



**Annual
Report
2022**

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Chairman's Message



Mr. Toufik HAKKAR

SONATRACH Chairman & CEO

The context of year 2022 was dominated by the post Covid economic recovery and the geopolitical upheaval, fueled by the tensions over the Russia-Ukraine warfare and the impact on Europe's energy supply.

Faced with this context of crisis, SONATRACH has shown reactivity and honored its commitments to its traditional clients by meeting their demand thus, confirming its reputation of credible and reliable partner.

The steady efforts made in the development of the oil upstream, during the three last fiscal years combined with a more efficient organization led to satisfying results for the second consecutive year with an increase of hydrocarbon primary production reaching 190 Million TOE.

This performance prompted us to embark on the renewal of our reserves, considering that the discovered reserves are henceforth higher than what has been extracted so far.

Concerning Marketing, similarly to 2020 and 2021, SONATRACH has again taken up the double challenge for a regular supply of the domestic market with gas and oil products, while placing a maximum of hydrocarbon volumes on the global market.

By optimizing the performance of the refining tool, SONATRACH succeeded for the third consecutive year in satisfying the total domestic needs with fuels without resorting to imports.

On the international level, our company has again asserted its status of reliable supplier, confirming its capacity to fulfill its commitments to its customers. A credibility supported by the signing of new agreements and renewal of gas sale contracts with several European partners.

Our responsiveness to the gas market developments has also been underpinned by the accelerated development of gas discoveries such as in Hassi R, Mel, Ahnet and the area of In Amenas with a view

to placing additional volumes in the short term and also supplying over several days more than 100 million cm per day of gas via the GEM gas pipeline , a record level ever registered over a long period.

Consolidating its position as a major player on the gas market, our company supported by its partners, steadily pursued its efforts in 2022 to develop its gas potential and for this purpose, concluded two contracts for the development and exploitation of the fields located in Zarzaitine and Berkine. SONATRACH signed in 2022, under the aegis of the new Law, three production sharing agreements. This accelerated pace in signing agreements confirms the renewed attractiveness of the national mining domain further to the enforcement of the new hydrocarbon law.

This strong commitment in the upstream oil has enabled to maximize export turnover which reached 60 billion US\$, namely a surge of 69 per cent compared to 2021. This significant improvement of our results is not simply a consequence of the favorable evolution in the oil & gas markets, this performance is also the fruit of the commitments of our commercial managers who succeeded in seizing the opportunities emerging in this outlook. Just to mention mainly the upward review of our contractual gas prices, the sale on the spot market of more than 7 billion cm of gas and the inter-market arbitration for LPG sales.

In 2022, our company registered a net profit of more than 10 billion dollars equivalent, the best financial performance ever registered since the creation of the company, while our contribution concerning the oil taxation rose to up to 39 billion dollars equivalent, an amount twice higher than that paid in 2021.

Concerning our pledge to environment , we worked out for the first time our road map for energy transition in 2022 and ambition to reduce the carbon footprint of our production process. Similarly to 2021, we pursued our efforts aiming reduction of flared gas emission in addition to other solar projects for our production sites. The year 2022 saw the laying of the first stone of the solar photovoltaic power plant BRN2 in partnership with ENI. Connected to the first photovoltaic power plant «BN1», a new plant will contribute to supply the Bir Rbaa North installations by a production of 10 additional megawatts of power energy.

In this context, we also mention the inauguration of a Lab specialized in solar energy, with the objective to evaluate the photovoltaic technologies and measure the environmental data with intelligent systems. In addition to all these achievements, we count the significant breakthroughs in maturation

of projects targeting reduction and compensation of greenhouse gas emissions effects particularly in the forestry project and projects of technological carbon sequestration

Among the outstanding events of the year 2022, we should quote the encouraging results of our policy in promoting the Local Content. During the sanitary crisis in 2020 and 2021, we were faced with the disruption of the foreign contractors' activity, SONATRACH by its own means and those of its affiliates took charge of maintenance operations and entrusted local companies with the development of several projects, thus, ensuring the continuity of its activities and projects.

This effort was further reinforced in 2022 through the signing of nearly 1900 contracts with Algerian companies, namely 80 per cent of the overall contracts concluded, for a value of 3.5 billion Dollars equivalent , confirming the trend registered over the last three years in favor of the development of the local content and national integration , more than 5 200 agreements were awarded to national companies for an amount of more than 8.5 billion dollars equivalent.

Among the achievements in 2022, also, we will not omit to count the notable progress made by the major modernization projects of our company.

We will particularly point out the effort of digitalization which we decided to carry out through value-creating projects such as the Exploration & Production Data Management Project and the super-computing center and other structuring projects which implementation is underway of completion, such as the integrated information system (ERP), the transformation of the Human Resources processes and the setting up of the ISO 37001 standards relating to the anti-bribery system and ISO 26000 for societal responsibility of the organizations.

Finally, we will recall that the closing of the year 2022 is a highlight in the history of our company. In 2023, we are celebrating the 60th anniversary of the creation of our company.

The commemoration of this anniversary will give us the opportunity to pay tribute to all our employees, managers or simple workers who in the past and in the present have by their daily commitment and dedication contributed to the growth of their company in order to give it today, the deserved stature of a major Global Oil Group

M. Toufik HAKKAR
SONATRACH Chief Executive Officer

General Assembly



Board Of Directors



Members of The Executive Committee



Toufik HAKKAR
Chairman & Chief Executive Officer



Fatiha NEFFAH
Vice President Marketing



Mohamed SLIMANI
Vice President
Exploration-Production



Amine MELAIKA
Vice President
Transport by pipeline



Batouche BOUTOUBA
Vice President
Refining & Petrochemicals



Nasreddine FATOUHI
Vice President
Liquefaction & Separation



Rachid ZERDANI
Vice President
Strategy Planning
and Economics



Madjid BENARAB
Vice President
Finance



Fethi ARABI
Vice President
Development & Marketing



Azzedine DJOUABRI
Executive Director
Human Resources



The Oil & Gas Markets - Outlook -

Globally, the year 2022 witnessed a recovery of the world economy with an increase of the GDP estimated at 2.8 per cent compared to 2021. This strong rebound in the first semester registered a notable slowdown during the second quarter of the year and showed disparities depending on the regions.

If the Euro area, in a context of geopolitical conflict and rising inflation experienced a strong growth in the first semester 2022 before decelerating during the second half, the US economy on its part was febrile, in the second semester 2022 then recovered somewhat in the second half of the year sustained by appreciable consumption levels.

In the non OECD member countries the stringent policy of zero COVID has considerably slowed down growth in China, in contrast to India which registered a strong economic recovery in the first semester, in a context of high levels of inflation.

More modest than expected, global oil demand growth was estimated at 2.5 bbl/day in 2022. In the Americas and OECD Europe, demand for transport fuels was in fact lower than forecasts. In China, restrictions and closures due to Covid, have heavily impacted oil demand.

Growth of offer out of OPEC in 2022 was estimated at 1.9 million bbl/day. The main drivers of growth were the USA, Canada, Russia, China and Brazil. Globally, 2022 was a favorable year to hydrocarbon sellers. Energy prices strongly surged boosted by the Ukrainian crisis.

Fear over disruption of supply has thrown markets into turmoil and led consumers to seek other sources of substitution to Russian energy.

Brent prices at record levels

Brent price per barrel reached an average of 101.3 \$ in 2022, namely, 43 per cent more than 2021 prices (70.68 \$/b).

The peak was registered in March with nearly 137.6 \$/b approaching its highest level of 147.50 \$/b reached in July 2008. However, this bullish trend of prices has been marked by several variations which deserve to be noted.

Brent prices stood at over 100 \$/ bbl during march through July due to:

- **The Ukrainian crisis and the consequences on energy supply.**
- **Global Low oil stocks-**
- **Regulation of oil offer by the OPEC member countries,**
- **Lack of investments in exploration /production**
- **Substitution of natural gas by oil products due to high gas prices**

Brent barrel fell under 100 \$ as from end of August due to:

- **Stability of Russian exports (reduction towards Western countries but re-exportation to China and India)**
- **Massive destocking put in place by the OEDC Countries**
- **Restrain measures taken by the European Member Countries**
- **Recourse of the USA to its strategic crude oil reserves to push prices downward. EIA declared that US strategic oil reserves fell to 405 million barrels the lowest level since June 1984.**

In October 2022, prices rebounded over OPEC's decision to cut its production by 2 million bbl/d as from November.

The two last months of the year registered a decline by 20 per cent in oil prices due to higher recession risks. These projections resulted in a drop in prices on 8 December reaching the lowest level over the year at nearly 76 \$/bbl.

Gas Market: Unprecedented increase

2022 was an exceptional year for gas markets which registered an unprecedented surge in prices, with an average increase of more than 60 per cent for Henry Hub and more than 150 per cent for the TTF. Record prices were attained in August with peaks of more than 90\$/ mmbtu for the TTF and the PST mainly because of:

- The restraints on offer following the Ukrainian Crisis and the aftermath on supply to Europe which was relying by 40 per cent on Russian gas imports.
- Demand sustained by fears over gas shortage, the decision of the European Union member countries to fill their storage facilities up to at least 80 per cent before the onset of winter 2022-2023.



SONATRACH, 60 years, dedicated to Algeria

1963-2023

A long track record marked by challenges, key dates and major achievements. In 60 years, the company has never departed from its core missions: ensuring the country's energy security on the long term and contributing to the development and modernization of the national economy, Serving Algeria.

1963-1970

- Décembre 1963 Creation of SONATRACH by decree n° 63 491 of 10th January 1964 as « National Company for the Transport and Marketing of Hydrocarbons ».
- 1964 Commissioning of the first natural gas liquefaction complex GL4Z denominated CAMEL - Algerian Company of Liquefied Methane. Commissioning of Algiers refinery processing crude oil, RAIG.
- 1965 Signing of Algiers agreements in 1965 allowing SONATRACH to invest research, production and development Activities.
- 1966 First oil pipeline built by SONATRACH and put into service OZ1 linking Haoud El Hamra to Arzew.

Onset of the nationalization process of the Activities refining and distribution.
- 1967 Inauguration of SONATRACH first fuel-station.

SONATRACH achieves first oil discovery in El Borma (Hassi Messaoud East).
- 1970 SONATRACH new scheme organization put in place implementing four operational divisions and six Central directions.

1971-1979

- 1971 **February 24th Nationalization of hydrocarbons.**

Acquisition of first LNG tanker denominated after the gas deposit of Hassi R'Mel.
- 1972 Commissioning of Skikda refinery GL1K.
- 1973 Launching of the development plan in Hassi R'Mel projecting a yearly extraction capacity of 100 billion cm of natural gas/year.
- 1977 Adoption of a general plan called VALHYD extending over a period of 30 years (1976-2005).
- 1978 Commissioning of the liquefaction complex GL1Z in Arzew. Commissioning of GL2Z complex (Arzew).
- 1979 Commissioning of GL2Z (Arzew)

1980-1999

- 1980 Organic restructuring of SONATRACH:
 - 04 industrial companies (Naftal, ENIP, ENPC, and Asmidal). 3 companies for the realization of industrial projects (ENGTP, ENGCB et ENAC).
- 1982
 - (04) Four Industrial zones (Arzew, Skikda, Hassi R'Mel and Hassi Messaoud) and six (6) service companies (ENAGEO, ENAFOR, ENTP, ENSP, ENEP and CERHYD). (03) Trois entreprises de réalisation (ENGTP, ENGCB et ENAC).
 - (03) Three realization companies (ENGTP ,ENGCB and ENAC). »
- 1983 Inauguration of first international gas pipeline Enrico Mattei (GEM) towards Italy. Commissioning of complex GP2Z in Arzew (Jumbo GPL).
- 1986 Enactment of hydrocarbon law 86-14, related to the activities of prospecting, research, exploitation and transport of hydrocarbons by pipeline.
- 1991 Adoption of Law n°91-21 of 4th December 1991 amending and supplementing law n°86-14 of 19th August 1986.
- 1996 Second international gas pipeline Pedro Duran Farell (GPDF) is put into service towards the Iberian peninsula.
- 1998 Decision by the National Council of Energy on re-configuring the SONATRACH Group by grouping within it the companies resulting from the restructuring in 1982.

2000-2019

- 2000 Launching of a development program of the gas deposits in In Salah under the partnership between SONATRACH-BP.
 - Setting up of the affiliate AEC specialized in the realization of complexes of sea water desalination.
- 2005 Promulgation of ordinance 05-07 of 28 April 2005 relating to the activities of hydrocarbons prospection, research exploitation and transport by pipeline.
- 2011 Integration of ENIP as Petrochemical activity within SONATRACH.
 - Commissioning of the MedGaz pipeline linking Beni Saf on the Algerian coast to Almeria in Spain.
 - Launching of a revamping program of the refineries in the North of Algeria (Arzew, Skikda, Algiers).
- 2013 Promulgation of Law 13-01 of 20th February amending and supplementing law n°05-07 of 28th April related to hydrocarbons.
 - Start up of the ammonia and urea complex in Arzew IN partnership with the Egyptian company Orascom Construction Industries OCI.
- 2014 LNG mega-train put into service in Skikda.
- 2015 Commissioning of ammonia and urea complex in Mers El Hadjadj (Arzew), jointly with the Omani Group Suhail Bahwan Group Holding/(SBGH).
- 2019 Promulgation of law 19-13 of 11th December 2019 governing hydrocarbon activities.

2020-2023

2020 Launching of the development projects of oil deposits of Bir Sbaa Phase II and Touat West.

- Commissioning of the total refinery units of Algiers following the revamping works.

2021 Signing of first agreement for Hydrocarbon Exploration & Production under the aegis of law 19-13 on the Berkine South perimeter in partnership with ENI.

- Signing of an Association Contract with the company RUNESANS to produce polypropylene in the city of Ceylan in Turkey.
- Signing of a shareholders' agreement for the setting up of a n Algerian-Chinese company to develop the phosphate integrated project (PPI).
- Adoption of SONATRACH new code of ethics setting the standards of behavior and ethics expected from the employees and the stakeholders.
- Signature of the General Declaration of the Local Content and National Integration Policy. Signing of the new HSE general policy. Achievement of 15 new discoveries of which 3 in partnership.

2022

- Signing under the frame of the hydrocarbon law 19-13 of 2019 of 2 production sharing agreements.

- Several contracts /addendums and commercial agreements with European customers for gas supply.

- We realized a net profit result of more than 10 billion Dollars equivalent, the best financial performance achieved ever since the formation of the company.

- Launching of the construction works of the MBTE complex for the refining industry.

- Launching of a second photovoltaic center having a capacity of 10 megawatts to supply the oil and gas production sites of Hassi Berkine basin.

- Inauguration of a lab specialized in solar energy « Solar Lab».

- Signing of 1900 agreements with companies governed exclusively by Algerian Law.

2023

- Signing between SONATRACH and TotalEnergies of agreements relating to exploitation and development of the TFT fields.
- Signing of an agreement between STEP Polymers SPA a SONATRACH Group wholly- owned affiliate and the Joint Venture Petrofac-HQC for the construction of a petrochemical complex in Arzew (Oran) with an expected production of 550 000 tons /year of polypropylene.
- Signing between SONATRACH and its partners Indonesian Pertamina and Spanish Repsol, of a production sharing agreement on the contractual perimeter of «Menzel Lejmat' (Block 405a) under the aegis of the law 19-13 governing the hydrocarbon activities.

III.

Company's Achievements

Key Figures



The year 2022 was marked by the improvement of the main financial indicators compared to the previous fiscal years mainly under the effect of the surge in oil and gas prices on the global market.

SONATRACH made a net profit of 1448 billion DA namely an increase of 145% compared to 2021.

The key indicators for 2022 are as follows:

- The average Blend price is 103.90 \$/bbl, namely up by 44% compared to 2021.
- The total turnover is 8 909 billion DA, namely an increase of 73% compared to 2021.
- Oil tax paid amounted to 5 548 billion DA, i.e an increase of 113% compared to 2021.
- Ordinary income before tax is 1 848 billion DA namely an increase of 174% compared to 2021.

Increase in number of discoveries and volume in place in 2P

Year	Million TOE
2022	117 (Volume in place en 2P) 15 (Number of discoveries)
2021	70 (Volume in place en 2P) 13 (Number of discoveries)

■ Volume in place en 2P (Million TOE)
 ■ Number of discoveries

Effort deployed by SONATRACH in 2022

The efforts of development undertaken by the company have allowed satisfying results in the following four strategic axes:

1. Mobilization of reserves and increase of hydrocarbon primary production

- In 2022, fifteen (15) new hydrocarbon discoveries of which three (3) under partnership, were realized proving a hydrocarbon volume in place of 117.4 million TOE of which 86% of oil and 14% of gas. This performance is in the upward trend compared to the fiscal year 2021.
- Primary hydrocarbon production stood in 2022 at 189.6 million TOE, namely up by 2% on 2021.

Increase of production for the 2nd consecutive year

Year	Million TOE
2022	189,6
2021	185,2
2020	175,9

2. Transformation of hydrocarbons

- Continuing its upward trend over three consecutive years, refineries output reached 29 million tons in 2022. During the same period, gas oil and gasoline production has increased

to reach in 2022 3.4 Mt for gasoline and 9.8 Mt for gasoil . Since August 2020 no fuel imports have been made.

Increase in Refineries production for the third consecutive year

Year	Million Tons
2022	29,0
2021	28,0
2020	27,8
2019	26,0

Increase in Gasoil and gasoline production for the third consecutive year

Year	Million Tons	
2022	9,8	3,4
2021	9,7	3,4
2020	9,5	3,1
2019	8,5	2,1

■ Gasoil
■ Gasoline

Decrease in imports for the third consecutive year

Year	Thousands of Tons
2022	154
2021	255
2020	859
2019	2 155

- The improvement of the refining tool has permitted the exportation of three gasoline cargoes in 2022. The rehabilitation of Algiers refinery has resulted in a sharp increase of

gasoline production thus, reducing cabotage from the Skikda refinery.

Export de 03 cargaisons d'Essence en 2022

Année	Milliers Tonnes
2022	73

Reduction of gasoline cabotage towards the centre

Year	Thousands of Tons
2022	178
2021	222

Increase of gasoline production of RA1G

Année	Thousands of Tons
2022	1077
2021	1032
2020	624

The year 2022 has witnessed the launching of the development project MTBE in Arzew with a production capacity of 200 000 tons /year.

(MTBE used as additive to produce unleaded gasoline which so far was imported).

3. Marketing & Maximizing Valorization

In 2022, SONATRACH has shown reactivity to maximize value of its exports through the upward review of contractual gas prices. Sales on the spot market of more than 7 billion cm of gas and inter-market arbitrage for LPG sales. These efforts have resulted in gains of nearly 11.8 billion \$.

4. Energy Transition

The efforts deployed in 2022 have allowed to cut flared gas of 120 million cm, (-5%) compared to 2021.

- Launching of the second photovoltaic plant at BRN with a capacity of 10 mw.
- Inauguration of a solar Lab «Solar Lab» jointly with ENI at BRN site.



Operational Achievements by Activity





Exploration & Production Activity



The activity E&P is at the core of SONATRACH's basic businesses. It spans operations of prospection, research, development and exploitation of oil and gas fields.

This activity is performed by SONATRACH and its partners operating in Algeria pursuant to the law governing the hydrocarbon activities and in accordance with the principles of conservation of deposits and preservation of the environment

The development and exploitation of the deposits are part of a long term vision centred on the energy security of the country and the contribution to the development and well being of the citizens.

Algeria with its geographical position and its hydrocarbon rich underground, benefits of a large mining domain representing more than 1.5 million km², still largely under explored and offering a potential of significant resources in all the conventional, non conventional and offshore. .

Three major objectives have been assigned to the Activity Exploration- Production:

- Constantly renew and expand the portfolio of reserves.
- The development and exploitation of the fields for an optimal valorization of the resources.
- Research and Development of new projects on the national territory and abroad.

Partnership: a renovated legislative framework

To attain these targets, the recourse to partnership is a strategic option for SONATRACH as it provides risk sharing in prospection operations, ensures the renewal of reserves and strengthens energy security of the country on the mid and long terms. The recent enforcement of the new hydrocarbon law 19-13, has permitted the setting of a renovated legislative framework aiming to increase the attractiveness of the national mining domain and give a new impulse to partnership.

The year 2022 has seen the signing of two production sharing agreements under the aegis of the new law. The first agreement with the Chinese partner SINOPEC relating to the Zarzaitine perimeter, in the Illizi Basin, the second one with the companies Occidental, Eni and TotalEnergies on the contractual perimeter of Berkine (Blocks 404 and 208).

Ever-Increasing Investments

In a global context marked by volatility in hydrocarbon prices and a sustained strong demand, both on the national and international levels, SONATRACH has focused its efforts on the development of the Activity Exploration-Production (EP). The effort of exploration according to the

strategy implemented by the company, has been centered on the best opportunities which meet the criteria of volume, economy and geological risks.

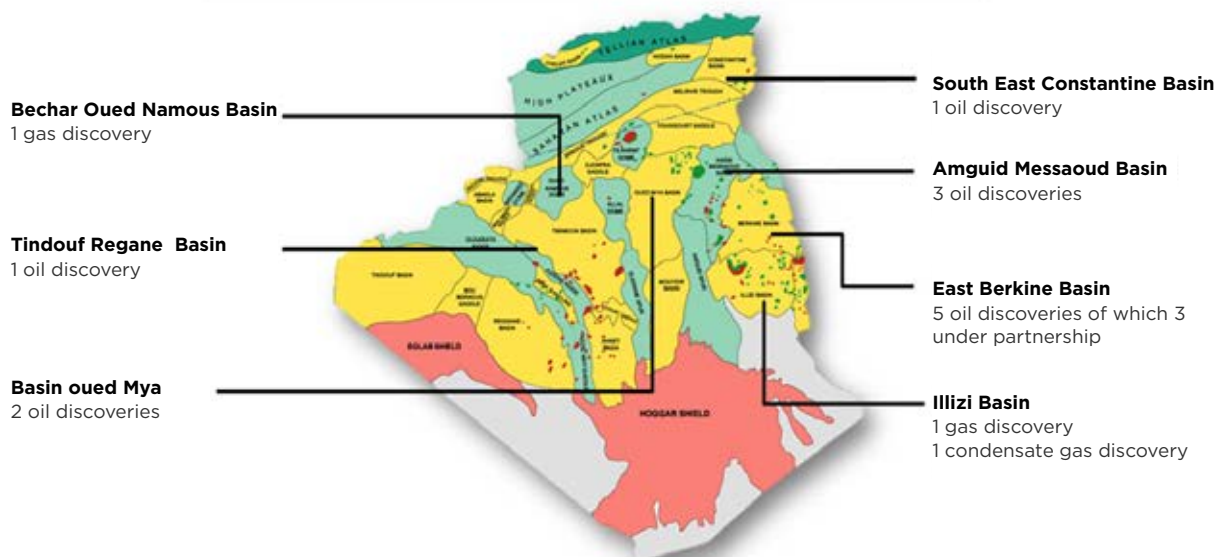
The main discoveries in 2022

- **Hydrocarbon discoveries: 15 discoveries of which three (3) in partnership.**
- **Primary hydrocarbon production: 189.6 million TOE:**
 - **Crude oil: 45.5 million tons.**
 - **Natural gas : 132.7 billion Sm³.**
 - **Condensate : 8.1 million tons.**
 - **LPG : 8.3 million tons.**

Hydrocarbon Discoveries

SONATRACH achieved in 2022 fifteen (15) new discoveries of hydrocarbons of which three (3) in joint venture. These discoveries permitted to highlight a proven and probable hydrocarbon volume in place of **117.4 million TOE**, of which 86% of oil and 14% of gas.

15 hydrocarbon discoveries of which 03 under partnership



Primary production

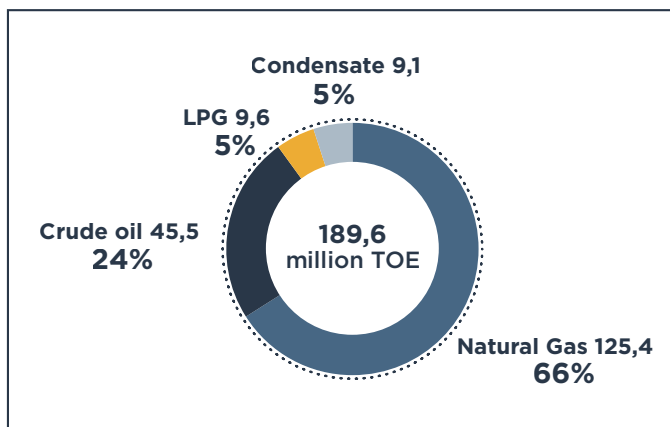
Hydrocarbon primary production stood at **189.6 million TOE** in 2022, up by 3.4% compared to 2021

Hydrocarbon primary production

Year	Milliom TOE
2022	189,6
2021	185,2
2020	175,9

This production is distributed by product as follows: 66% natural gas, 24% crude oil, 5% condensate and 5% LPG

Distribution of primary gas in 2022 (MTOE)



• Production by own effort

Primary production in own effort reached **148.6 million TOE**, up by 3% compared to 2021.

Primary production by own effort

Year	Milliom TOE
2022	148,6
2021	143,9
2020	134,7

• Primary production in partnership

Production of the operated fields reached **41.0 million TOE**, decreasing by 1% compared to 2021.

Primary Production in Partnership

Year	Milliom TOE
2022	41,0
2021	41,3
2020	41,2

Distribution of Hydrocarbon Production by Product

• Crude oil

Total crude oil production reached **45.5 million tons**, namely an increase of 7% compared to 2021. 65% of this production is supplied by the deposits operated by own effort.

