Vivo Energy Limited
Annual Report & Accounts 2022

# THE FUTURE IS NOW

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Throughout 2022, Africa has continued to be reshaped.

While the macro drivers for Vivo Energy's growth remain strong, a number of key external headwinds have challenged the business, including inflation, volatile exchange rates, commodity prices and interest rates. Changing competition, political environments and security issues have added pressure to our business.

But by combining flexibility, our underlying strengths and by working closely together, we've navigated these headwinds and continued to demonstrate the resilience shown over recent years.

Throughout the year we've been Building for the Future, developing our strategy and five-year plan.

We've also been changing our business – welcoming a new CEO, creating new executive and management committees, and most significantly delisting our business in the middle of the year, returning us from a public to a private company.

We are ready to grasp new opportunities and to grow – even faster than before.

**For Vivo Energy, the future is now.**

## STRATEGIC REPORT



## GOVERNANCE



## FINANCIAL STATEMENTS



## OTHER INFORMATION

# 2022 HIGHLIGHTS

**REVENUES**
US$ million

**10,969**

+30%

**VOLUMES**
Million litres

**10,777**

+5%

**ADJUSTED EBITDA**
US$ million

**470**

+5%


**SERVICE STATIONS ADDED**
Net total

**126**

**NET INCOME**
US$ million

**105**

-31%

**TOTAL RECORDABLE CASE FREQUENCY**
Per million exposure hours

**0.18**

# WE ARE A GROWTH COMPANY ON AN EXCITING CONTINENT

We are a market-leading, pan-African retailer and distributor of high-quality fuels and lubricants using the Shell and Engen brands.

We source, distribute, market and supply these products to Retail and Commercial customers across Africa and keep the continent on the move.

We have a growing Non-fuel retail offering and are continuing to develop innovative energy solutions to enhance sustainability.

## RETAIL

Retail is the engine that powers our growth. At the end of 2022, our network comprised 2,589 service stations across the continent.

### RETAIL FUEL

Sale of petrol and diesel fuels at Shell and Engen-branded service stations, across 23 countries.

### NON-FUEL RETAIL

Multi-branded convenience retail shops, quick service and fast casual restaurants, and other services including lubricant bays, car washes and ATMs.

### HIGHLIGHTS

**Volumes (million litres)**

**6,370 +5%**

**Gross cash profit[1] (US$ million)**

**489 0%**

**Gross cash unit margin[2] ($/'000 litres)**

**71 -5%**

1 Includes Non-fuel retail.

2 Excludes Non-fuel retail.

Non-GAAP measures are explained and reconciled on pages 16 and 17.


## COMMERCIAL

Our Commercial business is founded on a proven proposition to thousands of customers. We not only ensure a reliable supply of high-quality fuels and energy to a wide range of customers, but also support those products with extensive, trusted services.

### CORE COMMERCIAL

Supplying mining, construction, transport, power and industrial companies. We also supply LPG, primarily to consumers, as well as fuels to the wholesale market.

### AVIATION AND MARINE

Supplying aviation fuel, plus bunkering for marine traders and other shipping companies.

### HIGHLIGHTS

**Volumes (million litres)**

**4,258 +5%**

**Gross cash profit (US$ million)**

**237 +22%**

**Gross cash unit margin ($/'000 litres)**

**56 +17%**

## LUBRICANTS

We sell lubricants to Retail and Commercial customers in our countries of operation, and also export to more than ten additional African markets.

### RETAIL LUBRICANTS

Providing products to consumers at our service station forecourts and lubricant bays and also at oil shops, repair shops, service centres and resellers through a network of distributors.

### COMMERCIAL LUBRICANTS

Supplying specialist lubricants to mining companies and B2B customers, and also exporting to other African markets.

