limited of AOA 134,699,930 thousand (USD 162,524 thousand) and from Luanda Waterfront of AOA 15,142,176 thousand, as disclosed in note 9.2.1 Parent companies and affiliates (non-current).

Losses on fixed assets amounted to AOA 58,210,511 thousand (USD 84,899 million) resulting from the recognition of impairments, as explained in notes 4 and 4.A, which includes:

- The amount of AOA 18,655,945 thousand (USD 27,209 thousand) related to block 17 in the Girassol and Dália areas.
- The amount of AOA 22,879,207 thousand (USD 33,369 thousand) related to write-offs and impairment of fixed assets at Clínica Girassol; and,
- The amount of AOA 10,675,920 thousand (USD 15,571 thousand) related to impairment of fixed assets at MS Telecom.

In 2022, Losses on fixed assets amounted to AOA 28,019,987 thousand (USD 60,248 million), resulting from the recognition of impairments, which break down as follows:

- The amount of AOA 13,352,934 thousand (USD 28,711 thousand) related to Block 14;
- The amount of AOA 14,667,053 thousand (USD 31,537 thousand) related to Block 17.

The change in the caption "Other operating expenses" includes the amount of AOA 33,227,062 thousand, equivalent to USD 47,003 thousand, relating to the reclassification in 2023 of the costs incurred in various social actions carried out during the year, presented in Note 30, to 2022.

The item Adjustments relating to prior years includes the effects of impairments from previous years, amounting to AOA 28,397,402 thousand, relating to impairments on tangible fixed assets of the subsidiary MS Telecom, and AOA 16,725,082 thousand, relating to impairments on tangible fixed assets of the subsidiary Clínica Girassol.

Finally, as disclosed in Note 18, as a result of the year-end reassessment of tax contingencies in terms of probability of occurrence and estimated future expenditure, as well as the findings of the AGT's tax audit reports and oil tax audits of previous years and the findings of the 4^{th} phase agreement between the Tax Authorities (AGT) and Sonangol

Group, the provisions for tax contingencies were updated, resulting in the reversal of provisions in the amount of AOA 26,716,524 and the establishment/increase of provisions in the amount of AOA 196,230,563 thousand.

35. Income tax

The table below details income tax expense as at 31 December 2023 and 31 December 2022.

Captions	31-12-2023	31-12-2022
Oil income tax and Oil transaction fee	443,770,797,355	514,780,211,433
Tax for the year - Industrial tax	15,863,144,491	71,159,673,609
Other taxes	1,956,679,843	2,245,164,855
	461,590,621,689	**588,185,049,897**

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).

The caption Tax for the year - Industrial tax shows a negative change of around 77%, mainly due to the reduction in the tax result of the Group's entities subject to this tax, namely in the Distribution and Marketing and Gas and Renewables segments, as shown in the income statement by segment presented in note 3.

35.1 Details of the Oil Income Tax and Oil Transaction Fee by Block:

Block	2023	2022	Variation	Variation %
Block 0	166,198,565,826	311,471,324,304	(145,272,758,478)	-47%
Block 03.05	6,241,203,907	6,998,546,597	(757,342,690)	-11%
Block 03.5A	2,233,443,676	(17,795,241)	2,251,238,917	-12651%
Block 04.05	1,322,329,719	706,819,374	615,510,345	87%
Block 14	6,863,668,333	13,218,425,470	(6,354,757,137)	-48%
Block 14.KU	589,703,718	572,684,656	17,019,062	3%
Block 15 (1519)	48,550,257,414	3,845,093,845	44,705,163,569	1163%
Block 15	26,883,044,474	52,937,466,960	(26,054,422,486)	-49%
Block 17	24,760,650,342	17,552,717,548	7,207,932,794	41%
Block 18.20	26,921,151,202	12,266,495,170	14,654,656,032	119%
Block 31	65,743,774,505	32,325,419,655	33,418,354,850	103%
Block 32	60,037,553,833	54,044,058,733	5,993,495,100	11%
BOC 02	73,673,712	105,435,746	(31,762,034)	-30%
BFS00/BST00	7,351,776,694	8,753,518,616	(1,401,741,922)	-16%
	443,770,797,355	**514,780,211,433**	**(71,009,414,078)**	

The tax associated with block 0 relates to oil income tax and oil transaction tax borne by the Group in the amount of AOA 164,079,764 thousand (2022: AOA 301,509,663 thousand) in crude oil exploration and production activities and the amount of AOA 2,118,801 thousand (2022: AOA 9,961,661 thousand) in gas exploration and production activities. The reduction in the tax charge in the block is mainly related to the reduction in taxable profit compared to the previous year, which is mainly due to the 20% reduction in the price of crude oil sold, as mentioned in note 22, with this situation having a more significant impact on the calculation of the oil transaction tax.

