

سوناطراک



sonatrach



ANNUAL
REPORT
2023

Summary

The Chairman's Message	06
Oil & Gas Trends	14
The Company's Achievements	18
Key indicators	20
Achievements by Activity	24
Exploration – Production	26
Pipeline Transport	30
Liquefaction – Separation	32
Refining – Petrochemicals	34
Marketing	36
Investments	42
Achievements by Activity	44
Human Resources	48

HSE	50
Local Content and National Integration	54
New Resources	58
Social Affairs	64
Sponsoring, Patronage & Social Investment	68
Research & Development (R&D)	70
Financial Performances	74
Consolidated Accounts	76
Social Accounts	118

The Chairman's Message



Chairman & Chief Executive Officer
M. RACHID HACHICHI

"Take up the challenges of tomorrow"

Marked by strong geopolitical conflicts and a slowdown of global economic growth, in 2023 oil and gas prices registered a downward trend.

Alike the other global major companies, this unfavourable outlook has inevitably impacted our company, through its financial results.

Thus, in 2023 SONATRACH achieved an export turnover of 49.8 billion dollars compared to 59.3 billion dollars in 2022.

Face with difficult situation, marked by oil and gas instability, we successfully carried out our development plan. The pursuit of our investments in the oil upstream with a view of increasing our hydrocarbon production capacity and expanding our industrial base downstream through the development of refining/petrochemicals and natural gas liquefaction activities, are all objectives which, more than ever before, are at the forefront of our priorities.

These strategic choices are, it is worth to emphasize it, guided firstly by our willingness to ensure on the long term the coverage of the national market needs, then, maintain and expand our export market shares .

Thus, SONATRACH pursued in 2023 its efforts aiming the development of upstream oil. The primary hydrocarbon production continued its progression for the third consecutive year to reach 194 million TOE , an increase by 2.2 % compared to 2022.

In the same context, the company proceeded in 2023 to the commissioning of several structuring projects, including the development of deposits in the South West : Hassi Ba Hamou, Hassi Tidjerane, and Tinerkouk, and also the field of Ain T'Sila.

In addition to the investments made in own effort, SONATRACH continued to rely on the partnership option in order to accelerate the renewal of its reserves.

As part of the reinforcement of strategic partnerships, three new hydrocarbon contracts have been concluded under the Aegis of Law 19-13. They are related to the development of the deposits TFT II (Tin Fouyé Tabankort) and TFT South with the partner Total Energies and Menzel Ledjmet North with its partners Pertamina/Repsol.

Always concerning partnership and a mark of its willingness to acquire new reserves throughout the world, SONATRACH relaunched its activities in 2023 in Libya in the basin of Ghadames.

As to other outstanding facts, and concerning transport Activity, we can mention the launch of rehabilitation of the liquid hydrocarbons center of Haoud El Hamra and the National gas dispatching center of Hassi R'Mel. These large scale projects concern, it must be reminded, a strategic link of the hydrocarbon chain and are part of the company's development plan targeting a reliable and sustainable supply to its clients both in Algeria and across the world.

Another outstanding fact worth to be mentioned, is that within the framework of its policy to promote the local content aiming to reinforcing the recourse to the local production tool, the company entrusted in 2023 the national companies with more than 84% works of revamping / rehabilitation or maintenance of a strategic importance.

Moreover, concerning downstream activities, it is important to underline that the investments devoted to the rehabilitation of the refining tool have borne fruit. The refineries production recorded again an upward trend in 2023 allowing to meet the total national fuel needs without resorting to imports.

In this same register, the petrochemical industry has continued its growth. The year 2023 saw the launch of the production complex of polypropylene with a production capacity of 550.000 tons/year, which will be located in Arzew. This large project is part of SONATRACH's strategy to assert its presence throughout the petrochemical industry chain by concentrating its efforts on projects of high added value.

On the commercial level, the company has again confirmed its capacity to meet international market needs, particularly, through the conclusion of new contracts and gas sales agreements with several European clients. Its gas potential and exports flexibility, by gas pipelines or by LNG, are all assets that allow it to play a prime role by placing it at the forefront of the world gas scene.

SONATRACH also continued, in 2023, its efforts to meet Algeria's commitments on climate protection and reduction of the carbon footprint of its industry. The company's climate strategy is based, as a reminder, on several strategic axes such as the reduction of gas flaring, the gradual integration of renewable energies in the energy mix, the realisation of photovoltaic power plants for the energy needs of its production sites, the launch of pilot projects to produce and transport green hydrogen.

Faced with numerous challenges in 2023, SONATRACH has shown a unique resilience and a capacity of adaptation which testify to the solidity of its fundamentals. The combined efforts of our teams and the relevance of our strategic choices allow us to approach the future with confidence and ambition.

We remain determined to take up the forthcoming challenges while pursuing our commitment towards operational excellence and sustainability. SONATRACH will continue to be a key player for economic and energy development on the national and international scene..

Président Directeur Général
M. RACHID HACHICHI

General Assembly



Board of Directors



Members of the Executive Committee



HACHICHI Rachid
Chairman
& Chief Executive Officer



ZERROUKI Abdelkader
Secretary General



DJETTOU Farid
Vice President
Exploration & Production



MALKI Youcef
Vice President
Pipeline Transport



SLIMANI Slimane
Vice President
Refining & Petrochemicals



AMARA Youcef
Vice President
Liquefaction & Separation



BELGACEM Mayouf
Vice President
Marketing



ATTALAH Djamel
Vice President
Corporate Finance



LARABA Fayçal-Reda
Vice President
Planning & Economics



OUNOUGHI Ferhat
Vice President Business
Development & Marketing

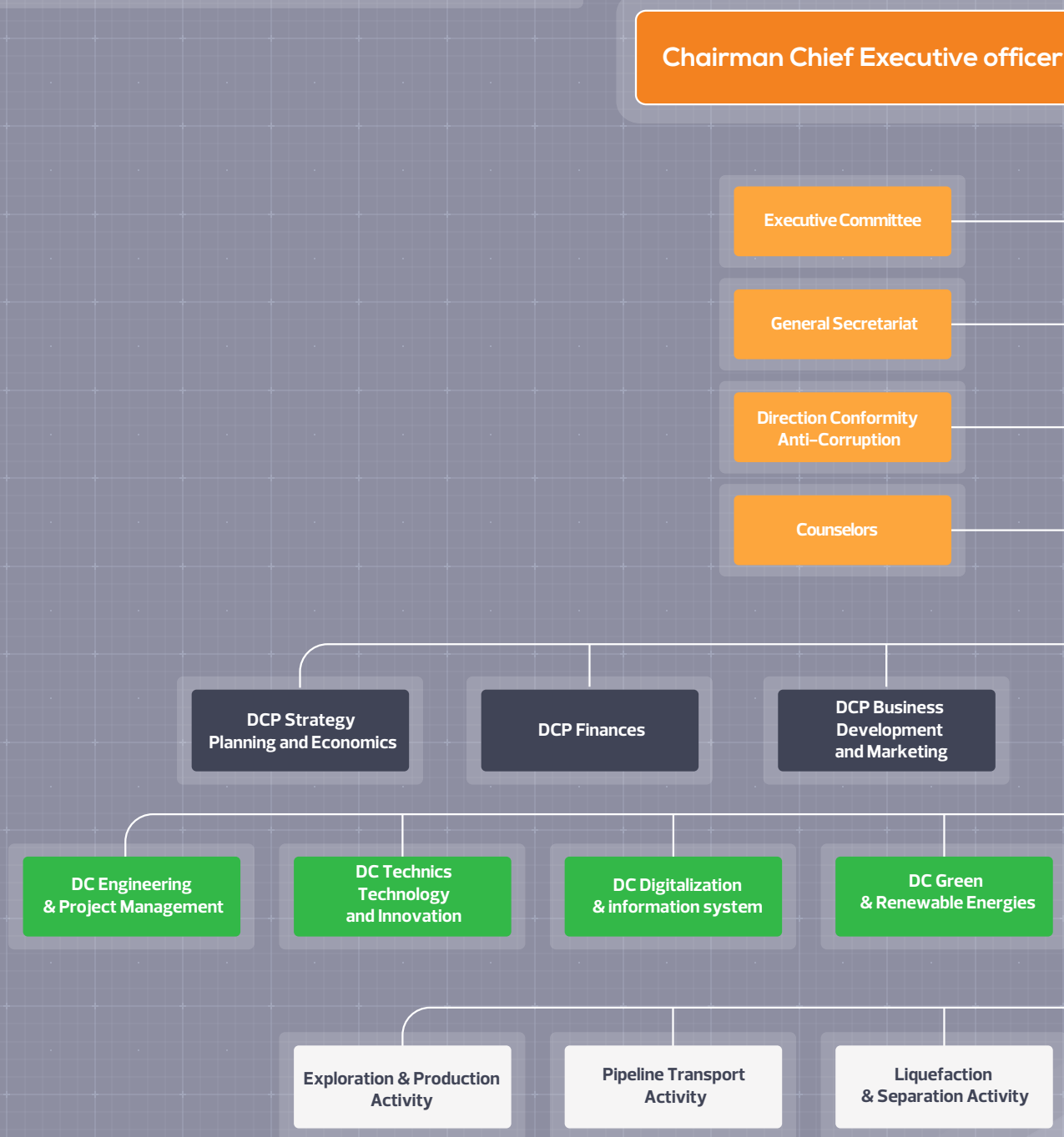


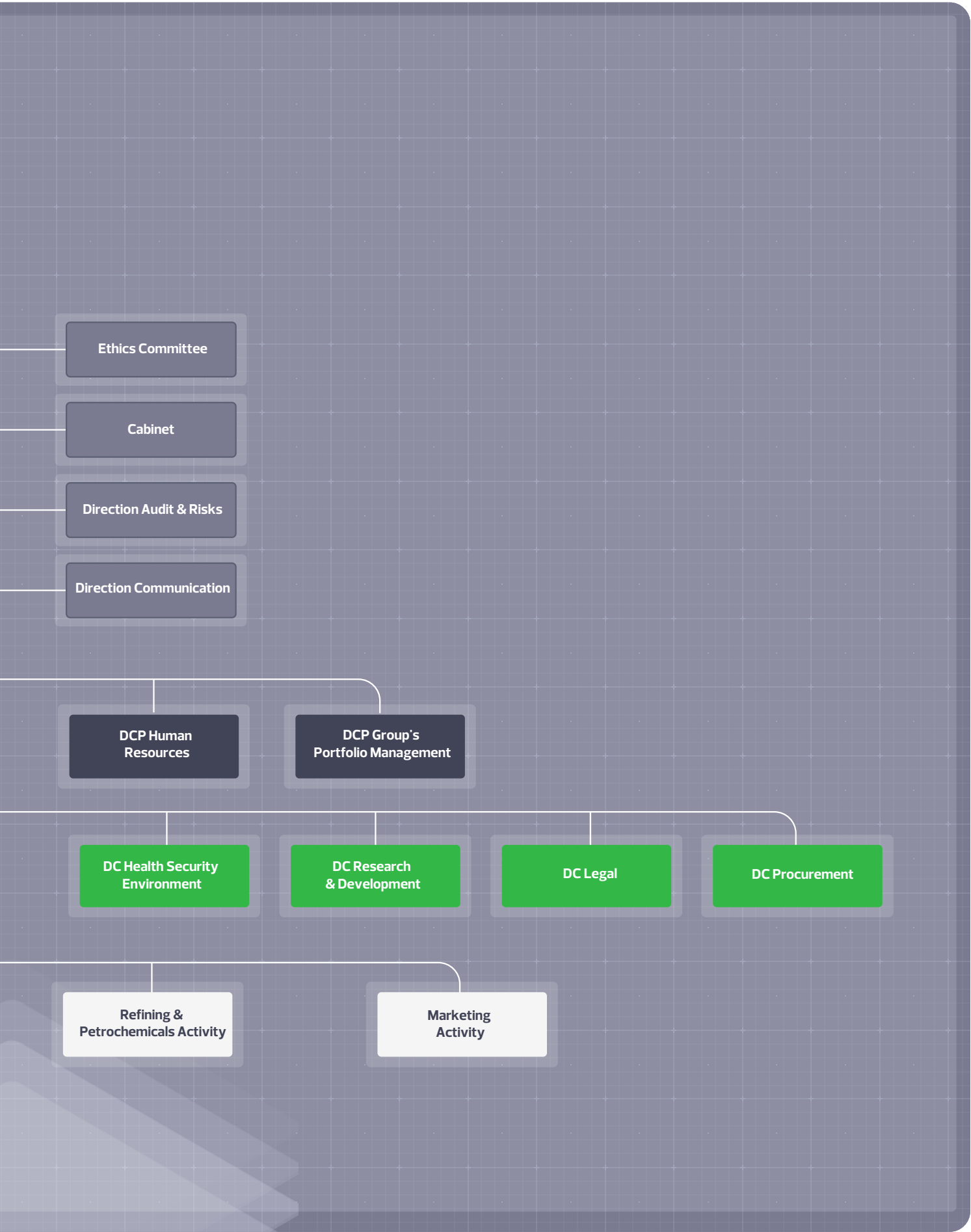
ALATOU Smain
Executive Director
Human Resources



**AOUCAR
Cherifa Karima**
Executive Director
Group's Portfolio Management

Organizational Chart





1 Oil & Gas Market Trends

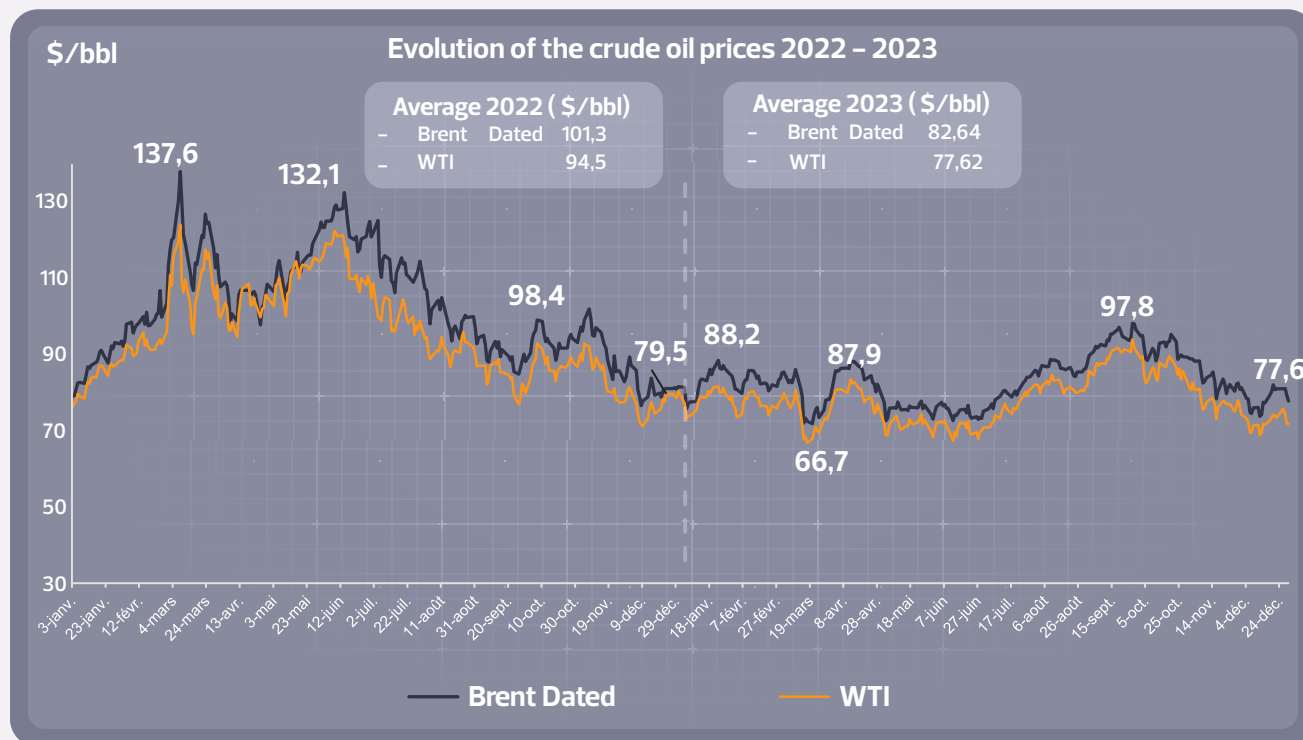
The Year 2023 was marked by a clear decline in oil prices. Geopolitical conflicts, a slowdown of global economic growth, overabundant oil offer and instability of the financial markets, explain largely this downward trend which also concerned gas prices which recorded a fall of more than 50% due to a relatively mild winter and US LNG exports to Europe.

The outstanding fact is that this decline in prices occurred in spite of the investors' concerns over energy supplies that have arisen in the wake of the Russian-Ukrainian conflict and tensions in the Middle-East.

However, the pursuit of the drop in production in the OPEC member countries, and also the US Government announcing the purchase of crude oil to replenish its strategic reserves, have ultimately contributed to stabilize the markets.

Oil & Gas markets outlook

• Brent decline by 18%



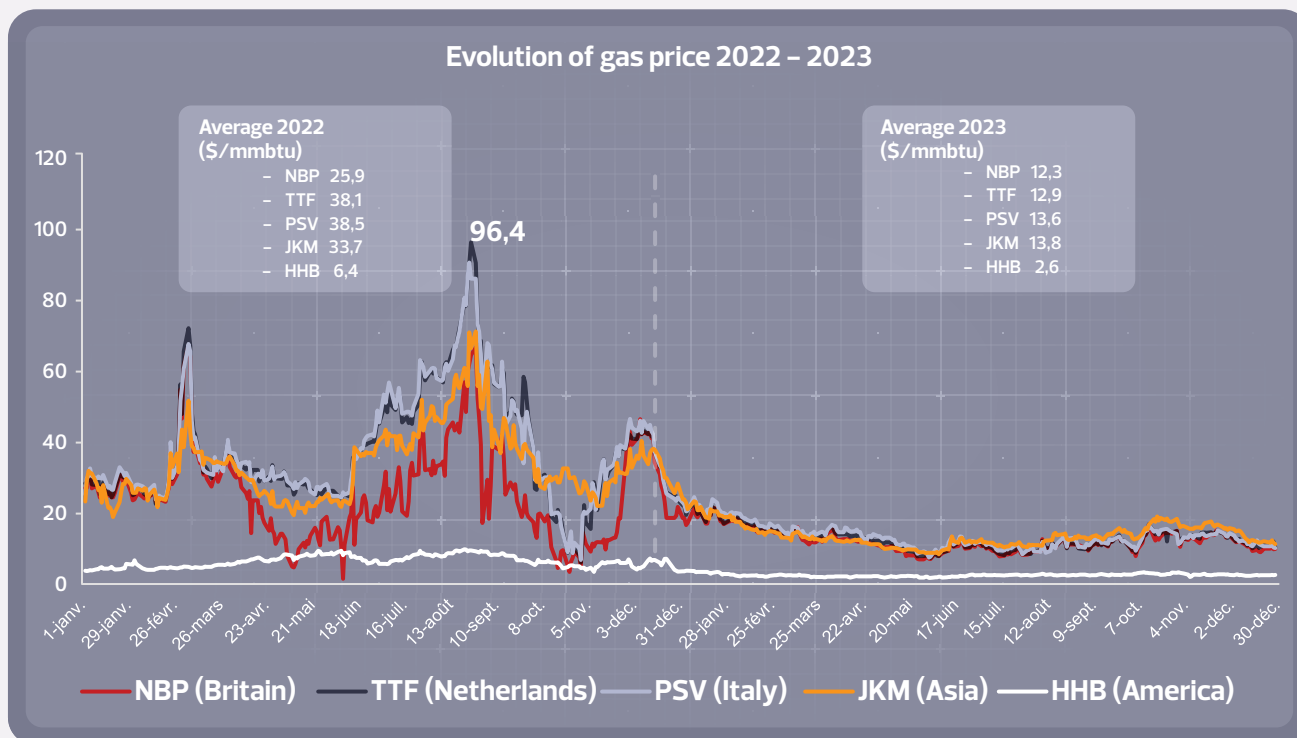
Brent DTD registered a drop of 18.42%, to stand at 82.64 \$/bbl against 101.3 \$/bbl in 2022. However, this decline in prices must be relativized as, with the exception of the peaks reached in 2022 at around 130 US\$/bbl, prices displayed in 2023 remained in the high price zone that the market has experienced since 2015.

The depression of the oil market in 2023 was favored by the combination of several adverse factors:

- The slowdown of the global economic growth due to the rise in interest rates by the European and American Central Banks.
- Unrest of financial markets, notably the bankruptcy of several American banks, Silvergate Bank, SiliconValley Bank, First Republic Bank and the collapse of Credit Swiss.
- Constraints to replenish US Strategic stocks (SPR) which amounted to 371.6 Mb, namely the lowest level in nearly 40 years.
- Decreasing inventories at Cushing, the US crude oil delivery center from 949.000 barrels to just a little less than 22 million barrels, the lowest level since July 2022.

- International concerns over the outbreak of the armed conflict in the Middle East, and its possible expansion to the neighbouring countries.
- The reductions applied by OPEC by 2.2 mmbbl/d have been widely compensated by the non-OPEC countries.
- Russian exports which remained strong thanks to a reorientation towards India and China with a production which stood at 9.6 mmbbl/d.

• Gas prices declining by more than 50%



The average gas prices registered in 2023, a loss of 57% for the Henry Hub, 66% for TTF and 59% for JKM compared to 2022.

Prices were impacted notably by the following factors :

- Mildness of the climate: temperatures above the seasonal average in winter, therefore reducing gas consumption for heating.
- An oversupply in offer due to the increase in LNG imports, notably, from the USA over the ten (10) first months of year 2023. LNG exports from the USA reached 72.4 MT in 2023, namely, an increase of 9.7% compared to 2022.
- Increase of Norwegian exports which reached 109.1 billion cm through its gas pipeline network to Europe during the year 2023.

- Fairly high stock levels up to more than 90% of the storage capacity at the beginning of winter season.
- An increase in electricity production from renewable energies (wind and solar) in the Netherlands and Germany.
- An oversupply in offer on the Asian market.

However, these unfavorable factors must not conceal the growing role of LNG on the European market which moved from the status of marginal contribution to that of a base load. This is how reliance of the European Union on LNG Spot purchases has strongly increased during the last three years, moving from 20 % of the total gas supply in 2021 to more than 50% in 2023.



2

Company's Achievements





Key indicators



Amidst conflicts, geopolitical uncertainties and also a slowdown in the global economy, the oil & gas markets registered a general downward trend in 2023. SONATRACH, alike the other major world companies, was impacted by the drop in oil and gas prices and the aftermath was a deterioration of its main financial indicators.

Demonstrating resilience and promptness, the company could control the fallout of this crisis to complete resolutely the achievement of the objectives outlined in its development plan.

Thus, SONATRACH hydrocarbon production continued its growth for the third consecutive year to reach 194 million TOE in 2023.

Likewise, the downstream activities also recorded good performances. Continuing to optimize its refining tool, the company has again succeeded in 2023 in satisfying all the national needs without resorting to imports.

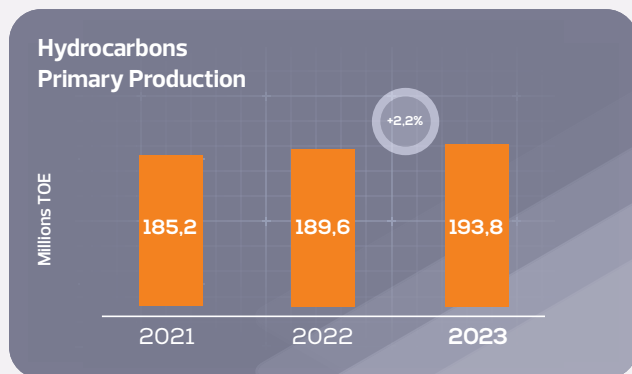
Key indicators of financial year 2023

The average annual crude oil price amounted to 83.60 US\$, namely, a decrease of 19% compared to financial year 2022.

- The overall turnover was 7218 billion DA , i.e, a 19% decrease compared to fiscal year 2022.
- Oil tax paid amounted to 5678 billion DA, namely an increase of 2% compared to fiscal year 2022.
- SONATRACH achieved a profitable net result of 675 billion DA.

Exploration-Production

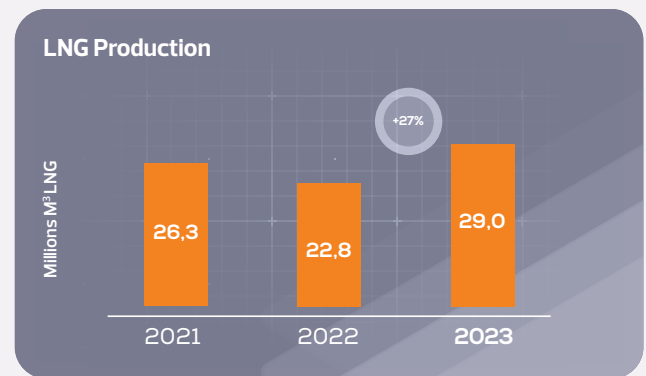
By focusing its efforts on the development of Exploration-Production, SONATRACH took up the challenge of a sustainable growth of primary production which has for the third consecutive year continued its progression to stand at 194 million TOE in 2023 , an increase of 2.2% compared to 2022.



Transformation des hydrocarbures

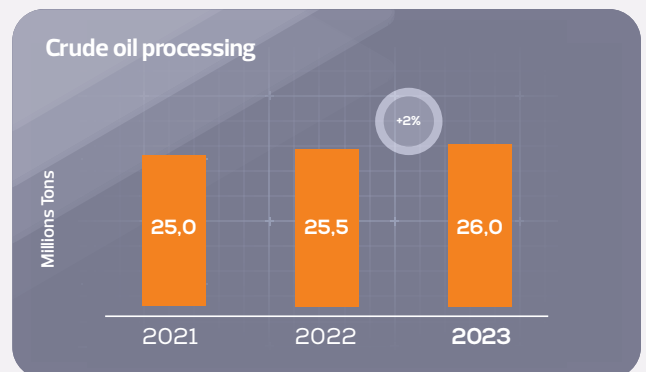
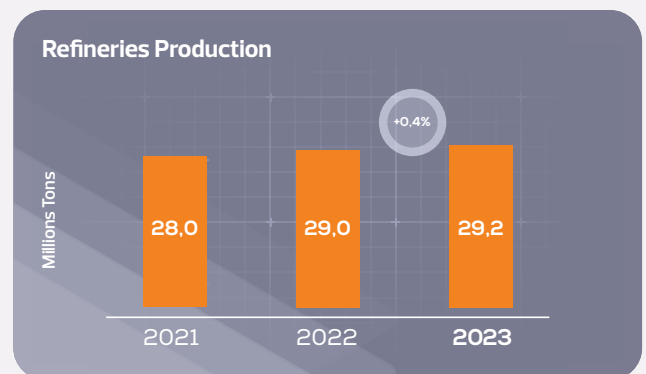
• Liquefaction-Separation

Seizing the opportunity of a strong demand of the gas markets, production of the LNG Complexes showed a growth of 27% reaching 29 million Cubic meters of LNG.



• Refining

The investments dedicated to the rehabilitation of the refining tool have borne fruit: refineries production , particularly those processing crude oil maintained their upward trend allowing to meet the total fuel needs of the national markets without recourse to imports.