Crude oil Primary production	Unit	2021	2022
Total	Million Tons	42,5	45,5
In own effort		26,6	29,5
In association		15,9	16,0

• Natural Gas

Total production of natural gas stood at **132.7 billion cubic meters**, an increase of 0.4% compared to 2021. 83% of this production was achieved by own Sonatrach's effort

Primary natural gas production	Unit	2021	2022
Total	Billion cubic m	132,2	132,7
In own effort		108,5	109,8
In association		23,7	22,9

• Condensate

Total condensate production reached **8.1 million tons**, up by 4% compared to 2021. Production in own effort represented 86% of the total condensate production.

Primary condensate production	Unit	2021	2022
Total	Million of Tons	7,8	8,1
In own effort		6,7	7,0
In association		1,1	1,1

• LPG

Total LPG production amounted to **8.3 million tons**, namely an increase of 7% compared to 2021. 78% of this production is provided by deposits operated in own effort..

Primary LPG production	Unit	2021	2022
Total	Million of Tons	7,8	8,3
In own effort		6,2	6,5
In association		1,6	1,8



Pipeline Transport Activity



Pipeline Transport Activity (TRC) is in charge of Exploiting the installations and equipment of transport of liquid and gaseous hydrocarbons, maintaining and developing the transport network in accordance with the standards in matter of security, cost and quality.

The Activity Transport by Pipeline plays an important role in regulating the flow of liquid and gaseous hydrocarbons according to the fluctuations of demand on the national and international markets.

This role invests SONATRACH with the quality of safe and reliable supplier to its national and international customers.

After the realization by SONATRACH of OZ1 in 1965, first oil pipeline after independence, the Activity Transport by Pipeline has progressively experienced through the development of the oil upstream a tremendous growth.

The network of transport by pipeline consists mainly of:

- 43 pipelines distributed in 22 systems of transport by pipelines.
- 85 pumping and compression stations installed along the network.
- 28 liquid hydrocarbons storage tanks with a usable capacity of 3.25 million TOE.
- Three (3) petroleum ports in Arzew, Skikda and Bejaia, with a loading capacity of 1.3 million tons. The petroleum ports are equipped with 5 high sea offshore buoys.
- Two (2) international gas pipelines linking Algeria to Europe, with a transport capacity of more than 2.3 billion cm per year. These gas infrastructures are :
 - the gas pipeline Enrico Mattei (GEM), connecting Algeria to Italy via Tunisia.
 - The MEDGAZ, linking Algeria directly from Beni Saf to Spain.

The TRC network is subdivided into two complementary parts :

- the Southern network which starts from the fields and transports the effluents to the liquid hydrocarbon dispatching center of Haoud El Hamra (GDHL) for crude oil and condensate and towards the national gas dispatching center for natural gas and LPG located in Hassi R'Mel (GNDG).
- The northern network ensures the transport of :
 - Crude oil from CDHL to the refineries and ports of exports
 - Condensate from CDHL and Hassi R'Mel field to the refinery in Skikda and ports of exports.
 - Natural gas from CNDG to the domestic market, the gas pipelines dedicated to export and the liquefaction complexes.
 - LPG from Hassi R'Mel to the separation Complexes.

The main achievements

In 2022, the main achievements, of the Pipeline Transport Activity is presented as follows :

The volumes of hydrocarbons supplied in 2022 by the North Pipeline network reached **154.3 million TOE**.

Volumes transported via the Northern network

Year	Million TOE
2022	154,3
2021	155,1
2020	136,3

The volumes transported towards the North are distributed by product as follows:

- Crude oil: 43.2 million tons, of which 24.0 million tons were delivered to the Northern refineries.
- Natural gas : 98.3 billion cm³ OF WHICH 41.2 billion cm³ supplied to Sonelgaz, 17.9 billion cm³ to the LNG production complexes and 36.0 billion cm³ destined to transport by gas pipelines.
- Condensate: 8.0 million tons, of which 4.9 million tons delivered to the condensate refinery in Skikda.
- LPG : 8.1 million tons destined to separation in the North.

Volumes transported via the North network by product

Product	Million TOE
Natural Gas	92,9
LPG	9,3
Condensate	8,9
Crude oil	43,2

The volumes transported via the South network stood at **82.9 million TOE**, up by 3% compared to 2021.

Volumes transported via the South network

Year	Million TOE
2022	82,9
2021	80,3
2020	72,7

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

The volumes transported via the South network by product

Product	Million TOE
Natural Gas	48,8
LPG	7,8
Condensate	5,0
Crude oil	21,4



Liquefaction and Separation Activity



The Liquefaction and separation Activity deals with the liquefaction of natural gas and separation of LPG into propane and butane.

This activity is performed through four LNG complexes and two PLG complexes.

This activity is also in charge of two large industrial zones in Arzew and Skikda which receive significant industrial oil and gas assets.

Today, SONATRACH is one of the world's Leaders in the industry of LNG and LPG.

A pioneer in LNG by the commissioning of the first LNG export terminal in the world in 1964 in Arzew. Over the years, SONATRACH has become one of the world's leading players in the production and marketing of LNG.

Currently, it owns four LNG complexes totaling an installed capacity of 56 million cm of LNG per annum. These installations enable SONATRACH to supply its customers on its traditional market: Europe but also reach other remote markets such as the Asian and American continents.

Concerning gas separation, SONATRACH owns two processing and separation plants for LPG mixtures to extract butane and propane. The two complexes GP2Z and GP1Z have a processing capacity of 10 million tons per year.

GAS LIQUEFACTION AND SEPARATION ACTIVITY COMPLEXES IN OPERATION

GL1K : Skikda

- Start UP : 1972/ Rehabilitation 2013
- Liquefaction Capacity: 10 million tons of LNG/year.
- Number of trains: 1 Mega train
- Storage capacity: 03 Tanks (246 000 cm).

GL1Z : Béthioua

- Start UP : 1978
- Liquefaction Capacity: 17.56 Millions M³ LNG/year
- Number of trains : 06
- Storage capacity : 03 tanks (300 000 m³)

GL2Z : Béthioua

- Start UP : 1981
- Liquefaction Capacity: 17.8 Millions M³ LNG/year
- Number of trains: 06
- Storage capacity: 03 Tanks (300 000 m³)

GL3Z : Béthioua

- Start UP : 2014
- Liquefaction Capacity: 10.6 Millions M³ LNG/year
- Number of trains: 01 Mega Train
- Storage capacity: 02 tanks (320 000 m³)

GP1Z : Arzew

- Start UP : 1983/1998/2010
- Liquefaction Capacity: 9 Millions tons/year
- Number of trains : 09
- Propane Storage capacity: 04 tanks (280 000 m³)
- Butane Storage capacity: 04 tanks (280 000m³)

GP2Z : Arzew

- Start UP : March 1973
- Liquefaction Capacity: 1.4 Millions Tons/year
- Number of trains: 02
- Propane Storage capacity: 01 tanks (70 000 m³)
- Butane Storage capacity: 01 tank (70 000m³)

Main achievements in 2022

The main achievements in 2022 for the Liquefaction and Separation Activity are as follows:

- **LNG production 22.8 million m³ LNG**
- **Propane production: 4.8 million tons**
- **Butane production: 3.7 million tons**

LNG Production

Year	Million cm
2022	22,8
2021	26,3
2020	23,1

LNG Production by complexes

Complexe	Millions cm LNG
GL1Z	5,0
GL2Z	6,9
GL3Z	3,6
GL1K	7,3

In matter of separated LPG the volume of produced propane and butane stood at **8.5 Million Tons**, namely 98% of the target and an increase of 5% compared to 2021. These volumes are provided by the LNG separation complexes of North GP1Z and GP2Z (93%), LNG complexes (4%) and separation in the South (3%).

LPG Production

Year	Million Tons
2022	8,3
2021	7,8
2020	7,3

In 2022, the volume of propane produced reached **4.8 Million Tons** against **3.7 Million Tons** of butane.





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Refining and Petrochemicals Activity



This activity deals with refining and transforming liquid hydrocarbons in order to supply the domestic and global markets with high quality oil and petrochemical products.

SONATRACH owns five refineries totaling a processing capacity of 27 million tons per year in addition to a condensate complex having a processing capacity of 5 million tons/year.

With the growing demand for fuels on the domestic market, SONATRACH has launched an important program of revamping and adaptation of the installations to the international standards

in matter of quality of the products and industrial security. This program was completed in 2020 with a total refining capacity reaching 27 to 30.7 million tons per year.

Since 2020 SONATRACH has registered excellent performance in production and refining resulting in meeting the whole fuel needs of the national market and stopping imports of these products. As to petrochemicals, in addition to an asset consisting of two petrochemical complexes mainly producing methanol and polyethylene, SONATRACH operates in partnership in other petrochemical complexes for the production of ammonia, urea and nitrogen.

REFINERIES AND COMPLEXES IN OPERATION RAIG

<p>RA1G : Algiers</p> <ul style="list-style-type: none"> • Start UP : 1964/ Rehabilitation 2019 • Processing Capacity: 3.645 Millions Tons/year 	<p>RA1Z : Arzew</p> <ul style="list-style-type: none"> • Start UP : 1973/ Rehabilitation 2013 • Processing Capacity: 3.75 Millions Tons/year
<p>RHMD2 : Hassi Messaoud</p> <ul style="list-style-type: none"> • Start UP : 1972 • Processing Capacity: 1.1 Millions Tons/year 	<p>RA1K : Skikda</p> <ul style="list-style-type: none"> • Start UP : 1980/ Rehabilitation 2013 • Processing Capacity: 16.5 Millions Tons/year
<p>RA1D : Adrar</p> <ul style="list-style-type: none"> • Start UP : 2007 • Processing Capacity: 0.6 Millions Tons/year 	<p>RA2K : Skikda</p> <ul style="list-style-type: none"> • Start UP : 2009 • Processing Capacity: 5 Millions Tons/year
<p>CP1Z : Arzew</p> <ul style="list-style-type: none"> • Start UP : 1976 • Production capacity: 152 000 Tons/year • Products : Methanol, Resine, Formol, Formure 	<p>CP2K : Skikda</p> <ul style="list-style-type: none"> • Start UP : 2005 • Production capacity: 130 000 Tons/year • Product: PEHD

It is worth noting that 52% of the products issued by the refineries are destined to meet demand in the domestic market and comprise LPG, gasoline, gasoil, kerosene, lubricants and also special products (white spirit , benzene, toluene, xylene blend).The remaining production of the refineries is intended to export and concerns naphtha, fuel oil, base oils and aromatics.

The main achievements

The main achievements in 2022 for the Refining and Petrochemicals Activity by own effort, is as follows :

- Total production of refineries: 29.0 million tons.
- Production of petrochemical complexes: 123.469 Tons.

Volume of processed crude oil

The Volume of processed crude oil by the refineries in Algeria reached **25.5 Million Tons**,namely,97% of 2021 target.up by 2% compared to 2021.

Processed crude oil

Year	Million Tons
2022	25,5
2021	25,0
2020	25,0

Processed crude oil by refineries

Refinery	Million Tons
RA1K	16,5
RA1Z	3,9
RA1G	3,6
RA1D	0,4
RHMD	1,1

The volume of processed Condensate

The volume of processed Condensate by the refinery in Skikda RA2K reached **4.9 Million Tons**, up by 14% compared to 2021.

Processed condensate

Year	Million Tons
2022	4,9
2021	4,3
2020	4,2

Total production of refineries

The total production of refineries with oil products amounted to **29.0 Million Tons**, an increase of 4% compared to 2021.

Refineries production

Year	Million Tons
2022	29,0
2021	28,0
2020	27,8

Production by refinery

Refineries Production in 2022

Refinery	Million Tons
RA1K	16,1
RA1Z	3,8
RA1G	3,4
RA1D	0,3
RHMD	0,5
RA2K	4,9

The production of petrochemical complexes CP1Z/ CP2K

Production of complex CP1Z in Arzew reached a volume of **91 862 Tons**. Sales of the complex reached **11 527 Tons** on the domestic market and **64 425 Tons** in export.

The turnover of these exports amounted to **19 Million US\$**. The petrochemical complex CP2K in Skikda registered a level of production of **31 787 Tons** of PEHD. The sales of this product stood at **14 676 Tons**.



Marketing Activity



The Marketing Activity is in charge of supplying the national market with oil and gaseous products and marketing and valorizing hydrocarbons on the international level under the best valorizing economic conditions.

As part of its development strategy , SONATRACH has set two main objectives : ensure the supplies to the domestic market, on the one hand, a better valorization to its exports and strenghten its market share in order to maintain its competitive position on the international market, on the other hand.

Internationally, Sonatrach has real assets that allow it to stand up to competition. Its presence throughout the entire gas segment, its reputation as a trusted and reliable supplier, its proximity with Europe, the flexibility of its installations, its capacity of negotiation and adaption to the developments of the markets.

Over the last years, SONATRACH has succeeded in adapting its trading tools to the evolvment of the gas markets through the signing of mid and short term contracts and the introduction of new price formulas for a better valorization.

Sonatrach has acquired the status of major player on the gas markets- it is :

- **The first gas supplier to Italy**
- **2nd gas supplier to Spain**
- **2nd LNG supplier to Turkey**
- **2nd LNG supplier to Greece.**

Agreements and natural gas purchase and sale contracts signed in 2022

SONATRACH proceeded to the revision of natural gas contractual prices with its main foreign customers in accordance with the market conditions.

The company has signed several natural gas supply agreements among which :

- **The signing of an agreement with the Greek energy Group Depa to extend the long term contract relating to the sale and purchase of LNG to the Greek market.**
- **Signing of an agreement with ENI in order to increase the volume of exported gas through the available capacities of the gas pipeline Enrico Mattei (Transmed) with new contractual terms linked to the price revision.**
- **Signing of an agreement with ENRL within the frame of natural gas purchase and sale contracts destined to the Italian and Spanish markets , including sale price adjustment according to the market conditions.**
- **Signing of an agreement with ENGIE within the frame of natural gas purchase and sale contracts via the Medgaz gas pipeline.**
- **Signing of a natural gas purchase and sale contract with Naturgy via the gas pipeline Medgaz with revision of contractual prices according to the market evolutions.**
- **The signing of natural gas purchase/sale contract with the Slovene company GEOPLIN to supply Slovenia with natural gas via the gas pipeline connecting Algeria to Italy.**

A responsiveness to market developments.

In 2022, SONATRACH proved its capacity to respond to the market demand through, notably:

- **The launching of the accelerated development of many gas discoveries in Hassi R'Mel, Ahnet and the area of In Amenas in order to place on the short term additional volumes.**
- **The delivery over several days of more than 100 million cm/ day of gas via the GEM gas pipeline.**
- **This strong responsiveness to the demand developments has resulted in a sharp increase in export turnover which reached 59.8 billion US\$, up by 69% compared to 2021.**

The main aggregates for 2022

- **Traded Production : 158.3 Million TOE.**
- **Exportation : 95 Million TOE.**
- **Domestic market : 64/3 Million TOE.**
- **Turnover for exports : 59.8 billion US\$.**
- **Medium price for Sahara Blend : 103.90 \$/bbl.**

Total hydrocarbon volume traded

The total hydrocarbon volume sold (including at SONATRACH units) stood at **158.3 Million TOE.**

Volumes of Sales

Year	Million TOE
2022	158,3
2021	159,4
2020	139,9

Volume and structure of hydrocarbons exports

The volume of hydrocarbons exports stood at **91.6 Million TOE**.

Export volumes

Year	Million TOE
2022	91,6
2021	95,0
2020	80,7

• LPG

LPG exports reached 6.08 Million Tons in 2022, up by 4% compared to 2021.

LPG

Year	Million TOE
2022	6,1
2021	5,9
2020	5,6

Exports by product

• Crude oil

Exports of crude oil registered an increase of 10% compared to 2021, further to the increase in crude oil production at the fields.

Crude oil

Year	Million TOE
2022	18,8
2021	17,1
2020	16,7

• Refined Products

Exports of refined products registered an increase of 3% compared to year 2021. It is mainly a result of the good performance of the refineries production.

Refined products

Année	Million Tons
2022	14,0
2021	13,6
2020	14,6

• Condensate

exports reached a level of 3 million tons, namely a decrease of 5% compared to the previous fiscal year.

Condensate

Year	Million TOE
2022	3,0
2021	3,1
2020	3,3

• Natural gas

Natural gas exports reached a volume of 36.0 billion m³ in 2022 as a result of gas offer availability and spot sales and also additional volumes on the short term.

A volume of 4.3 billion m³, namely , 12% of the total volume of exported gasdu, has been placed on the spot market via the GEM gas pipeline.

Natural gas

Year	Billions of cm
2022	36,0
2021	39,5
2020	25,6

• Liquefied natural gas

LNG exports reached a volume of 22.0 Millions m³ LNG

LNG

Year	Billions of cm
2022	22,0
2021	25,9
2020	22,9

It should be noted that natural gas and LNG registered a decrease of 9% and 15% respectively compared to 2021 due to the decline in nomination od foreign customers compared to 2021.

Volumes of sale on the domestic market

Hydrocarbon sales on the domestic market in 2022 reached **66,7 Million TOE**, namely up by +4% compared to 2021

Sales of volumes on the domestic market

Year	Million TOE
2022	66,7
2021	64,3
2020	59,2

Sales on the domestic market by product are as follows:

• Natural Gas

Sales of natural gas on the domestic market registered an increase of 4% compared to 2021.

Natural gas

Year	Billions of cm
2022	50,2
2021	48,4
2020	44,8

• LPG

LPG sales on the domestic market progressed by 9% compared to 2021. This increase is mainly justified by the high demand for propane destined to the use as LPG fuel (+16% compared to 2021).

LPG

Year	Million Tons
2022	2,9
2021	2,6
2020	2,4

• Refined products

Sales of refined products on the domestic market registered an increase of 3% compared to 2021, mainly due to the increase in gasoil consumption.

Refined products

Year	Million Tons
2022	14,5
2021	14,2
2020	12,9

Sales of refined products by product on the domestic market are distributed as follows:

- Sales of gasoline and gasoil represent 92% of the total sales of refined products on the domestic market.
- Fuel sale reached a volume of 3.3 million tons in 2021, declining by 2% compared to 2021 due mainly to its substitution by LPGc.

Detailed refined products

Product	Millions of tons
Gasoline	3,3
	3,4
Gasoil	10,0
	9,8
Kero jet	0,5
	0,3
Other(*)	0,7
	0,7

■ 2021 ■ 2022

(*) : Fuel, White spirit, Bitume, Lubrifiants, Aromatic, Naphta & reformat

• Importation de produits pétroliers

En matière d'importation de produits pétroliers, un volume de **154 Milliers Tonnes** a été réalisé en 2022 contre 255 Milliers Tonnes en 2021, soit une baisse significative de 40%. Cette baisse est expliquée par la satisfaction de l'outil de production de la demande nationale en essence et en gasoil, entraînant un arrêt total des importations en carburants terre depuis août 2020. A noter que trois cargaisons d'essence d'un volume de 73 Milliers Tonnes ont été exportées au cours de 2022.

Volumes of imports

Year	Millions of tons
2022	154
2021	255
2020	859
2019	2155



IV.

Governance





Transformation of the Human Resources

SONATRACH has placed the development of its human capital at the top of its priorities and for this purpose it has implemented the project called «TRH» (Transformation of the Human Resources), aimed at bringing about a qualitative change in the management of its human resources.

In order to achieve managerial and operational excellence, SONATRACH has updated the rules supporting its human resources policy, namely: equal opportunities, transparency in the career management and a fair compensation for skills.

Paving the way for a qualitative transformation of the human resources management, SONATRACH's TRH project represents a turning point in the company's life, and must contribute to ensure optimization of collective careers management by providing an environment of evolution adapted to all profiles and favoring the emergence of competence and talents.

This project will permit to re-adapt the four main processes of Human Resources: recruitment, skill development, career management and performance management.

TRH commitments

As part of a development approach of excellence, Sonatrach commits to:

- **Guarantee equity for all its employees, strictly in line with the principles of transparency and equality of chances in terms of selection, recruitment, integration, recognition of work and career management.**
- **Ensure prospects of development by offering to each worker the lever of success within the company.**
- **Manage individual and collective performance in a fair and incitative way by implementing a targetted management in line with the company's strategy performance.**
- **Invest in training in an oriented and qualitative manner enabling capitalisation, transparency, knowledge sharing, renewal of expertise, valorization and improvement of the workers' skills.**
- **Improving operational efficiency by using new technologies and adapted, homogeneous and transparent tools, boosting the functioning modes and management processes of human resources able to give an impulse to the company's productivity, performance and work quality.**
- **Develop the employer's brand, a clear brand image, transmitting the company's values, attracting the best talents of tomorrow, integrating the new recruits in an efficient and engaging manner and retaining the employees by anchoring in them a strong sense of pride and transparency.**

- **Strengthen Social Dialogue** in complete transparency, favoring listening, consultation and dialogue with the aim of creating maximum synergy, promoting the spirit of transparency and adherence to the Company's projects and facilitating the relationship between the different stakeholders, namely Managers, Collaborators and Stakeholders.
- **Preserve Health, Safety and Well-being at work**, by guaranteeing a healthy environment and offering optimal and suitable working conditions, ensuring the physical, mental and social well-being of workers through the implementation of appropriate safety measures, to anticipate work-related hazards.
- **Promote Social Responsibility**, in particular encouraging the inclusion of profiles, skills, female and male genders, people with special needs; by prohibiting and sanctioning any form, of whatever nature, of intolerance, harassment and discrimination.
- **Strengthen Ethical Values**, a real pact between the employer and the employee, aiming among other things to perpetuate the Company and improve its social climate, around professional relations and model behavior based on respect, trust, transparency, honesty, loyalty and integrity as well as the protection and confidentiality of personal and professional data.



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Principles of Ethics

As a result of a collective reflection around the values that must govern the company, SONATRACH adopted a code of ethics in November 2010 and updated it in 2021. This reference document stipulates the standards of behavior and principles of ethics and values that must govern the action of the managers and employees and other stakeholders.

The committee of Ethics has been entrusted with the missions of the follow-up, and ensuring the compliance of the actions, activities and behaviors with the universal principles of ethics..

With these provisions SONATRACH strives to promote a culture of transparency and a climate of trust allowing to prevent illegal acts and abuses to the detriment of the general interest, integrity, reputation and brand image of SONATRACH.

With the adoption of the code of ethics, SONATRACH commits to comply with the legal and regulatory provisions in force and also to the highest standards of ethics wherever the company operates.

Implementation of two standards ISO 37001 and ISO 26000.

To give the greatest strength and credibility to its ethical commitment in matter of governance, SONATRACH has signed with the Algerian Institute of normalization, two agreements related to the support in the process of certification for the implementation of two standards ISO 37001 and 26000. The first one concerns the anti-bribery management system and the second one relates to the societal responsibility of the company.

The ISO 37001 should make it possible to consolidate ethical practices in the conduct of business in the company. It also aims at promoting transparency and probity culture while at the same time implementing the appropriate means of control to ensure protection to society, its assets and employees against any criminal practices. The implementation of ISO 26000 standard, concerning social responsibility, reflects the SONATRACH's

social commitment to the neighboring communities concerning the impact of its decisions and activities on local development and the environment.

The implementation of these two standards is part of SONATRACH ethical commitment in matter of governance, transparency and integrity in all the fields of its activities. Thus, it further strengthens relationship of trust between SONATRACH and its stakeholders both internal and external by adopting the best internationally recognized standards.

The meeting of the commission in charge of implementing the system of social responsibility (ISO26000) and managing anti-bribery (ISO37001) took place in October 2022 at the headquarters of the General Direction of the Group, and was an opportunity to raise awareness of the Group's executives of the importance of implementing two standards, recalling that the kick-off for the implementation of this approach started from the headquarters of the General Direction, the Group's main command center.

Code of Ethics, an instrument to promote transparency

This reference text targets to establishing a peaceful workplace respecting human rights and the rights of the workers. It also marks the willingness to promote the culture of transparency and an environment of trust to prevent and punish illegal acts and abuses committed to the detriment of the general interest, the integrity and reputation of SONATRACH brand image.

It is worth noting, that the code of ethics is implemented reciprocally in SONATRACH's relations with its different stakeholders, employees, commercial partners and public authorities. To contribute to the compliance with the values enshrined in the code of ethics, SONATRACH has set up for its employees and other stakeholders an alert system to report via special and secure networks any breach or unlawful act.

This system guarantees the confidentiality of the collected data and provides for a protection to whistleblowers in good faith against any forms of reprisals.

Code of Ethics Seven values and fundamental principles

The code of Ethics is centered around seven values and fundamental principles aiming to govern all SONATRACH's acts , procedures and referential.

Commitment to the national interest

As a driver of the national development and in addition to its statutory missions, SONATRACH is fully committed to the development of the country. To reach its targets, it strives for excellence in all areas.

• Good governance

SONATRACH conducts its activities and develops its relations with all the stakeholders in complete transparency, making credible information available and public on its results and performance.

• Integrity

SONATRACH establishes its relations with its employees, suppliers, and partners on the principles of honesty and integrity.. SONATRACH managing executives and the employees refrain from any unlawful act, abuse of unethical behavior.

• Equity and Equality of opportunities

SONATRACH enshrines the principle of no discrimination with regard to its employees and candidates to employment.

• Respect of individuals and commitments

SONATRACH respects its employees and treats them with dignity, preserves their health, ensures their security and protection on the workplace.

SONATRACH honors its commitments to the community, customers, suppliers, partners and authorities.

• Recognition of skills and merit

SONATRACH provides a healthy, serene and stimulating work environment, conducive to professional fulfillment and the development of a corporate culture founded on the recognition of competence and efforts made by its employees.

• Excellence

SONATRACH is committed to changing its management method in order to free up initiative, encourage sharing, delegation, the spirit of responsibility and make the decision making process more flexible in order to place the company in the path of excellence.

Social Responsibility and environment protection

The code of ethics reaffirms SONATRACH's social responsibility and stipulates a series of commitments. It ensures that its activities are carried out in compliance with the best standards governing the protection of the environment. SONATRACH ensures the social acceptability of any new project and remains attentive to its environment within a framework of a permanent dialogue with the local communities.