For the remaining blocks, which are calculated in US dollars, the tax on oil income decreased by approximately USD 32,316 thousand compared to 2022, which represents a decrease of approximately 7%.
This decrease compared to prior year is mainly due to the decrease in sales and, therefore, profit oil in each of the blocks in which the company has an interest and which are in the production phase, partially offset by the exchange rate effect of the devaluation of the Kwanza.

Despite this decrease, these blocks increased in reporting currency due to the significant currency devaluation of the Kwanza against the US dollar.

36. Commitments not reflected in the balance sheet

As at 31 December 2023, 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	Azule Energy	11.14%	Exploration
Block 16	Total	20.00%	Exploration
Block 17/06	Total	17.50%	Exploration
Block 31	Azule Energy	20.00%	Exploration
Block 32	Total	17.50%	Exploration
Block 48	Total	30.00%	Exploration
BOC	Acrep	20.00%	Exploration
BCN	Azule Energy	20.00%	Exploration
BCC	Azule Energy	20.00%	Exploration
Block 1/14	Azule Energy	20.00%	Exploration
Block 20/11	Total	20.00%	Exploration
Block 21/09	Total	20.00%	Exploration
Block 28	Azule Energy	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 2023, 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 foresees the obligation to face cash calls requested by the blocks operators.

Moreover, the Group has entered into commitments related to the main ongoing investment projects disclosed in note 4.1.2, namely the construction of the Terminal Oceânico da Barra do Dande and Refinaria do Lobito.

Guarantees provided

Sonangol E.P. is a guarantor of the financing obtained by BIOCOM-Companhia de Bioenergia de Angola, Lda. (a company 20% owned by its subsidiary Sonangol Holdings) from a syndicate of Angolan banks.

As at 31 December 2023 the Group had assumed commitments to Biocom in respect of additional unrealised financial contributions of USD 6.4 million, which were settled in March 2024. Moreover, a blank promissory note was issued in favour of the banking syndicates that financed the entity, as well as a 60% guarantee on the related financing, for which the outstanding amount at 31 December 2023 was AOA 228,831,308 thousand.

37. Contingent assets and liabilities

In the normal course of its activity, the Group is involved in administrative, civil, tax, labour and other proceedings whose risk is rated as possible, and these actions may involve different entities, such as customers, suppliers or the State and result in contingent assets and liabilities.

Contingent assets

Dividends receivable by Esperaza in the scope of the arbitration proceedings regarding the transfer of the 40% interest of Esperaza Holdings B.V. to Exem Energy B.V.

The decision of the Court of Arbitration in the Netherlands decided to nullify the Share Purchase Agreement (SPA) signed between Sonangol EP and Exem, with the ownership of Esperaza now considered to be 100% held by Sonangol E.P. from the date of the SPA. The registration of this change with the Dutch entities has been updated.

Additionally, the court ordered EXEM to pay the costs of the proceedings and following the referred decision, the resolutions of Esperaza that include EXEM are also invalid regarding this entity. Thus, the dividend resolution in 2017 should be considered null and void only for the EXEM component, which should return to Sonangol the total dividends unduly received in the amount of Euro 44.5 thousand (AOA 36,882 thousand).

Within the scope of the decision, there is also a credit of Sonangol to be liquidated in favour of Exem associated to the payment made by this entity within the scope of the SPA in the amount of approximately Euro 11 million (AOA 9,117 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 case was closed and the Group obtained a clear victory, the main conclusions of which follow below:

- Exem's claims should be treated as withdrawn;
- EXEM was ordered to pay 90% of the lawyer's fees incurred by Sonangol;
- EXEM was also ordered to pay interest of 5% for late payment from the date of the judgement;
- Sonangol's arbitration costs will be fully reimbursed;
- EXEM may not appeal the judgment unless within 12 months of the judgment it pays (i) the court fees and costs as ordered by the Court; (ii) an additional deposit of GBP 150,000 to the LCIA.