### HIGHLIGHTS

**Volumes (million litres)**

**149 0%**

**Gross cash profit (US$ million)**

**91 -2%**

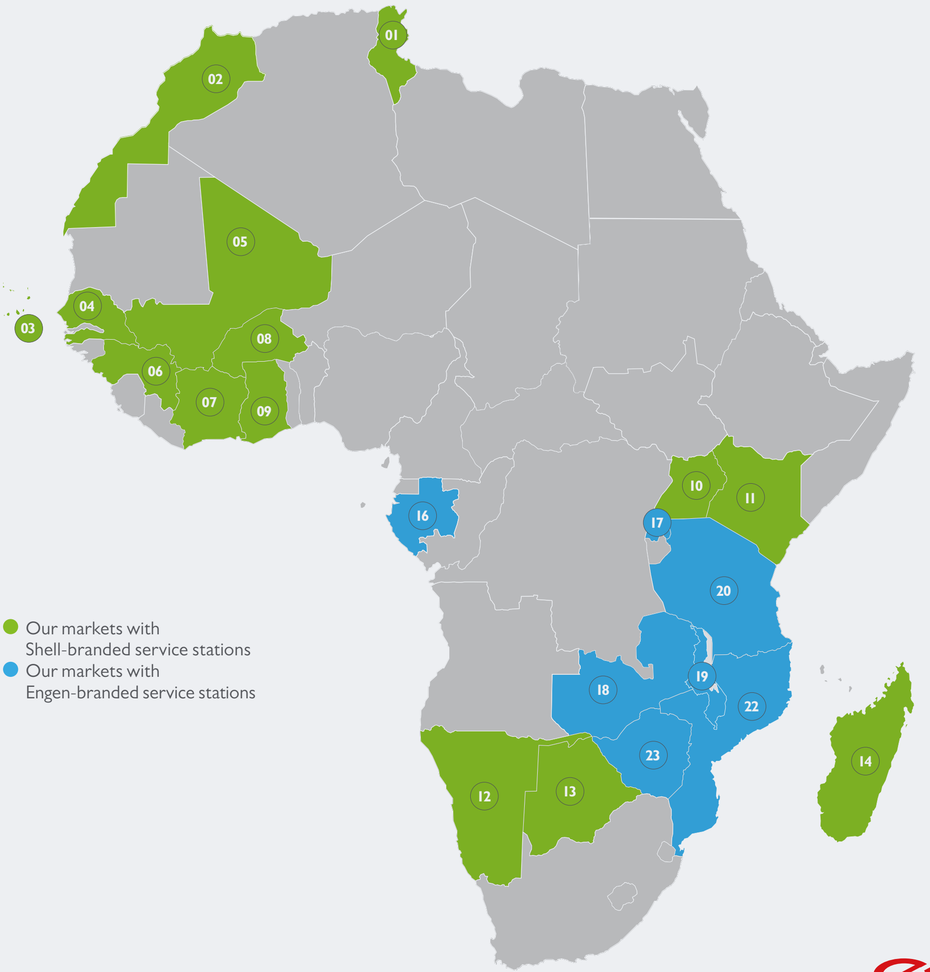
**Gross cash unit margin ($/'000 litres)**

**608 -3%**

# TWO LEADING BRANDS ACROSS 23 COUNTRIES

At the end of 2022, our Retail network comprised 2,589 service stations across 23 countries, more than twice the size of the network we acquired at our inception in 2011.

We added a net total of 126 service stations and 165 convenience retail shops and food outlets.