SONATRACH sets up its activities in the framework of sustainable development by ensuring a rational and responsible exploitation of the natural and energy resources. As a socially responsible corporate SONATRACH works everywhere to strengthen social ties and promote the creation of wealth and jobs. It contributes directly or indirectly to the local development of the areas where its activities are located. Through its sponsorship actions. SONATRACH contributes to the preservation of biodiversity and safeguarding cultural and historical heritage.

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Digitalisation and Information System

Digital transformation is undoubtedly a key booster to change enabling SONATRACH to achieve significant progress towards performance, such as:

- Managing the company through an integrated and optimized vision of the activity.
- Accelerating decision-making, enhancing productivity and improving performance
- Ensuring optimal communication and collaboration.
- Reducing management and operation costs
- Anticipating and reducing risks by INTEGRITY of data and financial control

The SH One project is in charge of supervising the process of implementing ERP Enterprise Resources Planning, throughout the production sites of the company. It has a strategic character for the company making it possible to make a qualitative leap in the mode of management and the realization of significant gains in competitiveness.

The main achievements

- Successful launching of SONATRACH ERP implementation operations (Project SH One) in several pilot sites, such as the gas liquefaction complex of GL3Z in Arzew, the Production Direction STAH, West Transport Direction and the Direction of pipeline rehabilitation of the Activity pipeline transport.
- Completion of the project “SONATRACH Geography Information System » to have a better control of the environment, master the risks, fast decision-taking and improving security of the installations.

SONATRACH Data Center obtaining « Uptime Tier 3 Design»

Mark of the outstanding breakthroughs made by SONATRACH in digitalization, the Data Center, First in Algeria for obtaining the international certificate of classification « Uptime Tier 3 design” awarded by Uptime Institute Professional Services.

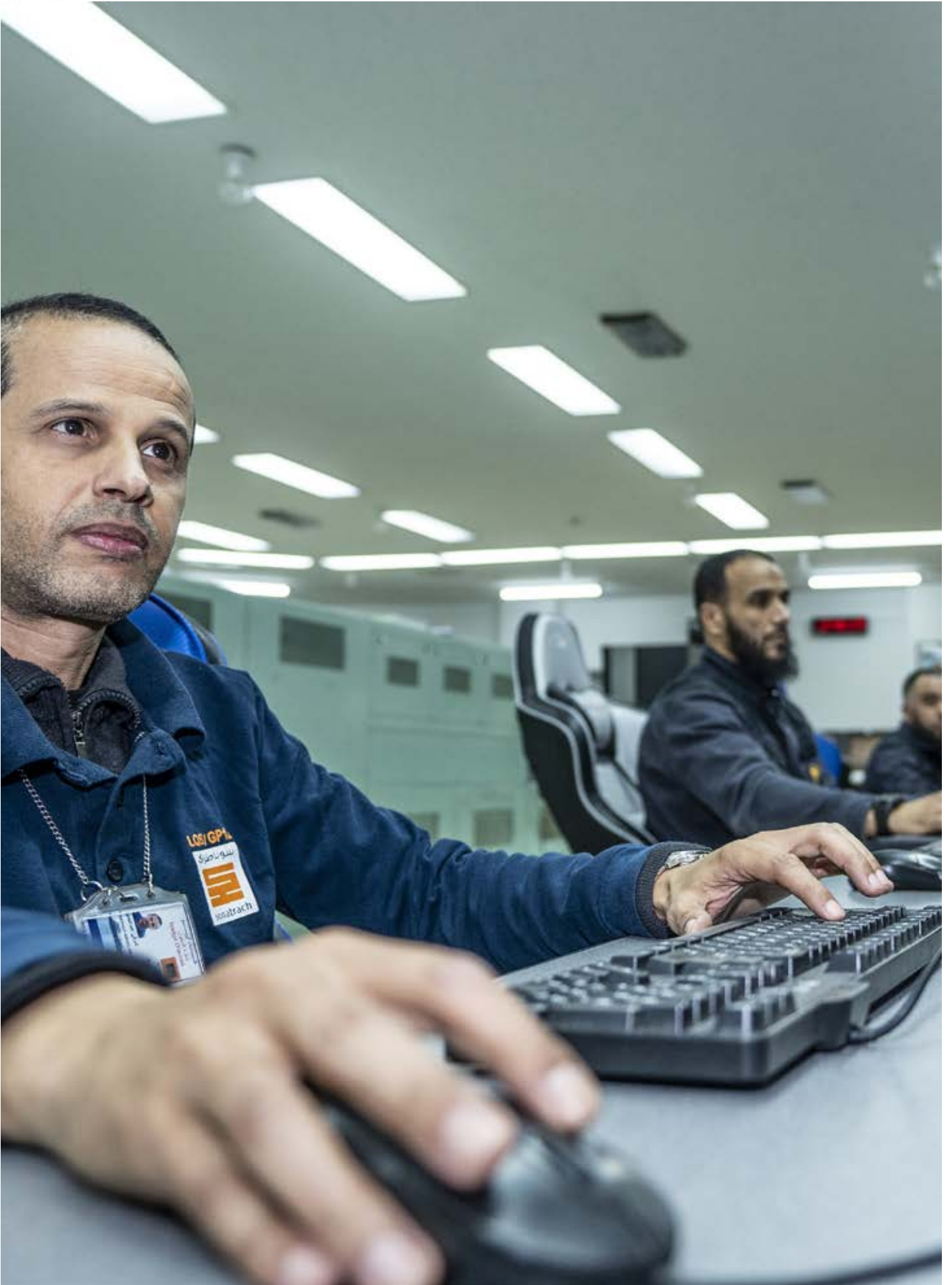
The certification Tier 3, a prestigious distinction, awarded by the Uptime Institute to the Data center complying with high international standards linked to the improvement of mechanisms and security and resilience processes executed in the data centers in order to ensure their availability, quality and security.

After completion of Audit and development, ensured by SONATRACH Central Direction of digitalization and information system jointly with the support and development foundation of digitalization (EADN), the Uptime Institute has ranked SONATRACH Datacenter by referring to its latest version among the most secure and flexible in the world.

The Data Center, a state-of-the-art IT infrastructure

SONATRACH Data Center is equipped with a very performing state-of-the-art infrastructure with servers connected to high speed internet which provides storage , processing and fluidity of data and applications and offers a secure environment minimizing the risks of security breaches and violation of the information systems.

The qualitative excellence of the works of this center meets the international standards and is part of SONATRACH strategic vision to host its data and applications as well as to develop digital transition programs for its various activities.



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Promoting Local Content and National Integration

In accordance with the public authorities orientations, SONATRACH has initiated a development policy targeting the promotion of the tool of national production to its investments. This strategic approach has been included as a solemn pledge since 2021 in the general declaration of promotion of the local content and national integration.

For SONATRACH, promoting local content is reliant on the strong commitment to create added value in Algeria, for a maximal participation of the national tool of production in its orders and development projects, aiming 50% of the local content by 2030

The policy of local content and National integration registered notable success in 2022 with the signing of nearly 1900 agreements with companies governed by the Algerian Law for a value of 3.5 billion \$ equivalent, namely 84% of the total agreements concluded. Globally, over the last three years, more than 5200 contracts representing a financial budget of more than 8.5 billion \$ equivalent have been concluded.

A Policy of group and sustainable development

SONATRACH policy of promotion and development of the local content is a strategic priority for all the companies of the SONATRACH Group.

This policy must fall within the framework of SONATRACH social responsibility (RSE) and express its role as a major player in the sustainable development of the country in its economic, social and environmental scope.

Supportive policy

SONATRACH Policy of Local Content spans a large array of approaches, from the regulatory to mandatory procedural provisions to more lenient requirements that encourage the Algerian companies, through supportive policies in areas such as training, innovation and technological transfer and strengthening of the capacities, support and communication policies.

Boost the integration rate of national economy

At the operational level, the promotion of the local content also concerns SONATRACH's subsidiaries which are already systematically involved in the development of the projects through the hydrocarbon value chain.

By opening up development opportunities to small and medium-sized enterprises (PMI/PME), Start-up, micro enterprises, the local content policy implemented by SONATRACH, therefore, it opens up real opportunities to boost the integration rate of the national economy and contribute to cut expenses in foreign currencies.

To achieve its commitments, SONATRACH has integrated in its procurement procedures compelling the operational structures to have recourse in priority to national companies and organisms.

Concerning foreign contracting parties, they are asked to have recourse to local sub-contractors, depending of course on their level of expertise and qualifications.

SONATRACH Strategic objectives

SONATRACH's policy of local content targets five strategic objectives:

- Sustain the social economic development of the country
- Boost the industrial sector of the Algerian small and medium-sized enterprises through the opportunities offered by its growth strategy.
- Promote and develop the technological transfer and know-how by fostering the development of partnerships.
- Participate to the development of competence by reinforcing the relationship between higher education , professional education and oil & gas companies
- Strengthening the development of the local oil & gas supply chain

The founding Principles

- The involvement of all the stakeholders
- Partnership and win-win collaboration for the creation of shared value (valeur partagée)
- Respecting the principles of transparency and equal opportunity and competition.
- Complying with the HSE standards
- Complying with SONATRACH Code of ethics and behavior

The emergence of a national ecosystem of competition

The promotion of the local content is supported by a strategy contributing to implement a national system of competition, performance and innovation so as to valorize the national tool of production.

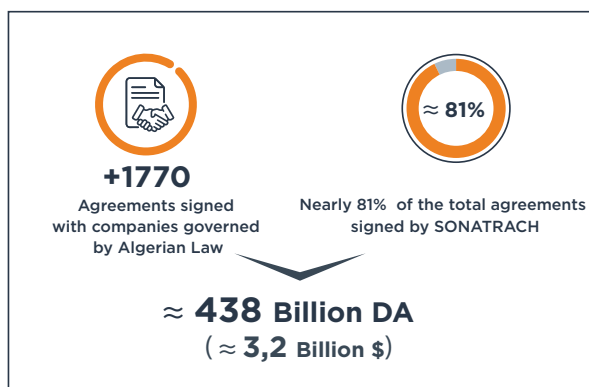
Realizations

Conducting the project EPF (Early Production Facility) in Algeria, through the implementation of a local innovation ecosystem in which the SONATRACH Group affiliates, the enterprises under the Algerian Law and universities , take part.

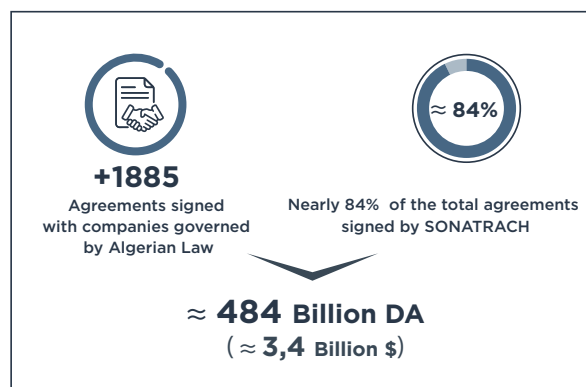
- Signing of three (3) contracts with start-up for the acquisition of equipment for the fuel processing units manufactured locally.
- Agreement concluded with the Group ENGCB-ENGTP-SARPI, for the replacement of the departure station SP1/OK1 at Oued El Hamra (HEH)of STC OK34/1.
- 22 enterprises governed by the Algerian Law pre-qualified for the design and manufacturing of mechanical precision items for the whole SONATRACH structures.
- Cooperation convention concluded with the National Agency of support and Development of Entrepreneurship (ANADE former ANSEJ) dealing with the development of micro sized enterprises and the support of young entrepreneurs.

AGREEMENTS CONCLUDED WITH COMPANIES GOVERNED BY ALGERIAN LAW

FISCAL YEAR 2021



FISCAL YEAR 2022



V.

Investments





Investments



The investments for the year 2022 reached 800 billion DA (5.6 billion US\$ equivalent), namely an increase of 11% compared to 2021. The share in dinars in the realizations represents 73% of the total investments.

Exploration Production absorbs most of the resources as it contributes to mobilizing new reserves and bringing them into production. The remaining concerns mainly the development of the downstream activity, particularly, refining and petrochemicals.

These investments aim both ensuring the country's energy security, and also contributing in providing a reliable supply to the global market.

1. Exploration – Production Activity

Investments in Exploration-Production Activity presented most of the achievements (namely 85% of the total) with an amount of **676 billion DA** (4.8 billion US\$ equivalent), distributed as follows:

- **SONATRACH by own effort : 494 billion DA** (3.5 billion US\$ equivalent).
- **SONATRACH in partnership : 182 billion DA** (1.3 billion US\$ equivalent).

Investments achieved in partnership represented 27% of the whole segment Exploration (Production with an increase of 20% compared to the previous year.

In matter of exploration, investments for the year 2022 reached nearly **101 billion DA** (708 million US\$ equivalent), an increase of 49% compared to the previous year.

In billions of DA	Realizations 2021	Realizations 2022
Exploration	67	101
SONATRACH by own effort	62	88
SONATRACH in partnership	4	12
Development and Exploitation of deposits	554	574
SONATRACH by own effort	437	404
SONATRACH in partnership	120	169
Other	2	1
Total	623	676
Total in billion US\$ Equivalent	4,4	4,8

These investments concern mainly the acquisition of 3.025 Km of 2 D.13 seismic profiles, 7601 KM2 3D seismic profiles and the drilling of 54 wells of which 37 have been delivered.

• Exploration Physical effort

	Realizations 2021	Realizations 2022
SONATRACH own effort		
Seismic 2 D (km)	3970	3025
Seismic 2D (km2)	8654	13761
Number of drilled wells completed	20	32
SONATRACH in partnership		
Seismic 2D (km)	-	-
Seismic 3D (km2)	-	-
Number of drilled wells completed	-	5
Global effort		
Seismic 2 D (km)	3970	3025
Seismic 3D (km2)	8654	13761
Number of drilled wells completed	20	37

Concerning the Activity of development of deposits, the investments realized in 2022 reached **574 billion DA** (4.0 billion US\$ equivalent) of which 70% by own effort.

These efforts were mainly related to the achievement of:

- The main deposit development projects are : Hassi Guettar, Touggourt, Tinrhert, Hassi BirRekaiz, Hassi Mouina, Hassi Ba Hamou, Touat et Isarene.

• Drilling development program 2022

	Realizations 2021	Realizations 2022
SONATRACH own effort		
Volume of activity (Meter drilled)	215 666	221 744
Number of drilled wells completed	73	72
SONATRACH in partnership		
Volume of activity (Meter drilled)	69 498	120 953
Number of drilled wells completed	19	40
Global effort		
Volume of activity (Meter drilled)	285 164	324 697
Number of drilled wells completed	92	112

2. Pipeline Transport Activity

For this Activity, the investment realizations in 2022 amounted to nearly **62 billion DA** (436 Million US\$ equivalent), namely, an increase of 68% compared to 2021, which represents 8% of the global investments of the company.

More than 64% were related to revamping projects, mainly decompression station of Ouargla, gas coolers of the stations GZ1/2/3, the pipeline supervision center of TRC Activity, the revamping of the pipelines OB1, GZ2 and OH1, replacement of oil pipe OD1 of the departure station, SP1 and

- The drilling development program which physical effort stood at **112 completed wells including 72 wells by own effort.**

For the development drilling, the summary of the achievements in own effort and in association is presented on the table hereunder:

OK1, protection and stabilization works of the groundwater against oued floods, installation of new systems of cathodic protection, ensure compliance of detection/extinction systems and the anti-fire networks and the installation of a collection and treatment system of industrial wastes of the marine Terminal of Bejaia.

Investments Distribution of transport by pipelines are as follows:

In billions of DA	Realizations 2021	Realizations 2022
Development	11	3
Rehabilitation	11	37
Infrastructure	2	7
Operation/maintenance	13	15
Total	37	62
Total in Millions US\$ Equivalent	264	436

3. 3. Liquefaction and Separation Activity

The investments realized in the Liquefaction Separation Activity amount to more than **34 billion DA** (242 million US\$ equivalent), i.e,4% of the overall investments.

Most of the realizations concerned construction projects of a new jetty at the Skikda port, the

supply and the development of four (4) main exchangers at the GL1Z complex, acquiring three (03)new boilers at the complexes of GL1Z & GL2Z, the realization of a new LNG storage tank at GL1K and also investments for maintenance, reliability and security of the complexes.

Investments Distribution in Liquefaction and Separation are as follows:

• Investments

In billions of DA	Realizations 2021	Realizations 2022
Development	22	23
Maintenance, Reliability and Security	6	11
Infrastructure	0,2	0,6
Total	28	34
Total in Millions US\$ Equivalent	202	242

4. Refining and Petrochemicals Activity

The investments realized in the Refining Petrochemical segment amount to more than **16 billion DA** (113 Million US\$ equivalent), namely, 2% of the total investments of the company SONATRACH.

Most of the investments related to the construction of the new Methyl TertButyl Ether(MTBE)unit of Arzew also the investments of maintenance, reliability and security of the refineries.

Investments distribution in Refining Petrochemicals is as follows:

• Refining and Petrochemical Investments

In billions of DA	Realizations 2021	Realizations 2022
Development	7	10
Refining	5	0,6
Petrochemical	1,7	9
Maintenance, Reliability and Security	5	6
RPC Headquarters	0,1	0,3
Total	11	16
Total in Millions US\$ Equivalent	82	113

New Projects



During the year 2022, the implementation of SONATRACH development program was achieved in accordance with the decisions of the corporate bodies, the launching of several projects and the implementation of others both in the oil upstream and the downstream activities.

SONATRACH medium term plan for 2022-2026 projects investments of up to 40 billion dollars. The funding mobilized will be allocated to pursue the effort in the oil & gas upstream and also to the development in the downstream particularly in refining and petrochemicals.

During the year 2022, the efforts were targeted on the development of deposits : Hassi Guettar, Touggourt, Tinrhert, Hassi BirRekaiz, Hassi Mouina, Hassi Ba Hamou, Touat and Isarene...

In the downstream activities, the portfolio of investments provides for the construction of a new LNG loading jetty at the port of skikda and on the mid- term , the development of additional refining capacities and the realization of petrochemical complexes for the production of polypropylene , Linear Alkyl Benzene (LAB) et MethylTertButyl Ether (MTBE).

These targeted investments must contribute to creating added value and enhancing the products intended for exportation.

Main achievements

• Development/Production

- Development of Tinrhert deposit- Lot Ohanet Full Development.
- Development of Hassi BirRekaiz deposit jointly with PTTEP.
- Development of Berkine South deposit, in association with ENI.
- Development of Zemlet El Arbi, deposit in partnership with ENI.

- Inauguration of the Separation and Compression center South Hassi Messaoud.
- Reception of 4th LPG Train Hassi Messaoud.
- Anticipated putting on stream of 8 fields in Touggourt.
- LD2 Tank in Hassi R'Mel put into production
- Revamping of the associated gas processing unit at TFT.
- Rehabilitation and upgrading of the power network of Berkine Basin.
- Realization of ultrasonic counting systems for processing modules lines at Hassi R'Mel (CNDG).
- Commissioning of supervision center of Pipelines of Transport Activity by Pipe.
- Rehabilitation of the section Oued Ghir - Bejaia Arrival Terminal of oil pipeline 22"/24" OB1.
- Realization of a turbo compressor at the Ouargla station of STC GR1/2/4/6.
- New sulfur recovery unit in Algiers refinery.
- New nitrogen gas unit at GL3Z.P71 complex.

• Liquefaction

- Dismantling of the old main (MCHE) of train 100 and its replacement by a new one.
- Launching of revamping and upgrading projects of equipment in production sites and LNG complexes.
- Pursuing the works for the realization of a storage tank project.
- Appreciable progress, (more than 85%) of the extension works and realization of a new loading jetty at the port of Skikda.
- These projects will improve the export flexibility and permit the reception of high capacity vessels for the supply of remote regions.

• Refining

For the refinery industry, SONATRACH included in its development plan, the realization of several projects which made significant progress in 2022.

Among these realizations we count:

- Finalization of the FEED and launching of the selection of the builder for the fuel hydrocracking project in Skikda. This project aims to valorize the oil fuel available at the refinery for the production of gas oil.
- Launching of the construction project of a new naphtha reforming unit at Arzew refinery, with a production capacity of 1.2 million tons of gasoline.

Also, the development of petrochemical industry has a prominent place in the mid-term investments projections of SONATRACH, as a driver of the hydrocarbon valorization and national integration of the national economy. Among the achievements in 2022, it is worth mentioning:

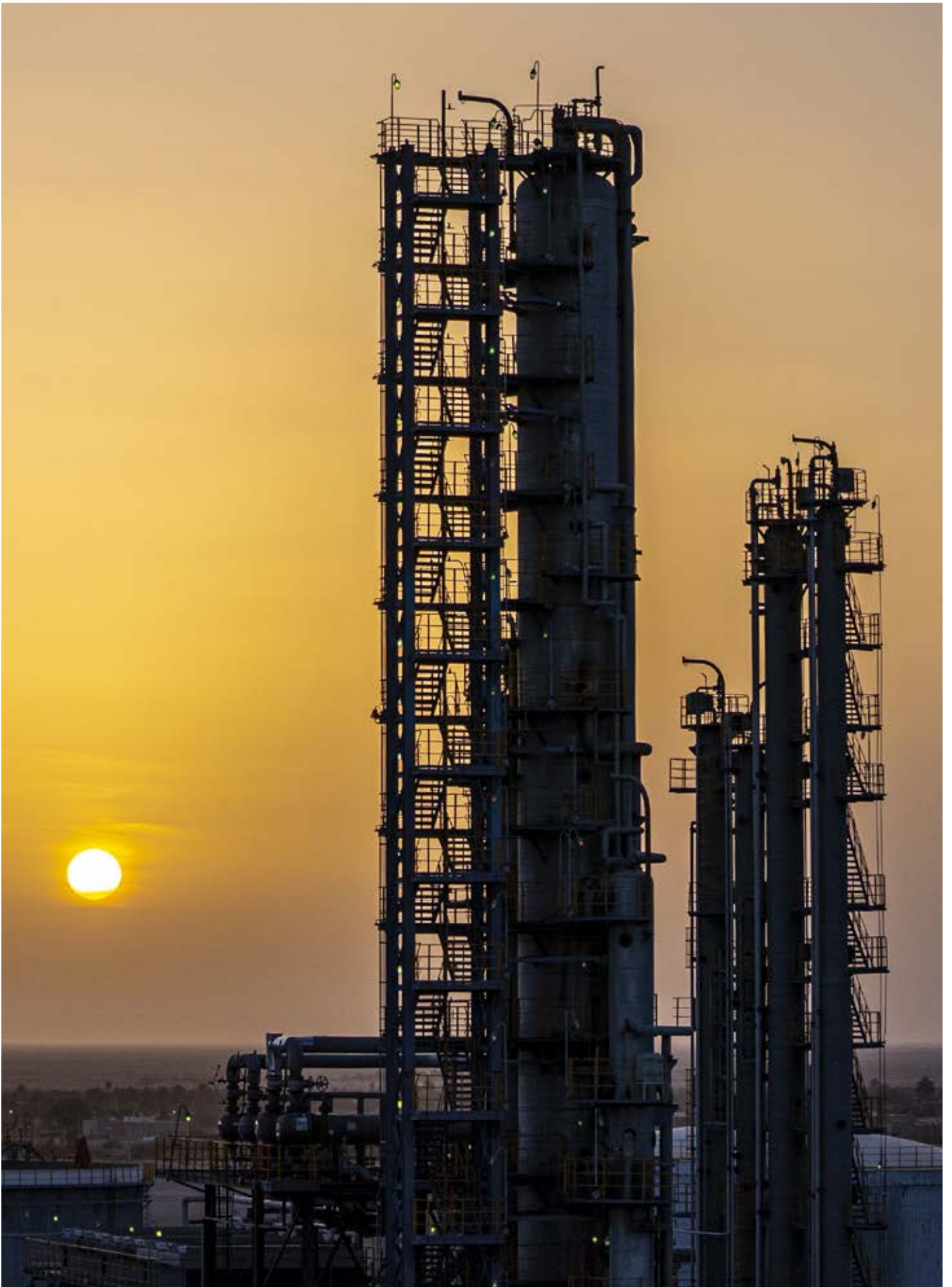
- Finalization of FEED and selection of contractor for the construction by own investments of a production complex of linear Alkyl-Benzene (LAB) a product used in the production of detergents, with a capacity of 100.000 tons per year.
- Awarding of the accreditation and conformity certificate with the international standards of competence and quality «ISO/CEI 17025 V 2017» for the complex GP1Z relating to the physicochemical tests and analyses of methanol, delivered by the Algerian organism ALGERAC.
- Finalization of FEED for the dehydrogenation project of propane and production of polypropylene PDH-PP in Turkey with a capacity of 450.000 tons per year jointly with its Turkish partner «Ronesans». Concerning the other major projects in which SONATRACH is associated through its affiliate Asmidal, it is worth mentioning the Mega project of Integrated Phosphate «PPI» which on term, will produce nearly 5.4 million tons of fertilizers per year.

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• Petrochemicals

- Launching of the development of the production complex of Methyl Tert-Butyl Ether «MTBE» used as additive for the production of unleaded gasoline at SONATRACH refineries. With a production capacity of 200 000 tons per year on term, imports will stop.
- Finalization of FEED and selection of contractor for the construction by own investments of a production complex of linear Alkyl-Benzene (LAB) a product used in the production of detergents, with a capacity of 100.000 tons per year.





I.	Chairman's Message
II.	The Market Background
III.	Company's performance
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VI.	Human Resources
VII.	Social and Environmental Responsibility
VIII.	Research & Development
IX.	Financial Performance

Partnership



Partnership constitutes one of the main pillars of the Group's development in order to meet new performance, operational excellence and innovation challenges, but also raise SONATRACH to the Top 5 of the national companies in the world.

For SONATRACH, partnership is a strategic option and a privileged lever of development which enables to share investments efforts and the risks related , notably to Exploration/Production.