Contingent liabilities

Tax contingencies

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 2023, there were a number of possible tax contingencies arising from tax inspections and other situations amounting to USD 1,858 million equivalent to AOA 1,540,103,124 thousand (2022: USD 2,338 thousand corresponding to AOA 1,177,484,932 thousand).

The contingencies considered as probable are provided in the Group's financial statements, as disclosed in Note 18.1 or the respective liability recorded as an amount payable to the State, as disclosed in Note 19.3 and 18.5. Under the Agreement with the State there is a signed commitment to settle and offset credits and debts between the parties.

Precautionary order for seizure of Airbus A-319 aircraft

A precautionary order has been requested by White Airways to seize the Airbus A-319 CS-TFU aircraft owned by Sonair in connection with the litigation involving both Entities. In April 2022, the Group company was notified by the Portuguese Legal Authorities of the request made by White Airways, having responded within the legal time limit. Following the final pronouncement by the Portuguese Legal Authorities in favour of our company, the aforementioned plaintiff has appealed to the Portuguese Supreme Court.

During 2023, the Portuguese Legal authorities dismissed the lawsuit filed by White Airways and closed the case in favour of the Group. Following this decision, the company reversed the entire provision of AOA 2,698,045,855, booked in previous years to cover this litigation.

38. Subsequent events

With the exception of the agreement with the State of Angola, which was formalised in May 2024, as disclosed in note 9.4.1, there have been no other significant events after the balance sheet date that affect the Group's financial statements or require disclosure in the notes.

39. Grants from the Government and other entities

In 2023, except for the subventions to Sonangol EP and its direct subsidiaries, confirmed by the supervising bodies, as disclosed in note 9.4.2 State Grants (subventions), the Group did not benefit from any 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 2023 and 2022.

41. Information required by law

No information required by law.

42. Other information

I) Regeneration Programme

As part of the Organisational Restructuring of the Oil Sector, Sonangol's Regeneration Programme was launched on 15 November 2018, aiming at its repositioning and focus on the primary oil and gas value chain, making it more robust and competitive, a reference company in the oil sector on the African continent, committed to sustainability.

In organisational terms, the restructuring of Sonangol, whose completion was in line with the term of the Interministerial Commission to Support the Organisational Restructuring of the Oil Sector (CIAROSP), created by Presidential Order no. 113/18 of 27 August, resulted, among other achievements, in the:

- Separation of the Concessionary Function and transfer to the National Oil, Gas and Biofuels Agency. In the process, around 600 employees previously assigned to the Concessionaire's areas were also transferred;
- Redefinition and adoption of the new organisational model, with a focus on the primary value chain. To this end, the structure of the Group's parent company (Sonangol E.P.) was reduced, now consisting of a corporate structure with the number of departments reduced 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 improve employee autonomy. Moreover, considering the framework of employees of old age, based on defined criteria, the Availability Pocket project (see details of membership in note 17.2 Types of benefits) 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 petrol production, the building of Refinaria do Lobito and participation in the project to build Refinaria de Cabinda, with a participating interest of 10%;

iii. Gas and Renewable Energies: with priority on the implementation of the gas monetisation strategy, the development of projects and exploration of assets for the production of electricity through renewable sources;

iv. Trading & Shipping: focused on the integration of international commercialisation activities and the transport of hydrocarbons, the optimisation of available resources and assets in order to ensure a leadership position in the region and contribute to adding value and greater returns for Sonangol group;

v. Distribution and Commercialisation: focused on optimising the distribution and commercialisation network for products derived from liquid hydrocarbons, with a focus on increasing profitability and competitiveness; on resizing the infrastructures and means to support the distribution and commercialisation of oil derivatives; on distributing and commercialising products derived from liquid hydrocarbons and related services in the region's markets, through the exploration of new business opportunities.

II) Transfer of Block 32 participating interest

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 2023, the transfer of this asset was subject to preceding conditions that were not fulfilled.