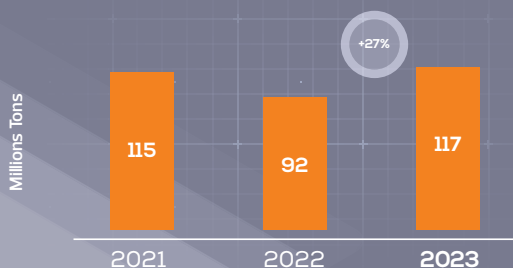


• Petrochemicals

The Activity Petrochemicals also registered good performance during financial year 2023.

Production of CPIZ complex CPIZ rose by 27% and methanol export sales jumped by 67%.

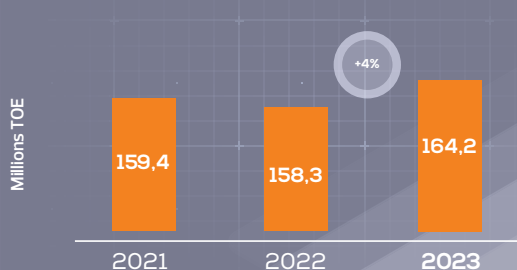
Complex production CPIZ



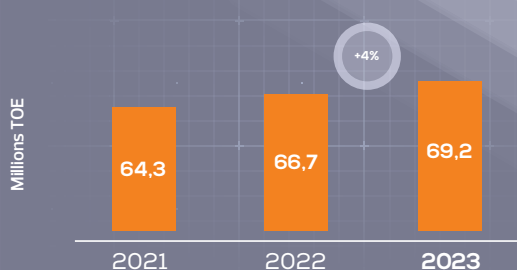
Marketing

Sales volumes trended upwards in 2023 for both the national market and export market. Thus, SONATRACH could meet the needs of the domestic market and honor its commercial commitments on the international market.

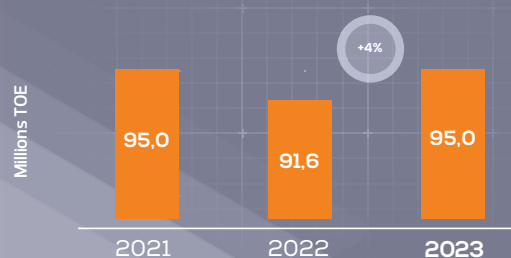
Sales Volumes



Sales Volumes on the Domestic Market



Exports Volumes

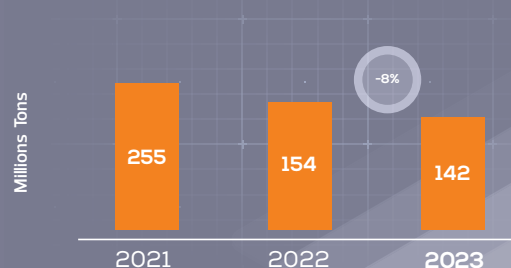


Export structure by products shows the significant increase in LNG, condensate and LPG sales.

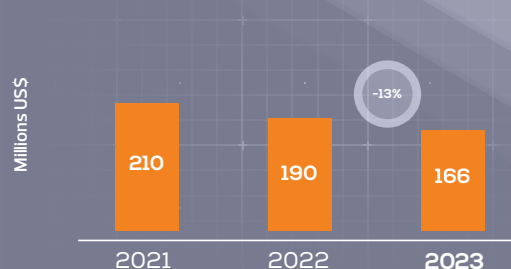
• Importations

As a consequence of the rehabilitation of the refining tool, imports decreased in volume and value. The value of imports stood at 166 million US\$ in 2023, a drop by 13% compared to 2022 and the outstanding fact is that no fuel imports were made during the financial year.

Imports Volumes



Imports Values





Achievements by Activity





To carry out the missions endowed to it, SONATRACH has set the development of Exploration – Production Activity (EP) at the top of its priorities.

The choice of investing massively in the upstream oil has a double objective:

- First, ensure on the long term energy security to the country.
- Then, Contribute to a safe and reliable supply of the global market in particular in matter of natural gas marketing.

Concerning downstream, SONATRACH mid-term development plan projects to speed up the growth of the development of the refining industry, petrochemicals and liquefaction of natural gas.

In terms of satisfying national demand with energy products, SONATRACH invests in the optimization of the existing refining tool and promotion of new fuels, notably, GPL/c and GNC, the ultimate objective is maximizing national production and stopping totally imports.

Developing a strong petrochemical industry is also part of the strategic objectives of the company. The aim is to promote the raw material available throughout the segments of the hydrocarbon chain, reduce the import bills and position itself on the international market of petrochemical products.

Exploration- Production

Algeria owns a vast mining domain of more than 1.5 million Km², still largely unexplored. Its hydrocarbon rich sub-soil, contains an important potential of resources.

SONATRACH attaches the greatest interest to the development of its upstream oil and devotes each year more than 70 % of its annual investment budget to research , development , exploitation and production of hydrocarbons.

To achieve its strategic objectives , SONATRACH makes great efforts to renew and expand its reserves portfolio by intensifying , notably, the research effort in poorly exploited basins and in complex areas as well as improving recovery rates of exploited deposits .

To accelerate the development of its upstream oil, SONATRACH relies on partnership, a strategic option which allows to share investments effort and risks linked to the Exploration/ Production Activity. Hydrocarbon Law 19-13 offers to foreign investors a favorable environment thanks to a clear regulatory framework and attractive tax advantages.

• The Main Achievements in 2023

- **Hydrocarbon discoveries: 15 discoveries, of which one (01) in partnership.**
- **Hydrocarbon primary production : 193.8 Million.**
- **Crude oil TOE: 46.1 Million tons.**
- **Natural Gas: 136.1 Billion Sm³.**
- **Condensate: 8.3 Million tons.**
- **LPG on fields: 8.6 Million Tons.**

• The outstanding facts

• **Signing of three new hydrocarbon contracts under the aegis of Law 19-13:**

- Signing of a hydrocarbon contract , between SONATRACH and its partners PERTAMINA and REPSOL on the contractual perimeter of Menzel Lejmat (Block 405).
- Signing of a hydrocarbon contract between SONATRACH and TotalEnergies on the TFT II South perimeter.
- Signing of a hydrocarbon contract between SONATRACH and TotalEnergies on the TFT South perimeter.

• **Commissioning :**

South West Gas Projects : in February, Hassi Tidjerane in March and Hassi Ba Hamou in July 2023.

Development of gas field Ain T'sila (Isarène) : Commissioning of Train 2.

- New perimeters in own effort : Oued Merabia in HRM in March, Bir Bou Rouicha in HMD in July, Rhourde En Naga South in BBK in May and Berkine South in BBK.

- New fields in association : five (05) oil fields in Berkine North, four (04) oil fields in Hassi Bir Rekaiz, two (02) oil fields and two (02) gas fields in Berkine South.

• **Signing of contracts for the realization of projects:**

- EPCC Contract between G-TFT and CPECC relating to the creation of a low pressure compression unit, a collecting network for 24 new producing fields at the existing plant, and the revamping of the existing installations.

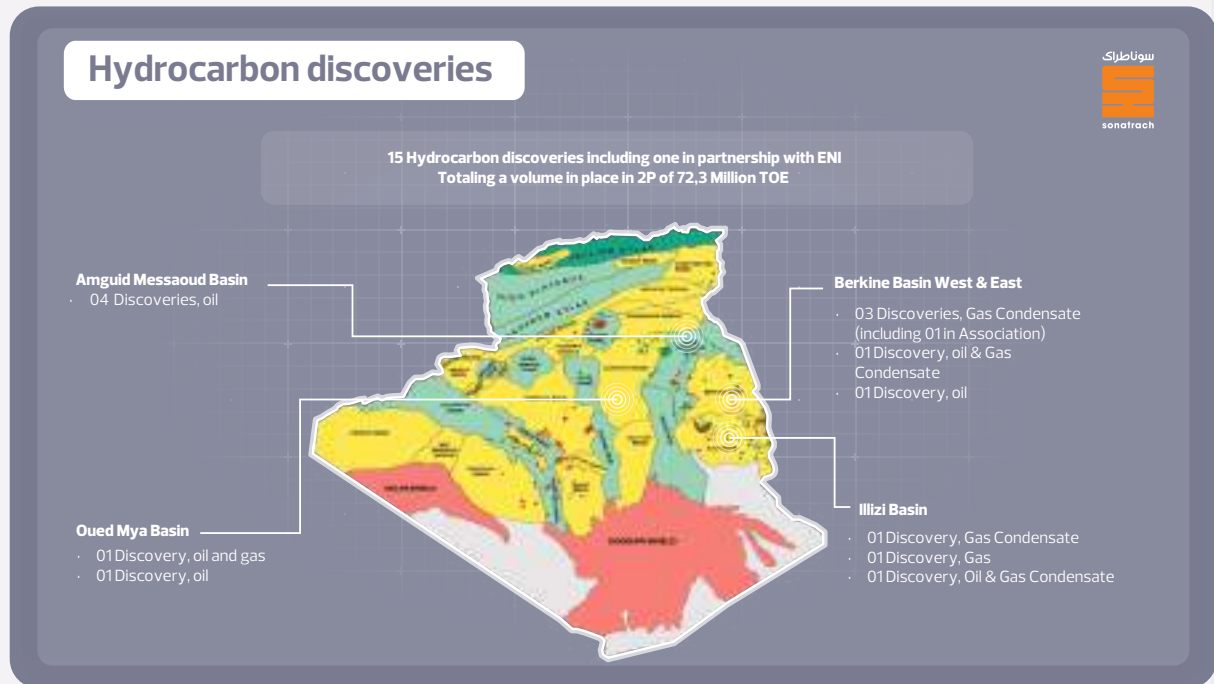
- EPC contract between G-TFT and GTP relating to the extension works of TFTII collection network for the connection and putting on stream of eleven (11) new wells.

- **Connection of 16 wells in Ohanet with GTP (connection of 12 wells of Ohanet fields and connection of 4 wells of Tinrhert fields).**

• Exploration and new discoveries

Year 2023 ended with the realization of 15 hydrocarbon discoveries, including one under partnership with ENI.

The latter totaling a volume in place in 2P of 72,3 Million TOE.

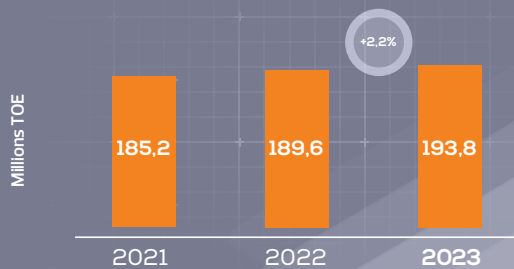


• Primary production of hydrocarbons

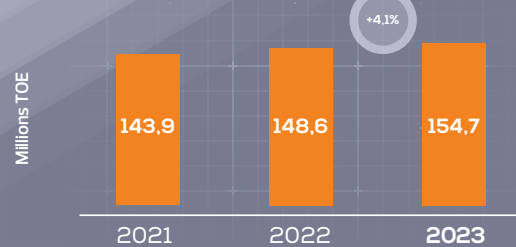
Primary hydrocarbon production stood at 193.8 Million TOE in 2023, an increase of 2% compared to 2022.

Primary production in own effort reached 154.7 Million TOE, recording a notable increase of 4.1% compared to 2022.

Primary production of hydrocarbons

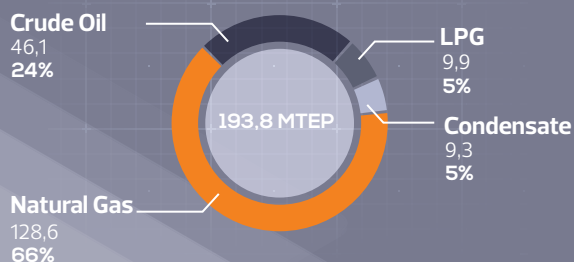


Primary Production in Own Effort



Distribution by product shows a clear predominance of natural gas with 66%, 24% for crude oil, 5% for condensate and 5% for LPG.

Distribution of production in 2023 (MTEP)



Primary Production in Partnership



Production of deposits operated in association stood at 39.1 Million TOE.



Pipeline Transport

The pipeline transport network plays an important role in regulating liquid and gaseous hydrocarbon flows depending on the fluctuation of the demand on the national and international markets.

Today, this network with 21.190 km in length provides SONATRACH with the quality of a reliable and trusty supplier to its national and international clients. The TRC transport network is subdivided into two additional parts:

- The Southern Network which departs from deposits and transmits effluents to the liquid hydrocarbon dispatching center in Haoud El Hamra (CDHL) for crude oil and condensate and to the National Gas Dispatching center located in Hassi R'Mel (CNDG) for natural gas and LPG.
- The Northern network which ensures the transport of :
 - Crude oil from CDHL to the refineries and export ports.
 - Condensate from CDHL and Hassi R'Mel deposit to Skikda refinery and the export ports.
 - Natural gas from CNDG towards the national market network, the gas pipelines intended to exports and the liquefaction complexes.
 - LPG from Hassi R'Mel to the separation complexes.

• Main Achievements

- **Volumes transmitted via the North network: 159.4 Million TOE**
- **Volumes transmitted via the South Network : 84.8 Million TOE.**

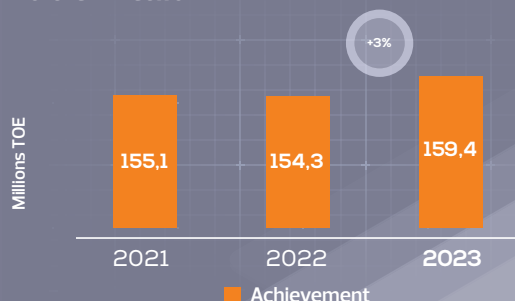
• Outstanding facts

- **Signing of contracts for the completion of three projects :**
- Rehabilitation of the liquid hydrocarbon center Haoud El Hamra with the affiliate ENAC.
- Rehabilitation of the National Gas Dispatching Center with the affiliate GTP.
- Upgrading of Béni Saf Arrival Terminal and extension of GZ4 Departure Terminal in Macta Douze with GTP.

• Volumes transported via the North Network

hydrocarbon volumes evacuated in 2023 via the North Network reached 159.4 Million TOE namely, up by 3% compared to the financial year 2022.

Northern Network

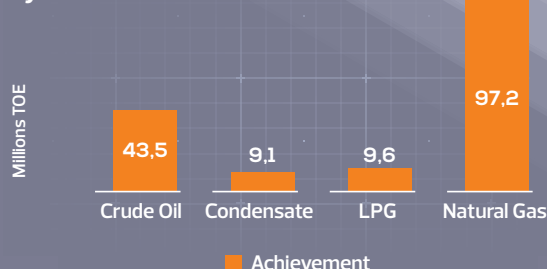


The volumes evacuated to the North by product are distributed as follows :

- **Crude Oil: 43.5 Million Tons**, of which 24.5 Million Tons were delivered to the refineries in the North.
- **Natural Gas : 102,8 Billion Cm³**, of which 42.5 Billion Cm³ were delivered to Sonelgaz, 22.5 Billion Cm³ to LNG production complexes and 34.9 Billion Cm³ were destined to export via gas pipelines.

- **Condensate: 8,2 Million Tons**, of which 4.6 Million tons were supplied to the condensate refinery of Skikda.
- **LPG : 8,3 3 Million Tons** were intended to separation in the North.

Quantity transported on the Northern network by Product



• Volumes transported via the South Network

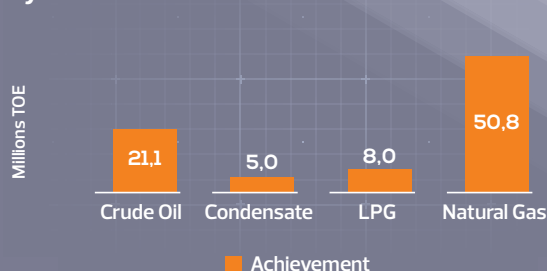
The volumes transported via the South Network stood at 84.8 Million TOE , up by 2% compared to 2022.

Southern Network



The volumes transported via the South network by product are distributed as follows:

Quantity transported on the Southern network by Product



Liquefaction-Separation

Liquefaction -Separation (LQS) is responsible for transforming hydrocarbons by liquefaction of natural gas and separation of LPG.

Pioneer in the LNG industry, SONATRACH has become one of the world's leading players in production and marketing of liquefied natural gas and by-products such as ethane, propane, butane and gasoline.

Today, SONATRACH owns an important LNG production capacity estimated at 56 million cubic meters/year, which allow it to supply its clients in the Mediterranean Basin, in Western and Northern Europe, in Asia and wherever the commercial and operational conditions allow it.

Asserting its willingness to speed up the development of its LNG production capacity and the reinforcement of its presence on the global gas market, SONATRACH has launched several investment projects in the industrial zones in Skikda and Arzew in order to increase the reliability of the liquefaction complexes, expand LNG storage capacity and modernize the loading installations.

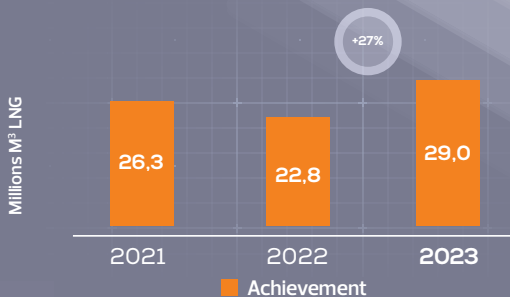
• Main achievements in 2023

- **LNG Production: 29.0 million cubic meters LNG.**
- **Propane Production: 4.95 Million tons.**
- **Butane Production: 3.75 Million tons.**

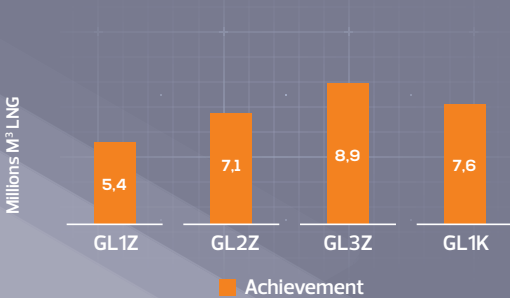
• LNG Production

LNG production registered in 2023 a remarkable performance reaching 29.0 Million tons cubic meters of LNG, namely an increase of 27% compared to the financial year 2022.

LNG Production



LNG Production by Complex



• Separated LPG production

In matter of separated LPG, the volume of propane and butane production stood at 8.7 Million tons, i.e, a rise of 5 % compared to 2022.

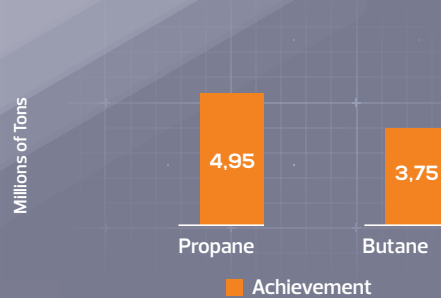
These volumes come from GP1Z and GP2Z separation complexes (95%) and LNG complexes (5%).

Separated LPG Production



The volume of propane produced in 2023 reached 4.95 Million tons against 3.75 Million tons of butane.

Propane and Butane Production



Refining and Petrochemicals

Refining & Petrochemicals Activity is in charge of hydrocarbon transformation to supply the national and international markets with quality petroleum & petrochemical products.

Today, SONATRACH, owns six operating refineries across the national territory, of which one dedicated to condensate and one refinery abroad. It also has in full ownership two petrochemical complexes.

With the view to promoting its raw materials, SONATRACH ambitions, through its investment program in refining and petrochemicals, to be a major player in industrialization in Algeria.

SONATRACH's development plan targets the modernization and expansion of its existing refining installations and establishing a performing petrochemical industry, through the promotion and transformation of available raw materials across all the segments of the hydrocarbon chain.

• The main Achievements

- Total Production of refineries : 29.2 Million tons.
- Production of petrochemical complexes: 133 992 tons.

• Highlights

- Signing of contracts:
 - Completion of petrochemical complex PDH/PP for the production of polypropylene in Arzew with the consortium Petrofac – HQC (China Huanqiu Contracting & Engineering Corporation).
 - FEED for the realization of a catalytic hydrotreatment and reforming unit in RA1Z (Arzew) with EIL/India (Engineers India Limited)..

• Refining

Total crude oil volume processed by refineries

Crude oil processing



Overall production of refineries for oil products

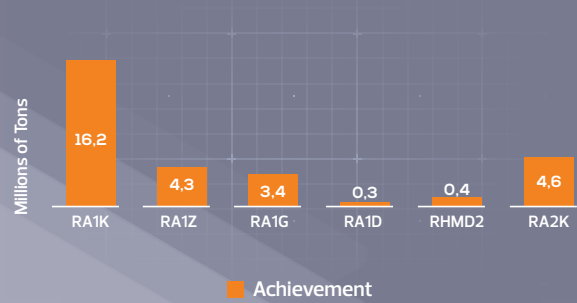
The total production of refineries for oil products amounted to 29.2 Million Tons, slightly up by 0.4% compared to 2022.

Refineries Production



Distribution of refinery production

Production by Refinery



• Petrochemicals

Production of petrochemical complexes CP1Z/CP2K

Production of complex CP1Z in Arzew reached a volume of 116 960 Tons. CP1Z sales registered 12 828 Tons on the national market and 107 807 Tons In export. The turnover of these exports amounted to 22 Million US\$.

Petrochemical complex CP2K in Skikda recorded a production of 17 032 Tons of PEHD. On the national level, Sales stood at 12 606 Tons

Marketing

Through Marketing Activity , SONATRACH ensures on the one hand, to guarantee the security of energy supply to the national market, and on the other hand, to optimize the valorization of hydrocarbons destined to exports.

On the international level, SONATRACH has real assets which allow it to assert itself as a major player on the global gas market, notably through :

- Its presence across all the segments of the gas industry.
- Its reputation as a reliable energy supplier.
- The flexibility of its transport infrastructure (LNG and intercontinental gas pipelines).
- The geographical proximity to Europe.
- A proven ability of adaptation to the evolvments and of the market conditions.

In recent years, SONATRACH could adapt its commercial instruments to the gas markets trends through, among other things, the conclusion of mid and short-term contracts.

Today, SONATRACH is:

- 1st natural gas supplier to Italy.
- 2nd natural gas supplier to Spain.
- 2nd LNG supplier to Turkey.
- 2nd LNG supplier to Greece.

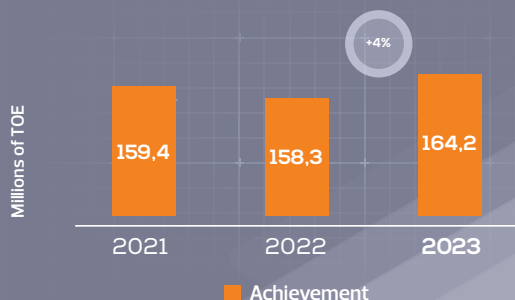
• Main achievements in 2023

- **Marketed Production: 164,2 Million TOE.**
- **Export : 95.0 Million TOE.**
- **Volume of sales on the national market : 69.2 Million TOE.**
- **Export Turnover : 49.8 Billion US\$.**
- **Average price of Sahara Blend : 83.60 \$US, \$/bbl.**

Total volumes of sales

The overall hydrocarbon volumes sold including SONATRACH's units reached 164.2 Million TOE up by 4% compared to 2022.

Sales Volumes



Volume of hydrocarbon exports

The volume of hydrocarbon exports stood at 95.0 Million TOE, up by 4% compared to 2022.

Export Volumes



Distribution of exports by product

By product, the exported volumes in 2023 registered in comparison with 2022, a remarkable increase for LNG, Condensates and LPG however, they showed a slight decrease for natural gas, crude oil and refined products.

• Crude oil

Crude oil exports in 2023 reached a volume of 18.5 Million tons, a slight decline (-1%) compared to 2022.

Crude Oil Export



• Condensate

Condensate exports rose to 3.4 Million tons in 2023, up by 15% compared to 2022.

Condensate Export



Propane and Butane

Propane exports rose to 3,8 Million Tons in 2023, an increase of 5% compared to 2022, whereas those of butane reached 2,7 Million tons, namely, (+8%) compared to 2022.

Propane Export



Butane Export



Refined Products

In spite of a slight decrease in comparison with 2022, refined products exports are in line with the forecasts for 2023. This positive result can be explained by the good performance of refineries' production and exceptional exports of 267000 tons of gasoline and base oils.

Refined Products Export



Natural Gas

Natural gas exports reached a volume of 34.9 Billion Cm³ in 2023.

Natural Gas Export



Liquefied Natural Gas

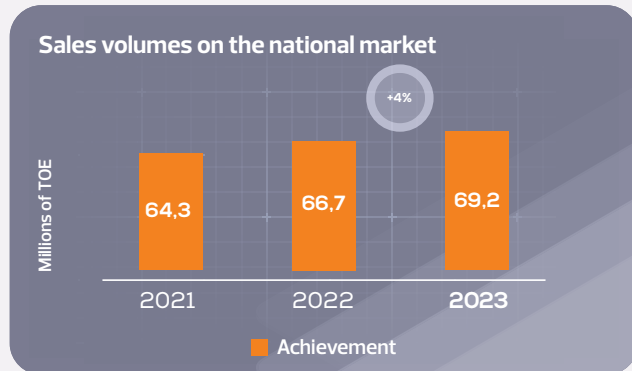
LNG exports reached a volume of 28.8 Million m³ LNG, an increase of 31% compared to 2022.

LNG Export



Hydrocarbon sales on the national market

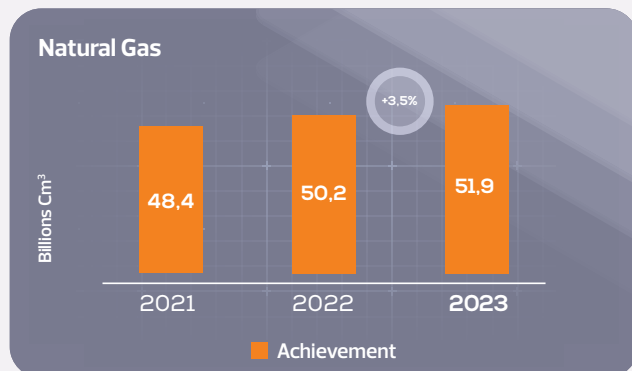
Hydrocarbon sales on the national market reached 69.2 Million TOE in 2023, up by 4% compared to 2022.



Sales Distribution on the national market by product

• Natural Gas

Natural gas sales in 2023 stood at 51.9 Billion cubic meters, namely, an increase of 3.5% compared to 2022.



• Propane and Butane

Propane and Butane on the domestic market amounted to 3.1 Million tons in 2023, i.e, an increase of respectively 7 and 4 % compared to 2022.



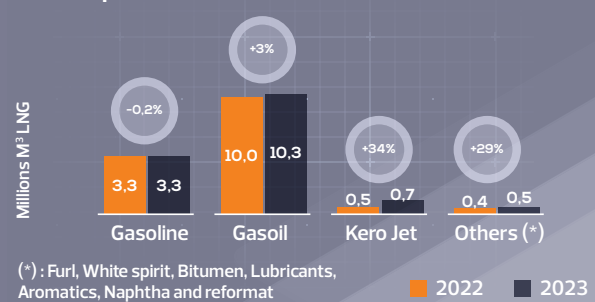
Butane



• Refined Products

Refined products on the national market increased by 4% compared to 2022.

Refined products details



Refined products



• Progression of GPLc sales

Gasoline sales reached a volume of 3.3 Million tons in 2023, equivalent to that of 2022.