SONATRACH is supported by its partnership option to develop its oil upstream, through the mobilization of new reserves ,accelerating the start of production and improving the recovery rate of the discovered deposits. Since the enactment of law 19-13 on hydrocarbons activities, Algeria has offered a favorable environment to foreign investors thanks to a clear

regulatory framework , attractive tax benefits and a mining domain harboring significant reserves in addition to developed processing and transport infrastructures.

With its know-how across the entire hydrocarbons value chain, SONATRACH relies on partnership for the development of downstream activities, notably the refining and petrochemicals industry.

Under the aegis of law 19-13, the Algerian mining sector is experiencing a marked revival of attractiveness attested by the signing of multiple memorandums of understanding in addition to a growing number of association contracts.

Signing of memorandums of understanding

Memorandum of Understanding with ENI, aiming at accelerating the development of discovered gas fields in Algeria and reducing the carbon footprint through the exploitation of green hydrogen.

- Memorandum of Understanding with Sinopec to strengthen the existing relationship and extend cooperation through research of new partnership opportunities.
- Memorandum of Understanding with Mauritanian Hydrocarbons and Mining Heritage Company (SMHPM) for exploring and identifying opportunities of investments and marketing and also the exchange of experience in the field of training, oil industry and desalination of sea water.
- Memorandum of Understanding with Senegalese companies PETROSEN Exploration and Production and PETROSEN Trading & Services aiming at exploring the opportunities for cooperation in the hydrocarbons upstream and downstream.
- Agreements and conventions in the field of training with the companies ENI Corporate University, Tunisian Company of refining Industry, PETROFAC.

Signing of new production sharing contracts under law 19-13

- **SINOPEC Overseas Oil & Gas Limited (SOOGL) on the contractual perimeter of Zarzaitine, located in the Illizi Basin.**
- **OCCIDENTAL Petroleum Corporation (OXY), Eni and TotalEnergies on the Berkine Basin (Blocks 404 and 208).**

With the agreement concluded with ENI end December 2021, three production sharing contracts

were signed over the period 2021-2022. Pursuant to these agreements SONATRACH and its partners intend to invest nearly 6 billion dollars to pursue the development of the deposits relevant to these contracts, by improving recovery of crude oil, condensate, LPG and natural gas and extending the exploitation lifetime of the related deposits.

Partnership in the upstream activities

For the development of the petrochemical segment, SONATRACH is underpinned by the partnership option in order to launch new projects. Thus, for the year 2022 we count:

- **The finalization of FEED for the project Propane dehydration and production of Polypropylene PDH-PP in Turkey with a capacity of 450 000 tons per year in association with the Turkish partner «Rönesans».**
- **The signing of a Shareholders Agreement between the Algerians groups ASMIDAL (SONATRACH's affiliate) and MANAL, on the one hand, and Chinese Companies WUHUAN and TIAN'AN, on the other hand, to create in partnership a joint stock company governed by the Algerian Law to launch preliminary activities relating to the development of the integrated phosphate project (PPI).**

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VI.

Human Resources



Main achievements in 2022

- Finalizing the different processes of Human Resources Transformation centered on the continuous improvement of the partners' careers by offering an adapted development environment and encouraging the emergence of competence and talents.
- Putting in place a privileged partnership with ANEM with the general use of their digital platform key Accounts offers. Henceforth, ANEM has the exclusive responsibility to manage and publish job offers of the Group.
- Following the pre-selection of ANEM Several recruitment campaigns have been achieved throughout the national territory, in the provinces (wilayates) of Algiers, Laghouat, Illizi, Skikda, and Oran, reinforced by mechanisms of transparency, equity and equality of chances for all candidates.
- Targeted training with the two teaching institutions Algerian Petroleum Institute (IAP) and SONATRACH Academy Management (SMA) to ensure the development of the employees.
- IAP has been awarded certification for (3) three Professional Master program in oil geology, geophysics and Refining & Petrochemicals by the Ministry of higher Education and Scientific Research.

Bilan Ressources Humaines pour l'année 2022

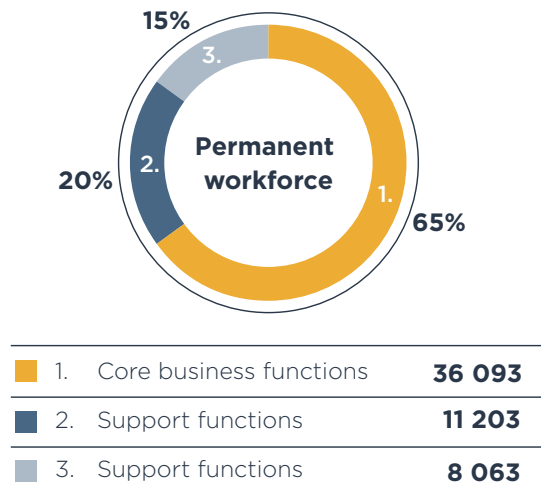
During the year 2022, the overall workforce reached 65991, i.e a decrease of 0.6% compared to 2021.



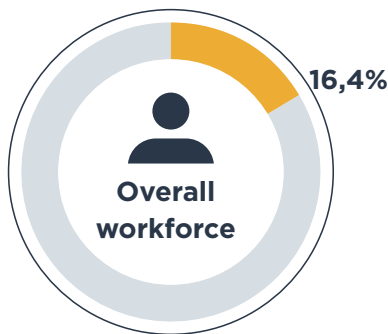
The permanent workforce is distributed in three socioprofessionnel categories (CSP), namely:

Workforce by CSP	Agents Number
Executives	53% 29 143
Supervisory	42% 23 232
Execution	5% 2 984

Distribution by function

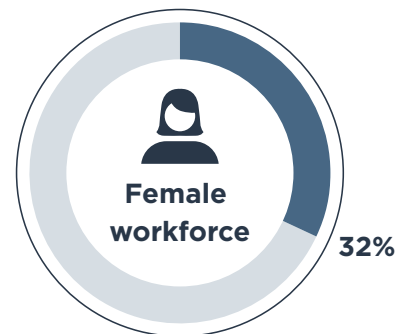


Female workforce

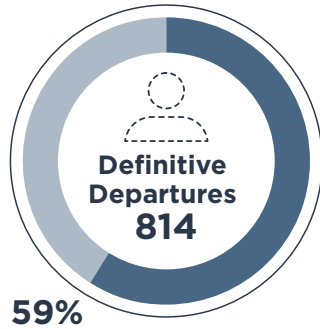


	2022	2021
Female workforce	9 104	9 152

Distribution by function



Core business functions	
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	2022
Retirements	478

Definitive departures of permanent agents

External recruitments 2022

CSP	Agents Number
Executives 	154
Supervisory 	318
Support agents 	51



	2022
1. Core business functions	346
2. Support functions	177

Training is an important part of SONATRACH’s Human Resources management policy. Through continuing training, Sonatrach strives to maintain the skills of its employees at their best levels.

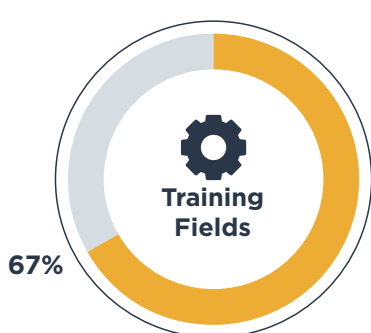
With the contribution of its two training centers, the Algerian Petroleum Institute (IAP) and the SONATRACH Management Academy (SMA), the Company ensures the acquisition of new know-how, and ensures professional development of its employees throughout their careers.

Trainings in 2022



Training provided by the Company's training centers (IAP, SMA and Activities training centers) represents 89% of the total man/days, or 205,546 h/d.

By socio-professional category, the workforce having benefited from training is distributed as follows:



Fields targetted on core businesses



Training for improvement and retraining
216 173 h/ d
40 408 participations

VII.

Social and Environmental Responsibility





HSE and Sustainable Development



The preservation of health, people's safety and property and the safeguarding of the environment are the primary concerns of SONATRACH. SONATRACH strives to achieve and maintain the best standards and performance in terms of health, safety, security and safeguarding the environment.

The General Declaration of the HSE Policy adopted in 2021, reaffirms the objective of excellence in the HSE field to create added value and meet the expectations of the stake holders.

Under the commitments set out in the General Declaration of HSE Policy , SONATRACH confirms its duty to comply wherever it operates with the applicable legal and regulatory health, security and environment safeguarding requirements and undertakes to allocate the necessary and optimal resources for this purpose.

Compliance with the best standards governing the protection of the environment

SONATRACH fully assumes its social responsibility and sets its activities within the framework of sustainable development by ensuring a rational and responsible use of natural and energy resources. As such, it undertakes to carry out its activities in compliance with the best standards governing the protection of the environment

SONATRACH, ensures the societal acceptability of any new project and remains alert to its environment in the framework of a permanent dialogue with the local population.

Measures to reduce emissions

SONATRACH pursues its efforts to reduce the greenhouse gas emissions (GES), through improved energy efficiency, eliminating flared and eventing gas, reducing leaks and launching forestry projects for the absorption of Greenhouse gas emissions (GES).

SONATRACH has assigned itself the medium-term goals of reducing flaring gas to less than 1% and eliminating routine flaring by 2030.

Thanks to the commissioning of new flared gas recovery facilities in several production regions, notably in Hassi Messaoud and Ohanet, a global decrease of the flaring rate of associated gas, evaluated at more than 20% has been registered since 2017.

These efforts continued in 2022 with the following achievements:

• Reduction of flared gas

- Commissioning of several projects of flared gas reduction, mainly in Hassi Messaoud such as the Project GOSP in Hassi Guettar permitting the recovery of nearly 3 million Sm³ per day of associated gas and a compressor at CPF in Bir Berkine with a recovery of 170 000 Sm³ per day of associated gas. The combination of these efforts has made it possible to gradually reduce the associated gas flaring rate from 4.45% in 2021 to 3.68% in 2022.
- In association with the Algerian Space Agency (ASAL), the project for the working out of a method to estimate flared gas volumes through the satellite instrument has been completed.

• Device for measuring atmospheric emissions

- Realization of a pilot project in the regions of Rhourde Nouss and Bir Rabaa North, for the implementation of a measuring, reporting and checking device (MRV) of emissions and actions to curb the greenhouse gas.

• Audit of energy efficiency

- The energy audit of 70% of the operational sites subject to the provisions of decree N° 05-495 relating to energy audits of large energy-consuming establishments has been undertaken. This has permitted the identification 866 actions to be taken of which 311 completed and 242 underway of achievement and 313 to be launched.

• Environment Protection and decontamination of sites

- Launching of project MED Program- PNUE aiming at eliminating Persistent Organic Products POPs - PCB-based electrical transformers and equipment in the industrial zone of Skikda.
- Launching of environment monitoring program of sites and polluted soils in the industrial zones of Skikda and Arzew- Alert system monitoring groundwater quality of observation wells.
- Launching at the activity LQS, of program agreement with service companies - Remediation of environmental liabilities and elimination of special and special hazardous wastes.

• Carbon Sequestration and Forestry projects

- Maturation underway of forestry project for the development of carbon wells in collaboration with the General Direction of Forestry
- Holding workshops to examine opportunities of capture projects, and use of carbon storage (CCS and CCUS).

Preventing Accidents at Work and Mastering Risks



The General Declaration of HSE Policy places the workers' health and security at the top of the company's priorities. By adopting a preventive approach, SONATRACH takes care to protect the health of its employees and for this purpose, it has developed a continuous identification and evaluation system of risks and implemented the required and appropriate measures to curb them.

Within this framework, the company strives to ensure the security of its assets and that all the risk management systems are in operation and effective.

It also commits to improve the programs of integrity of its installations and constructions to prevent accidental events.

Because Human Resources is the key factor of HSE policy, SONATRAH has adopted an approach aiming to involve all the employees in risk control by developing an HSE culture based on information, training and feedback.

Preventing accident at the workplace

A device is put in place within the company. It concerns both SONATRACH's employees and the employees of partner companies and stakeholders' operating on its sites.

In 2022, the number of accidents registered on the workplace were 442 accidents against 373 accidents in 2021. The company reported one (1) death in 2022 against two (2) in 2021.

Moreover, SONATRACH succeeded in keeping a frequency rate below 2 since 2019 thanks to the following implemented measures :

- **Setting up a process of investigation of accidents according to actual or potential seriousness.**
- **Launching the review project of the system of working license and development project of golden rules (Rules SALAMATI) for the prevention of workplace accidents.**

Information and sensitization

During the year 2022, nine (9) information campaigns of information and sensitization on the development of HSE leadership at SONATRACH and the management of operational risks were organized throughout the operational poles (Algiers, Skikda, Hassi Messaoud, Hassi R'Mel, In Amenas).

Many other actions were undertaken by the Activities, however, and notably in the implementation of SONATRACH's referentials and work procedures. The implementation of the recommendations provided by the prevention plans of the professional risks assessment matrices (EvRP).

Reduction of material and environmental accidents

The number of accidents both material and environmental registered in 2022 amounted to 392 accidents, down by 2 per cent compared to 2021.

This improvement is the result of a strong decrease (-21%) of the overall number of hydrocarbon leaks.

Launching of the Process Safety Management The main actions undertaken to curb material and environmental accidents relate to:

- **Launching of the Process Safety Management Project with a view to provide the operators of SONATRACH operational sites with standards for the continuous improvement of the integrity of the installations, the mastering of processes and the prevention of industrial accidents. The year 2022 registered the achievement of the first stage of the project on diagnosis, benchmark and design of the elements of the system.**
- **Continuation of the works for regulatory compliance and realization of four popularization campaigns for the enforcement of law 19-13 governing hydrocarbon activities at the poles of Skikda, Algiers and Hassi Messaoud.**
- **The strengthening of pipeline transport works through the implementation of rehabilitation projects on the GZ2, OH1, OD1, GG1 pipelines and the inspection of disconnection/cut-off stations and easement tracks.**

Social Affairs



The General Direction of Social Affairs is entrusted with the main mission to implement the SONATRACH Group social policy. It is in charge of managing budget, funds and assets of social affairs. It works notably, to improve life and work conditions of the employees, their families and other beneficiaries.

Also, as part of its missions we count:

- **The implementation of policies, procedures and methods of work in matter of action and social protection.**
- **The implementation of policies, procedures in matter of health at work.**
- **Promotion of health protection actions for the workers and their beneficiaries.**
- **Participation to the working out of policies and procedures in matter of health at work and also their implementation.**
- **Development of socio-cultural and sporting activities.**
- **Development of the workers' children leisure and education activities.**

The fiscal year 2022 was marked by the completion of several realizations relating to many aspects of the company.

The Activity Hygiene,

Health & Environment (HSE)

The main actions targeted notably, prevention linked to Covid19, the improvement of working conditions, and sanitation of sites and management of wastes:

- **Preventing and mastering infectious risk linked to Covid19**

Year 2022 was marked by the implementation of the health protocol, at airport level for shift staff flights and was maintained till 14 November 2022.

• Improvement of working conditions and regulatory compliance

In application of the recommendations resulting from the HSE and CHS inspection visits, aimed at improving the working conditions and ensuring regulatory compliance, several projects for the repair and rehabilitation of sites and infrastructures were carried out during the year 2022. These include, in particular, extending the kitchen at the headquarters, developing structures welcoming young children, rehabilitating medical centers, stores and other administrative structures as well as the carrying out works to secure the places affected by the earthquake at the ASL Region of Bejaia.

• Management of emergencies and medical rescue

In order to ensure proactive management of emergencies and medical rescue in the event of a major accident, Unit Intervention Plans have been established and several simulation exercises have been carried out by several ASL regions.

• Site sanitation and waste management

As part of environmental protection in terms of waste management, several regions have implemented a selective sorting system, and the sanitation of several sites by the elimination of ferrous and non-ferrous waste, within the framework of the operation of the agreement concluded with the National Recovery Company (ENR).

Health Activity

During the 2022 financial year, the coverage rate for annual medical examinations reached an appreciable level (86%) for a targeted population of 65,283 workers. The main actions carried out at the level of the ASL Regions concerned the implementation of awareness campaigns and the fight against breast cancer, anti-flu vaccinations as well as blood donation operations.

Similarly, on the occasion of Pink October, the month dedicated to the fight against breast cancer, an information and prevention campaign was carried out in the premises of the Social Affairs Department in order to raise awareness among the female population. by SONATRACH.

Social Works Activity

• Social Action and Protection

As part of the Social Action & Protection activity, various actions were carried out, in particular:

- The resumption of the OMRA operation after its suspension during the two (02) previous years.
- The implementation of a new procedure “Financial Assistance for the Purchase of Medical Equipment” to replace social assistance, with the aim of directing applicants towards the third-party payment system.
- The start of awareness days for retirees on membership of the third-party payment system through the APS/Regional services.

• Sporting and cultural activities

The year 2022 has seen a satisfactory resumption of sporting and leisure activities, in particular those relating to tent camps and family centers.

Excursions, weekends have been organized for teenagers, to discover the different regions of the country.

This recovery also concerned the Regional Sports Activity. Several inter-unit championships were organized throughout the sports season.

In this extension, the sports and cultural commemorative festivities (01 May, Ramadhan, 01 November and 31 December) recorded a massive participation of workers and their dependents.

• Childhood Activities

As part of projects aimed at expanding the reception capacities of psycho-educational structures, two new achievements should be mentioned:

- Skikda: opening of a new kindergarten with a capacity of 80 children.
- Ain Salah : Renting of a kindergarten having a capacity of 100 children.

Realization of donations

- Acquisition, and putting into service of ten oxygen production units to the benefit of the Ministry of Health, Population and Hospital Reform.
- Provision of a sport hall N°01 camp 1 in DJS of the province of Oran (wilaya d’Oran) within the frame of the organization of the Mediterranean Games.



Sponsoring & Social Investment

As a civic corporate , SONATRACH works nationwide in Algeria to strengthen social relationships and promote creation of wealth and jobs. It contributes directly or indirectly to the local development of the areas where its activities are located.

Through its actions of patronage, sponsoring and social investments, SONATRACH helps to spread well-being and development everywhere in Algeria, even in the most landlocked localities of the country..

Concerning the actions of sponsoring, SONATRACH gives a key place to promoting sport, a support justified by the positive human values conveyed by the practise of sport and health benefits.

But SONATRACH is also engaged in promoting culture and the Arts and supports significantly university and scientific activities. As the driver of the development of the national economy, the Group contributes also to the organization of Days and economic events.

For patronage actions SONATRACH provides mostly financial contributions, equipment and medical donations to medical public establishments in addition to food donations for needy populations.

Finally, SONATRACH assumes fully its societal responsibility by paying great attention in the matter of social investment targeting particularly the opening up of the landlocked populations through the setting up of different support infrastructure and other public equipment.

Sponsoring

• Sport Activities

- Sponsoring for the year 2022 of the SSPA - MCA and CSA-MCA .
- Sponsorship of the 19th edition of the Mediterranean games in Oran .
- Sponsoring of the international Seminar for the Mediterranean press agencies on the theme about promoting sport in the Mediterranean region .
- Financial Contribution to the transport operation of Algerian supporters to Cameroon on 25/03/2022.
- Sponsoring of Arab Championship of Handball Champion Clubs .
- Sponsoring of sport clubs of Southern provinces (Wilayates) of Algeria (Béchar, Illizi, Tamanrasset, Adrar, Ghardaïa).

• Cultural Activities.

- Sponsoring of several historical documentary films .

• Scientific Activities

- Sponsoring of several scientific events (congress, study days , competitions, end-of-year ceremonies) organized in several universities and institutes throughout the country.

Economic Events

- Sponsoring of the international day on the use of LNG as fuel in marine transport.
- Sponsoring of the third edition of the International Technical Conference on Technology of fertilizers industry.
- Sponsoring of the Algeria-France Economic Forum.

Patronage

Signing of social investment agreements for the benefit of health sector in order to provide:

- The acquisition and supply of ten (10) units of medical oxygen production to the benefit of hospitals in : Blida, Tlemcen, Sétif, Alger (Bab-El-Oued), Adrar, Ghardaïa et Sidi Bel Abbes.
- Realization of infrastructures containing accelerators and reception areas for patients suffering from cancer in the Teaching Hospital of Béni Messous and CHU Rouïba.
- Completion of revamping of the Neurosurgical ward in the Teaching hospital of Blida.
- Realization of an animal Laboratory complying with international standards for the development of vaccines and serums by the Pasteur Institute.

• Education

- Provide 50 digital classes of primary schools with digital teaching equipment in order to support the State in its efforts of school digitalization project.

• Solidarity

- Basket donation Operations of foodstuffs to needy families during the holy month of ramadhan in many wilayates of the country.
- Financial aid within the frame of patronage to the operation solidarity initiated by the General Union of the Algerian Workers to the benefit of the Palestinian People.

Social Investment

- Finance major projects in remote and landlocked regions concerning the connection of boroughs to power electricity, revamping of primary schools, acquisition and installation of solar panels, drilling of pits and equipping them with solar energy pumps. These actions have been applied in several provinces (wilayates) in the far South of the country.



New Resources and Energy Transition



SONATRACH has placed reduction of carbon footprint at the core of its strategy and intends to be an efficient player in the value chain of renewable energies.

The Central Direction of New Resources (DC-REN) is in charge of underpinning SONATRACH's commitment to efficient energy transition by developing new sources of renewable energies in all SONATRACH's activities; an option ensuring long term energy security to the country and satisfying the needs of the future generations.

SONATRACH long term investment plan projects to allocate an envelope of 1 billion US\$ to projects as part of the company's energy transition, notably projects of flared gas recovery at the production sites and LNG complexes , projects of photovoltaic power for the energy needs of these sites of production, transport and processing and also pilot projects for the production and transport of green hydrogen.

Main achievements

• Photovoltaic Solar Projects

- Launching in partnership with ENI the construction of a second photovoltaic center “BRN 2” with a capacity of 10 megawatts to be connected to the first photovoltaic center “BRN 1” inaugurated in 2018.
- In 2023, the construction of a third center is planned at the production sites of Menzel Lejmat East (MLE) in the Berkine Basin. These realizations are part of the Solar program of the company.
- SONATRACH intends to acquire a production capacity of 1.3 gigawatts while targeting by 2030 to cover 80% of the energy needs of the petroleum sites thanks to solar centers. It aims reducing in a responsible and sustainable way the oil consumption on sites and greenhouse gas emissions.
- Inauguration of a lab specializing in solar energy which objective is to assess photovoltaic technologies and environmental data with intelligent systems. This Lab is also open to Universities for research purposes.

• Green hydrogen

- Feasibility study of a pilot project of green hydrogen on one of SONATRACH’s sites.

The pilot project consists in studying the feasibility of a pilot project of production of green hydrogen at the BRN site or on the locality, in order to blend it with natural gas of a gas turbine.

The main objective is to develop expertise and mastering technologies on the whole value chain of green hydrogen, from production, storage and transport to the applications.

- Also in this field, the SONATRACH Group and the German gas company “VNG AG” (VNG) signed in December 2022 a protocol of agreement to explore the opportunities for cooperation in order to realize projects in the matter of green hydrogen and ammonia, to be exported to Germany.

Through this partnership SONATRACH is fully in accordance with the national roadmap for the development of green hydrogen with a view of launching pilot projects on the mid-term.

The connectivity of pipelines networks between Algeria and Europe, which can be used to transport green hydrogen and the supply of solar energy are strong assets permitting SONATRACH to commit in a long-term strategy to achieve green hydrogen projects with competitive costs.

• Biofuel

- Biofuel production is planned as part of a project aiming to study the feasibility of a pilot culture farm of oleaginous plants as raw material (feedstock) destined to the biofuels sector within the frame of opportunity study to convert old refineries, especially (Hassi-Messaoud and Adrar) into bio refineries. This project under maturation is carried out in association with affiliates from the SONATRACH Group Activity Agrofood (AAA spa) and the partner ENI.

It is worth to mention that SONATRACH concluded in 2022, an agreement with ENI aiming to strengthen the collaboration between the two companies in the field of new energies, such as solar energy, hydrogen, biofuels, sequestration storage and use of CO₂.

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VIII.

**Research &
Development**





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SONATRACH gives a key importance to Research and development to support its strategic plans and also promote the Algerian skills in the field and also contribute to address the different and numerous technical challenges linked to growth and efficiency of their resolution.

The General Direction of Research & Development (R&D) contributes to SONATRACH development throughout the oil & gas value chain. It promotes the applied research and the development of technologies and innovative and environment friendly processes in all the Activities of the Group. It also deals with the implementation of industrial processes favoring energy saving and cost reduction.

Strengthening partnership ties with the Algerian university

The year 2022 has witnessed the strengthening of partnership with the different Algerian universities through the participation of the Direction R&D to several events and scientific meetings. In addition to the organization of four (4) thematic days devoted to different research issues, it is worth mentioning the signing of several specific agreements with universities, research organisms and national companies.

The main highlights

- Participation to several scientific events in 2022 organized by the universities of : Skikda, Khenchela, UST Oran, Constantine2, Batna, Annaba, Blida and the Nuclear Research Center of Algiers.
- Signing of six (06) specific agreements with the Universities of Oum-el Bouaghi, the CIISE; l'ENAGEO, the CRBT, the CRAPC.
- Signing of three framework agreements with national companies ENAGAO and AENIE and also Annaba research center.

- Organization of six meetings of the Scientific and Technical Council in 2022 (04 ordinary and two (2) extraordinary meetings)
- Organization of meetings on partnership between R&D and the Western University Pole, the Southern University Pole and 4 Webinars.
- Organization of four (4) thematic days devoted to several research issues:
 - In-house formulation of corrosion inhibitors
 - ISO 50001 certification
 - modelization, digital simulation and artificial intelligence in the field of Oil &Gas with the university of Constantine 2.
 - Zeolithes and their industrial opportunities in the field of Oil &Gas.