III) Extension of Presidential Decree No. 250/19 of 5 August - Privatisation Programme (PROPRIV)

Considering that the process of privatisation and sale of assets considered in Presidential Decree No. 250/19 of 5 August was not completed in the period 2019-2022, the Government, by Presidential Decree No. 78/23 of 20 March 2023, extended the deadline for the implementation of the said programme for a further three years.

Under Presidential Decree 78/23 of 20 March 2023, a number of companies were included in the Privatisation Programme (PROPRIV) for sale by public tender in the period 2022-2026, among which the Group's investments and assets listed below stand out:

- Unitel, S.A.;
- MS Telecom;
- Hotel Miramar;
- Multitel, LDA;
- Sonasing Saxi Batuque;
- Sonasing Xikomba;
- Sonasing Mondo;
- OPS – Serviços de Produção Petrolífera;
- OPS Production, Limited;
- ENCO, SARL,
- Societe Ivoirienne de Reffinage;
- Sonacergy – Serviços e Construções Petrolíferas, Lda.;
- Diraniproject III – Projectos Imobiliários;
- Genius;
- Centro Infantil Futuro do Amanhã (real estate asset);
- Centro Infantil 1 de Junho (real estate asset).

As part of the above-mentioned privatisation programme for the period 2023-2026, the following critical actions relating to the privatisation of public companies have been completed:

- Systematisation of the assets to be sold, considering the best conditions of these assets in the market through the development of a sales strategy;
- Beginning of the equity settlement process for some assets;
- Creation of a virtual room to support the business process (Virtual Data Room);
- Creation of Negotiation Commissions to lead the process;
- Disclosure of the sales process through the website, as well as national and international roadshows.

For 2023, the process of sale of the investment in Mota Engil Angola was completed and the process of sale of OPS Production Limited, Sonasing Mondo Limited, Sonasing Saxi Batuque Limited, Sonasing Xikomba Limited was initiated, and during the period a provision was made for the amount receivable from OPS Angola as mentioned in note 9.

IV) Change in product ownership

Presidential Decree 208-19 introduced significant changes to the legal regime governing the import, reception, storage, transport, distribution and commercialisation of oil products. One of these changes was the abolition of the function of logistical superintendent, which, among other duties, was the sole importer of oil products for the domestic market, thus the primary holder of all fuel imported into Angola's borders.

The elimination of the figure of logistic superintendent resulted in the opening of the import of oil products to other market agents, who, through licensing with 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 commercialisation 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 the occurrence 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, n. 2).

The head of the ministerial department responsible for the sector will be required to promote joint emergency meetings with public and private institutions to solve such occurrences.

In this context, given the slow recovery from the country's economic crisis, which has made it difficult for private companies to acquire foreign currency quickly and regularly, fuel imports continue to be carried out exclusively by Sonangol, which resells to all distributors in the market.

V) Change in the selling price of gasoline

Considering that the prices of products derived from Crude Oil and Natural Gas, namely petrol/gasoline, diesel, liquefied petroleum gas and kerosene, are adjusted on the basis of import or export parity through the flexible price adjustment mechanism (MFA), in accordance with the provisions of Presidential Decree no. 331/20 of 27 October and Joint Executive Decree no. 331/20, of 16 December, as amended by Joint Executive Decree no. 81/23, of 1 June;

In accordance with the powers conferred on it by paragraphs k) and l) of its bylaws, approved in combination by the aforementioned Decrees, the Oil Derivatives Regulatory Institute (Instituto Regulador dos Derivados de Petróleo), by means of its Regulation Letter no. 006/DG/IRDP/2023 of 1 June 2023, published the change in prices to be applied with effect from 2 June 2023.

From this publication we highlight the change in the price of gasoline to 239.7 AOA/Lt for the logistics sales price, 254.01 AOA/Lt for the distribution sales price and 300.00 AOA/Lt for the retail sales price.

43 Explanation added for translation

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

The Consolidated Financial Statements were approved by the Board of Directors on 7 June 2024.