Oil products Importation

in terms of oil products imports, a volume of 142 thousand tons was recorded in 2023 against 154 thousand in 2022, namely a drop of 8%.

Import Volumes





3 Investments





Achievements by Activity



SONATRACH's achievements in terms of investments in Algeria amounted in 2023 to 754 billion DA (50.0 billion US\$ equivalent). The largest share of these investments (82%) is dedicated to the Exploration/Production Activity.

1. Exploration-Production

The investments in the Exploration/ Production Activity represented most of the achievements, i.e, 82% of the total with an amount of 621 Billion DA (4.1 Billion US\$ equivalent) , distributed as follows:

- SONATRACH in own effort: 460 Billion DA (3.1 Billion US\$ equivalent)

- SONATRACH in association: 161 Billion DA (1.1 Billion US\$ equivalent).

The investments achieved in association represent 26% of the total investments allocated to Exploration-Production Activity in 2023.

In billions of DA	Achievements 2022	Achievements 2023
Exploration	101	83
Sonatrach in own effort	88	78
Sonatrach in partnership	12	5
Development & exploitation of deposits	424	438
Sonatrach in own effort	254	282
Sonatrach in partnership	169	156
Others	1	1
Total	676	621
<i>Total in billions of US\$ equivalent</i>	4.8	4.1

• Exploration physical effort 2023

Investments for the year 2023 are estimated at nearly 83 billion DA (552 million US\$ equivalent).
These investments focused mainly on the acquisition of 5,991

km of 2D seismic profiles, 13,579 km² of 3D seismic profiles and drilling of 45 wells of which 30 were delivered.

*Physical efforts Explorations made in own effort and in partnership year 2023.

	Achievements 2022	Achievements 2023
Sonatrach en effort propre		
Seismic 2D (Km)	3 025	5 991
Seismic 3D (Km ²)	13 761	13 579
Number of wells completed	32	30
Sonatrach in Partnership		
Seismic 3D (Km ²)	-	-
Number of wells completed	5	2
Global effort		
Seismic 2D (Km)	3025	5 991
Seismic 3D (Km²)	13 761	13 579
Number of wells completed	37	32

• Deposits Development and Exploitation

Concerning the development and exploitation of the deposits, the level of investment achieved in 2023 reached 537 Billion DA (3.6 Billion US\$ equivalent) of which 71 % in own effort.

These efforts are mainly deployed in realization :

- Main development projects of deposits : Northern outskirts of Hassi Messaoud, Touggourt, Tinrhert, Rhourde Chegga, Rhourde El Baguel LPG plant , TFT, Touat, South-West pole and Ain Tsila.
- Development Drilling program , of which physical effort stood at 123 wells completed, of which 87 wells in own effort.

In billions of DA	Achievements 2022	Achievements 2023
Sonatrach in own effort		
Volume of activity (meters drilled)	221 744	267 098
Number of drills completed	72	87
Sonatrach in association		
Volume of activity (meters drilled)	120 953	124 267
Number of drills completed	40	36
Global effort		
Volume of activity (meters drilled)	342 697	391 365
Number of drills completed	112	123

2. Pipeline Transport

The volume of investments in 2023 reached more than 56 billion DA (374 Million US\$ equivalent). This amount represents 7% of SONATRACH's total investments. Nearly 52% of the achievements focused on development and rehabilitation projects, mainly the rehabilitation of pipelines GZ2, OB1 and OH1 as well as CNDG and CDHL.

The achievements also concern the renovation of the departure station SP1 HEH and OK1, bringing into compliance the detection/extinguishing systems and the fire networks at Laghouat/Hassi R'Mel & Relizane areas and at the Marine terminal of Béjaïa, the replacement of oil pipe OD1 and SP1, of OH1 in Amenas, the gas coolers of stations GZ1/2/3 and the upgrading of TA GZ4

*Répartition des investissements

In billions of DA	Achievements 2022	Achievements 2023
Development	3	1,3
Rehabilitation	37	28
Infrastructures	7	11
Exploitation	12	12
Maintenance/Telecommunication/Headquarter	3	4
Total	62	56
<i>Total in Millions of US\$ equivalent</i>	<i>436</i>	<i>374</i>

3. Liquefaction and Separation

Achievements concerning the Liquefaction Separation Activity amounted to 32 billion DA (216 Million US\$ equivalent), namely, 4% of the total investments.

Most of the achievements focused on the projects for the construction of a new pier at the port of Skikda, the

construction of a new LNG storage tank at GL1K, the supply and installation of four (04) main exchangers at level of the GL1Z and GL2Z Complexes as well as investments in maintenance , reliability and security of the complexes.

***Répartition des investissements**

In billions of DA	Achievements 2022	Achievements 2023
Development	8.8	2.6
Infrastructures	0.6	1.7
Maintenance, Reliability and Security	9.3	8.9
Total	34	32
<i>Total in Millions of US\$ equivalent</i>	242	216



4. Refining and Petrochemicals

The achievements in Refining and Petrochemical Activity reached nearly 32 billion DA (212 Million US\$ equivalent), namely, 4% of the overall investments.

Most of the realizations are related to the new Methyl Tert Butyl Ether (MTBE) unit of Arzew and also the

investments for maintenance, reliability and safety of the refineries.

Investments Distribution / Refining and Petrochemicals.

In billions of DA	Achievements 2022	Achievements 2023
Development	10	25
Refining	1	0.7
Petrochemistry	9.4	24
Maintenance, Reliability and Security	6	7
Headquarter RPC	0.3	0.3
Total	16	32
<i>Total in Millions of US\$ equivalent</i>	<i>113</i>	<i>212</i>



4 Human Resources

To achieve the objectives of managerial and operational excellence it has set out , SONATRACH has placed the valorization of its human resources at the top of its priorities.

Lever of growth and competitiveness, training is at the core of the Company's human resources management policy. Through continuing training, the company ensures that its employees' skills are maintained at their best level. Professional development path, targeted training, and development of professional scenarios contribute to this approach of skills development to face the challenges of an ever evolving oil & gas industry.

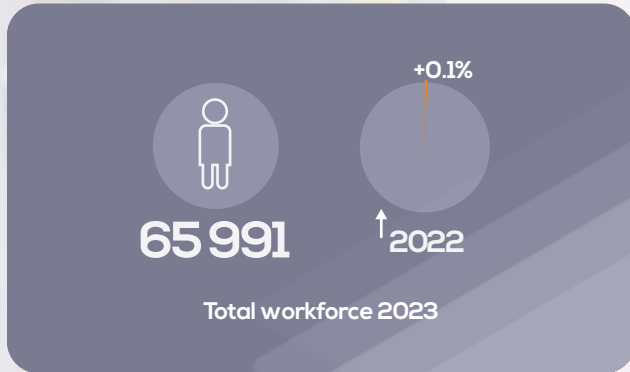
To develop effectively its workers' skills, SONATRACH relies on its two training Centers : the Algerian Institute of Petroleum (IAP) and Sonatrach Management Academy (SMA) which deliver high- level education to the future executives of the Company.

Strengthening partnerships between SONATRACH and the Universities constitutes another important axis of the company's training policy aiming at promoting synergies, knowledge sharing and supporting fundamental research.

Human Resources Report for the year 2023

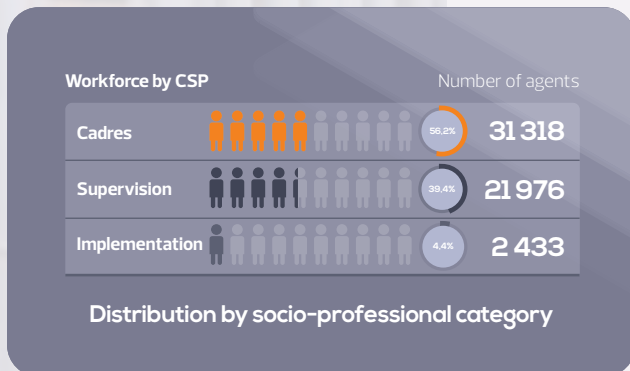
• Employment

The year 2023 closed with an overall workforce of 66 025 agents, slightly up by 0.1% compared to 2022 (65 991 agents).



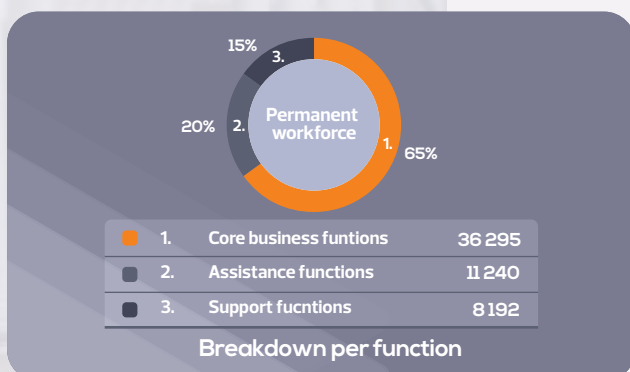
Distribution by socio-professional category

The permanent workforce represents 84% of the total workforce. It's distribution reveals a clear preeminence of the executive category and is distributed by socio-professional category as follows:



Distribution by functions

By functions the share of core businesses clearly predominates:



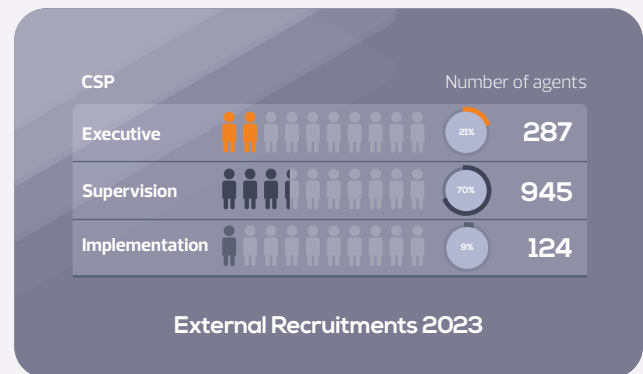
The proportion of FCM workforce represents 93% of the expected objective, (namely, 70% FCM). The average age of permanent staff is 43 years with an average seniority of 14 years.

Female staff represents 16.5% of the overall permanent workforce, namely, 9184 agents, up by 0.9% compared to 2022 (9104 agents). Nearly a third of this workforce works in core businesses functions. Average age of this staff is 41 years with an average seniority of 13 years.

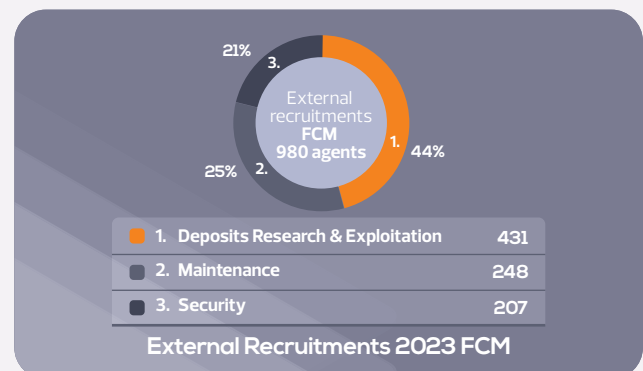
• External Recruitments

External recruitments achieved during the year 2023 reached 1356 permanent agents.

By socio-professional category these recruitments concern mainly supervision:



External recruitments in core businesses functions "FCM" amounted to 980 agents (namely, 72% of the overall external recruitments) of which more than 90% were related to the following functions:



External recruitments in Assistance & Support functions "FSS", reached 376 agents, (namely, 28% of the total external recruitments), assigned mainly to the positions related to the following sectors:



1. Health	81
2. Finances/Accounting	70
3. IT	45
4. HR	35
5. Supply	29
6. General Resources	28
7. Realization	23
8. Legal	15

External Recruitments 2023 FSS

Up to 78% of these recruitments were motivated by the functioning needs and by 21% to the launch of development projects.

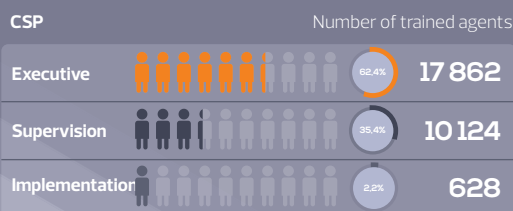
• Training

Achievements

During the year 2023, 28614 agents were trained (namely 43% of the total workforce) for a global duration of 301029 h/day and an overall cost of 5672 million DA (ie. 2.5% of the payroll) up by 14% compared to 2022.

Training concerned primarily Executives and targeted mainly core business functions..

Distribution by socio-professional category



Training by socio-professional category

Distribution by function

- Core business functions: 19 839 agents, namely 69% of the overall trained workforce and 55% of FCM workforce.
- Assistance /Support Functions « FSS » : 8 777 agents, namely 31% of the total trained workforce and 33% of the FSS workforce



1. Core business functions	36 295
2. Assistance/Support functions	11 240

Training by function

The staff's average age is 42 years with an average seniority of 13 years.

Female staff represents 16.7% of the total trained workforce, namely 4771 agents. Nearly 38% of the workforce work in core business functions.

Training provided by the training centers of the Company (IAP, SMA and training centers of the Activities) represent 91% of the total man/days (namely, 272 507 m/d) corresponding to 46 232 participations and a cost of 26 million DA, namely, 88% of the global cost.

In man/days, actions were refocused by 59% on the areas of core business functions and 41% in the areas of assistance/ support.

Face to face training represents 93% of the total man/day. Nearly 88% of the training actions, performed in 2023, were short-lived, namely on average 8.5 days by agent.



5 HSE

SONATRACH strives to maintain the best standards and performance in matter of health, safety and Environmental Protection.

Targeting excellence in HSE practices, the company relies on three fundamental values: Human resources, Communication and Transparency.

In its general declaration of HSE Policy adopted in 2021 the company undertakes to develop a system of continuous identification and assessment of risks and implement all the necessary and appropriate measures to reduce them. It is also committed to ensuring security of its assets and that all systems of risk management are constantly functional and efficient.

SONATRACH places the improvement of its HSE performances at the core of its challenges.

For this purpose, the company has developed programs aimed notably at :

- Reducing the accidental risk , notably, preventing major risks and reinforcing the integrity of installations and structures.
- Reducing primary containment losses (risks of hydrocarbon leaks).
- Reducing flaring rate, mitigating greenhouse gas emissions (GHG) , improving the company's water efficiency and also the management of pollution risk.

HSE achievements in 2023

In 2023, SONATRACH registered encouraging results in risk management affecting various sectors, including :occupational health, integrity and compliance of installations, climate & environmental protection, emergency and crisis management, audit and control.

Thus, 426 work accidents were recorded on all SONATRACH's sites , down by 4% compared to 2022 (442 accidents). This improvement is mainly attributable to the efforts made by the top management, management and all the workers..

1. Health Promotion At Work

Promoting health at the workplace implies the improvement of the management of various risks such as road safety , preventing non-accidental mortality, food hygiene and above all the improvement of the workers' medical surveillance as well as promotion of HSE culture.

▪ Improving road security

Multiple actions have been undertaken in this area , notably:

- Staff training on road risks in collaboration with the Group LOGITRANS .
- Deployment of the vehicle management and maintenance procedure and journey management procedure .
- Progressive provision of vehicles (light and heavy) with on-board driving control systems (IVMS) and GPS .
- Implementation of travel management plans (routes, stops, communication protocols with drivers , etc.) .

▪ Prevention of non-accidental mortality in the workplace

Management of this type of risk is carried out through the development of an action plan based particularly on the Cardiovasculaire Disease Management Program (CVD) and also the management of medical emergencies in the workplace environment.

▪ Food hygiene

To prevent risks relating to the consumption of foodstuffs, a HACCP training plan has been launched for the benefit of company's kitchen committees .

▪ Leadership development and promotion of HSE Culture

In a proactive approach SONATRACH has adopted golden rules called **"SALAMATI Rules"** which aim to prevent accidental risks particularly for major company risks.

A communication and information plan relating to the SALAMATI Rules has been developed and deployed at the level of Arzew Poles and the HRM Pole.

2. Integrity And Compliance of Installations

The company ensures the integrity and compliance of installations and through the implementation of the Process Safety Management (PSM) Project and execution of the regulatory diagnostics and compliance work.

In accordance with its HSE strategy, SONATRACH continued in 2023 the implementation of the Process Safety Management (PSM) Project. Based on the principle of risk management, the PSM project places the integrity of knstallations and safety process at the core of the company's priorities.

▪ Regulatory diagnostics

In application of the provisions of the Executive decree N° 21-331 of August 25, 2021, setting the conditions for bringing hydrocarbon installations and equipment into compliance , a roadmap has been established in order to achieve, in own effort, cleanliness compliance programs at the level of some SONATRACH sites.

In 2023 :

- 16 diagnostics were carried out, including 4 diagnostics approved by the Hydrocarbon Regulatory Authority (ARH).
- 05 diagnostics are being carried out.

3. Climate & Environmental Protection

Environmental protection constitutes a fundamental axis of SONATRACH's HSE Policy. The actions carried out in 2023 concern, in particular, the GHG measurement system, reduction of the volume of flared gas and fugitive methane emissions, the improvement of energy efficiency, the implementation of a forestry program, the preservation of water resources & reduction of discharges.

• Generalization of the Measurement Reporting and Verification System (MRV).

After the completion between 2021 and 2022, of two pilot projects for the implementation of the MRV System in the region of Rhourde Nouss (MRV Emissions) and the GSE/BRN Group (MRV Attenuation), the year 2023 was marked by the generalization of the MRV System at the Activity level.

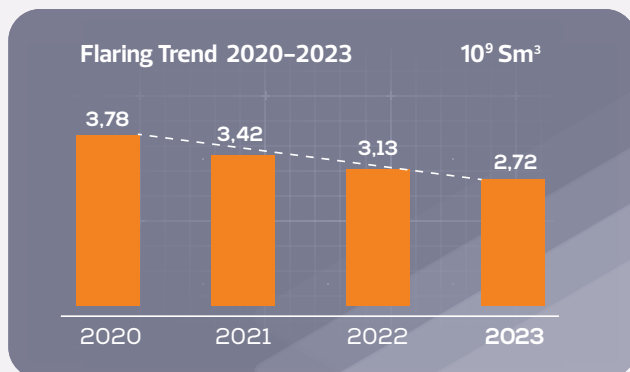
This process will be reinforced by the gradual introduction of devices for continuous measurement and monitoring of greenhouse gas emissions (GHG), based on bottom-up approaches (sensors, cameras) and top-down approaches (satellites, aircraft, drones).

• Reduction in the overall volume of flared gas.

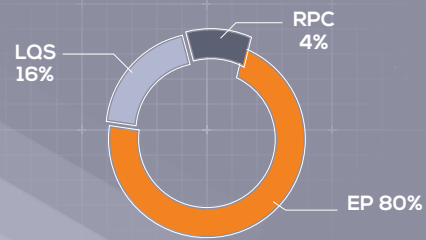
During the year 2023, the overall volume of flared gas at the level of SONATRACH's operational activities is 2.72 billion Sm³, and the EP Activity represents 80% of the total flared volume or 2.18 billion Sm³.

During the recent years, a downward trend of flared gas volumes has been observed. Estimated at nearly 15% compared to the year 2022, this decrease reaches 28% for the period of four years 2020–2024, namely a volume of avoided flared gas of 1.06 billion.

This decrease is mainly explained by the commissioning of several associated gas recovery projects at the level of several regions of the Production Division, mainly in the Hassi Messaoud region.



Distribution of flaring 2023 by activity



However, additional efforts must be made by the activities to achieve the assigned objectives, namely, reducing the overall volume of flared gas to lower than 1%, and zero routine flaring by 2030.

• Reduction of methane emissions

The assessment of the reduction of fugitive methane emissions represents a major climatic and economic challenge. A program aiming to detect, repair and prevent all the leaks was launched in 2023. This program includes, notably, the launch of methane fugitive leaks detection and repair campaigns (LDAR), Satellite monitoring of operational sites, in collaboration with the Algerian Space Agency (ASAL) as well as the creation of the methane baseline, which will define the emission levels and the related reduction targets.

• Improved energy efficiency

As part of the Framework agreement signed with the National Agency for the Promotion and Rationalization of Energy Use (APRUE), an ambitious energy audit and training program was implemented.

Targeting the coverage of more than 70% of the sites of the company's operational activities, this program provides for the training of more than 400 Energy men and Internal Energy Auditors.

Similarly, several projects to implement the ISO 50.000 energy management system have also been launched to increase efficiency and achieve reduction in GHG emissions in routine Operations.

• Preparation of a climate-related forestry program

The main objective of the climate-related forestry program is to offset Co₂ emissions from the company's various activities and generate carbon credits.

A pilot project is currently maturing in close collaboration with the General Direction of Forests.

• **Preservation of natural resources & reduction of waste**

An inventory of liquid waste treatment carried out in 2023 shows , that of 158 water treatment stations , 132 are operational , representing an availability rate of 84%.

A program providing for the upgrading of existing stations and the provision of 60 sites with devices and means for processing industrial and domestic wastes is currently under implementation.

• **Strengthening capacities and skills**

With a view to strengthening capacities and skills in the sector of environment , nearly 80 environmental delegates were trained as part of the cooperation agreement with the NationalCenter of CleanerTechnologies (CNTPP-Ministry of Environment and Renewable Energies).

4. Deployment Of The HSE-MS Management SYSTEM

As part of the deployment of the HSE-MS Management System (Health, Safety and Environment Management System) the year 2023 was marked by the completion of a series of actions in particular:

- Raising awareness among managers and the management of the operational sites of the different divisions on HSE-MS.
- Identification in collaboration with the OC-RHU, IAP and SMA of the training package to be carried out for the benefit of HSE-MS internal auditors.
- The development of the general procedure, " Internal Audit of the HSE Management System".
- Extension of the implementation Scope of the HS-MS roadmap for REN, EPM, R&D,SMA,IAP,and ASL Structures.

5. Emergency and Crisis Management

During the year 2023 more than 80 simulation exercises were carried out (PII -PCT) including 10 PCT (Tactical Command Post), simulation exercises with the aim of testing and strengthening the capabilities of managing emergency situations and improve coordination with the various permanent parties (internal and external).

- Launching of the fire school project in HassiR'Mel with the aim of strengthening the intervention capacities in the context of emergency and crisis management.

- Implementation of the medical emergency plan : Carrying out training and information sessions on the operation of the PMA (Advanced Medical Station) and on SONATRACH ICS (Incident Command System), for the benefit of medical and paramedical staff .
- The launch of a training process within the frame of the improvement of communication around emergency and crisis situations , for the benefit of 118 executives reporting mainly to the six Tactical Command Posts (PCT) of SONATRACH.

6. Audit and control

In order to improve HSE performance, audit operations were carried out in 2023. These covered the scope of the four Company's activities based on audit protocols from HSE Central Management and allowed to assess compliance, improve performance, control risks and assist in decision-making.



6

Local content and National integration

Through an efficient management of its purchases and supplies, the monitoring of its purchasing processes and SONATRACH's whole logistics chain, aims to achieve its performance objectives, notably:

- **Reduce costs and increase efficiency.**
- **Ensure continuity of the operations.**
- **Optimize budgets and plan strategically purchases.**
- **Improve the quality of products or services.**
- **Promote the local content and Integration of National Economy.**

Transparency and digitalization of procurement

To successfully manage procurement, SONATRACH has chosen to keep abreast of emerging technologies by investing in efficient solutions and making the most of the multiple opportunities offered by digitalization.

Thus, in 2023 SONATRACH proceeded with the development of the Portal relating to the digitalization of the Contract Awarding Process (PPC Digitalization).

The development of this portal is part of SONATRACH's efforts aiming the digital transformation of its different processes in accordance with its strategic vision and the orientations of the Public authorities.

The digitalization of procurement as that innovative solution aims to modernize the management of calls for tenders and contract awards, by establishing effective, equitable and traceable practices.

Thus, the purpose of the PPC is the dissemination and exchange by electronic means of documents and information relating to contracting processes, in compliance with the provisions of the procedure in force and this, with a view to ensuring the traceability of interactions and transparency of operations, to strengthen the competitiveness and reduce costs and delivery times of contracts awarding.

- **Deployment of module1 and operator registration economic operators**

This module must allow the registration of economic operators on the PPC, through the opening of user accounts with a view to their participation, via this platform, to the Calls for Tenders which will be launched by the operational and functional structures of the Company.

An information and training day was organized in this context, followed by the realization of the test phase involving 30 SONATRACH sites with 500 scenarios of registration, all of which were successful.

Promotion of Local Content and national integration

Continuing its development policy oriented towards the promotion of local content, SONATRACH, in accordance with the guidelines of the public authorities, ensures the creation of added value in Algeria, through maximum

participation of the national production tool to carry out its orders and its development plans.

During the year 2023, SONATRACH initiated multiple actions to promote its policy of local content, notably:

- Popularization actions within the framework of events organized by SONATRACH and events organized by institutions and/ or national and international organizations on local content theme, such as those organized periodically by the African Petroleum Producers Organization "APPO".
- Organization of meetings with companies governed by Algerian law in order to allow them to present their activities and range of goods and services. Nearly 50 companies were met.
- Organization and/or participation in meetings initiated by SONATRACH with foreign partners in a process of development of the local content.

Main achievements :

Participation in works related to the implementation of Protocols of Understanding concluded by SONATRACH in particular those concerning:

- The Joint Working Group (GTC) responsible for area of interest relating to Local Content put in place under the Memorandum of Understanding concluded on 06 December 2022 between SONATRACH and HONEYWELL ALGERIE SARL.
- The implementation under the Memorandum of Understanding, concluded on May 31, 2023, between SONATRACH SPA and WEG EQUIPEMENTOS ELECTRICOS SA.

7

The New Resources

SONATRACH promotes the development of new resources as part of the national strategy aiming at fostering the emergence of a sustainable economy. It strives to achieve the targets promoting a progressive energy transition through the development of renewable energy projects , notably, by a progressive solarization of SONATRACH production sites and the deployment of a development strategy of green hydrogen production.



1. Development of new hydrocarbon resources

• Prospection offshore

For prospection and development of the Algerian offshore, SONATRACH works in partnership with two companies TOTAL et ENI.

In compliance with the authorizations of prospection granted by ALNAFT, the activity offshore focuses on two marine areas:

- Offshore Algeria Zone East (OAZE), in partnership, SH ENI TOTAL, ENI as operator.
- The authorization granted for the period 2018/2020 (Prospect Skikda) was renewed for 2 years 2020/2022.
- Offshore Algeria Zone East-1 (OAZE-1) Bejaia, in partnership, SH-ENI TOTAL, ENI as operator. The authorisation of prospection was granted on 09.02.2023, for two years.

• The main actions achieved in 2023 :

- Offshore Algeria Zone East (OAZE):
 - Finalization of National Geophysics Society (ENAGEO) of seismic reprocessing operations in time (PSTM).
 - Offshore Algérie Zone East-1(OAZE-1).
- Launch of seismic reprocessing project 2D/3D in depth (PSDM).

2. Renewable energies development

SONATRACH's action plan is part of a prospect of diversification of its energy mix where alongside natural gas, renewable energies find a significant place.

SONATRACH's transition strategy towards renewable energies lays on two main axes:

- Reducing the Company's carbon footprint through reduction of flared gas at its production sites.
- Optimization of energy efficiency by carrying out audits at the level of the activities.
- Construction of photovoltaic stations for the energy needs of the production sites.

- Launch of pilot projects for the production and transport of green hydrogen. The prospects of development of this clean energy, zero carbon emission, are particularly promising because of the assets Algeria has : a tremendous solar potential, a vast electricity network, national and international operating infrastructures for the transport of natural gas.