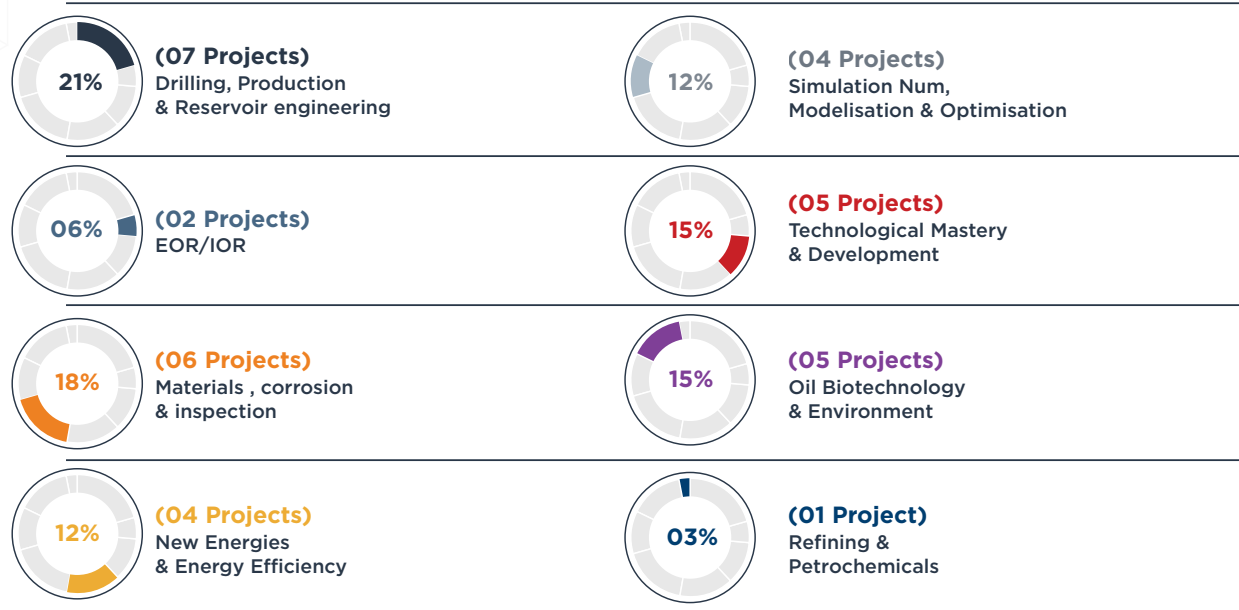
Giving attention to the operational structures

Responding to concerns expressed by the themes proposed and prospected during the workshops by the R&D Central Direction, centred around eight research issues.

Distribution of R&D projects by area of research shows a clear priority given to the Exploration Production Activity:

- **Engineering Reservoir (07 projects).**
- **EOR / IOR (02 projects).**
- **Oil Biotechnology and Environment (05 projects).**
- **Material, Corrosion, Integrity and Inspection (06 projects).**
- **Technology and Development (05 projects).**
- **New Energies and Energy Efficiency (04 projects).**
- **Digital Simulation, Modelization et Optimization (04 projects).**
- **Refining and Petrochemicals (01 project).**

Distribution of R&D projects by research Domain - year 2022



Main achievements

- Completion of seven (7) projects R&D and launching of their implementation in the operation sites.
- SONATRACH is actively engaged with Partner Universities for fourteen(14) projects validated and selected out of twenty-three (23) of the PNR (National Program of Research).
- Encouraging scientific and technology research in the field of the hydrocarbon industry through sixty (60) framework agreements concluded with Research Centers and Universities throughout the country.
- Development of a network of experts including nearly 1000 Professors, Doctors and Researchers of the fields (O&G and R&D) coming from Universities and Research Centers
- Sharp increase of the number of patents obtained. Two (02) in 2020, the number of patents delivered shifted to (10) by end 2022, while four other patents are pending submission to INAPI.

Patents delivered in 2022

- Process of identification and estimation of Mineral porosity of reservoir rocks by base resolution CT-Scan (OC RD-DLAB-CDTA, 2022).
- Process of characterization of reservoir rocks by deep learning CT-Scan (OC RD- DLAB-CDTA, 2022).
- Prediction of total organic carbon in shale-gas rocks using Passey model with simultaneous prestack seismic inversion and genetic systems (IAP, 2022).
- Electronic card for the control and operation of motorized valves for producing oil wells using system Gas-Lift (DCRD- OP HMD, 2022).
- Development Process of the daily balance sheet of oil fields production (DCRD- OP HMD, 2022).
- Automatic fault tracking from 30 seismic data using the 20 Continuous Wavelet Transform (IAP, pending registration 2022).

XI.

Financial Performance





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Consolidated accounts



1- Introduction

The year 2022 was marked by a significant rise in oil and gas prices and a notable improvement of the economic and financial position of the parent company SONATRACH and its affiliates, inducing a significant evolution of the main financial indicators of the Group resulting in an increase to levels higher than the previous financial years.

In 2022 the scope of consolidation was composed of 451 accounting units representing the parent company SONATRACH Spa and 115 entities of which 42 are located abroad. The number of fully consolidated entities is 70 and 45 accounted for using equity method.

Also, with the aim of improving performance management and optimizing consistency within the Group, SONATRACH carried out, in 2022, a major operation to reshape its national portfolio of holding companies, which shifted to three instead of six.

This action was carried out as follows:

- The merger absorption of the AIE and SGS holding companies by the SIP holding company with a new name SAES.
- The merger absorption of the SVH holding company by the SOALKIM holding company with a new name STVH.
- The change of the holding company's name SPP to SSPP.

To summarize, the key figures for the 2022 financial year are as follows:

The consolidated turnover achieved by the Group is 10,592,402 MDZD, of which 79.66% is generated by the parent company SONATRACH.

The consolidated result, Group share, increased from 801,915 MDZD to 1,787,532 MDZD due to the increase in the price of a barrel of crude and gas on the international market, which represents a significant change of +122% compared to the previous year.

These figures are obtained from the consolidated accounts of the SONATRACH Group, which are closed in accordance with the accounting rules and principles recommended by Algerian legislation, approved by the corporate bodies of the Company and certified by the auditors, reflecting a faithful image, sincere and regular of the financial situation of the SONATRACH Group.

The consolidated financial statements and the analysis of the accounts are presented briefly in this report.

1- Accounting principles

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

- The Accounting principles generally accepted in Algeria, in particular in accordance with law 07-11 of November 25, 2007.
- The ministerial decree of July 26, 2008 setting the rules for the presentation of financial statements, valuation and accounting. .
- The Standards specific to the hydrocarbons sector (laws 13-01 of February 20, 2013 and 05-07 of April 28, 2005).
- Valuation and operating rules applied to individual accounts.
- Art. 732 bis 4 of the Commercial Code relating to the presentation of consolidated accounts.
- Art. 24 of Law 10-01- relating to the professions of chartered accountant and auditor.

1.1- Consolidation period

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

1.2- Consolidation currency

The presentation currency of the consolidated accounts is the Algerian Dinar (DZD). Unless otherwise stated, figures presented in this report are in Millions of Algerian Dinars (MDZD).

1.3- Principles of consolidation

• Methods of consolidation

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

- Companies under exclusive control (direct or indirect ownership of the group > 50%) are fully consolidated.
- Companies in which the group exercises significant influence (direct or indirect ownership < or = 50%) are consolidated using the equity method.

• Group threshold criteria

The threshold for integrating subsidiaries and investments into the consolidation scope is set 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 the case where the parent company exercises direct and strategic influence over the participation.

• Conversion methods

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

- The balance sheet accounts of subsidiaries and participations abroad are converted into Algerian Dinars on the basis of the exchange rates in effect on the closing date, thus generating “conversion reserves”.
- The expense and income accounts are converted at the average rate of the financial year. Conversion differences are entered in the “conversion result”.

2- Consolidated financial Statements

2.1- Balance Sheet

• Assets

(In millions of DZD)	NOTES	2022	2021	2020
Non current Assets				
Goodwill	3.1.1	11 712	14 403	14 897
Intangible assets	3.1.2	95 558	100 167	99 545
Tangible fixed assets	3.1.3	3 728 037	3 900 827	3 846 187
Land & developments		48 886	50 583	51 503
Buildings		367 628	345 043	349 551
Other tangible assets Concession assets		657 394	577 282	592 194
Fixed assets in progress		764	819	782
Fixed equipment and production complexes		2 653 366	2 927 100	2 852 157
Assets in progress	3.1.4	2 484 464	2 345 744	2 393 626
Financial assets	3.1.5	2 033 753	1 490 864	1 348 475
Financial assets Equity method		507 814	404 276	410 164
Equity interests and receivables related to equity interests		(2 705)	26 495	142 250
Other financial assets		1 528 643	1 058 545	792 981
Other non-current receivables		1	1 548	3 081
Total Fixed Assets		8 353 524	7 852 004	7 702 731
Deferred tax asset NC		62 980	54 913	45 975
Total Non-Current Assets		8 416 504	7 906 917	7 748 706
CURRENT ASSETS				
Stock and work in progress	3.2.1	1 129 145	837 840	796 506
Receivables and similar uses	3.2.2	4 924 193	4 173 673	4 424 370
Real estate. financial		14	2 004	2
Customer receivables & ratt. (Gross)				
Customer receivables & ratt. (Prov)				
Customers		1 072 002	725 135	524 444
Other debtors		2 847 626	2 367 897	2 131 333
Taxes		993 376	1 067 503	1 758 113
Other current assets		11 176	11 133	10 479
Cash and similar Investments and other financial assets	3.2.3	2 312 387	1 362 905	693 679
Treasury		4 059	1 185	647
Total Current asset		2 308 329	1 361 719	693 032
Total assets		8 365 726	6 374 418	5 914 556
Total Actif		16 782 230	14 281 335	13 663 262

• Liabilities

(In millions of DA)	NOTES	2022	2021	2020
EQUITY	4.1			
Share capital		1 000 000	1 000 000	1 000 000
Uncalled committed capital		-	-	-
Valuation gap		(0)	82 678	187 888
Bonuses and Reserves		6 193 471	5 750 648	5 728 884
Other equity - Retained earnings		8 499	2 309	1 602
Equity excluding parent company results (A) Consolidated reserves (B)		7 201 970	6 835 634	6 918 373
Group Reserves		1 286 690	985 209	1 011 275
Minority Reserves		1 273 267	972 094	1 005 386
Equivalence difference (C) Result of the financial year (D)		13 423	13 115	5 889
Conversion differences on group results		64 545	18 722	(34 287)
Net income of the consolidated group		1 792 152	813 645	(6 598)
Group result		(6 564)	1 373	(2 382)
Minority results		1 798 716	812 272	(4 216)
Minority results		1 787 532	801 915	(13 971)
Conversion differences on minors result		11 184	10 357	9 754
Total equity (A)+(B)+(C)+(D)		11 426	10 514	8 888
NON-CURRENT LIABILITIES		(242)	(157)	867
Borrowings & financial debts NC		10 345 356	8 653 211	7 888 763
Taxes (deferred and provisioned)	4.2			
Other debts & accrual accounts. NC		404 980	215 937	235 255
Financial instruments derivative liabilities NC		216 077	216 446	219 789
Provisions and income recognized in advance		26 795	13 920	15 107
Total non-current liabilities		(0)	(0)	(0)
CURRENT LIABILITIES		467 651	395 004	362 342
Suppliers & related accounts		1 115 503	841 308	832 492
Taxes	4.3			
Other debts		408 660	355 013	499 861
Liability cash		837 585	515 364	666 301
Total current liabilities		4 073 571	3 914 018	3 773 696
Total liabilities		1 555	2 422	2 148
Passif courant total		5 321 372	4 786 817	4 942 007
Total passif		16 782 230	14 281 335	13 663 262

2.2- Consolidated income statements

(In millions of DA)	NOTES	2022	2021	2020
Sales of goods, manufactured products, provision of services and related products	5.1.2	10 592 402	6 494 387	3 980 445
Stored or destocked production (Var)		144 509	66 449	11 909
Immobilized production	5.1.3	293 656	317 515	287 527
Operating grants		794	720	52 155
Production of the of the fiscal year	5.1.1	11 031 361	6 879 070	4 332 036
Purchases consumed		1 470 306	1 112 982	1 077 691
External services		1 871 597	1 254 553	862 461
Other external services		172 620	132 986	101 507
Consumption for the fiscal year	5.2.1	3 514 524	2 500 521	2 041 659
Operating Value Added		7 516 837	4 378 549	2 290 376
Staff costs	5.2.2	453 401	403 709	390 914
Duties & Taxes	5.2.3	3 506 761	1 968 051	923 854
Gross operating surplus		3 556 676	2 006 789	975 608
Other operating income		160 513	188 038	163 569
Other operating expenses		164 585	77 988	135 638
Allocations to depreciation, provisions and operating value losses		976 701	878 346	869 138
Allowances for impairment losses and provisions for financial items		1 775	6 867	(2 753)
Net depreciation on goodwill		5	(212)	78
Reversal of impairment losses and operating provisions		60 820	49 435	30 703
Reversals of impairment losses and provisions for financial items		(1 185)	4 612	(384)
Operating income		2 633 758	1 285 884	167 395
Financial products	5.1.4	216 400	81 075	96 601
Financial expenses	5.2.4	875 941	556 586	291 840
Bottom line		(659 541)	(475 511)	(195 239)
Ordinary result before taxes		1 974 217	810 373	(27 844)
Income taxes	5.2.5	450 884	104 050	22 794
Total revenue from ordinary activities		11 467 909	7 202 230	4 622 525
Total expenses from ordinary activities		9 944 576	6 495 907	4 673 163
Net income from ordinary activities		1 523 333	706 323	(50 638)
Extraordinary elements (products)		99 777	813	91
Extraordinary elements (charges)		277	10 955	4 066
Extraordinary result		99 500	(10 143)	(3 975)
Net profit for the fiscal year		1 622 833	696 181	(54 613)
Share in MEE net income (equity-accounted companies)		176 125	116 248	49 529
Net income of the consolidated group		1 798 958	812 429	(5 083)
Minority interests		11 426	10 514	8 888
Net income - group share		1 787 532	801 915	(13 971)

2.3- Consolidated cash flow statement

In millions of DA	2022	2021	2020
Result before taxes	2 073 492	800 235	(31 815)
PMV asset transfer	(498)	(412)	(491)
Amortization of tangible assets	774 098	730 733	782 334
Depreciation of tangible assets	423	1 389	(15)
Amortization of intangible assets	18 321	13 602	19 611
depreciation of intangible assets	0	9	-
Prov.for goodwill	1 725	-	1 107
Other provisions	(64 735)	3 276	80 604
Operating grant	794	720	52 155
Deferred tax	(685)	(5 506)	(4 492)
Depreciation and provisions	729 942	744 223	931 304
Income tax	(450 884)	(104 050)	(22 794)
Interest paid	(247)	(400)	(14 790)
Treasury released from operational activities	2 351 806	1 439 595	861 414
Cash flow linked to extraordinary items	99 500	(10 143)	(3 975)
Cash flow before extraordinary items	99 500	(10 143)	(3 975)
Stocks	(294 364)	(19 727)	(102 355)
Receivables	(373 268)	(277 561)	290 058
Suppliers	102 399	(125 679)	114 426
Other- BFR exploitation	(104 402)	566 182	(349 290)
Incidence of BFR var operatio.	(669 636)	143 215	(47 160)
Others- non operat. BFR	(95 439)	9 111	20 349
intra-group liaison accounts	(174 924)	48 705	(30 464)
Incidence of BFR var non operatio.	(270 363)	57 816	(10 115)
revaluation JV financial inst. derivatives	(3 030)	(570)	(439)
Other non cash operations	(3 030)	(570)	(439)
cash flow linked to operational activities	1 508 277	1 629 913	799 725
acquisition of tangible assets	(1 741 683)	(1 204 457)	(1 506 113)
Acquisition of intangible assets	(30 342)	(15 079)	(46 995)
Acquisition of financial assets	(268 296)	(496 608)	(85 396)
Acquisition of titles - self-control	(69 620)	(67 079)	(104 212)
Interest received	(5 088)	3 716	(7 949)
Need for cash - investment	(2 115 029)	(1 779 507)	(1 750 665)
transfer of tangible assets	1 009 665	492 603	710 302
Transfer of intangible assets	9 700	359	24 088
Transfer of financial assets	94 343	370 522	326 331
Investment resources	1 113 709	863 485	1 060 721
Cash flow linked to investments activities	(1 001 321)	(916 022)	(689 945)
increase in capital	684 997	(177 097)	(76 141)
issuance of loans	58 943	12 609	38 638
loan repayment	(35 948)	(31 931)	(25 124)
increase- decrease - other financial debts NC	60 749	(1 472)	(33 820)
increase- decrease - other financial debts ct	436 404	(26 352)	(126 775)
dividends paid	(682 825)	23 817	128 694
Cash flow linked to financial activities	522 320	(200 426)	(94 528)
Unexplained gap-conver gaps	(8 713)	1 108	17 153
Unexplained gap- var meth.conso	(81 203)	154 087	(29 317)
Unexplained gap-reclassification	(0)	(99)	0
Unexplained gap- perimeter entry	-	126	(17 522)
Unexplained gap- exit	(0)	(0)	-
Unexplained gap	(82 667)	155 222	(29 687)
cash - calculated movement	946 609	668 687	(14 436)
cash flow - calculated closing	2 308 329	1 361 719	693 032
cash flow -opening	1 361 719	693 032	707 468
change in cash flow	946 609	668 687	(14 436)

2.4- Consolidated statement of changes in equity

In millions of DA	Share capital	Bonuses, and Consolidated results	Variation gap	Total equity	Own capital group share	Minority interest
As at 31st December 2020	1 000 000	6 700 875	187 888	7 888 763	7 873 119	15 644
Allocation of result	-	(0)	-	(0)	0	(0)
Dividends	-	(8 854)	-	(8 854)	(1 666)	(7 188)
Interim dividend	-	(16 302)	-	(16 302)	(8 314)	(7 988)
Result	-	812 433	-	812 433	801 919	10 514
Increase	-	253 797	(100 885)	152 912	141 940	10 972
Decrease	-	(325 583)	(4 326)	(329 909)	(327 930)	(1 979)
Conversion gap on opening	-	(733)	-	(733)	(878)	145
Conversion gap on flow	-	1 617	-	1 617	2 639	(1 022)
Reclassification	-	-	-	-	-	-
Variation in scope	-	149 597	-	149 597	145 809	3 788
Merger	-	-	-	-	-	-
Perimeter Entry	-	2 183	-	2 183	1 598	586
Perimeter exit	-	1 503	-	1 503	1 503	-
As at 31st December 2021	1 000 000	7 570 533	82 678	8 653 211	8 629 739	23 472
Allocation of 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	(0)	10 345 356	10 320 749	24 607

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3- Analysis of the Assets Accounts

3.1- Non-current assets

• Goodwill

Goodwill ou positive écart d'acquisition corresponds to the excess of the cost of acquisition, after taking a stake or a merger, over the buyer's share in the fair value of the identifiable assets and liabilities.

In 2022 after carrying out the amortization, the goodwill showed a net amount of 11 712 MDAZD (namely, 80 192 340 79 Eur).

(In millions of DZD)	2022	2021
SONATRACH RAFFINERIA ITALIANA (SRI)	15 723	16 905
Total GW Gross acquisition ratio	15 723	16 905

• Intangibles Assets

The gross intangibles assets have registered an increase of 4%, i.e a gross variation worth 13 205 MDZD. They are mainly composed of capitalized development costs at SIPEX LIBYE (35 630 M DZD), SPC BVI (18 809 MDZD), SIPEX NIGER (17 855MDZD)and SONATRACH Spa Division Association (15 837 MDZD).

A slight increase of concessions, patents and licenses and brands concerning mainly SPC BVI (40 775 MDZD), SONATRACH's unit Petroleum Engineering & Development (2 757 MDED) and the division exploration Boumerdes with an amount of (1 028 MDZD).

Other intangibles assets express the acquisition of diverse softwares with an evolution of 20 % i.e an amount of 980 MDZD

• Change in gross intangible assets

(In millions of DZD)	2021	Increase	Decrease	Conversion gap	Reclassification	Other Variations	2022
Establishment fees (Gross)	0	-	-	(0)	-	-	0
Capitalizable development costs (Gross)	224 845	2 567	2 170	(1 702)	12 001	(0)	235 541
Concessions, patents & licenses & trademarks (Gross)	47 263	2 157	44	(580)	(3)	(0)	48 791
Commercial funds & lease rights (Gross)	4	-	-	-	-	-	4
Other intangible assets (Gross)	51 815	792	357	(422)	960	7	52 795
Total	323 926	5 515	2 571	(2 704)	12 958	7	337 131

• Amortization of intangible assets

(In millions of DZD)	2021	Operating allocations	Operational takeovers	Conversion gap	Other Variations	2022
Capitalizable development costs (depreciation)	170 568	6 654	1	(2)	0	177 219
Concessions, patents & licenses & trademarks (depreciation)	20 946	7 503	798	(485)	(0)	27 163
Commercial funds & lease rights (depreciation)	-	-	-	-	-	-
Other intangible assets (Gross)	32 236	5 004	41	(28)	7	37 182
Total	223 751	19 161	840	(515)	7	241 564

Les immobilisations incorporelles nettes par entité sont réparties comme suit :

In millions of DZD	2022	2021
SIPEX LIBYE	35 630	35 833
SPC BVI	18 809	24 688
SIPEX NIGER	17 855	18 525
SONATRACH Spa	15 837	13 241
AUTRES ENTITES	7 427	7 880
Total	95 558	100 167
Including SONATRACH Spa	17%	13%

• Tangible assets

Gross tangible assets registered an increase of 5% compared to the previous fiscal year namely an amount of 602 592 MDZD.

Fixed equipment and production complexes represent 71% of the tangible assets; the majority held by the parent company, i.e 89% of the total.

• Change in gross tangible assets

In millions of DZD	2021	Augmentation	Diminution	Ecart de conversion	Reclassement	Autres Variations	2022
Land & developments (Gross)	78 912	717	530	(34)	415	53	79 532
Constructions (Gross)	702 784	31 028	10 682	(544)	33 773	230	756 590
Social facilities	281 188	86 869	6 273	(2 037)	27 981	(0)	387 727
Install. tech., equipment & tools. Industrial(Gross)	824 217	279 680	229 988	(11 919)	3 041	2 599	867 630
Transport equipment(Gross)	304 922	23 522	10 374	(878)	126	8	317 327
Office equipment, info. & mob (Gross)	19 081	3 299	1 871	(36)	94	3	20 570
Fixtures and installations	360 360	5 957	4 969	(2)	17 939	0	379 285
Other tangible assets (Gross)	158 535	10 453	8 473	(789)	1 261	190	161 176
Fixed assets in concession (Gross)	1 127	5	-	-	-	-	1 132
Wells and extraction instruments and hydrocarbon collection	4 530 024	134 811	143 879	-	359 444	0	4 880 400
Transportation facilities /pipeline	1 338 130	591	741	-	16 329	(0)	1 354 309
Processing facilities, processing and manufacturing	3 008 233	18 654	107 656	(3 979)	64 438	0	2 979 690
Additional production facilities	869 528	13 425	14 927	-	19 860	0	887 886
Conditioning instruments	3 136	42	-	-	631	(0)	3 809
reception facilities, storage and shipping	360 501	449	405	-	5 663	-	366 207
Investment property	533	-	1	-	-	-	532
Total	12 841 210	609 501	540 768	(20 217)	550 994	3 082	13 443 802

Amortization of tangible assets

In millions of DZD	2021	Operating allocations	Operational takeovers	Conversion difference	Reclassification	Other Variations	2022
Land & developments (Prov)	28 285	2 339	22	-	1	(0)	30 603
Constructions (Depreciation)	357 621	32 085	860	(74)	91	(0)	388 862
Social facilities (Depreciation)	159 755	27 677	3 005	(335)	42	(0)	184 133
Install. tech, hardware, tools, industrial (Depreciation)	603 324	55 822	9 558	(6 378)	285	2 993	646 488
Transport equipment (Depreciation)	188 548	17 087	4 860	(515)	27	7	200 293
Office equipment, info. & mob. (Depreciation)	15 484	1 897	1 604	(29)	29	2	15 780
Fixtures and installations (Depreciation)	286 436	19 982	3 508	(2)	(201)	0	302 707
Other tangible assets (Depreciation)	115 025	13 118	3 310	(523)	70	(9)	124 371
Fixed assets in concession (Depreciation)	308	60	-	-	-	-	368
Wells and hydrocarbon extraction and collection instruments (Depreciation)	3 113 425	324 967	1 950	-	(234)	(0)	3 436 208
Transport / pipeline instruments (Depreciation)	947 465	64 559	150	-	(40)	0	1 011 835
Treatment instruments, processing and manufacturing (Depreciation)	2 120 382	190 054	19 209	(484)	(811)	0	2 289 933
Additional production instruments (Depreciation)	687 491	57 691	1 549	(0)	805	0	744 439
Conditioning instruments (Depreciation)	2 959	110	-	-	(0)	0	3 068
Receiving, storage and shipping instruments (Depreciation)	307 827	22 470	26	-	(64)	(0)	330 208
Investment property	175	32	11	-	-	(0)	197
Total	8 934 512	829 950	49 623	(8 340)	0	2 994	9 709 492

■ Impairment losses on tangible assets

(In millions of DZD)	2021	Operating allocations	Operational takeovers	Conversion difference	Other Variations	2022
Land & developments (loss of value)	44	-	-	-	-	44
Constructions (loss of value)	121	12	33	-	-	99
Social facilities (loss of value)	28	0	26	-	0	3
Install. tech, equipment, tools, industrial (loss of value)	203	11	2	-	0	212
Transport equipment (loss of value)	10	-	0	-	-	10
Office equipment, info. & mob. (Losses of value)	0	1	0	-	-	1
Fixtures and installations (loss of value)	10	0	-	-	0	10
Other real estate. physical (loss of value)	2 553	101	8	0	4	2 650
Fixed assets in concession (Losses of value)	-	-	-	-	-	-
Wells and hydrocarbon extraction and collection instruments (loss of value)	-	-	-	-	-	-
Transport/piping instruments (loss of value)	-	-	-	-	-	-
Treatment instruments, processing and manufacturing (POS)	1 801	-	-	-	-	1 801
Additional production instruments (loss of value)	356	-1	10	-	0	345
Packaging instruments (loss of value)	-	-	-	-	-	-
Receiving, storage and shipping instruments (loss of value)	745	354	-	-	-	1 099
Total	5 872	478	80	0	4	6 273

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Net tangible assets by entity, are distributed as follows:

(In millions of DZD)	2022	2021
SONATRACH Spa	3 074 710	3 258 426
NAFTAL	76 105	71 025
MEDGAZ	75 065	75 033
SONATRACH RAFFINERIA ITALIANA (SRI)	71 650	79 337
HYPROC SHIPPING COMPANY	56 814	59 971
G-CCO	44 986	46 598
TAL	34 111	35 371
ENAFOR	25 956	29 553
GCB	25 910	30 929
ENTP	25 360	28 547
ENAGEO	22 179	10 699
ENSP	18 068	21 303
SH PEROU	17 426	21 303
ENGTP	15 426	15 566
KAHRAMA	11 535	12 519
Other entities	132 736	108 403
Total net tangible assets	3 728 037	3 900 827
Including SONATRACH Spa	82%	83%

• Assets in progress

The level of assets in progress registered a slight increase of 6% compared to the fiscal year 2021, they are distributed as follows:

(In millions of DZD)	2021	Increase	Decrease	Operating allocations	Operational restarts	Conversion difference	Reclassification	Other Variations	2022
Tangible assets in progress (Gross)	2 495 373	1 105 653	428 722	-	-	-878	-533 390	-0	2 638 036
Intangible assets in progress (Gross)	60 993	24 827	7 129	-	-	-2	-14 212	-0	64 478
Advances & deposits on fixed assets (Gross)	58 503	26 529	40 175	-	-	19	-10	2	44 869
Fixed assets in progress (Gross)	2 614 870	1 157 009	476 026	-	-	860	-547 612	2	2 747 383
Real estate, physical assets in progress (loss of value)	267 602	-	-	-4 835	1 283	-	-4	-0	261 480
Intangible assets in progress (Impairment losses)	1 273	-	-	97	270	-	-	-0	1 100
Advances & payments on fixed assets (Losses of value)	250	-	-	89	-	-	-	-0	339
Fixed assets in progress (Impairment losses)	269 125	-	-	-4 649	1 554	-	-4	-0	262 919
Assets in progress (Net)	2 345 744	1 157 009	476 026	4 649	-1 554	860	-547 608	2	2 484 464

• Financial assets

Financial assets registered an increase mainly due to the increase of account other immobilized receivables further to mid-term deposits by SONATRACH Spa made to invest its excess cash.