Head of Department of Supervision and Consolidation

SIGNED ON THE ORIGINAL

Armando Camões Sebastião

Registration no. 20150382

The Accountant

______/______/______

Financial Director

SIGNED ON THE ORIGINAL

Divaldo Kienda Feijó Palhares

Registration no. 20140034

______/______/______

Chief Financial Officer

SIGNED ON THE ORIGINAL

Baltazar Miguel

______/______/______

Chairman of the Board of Directors

SIGNED ON THE ORIGINAL

Sebastião Gaspar Martins

______/______/______

OTHER UNAUDITED INFORMATION

Statement of cash flows for the year ended 31 December 2023 (Direct Method)

	2023 AOA	2022 AOA
Cash flows from operating activities		
Receipts from customers	3,871,910,589,257	4,340,862,785,240
Payments to suppliers	(4,066,437,975,205)	(3,483,584,198,643)
Imports of Refined Products and Derivatives	(2,045,643,946,317)	(1,842,817,185,552)
Operating Cash Call– OPEX	(632,235,708,173)	(564,841,203,014)
External supplies and services	(1,033,788,395,400)	(612,656,457,586)
Payments to employees	(354,769,925,315)	(463,269,352,491)
Cash generated from operations	(194,527,385,948)	901,457,824,052
General taxes and duties	(170,995,193,526)	(275,399,417,994)
Cash flows from operating activities	(365,522,579,474)	626,058,406,058
Cash flows from investing activities		
Payments related to:	(652,116,359,046)	(576,494,576,816)
Capital expenditure cash call - CAPEX	(270,958,160,645)	(242,074,801,292)
Investment Portfolio	(381,158,198,401)	(334,419,775,524)
Receipts related to:	369,297,699,359	773,389,040,970
Financial investments	369,297,699,359	773,389,040,971
Cash flows from investing activities	(282,818,659,687)	196,894,464,154
Cash flows from financing activities		
Receipts related to:	1,027,738,181,904	654,798,300,000
External financing	1,027,738,181,904	654,798,300,000
Payments related to:	(1,029,594,774,083)	(908,903,320,798)
Capital repayments and interest	(1,029,594,774,083)	(908,903,320,798)
Cash flows from financing activities	(1,856,592,179)	(254,105,020,798)
Net cash flow from Treasury - (I+II+III)	(650,197,831,341)	568,847,849,414
Transfer from the Dismantling Fund to ANPG		(524,154,935,524)
Impact of exchange rate differences	1,131,271,636,427	57,177,098,497
Cash and cash equivalents at the beginning of the year	1,864,183,751,876	1,762,313,739,497
Cash and cash equivalents at the end of the year	2,345,257,556,962	1,864,183,751,876

Luanda, 7 June 2024

Head of Department of Supervision and Consolidation

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Armando Camões Sebastião

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Divaldo Kienda Feijó Palhares

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Baltazar Miguel

Chairman of the Board of Directors

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Sebastião Gaspar Martins

Consolidated Balance Sheet as at 31 December 2023 (USD)

	31-12-2023	31-12-2022
	USD	USD
ASSETS		
Non-current assets		
Tangible fixed assets	2,487,327,231	3,172,471,980
Intangible assets	125,856,257	207,450,683
Oil and gas properties	9,261,281,871	8,688,704,879
Exploration and evaluation assets	363,638,062	286,742,854
Investments in affiliates	3,176,450,287	2,809,750,176
Other financial assets	1,092,218,376	1,140,927,174
Other non-current assets	423,230,410	508,364,159
Total Non-current Assets	**16,930,002,493**	**16,814,411,905**
Current assets		
Inventories	572,470,167	589,617,368
Accounts receivable	9,163,673,509	9,447,537,965
Cash and bank deposits	2,829,702,651	3,701,046,379
Other current assets	38,265,398	39,109,121
Total current Assets	**12,604,111,725**	**13,777,310,834**
Total Assets	**29,534,114,218**	**30,591,722,739**
EQUITY AND LIABILITIES		
Equity		
Share capital	12,023,539,502	12,023,539,502
Supplementary capital	12,287,358,033	12,287,358,033
Reserves	1,880,279,067	4,694,985,965
Retained earnings	-5,422,644,251	(11,272,737,554)
Foreign exchange translation adjustments (FS conversion)	-10,235,188,260	(6,727,101,725)
Net profit for the year	1,356,423,258	1,802,033,240
Total Equity	**11,889,767,350**	**12,808,077,461**
Non-current liabilities		
Loans	2,695,876,006	2,587,346,085
Provisions for post-employment benefits	1,270,188,597	1,405,394,253
Provisions for other risks and charges	4,131,339,806	4,293,048,257
Other non-current liabilities	1,892,460,038	1,924,385,641
Total non-current liabilities	**9,989,864,447**	**10,210,174,235**
Current liabilities		
Accounts payable	5,814,196,932	5,385,144,309
Loans	1,311,810,710	1,483,963,252
Provisions for other risks and charges	74,092,001	299,384,186
Other current liabilities	454,382,779	404,979,295
Total Current liabilities	**7,654,482,421**	**7,573,471,042**
Total Liabilities	**17,644,346,868**	**17,783,645,277**
Total Equity and Liabilities	**29,534,114,218**	**30,591,722,739**