**2,589** SERVICE STATIONS

**1,149** CONVENIENCE RETAIL SHOPS AND PHARMACIES

**323** FOOD OUTLETS

ENGEN

### 01 TUNISIA
| | |
|---|---|
| Total volume | 1,139 |
| Service stations | 171 |

### 02 MOROCCO
| | |
|---|---|
| Total volume | 2,094 |
| Service stations | 404 |

### 03 CAPE VERDE
| | |
|---|---|
| Total volume | 202 |
| Service stations | 27 |

### 04 SENEGAL
| | |
|---|---|
| Total volume | 562 |
| Service stations | 136 |

### 05 MALI
| | |
|---|---|
| Total volume | 314 |
| Service stations | 53 |

### 06 GUINEA
| | |
|---|---|
| Total volume | 549 |
| Service stations | 132 |

### 07 CÔTE D'IVOIRE
| | |
|---|---|
| Total volume | 769 |
| Service stations | 233 |

### 08 BURKINA FASO
| | |
|---|---|
| Total volume | 362 |
| Service stations | 107 |

### 09 GHANA
| | |
|---|---|
| Total volume | 496 |
| Service stations | 237 |

### 10 UGANDA
| | |
|---|---|
| Total volume | 542 |
| Service stations | 172 |

### 11 KENYA
| | |
|---|---|
| Total volume | 1,490 |
| Service stations | 286 |

### 12 NAMIBIA
| | |
|---|---|
| Total volume | 436 |
| Service stations | 74 |

### 13 BOTSWANA
| | |
|---|---|
| Total volume | 259 |
| Service stations | 82 |

### 14 MADAGASCAR
| | |
|---|---|
| Total volume | 255 |
| Service stations | 77 |

### 15 MAURITIUS
| | |
|---|---|
| Total volume | 420 |
| Service stations | 50 |

### 16 GABON
| | |
|---|---|
| Total volume | 70 |
| Service stations | 24 |

### 17 RWANDA
| | |
|---|---|
| Total volume | 119 |
| Service stations | 44 |

### 18 ZAMBIA
| | |
|---|---|
| Total volume | 128 |
| Service stations | 56 |

### 19 MALAWI
| | |
|---|---|
| Total volume | 56 |
| Service stations | 40 |

### 20 TANZANIA
| | |
|---|---|
| Total volume | 125 |
| Service stations | 41 |

### 21 REUNION
| | |
|---|---|
| Total volume | 218 |
| Service stations | 35 |

### 22 MOZAMBIQUE
| | |
|---|---|
| Total volume | 143 |
| Service stations | 43 |

### 23 ZIMBABWE
| | |
|---|---|
| Total volume | 34 |
| Service stations | 65 |

Total volume is measured in million litres and excludes volume related to supply trading, not allocated to countries.

**CHIEF EXECUTIVE OFFICER'S STATEMENT**
STAN MITTELMAN

# THE FUTURE IS NOW

> Throughout the year, we've been Building for the Future, developing our strategy and five-year plan."

**STAN MITTELMAN**
CHIEF EXECUTIVE OFFICER

As I reflect on my first year as CEO, I am pleased that all my initial expectations of Vivo Energy being an exciting, fast-paced and entrepreneurial business have been confirmed.

I would like to pay tribute to my predecessor, Christian Chammas, for his support and guidance as we worked together at the start of the year. Christian was instrumental in transforming, developing and growing the business during his decade as CEO, and I hope he is enjoying a well-deserved retirement.

Throughout the year, I was fortunate enough to visit 19 of our operating units and our offices in Amsterdam, Cape Town and Johannesburg, meeting many of our talented and dedicated colleagues in the process. As I look ahead to 2023 and beyond, what heartens me the most is the passion, dedication and drive that I see in Vivo Energy colleagues across the continent. Our people are the 'magic ingredient' that will allow us to achieve our aspirations and successfully deliver our plan.

## A CHALLENGING YEAR

Following on from two years dominated by COVID-19, we started 2022 with optimism for brighter times ahead. But the year has not been without challenges. The conflict in Ukraine significantly affected product supply and pricing. Issues with inflation, exchange rates, government receivables, dollar availability, and margin challenges have challenged a number of our operating units (OUs). And we've seen a changing political environment, and ongoing security issues, particularly in some of our West African OUs.

It has undoubtedly been a tough year. However, we have worked together to navigate these challenges, and have continued to demonstrate the resilience shown over recent years.

## BUSINESS PERFORMANCE

Although we continue to have an industry-leading Health, Safety, Security, Environment and Quality (HSSEQ) performance, it saddens me that we recorded a contractor fatality in Uganda, following a fire in our depot in February. Violations against our Life Saving Rules reduced by 40% compared to the previous year, but we must ensure a zero-tolerance approach to any violations against our Life Saving Rules, and it is vital that our people remain constantly vigilant and keep HSSEQ a fundamental priority for Vivo Energy.

Our volumes increased 5% to 10,777 million litres, reflecting the resilience of our markets, despite the challenging macroeconomic environment. Volumes in the Retail and Commercial segments were both 5% ahead of the prior year, with Lubricants volumes remaining flat.

Group gross cash unit margin increased by 1% to $76 per thousand litres. Although unit margins in Retail and Lubricants decreased as a result of increases in crude oil prices, these were offset by the unit margin increase in Commercial, mainly due to the positive impact from effective product sourcing.

Together, these factors led to gross cash profit of $817 million, up 5% against 2021.

This performance results in adjusted EBITDA of $470 million, an increase of 5% against the previous year. Net income reduced 31% to $105 million.

I am pleased that despite external challenges, we continued to meaningfully invest for growth, opening a net total of 126 service stations and 165 convenience retail shops and food outlets.