(In millions of DZD)	2021	Increase	Decrease	Movement	Conversion difference	Variation in scope	Merger	Perimeter Entry	Other Variations	2022
Equity securities (Gross)	5 804	1 349	51 531	-	(79)	0	51 531	(30)	0	7 044
Other titles of participation (Gross)	527	5 534	611	-	(0)	239	945	-	0	6 634
Ratt. Receivables to participate. (Raw) NC	156 344	(287 442)	(115 036)	-	(211)	-	586	-	(0)	(15 687)
Interest accrued on NC receivables and loans	5 169	-	-	5 047	(228)	-	-	-	-	9 987
Participations and receivables linked to participations	167 843	(280 559)	(62 894)	5 047	(519)	239	53 062	(30)	0	7 977
Real estate titles. aut. that title. immo. acti. port.	29	36	45	-	-	-	-	-	0	21
Title repres. right/receivable (obligatory bonds) NC	506 453	28 661	14 477	-	-	-	(1 000)	-	-	519 637
Loans (Gross) NC	16 127	7 753	6 787	-	30	-	-	-	0	17 122
Receivables / Rental contracts Financing NC	2 510	402	350	-	-	-	-	-	-	2 563
Deposits paid	64 492	3 313	6 947	-	(1)	222	-	-	(0)	61 078
Other fixed receivables	470 378	515 562	51 887	-	(173)	-	(4 250)	-	0	929 631
Other financial assets	1 059 989	555 728	80 492	-	(145)	222	(5 250)	-	0	1 530 052
Financial assets (Gross) Non-current	1 227 832	275 169	17 598	5 047	(664)	461	47 813	(30)	0	1 538 030
Financial assets Equity method	404 276	62 736	76 745	-	(9 753)	(17)	-	-	127 452	507 814
Total financial assets (gross)	1 632 109	337 905	94 343	5 047	(10 417)	444	47 813	(30)	127 452	2 045 843

• Deferred tax asset by entity

Deferred tax asset registered a clear increase of 8 067 MDZD in 2022, i.e a variation of 15% compared to the fiscal year 2021.

(In millions of DZD)	2022	2021
SONATRACH Spa	30 790	27 268
NAFTAL	6 852	8312
ENTP	4 822	5285
SAES HOLDING ex-SIP	4 626	0
ENGTP	4 035	3359
ENAGEO	1 663	889
ENSP	1 421	1261
SGC	1 199	108
ENAFOR	1 088	803
Tassili Airlines TAL	748	1053
SNTM HYPROC	701	710
DFSP Ex BASP	659	0
SOMIZ	595	533
ENAC	593	514
CASH	419	378
SARPI	367	134
BJSP	364	395
AUTRES ENTITES	2 038	3 911
Total	62 980	54 913

Including SONATRACH Spa

49%

50%

3.2- Current assets

• Stock and -in -process

The section net consolidated stock and -in-process amounts to 1 129 145 MDZD for the fiscal year 2022 of which 72% belonging to the parent company.

The stocks and in- process registered a clear increase of 291 305 MDZD during the fiscal year.

(In millions of DZD)	2021	Movement	Conversion difference	Perimeter Entry	Variation in scope	2022
Commodities (Raw)	28 084	1 951	(219)	-	406	30 222
Raw materials (Raw)	65 865	5 037	(3 679)	-	76	67 300
Other supplies (Raw)	521 222	102 623	(1 146)	-	176	622 876
Currently in production. of goods (Gross)	3 872	1 763	(28)	-	-	5 607
Currently in production. of services (Gross)	1 836	948	-	-	-	2 785
Finished products (Raw)	268 355	130 059	(2 700)	-	31	395 745
Intermediate products (Gross)	15 059	3 787	(1 124)	-	-	17 721
Stock from real estate (Gross)	92	(92)	-	-	-	0
Stock outside (Gross)	3 403	48 288	(1 134)	-	21	50 577
Total	907 788	294 364	(10 029)	-	709	1 192 832

(In millions of DZD)	2022	2021
Stocks & in progress (Gross)	1 192 832	907 788
Stocks & in progress (Prov)	63 687	69 947
Stocks & in progress (Net)	1 129 145	837 840

Stocks and-inprocess concern mainly hydrocarbon finished products and other supplies at SONATRACH Spa.

The breakdown by entity is as follows:

(In millions of DZD)	2022	2021
SONATRACH Spa	813 734	613 468
SONATRACH RAFFINERIA ITALIANA (SRI)	166 860	90 212
NAFTAL	30 268	32 191
ENAFOR	27 392	24 763
ENTP	18 752	19 997
SGM	13 661	6 815
ENAGEO	11 367	13 374
SGC	6 395	1 239
ENSP	5 918	5 782
GCB	5 379	4 542
ENAC	4 376	4 568
ASFERTRADE	3 074	1 492
Tassili Airlines TAL	2 903	2 688
SH PEROU	2 680	2 594
BAG	2 313	1 127
BJSP	2 093	1 883
ALPHYT	1 565	994
KAHRAMA	1 396	1 532
SARPI	1 131	672
ENGTP	1 046	1 257
HESP	1 011	997
OTHER ENTITIES	5 830	5 653
Total	1 129 145	837 840
Including SONATRACH Spa	72%	73%

• Receivables and assimilated uses

In 2022, receivables and assimilated uses recorded an increase of 18% compared to the financial year 2021.

(In millions of DZD)	2022			2021
	Gross	loss of value	Net	Net
Customers	1 126 272	54 270	1 072 002	725 135
Taxes	993 376		993 376	1 067 503
Other receivables	2 904 939	46 123	2 858 816	2 381 034
Receivables in assimilated uses	5 024 587	100 393	4 924 193	4 173 673

In this section, the Customers item increased by 47.8% compared to the 2021 financial year. The item customer receivables and net attached accounts are distributed by entity as follows:

In millions of DZD	2022	2021
SONATRACH SPA	854 975	484 380
NAFTAL	51 340	56 477
CASH	38 339	36 308
SPC BVI	13 306	5 544
SPIC BV	9 348	9 846
SARPI	7 936	5 082
GCB	7 646	14 130
SGM	5 790	5 465
SH PEROU	5 428	6 839
MEDGAZ	4 389	4 139
SGC	4 103	3 074
ENGTP	3 166	17 239
AUTRES ENTITES	66 235	76 612
Total customers receivables and attached Accounts	1 072 002	725 135
Dont SONATRACH Spa	80%	67%

• Availability and similar

The gross cash recorded an increase of 949.605 MDZD, a variation of 70% in fiscal year 2022.

(In millions of DZD)	2021	Movement	conversion difference	perimeter entry	variation in scope	other variations	2022
Banks	1 241 133	620 235	(9 352)	-	146	0	1 852 162
VMP	42 006	329 508	809	-	-	-	372 322
Cash Values	10 552	(2 031)	0	-	-	-	8 521
Term deposits longer than 3 months	1 595	(3 094)	-	-	-	7 105	5 606
Accrued interest	2 124	2 885	(0)	-	-	145	5 154
Caisses, ccp	65 765	3 250	0	-	0	-	69 015
Cash (Gross)	1 363 175	950 753	(8 544)	-	146	7 250	2 312 780
Cash (Prov)	1 455	3 299	(303)	-	-	-	4 451
Cash (Net)	1 361 719	947 454	(8 240)	-	146	7 250	2 308 329

Breakdown of Net cash by entity is as follows:

In millions of DZD	2022	2021
SONATRACH Spa	1 457 204	773 865
NAFTAL	228 271	191 522
STVH HOLDING ex-SOALKIM	90 124	37 957
SIHC HOLDING	82 448	67 447
SONATRACH RAFFINERIA ITALIANA (SRI)	70 329	41 482
AEC	58 228	12 244
SNTM HYPROC	36 636	17 212
SPC BVI	29 448	20 544
ENAGEO	25 913	22 546
SH PEROU	22 515	12 452
SIPEX	20 863	12 149
ENTP	15 856	9 673
ENAFOR	15 767	11 680
ENSP	15 746	18 106
KAHRAMA	14 360	13 092
GCB	13 648	8 856
ENGTP	12 508	8 332
SGM	12 262	1 435
SAES HOLDING ex-SIP	11 200	711
ENAC	8 213	2 983
SIPCO	8 071	8 067
Other entities	58 719	69 365
Total	2 308 328	1 361 719
Including SONATRACH Spa	63%	57%

4- Analysis of Liability Accounts

4.1- Equity

Total consolidated equity amounted to 10.345.356 MDB, below the change in its main components between 2021 and 2022.

(In millions of DZD)	2022	2021	Variation
EQUITY			
Share capital	1 000 000	1 000 000	
Variation gap	(0)	82 678	-100%
Premiums and reserves	6 193 471	5 750 648	8%
Other equity- retained earnings	8 499	2 309	268%
Shareholders'equity excluding parent company's results(A)	7 201 970	6 835 634	5%
Consolidated reserves (B)	1 286 690	985 209	31%
Group reserves	1 273 267	972 094	31%
Minority reserves	13 423	13 115	2%
Equivalence difference (C)	64 545	18 722	245%
Result of the financial year (D)	1 792 152	813 645	120%
Conversion differences on group results	(6 564)	1 373	-578%
Net result of the consolidated group	1 798 716	812 272	121%
Group result	1 787 532	801 915	123%
Minority results	11 184	10 357	8%
Minority result	11 426	10 514	9%
Conversion differences on minos result	(242)	(157)	54%
Total equity (A)+(B)+(C)+(D)	10 345 356	8 653 211	20%

4.2- Non-current liabilities

Non-current liabilities totalled 1.115.503 MD in 2022 and 841.308 MD in 2021, i.e. an increase of 33%.

(In millions of DZD)	2022	2021
Borrowing and financial debts NC	404 980	215 937
Taxes (deferred and provisioned)	216 077	216 446
Other debts and reg. NC	26 795	13 920
Provisions and deferred income	467 651	395 004
Total non-current liabilities	1 115 503	841 308

Breakdown of Non current liabilities by entity is as follows:

(In millions of DZD)	2022	2021
SONATRACH SPA	581 501	515 746
NAFTAL	127 894	125 692
SAES HOLDING ex-SIP	94 197	-
STVH HOLDING ex-SOALKIM	77 470	-
MEDGAZ	43 760	49 415
AEC	33 871	7
SNTM HYPROC	29 402	32 847
ENGTP	17 164	11 455
ENTP	14 298	9 951
SIPEX LIBYE	11 930	12 088
ENAFOR	11 903	16 078
GCB	11 294	13 170
SONATRACH -RE	9 615	10 107
Other entities	51 204	44 751
Total Non-Current Liabilities	1 115 503	841 308
Including SONATRACH Spa	52%	61%

4.2- Current liabilities

Current liabilities increased by 534.555 MD. This section mainly includes accounts payable, debts owed to the State and other debts.

Accounts payable and attached accounts increased by 15%. Other debts mainly concern the partners of the parent company under the production sharing contracts

(In millions of DZD)	2021	Increase	De-crease	Operating grants	Oper-ational restarts	Move-ment	Con-version differ-ence	Perim-eter entry	Variation in scope	Reclas-sifica-tion	Other Varia-tions	2022
Trade payables and attached accounts	337 592	-	-	-	-	21 069	(3 524)	-	(11 006)	-	(1 956)	342 175
Fixed debt & attached accounts CT	17 421	-	-	-	-	49 123	(52)	-	(0)	-	(7)	66 485
Suppliers and attached accounts	355 013	-	-	-	-	70 192	(3 576)	-	(11 006)	-	(1 963)	408 660
Debt on state (including integ.) CT	513 746	-	-	-	-	324 146	(832)	-	26	-	(152)	836 935
Deferred tax liability CT	1 618	-	-	-	-	-	14	-	-	-	-	650
TAXES	515 364	-	-	-	-	324 146	(818)	-	26	-	(152)	837 585
Provisions for risks and charges	27 968	-	-	26 665	23 807	-	-	-	-	-	-	30 826
Loans and financial debts CT	4 500	5 676	4 500	-	-	-	0	-	-	-	(0)	5 676
Other debts CT	4 276 524	-	-	-	-	421 735	(2 265)	-	643	15 105	(158)	4 710 601
Other debts CT	3 743 740	-	-	-	-	48 465	(1 395)	-	617	15 105	-	3 806 531
Liability adjustment account CT	8 824	1 902	340	-	-	2 216	(24)	-	0	-	(0)	12 578
Advances and accounts received on com.	44 771	-	-	-	-	8 854	(270)	-	(7 529)	-	-	45 825
RRR to accor and other assets to be established	13 759	-	-	-	-	72 476	(3)	-	-	-	-	86 232
Debt on personal	44 393	-	-	-	-	12 077	(6)	-	-	-	-	56 464
Social debt	26 063	-	-	-	-	3 437	(62)	-	-	-	-	29 438
Other debts	3 914 018	7 578	4 840	26 665	23 807	147 524	(1 760)	-	(6 912)	15 105	(0)	4 073 571
Liability cash	2 422	-	-	-	-	(867)	1	-	0	-	-	1 555
Total current liabilities	4 786 817	7 578	4 840	26 665	23 807	540 996	(6 153)	-	(17 892)	15 105	(2 114)	5 321 372

Analysis of Consolidated income and expenses

Consolidated income and expenses in respect of the 2022 financial year, are respectively of the order 9.9448.54 MDZD and 11.567.686 MDZD or a net profit for the year of 1.622.833 MDZD, an increase of 133% compared to fiscal year 2021.

By supplementing this net result with the share of Associates we obtained the Net income of the consolidated group totalling an amount of 1.798.958 MDZD, including 1.787.532 MDZD relating

to the Group's share which registered an increase of 123% mainly due to the increase in the result of the parent company.

As for minority interests, they recorded an increase of 9%.

Net income group share by entity is presented as follows:

In millions of DZD	2022	2021
SONATRACH SPA	1 387 112	586 689
SORFERT	71 806	36 994
SONATRACH RAFFINERIA ITALIANA (SRI)	66 233	11 615
AOA	51 708	36 123
SH PEROU	21 876	14 166
SGM	19 592	1 246
SIHC HOLDING	13 877	-5 674
NAFTAL	12 614	7 106
MEDGAZ	10 378	9 379
SKE (ex SKS)	8 802	5 295
NATURGY ENERGY GROUP	8 607	7 775
SIPCO	7 911	7 463
ENGTP	7 758	3 650
TG PERU	7 745	6 688
SAES HOLDING ex-SIP	7 275	-177
OTHER	84 239	73 579
Total	1 787 532	801 915
Including SONATRACH Spa	78%	73%

5.1- Products

Products reached an amount of 11.567.686 MDZD, for the financial year 2022 against an amount of 7.203.043 MDZD for the financial year 2021, i.e an increase of 61%.

• Production of the financial year

Production for the year increased by 60% compared to the previous year i.e 4.152.291 MDZD..

The item Production for the financial year is subdivided into:

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

• Turnover

Consolidated turnover is around 10.592.402 MDZD for the financial year 2022, 80% of which is achieved by parent company SONATRACH.

The increase in sales in the current year is explained by the increase in the average gas export price that grew- from 5.22 USD (one million BTU) in 2021 to 13.63 USD in 2022 or 161%. likewise, for the international crude oil price which sold on average for 815.93 USD(per metric ton) in 2022 an increase of 43% compared to 2021.

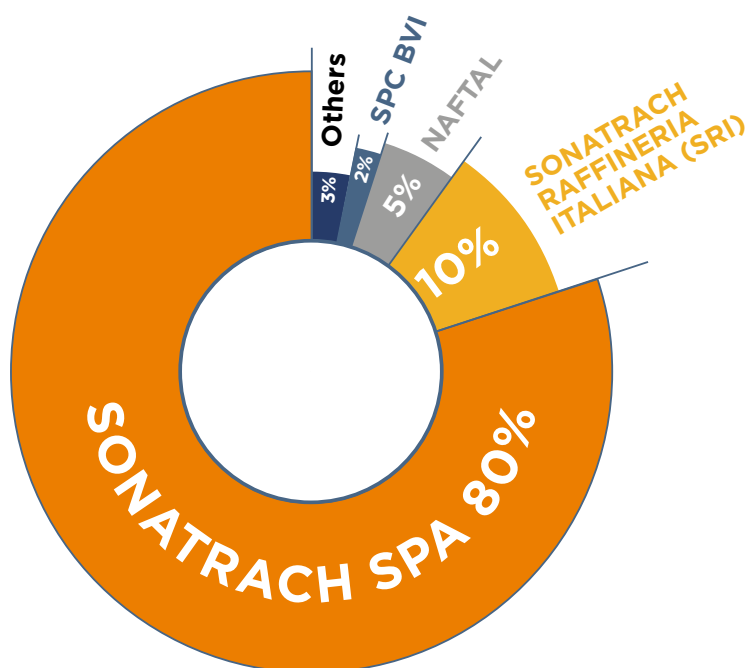
• Breakdown of turnover by product

(In millions of DZD)	2022	2021	2020
CRUDE OIL	2 186 007	1 326 166	693 175
CONDENSATE	319 712	275 025	147 530
NATURAL GAS and LIQUEFIED NATURAL GAS	3 953 466	1 557 985	930 206
LIQUIFIED PETROLEUM GAS	2 374	2 387	2 490
BUTANE	251 223	205 086	102 061
PROPANE	356 169	289 377	135 382
Refined Products	3 169 374	2 029 457	1 406 208
Petrochemical Products	12	1	19
Other Stocks	159 555	582 869	394 949
Other Sales of finished products	-	(13)	(14)
Other Merchandise Sales	-	(28)	(10 248)
Total Sales of merchandise and finished products	10 397 893	6 268 313	3 801 758
Sales of intermediate products	9 941	12 412	8 712
Sales of residual products	182	77	46
Works	45 322	93 507	45 140
Studies	21	5 066	28
Provision of services	152 639	125 873	130 199
Income from ancillary activities	3 266	3 124	2 108
R.R.R. granted	(16 862)	(13 986)	(7 546)
Total sales	10 592 402	6 494 387	3 980 445

Consolidated turnover by entity is as follows:

(In millions of DZD)	2022	2021
SONATRACH SPA	8 437 998	4 768 933
SONATRACH RAFFINERIA ITALIANA (SRI)	1 049 999	668 475
NAFTAL	549 687	497 005
SPC BVI	236 902	147 189
SH PEROU	86 231	56 044
SGC	53 325	28 518
MEDGAZ	44 272	21 316
ENGTP	23 969	28 615
ASFERTRADE	12 607	5 748
TASSILI AIRLINES TAL	12 043	9 341
KAHRAMA	11 316	11 016
SARPI	10 085	5 397
GCB	8 309	46 294
BJSP	7 526	2 273
HELIOS	5 805	5 020
TTA	4 934	2 834
STH	3 221	2 305
DFSP Ex BASP	2 785	-
BAG	2 309	2 399
ENAC	2 252	9 630
OTHER	26 830	176 035
Total	10 592 402	6 494 387
Including SONATRACH Spa	80%	73%

Consolidated turnover 2022



• Financial products

Financial products represent, mainly, the interests of the different investments realized with cash

surpluses during its accounting year and the income of the different equity securities

(In millions of DZD)	2022	2021
Interest income on loans & other debts	1 817	6 380
Dividends received	27 197	3 305
Income from other financial properties.	37 293	38 971
Income from operating receivables	4 512	1 320
Foreign exchange gains & forward transactions	56 409	19 691
Other financial products	89 172	8 102
Financial participation products	216 400	77 769
Net profits/financial asset disposals . NC	-	3 306
Financial products	216 400	81 075

5.2- Expenses

Expenses amounted to 9.944.853 MDZD, for the financial year 2022 against an amount of 6.506.862 MDZD for the financial year 2021, i.e an increase of 53%.

• Consumption of the financial year

Consumption for the year reached 3.514.524 MDZD - an increase of 40.5%. The latter includes the purchases consumed and services.

(In millions of DZD)	2022	2021
Purchases consumed	1 470 306	1 112 982
External services	1 871 597	1 254 553
Other external services	172 620	132 986
Consumption of fiscal year	3 514 524	2 500 521

• Staff expenses

increased by 49.712 MDZD, this increase is mainly registered at the parent company, ENTP, ENAGEO and GCB.

(in millions of DZD)	2022	2021
Staff remuneration	326 332	301 129
Social security charges	55 320	50 333
Pension costs	9 851	9 627
Retirement contributions	16 566	15 275
Other social charges	9 887	9 293
Other staff charges	10 546	10 137
Incentives and participations	24 899	7 915
Staff costs	453 401	403 709

The personnel costs section is broken down by entity as follows:

In millions of DZD	2022	2021
SONATRACH SPA	219 652	194 563
NAFTAL	49 960	49 750
ENTP	27 575	23 513
GCB	22 259	19 777
ENAFOR	19 099	17 726
ENGTP	18 801	17 254
ENAGEO	15 327	10 700
ENSP	11 921	10 897
SONATRACH RAFFINERIA ITALIANA (SRI)	11 167	10 674
2SP	8 759	8 518
SNTM HYPROC	5 721	5 735
ENAC	5 519	4 228
SARPI	5 022	2 705
SOMIK	4 916	3 990
TASSILI AIRLINES TAL	4 056	3 866
SOMIZ	3 751	3 425
SOTRAZ	2 280	2 186
BJSP	2 018	1 552
STH	1 868	1 605
HESP	1 807	1 153
CASH	1 688	1 610
DFSP Ex BASP	873	-
BAG	817	868
SSPA MCA	769	804
SAFIR	760	446
TTA	682	583
MEDGAZ	650	634
KAHRAMA	596	591
ASFERTRADE	583	471
G-CCO (Le Méridien d'Oran)	514	440
OTHERS	3 990	3 447
Total	453 401	403 709
Including SONATRACH Spa	48%	48%

• Duties & Taxes

The section Taxes and duties saw a sharp increase in taxes on hydrocarbons incomes , which is explained by the increase in the turnover of the Production Division of SONATRACH Spa.

In millions of DZD	2022	2021
Duties & taxes on remuneration	702	564
Professional activity tax	15 600	17 692
Property taxes	900	510
Duties taxes recovery/turnover	8 643	7 543
Business duties taxes towards. assim hydrocarbon activity	3 469 890	1 930 684
Other Duties and taxes	11 024	11 058
Duties and Taxes	3 506 761	1 968 051

This section is distributed by entity as follows:

En millions de DZD	2022	2021
SONATRACH SPA	3 481 698	1 945 264
MEDGAZ	7 756	6 484
NAFTAL	5 452	6 561
SONATRACH RAFFINERIA ITALIANA (SRI)	1 820	-
SIHC HOLDING	1 287	796
ENTP	1 233	1 254
ENGTP	998	1 063
GCB	969	925
ENAFOR	943	936
ENAGEO	644	638
ENSP	480	543
OTHERS	3 480	3 587
Total	3 506 761	1 968 051
Including SONATRACH Spa	99%	99%

• Financial expenses

Financial expenses amounted to 556.586 MD in 2021 and increased to 875.941 MD in 2022, a variation of 319.355 MDZD.