Luanda, 7 June 2024

Head of Department of Supervision and Consolidation

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Consolidated Income Statement by Nature for the year ended 31 December 2023 (USD)

	31-12-2023 USD	31-12-2022 USD
Sales	11,127,669,924	13,108,877,184
Services rendered	293,268,296	233,370,034
Other operating income	61,662,339	61,766,512
	11,482,600,559	13,404,013,730
Change in finished products and work in progress	(4,014,155)	(67,101,457)
Cost of goods sold and raw materials consumed	(4,241,663,369)	(4,674,998,205)
Oil and gas exploration and operating costs	(2,009,077,129)	(1,815,524,063)
Personnel Costs	(772,237,185)	(934,344,866)
Depreciation and amortisation	(1,755,685,975)	(1,991,696,252)
Other operating expenses	(789,483,183)	(580,072,109)
	(9,572,160,998)	(10,063,736,951)
Operating results:	**1,910,439,561**	**3,340,276,778**
Financial results	(755,366,070)	(357,738,582)
Net gains/ (losses) from investments in affiliates	642,004,343	73,246,470
Non-operating results	232,568,402	10,953,235
	119,206,674	(273,538,876)
Profit before taxes:	**2,029,646,235**	**3,066,737,902**
Income tax	(673,222,977)	(1,264,704,662)
Net profit from current activities:	**1,356,423,258**	**1,802,033,240**
Extraordinary results	-	-
Net profit for the year	**1,356,423,258**	**1,802,033,240**

Luanda, 7 June 2024

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Statement of cash flows for the year ended 31 December 2023 - Direct Method (USD)

Cash Flow Statement - Direct Method		2023	2022
		USD	USD
Cash flows from operating activities			
Receipts from customers		5,647,123,342	8,705,817,699
Payments to suppliers		(5,930,838,607)	(6,916,113,646)
Imports of Refined Products and Derivatives		(2,983,540,919)	(3,658,626,391)
Operating Cash Call - OPEX		(922,106,268)	(1,121,404,200)
External supplies and services		(1,507,764,821)	(1,216,333,938)
Payments to employees		(517,426,599)	(919,749,117)
Cash generated from operations		(283,715,266)	1,789,704,053
General taxes and duties		(249,393,917)	(394,425,944)
Cash flows from operating activities	*[1]*	(533,109,183)	1,395,278,109
Cash flows from investing activities			
Payments related to:			(1,144,540,158)
Capital expenditure cash call - CAPEX		(951,101,899)	(480,601,800)
Investment Portfolio		(395,188,401)	(663,938,358)
Receipts related to:		(555,913,498)	1,535,443,438
Disposal of shareholdings		538,615,138	100,481,893
Dividends		538,615,138	1,434,961,546
Cash flows from investing activities	*[2]*	(412,486,760)	390,903,280
Cash flows from financing activities			
Receipts related to:		1,498,940,676	1,300,000,000
External financing		1,498,940,676	1,300,000,000
Payments related to:		(1,501,648,488)	(1,804,485,926)
Capital repayments and interest		(1,501,648,488)	(1,804,485,926)
Cash flows from financing activities	*[3]*	(2,707,812)	(504,485,926)
Net cash flow from Treasury - (I+II+III)	*[4]*	(948,303,755)	1,281,695,462
Transfer of ownership of Escrow SNL to ANPG			(839,837,106)
Impact of exchange rate differences		76,960,026	83,739,244
Cash and cash equivalents at the beginning of the year	*[5]*	3,701,046,380	3,175,448,780
Cash and cash equivalents at the end of the year	*[6]*	2,829,702,651	3,701,046,380

Luanda, 7 June 2024

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