▪ The actions achieved in 2023

1. The program of solarisation of SONATRACH's industrial sites

- Launch of the construction of a Photovoltaic station Bir Rebaa Nord/ BRN Phase 2, with a capacity of 10 MW, the construction works were entrusted to ENGTP.
- Launch of feasibility studies of a Photovoltaic station in Menzel Ledjmet Est / MLE, with a capacity of 10 MW.
- Launch of feasibility studies of two solarization projects related to two life-bases (Tin Fouyé Tabarkoukt et Gassi El Agreb).

2. Green hydrogen pilot projects

Green hydrogen pilot projects for the production and transport of green hydrogen under the framework of partnerships are currently in the maturation phase.

- Construction of a reference plant of green hydrogen and its derivatives is planned within the framework of partnership between SONATRACH and the German bank of development KFW.
- A pilot project with a capacity of 50 MW further to a Memorandum of Understanding between SONATRACH and the German company VNG AG. It concerns production, means of storage and transport of green hydrogen.
- The project Green Hydrogen Bir Rebaa Nord (BRN) aims to contribute to the decarbonation of BRN gas Station operated by Group SONATRACH-ENI. Currently FEED study underway of launch.

Also, concerning the development of renewable energies and particularly green hydrogen, it is worth recalling the active participation of SONATRACH in several other large scale projects :

- The project H2 South Corridor which aims to transport nearly 4 million tons of green hydrogen per year from Algeria to Germany via Italy and Austria.

- The TaqatHy program aiming to expand cooperation between Algeria and Germany in the field of renewable energies and green hydrogen in Algeria.


- The World Bank's support program for Development of renewable energies in Algeria with the Ministry of Energy and Mines, APRUE and CREG.

- The support project of the African Bank of Development (BAD) to the Program of Renewable energies in Algeria-Don SEFA.

- Le programme TaqatHy visant à approfondir la coopération algéro-allemande dans le domaine des énergies renouvelables et de l'hydrogène vert en Algérie. Algérie avec le Ministère de l'Énergie et des Mines, de l'APRUE et de la CREG. Développement (BAD) au « Programme des Énergies Renouvelables en Algérie-Don SEFA ».



8 Social Affairs



SONATRACH ensures that favorable work and environment conditions are established for the development of its workers. Thus, It attaches the greatest importance to safeguarding its workers' health, their medical care, as well as their well-being and fulfilment through social benefits, aids and other social actions.

Thus SONATRACH 's Social Affairs span a large field of expertise covering various areas related to the working and living conditions of employees, the retirees, their families, the families of deceased agents, notably :

- Health (Occupational Medicine, Social Medicine, Third-Party payment, pharmacy, and medical Equipment).
- Social Works (Sport and leisure, Actions of Social protection of childhood).

The 2023 Report highlights the constant efforts made by the company both for the workers' health, their medical care well-being and fulfillment.

• Health and medical care

Occupational medicine

The financial year 2023 was marked by an achievement of 92% of medical cover in occupational medicine, and nearly 100% in third-party payment and services provided by the Company's Health structures. Occupational Medicine ensures a medical cover for nearly 64776 agents of the company and 25953 agents of the affiliates and companies approved in this framework. As part of the actions carried out in this area we can remember:

- **The training of 146 Medical doctors including 11 from the SONATRACH Group's affiliates at the National Public Health Institute around themes related to International Classification of Diseases (ICD10) of the WHO and Certification of Medical causes of Death.**
- **Development of a « Medical procedure of expertise as part of the management of change in Workstation». The document is underway of validation.**

Social Medicine

SONATRACH Health Structures located in the different wilayas across the national territory reported nearly 224000 specialized consultations, 260000 medical analyses and 32 000 medical investigations.

As a reminder, these structures benefit also to the population in general, notably, in the landlocked regions as part of SONATRACH's unwavering commitment as a citizen company to serve the general interest.

Social Works Activity

As part of the activity Action & Social Protection, different actions were undertaken during the year 2023 including in particular the support of 2265 workers as part of the OMRA stays activity- for financial years 2022 and 2023.

• Action and Social Protection

Through the program Action and Social Protection, SONATRACH offers help and assistance to the entire population of the Company (active or inactive as well as to their beneficiaries) finding themselves in a difficult situation notably, in case of serious illness or disability or social difficulties.

• Sport and Leisure

The different age groups of the SONATRACH population benefit from multitude of services : stays in canvas camps, familial relaxation centers, Spas, excursions and trips abroad..

During the financial year 2023 we note, notably:

- **Caring for 3777 children as part of the holiday center campaign of which 438 children from poor families of the deep South.**
- **The organization of a national volley ball tournament for ladies and Football for men with the participation of eight affiliates. These competitions organized on the occasion of the celebration of the 60th anniversary of the creation of the company, gathered nearly 345 participants.**
- **The integration of six (06) new Spas for the benefit of the workers and their beneficiaries.**
- **The opening of the swimming pool at the Mers El Hadjadj family center.**
- **The resumption of the CARAVAN activity for the benefit of teenagers aged between 13 and 15 years old.**

• Kindergartens early childhood care

SONATRACH strives to ensure total support of children of old workers, between 3 and 6 years old in kindergartens of the Company.

Young children benefit from educational materials programs specially developed by a National Educational Committee having proven expertise in the field of early childhood learning.

The care of young children is done in total compliance with the National Program of Physical and Mental Health in School Health (screening for illnesses and disabilities, medical and psychological care, inspection of training places..)

Proven in the field of early childhood learning.





9 Sponsoring, Patronage and social investment

Fully assuming its corporate citizenship, SONATRACH, through its sponsoring and patronage actions, works to ensure the Algerians' well-being, primarily by supporting the noble values of sport, then, tightening the links of social solidarity and finally, preserving biodiversity and safeguarding the cultural and historical heritage.

On the social level, SONATRACH asserts its presence through development everywhere across Algeria and mainly in the areas where its activities are settled. The very numerous actions relating to social investments have essentially targeted the improvement of the living conditions of the secluded populations, notably those suffering from a lack of public amenities : access road, construction and rehabilitation of educational establishments, building health centers and proximity equipment, connexion to electricity networks, sport sponsoring, promoting culture and arts, supporting scientific research, donations of medical equipment, charitable actions concerning fragile populations, initiatives for environmental protection. SONATRACH's commitment is expressed everyday under multiples forms and a multitude of events and actions ; the objective being always achieving collective well-being in the prospect of sustainable development.



Sponsoring

• Sport activities

SONATRACH gives a paramount importance to sport promotion due to the noble values it embodies, particularly among the youth, in this matter, the sponsoring actions for 2023 concerned notably:

- SSPA MCA for the sporting year 2023.
- The FAF for the realization of its action plan and that of the national football teams for 2023 and 2024.
- The 15th Edition of the Panarab Games which took place from 05 to 15 July 2023 in Algeria.
- FAJ for carrying out the preparation program of five (05) athletes from the National Algerian Judo team.
- Coverage of the air transport costs for SPA Lions of Cheliff ADO.

• Cultural and Artistic Activities

SONATRACH's commitment in favor of the promotion of Culture and Arts resulted in 2023 in multiple support actions including:

- The inventory project of Algeria Cultural and Natural heritage at the level of five (05) cultural Parks, namely : Tassili n'Ajjer, l'Ahégggar, Saharan Atlas, Tindouf and Touat Gourara Tidikelt. SONATRACH's contribution will be used to acquire necessary equipment for the creation of the cultural and natural heritage inventory.
- The making of several major films and historical documentaries related to the epic national war of liberation.

• Scientific activities

SONATRACH sponsored several scientific events in 2023 (Congresses, study days, conferences...) organized by Universities and Institutes across the country, including :

- 2nd edition of artificial intelligence competition « HAICK ».
- International Conference on hydrocarbons, Renewable Energies, Materials and Environment organized by the University Ahmed Daïa, Adrar
- The international Conference on renewable solutions for the ecological systems", University ZIANE Achour, Djelfa.

• Economics Meetings

Industrial Group Leader, SONATRACH has also supported the organization of several economic events and Forums, including :

- 7th AIG Symposium Algerian Association of the Gas Industry (AIG) Algiers, les 14 and 15 March 2023.
- Workshop on the mineral resources in Algeria: perspectives of development and prospective of mining, Agency of the Geological Service of Algeria.
- International conference on digital transition, Artificial intelligence and Renewable Energies. Higher School of Economics of Oran (ESEO).
- 20th Edition of Export Trophy. World Trade Center Algeria.
- 22nd edition of the International Tourism and travel Fair.

• Environment Protection

Because the quality of the environment contributes to improving the living environment of the Algerians, SONATRACH, encourages all initiatives aimed at preserving the environment and the natural systems, notably:

- Third International fair on Environment and Renewable Energies.
- The prize distribution ceremony for the Winners of the national environmental education competition
- Algeria's participation in the international Horticultural Exhibition Expo 2023 in Doha, Qatar

Patronage

A major corporate sponsor, SONATRACH provides assistance to vulnerable populations, particularly, those suffering from disabilities. For example:

- Financing educational equipment and office automation to the benefit of associations caring for mentally handicapped people in the boroughs of Ghardaïa and Metlili.
- Acquisition of equipment to the benefit of the educational psychology center for children with disabilities, borough of Tindouf.
- Financing the restoration works of the Headquarters of the Union of the Blind- wilaya of Algiers and acquisition of IT equipment for the creation of an info- Braille library.

10 Research & Development (R&D)

SONATRACH attaches the greatest interest to promoting research and development with a view to achieving the strategic objectives it has set, notably :

- Increase and renew reserves.
- improve production.
- Reduce operation costs.
- Development and introduction of new technologies within the core businesses of the oil industry.

Center of skills and expertise, SONATRACH promotes and implements the policy of applied research and the development of technologies in the core businesses of the company.

it also works to promote a scientific and technological cooperation on a large scale through the weaving of a communication and exchange network with different R&D players on the national and international levels, notably the Universities, High Schools, , Research Centers, foreign oil companies and other industrial partners.

Highlights

During the financial year 2023, SONATRACH devoted significant human and financial resources to Research and Development and organized a multitude of events and scientific meetings among which:

- Signing of a Framework Agreement for cooperation between SONATRACH/DC R&D and SOMIZ SPA.
- Signing of three (03) specific Contracts with the Universities: BATNA 2 "Mostefa BEN BOULAID", M'hamed BOUGARA Boumerdès and University Ahmed Ben Bella – Oran1.
- Sponsor Meetings with 06 structures having as purpose the validation of existing projects in the R&D portfolio concerning the activity, namely : E&P, LQS, DC-HSE, DC-REN, RPC, TRC.
- Four Scientific and Technological Meetings (04) with: ENSP ; GIZ ; NAFTAL ; HOLCIM Lafarge Algeria.
- Two (02) ordinary sessions of SONATRACH's Scientific and Technical Council (CST).









The DC-R&D also participated in several national and international scientific and technological events organized by :

- The Universities (Djelfa, Sétif, Jijel, Saida 1, Batna and Adrar).
- The National Higher School of Artificial Intelligence (ENSIA).
- The National Higher School of Renewable Energies in Batna.
- The Center of Environmental Research – Annaba in collaboration with the European Union.
- The Ministry of Energy and Mines and the German Federal Ministry of Economy.

The DC-R&D serving operational structures

The research themes within SONATRACH aim to provide responses to the needs expressed by the operational structures.

Eight main research axes predominate :

	Refining And Petrochemistry	04 Projets
	EOR/IOR	03 Projets
	Oil Biotechnology & Environment	06 Projets
	Corrosion, Materials & Inspection	06 Projets
	Modélisation, Simulation & Optimization	04 Projets
	Drilling, Production & Engineering Reservoir	08 Projets
	Maîtrise Technologique & Développement	08 Projets
	Refinery And Petrochemistry	02 Projets

Main achievements for the year 2023

Among the main achievements of 2023 we count the completion of six (06) R&D projects, the submission of nine (09) patents of invention of which five (05) already issued by INAPI, as well the creation of prototypes and the development of softwares.

• R&D projects completed

- Creation of a cathodic protection system powered by photovoltaic panels.
- Deblending of 3D seismic data
- Remote monitoring of cathodic protection stations by GSM & satellite.
- Recovery of flared gas for power generation by ORC Cycle.
- Development and qualification of welding under load procedures.
- Air pollution Monitoring System APOMOS.

• Launched projects

- **Automatic failure Prediction in oil industry.**
- **Protection against corrosion and wear by alloy powder deposit produced under laser beam.**
- **Performance of new biotechnologies applied to the transformation of organic matter wastes from wastewater treatment plants of petrochemical refineries.**
- **APOMOSGHG (Monitoring System of concentrations greenhouse gases).**
- **Achievement of nine (09) patents of invention in 2023, of which five (05) are already delivered by INAPI.**

• Prototypes produced in 2023

- **Map of regulation control valves of gas Lift.**
- **Monitoring of atmospheric pollution.**

- **Treatment unit of injection waters.**

- **Impressed current cathodic protection cabinet adaptable to autonomous photovoltaic power supplies.**

- **Solar thermic concentrator for steam production at medium temperatures.**

- **Monitoring of MPPC cathodic protection MPPC Stations.**

• Software developed

- **EOR SCREENING SIMULATOR :** Software for the classification of EOR types usable by type of deposit.
- **SH-DUSE :** Duse equation Software for the estimation of production by advanced calculation in back allocation.
- **SH-OPT-FDP:** Digital Optimization Module of the development plans of oil deposits.
- **PC SAFT:** Statistical Simulation Software of thermodynamic mixtures of Petroleum fluids.
- **·IWCF-Android:** Android Software for the prevention against strashes.
- **SH BIG DATA ANALYSIS:** Software Bby QC processing of big data by fitting curves.



11

Financial Performance





Consolidated Accounts

Introduction

The consolidated accounts make it possible to give a faithful image of the assets and the financial situation of a Group than would do balance sheets of all the companies that constitute it..

In 2023 The SONATRACH Group is constituted of entities included in the consolidation scope, made up of 447 accountant units representing the parent company and 122 entities (Subsidiaries, and Holdings), including 39 abroad. The number of consolidated entities is 73 in global integration and 39 equity-accounted entities. Also, with the aim of improving the management performance and optimize consistency within the Group, SONATRACH proceeded in 2023 to the internal reorganization of the Holdings portfolio.

- Transfer of affiliates SARPI (Algerian Company of Industrial Projects Realization), SOMIK (Company of Industrial Maintenance of Skikda) and SOMIZ (Company of Industrial Maintenance of Arzew) of the Holding SAES. (Holding SONATRACH External and Support Activities) towards SSPP Holding (SONATRACH Para Petroleum Service).
- Merger-Absorption of SAFIR by SARPI.
- Transfer of the total shares held by SAES Holding in the share capital of the company Sharikate Kahraba El Djazair (SKE) namely 49% to Sonelgaz.

- Transfer of the total shares held by AES Holding in the share capital of the company Shariket P Hadjret Ennous (SKH), namely, 10% to Sonelgaz.
- Transfer of the total shares held by AEC in the share capital of SKH, namely 29% of Sonelgaz.
- Transfer of the total shares held by SONATRACH in the share capital of SHEMS, namely 50% to Sonelgaz.
- Acquisition by SONATRACH Spa of 49% of STEP shares held by TOTAL.Energies bringing the ownership in STEP to 100%.
- Integration of five new affiliates 100% owned by the sub-holding AEC, namely MIAH FOUKA, MIAH CAP DJENAT, MIAH BEJAIA, MIAH TAREF et MIAH WAHRANE.
- Entry of SAES Holding in the capital of the company Tassili Travail Aerien (TTA) through the acquisition of all of the newly issued shares bringing its Holding to 72% thus, reducing the share of Tassili Airlines (TAL) in TTA from 100% to 28%.

In summary, the key figures of the Group for financial year 2023 are as follows:

The consolidated turnover achieved by the Group is 9581 650 MDZD, namely down by 10% compared to financial year 2022, of which 75% achieved by the Parent-Company SONATRACH-SPA.

The consolidated group share result went from 1.787.532 MDZD in 2022, to 823.519 MDZD in 2023, due to the falling average prices on the international market for the crude oil barrel from 104 \$ in 2022 to 84 \$ in 2023 and gas shifting from 13.63\$/MMBTU in 2022 to 12.52 \$/MMBTU in 2023, which represents a decline of 53% compared to the previous financial year.

These figures are obtained from the consolidated accounts of the SONATRACH Group, which are decided in accordance with the recommended accounting rules and principles by Algerian legislation, approved by the corporation bodies of the company and certified by the auditors, reflecting a faithful, sincere and regular image of the assets and financial situation of the SONATRACH Group. The consolidated financial statements as well as the analysis of the accounts is presented briefly in this report.

1. Consolidation principles

The consolidated accounts of the SONATRACH Group are established in accordance with:

- **Generally accepted Of accounting principles in Algeria, notably with Law 07-11 of 25 November 2007.**
- **The ministerial decree of July 26, 2008 setting the presentation rules of financial statements evaluation and accounting.**
- **Specific standards to the hydrocarbon sector.**
- **Evaluation and operating rules applied to individual accounts.**
- **Art.732 bis 4 of the commercial code relating to the presentation of the consolidated accounts.**
- **Art.24 of Law 10.01 relating to the accountant and auditor professions.**

1.1. Consolidation period

The financial year covers a period of 12 months from January 1 to December 31 each year.

1.2. Consolidation currency

The presentation currency of the consolidated accounts is the Algerian dinar (DZD).

Unless otherwise stated, the figures presented in this report are in Millions of Algerian Dinars (MDZD).

1.3. Principles of Consolidation

1.3.1 Consolidation methods

The decree of July 26, 2008 of the Ministry of Finance defines the consolidation methods:

- **Companies under exclusive control (direct or indirect ownership of the Group > 50%) are fully consolidated.**
- **The companies in which the Group exercises significant influence (direct or indirect ownership =20% or < 50%) are equated (MEE)**

1.3.2 Group threshold criteria

The threshold for integration of subsidiaries and participations, in the consolidation scope is decided each financial year in accordance with the consolidation rules and depending on the importance of the entity to be consolidated (turnover, results and total balance sheet) or in case where the parent company exerts a direct and strategic influence on the participation.

1.3.3 Conversion methods

The accounts of the subsidiaries are and participations are established in the currency of the country in which they are implemented:

- **Accounts of subsidiaries and participations abroad are converted into Algerian Dinars based on the exchange rates in effect at the time of closing date, thus, generating " Reserves of Conversion".**
- **The management accounts are concerted at the rate means of exercise. Conversion differences are entered in the "Conversion result" item.**

2. Consolidated financial Statements

2.1. Balance sheet

2.1.1. Assets

(In millions of DZD)	NOTES	2023	2022	2021
1.1.1.	Assets			
Acquisition difference – Goodwill	3.1.1	11,061	11,712	14,403
Intangible assets	3.1.2	78,095	95,558	100,167
Tangible fixed assets	3.1.3	3,989,226	3,728,037	3,900,827
Lands & developments		40,072	48,886	50,583
Constructions		397,257	367,628	345,043
Other tangible fixed assets		694,628	657,394	577,282
Fixed assets under concession		532	764	819
Fixed and complex production equipment		2,856,736	2,653,366	2,927,100
Fixed assets in progress	3.1.4	2,227,629	2,484,464	2,345,744
Financial assets	3.1.5	1,843,206	2,033,753	1,490,864
Financial assets equity method		190,146	507,814	404,276
Equity interests and receivables related to equity interests		57,110	(2,705)	26,495
Other financial assets		1,595,928	1,528,643	1,058,545
Other non-current receivables		22	1	1,548
Total Fixed Assets		8,149,216	8,353,524	7,852,004
Deferred tax asset NC		77,598	62,980	54,913
Total Non-Current Assets		8,226,815	8,416,504	7,906,917
CURRENT ASSETS				
Stock and work in progress	3.2.1	1,020,574	1,129,145	837,840
Receivables and similar uses	3.2.2	4,188,819	4,924,193	4,173,673
Financial fixed assets		103	14	2,004
Clients		885,937	1,072,002	725,135
Other debtors		2,011,566	2,847,626	2,367,897
Taxes		1,278,966	993,376	1,067,503
Other current assets		12,245	11,176	11,133
Cash and near cash	3.2.3	2,009,795	2,312,387	1,362,905
Investments and other financial assets		512	4,059	1,185
Treasury		2,009,283	2,308,329	1,361,719
Total current assets		7,219,187	8,365,726	6,374,418
Total assets		15,446,001	16,782,230	14,281,335

2.1.2. Liabilities

(In millions of DZD)	NOTES	2023	2022	2021
EQUITY	4.1			
Share capital		1,000,000	1,000,000	1,000,000
Uncalled committed capital		-	-	-
Assessment gap		(0)	(0)	82,678
Bonuses and reserves		6,802,263	6,193,471	5,750,648
Other equity – Retained earnings		30,471	8,499	2,309
Equity excluding parent company result (A)		7,832,734	7,201,970	6,835,634
Consolidated Reserves (B)		1,530,040	1,286,690	985,209
Group Reserves		1,511,591	1,273,267	972,094
Minority Reserves		18,449	13,423	13,115
Equivalence difference (C)		7,238	64,545	18,722
Result of the financial year (D)		835,657	1,792,152	813,645
Conversion differences on group results		(886)	(6,564)	1,373
Net result of the consolidated whole		836,543	1,798,716	812,272
Group result		823,519	1,787,532	801,915
Minority results		13,025	11,184	10,357
Minority results		13,025	11,426	10,514
Conversion differences on minors result		(0)	(242)	(157)
Total equity (A)+(B)+(C)+(D)		10,205,669	10,345,356	8,653,211
NON-CURRENT LIABILITIES	4.2			
Loans & financial debts NC		443,172	404,980	215,937
Taxes (deferred and provisioned)		219,640	216,077	216,446
Other debts & accrual accounts. NC		167,901	26,795	13,920
Financial instruments derivative liabilities NC		(0)	(0)	(0)
Provisions and income recognized in advance		544,910	467,651	395,004
Total non-current liabilities		1,375,623	1,115,503	841,308
CURRENT LIABILITIES	4.3			
Suppliers & related accounts		573,892	408,660	355,013
Taxes		375,095	837,585	515,364
Other debts		2,913,618	4,073,571	3,914,018
Treasury liabilities		2,104	1,555	2,422
Total current liabilities		3,864,709	5,321,372	4,786,817
Total liabilities		15,446,001	16,782,230	14,281,335

2.2. Consolidated income statement

(In millions of DZD)	NOTES	2023	2022	2021
Sales of goods, manufactured products, provision of services and related products	5.1.2	9,581,650	10,592,402	6,494,387
Stored or destocked production (Var)		(58,000)	144,509	66,449
Immobilized production	5.1.3	431,030	293,656	317,515
Operating grants (operating subsidies)		625	794	720
Production of the of the fiscal year	5.1.1	9,955,306	11,031,361	6,879,070
Purchases consumed		1,180,633	1,470,306	1,112,982
External services		1,844,925	1,871,597	1,254,553
Other external services		123,202	172,620	132,986
Consumption for the fiscal year	5.2.1	3,148,760	3,514,524	2,500,521
Operating Value Added		6,806,546	7,516,837	4,378,549
Staff costs	5.2.2	513,894	453,401	403,709
Taxes and duties	5.2.3	3,206,979	3,506,761	1,968,051
Gross operating surplus		3,085,672	3,556,676	2,006,789
Other operating incomes		180,911	160,513	188,038
Other operating expenses		192,692	164,585	77,988
Allocations to depreciation, provisions and operating value losses		1,028,678	976,701	878,346
Allowances for impairment losses and provisions for financial items		2,068	1,775	6,867
Net depreciation on goodwill		23	5	(212)
Reversal of impairment losses and operating provisions		59,264	60,820	49,435
Reversals of impairment losses and provisions for financial items		(637)	(1,185)	4,612
Operating income		2,101,749	2,633,758	1,285,884
Financial products	5.1.4	198,392	216,400	84,381
Financial expenses	5.2.4	575,382	875,941	556,586
Financial result		(377,123)	(659,541)	(475,511)
Ordinary result before taxes		1,724,626	1,974,217	810,373
Income taxes	5.2.5	195,737	450,884	104,050
Total revenue from ordinary activities		10,390,643	11,467,909	7,202,230
Total expenses from ordinary activities		8,861,753	9,944,576	6,495,907
Net income from ordinary activities		1,528,890	1,523,333	706,323
Extraordinary elements (products)		23,885	99,777	813
Extraordinary elements (expenses)		793,925	277	10,955
Extraordinary result		(770,040)	99,500	(10,143)
Net profit for the fiscal year		758,850	1,622,833	696,181
Share in MEE net income (equity-accounted companies)		77,694	176,125	116,248
Net income of the consolidated group		836,543	1,798,958	812,429
Minority interests		13,025	11,426	10,514
Net income – group share		823,519	1,787,532	801,915

2.3. Consolidated cash flow statement

(in millions of DZD)	2023	2022	2021
Results before tax	954,586	2,073,492	800,235
PMV asset transfer	(3,759)	(498)	(412)
Depreciation of tangible assets	808,655	774,098	730,733
Tangible assets depreciation	(1,440)	423	1,389
Intangible assets amortization	32,193	18,321	13,602
Provision for goodwill	846	1,725	-
Other provisions	66,783	(64,735)	3,276
Operating grant	625	794	720
Deferred tax	(14,312)	(685)	(5,506)
Depreciation and provisions	893,369	729,942	744,223
Income taxes	(195,737)	(450,884)	(104,050)
Paid interests	12,979	(247)	(400)
Cash flow from operating activities	1,661,439	2,351,806	1,439,595
Cash flow from extraordinary items	(770,040)	99,500	(10,143)
Cash flow before extraordinary items	(770,040)	99,500	(10,143)
Stocks	127,180	(294,364)	(19,727)
Accounts receivable	220,334	(373,268)	(277,561)
Suppliers	167,345	102,399	(125,679)
Others – BFR exploitation	812,914	(104,402)	566,182
Impact of the variation in BFR operations	1,327,772	(669,636)	143,215
Others – Non operational BFR	770,937	(95,439)	9,111
Intra group link account	(321,031)	(174,924)	48,705
Impact of the variation of non-operational BFR	449,814	(270,363)	57,816
Revaluation of JV derivative financial instruments	3,575	(3,030)	(570)
Other non-cash transactions	3,575	(3,030)	(570)
Cash flows from operating activities	2,672,561	1,508,277	1,629,913
Acquisition of tangible assets	(2,657,219)	(1,741,683)	(1,204,457)
Acquisition of intangible assets	(40,446)	(30,342)	(15,079)
Acquisition of financial fixed assets	(186,027)	(268,296)	(496,608)
Acquisition of self-controlled securities	(947,524)	(69,620)	(67,079)
Interests received	(13,425)	(5,088)	3,716
Cash requirement (investment)	(3,044,642)	(2,115,029)	(1,779,507)
Transfer of tangible fixed assets	1,070,216	1,009,665	492,603
Transfer of intangible fixed assets	33,985	9,700	359
Transfer of financial assets	253,560	94,343	370,522
Resources linked to investments	2,157,761	1,113,709	863,485
Cash flow linked to investment activities	(886,881)	(1,001,321)	(915,022)
Capital increase	1,787,728	684,997	(177,097)
Loan issued	45,084	58,943	12,609
Loan repayments	(217,921)	(35,948)	(31,931)
Increase (decrease) other financial debts NC	139,077	60,749	(1,472)
Increase (decrease) other financial debts Ct	(1,632,846)	436,404	(26,352)
Paid dividends	(2,275,088)	(582,825)	23,817
Cash flow linked to financial activities	(1,956,203)	522,320	(200,426)
Unexplained gap – conversion gap	8,989	(8,713)	1,108
Unexplained gap – consumption method variation	(137,670)	(81,203)	154,087
Unexplained gap – reclassification	0	(0)	(99)
Unexplained gap – perimeter entry	-	-	126
Unexplained gap – exit	(0)	(0)	(0)
Unexplained gap	(128,523)	(82,667)	155,222
Cash flow – movement (calculated)	(299,046)	946,609	668,687
Cash flow – closure (calculated)	2,009,383	2,308,329	1,361,719
Cash flow – opening	2,308,329	1,361,719	693,032
Cash flow variation	(299,046)	946,609	668,687
Other cash flow variation	(3,319)	844	(4,775)
Cash flow table	(601,411)	1,894,063	1,332,600

2.4. Consolidated statement of changes in equity

(In millions of DZD)	Share capital	Premiums, reserves and consolidated results	Conversion gap	Total equity	Group equity	Minority interests
As of December, 31st 2021	1,000,000	7,570,533	82,678	8,653,211	8,629,739	23,472
Assignment result	-	(634,459)		(634,459)	(634,459)	0
Dividends	-	(87,488)		(87,488)	(83,597)	(3,891)
Interim dividend		(9,142)		(9,142)	(4,729)	(4,413)
Result	-	1,798,733		1,798,733	1,787,419	11,314
Increase	-	1,008,490	(31,119)	977,371	970,352	7,019
Decrease	-	(240,915)	(51,559)	(292,474)	(284,811)	(7,663)
Conversion gap on opening	-	(12,563)		(12,563)	(12,868)	305
Conversion gap on flow	-	(15,241)		(15,241)	(14,627)	(614)
Reclassification	-	(380)		(380)	(380)	-
Variation in scope	-	(81,363)		(81,363)	(80,441)	(922)
Merger		49,488		49,488	49,488	
Perimeter Entry	-	(30)		(30)	(30)	-
Perimeter exit		(306)		(306)	(306)	
As of December 31st 2022	1,000,000	9,345,356	-	10,345,356	10,320,749	24,607
Allocation of result		(1,409,744)		(1,409,744)	(1,409,744)	
Dividends	-	(1,135,517)		(1,135,517)	(1,134,999)	(518)
Dividend payment		(8,270)		(8,270)	(4,217)	(4,052)
Result	-	836,543		836,543	823,631	12,913
Increase	-	2,118,673	4,928	2,123,601	2,117,113	6,488
Decrease	-	(330,945)	(4,928)	(335,873)	(326,485)	(9,388)
Conversion gap on opening	-	(29)	-	(29)	(29)	-
Conversion gap on flow	-	(6,156)	-	(6,156)	(6,057)	(99)
Reclassification	-	17,887	-	17,887	17,704	183
Variation in scope	-	0	-	0	116	(116)
Merger	-	(131,012)	-	(131,012)	(132,545)	1,532
Perimeter Entry	-	-	-	-	-	-
Perimeter exit		(91,118)		(91,118)	(91,041)	(76)
As of December 31st 2023	1,000,000	9,205,669	-	10,205,669	10,174,196	31,474

3. Analysis of assets accounts

3.1. Non-current assets

3.1.1. Goodwill

Goodwill or positive acquisition difference corresponding to the excess of the acquisition cost, during an acquisition or a merger, over the acquirer's share in the fair value of identifiable assets and liabilities.