In millions of DZD)	2022	2021
Interest Charges	8 022	12 004
Participation-Related Credit Losses	-	0
Exchange losses	115 921	43 208
Net losses/disposals of current financial assets	-	-
Miscellaneous financial charges	751 998	501 374
Interest & similar charges	875 941	556 586

The composition of financial expenses by entity is as follows:

En millions de DZD	2022	2021
SONATRACH SPA	848 223	538 276
SGC	11 472	2 167
MEDGAZ	4 305	4 986
NAFTAL	2 802	2 072
ENAGEO	1 354	16
SIHC HOLDING	1 314	361
SIPEX NIGER	1 216	-160
SH PEROU	1 179	383
SNTM HYPROC	1 160	1 012
SPC BVI	709	23
ENAFOR	606	879
SIPEX MALI	316	450
SBAC	296	333
Others	989	5 788
Total	875 941	556 586
Including SONATRACH Spa	97%	97%

• Income tax

Income tax increased by 333% in 2022 compared to fiscal year 2021, an increase of 346.834 MDZD.

This increase is mainly due to the significant increase in pre-tax income at SONATRACH Spa following the rise in prices on international markets.

The tax expense is as follows:

In millions of DZD	2022	2021
Tax payable (tax integration)	125 973	56 394
Deferred tax assets	(7 206)	(4 692)
Deferred tax liabilities	(1 556)	1 575
Other income taxes	333 673	50 773
Income taxes	450 884	104 050

6- Perimeter of consolidation

In 2022, the scope of consolidation consisted of 115 entities, including 42 abroad. 70 are the subject of a global integration and 45 of an equity method.

The main variations in 2022 are as follows:

. The absorption merger

Absorbing	Absorbed
SAES Holding ex SIP	AIE Holding
	SGS Holding
STVH Holding ex SOALKM	SVH Holding

. An exit from the perimeter:

- **GALSI:** Company for the studies of the gas pipeline Algeria; Italy via Sardinia due to liquidation.
- **FERAAL:** National Iron and Steel Company due to transfer.
- **MESP SPA:** Mediterranean Environmental Oil Services due to liquidation.
- **SBSC:** SONATRACH Bergesen Shipmanagement Corporation due to liquidation.

6.1- Affiliates and participations in Algeria

Name of Entity	Holding of share capital
SHAEMS	50% SH SPA, 50% SONELGAZ
STEP	51% SONATRACH Spa, 49% TotalEnergies
SAES HOLDING EX SIP	100% SH spa
Holding AIE	fusion-absorption
Holding SGS	fusion-absorption
SOMIZ	100% SAES
SOMIK	100% SAES
2SP	98%SAES,1% SOMIZ,1%SOMIK
SOTRAZ	100% SAES
G-CCO	100% SAES
CASH	63,82% SAES, 18,23% NAFTAL, 11,96% CAAR, 5,98% CCR
AGLIC	42,5% CASH
BAOSEM	50% SAES, 15% Naftal, 35% SONELGAZ
SARPI	100% SAES
STH	60% SAES, 20% EPA, 15% EPS, 5% EPB
SKH	10% SAES, 29% AEC, 51% AUI , 10% SONELGAZ
SKE Ex SKS (*)	49% SAES, 51% SONELGAZ
TAL	100% SAES
TTA	100% TAL
COMINTAL	20% SAES
SSPA MCA	99,48% SAES
IAHEF	10% SAES
AGRO ALIMENTAIRE ACTIVITE	100% SAES
STVH HOLDING EX SOALKIM	100% SH spa
SVH	fusion-absorption
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	34% ASMIDAL

Chairman's
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Responsibility

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Financial
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Name of Entity	Holding of share capital
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
NAFTAL	100% STVH
BAG	100% NAFTAL
STPE	50% NAFTAL,50% SNTF
COGIZ	100% STVH
SSPP HOLDING	100% SH spa
ENAC	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% Autres
ALGESCO	24% SSPP
M.I. ALGERIA	40% SSPP
APEC	51% SSPP, 49% BHGE
ALBARYTE SPA	20% ENAFOR, 20% ENTP, 20% ENSP, 40% ENOF

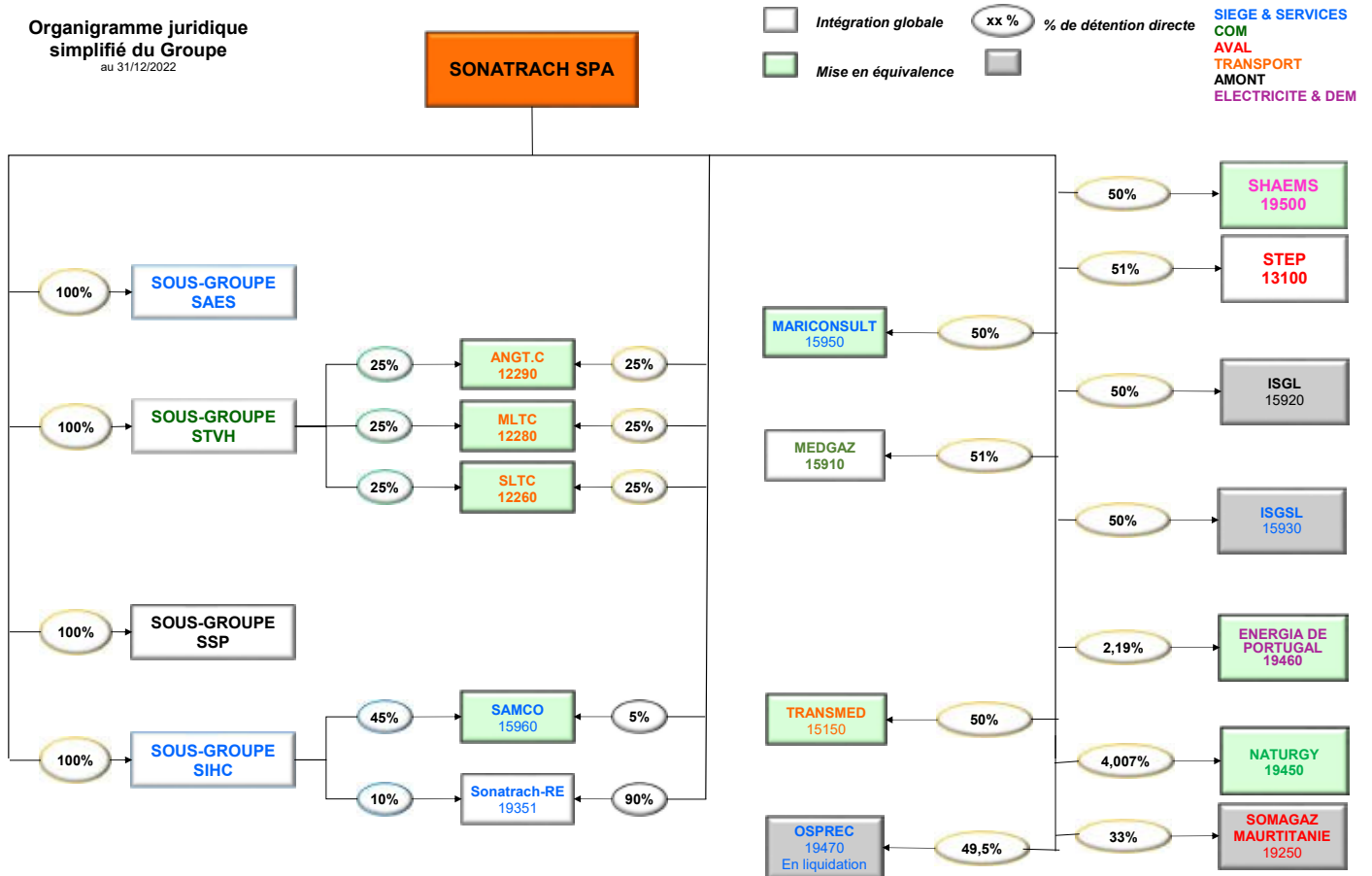
6.2- Subsidiaries and Investments abroad

Name of Entity	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

6.3- Legal organization charts

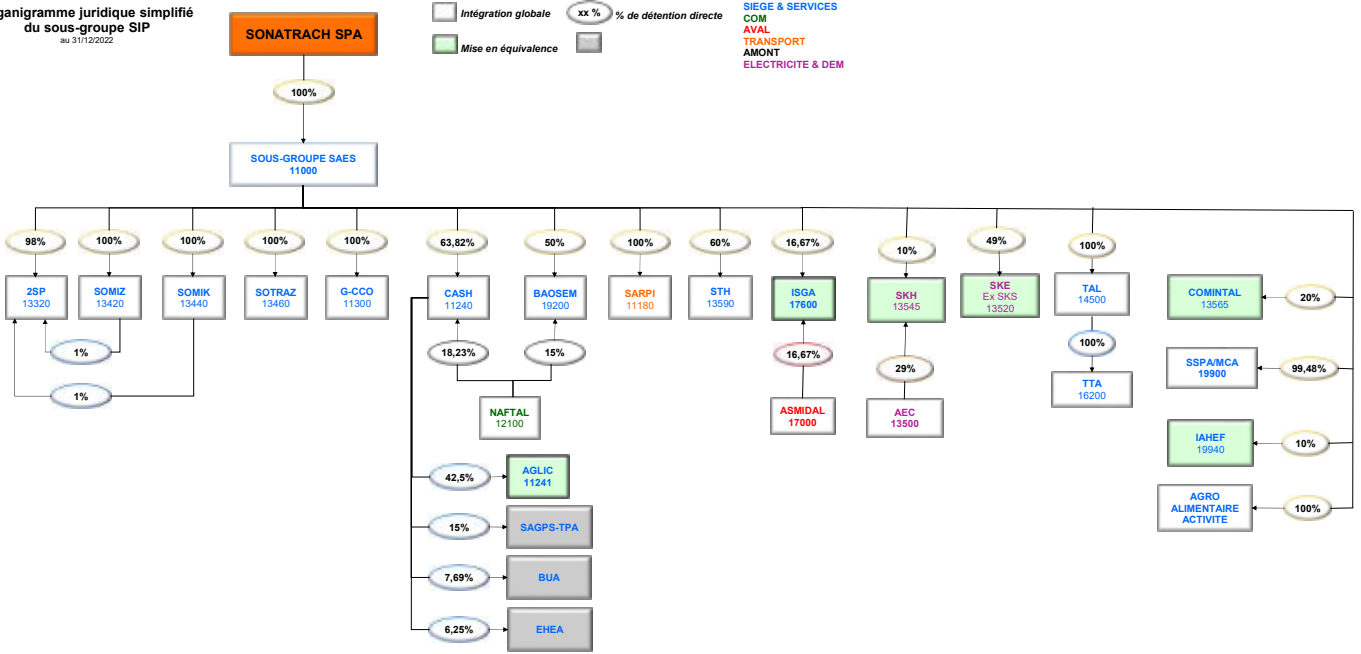
The legal flowcharts below presented by Holding, show the subsidiaries and participations owned by the SONATRACH Group in 2022.

• SONATRACH Spa

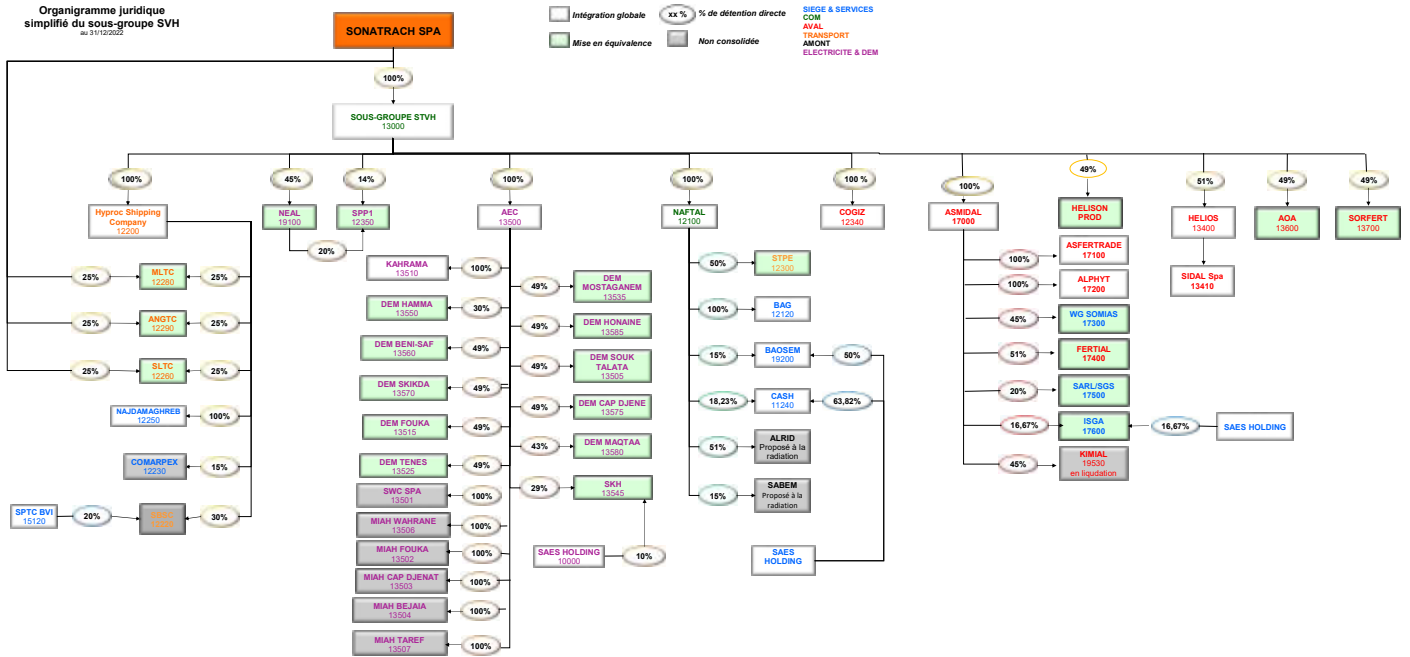


• Holding SONATRACH International Support activities «SAES» Spa

Organigramme juridique simplifié du sous-groupe SIP au 31/12/2022



• Holding SONATRACH hydrocarbon transformation and valorization « STVH » Spa

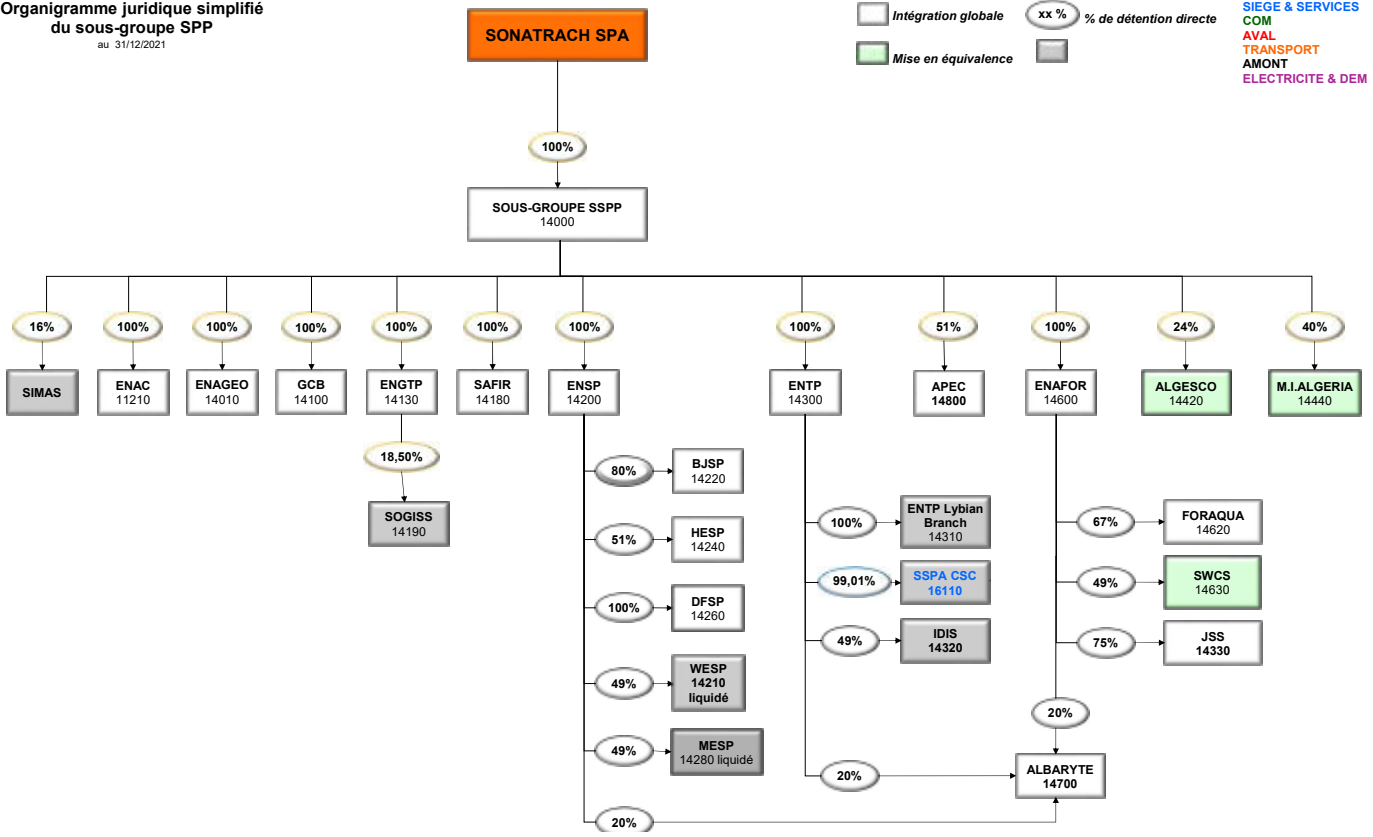


• Holding SONATRACH Petroleum SERVICE «SSP»Spa

Organigramme juridique simplifié
du sous-groupe SPP
au 31/12/2021

 Intégration globale xx % % de détention directe
 Mise en équivalence

SIEGE & SERVICES
COM
AVAL
TRANSPORT
AMONT
ELECTRICITE & DEM

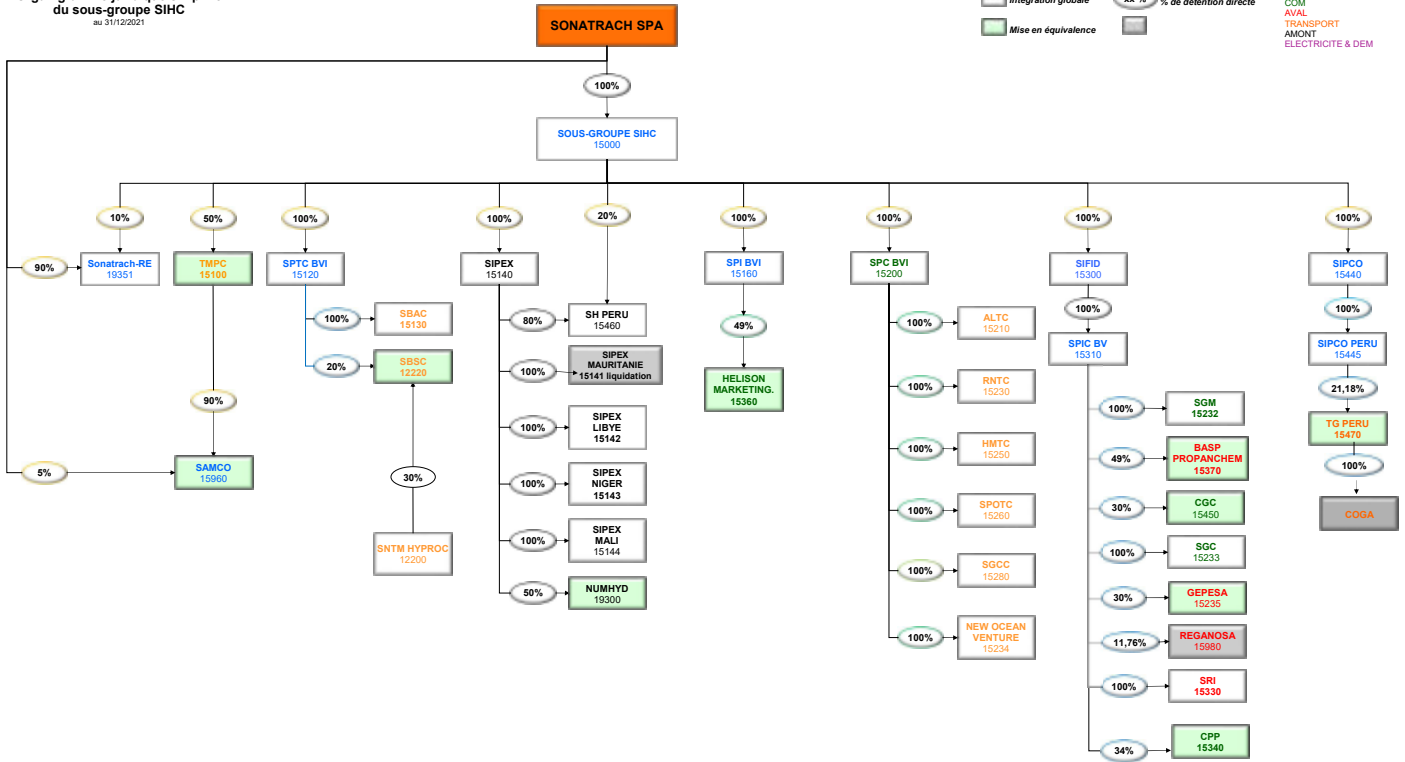


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• SONATRACH International Holding Corporation « SIHC »

Organigramme juridique simplifié
du sous-groupe SIHC
au 31/12/2021

 Intégration globale
 xx % % de détention directe
 SIEGE & SERVICES
 Mise en équivalence
 COM
 AVAL
 TRANSPORT
 AMONT
 ELECTRICITE & DEM





Auditor's Certification Consolidated Accounts

Gentlemen, Members of SONATRACH General Assembly,

We have the honor to report to you on the Audit mission we have carried out as Auditors. We have reviewed the consolidated financial statements of the SONATRACH Group as approved by the Board of Directors of your Company for the financial year 2022 with a total balance sheet assets/liabilities of sixteen thousand seven hundred two billion two hundred thirty million three hundred twenty one thousand nine hundred eighty dinars and one centime(16 782 230 321 980.1 DA) and a net profit result of one thousand seven hundred eighty seven billion five hundred thirty one million eight hundred thirty nine thousand forty nine dinars and twenty one centime (1 787 531 839 049.21).

Our different Audit works, carried out mainly on the basis of surveys, cross-checkings surveys and techniques which seemed to us to be the most appropriate, have been performed in accordance with the normal diligence rules.

Considering the results of these works, we certify, provided that the remarks and observations made are addressed and the aspects related to the physical inventories of the assets of the group's entities, that the presented consolidated financial statements of the SH Group are in all material respects in accordance with the accounting rules of the Algerian SCF , true and fair and give a faithful view of the financial position of your Group for the year ended 31st December 2022.

Algiers, 4th June 2023

Auditors

HAMANACHE Mohamed

REBAI Rezki

BENHABILES Zoheir

AZOUOU Farid

Social Accounts



1- Introduction

Year 2022 was marked by the upward trend in oil and gas prices inducing an improvement of the main financial indicators pushing them up at higher levels compared to the previous fiscal years.

Thus, our company has achieved a net profit result of 1 448 billion DA, i.e an increase of 145% compared to the previous fiscal year.

Concerning the key indicators of the fiscal year 2022, they are as follows:

- **The Annual Average Price of sale is 103.90 \$ US, namely an increase of 44% compared to the fiscal year 2021.**
- **-The global turnover is 8 909 billion DA, i.e an increase of 73% compared to fiscal year 2021.**
- **-Oil taxation paid is 5 548 billion DA, namely an increase of 113% compared to fiscal year 2021.**

SONATRACH Financial results and financial position closed on 31st December 2022 are roughly presented in this report.

The social accounts of SONATRACH Spa having a mandatory nature are:

- **Established according to the accounting principles contained in the financial accounting system subject to law n14 and the texts taken from its application**
- **Established according to the same principles as those for the financial year ending December 31, decided by its Board of directors and approved by its Ordinary General Assembly on 12 June 2023**
- **Certified by the Auditors of the Company, regular, faithful and reflecting the financial and patrimonial situation of the Company.**

The unit of financial statements is the dinar.



2- Presentation of financial statements

2.1- Balance sheet as of 31ST December 2022

FIXED ASSETS	Unit billions of DZD	
	2022	2021
NON CURRENT ASSETS- NET	7 686	7 255
Intangible assets	17	16
Tangible assets	444	434
Fixed assets under concession	-	-
Fixed equipment and production complexes	2 646	2 845
Assets in progress	2 383	2 229
Participations and related receivables	805	812
Other financial assets	1 361	892
Deferred tax assets	30	27
CURRENT ASSETS- NET	6 746	5 400
<i>Stocks and in process</i>	814	614
Merchandise stocks	-	-
Raw material and supplies	12	10
Other supplies	440	376
Stock of products	362	228
Stocks from fixed assets	-	-
Stocks abroad	-	-
<i>RECEIVABLES AND SIMILAR USES</i>	4 475	4 012
Accounts payable	14	15
Clients and related accounts	972	620
Personnel and attached accounts	-	-
Social organizations and attached accounts	6	6
State and public authorities	953	1 018
Group and associates	2 455	2 266
Miscellaneous debtors	68	80
Prepaid expenses	7	7
<i>AVAILABILITY AND SIMILAR</i>	1 457	774
Investment securities	268	
Banks Financial institutions and similar	1 124	712
Caisses	-	-
Advances and accreditations	65	62
Total assets	14 432	12 655

EQUITY	Unit billions of DZD	
	2022	2021
LIABILITIES	8 842	7 587
Issued capital	1 000	1 000
Premiums and reserves	6 385	5 994
Net income	1 448	591
Retained earnings	9	2
NON-CURRENT LIABILITIES	581	516
Provisions for charges	368	305
Taxes (deferred and provisions)	210	210
Borrowings and financial debts	3	1
Other non-current debts		
CURRENT LIABILITIES	5 009	4 552
Accounts payable	354	348
Clients and related accounts	94	16
Personnel and attached accounts	30	22
Social organizations and attached accounts	9	8
State and public authorities	770	466
Group and associates	3 729	3 671
Miscellaneous creditors	22	20
Deferred revenue	-	-
Passive cash flow	1	1
Total liabilities	14 432	12 655

2.2- Income Statement as of 31st December 2022

INCOME STATEMENT		Unit: Billions of DA	
DESIGNATION	2022	2021	
Sales and ancillary products	8 909	5 154	
Stored or destocked production	139	46	
Capitalized production	326	314	
Operating subsidies			
I. PRODUCTION OF THE FISCAL YEAR	9 374	5 514	
Purchases consumed	165	147	
External services	2 114	1 324	
Other external services	160	139	
II. CONSUMPTION FOR THE YEAR	2 439	1 610	
III. ADDED VALUE	6 935	3 904	
Staff costs	220	195	
Duties, Taxes and other similar payments	3 482	1 945	
IV. GROSS OPERATING SURPLUS	3 234	1 764	
Other operational products	148	168	
Other operating expenses	48	41	
Allocations to depreciation, provisions and impairment losses	846	790	
Reversals of impairment losses and provisions	47	35	
V. OPERATIONAL RESULT	2 535	1 135	
Financial products	161	78	
Financial charges	848	538	
VI. BOTTOM LINE	-687	-461	
VII. ORDINARY PROFIT BEFORE TAX (V+VI)	1 848	675	
Taxes payable on ordinary income	404	87	
Deferred taxes (variations) on ordinary income	-4	-5	
- TOTAL INCOME FROM ORDINARY ACTIVITIES (c)	9 730	5 795	
- TOTAL EXPENSES FROM ORDINARY ACTIVITIES (d)	8 281	5 203	
VIII. RESULT OF ORDINARY ACTIVITIES (C-D)	1 448	592	
Extraordinary items (products)			
Extraordinary items (charges)	-	1	
IX. EXTRAORDINARY RESULT			
X. NET RESULT FOR THE FISCAL YEAR	1 448	591	

2.3- Cash Flow Table as of December 31, 2022

HEADINGS	Unit: Billion DA	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the fiscal year	1 448	591
Adjustment for:		
Depreciation and provisions	778	730
Changes in deferred taxes	-4	-5
Share of subsidies transferred to results		
Stock variations	-196	-23
Change in customers and other receivables	-270	-202
Change in suppliers and other debts	251	442
Capital gains or losses on disposal, net of taxes	2	4
Retained earnings & linkage accounts	6	1
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2 015	1 538
Cash flows from investing activities		
Acquisitions of intangible and tangible assets	-1 185	-1 041
Disposals of intangible and tangible assets	510	347
Acquisitions of financial assets	-562	-341
Transfers of financial assets	102	62
Equipment and investment subsidies		
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1 135	-973
Cash flow from financing activities		
Change in equity	391	77
Variation in borrowings and financial debts	2	
Allocation of result (n-1)		
Coupons and dividends	-150	
Optional reserves	-440	-20
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-197	57
CASH FLOW FOR THE PERIOD (A+B+C)	683	622
Opening cash flow	773	151
Closing cash flow	1 456	773
CHANGE IN CASH CASH FOR THE PERIOD	683	622

I. Chairman's Message

II. The Market Background

III. Company's performance

IV. Governance

V. Investments

VI. Human Resources

VII. Social and Environmental Responsibility

VIII. Research & Development

IX. Financial Performance

2.4- Table of changes in shareholders' equity as of 31st December 2022

Unit: Billion DA

DESIGNATION	SHARE CAPITAL	MERGER PREMIUM	EVALUATION GAP	RESERVES AND RESULTS	TOTAL EQUITY
BALANCE AS AT DECEMBER 31, 2020	1 000	32	188	5 719	6 939
Change in accounting policies				-	-
Corrections of significant errors				2	2
Gains/losses not recognised in CDR			55		55
Dividends paid				-	-
Property vested in the State				-	-
Net income for the year				591	591
BALANCE AS AT DECEMBER 31, 2021	1 000	32	243	6 312	7 587
Change in accounting policies				-	-
Corrections of significant errors				9	9
Gains/losses not recognised in CDR			-52		-52
Dividends paid				-150	-150
Property vested in the State				-	-
Net income for the year				1 448	1 448
BALANCE AS AT DECEMBER 31, 2022	1 000	32	191	7 619	8 842

3- Rules and accounting principles

3.1- Rules and accounting methods

Accounting methods are the applied principles, Specific bases, procedures and practical rules to prepare and present financial reports ; they are applied by SONATRACH in a permanent way.

When a specific transaction can processed by no any rule of the SCF, the Company exercises its judgment to define and implement accounting policies in order to give a relevant and reliable information.

The purpose of the financial statements is to provide useful information on:

- **The financial situation of the Company (Balance Sheet).**
- **Performance (Income Statements).**
- **Changes in the cash position (Cash Flow Statement)**

- **Detailed changes in equity (Table of Changes in Equity).**

Pursuant to the provisions of the Act 19-13, of 11 December 2019, governing the hydrocarbon activities , the accounting for upstream activities must be held under each upstream concession or hydrocarbon contract, as the case may be.

However, for research and/or exploitation contract governed by Law 05-07, of 28 April 2005, amended and supplemented, relating to hydrocarbons, still in force, SONATRACH's accounting Spa is held by perimeter of exploitation. Also, it is held by pipeline transport, refining, petrochemicals, liquefaction and hydrocarbons processing plants

Basic evaluation methods and the presentation of elements inscribed in Accounting are defined as follows:

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

3.2- Accounting principles

• Intangibles assets

Intangible assets include computer software or other operating licenses and mining deposit development costs.

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

- **The development project is clearly identifiable.**
- **Intention to complete the project for internal use or external sale.**
- **The existence of all the necessary resources to complete the project**
- **The existence of a market for sale or proof of the usefulness of the project internally.**
- **The expenditures allocated to the project are evaluated in a reliable way.**

If the conditions are not met, the costs incurred are not capitalized.

Intangible fixed assets are recorded at their directly attributable cost.

• tangible assets

Tangible fixed assets are recorded at their directly attributable cost, including all acquisitions and installation costs, taxes paid, 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 the year are not recognized as fixed assets.**
- **Spare parts and specific maintenance materials are accounted for in tangible assets when their use is linked to certain fixed assets and if they are used on more than one exercise.**

- **The components of an asset are treated as separate elements if they have different use duration or provide economic advantages according to different rates.**

• Hydrocarbon production assets

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

All equipment, parts or elements which, even if separable by nature, are technically essential to the operation of production assets and irreversibly incorporated into this set, are recorded at acquisition cost or realization cost.

Major well maintenance work, in particular Workover and Snubbing, intended to maintain or improve the recovery rate is immobilized at its cost of realization.

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

Hydrocarbon production assets are depreciated on a straight-line basis, in accordance with the rates defined by the aforementioned law:

- **Unproductive development wells : 100%**
- **Productive development wells : 12,5%**
- **Other wells (water, injection, etc.): 12,5%**
- **Surface installations 10%**

• Operations related to Production

Sharing contracts (Law 86-14)

Exploration, development and operating costs are recorded in the appropriate accounts of fixed assets or expenses in counterpart of a debt vis-à-vis the partner of SONATRACH.

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

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

Partners' remuneration (profit-oil) determined in accordance with the terms of production sharing defined in the contract of association, is recorded as financial expenses in counterpart of a debt vis-à-vis the partner of SONATRACH.

The debt to the partner is reduced each year of the share of production due to audit 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 taken at source by SONATRACH and paid to the State, in accordance with the provisions of laws 86-14 and 05-07 respectively.

• Stocks and Outstandings

The cost of inventories includes all costs incurred in bringing inventories to their present location and condition:

- Acquisition costs (purchases, consumable materials, costs related to purchases, etc.).

- Transformation costs (staff costs and other variable or fixed charges except expenses attributable to sub-activity of entity).
- Overheads, finance charges and administrative fees directly attributable to stocks.

• Financial assets

Financial assets held by SONATRACH Spa are recorded on their date of entry into the assets, at their acquisition cost, including brokerage expenses, non-recoverable taxes and bank fees. They break down as follows:

- **Equity Securities and related debts the lasting possession of which is considered useful to the activity of the entity, in particular because it allows to exert influence on society issuer of the securities or to have control over them, this is the case for participations in subsidiaries, associated companies or joint ventures. Fixed securities intended to provide the entity with, in the more or less long term, a satisfying profitability, but without intervention in the management of companies where the titles are detained.**
- **Other immobilized securities representing shares capital or long term investment, that the entity has the possibility, as well the intention the obligation to hold until maturity.**
- **Loans and receivables issued by the company and the latter does not intend or does not have the possibility to sell in the short term; loans of over 12 months granted to third parties.**

• Monetary elements

Transactions carried out in foreign currencies are converted at the exchange rate in force on the value date of the payment.

The differences between the values initially recorded in the accounts at historical cost and those resulting from the conversion on the date of the inventory are recognized as expenses or financial products for the financial year.

Exchange differences relating to a monetary item that is, in substance, an integral part of the net investment in an entity abroad, are :

- **Recorded in equity in the Company's financial statements until the disposal of the net investment; and**
- **Recognized as income or expenses when the investment is disposed of.**

• Turnover

The turnover corresponds to the sales of goods and production of goods sold and services, valued on the basis of the sales price excluding taxes carried out within the framework of its ordinary activity.

• Hydrocarbon national market :

Sales for the domestic market needs are valorized by prices notified by regulatory means.

• Hydrocarbon international market:

export sales are valorized according to the international market or the contractual price depending on the products.

• Provisions for benefits granted to staff

At each financial year end, a provision is noted and recorded to cover the amount of the company's commitments, in terms of end of career allowances (AFC), allocation of loyalty medals or similar benefits for the benefit of the staff.

These provisions are determined on the basis of the present value of all obligations towards staff using assumptions of calculation and appropriate actuarial methods. These Provisions are adjusted each year.

• Carryover

The retained earnings is made up of the share not affected by the results achieved by the Company and the amounts generated by the change of method and corrections of significant errors.

The decision to make such a recording is a prerogative of the Ordinary General Meeting.

• Valuation Gap

The valuation gap results from the difference between fair value and net book value of financial assets as well as net investments in foreign subsidiaries .

• Extraordinary Result

The extraordinary result results from the products and charges corresponding to events or transactions clearly distinct from the ordinary activity of the Company and having an exceptional character.

• Taxation

SONATRACH is subject to two (2) Tax regimes , namely: oil taxation for upstream oil activities and taxation of common law for downstream oil activities.

• Oil Taxation

The Exploration and Production Activity SONATRACH is subject to the tax regime oil provided for by the provisions of Law No. 19- 13, of December 11, 2019, governing the hydrocarbon activities , which provides for payment:

- A surface tax on the perimeters during periods of research, retention or of exploitation at the rate of a unit amount per km².
- A fee 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 destined to the market national.
- The basis for calculating the hydrocarbon fee is equal to the valued production reduced by the cost of transport by pipeline and, possibly, the cost of liquefaction of the natural gas and that of LPG separation
- Royalty rates are based on area classification of the operating scope and sections of daily production. They vary between 5.5% and 23%.
- The royalty on hydrocarbon production, on the accounting plan, is recorded in the “Services” account. It is not assimilated to a tax, but an operating expense.
- A Hydrocarbon Income Tax (IRH) at a rate varying between a minimum of 10% and a maximum of 50%, determined on the basis a R factor calculated by the ratio of cumulative net income amounts and cumulative expenditures made at the operating perimeter. This rate applies to the same calculation basis (value of production) used to determine the hydrocarbon royalty, less deductions authorized for the determination of the basis of the IRH. Like the

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

- An income tax (IR) on the activities of hydrocarbon production by 30%, applicable in Upstream oil (in own effort and in association).
- A flat-rate royalty on anticipated production (produced during the period of research). The amount of this fee is equal to 50% of the value of production less the cost of transport by pipeline and, where applicable, the cost of liquefaction of the natural gas and that of LPG separation.

Law No. 19-13 governing hydrocarbons provides also the payment of other duties and taxes, namely:

- Flaring tax (applies to both upstream activities than those downstream).
- Right to transfer rights (upstream activities).
- Water use tax (upstream activities).
- The property tax on property other than operating assets (upstream activities), such as governed by current tax legislation.

Furthermore, in accordance with the provisions of said law, SONATRACH is responsible within the framework of production sharing contracts or production contracts services at risk of paying:

- A tax on the remuneration of the foreign contractor on behalf of his/hers partners). The amount of this tax is equal at 30% of the value of gross remuneration accruing to the foreign partner.

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

Indeed, for the old operating perimeters, whose entry into production was recorded before February 20, 2013 (date of promulgation of the law 13-01 modifying and supplementing law 05-07), SONATRACH makes the payment of:

- **A fee on all quantities of hydrocarbons extracted and counted at the measurement point of each perimeter operating costs, valued at the prices notified by the ALNAFT agency for products intended for export and by the ARH agency for products destined to the domestic market. Royalty rates are based on of the classification of the operating perimeter and daily production of units. They vary between 5.5% and 23%.**
- **The royalty on hydrocarbon production, on the accounting plan, is recorded in the "Services" account. It is not assimilated to a tax, but an operating expense.**
- **.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 the cumulative production since the origin, applied to the basis for calculating the fee (value of the production).**

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

- **.A tax on the partner's remuneration of 38%, applicable to gross remuneration falling to foreign partners within the framework contracts governed by law no. 86-14 relating to hydrocarbons**
- **A Tax on Exceptional Profits (TPE) applicable to the share of production returning to foreign partners, within the framework of contracts governed by law n°86-14, when the monthly arithmetic average of prices Brent oil is above 30 dollars per barrel.**

• Common Law Taxation

Common law taxation applies to activities carried out by SONATRACH other than those of upstream oil. This tax regime provides, mainly, for the payment of taxes and taxes below:

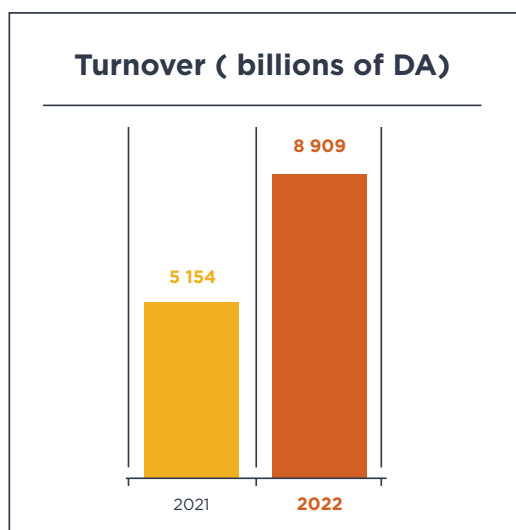
- **A tax on professional activity (TAP) at the rate of 3% for the Hydrocarbon Transport Activity by pipelines and 1.5% for activities other than production.**
- **A corporate profits tax (IBS) rate of 26%.**
- **A Value Added Tax (VAT) on sales operations and services intended for the national market.**
- **A Tax on Petroleum Products (TPP).**
- **A tax on fuel.**
- **A tax on oils, lubricants and lubricating preparations.**
- **A Bank Domiciliation Tax (TDB), rate of 4%, on import operations Services.**
- **A Land Tax on built properties and not built.**
- **Ecological and environmental taxes.**

4- Main financial data

4.1- Global turnover

The global turnover realized includes the sale of hydrocarbons, the resales and the services to third parties.

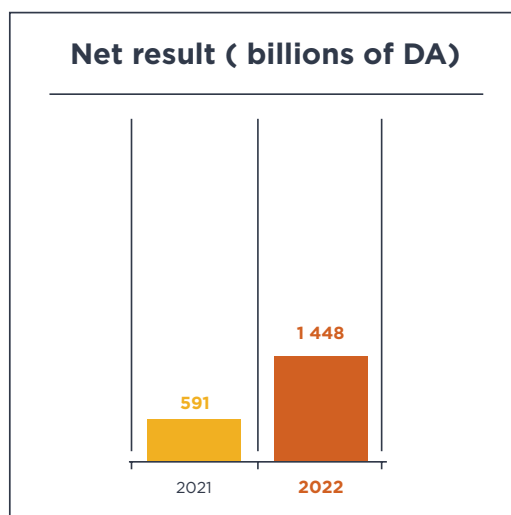
This turnover reached 8 909 billion DA against 5 154 billion DA in 2021, namely an increase of 73%.



4.2- Net result

The net result of the company increased by 857 billion DA, from 591 to 1 448 billion DA. This increase is due to:

- The increase of the turnover.
- A favorable international market with rising prices compared to 2021.
- Mastering of charges.



Hydrocarbon exports for the fiscal year 2022 reached 8 422 billion DA against 4 763 in 2021, up by 77%. Sales on the national market reached 431 billion DA, namely an increase of 22% compared to 2021.

4.3- Acquisitions of fixed assets

Acquisitions of fixed assets during the year consist of acquisitions from third parties as well as the Company's own production and amounted to 804 billion DA compared to 769 billion DA in 2021.

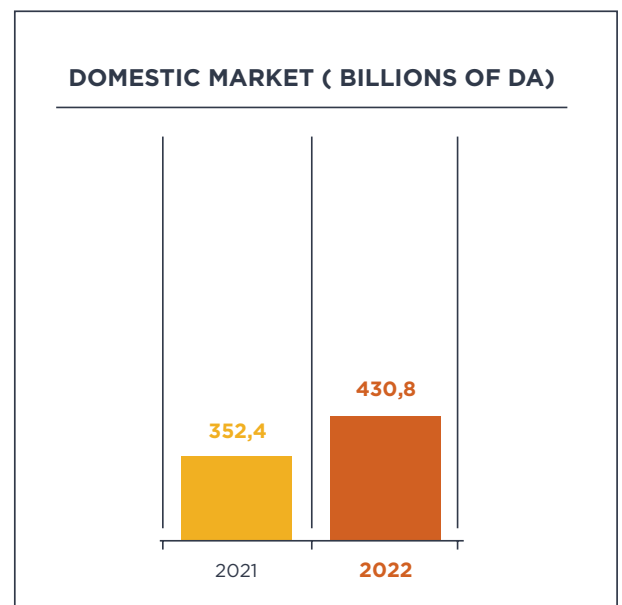
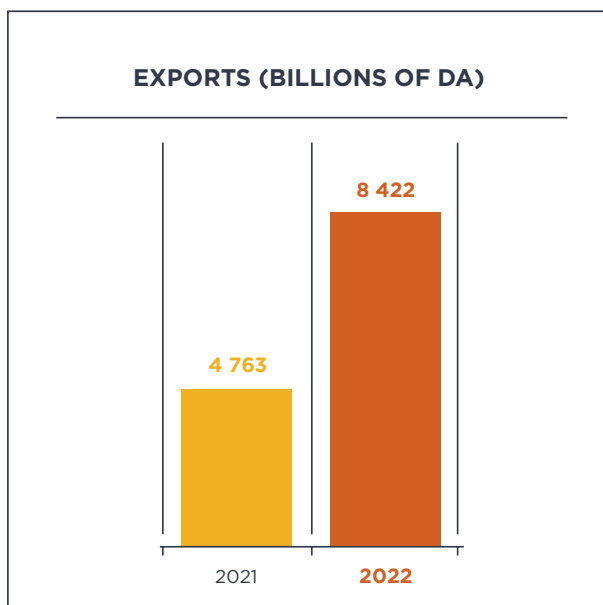
Financial fixed assets rose from 1 704 billion DA in 2021 to 2 166 billion DA in 2022, i.e, an increase of 462 billion.

4.4- Fiscal year Availabilities

Cash and equivalents at 31/12/2022 are of the order of 1 457 billion DA, an increase of 683 billion DA compared to 2021 due to the increase in hydrocarbon revenues.

• Sales of Finished Products

	2022		2021	
	Exports in DA	Domestic in DA	Exports DA	Domestic in DA
CRUDE OIL	2 178		1 320	
NGL (CONDENSATE)	320		275	
NG	2 702	165	1 003	105
LPG(BUTANE/PROPANE)	597	8	486	7
LNG	1 086		593	
REFINED PRODUCTS	1 536	254	1 082	235
PETROCHEMICAL PRODUCTS	3	4	4	5
Total	8 422	431	4 763	352

10⁹

• Off-balance sheet commitments

Off-balance sheet commitments are rights and obligations whose effects on the amount or composition of the assets to the fulfilment of conditions or subsequent transactions.

Commitments include in particular contingent liabilities, which are defined as follows :

- **Either a potential obligation of the entity to a third party resulting from events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly under the entity's control.**
- **Or an obligation of the entity to a third party that it is not probable or certain will result in an outflow of resources without at least equivalent consideration expected from the third party.**

The balance of commitments at 31 December 2022 is 64 billion DA representing guarantees given to financial institutions and the customs administration, namely :

removal credits, customs sureties, letters of guarantee, documentary credits and guarantee.

5- Notes to the Statements

5.1- Capitalized production

This item includes expenses incurred for the investments requiring the use of own resources in addition to recourse to third parties , in particular for drilling and and exploration services.

It will amount to 326 billion dinars in 2022, compared with 314 billion in 2021.

5.2- Financial income

Financial income amounted to 161 billion DA 78 billion in 2021, an increase of 106%.

This item includes income from 59 billion, as well as the following items:

Foreign exchange gains	52
Income from financial assets	17.1
Other financial products (interest on investments)	29.3
Income from receivables	4

• Consumption for the year

Consumption for the year amounted to 2,439 billion and included purchases of materials and supplies and all services, broken down as follows:

Consumed purchases	165.2
External services	593.8
Royalty fee	1 520.1
Other external services	159.5

Section purchases consumed includes :

- **Consumed goods: representing merchandise subject to resale.**
- **Materials and supplies consumed include mainly spare parts, chemical products, construction materials, casing and tubes.**

5.3- Added value

Added value which represents the difference between production and consumption of the fiscal year recorded an increase of 78% compared to 2021 shifting from 3 904 billion DA to 6 935 billion DA.

Production of fiscal year	9 374
Consumption fiscal year	2 439

5.4- Personnel expenses

Personal expenses increased by 25 billion DA compared to year 2021 shifting from 295 billion DA to 220 billion DA..

5.5- Taxes, duties, and similar payments

This section recorded an amount of 3 482 billion DA mainly comprising tax on oil income for 9 422 billion DA namely, 98%.

5.6- Amortization and provisions to expenses

Amortization and provision expenses for the fiscal year 2023 are 846 billions DA i.e an increase of 7% compared to the fiscal year 2021.

5.7- Financial expenses

This section registered an amount of 848 billion DA constituted mainly of payments to partners and foreign exchange losses related to the discounting and receivables payable in foreign currencies. Payments to the partners (profit oil) increased from 493 billion DA in 2021 to 734 billion DA in 2022, i.e an increase of 49%.

The exchange losses on foreign currency assets and invoices in foreign currencies registered in the balance sheet (receivables and payables) an amount of 109 billion DA.

6- Other Information

As part of its policy of protecting the Group's assets, Sonatrach establishes insurance coverage programs for both (02) categories of risks resulting from its activities and those of its subsidiaries.

They include industrial risks, ordinary risks and protection of people.

In 2022, industrial risk insurance policies were renewed, and ordinary risk insurance and protection of people contracts were automatically renewed for the following periods:

- **Industrial risks from July 1st 2022 to June 30th 2023.**
- **Simple risks from July 1st 2022 to June 30th 2023.**
- **Protection of people from January 1st 2022 to December 31st 2023.**

6.1- Industrial Risks

The insurance coverage of this type of risks resulted in the following insurance contracts covering the period 2022-2023:

- **'All Risks Except' insurance for industrial facilities and complexes.**
- **Insurance 'Cost Of Control'**
- **Insurance cover for drilling equipment**
- **General liability insurance**
- **Refueling civil liability Insurance.**

It should be noted that the distribution of the different risks is between the local market (local insurers) and the Central Reassurance Compagnie-CCR) and the international market of reinsurance (the captive of reinsurance "Sonatrach Re" based in Luxembourg and the international market of reinsurance).

6.2- Ordinary Risks

The insurance cover for this type of risk is reflected for Sonatrach Joint Spa and its Subsidiaries, through agreements of three (03) years (2021-2024).

- **'Miscellaneous Facilities and Construction Machinery' Insurance Contract.**
- **Insurance contract for 'Immovable and Movable Property'.**
- **Insurance contract 'Pulled Tanks and Loss of Products' for All Risks Except**
- **Insurance contract for 'Transport on Body' in All Risks Except,**
- **Insurance contract « Transport of Faculties»**
- **Automobile' Insurance Contract.**

6.3- Risks related to individuals

Insurance coverage for this type of risk is intended to cover death and certain illnesses contracted by the personnel and is concluded for 03 years (2020-2022).



Auditor's Certification

Gentlemen, Members of SONATRACH General Assembly,

We have the honor to report to you on the Audit mission we have carried out as Auditors. We have reviewed the consolidated financial statements of the SONATRACH Group as approved by the Board of Directors of your Company for the financial year 2022 with a total balance sheet assets/liabilities of Fourteen thousand forty hundred thirty two billion two hundred twenty eight million five hundred thirty one thousand nine hundred seventy four DA and twenty centimes (14 432 228 531 974.21 DA) and a net profit result of one thousand four hundred forty eight billion two hundred ninety two million six hundred thirteen thousand DA and ten centimes (1 448 292 613 020 10 DA)

Our different Audit works, carried out mainly on the basis of surveys, cross-checkings surveys and techniques which seemed to us to be the most appropriate, have been performed in accordance with the normal diligence rules.

Considering the results of these works, we certify, provided that the remarks and observations made are addressed and the aspects related to the physical inventories of the assets of the group's entities, that the presented consolidated financial statements of the SH Group are in all material respects in accordance with the accounting rules of the Algerian SCF, true and fair and give a faithful view of the financial position of your Group for the year ended 31st December 2022.

Algiers, 4th June 2023

Auditors


HAMANACHE Mohamed


BENHABILES Zoheir


AZOUZI Farid


REBAI Rezk



سوناتراچ



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