In 2023, following the depreciation carried out, the acquisition difference shows a net amount of 11,061 MDZD (i.e. 74,429.43 EUR).

In millions of DZD	2023	2022
SONATRACH RAFFINERIA ITALIANA (SRI)	11,061	11,712
Total GW Gross acquisition ratio	11,061	11,712

3.1.2. Intangible assets

Net intangible assets amount to 78,094 MDZD.

They are mainly composed of development costs, concessions, patents, licenses and brands.

(In millions of DZD)	2022	Increase	Decrease	Conversion gap	Reclassification	Other variations	2023
Establishment fees (Gross)	0			-			
Capitalizable development costs (Gross)	235,541	22,515	21,691	(494)	8,295	892	245,057
Concessions, patents & licenses & trademarks (Gross)	48,791	1,278	2,701	(824)	419		46,965
Commercial funds & lease rights (Gross)	4		3				1
Other intangible assets (Gross)	52,795	2,655	5,306	22	9,584	210	59,959
Total	337,131	26,448	29,702	(1,296)	18,298	1,102	351,981

Intangible assets by entity are distributed as follows:

In millions of DZD	2023	2022
SAES Holding	34,896	35,631
SARPI	18,302	17,855
ENAC	11,792	18,808
SONATRACH Spa	16,385	15,837
OTHER ENTITES	(3,280)	7,427
Total	78,095	95,558
Including SONATRACH Spa	21%	17%

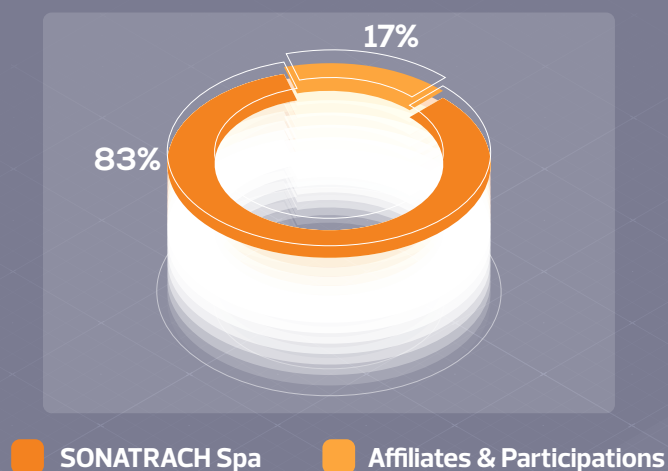
3.1.3. Tangible fixed assets

(In millions of DZD)	2022	Increase	Decrease	Conversion gap	Reclassification	Other variations	2023
Land & developments (Gross)	79,532	1,850	243	8	1,280	11	82,410
Constructions (Gross)	756,590	48,480	35,689	(10)	58,711	1,836	829,917
Social facilities	387,727	40,689	34,801	1,435	35,529	281	430,861
Technical installation, industrial equipment and tools (Gross)	867,630	136,738	101,001	2,934	4,005	64,986	975,292
Transport equipment (Gross)	317,327	16,747	7,826	(1,583)	925		325,591
Office equipment, IT & furniture (Gross)	20,570	2,785	1,114	10	(22)		22,228
Arrangements and installations	379,285	14,349	11,772	(2)	8,154	(1)	390,014
Other tangible assets (Gross)	161,176	19,854	11,527	1,206	593	8,154	176,960
Fixed assets in concession (Gross)	1,132	28					1,160
Wells and instruments of extraction and collect of hydrocarbon	4,880,400	324,529	327,478		464,035		5,341,486
Transportation facilities /pipeline	1,354,309	18,254	18,150		21,315		1,375,728
Processing, transformation and manufacturing facilities	2,979,690	230,765	237,794		380,150		3,352,811
Additional production facilities	887,886	71,248	75,334		15,905		899,705
Conditioning instruments	3,809	(25)			72		3,856
Reception, storage and shipping facilities	366,207	7,445	7,418		4,142		370,376
Investment property	532						532
Total	13,443,802	933,748	870,147	1,586	994,794	75,266	14,578,926

Furthermore, fixed and complex production equipment represents 72% of tangible fixed assets. Net tangible fixed assets, by entity, are as follows:

In millions of DZD	2023	2022
SONATRACH Spa	3,314,461	3,074,710
NAFTAL	75,341	76,105
SONATRACH RAFFINERIA ITALIANA (SRI)	71,783	71,650
MEDGAZ	68,528	75,650
HYPROC Shipping Compagny	53,662	56,814
G-CCO (Le Méridien d'Oran)	43,251	44,986
Tassili Airlines TAL	31,731	34,111
GCB	30,134	29,910
ENAFOR	29,127	25,956
ENAGEO	29,123	22,179
ENTP	25,465	25,360
ENSP	19,106	18,068
ENGTP	15,536	15,242
SH PEROU	15,451	17,426
FERTIAL	13,711	
OTHER ENTITES	152,815	132,736
Total Net Tangible Fixed Assets	3,989,226	3,728,037
Including SONATRACH Spa	83%	82%

Net Tangible Fixed Assets 2023



3.1.4. Fixed assets in progress

Fixed assets in progress show a decrease of 256,835 MDZD or 12% compared to the 2022 financial year. This decrease represents commissioning, 44% of which is SONATRACH Spa. They are as follows:

(In millions of DZD)	2022	Increase	Decrease	Operating endow- ments	Oper- ating resump- tions	Conver- sion gap	Reclassifi- cation	Other varia- tions	2023
Tangible assets in progress (Gross)	2,638,036	1,695,177	975,406	-	-	111	-978,633	3,766	2,382,557
Intangible assets in progress (Gross)	64,478	13,998	4,284	-	-	-	-20,464	0	53,729
Advances & deposits on fixed assets (Gross)	44,869	28,295	24,662	-	-	3	-	0	48,505
Fixed assets in progress (Gross)	2,747,383	1,737,470	1,004,352			114	-999,097	3,766	2,484,791
Tangible fixed assets in progress (loss of value)	261,480	-	-	-2,924	2,833	-	-	0	255,724
Intangible fixed assets in progress (loss of value)	1,100	-	-	1	1	-	-	-	1,100
Advances & payments on fixed assets (Value losses)	339	-	-	0	0	-	-	-	339
Fixed assets in progress (value losses)	262,919	-	-	-2,922	2,834	-	-	0	257,163
Fixed assets in progress (Net)	2,484,464	1,737,470	1,004,352	2,922	2,834	114	-999,097	3,766	2,227,629

3.1.5. Financial assets

Financial fixed assets experienced a decrease of 190,915 MDZD due mainly to the decrease in the financial assets account using the equity method of 62% following the decrease in securities going from 507,814 MDZD to 190,146 MDZD.

For their part, financial participation securities accounted for using the equity method decreased by 63% following the exit from the consolidation scope of the entities, namely IAHEF, ENERGIE DE PORTUGAL, NATURGY, SKH, SKE and SHEAMS.

(In millions of DZD)	2022	Increase	Decrease	Mou- ve- ment	Con- version gap	Reclas- sifica- tion	Variation in scope	Merger	Perimeter entry	Other variations	2023
Titres de participation (Brut)	7,044	4,017	2,265	-	(138)	-	80	-	-	(0)	8,738
Autres titres de partition (Brut)	6,634	(5,343)	67,639	-	-	-	153,542	-	-	-	87,194
Créances ratt. à des particip. (Brut) NC	(15,687)	(130,759)	(95,446)	-	(268)	-	80	-	-	(0)	(51,189)
Intérêts courus sur créances et prêts NC	9,987	-	-	13,495	(368)	-	-	-	-	-	23,113
Participations et créances rattachées à des participations	7,977	132,085	(25,542)	13,495	774	-	153,702	-	-	(0)	67,857
Titres immo. aut. que titr. immo. act. port.	21	19	22	-	-	-	-	-	-	-	18
Titr repres. droit / créance (oblig bons) NC	519,637	51,951	9,535	-	-	-	-	-	-	-	562,053
Titres immo. Activité de porte feuille	-	-	-	-	-	-	-	-	-	-	-
Prêts (Brut) NC	17,122	5,297	5,731	-	(0)	-	-	(8)	-	(0)	16,680
Créances / Contrats locations Financement NC	2,563	550	436	-	-	7	-	8	-	-	2,693
Dépôts et cautionnements versés	61,078	24,360	18,247	-	8	-	141	-	-	(0)	67,341
Autres créances immobilisées	929,631	234,519	215,879	-	(149)	-	20	-	-	(0)	948,142
Autres immobilisations financières	1,530,052	316,696	249,850	-	(141)	7	161	-	-	(0)	1,596,925
Actifs financiers (Brut) Non courant	1,538,030	184,611	224,308	13,495	(915)	7	153,863	-	-	(0)	1,664,782
Actifs financiers Mise en équivalence	507,814	148,850	23,549	-	6,182	-	(3,853)	-	-	(445,297)	190,146
Total immobilisations financières (Brut)	2,045,843	333,461	247,857	13,495	5,267	7	150,010	-	-	(445,297)	1,854,928

3.1.6. Deferred tax assets by entity

The deferred tax asset item recorded an increase of 23% compared to the 2022 financial year.

In millions of DZD	2023	2022
SONATRACH Spa	32,831	30,754
SONATRACH RAFFINERIA ITALIANA (SRI)	8,894	–
NAFTAL	7,550	6,852
ENTP	5,949	4,822
SAES HOLDING ex-SIP	5,114	4,626
ENGTP	4,298	4035
ENAGEO	2,196	1663
ENSP	1,381	1421
ENAFOR	1,120	1088
HYPROC SHIPPING COMPANY	927	701
ENAC	786	593
SARPI	734	367
FERTIAL	644	–
SOMIZ	565	595
DFSP Ex BASP	521	659
CASH	482	419
ALSCIF (ex BJSP)	431	364
OTHER ENTITIES	3,175	4,021
Total	77,598	62,980
Including SONATRACH Spa	42%	49%

3.2. Current assets

3.2.1. Stock and in progress

The consolidated stock and in progress section recorded an amount of 1,020,574 MDZD for the 2023 financial year, of which 74% represents the share of the parent company, a decrease of 108,572 MDZD compared to the 2022 financial year.

(In millions of DZA)	2022	Mouvement	Conversion difference	Perimeter entry	Perimeter variations	2023
Commodities (Gross)	30,222	(8,825)	45	–	575	22,017
Raw material (Gross)	67,300	5,252	1,015	–	5,350	78,916
Other supplies (Gross)	622,876	(20,975)	312	–	10,872	613,084
In the process of goods production (Gross)	5,607	488	–	–	1	6,095
In the process of services production (Gross)	2,785	(1,319)	–	–	–	1,466
Finished products (Gross)	395,745	(57,462)	579	–	3,342	342,204
Intermediate products (Gross)	17,721	2,000	278	–	–	15,999
Stock from real estate (Gross)	0	–	–	–	–	–
Outward stock (Gross)	50,577	(42,340)	245	–	10	8,491
Total	1,192,832	(127,180)	2,474	–	20,148	1,088,274

Stocks and work in progress mainly concern finished hydrocarbon products and other supplies at SONATRACH Spa. The distribution by entity is as follows:

In millions of DZD	2023	2022
SONATRACH Spa	757,041	813,734
SONATRACH RAFFINERIA ITALIANA (SRI)	99,036	166,860
ENAFOR	31,623	27,392
NAFTAL	27,571	30,268
ENTP	19,427	18,752
FERTIAL	19,277	
ENAGEO	13,949	11,367
ENSP	6,908	5,918
GCB	6,422	5,379
ENAC	5,770	4,376
SGM	5,668	13,661
ASFERTRADE	3,115	3,074
Tassili Airlines TAL	2,735	2,903
SH PEROU	2,621	2,680
BAG	2,449	2,313
ALSCIF (ex BJSP)	2,157	2,093
SARPI	1,835	1,131
ALPHYT	1,577	1,565
HESP	1,302	1,011
DFSP Ex BASP	1,210	768
ENGTP	1,209	1,046
OTHER ENTITIES	7,672	12,854
Total	1,020,574	1,129,145
Including SONATRACH Spa	74%	72%

3.2.2. Receivables and assimilated uses

In 2023, the receivables and similar uses item recorded a decrease of 735,375 MDZD, or 15% compared to the 2022 financial year.

	2023			2022
(In millions of DZD)	Gross	Value losses	Net	Net
Customers	967,010	81,073	885,937	1,072,002
Taxes	1,278,966		1,278,966	993,376
Other receivables	2,095,260	71,345	2,023,915	2,858,816
In the process of services production (Gross)	4,341,236	152,418	4,188,819	4,924,193

The net trade receivables and related accounts item is presented by entity as follows:

In millions of DZD	2023	2022
SONATRACH Spa	612,690	860,209
GCB	55,835	7,722
NAFTAL	46,720	88,183
CASH	35,756	39,445
SARPI	24,775	8,008
ENGTP	15,451	3,332
ENTP	12,692	4,340
FERTIAL	11,288	
SPC BVI	10,804	13,308
OTHER ENTITIES	140,998	101,725
Total Customers	967,010	1,126,272
Including SONATRACH Spa	63%	76%

3.2.3. Cash (net)

Compared to the previous financial year, the treasury (Net) recorded a decrease of 299,046 MDZD, i.e. a variation of 15% during the financial year 2023.

(In millions of DZD)	2022	Mouvement	Con- version difference	Perimeter entry	Perimeter variations	Other Variations	2023
Banques	1,852,162	(243,241)	(1,808)	-	5,227		1,612,340
VMP	372,322	(96,878)	(14)	-	-		275,430
Valeurs à l'Encaissement	8,521	887	2	-	-		9,409
Dépôts à terme supérieur à 3 moi	5,606	49,999	-	-	-		55,605
Intérêts courus	5,154	1,852	(0)	-	-		7,006
Caisses, ccp	69,015	(18,943)	0	-	1		50,073
Trésorerie (Brut)	2,312,780	(306,324)	(1,820)	-	5,229		2,009,864
Trésorerie (Prov)	4,451	(3,959)	89	-			581
Trésorerie (Net)	2,308,329	(302,365)	(1,909)	-	5,229		2,009,282

The distribution of cash (Net) by entity is as follows:

In millions of DZD	2023	2022
Sonatrach Spa	994,939	1,457,190
NAFTAL	217,641	288,271
STVH HOLDING ex-SOALKIM	166,947	90,124
SAES	86,012	11,200
SONATRACH RAFFINERIA ITALIANA (SRI)	75,112	70,329
SIHC HOLDING	56,190	82,448
SPC BVI	51,010	29,448
SNTM HYPROC	40,795	36,636
GCB	27,925	13,648
SGM	27,876	12,262
ENGTP	25,802	12,508
AEC	23,830	58,228
SIPEX	21,088	20,863
ENTP	19,245	15,856
SH PEROU	17,934	22,515
ENAFOR	13,476	15,767
ENAGEO	12,152	25,913
ENAC	11,955	8,213
TTA	10,728	369
SONATRACH-Ré	10,555	1,552
OTHER ENTITIES	98,070	34,989
Total	2,009,282	2,308,328
Including SONATRACH Spa	50%	63%

4. Analysis of liability accounts

4.1. Equity

Consolidated equity amounts to 10,205,669 MDZD and is made up of:

- **Share capital 1,000,000 MDZD**
- **Consolidated reserves amounting to 1,530,040 MDZD and composed of:**
 - Group reserves 1,511,591 MDZD.
 - Minority reserves: 18,449 MDZD.
- **Equivalence difference: 7,238 MDZD.**
- **Consolidated net income amounting to 836,543 MDZD, including the following items:**
 - Group income: 823,519 MDZD.
 - Minority income: 13,025 MDZD.

In millions of DZD	2023	2022
Share capital	1,000,000	1,000,000
Capital souscrit non appelé	-	-
Assessment gap	(0)	(0)
Issue, merger and contribution premiums	31,667	31,667
Statutory reserve	100,000	100,000
Optional reserves and other reserves	6,670,596	6,061,804
Premiums and reserves	6,802,263	6,193,471
Equity excluding parent company result (A)	7,832,734	7,201,970
Group reserves	1,511,591	1,273,267
Minority reserves	18,449	13,423
Consolidated Reserves (B)	1,530,040	1,286,690
Equivalence difference (C)	7,238	64,545
Result of the financial year (D)	835,657	1,792,152
Conversion differences on group results	(886)	(6,564)
Group results	823,519	1,787,532
Impact of restatements & conversion result	0	(0)
Minority results	13,025	11,184
Net result of the consolidated group	836,543	1,798,716
Group results	823,519	1,787,532
Impact of restatements & conversion result	0	(0)
Group results	823,519	1,787,532
Minority results	13,025	11,184
Minority results	13,025	11,426
Conversion differences on minors result	(0)	(242)
Capitaux propres total (A)+(B)+(C)+(D)	10,205,669	10,345,356

4.2. Non-current liabilities

At the end of 2023, this item shows an amount of 1,375,623 MDZD compared to 1,115,503 MDZD in 2022, an increase of 23%. This variation is mainly due to the increase in the level of loans and financial debts, as well as provisions for risks and charges.

In millions of DZD	2023	2022
Loans and financial debts NC	443,172	404,980
Taxes (deferred and provisioned)	219,640	216,077
Other debts and regularization accounts NC	167,901	26,795
Provisions and deferred income	544,910	467,651
Total non-current liabilities	1,375,623	1,115,503

The breakdown of non-current liabilities by entity is as follows:

In millions of DZD	2023	2022
SONATRACH Spa	638,731	581,501
SONATRACH RAFFINERIA ITALIANA (SRI)	162,202	5,201
NAFTAL	130,497	127,894
SAES	92,691	94,197
STVH	77,612	77,470
AEC	51,690	33,871
MEDGAZ	29,964	43,760
HYPROC SHIPPING COMPANY	26,724	29,402
SIPEX NIGER	20,033	1
ENGCB	18,966	11,294
ENTP	17,396	14,298
FERTIAL	12,847	
SPC BVI	12,766	1,986
SIBEX LIBYE	11,691	11,930
SONATRACH-Ré	10,255	9,615
ENGTP	10,131	17,164
OTHER ENTITIES	51,428	55,919
Total non-current liabilities	1,375,623	1,115,503
Including SONATRACH Spa	46%	52%

4.3. Current liabilities

Current liabilities recorded a decrease of 1,456,279 MDZD or 38% compared to the 2022 financial year. This section mainly includes supplier accounts, debts to the State and other debts.

The accounts payable and related accounts item increased by 58%.

Other debts mainly concern the parent company's partners under production sharing contracts.

(in millions of DZD)	2022	Increase	Decrease	Operating grants	Operational restarts	Increase in deferred taxes	Decrease in deferred taxes	Mouvement	Ecart de conversion	Variation in scope	Reclassification	Other variations	2023
Trade payables and related accounts	342,175							176,382	751	22,006			541,084
Fixed debts & related accounts Ct	66,485							(33,690)	13				32,808
Suppliers and related accounts	408,660							142,692	763	22,006			573,892
Debts on state (Including integration) CT	836,935							(462,812)	154	547			374,823
Deferred tax liability Ct	650					82	452		(8)				271
Taxes	837,585					82	452	(462,812)	146	547			375,095
Provisions for risks and charges	30,826			23,143	27,446								26,524
Loans and financial debts Ct	5,676	5,387	5,851										5,212
Other debts Ct	3,806,531							(1,156,812)	(62)	3,819	(20,756)		2,632,712
Liability adjustment account Ct	12,578	938	693					4,036	(13)				16,846
Advances and down payments received on orders	45,825							55,012	36	2,694			103,567
Discounts and rebates to be granted and other credit notes to be established	86,232							(64,049)	2				22,185
Debts on staff	56,464							7,693	1	19			64,177
Social debts	29,438							13,270	30	42			42,780
Other debts	4,073,571	6,324	6,544	23,143	27,446			(1,140,851)	(5)	6,574	(20,756)		2,914,002
Liability cash	1,555							(451)	(1)	1,001			2,104
Liabilities intended for sale, discontinuation of activities								380	5				384
Total current liabilities	5,321,372	6,324	6,544	23,143	27,446	82	452	(1,461,802)	898	30,128	(20,756)		3,864,709

5. Analysis of the Consolidated Income Statement

The net result of the consolidated group shows a profit of 836,543 MDZD, a sharp drop of 54% compared to the previous financial year.

It consists of the following:

- **The net result, group share: 823,519 MDZD.**
- **The minority result is: 13,025 MDZD.**

The net result group share by entity is as follows:

In millions of DZD	2023	2022
SONATRACH SPA	588,135	1,387,112
AOA	33,370	51,708
NAFTAL	21,004	12,614
SORFERT	17,757	71,806
SAES	16,847	7,275
SH PEROU	11,915	21,876
ENGTP	10,908	7,758
MEDGAZ	10,002	10,378
TG PERU	8,165	7,745
SGM	7,773	19,592
GCB	5,809	4,926
KAHRAMA	5,733	6,328
TMPC	5,677	4,559
ENAFOR	5,538	6,299
SPCBVI	5,249	4,321
OTHERS	69,638	163,236
Total	823,519	1,787,532
Including SONATRACH Spa	71%	78%

5.1. Products

5.1.1. Production of the financial year

The production of the financial year experienced a decrease of 10% compared to the previous financial year, i.e. 9,955,306 MDZD against 11,031,361 MDZD.

The Production position for the financial year is subdivided:

- **Sales of goods, manufactured products, services and related products.**
- **Stored or destocked production.**
- **Capitalized production**
- **Operating grants.**

5.1.2. Turnover

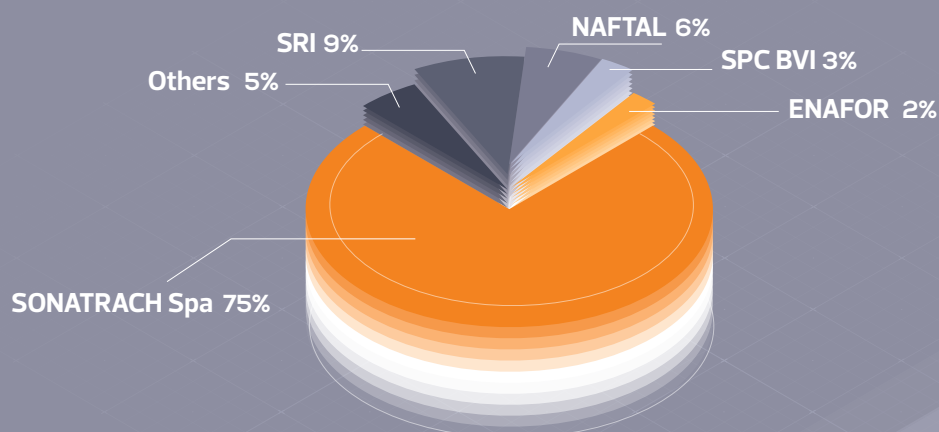
The consolidated turnover achieved during the financial year 2023 is 9,581,650 MDZD, compared to 10,592,402 MDZD, a decrease of 10% compared to the previous financial year.

It should be noted that 75% of the consolidated turnover is achieved by the parent company SONATRACH. The decrease in SONATRACH's own turnover of 15% due to the drop in the average price of a barrel of crude oil, which records an average price of \$84 in 2023, compared to \$104 in 2022.

Consolidated turnover by entity is as follows:

In millions of DZD	2023	2022
SONATRACH SPA	7,147,594	8,437,998
SONATRACH RAFFINERIA ITALIANA (SRI)	874,076	1,049,999
NAFTAL	564,972	549,687
SPC BVI	266,023	236,902
ENAFOR	123,641	702
GCB	88,631	8,309
ENTP	75,341	122
SGM	70,616	
SGC	55,239	53,325
SH PROU	55,062	86,231
MEDGAZ	43,709	44,272
FERTIAL	34,251	
SARPI	30,020	10,085
ENAC	28,477	2,252
ENGTP	26,159	23,969
Tassili Airlines TAL	14,524	12,043
ASFERTRADE	12,016	12,607
KAHRAMA	11,510	11,316
HELIOS	10,370	5,805
OTHERS	49,419	46,778
Total	9,581,650	10,592,402
Including SONATRACH Spa	75%	80%

Consolidated Turnover by Entity



5.1.3. Financial products

Financial products recorded an amount of 198,392 MDZD in 2023, a decrease of 8%.

This decrease is mainly due to the decrease in dividends received by 7,681 MDZD, and other financial products by 38,823 MDZD; on the other hand, income from other financial assets increased by 17,816 MDZD.

In millions of DZD	2023	2022
Interest income on loans & other debts	3,319	1,817
Dividends received	19,516	27,197
Advance dividends received	4,747	
Income from other financial assets	55,109	37,293
Income from operating receivables	539	4,512
Net profit on sale of current financial assets	56,335	56,409
Foreign exchange gains & forward transactions	5,570	
Other financial products	50,349	89,172
Abandonment of claims received	183	
Financial products from participations	195,666	216,400
Result on disposals of financial assets NC	133	
Net result/disposal of financial assets NC	2,593	-
Financial products	198,392	216,400

5.2. Expenses

Total charges reached an amount of 9,655,678 MDZD in 2023, against 9,944,853 MDZD in 2022, a decrease of 3%.

Consumption of the financial year

Consumption for the financial year is 3,148,760 MDZD, a decrease of 10.41% compared to the previous financial year.

The latter includes purchases consumed as well as services.

In millions of DZD	2023	2022
Purchases consumed	1,180,633	1,470,306
External services	1,844,925	1,871,597
Other external services	123,202	172,620
Consumption of fiscal year	3,148,760	3,514,524

5.2.1. Staff expenses

Staff costs increased by 13.34% between the two financial years 2022 and 2023

In millions of DZD	2023	2022
Staff remuneration	375,921	326,332
Social security charges	62,126	55,320
Pension costs	11,542	9,851
Retirement contributions	18,174	16,566
Other social charges	11,691	9,887
Other staff charges	12,508	10,546
Incentives and participations	21,932	24,899
Staff costs	513,894	453,401

The staff costs breakdown by entity is as follows:

In millions of DZD	2023	2022
SONATRACH SPA	240,530	219,652
NAFTAL	49,960	58,844
ENTP	27,575	33,987
GCB	22,259	25,394
ENAFOR	19,099	22,200
ENGTP	18,801	21,583
ENAGEO	15,327	18,757
ENSP	11,921	13,161
2SP	8,759	10,237
ENAC	5,519	6,827
SNTM HYPROC	5,721	6,568
SOMIK	4,916	6,275
SORFERT	5,948	6,264
OTHERS	77,559	3,650
Total	513,894	453,401
<i>Including SONATRACH Spa</i>	<i>47%</i>	<i>48%</i>

5.2.2. Duties and taxes

The Taxes and duties section saw a decrease of 9% in 2023 compared to the 2022 financial year. This variation is explained by the decrease in the tax on oil revenues directly linked to the turnover of SONATRACH spa.

In millions of DZD	2023	2022
Duties & taxes on remuneration	3,243	702
Professional activity tax	16,684	15,600
Property taxes	850	900
Duties taxes recovery /turnover	8,143	8,643
Taxes, duties and similar payments on oil activity	3,165,347	3,469,890
Other duties & taxes	12,713	11,024
Duties & taxes	3,206,979	3,506,761

This position is distributed among the Group entities as follows:

In millions of DZD	2023	2022
SONATRACH SPA	3,078,252	3,481,698
NAFTAL	5,511	5,452
ENTP	1,457	1,233
AOA	1,300	608
ENGTP	1,206	998
GCB	1,042	969
ENAFOR	940	943
ENAGEO	730	644
SARPI	594	434
ENSP	528	480
OTHERS	115,419	13,302
Total	3,206,979	3,506,761
Including SONATRACH Spa	96%	99%

5.2.3. Financial expenses

The level of financial expenses decreased by 34%, compared to 2022, from 875,941 MDZD to 575,382 MDZD. They mainly consist of exchange losses and various financial expenses. The latter mainly concern the remuneration of the partner at Sonatrach Spa within the framework of production sharing contracts at the upstream oil level.

In millions of DZD	2023	2022	2021
Interest charges	10,425	8,022	12,004
Exchange losses	79,742	115,921	43,208
Net losses / disposals of current financial assets	2,460	-	0
Miscellaneous financial charges	482,751	751,998	501,374
Abandonment of financial claims	3	-	-
Financial charges	575,382	875,941	556,586

La composition des charges financières par entité se présente comme suit :

In millions of DZD	2023	2022
SONATRACH SPA	538,276	848,078
MEDGAZ	4,986	4,305
SPC BVI	3,465	5
SGC	2,167	11,472
NAFTAL	2,072	2,802
SNTM HYPROC	1,012	1,160
SONATRACH RAFFINERIA ITALIANA (SRI)	967	
ENAFOR	879	606
OTHERS	21,558	7,514
Total	575,382	875,941
Including SONATRACH Spa	94%	97%

5.2.4. Income taxes

Income taxes saw a sharp decrease of 57% in 2023 compared to the 2022 financial year, amounting to 255,147 MDZD.

In millions of DZD	2023	2022
Tax payable (tax integration)	88,476	125,973
Deferred tax assets	(5,032)	(7,206)
Deferred tax liabilities	(887)	(1,556)
Other income taxes	113,180	333,673
Income taxes	195,737	450,884

IBS taxes payable by entity

In millions of DZD	2023	2022
BUSINESS FINANCIAL AND ACCOUNTING MANAGEMENT	54,377	70,128
SH PEROU	5,716	10,269
ENGTP	4,494	3,360
NAFTAL	4,301	
ENTP	2,634	219
ENAFOR	2,160	1,644
GCB	2,136	1,698
ENAGEO	1,978	2,462
HYPROC Shipping Compagny	1,716	2,035
KAHRAMA	1,578	1,540
ENAC	1,553	1,848
ENSP	1,429	1,677
LEGAL.11180 – SARPI	1,363	1,083
Other subsidiaries	3,043	28,010
Total	88,476	125,973
Including SONATRACH Spa	61%	56%

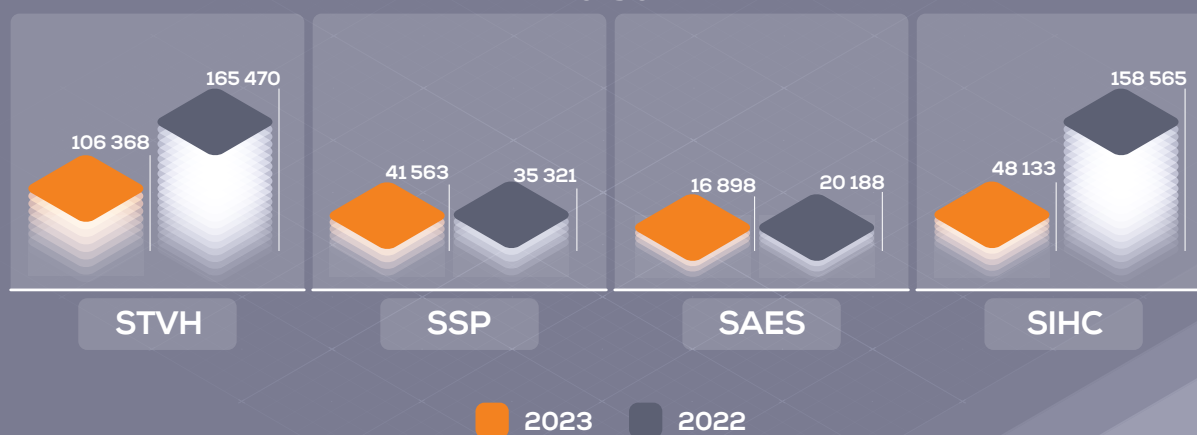
6. Presentation of the result by Holding

The consolidated net results by Holding are as follows:

In millions of DZD	2023	2022	2023	2022	2023	2022
STVH - Sonatrach Transformation and Valorization of Hydrocarbons	106 368	165 470	103 771	164 402	2 597	1 068
SSPP - Sonatrach Parapetroleum Services	41 563	35 321	41 093	34 792	469	529
SAES - Sonatrach External Support Activities	16 898	20 188	16 740	20 218	158	(31)
SIHC - Sonatrach International Holding Corporation	48 133	158 565	48 133	158 565	-	-

Evolution of consolidated result by Holding

In Millions of DZD



7. Perimeter of consolidation

In 2023, the consolidation scope is made up of 447 accounting units representing the parent company SONATRACH and 112 subsidiaries and investments, of which 73 are fully consolidated and 39 are accounted for using the equity method.

7.1. Affiliates and participations in Algeria

Entity name	Holding of share capital
STEP	100% SH SPA,
SAES HOLDING EX SIP	100% SH spa
2SP	98% SAES, 1% SOMIZ, 1% SOMIK
SOTRAZ	100% SAES
G-CCO	100% SAES
CASH	42,55% SAES, 12,15% NAFTAL, 33,33% SONATRACH Spa, 7,98% CAAR SPA, 3,9% CCR SPA
AGLIC	42,5% CASH
BAOSEM	50% SAES, 15% Naftal, 35% SONEGGAZ
SARPI	100% SAES
STH	60% SAES, 20% EPA, 15% EPS, 5% EPB
TAL	100% SAES
TTA	72% SAES 28% TAL
COMINTAL	20% SAES
SSPA MCA	99,48% SAES
IAHEF*	10% SAES
AGRO FOOD ACTIVITY	100% SAES

(*) IAHEF outgoing.

Entity name (continuation)	Holding of share capital
STVH HOLDING EX SOALKIM	100% SH spa
HELIOS	51% STVH, 49% HELAP France
SIDAL SPA	100% HELIOS
AOA	49% STVH, 51% Divers
SORFERT	49% STVH, 51% OCI
HELISON PRODUCTION	49% STVH, 51% LIND AG
ASMIDAL	100% STVH
ASFERTRADE	100% ASMIDAL
ALPHYT	100% ASMIDAL
WG SOMIAS	45% ASMIDAL
FERTIAL	51% ASMIDAL
SGS	20% ASMIDAL
ISGA	16,67% ASMIDAL, 16,67% SAES
HYPROC SHIPPING COMPANY	100% STVH
NAJDAMAGREB	100% HYPROC SHIPPING COMPANY
NEAL	45% STVH
SPP1	14% STVH, 20% NEAL, 51% ABENER ENERGIA, 15% COFIDES
AEC	100% STVH
KAHRAMA	100% AEC
DEM SOUK TLATA (AAS) (MYAH TILIMCANIA)	49% AEC
DEM FOUKA (MT)	49% AEC
DEM TENES	49% AEC
DEM MOSTAGANEM (STMM)	49% AEC
DEM HAMA (HWD)	30% AEC
DEM BENI SAF (BWC)	49% AEC
DEM SKIKDA (ADS)	49% AEC
DEM CAP DJENET (SMD)	49% AEC
DEM MAQTAA	43% AEC
DEM HONAIN (MBH)	49% AEC
SWC SPA	100% AEC
MIAH CAP DJENAT	100% AEC
MIAH FOUKA	100% AEC
MIAH BEJAIA	100% AEC
MIAH TAREF	100% AEC
MIAH WAHRANE	100% AEC

Entity name (continuation)	Holding of share capital
NAFTAL	100% STVH
BAG	100% NAFTAL
STPE	50% NAFTAL, 50% SNTF
COGIZ	100% STVH
SSPP HOLDING	100% SH spa
ENAC	100% SSPP
SOMIZ	100% SSPP
SOMIK	100% SSPP
ENAGEO	100% SSPP
GCB	100% SSPP
ENGTP	100% SSPP
SAFIR*	100% SSPP
ENSP	100% SSPP
BJSP	80% ENSP, 20% BAKER HUGHES
HESP	51% ENSP, 49% HALLIBURTON CORPORATION
DFSP EX BASP	100% ENSP
ENTP	100% SSPP
ENAFOR	100% SSPP
FORAQUA	67% ENAFOR
SAHARA WELL(SWCS)	49% ENAFOR
SPA JSS	75% ENAFOR, 21,40% CSA, 3,60% Others
ALGESCO	24% SSPP
M.I. ALGERIA	40% SSPP
APEC	51% SSPP, 49% BHGE
ALBARYTE SPA*	20% ENAFOR, 20% ENTP, 20% ENSP, 40% ENOF

- **SAFIR absorbed by SARPI**
- **ALBARYTE spa in liquidation**

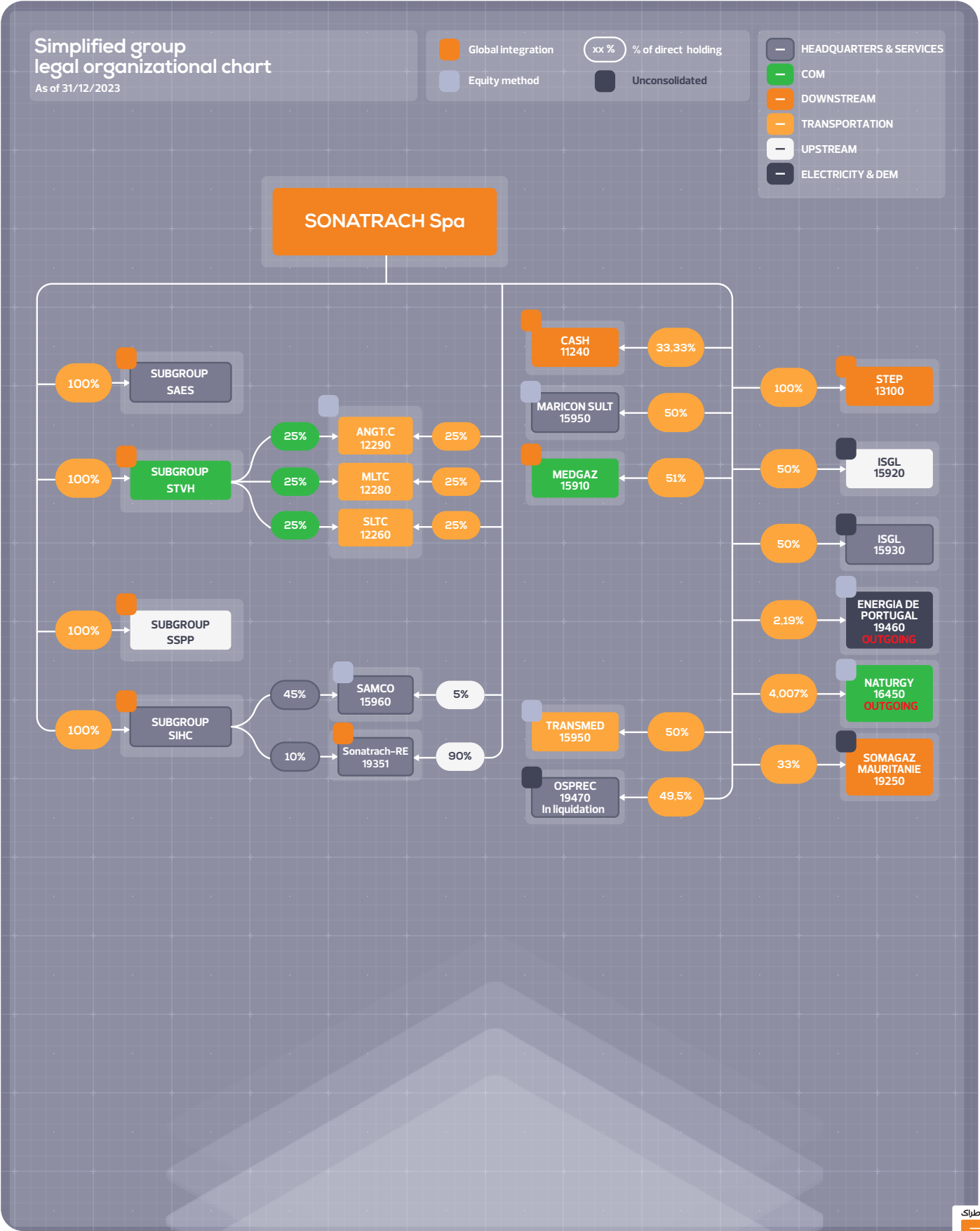
7.2. Affiliates and participations abroad

Entity name (continuation)	Holding of share capital
ANGT	25% SH SPA, 25% HYPROC SHIPPING COMPANY, 25% ITOCHU, 25% MOL
MLTC	25% SH SPA, 25% HYPROC SHIPPING COMPANY
SLTC	25% SH SPA, 25% HYPROC SHIPPING COMPANY
TRANSMED	50% SH Spa, 50% ENI
SONATRACH-RÉ	90% SH SPA, 10% SIHC Holding
MEDGAZ	51% SH Spa, 34,05% Cepsa, 14,95% GNA
MARICONSULT	50% SH SPA, 50% ENI
ENERGIA DE Portugal*	2,19% SH SPA
NATURGY*	4,007% SH SPA
SIHC HOLDING	100% SH SPA
TMPC	50% SIHC, 50% ENI
SAMCO	90% TMPC, 5% SH Spa, 5% ENI
SPTC BVI	100% SIHC BVI
SBAC	100% SPTC BVI
SIPEX	100% SIHC BVI
SH PEROU	80% SIPEX, 20% SIHC BVI
SIPEX LYBIE	100% SIPEX
SIPEX NIGER	100% SIPEX
SIPEX MALI	100% SIPEX
NUMHYD	50% SIPEX
SPI BVI	100% SIHC BVI
HELISON MARKETING	49% SPI BVI
SPC BVI	100% SIHC BVI
ALTC	100% SPC BVI
RNTC	100% SPC BVI
HMTC	100% SPC BVI
SPOTC	100% SPC BVI
SGCC	100% SPC BVI
NEW OCEAN VENTURE	100% SPC BVI
SIFID (ex SPC NA)	100% SIHC BVI
SPIC BV	100% SIFID
CPP	34% SPIC BV
SGM	100% SPIC BV
BASP - PROPANCHEM	49% SPIC BV
CGC	30% SPIC BV
SGC	100% SPIC BV
GEPESA	30% SPIC BV
SRI	100% SPIC BV
SIPCO	100% SIHC BVI
SIPCO PEROU	100% SIPCO
TG PERU	21,18% SIPCO PEROU
TG PERU	21,18% SIPCO PEROU

7.3. Legal organizational charts

The legal organization charts below present by Holdings the subsidiaries and interests held by the SONATRACH Group in 2023.

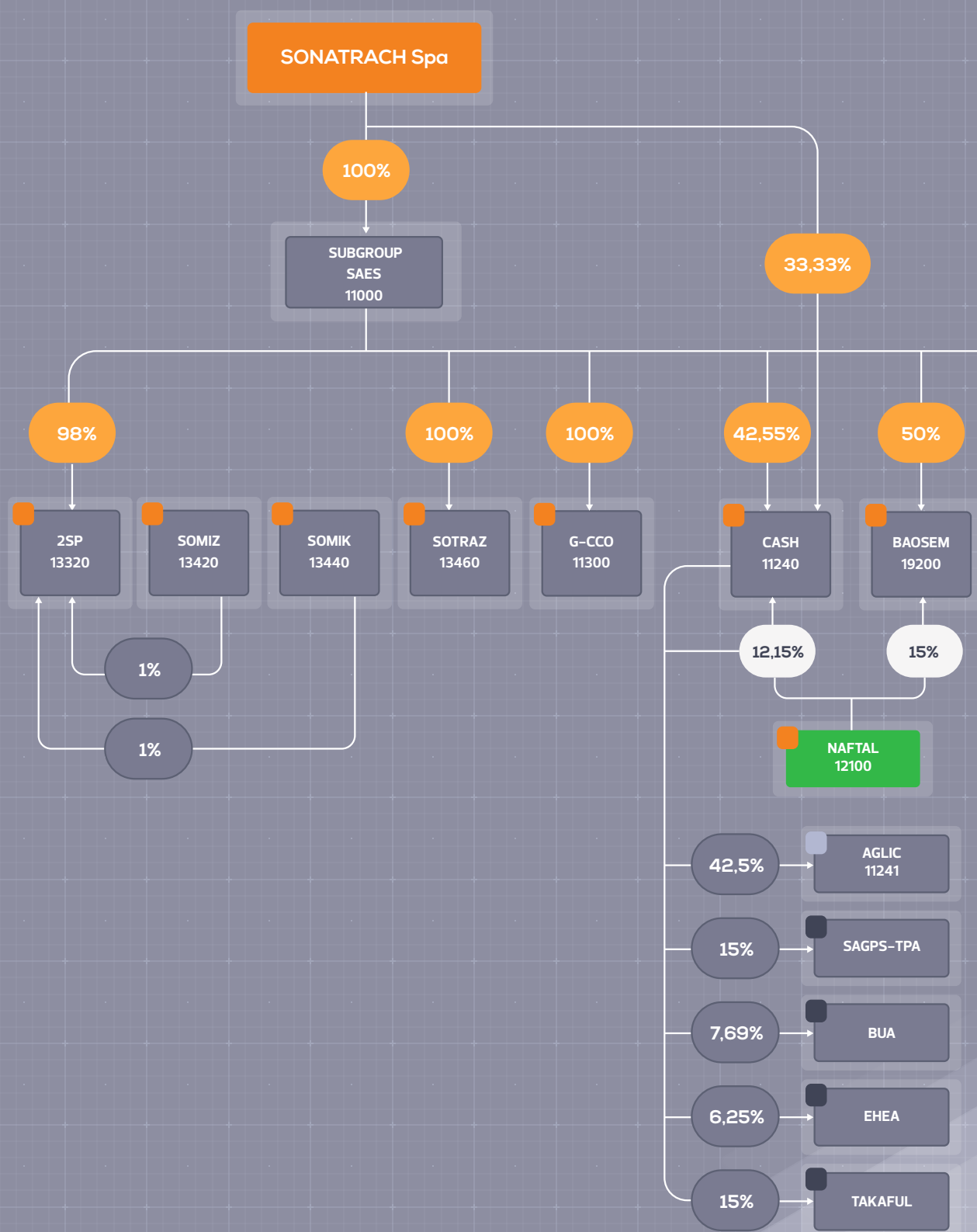
7.3.1. SONATRACH Spa



7.3.2. Holding Sonatrach External and Support Activities “SAES” Spa

Simplified legal organization chart of the SAES subgroup

As of 31/12/2023



Global integration

Equity method

xx % % of direct holding

Unconsolidated

Headquarters and services

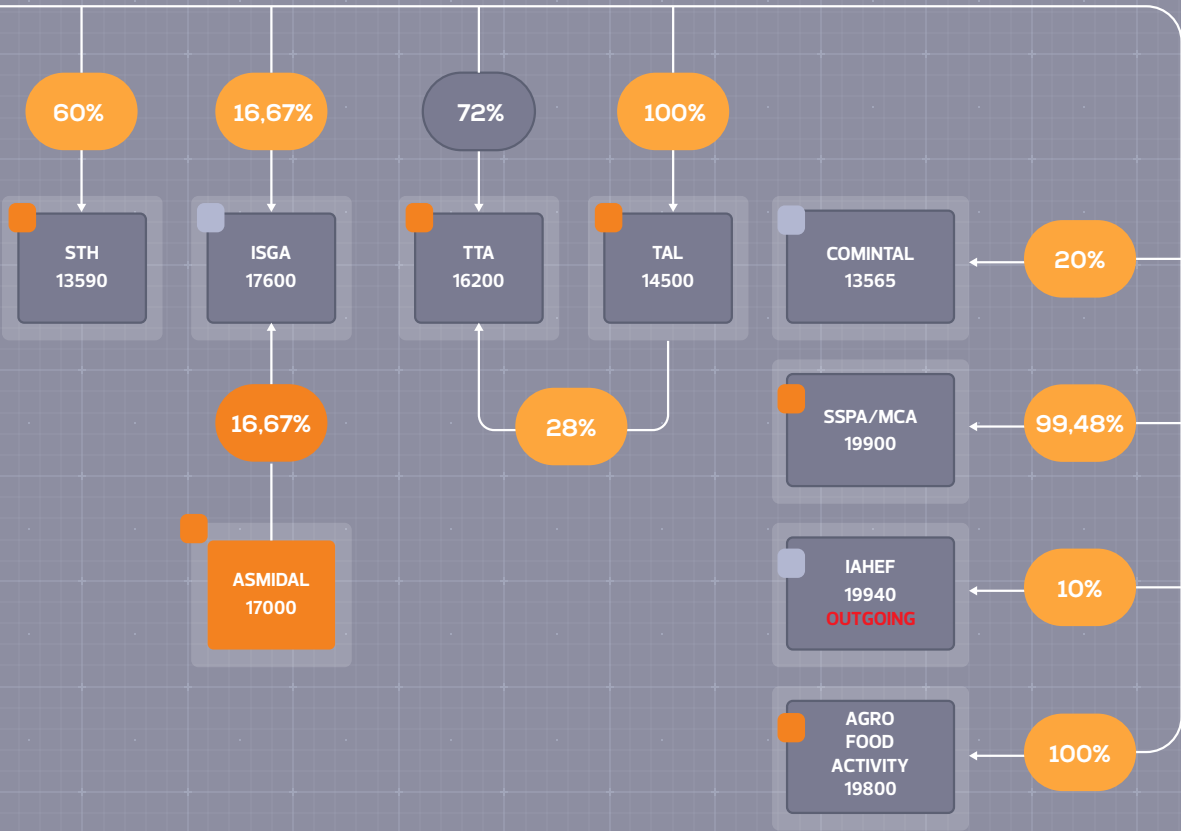
COM

Upstream

Transportation

Downstream

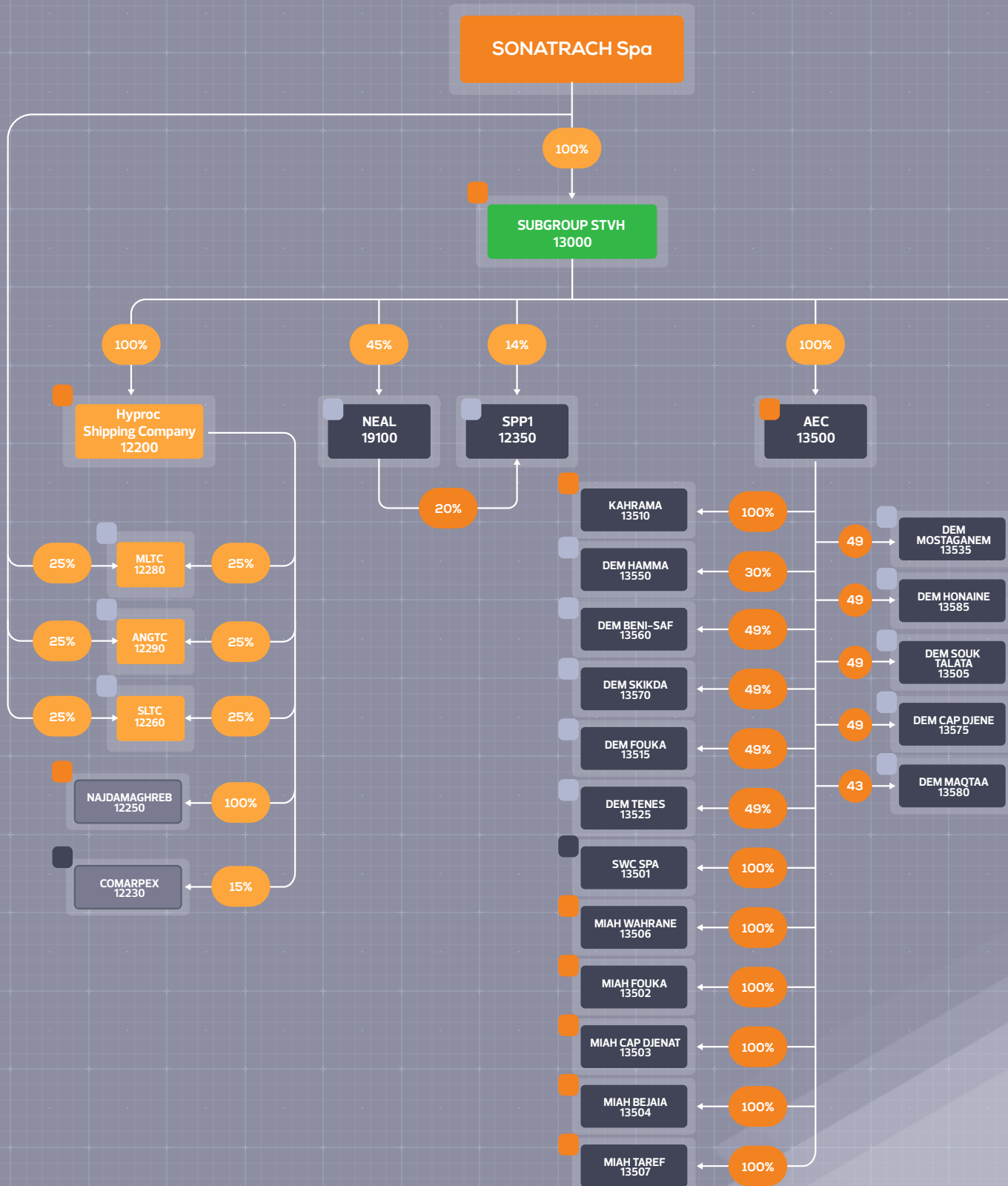
Electricity & DEM



7.3.3. Holding Sonatrach Transformation and Valorization of Hydrocarbons “STVH” Spa

Simplified legal organization chart of the STVH subgroup

As of 31/12/2023



Global integration

Equity method

xx % % of direct holding

Unconsolidated

Headquarters and services

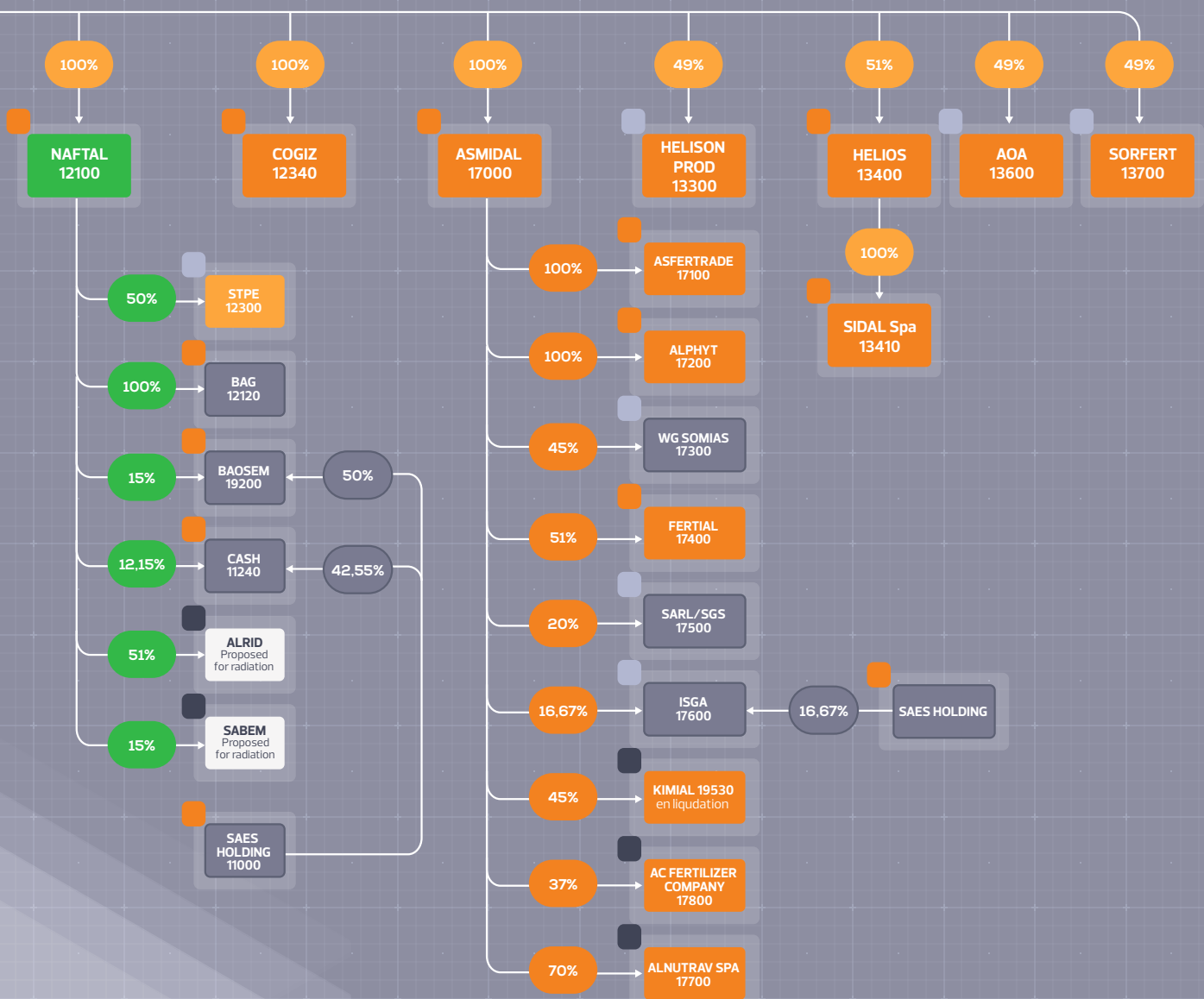
COM

Upstream

Transportation

Downstream

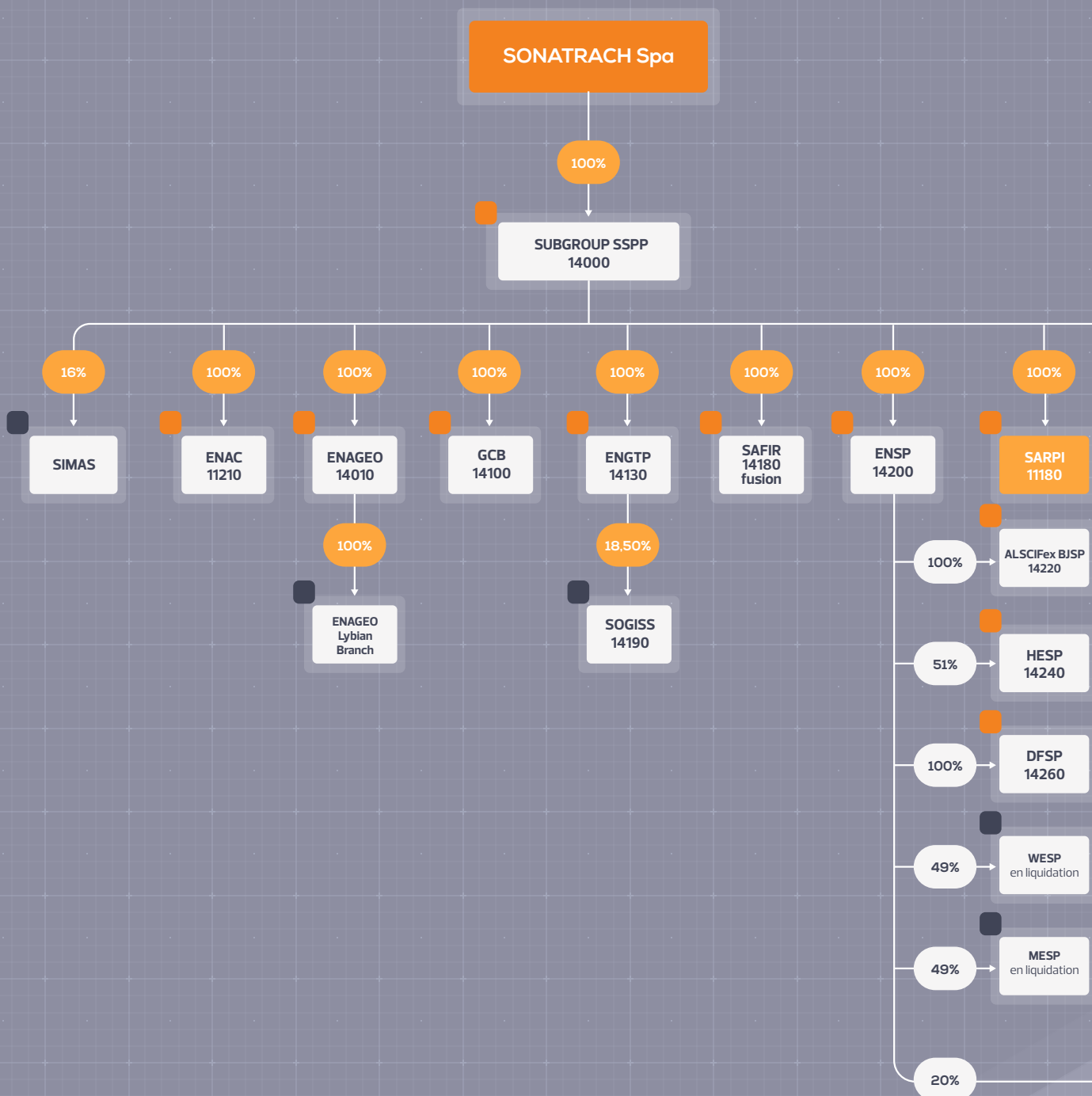
Electricity & DEM

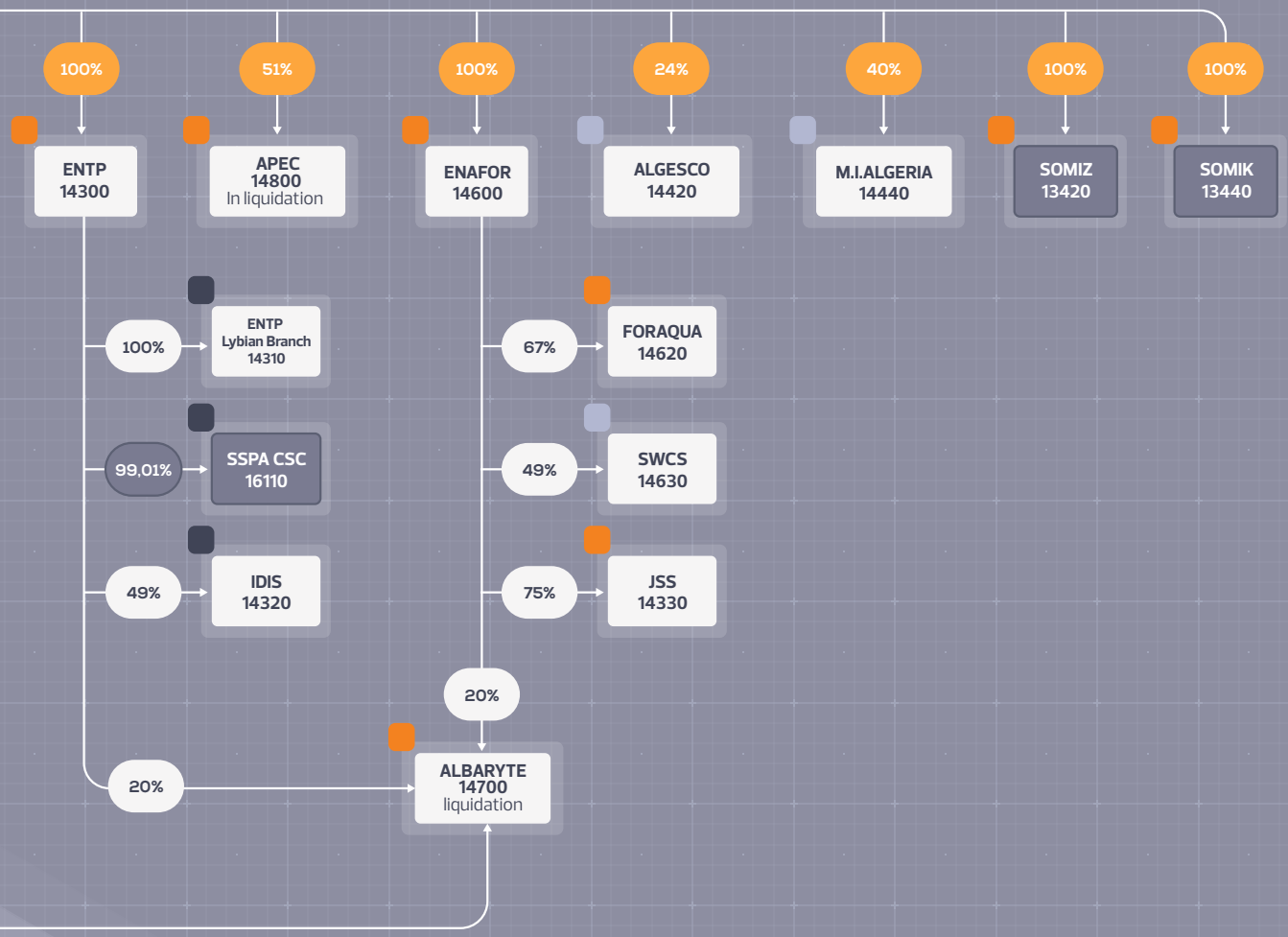


7.3.4. Holding Sonatrach Para-Oil Service “SSPP” Spa

Simplified legal organization
chart of the SSPP subgroup

As of 31/12/2023

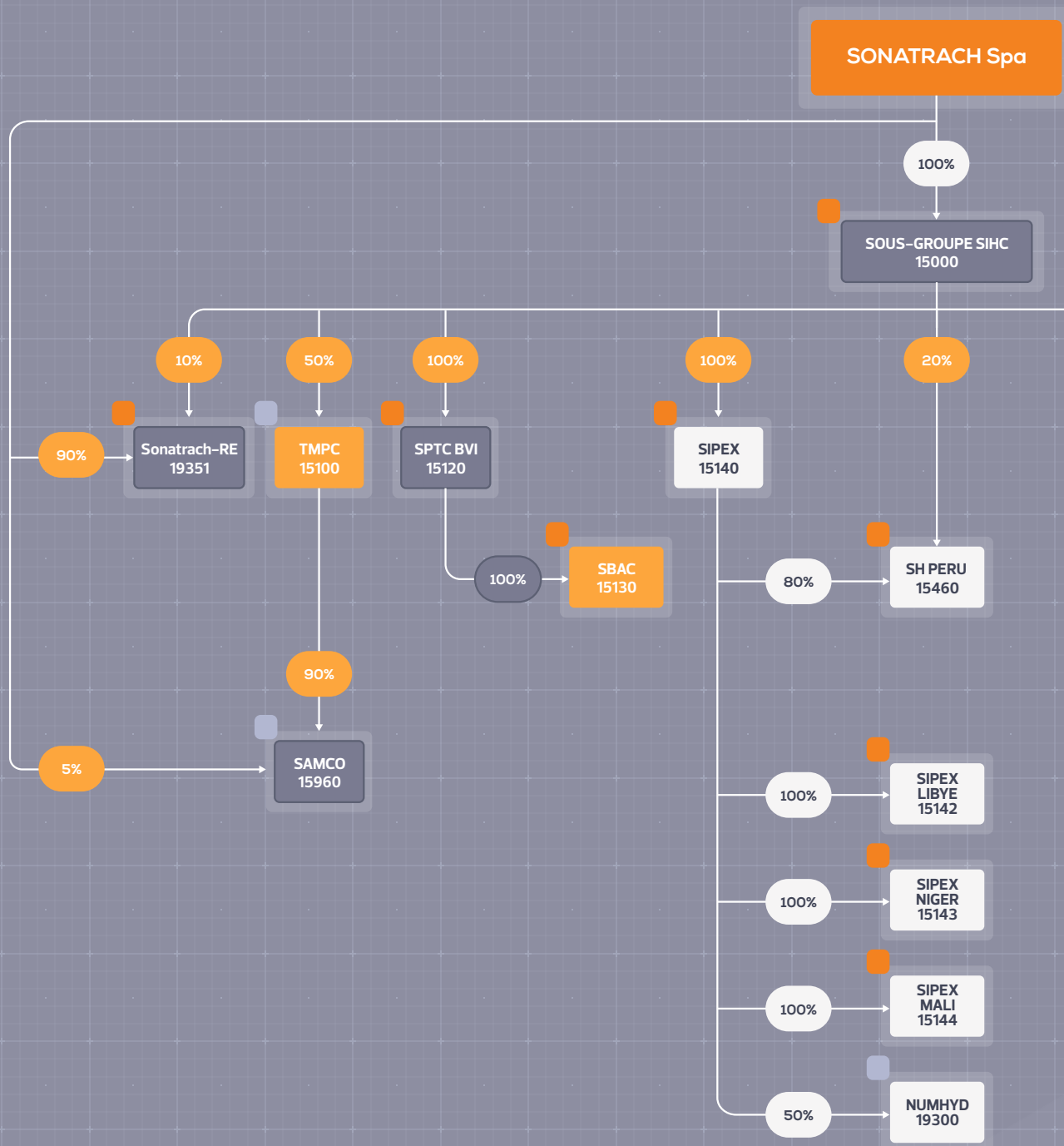


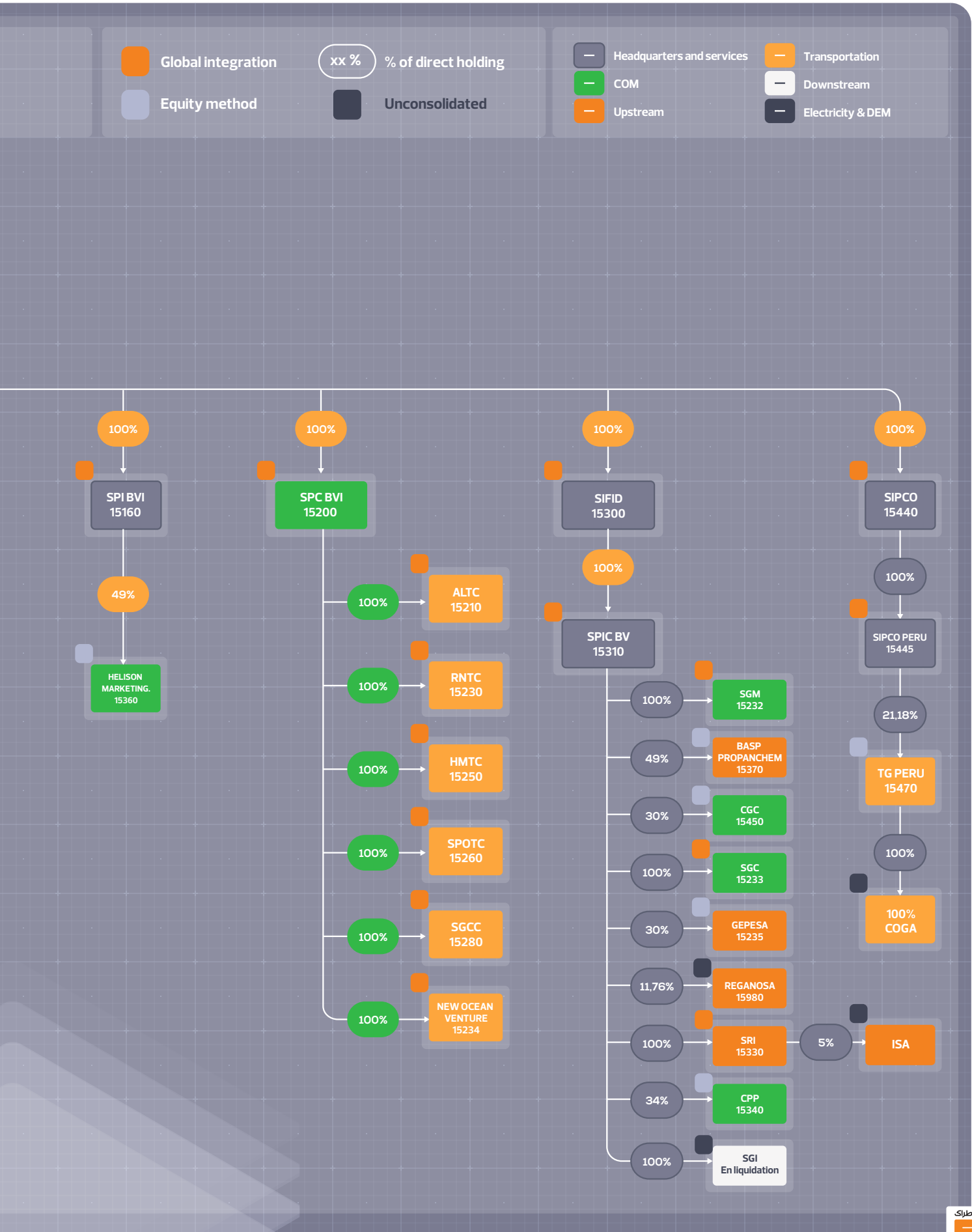


7.3.5. SONATRACH International Holding Corporation “SIHC”

Simplified legal organization
chart of the SIHC subgroup

As of 31/12/2023





8. Certification of the Consolidated Accounts of SONATRACH's Group



Certification des Commissaires aux Comptes

Messieurs les membres de l'Assemblée Générale de SONATRACH,

Nous avons l'honneur de vous faire rapport de la mission de contrôle que nous avons effectuée en qualité de Commissaires aux Comptes.

Nous avons examiné les états financiers du Groupe SONATRACH, tels qu'arrêtés par le Conseil d'Administration de votre Société au titre de l'exercice 2023, avec un total bilan actif/passif de quinze mille quatre cent quarante-six milliards un million quatre cent soixante-dix-neuf mille huit cent soixante-cinq dinars et soixante-dix centimes (15 446 001 479 865,70 DA) et un résultat net part du Groupe bénéficiaire de huit cent vingt-trois milliards cinq cent dix-huit millions six cent soixante-huit mille cinq cent quatre-vingt-six dinars et soixante-dix-huit centimes (823 518 668 586,78 DA).

Nos différents travaux de contrôle, réalisés essentiellement à base de sondages, de recoupements et de techniques qui nous sont apparus les plus appropriés, ont été accomplis conformément aux règles de diligence normale.

Compte tenu des résultats de ces travaux, nous certifions, sous réserve de prendre en charge les remarques et observations formulées, et les aspects relatifs aux inventaires physiques des actifs des entités du Groupe, que les états financiers consolidés du Groupe SONATRACH présentés sont dans leurs aspects significatifs et au regard des règles et principes comptables du SCF algérien, sincères et réguliers et donnent une image fidèle de la situation financière de votre Groupe au titre de l'exercice clos au 31 décembre 2023.

Alger, le 29 Juin 2024

Les Commissaires aux Comptes

HAMANACHE Mohamed

BENHABILES Zohair

REBAI Rezki

AZOUAOU Farid
Expert Comptable
Diplômé par l'Etat
Commissaire aux Comptes



Social Accounts

Introduction

The year 2023 was marked by the relative decline in oil and gas prices compared to 2022, inducing a decrease in main financial indicators by bringing them to lower levels compared to the previous fiscal year.

In addition to the drop in oil prices and Gas, the drop in turnover can be explained also by the increase in volume marketed on the national market up by 3% compared to 2022 and 8% compared to 2021, confirming the growing trend of the country's needs.

Export turnover fell by 18% compared to 2022, but remains all even more important than that of 2021 (+42%).

Thus, our Company achieved a net profit result of 675 billion DA (05 billion USD), a decrease of 53% compared to the financial year 2022.

Concerning the key indicators of the financial year 2023, these are as follows:

- The Annual Average Sales Price of crude oil is US\$83.60, i.e. a decrease of 19% compared to the financial year 2022.
- The Average Annual Sales Price of Gas decreased by less than 8% compared to 2022 but still higher than that of 2021 (+141%)

- The overall turnover is 7,218 Billions of DA, a decrease of 19% compared to the financial year 2022.
- The Oil Tax paid is 5,678 Billions of DA, an increase of 2% compared to the financial year 2022.
- Revenues for 2023 stood at 8021 billion DA against 9.729 billion DA in 2022 showing a decrease of 18%.
- Overall expenses for 2023 reached 7.346 billion Dinars against 8.281 billion of DA in 2022, a drop of 11%.
- The DA/US\$ parity appreciated by 4% compared to 2022 , shifting from 142 DA/US\$ to 136 DA/US\$.

Thus, our company achieved a net profit of 675 billion DA, a decrease of 53% compared to the financial year 2022.

The social accounts of SONATRACH Spa., which are mandatory, are:

- Approved in accordance with the accountants principles contained in the financial accounting system (SCF) subject of the Law N 07-11 of 25 November, 2007 and the text applied for its application.
- Approved using the same methods and principles as those of the financial year ending on 31st December 2022.

- Approved by its Board of Directors held on 1 June, 2024 and approved by its Ordinary General Meeting held on 29 June, 2024 .
- Certified by the Company Accounts Commissioners, regular, sincere and reflecting the financial situation and assets of the Company.

The unit of presentation of the financial statements Billion Algerian Dinars.
Décembre 2022.Générale Ordinaire tenue le 29 Juin 2024 .

2. Presentation of financial statements

A. Balance sheet as of December 31st 2023

Assets	Unit: Billions of DZD	
	2023	2022
NON CURRENT ASSETS – NET	7 698	7 686
Intangible assets	17	17
Tangible assets	475	444
Fixed assets in concessions	–	–
Fixed equipment and production complexes	2 850	2 646
Assets in progress	2 107	2 383
Participations and related receivables	839	805
Other financial assets	1 377	1 361
Deferred tax assets	33	30
CURRENT ASSETS– NET	5 103	6 746
STOCKS AND IN PROGRESS	757	814
Stocks of goods	–	–
Raw material and supplies	11	12
Other supplies	445	440
Stocks of products	301	362
Stocks from fixed assets	–	–
Stocks abroad	–	–
RECEIVABLES AND SIMILAR USES	3 351	4 475
Suppliers and related accounts	12	14
Customers and related accounts	701	972
Staff and related accounts	–	–
Social organizations and related accounts	6	6
State and public authorities	1 224	953
Group and associates	1 340	2 455
Miscellaneous debtors	61	68
Prepaid expenses	7	7
AVAILABILITY AND SIMILAR	995	1 457
Investment securities	152	268
Banks, Financial Institutions and similar	802	1 124
Funds	–	–
Imprest and credit accounts	41	65
TOTAL ASSETS	12 801	14 432

Liabilities	Unit: Billions of DA	
	2023	2022
EQUITY	8 713	8 842
Issued capital	1 000	1 000
Premiums and reserves	7 008	6 385
Net income	675	1 448
Retained earnings	30	9
Non-current liabilities	640	581
Provisions for charges	426	368
Taxes (deferred and provisions)	209	210
Loans and financial debts	5	3
Other non-current debts		
CURRENT LIABILITIES	3 448	5 009
Suppliers and related accounts	466	354
Customers and related accounts	35	94
Staff and related accounts	32	30
Social organizations and related accounts	20	9
State and public authorities	311	770
Group and associates	2 561	3 729
Miscellaneous debtors	22	22
Deferred revenue	-	-
Cash flow	1	1
TOTAL LIABILITIES	12 801	14 432

B. Income statement as of December, 31st 2023

INCOME STATEMENT		Unit: Billions of DA	
DESIGNATION	2023	2022	
Sales and ancillary products	7 218	8 909	
Stored or destocked production	-56	139	
Capitalized production	389	326	
Operating subsidies			
I. PRODUCTION OF THE FISCAL YEAR	7 551	9 374	
Purchased consumed	190	165	
External services	1 929	2 114	
Other external services	154	160	
II. CONSUMPTION OF THE FISCAL YEAR	2 273	2 439	
III. ADDED VALUE	5 278	6 935	
Staff costs	241	220	
Taxes, duties and similar payments	3 178	3 482	
IV. GROSS OPERATING SURPLUS	1 859	3 234	
Other operational products	215	148	
Other operating expenses	32	48	
Allocations to depreciation, provisions and impairment losses	924	846	
Reversals of impairment losses and provisions	48	47	
V. OPERATIONNEL RESULT	1 166	2 535	
Financial products	206	161	
Financial charges	534	848	
VI. BOTTOM LINE	-328	-687	
VII. ORDINARY PROFIT BEFORE TAX (V+VI)	838	1 848	
Taxes payable on ordinary income	166	404	
Deferred taxes (variations) on ordinary income	-2	-4	
- TOTAL REVENUE FROM ORDINARY ACTIVITIES (c)	8 020	9 730	
- TOTAL EXPENSES FROM ORDINARY ACTIVITIES (d)	7 346	8 281	
VIII. RESULT OF ORDINARY ACTIVITIES (c-d)	674	1 448	
Extraordinary items (products)	1		
Extraordinary items (charges)	-	-	
IX. EXTRAORDINARY RESULT	1		
X. NET RESULT FOR THE FISCAL YEAR	675	1 448	

C. Cash flow table as of December, 31st 2023

Headings	Unit: Billions of DA	
	2023	2022
Cash flow from operating activities		
Net result for the fiscal year	675	1 448
Adjustment for		
▪ Depreciation and provisions	858	778
▪ Changes in deferred taxes	-2	-4
▪ Share of subsidies transferred to the result		
▪ Stock variations	54	-196
▪ Variation in customers and other receivables	181	-270
▪ Variation in suppliers and other debts	-666	251
▪ Capital gains or losses on disposal, net of tax	2	2
▪ Retained earnings and linked accounts	22	6
Net cash flow from operating activities (A)	1 124	2 015
▪ Cash flows from investing activities	-2 379	-1 185
▪ Acquisitions of intangible and tangible assets	1 666	510
▪ Disposals of intangible and tangible assets	-266	-562
▪ Acquisitions of financial assets	216	102
▪ Transfers of financial assets		
▪ Equipment and investment subsidies		
Net cash flow from investing activities (B)	-763	-1 135
▪ Cash flow from financing activities	623	391
▪ Change in equity	2	2
▪ Variation in loans and financial debts		
▪ Result allocation (n-1)		
▪ Coupons et dividends	-848	-150
▪ Optional reserves	-600	-440
Net cash flow from financing activities (C)	-823	-197
Net cash flow for the period (A+B+C)	-462	683
Opening cash flow	1 456	773
Closing cash flow	994	1 456
Cash flow variation for the period	-462	683

D. Table of changes in equity as of December 31st, 2023

Unit: Billions of DA

Désignation	Share capital	Merger bonus	Eva-luation gap	Reserves and results	Total equity
Balance as of December, 31 st 2021	1 000	32	243	6 312	7 587
▪ Change in accounting methods				-	-
▪ Corrections of significant errors				9	9
▪ Gains/losses not recognized in CDR			-52		-52
▪ Paid dividends				-150	-150
▪ Assets devolved by the State				-	-
▪ Net income for the fiscal year				1 448	1 448
Balance as of December, 31 st 2022	1 000	32	191	7 619	8 842
▪ Change in accounting methods				-	-
▪ Corrections of significant errors				30	30
▪ Gains/losses not recognized in CDR			14		14
▪ Paid dividends				-848	-848
▪ Assets devolved by the State				-	-
▪ Net income for the fiscal year				675	675
Balance as of December, 31 st 2023	1 000	32	205	7 476	8 713

3. Rules and Accounting Principles

A. Accounting rules and methods

Accounting methods are the specific principles, bases, procedures and practical rules applied to establish and present the financial statements; they are applied permanently by SONATRACH when a specific transaction is not covered by any SCF rule, the company exercise judgement to define and implement accounting methods to provide relevant and reliable information.

The objective of financial statements is to provide useful information about:

- **The financial situation of the company (Balance Sheet).**
- **Performance (Account Results)**
- **Variations in the Cash position (Cash Flow Table).**
- **Detailed variations in equity (table of change in equity)**

In application of the provisions of Law 19-13 of 11 December 2019, governing Hydrocarbon activities, accounting for upstream activities must be held under each upstream concession or hydrocarbon contract, as applicable.

However, for research and / or exploitation contracts governed by Law 05-07, of April 28, 2005, amended and completed , relating to hydrocarbons , still in force, the accounting of SONATRACH Spa. Is kept by operating perimeter, Also, it is held by pipeline transport system, refining installation, petrochemicals, liquefaction and transformation of hydrocarbons.

The basic methods used for evaluation and presentation of the elements recorded in accounting are as follows:

Intangible assets	Cost of aquisition/production
Tangible capital assets	Cost of aquisition/production
Financial fixed assets	Cost of acquisition/fair value
Amortization of fixed assets	Straight-line
Depreciations	Applicable for all concerned categories
Breakdown by components	Applicable for some industrial installations
Re-evaluation	Option not retained
Stocks of raw materials and commodities	Valuation at purchase cost
Stocks of finished products	Valuation at cost of production
Withdrawals from inventories	Weighted average unit cost
Inventory tracking	permanent inventory
Change in accounting policy	Impact on the retained earnings
Corrections of significant errors	Impact on the retained earnings
Receivables and Debts	Conversion at the exchange rate of 31/12/N for receivables and debts denominated in foreign currencies
Receivables and Income statements	List presentation
Cashflow statement	Indirect method

B. Accounting principles

• INTANGIBLE ASSETS

Intangible Assets include computer software or other operating licenses or costs of developing mineral deposits.

The expenses necessary to carry out the phase of development of an internal project constitute charges to be activated as intangible assets when all the conditions below are gathered simultaneously:

- **The project development is clearly identifiable**
- **The intention to complete the project for one use internal or external sales.**
- **Availability of all necessary resources upon completion of the project.**
- **The existence of a market for sale or proof of the usefulness of the project internally.**
- **The expenses attributable to the project are reliably evaluated.**

If these conditions are not met, the costs committed are not immobilized.

Intangible assets are recognized at their directly attributable cost.

• TANGIBLE ASSETS

Tangible fixed assets are recognized at their directly attributable cost, including all acquisition and installation costs, paid taxes, non-recoverable taxes and other direct charges.

The following principles are applicable to group or separate tangible assets.

- **Low value items as well as those consumed during exercise are not recognized as fixed assets.**
- **Spare parts and specific maintenance materials are recognized as fixed assets when their use is linked to certain fixed assets and whether they are used on more than one exercise.**
- **The components of an asset are treated as separate elements if they have durations of different uses or provide economic advantages at a different pace.**

• PRODUCTION OF HYDROCARBON ASSETS

Development costs (drilling of wells, development and construction of production capacities) are capitalized at their production cost.

All materials, parts or elements which, even separable by nature, are technically essential to the operation of the assets of production and incorporated into this set in a irreversible manner, are recorded at acquisition cost or at cost of production. Major maintenance work on wells, in particular Workover and Snubbing, intended for maintaining or improving the recovery rate are immobilized at their cost of production.

The costs of abandonment and restitution of sites are not immobilized and are subject to the constitution of annual provisions, costs recorded as operating expenses, in accordance with the provisions of law 19-13 of 11 December 2019, governing hydrocarbon activities.

Hydrocarbon production assets are depreciated linearly, in accordance with the rates defined by law above-mentioned:

- **Unproductive development wells: 100%**
- **Productive development wells: 12.5%**
- **Other wells (water, injection, etc.): 12.5%**
- **Surface installations: 10%.**

OPERATIONS RELATED TO SHARING PRODUCTION CONTRACTS (LAW 86-14).

The costs of exploration development and operation are recorded in the fixed assets or appropriate expenses in counterpart of a debt vis-à-vis the partner of SONATRACH.

Exploration costs not having given rise to commercially exploitable reserves are 100% amortized in return for the cancellation of the afferent debt.

Reimbursement of debt to partners, within the framework of production sharing contracts, is conditioned by a sufficient production in accordance with the production sharing terms defined in the association contract.

The remuneration of partners (profit-oil) determined in accordance with the production sharing terms defined in the association contract, is recorded in financial costs in return for a debt towards SONATRACH's partner.

The debt to the partner is reduced each year of the share of production accruing to said partner (cost-oil) for its reimbursement.

A tax on remuneration at the rate of 38% as well as a part of the production under the tax on Exceptional profits (TPE) are deducted at source by SONATRACH and returned to the State in accordance with the provisions of Law 86-14 and 05-07 respectively.

• INVENTORIES AND OUTSTANDINGS

Inventory cost includes all costs incurred to bring stocks to the place and in the condition in which are found:

- **Acquisition costs (purchases, consumable materials, costs related to purchases, etc.).**
- **Transformation costs (staff costs and other variable or fixed charges with the exception of expenses attributable to a sub-activity of the entity).**
- **General, financial and administrative costs directly attributable to inventories.**

• FINANCIAL ASSETS

The financial assets held by SONATRACH Spa. are recognized by their date of entry into assets, at their acquisition cost, including brokerage fees, non-recoverable taxes and bank charge. Their breakdown is as follows:

- **Equity securities and related debts, including durable possession is considered useful for the activity of the entity, in particular , because it allows to exert influence over the company issuing securities or to have control over them , this is the case for participations in subsidiaries , associate companies or joint ventures.**
- **Fixed securities intended to provide the entity within the more or less long term, satisfactory profitability, but without intervention in companies' management where the securities are held.**
- **Other immobilized securities representing shares of capital or long-term investment, which the entity has the possibility as well as the intention or obligation to keep until maturity.**
- **Loans and receivables issued by the company and it does not intend or have the possibility of selling on the short term ; loans granted over 12 months to third parties.**

• MONETARY ELEMENTS

Transactions made in foreign currencies are converted at the exchange rate in effect on the value date of the payment.

Differences between the values initially entered in the accounts at historical cost and those resulting from the conversion on the inventory date are recorded as financial expenses or income for the financial year.

Exchange differences relating to a monetary element which in essence is an integral part of the net investment in an entity abroad, are:

- **Included in State equity of the financial resources of the company until the release of this net investment.; and recognized as income or expenses, when exited from this investment.**

• TURNOVER

Turnover corresponds to the sales of goods and production of goods and services sold, valued on the basis of the sales price excluding taxes and carried out in the course of its ordinary activity.

National Hydrocarbons market

Sales , for the needs of the national market, are valued at the prices notified by regulation.

External hydrocarbons market

Export sales are valued at the price of the international market or at the contract price according to the products.

• PROVISIONS FOR BENEFITS GRANTED TO STAFF

At each financial year end , a provision is recognized and recorded to cover the amount of commitments of the company, in terms of End of Career Allowances (AFC), award of loyalty medals or similar benefits for staff.

These provisions are determined on the basis of the updated value of all obligations, vis-à-vis the personnel using assumption calculation and adapted actuarial methods. These provisions are adjusted each year.

• CARRYFORWARD

The retained earnings consists of the share not affected by the results achieved by the company and the amounts generated by the change in method and significant error corrections.

The decision to make such a recording is depends on the Ordinary General Assembly.

• VALUATION GAP

The valuation gap results from the difference between the fair value and net book value of fixed assets, financial assets as well as net investment in subsidiaries abroad.

▪ EXTRAORDINARY RESULT

The extraordinary result results from income and expenses corresponding to events or transactions clearly distinct from the ordinary activity of the company and presenting an exceptional character.

▪ TAXATION

SONATRACH is subject to two (02) tax regimes, namely, oil taxation for the activities of upstream oil and common law taxation for downstream oil activities.

OIL TAXATION

The Exploration and Production Activity of SONATRACH is subject to the oil tax regime provided for by the provisions of law 19-13, of 11 December 2019, governing hydrocarbon activities, which provides for the payment:

- **A surface tax on the perimeters in period of research, retention, or exploitation at the rate of a unit amount per km².**
- **A hydrocarbon royalty on all quantities of hydrocarbons extracted and counted at the measurement point of each operating perimeter costs, valued at the prices notified by the ALNAFT Agency for products intended for export and by the ARH Agency for products intended to the national market. The basis for calculating the hydrocarbon royalty is equal to the valued production less the transport cost by pipeline and possibly, of the cost of liquefaction of natural gas and that of separation of LPG. The royalty rate is 10% with the possibility to benefit, under certain conditions from a reduced rate which can not be less than 5%. The royalty on hydrocarbon production, chart of accounts, is recorded in the account "Services". It is not considered a tax but an operating charge.**
- **A hydrocarbon income tax (IRH) at the rate varying between a minimum of 10% and a maximum of 50% determined on the basis of a factor R calculated by the ratio of cumulative net income and cumulative expenses made at the operating perimeter level. This rate applies to the same base calculation (production value) used for the calculation of the hydrocarbon royalty less the deductions authorized for the determination of the IRH base.**

Like the hydrocarbon royalty, the maximum rate of IRH can be reduced to 20 % under certain conditions:

- **An income tax (IR) on the activities of hydrocarbon production by 30%, applicable to upstream oil (in own effort) and in association).**

- **A flat-rate royalty on anticipated production (produced during the research period). The amount of this royalty is equal to 50% of the value of production less the cost of transport by pipeline, and where applicable cost of liquefaction of natural gas and that of LPG separation.**

Law N°19-13 governing hydrocarbons provides also for the payment of other duties and taxes , namely:

- **Flaring tax (applies to both upstream and downstream activities).**
- **Right to transfer rights (upstream activities).**
- **Water use Tax (Upstream activities).**
- **Property tax On property other than property of exploitation (upstream activities), as governed by the tax legislation in force.**

Furthermore, in accordance with the provisions of the said law , SONATRACH is responsible within the framework of contracts for production sharing or risky service contracts to pay:

- **A tax on the remuneration of the foreign co-contractor on behalf of his/her partner(s).The amount of this tax is equal to 30% of the value of the gross remuneration accruing to the foreign partner.**

Furthermore, in application of article 230 of law 19-13 governing hydrocarbon activities, SONATRACH continues to be subject to certain taxes and duties provided for by the tax regime of law 05-07, amended and completed relating to hydrocarbons.

Indeed, for the former operating perimeters, including entry in production was noted before 20 February 2013 (date of the promulgation of law 13-01 amending and supplementing law 05-07). SONATRACH proceeds to payment of:

- **A fee on all quantities of hydrocarbons extracted and counted at the measuring point of each perimeter, valued at the prices notified by the ALNAFT agency for products intended for exports and by ARH agency for products intended to the national market. Royalty rates depend on the perimeter classification zone.operating and daily production units. They vary between 5.5% and 23%. The royalty on hydrocarbon production, chart of accounts, is recorded in the account "Services". It is not considered a tax, but to an operating charge.**
- **An Oil Revenue Tax (TRP) at the rate varying between a minimum of 30% and a maximum of 70%, determined according to the value of cumulative production since origin, applied on the basis of calculation of the royalty (value of the production).**

Note also that, in accordance with articles 230 and 237 of law n°19-13, SONATRACH continues to carry out payments, on behalf of its foreign partners:

- **A tax on the partner's remuneration of 38% applicable to the gross remuneration accruing foreign partners under contracts governed by law n°86-14 relating to hydrocarbons.**
- **A tax on Exceptional profits (TEP) applicable to the share of production accruing to foreign partners , within the framework of contracts governed by law 86-14, when the arithmetic average monthly Brent oil prices are higher than 30\$ per barrel.**

COMMON LAW TAXATION

Common law taxation applies to activities exercised by SONATRACH other than those in upstream oil. This tax regime provides, mainly, for the payment of the following taxes:

- **A tax on professional activity (TAP) at the rate of 3% for the Pipeline Transport Activity Hydrocarbons and 1.5% for activities other than production..**
- **A corporate profits tax (IBS) at the rate of 26%.**
- **A Value Added Tax (VAT) on sales operations and service provision intended for the national market.**
- **A Tax on Petroleum Products (TPP).**
- **A tax on fuel.**
- **A tax on oils, lubricants and preparations lubricants.**
- **A Bank Domiciliation Tax (TDB), at the rate of 4%, on services. import operations.**
- **A Property Tax on built and unbuilt properties built.**
- **Ecological and environmental taxes.**

4. Main financial data

• (1) Overall turnover

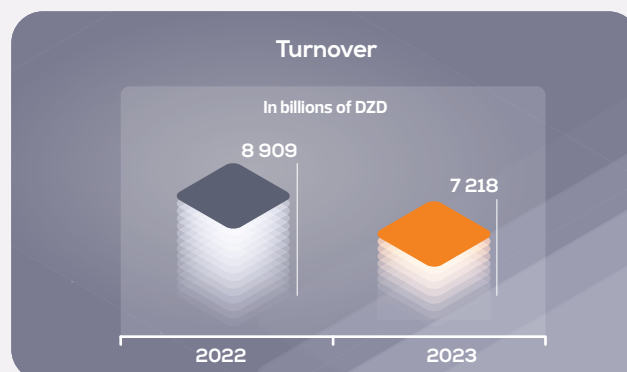
The overall turnover achieved includes the sale of hydrocarbons, resales as is and services provided to third parties.

This turnover reached 7.218 billion DA against 8909 billion DA in 2022, a decrease of 19%.

Hydrocarbon exports for the 2023 financial year, reached

6.759 billion DA (49.8 billion USD) against 8,422 billion DA (59.3 billion USD) in 2022, a decrease of 20%.

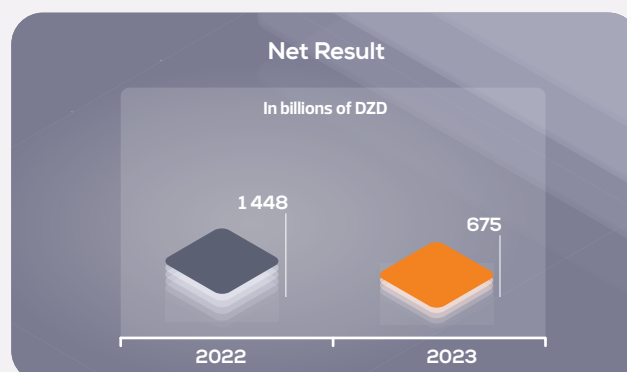
Sales on the national market amount to 377 billion of AD, a decrease of 12% compared to 2022.



• (2) Net income

The Company's net income decreased by 773 billion DA increasing from 1,448 to 675 billion DA. This decrease is explained by:

- **The decrease in turnover.**
- **The response to national demand in terms of refined products on the local market.**



• (3) Acquisitions of fixed assets

Acquisitions of fixed assets for the year consist of acquisitions from third parties as well as the production of the Company for itself and amount to 818 billion DA compared to 804 billion DA in 2022.

Financial assets increased from 2,166 billion DA in 2022 to 2,215 billion DA in 2023, i.e. increase of 49 billion DA.

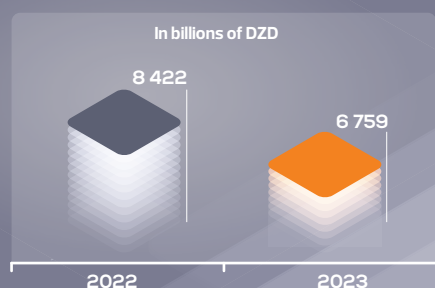
• (4) Availability for the year

Availability as of 12/31/2023 is of the order of 995 billion DA, i.e. a decrease of 462 billion DA per year compared to the 2022 financial year due to the drop in hydrocarbon revenues.

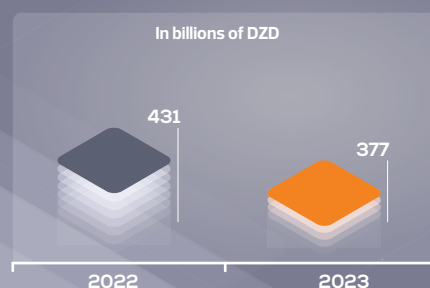
A. Sales of finished products

	2023		2022	
	Exports in DA	Domestic in DA	Exports in DA	Domestic in DA
Crude Oil	1 652		2 178	
NGL (Condensate)	287		320	
NG	2 182	101	2 702	165
LPG (Butane/Propane)	453	9	597	8
LNG	1 027		1 086	
Refined products	1 155	264	1 536	254
Petrochemical products	3	3	3	4
TOTAL	6 759	377	8 422	431

Exports



Domestic Market



B. Off-balance sheet commitments

Off-balance sheet commitments are rights and obligations whose effects on the amount or heritage composition are subordinated to the achievement of conditions or subsequent operations.

Commitments cover in particular possible liabilities which are defined as follows:

- **or a potential obligation of the entity with regard to a third party resulting from events whose existence will only be confirmed by the occurrence or not one or more uncertain future events that are not fully under the control of the entity.**
- **or an obligation of the entity towards a third party of which it is not likely or certain that it will cause an outflow of resources without compensation to less equivalent expected of it.**

The situation of the remaining balance of commitments arrested as of December 31, 2023 is 34 billion DA, representing the guarantees given to institutions financial and customs administration, namely: bonds in customs, letters of guarantee documentary credits and guarantee deposits.

5. Notes to the financial statements

A. Capitalized production

This section groups together the expenses incurred for the realization of investments requiring the mobilization of own resources in addition to recourse to third parties, particularly for drilling services and exploration.

It stands at 389 billion DA in 2023, compared to 326 Billions of DA in 2022.

B. Financial products

Financial products reached 206 billion DA against 161 billion DA in 2022, thus marking a 28% increase.

This section includes income from participations, for 98 billion DA, as well as the following sections:

▪ Other financial products (interest on investments)	45
▪ Income from financial assets	30.5
▪ Foreign exchange gains	29
▪ Income from receivables	3
▪ Net profits on transfers of financial assets	1

C. Consumption for the year

Consumption for the year reached 2,273 Billions of DA and include purchases of materials and supplies as well as all services and are distributed as follows:

▪ Purchases consumed	189.7
▪ External services	659.5
▪ Royalty	1269.8
▪ Other external services	154.4

The consumed purchases item is made up of:

- **Goods consumed: represent the goods subject to resale as is.**
- **Materials and supplies consumed: include mainly spare parts, products chemicals, construction materials, casing and tubes.**

Compared to 2022 consumption of the financial year fell by 7%.

D. Added value

The added value, representing the difference between production and consumption for the year, recorded a decrease of 24% compared to 2022, going from 6,935 billion DA to 5,278 billion DA, namely:

▪ Production for fiscal	7 551
▪ Consumption for the year	2 273

E. Personnel costs

Personnel costs increased by 21 billion DA compared to 2022, from 220 Billion DA to 241 Billion DA.

F. Taxes, fees and assimilated payments

This section recorded an amount of 3,178 billion of DA, consisting mainly of income tax oil for 3,128 billion DA, or 98%.

G. Depreciation and provisions

The allocations to depreciation and provisions of financial year 2023 are 924 billion DA, marking an increase of 9% compared to the 2022 financial year « SONATRACH Ré » basée au Luxembourg et le marché international de la réassurance).

H. Financial charges

This item recorded an amount of 534 billion DA, consisting mainly of the remuneration of associates and exchange losses linked to the discounting receivables and debts denominated in foreign currencies .

The remuneration of partners (Profit oil) increased from 734 billion DA (5.4 billion USD) in 2022 at 470Billions of DA (3.5 billion USD) in 2023, i.e. a decrease of 36%.

Exchange losses on foreign currency assets and Invoices denominated in foreign currencies recorded in the balance sheet (receivables and debts) are 58 billion DA.

6. Other information: Insurance

SONATRACH, as part of its protection policy of the Group's assets establishes programs of insurance coverage for the two (02) categories of risks generated by its activities and those of its subsidiaries.

This coverage covers industrial risks as well as as simple risks and the protection of people. The year 2023 saw the renewal of contracts industrial risks insurance and the renewal of simple risk insurance contracts and protection people for the following periods:

- **Industrial Risks from July 1, 2023 to June 30, 2024.**
- **Simple risks from July 1, 2023 to June 30, 2024.**
- **Protection of People from January 1, 2024 to 31 December 2026.**

I. Industrial Risks

Insurance coverage for this type of risk has been translated into the following contracts for the period 2023-2024:

- **"All Risks Except" insurance, concerning Industrial installations and complexes.**
- **"Cost Of Control" insurance.**
- **Drilling Rig Insurance.**
- **General Civil Liability Insurance.**
- **Fueling Civil Liability Insurance.**

Note that the placement of the different risks is distributed between the local market (local insurers and Central Reinsurance Company – CCR), and the market international reinsurance (the captive reinsurance "SONATRACH Ré" based in Luxembourg and the market international reinsurance).

II. Simple Risks

Insurance coverage for this type of risk results, for SONATRACH Spa and its Subsidiaries, by signing the agreements of (03) Three years (2021 – 2024).

- **Insurance Contracts "Miscellaneous Installations and Construction Equipment » .**
- **Insurance Contracts "Real Estate and furniture Assets".**
- **Insurance Contract "Towed Tanks and Losses" of Products" in All Risks Except.**
- **"Body Transport" Insurance Contract in All Risks Except.**
- **"Faculty Transport" Insurance Contract.**
- **"Automobile" Insurance Contract.**

III. Personal Risks

Insurance coverage for this type of risk is intended to cover deaths and certain illnesses contracted by staff is concluded for a period of 03 years (2024-2026).

7. Social Accounts certification



Certification des Commissaires Aux Comptes

Messieurs les membres de l'Assemblée Générale de SONATRACH,

Nous avons l'honneur de vous faire rapport de la mission de contrôle que nous avons effectuée en qualité de Commissaires Aux Comptes.

Nous avons examiné les états financiers, tels qu'arrêtés par le Conseil d'Administration de votre Société au titre de l'exercice 2023, avec un total bilan -actif/passif de douze mille huit cent milliards huit cent soixante-treize millions sept cent cinquante-quatre mille cent quarante-huit dinars et quarante-quatre centimes (12 800 873 754 148,44 DA) et un résultat net bénéficiaire de six cent soixante-quatorze milliards huit cent quarante millions quatre cent quatre-vingt-neuf mille six cent quarante-trois dinars et seize centimes (674 840 489 643,16 DA).

Nos différents travaux de contrôle, réalisés essentiellement à base de sondages, de recoupements et de techniques qui nous sont apparus les plus appropriés, ont été accomplis conformément aux règles de diligence normale.

Compte tenu des résultats de ces travaux, nous certifions, sous réserve de prendre en charge les remarques et observations formulées, que les comptes annuels présentés sont réguliers et sincères et donnent une image fidèle du résultat des activités, de la situation financière et patrimoniale de votre société au titre de l'exercice clos au 31 décembre 2023.

Alger, le 29 juin 2024

Les Commissaires aux Comptes



HAMANACHE Mohamed

BENHABILES Zohair



REBAI Rezki

AZOUAOU Farid
Expert Comptable
Diplômé par l'Etat
Commissaire aux Comptes

سوناطراك



sonatrach

Direction Générale
Djenane El Malik, Hydra, Alger, Algérie
Tél : +213 23 48 30 30