## BUILDING FOR THE FUTURE

Throughout the year we've been Building for the Future, developing our strategy and five-year plan. Our aspiration is to achieve market share leadership in fuel and lubricants, and to differentiate our non-fuel business. Specifically, we will work to:

- Maximise value from Retail fuel – growing our network by around 150 service stations per year,
- Accelerate growth from the rest of the core business – Non-fuel retail, Commercial fuel, Lubricants and LPG, and
- Evolve our business to serve changing customer needs – focusing in particular on Solar and e-mobility.

## CHANGE

A common theme for the year has been change, the most significant of which has been the new ownership and delisting of our business.

At the end of 2021, the Vivo Energy plc Board agreed to recommend a transaction with BidCo, a wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited, itself being an investment vehicle advised by employees of the Vitol Group ('the Vitol Offer').

In January 2022, shareholders voted overwhelmingly to approve the Vitol Offer. In July, following completion of all of the regulatory and anti-trust approvals, the scheme was formally approved at a Court hearing and the Company became 100% privately owned. As part of the transition, the Vivo Energy plc Board of Directors, chaired by John Daly, resigned at the end of July. I would like to take this opportunity to thank John and his fellow Directors for their work while we were a public company, and the new Vivo Energy Board for its governance and guidance of Vivo Energy since.

Our new ownership brings more opportunities to grow faster, leveraging Vitol, and unlocking opportunities with its other portfolio companies. We are already investigating these through feasibility and pilot studies in a number of our OUs.

During the year we also launched a new organisation structure, creating Executive and Management Committees, reorganising our OUs into three zones (West, East & South, and Maghreb & Indian Ocean), and updating some of our Central Function reporting.

Keeping our business simple and agile is part of Vivo Energy's DNA and is a major part of our success. Across our Group, we need to ensure that we stay lean, agile, and entrepreneurial. Our operating model will continue to remain OU-focused and decentralised, and we must continue to simplify – adapting where required – to make sure we structure ourselves for future success in the years ahead.

It has been a privilege to work alongside my new colleagues this year. There is a vast opportunity that exists in Africa and I look forward to continue working with my team to develop and realise Vivo Energy's growth story in the coming years.

If 2022 was about Building for the Future, 2023 is about putting that plan into action.

The Future is Now!

**STAN MITTELMAN**
CHIEF EXECUTIVE OFFICER

**Net income**

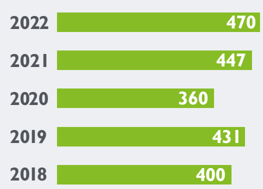
**$105M**

**HSSEQ**

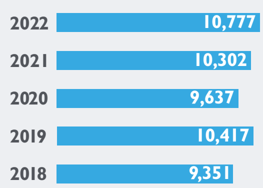
**0.18**

Strong HSSEQ performance with Total Recordable Case Frequency of 0.18 incidents per million exposure hours.

**Adjusted EBITDA**
US$ million




**Volumes**
million litres



# OUR STRATEGY

Over the years, our strategy has enabled us to grow, meeting the increasing energy needs of a vibrant African continent. To continue to grow and succeed, we will focus on three strategic pillars.

## 3 WE HAVE THREE STRATEGIC PILLARS:

1. MAXIMISE VALUE from Retail fuel
2. ACCELERATE GROWTH from the rest of the core business
3. EVOLVE THE BUSINESS MODEL to serve customer needs

# INITIATIVES

## 1 MAXIMISE VALUE

### RETAIL
- Optimising and upgrading our network
- Adding new sites each year
- Shining our existing sites

## 2 ACCELERATE GROWTH

### NON-FUEL RETAIL OFFERING
- Building a substantial food business, on and off our service stations
- Increasing our convenience retail presence
- Diversifying other Non-fuel retail offerings

### COMMERCIAL FUEL & LUBRICANTS
- Driving B2B core profitable market share growth
- Growing re-seller volume market share
- Growing our lubricants business (incl. exports)
- Increasing focus on aviation and marine

### LIQUEFIED PETROLEUM GAS (LPG)
- Reducing product mix carbon intensity through LPG growth

## 3 EVOLVE THE BUSINESS MODEL

### SOLAR
- Developing solar hybrid power product offering
- Piloting more electric vehicle (EV) charging sites

### NEW MOBILITY
- Investigating and developing new mobility solutions

# OUR STAKEHOLDERS

We listen to and collaborate with a wide range of stakeholders to grow our business and deliver value.

## 5 WE HAVE FIVE KEY STAKEHOLDER GROUPS:

1. OUR PEOPLE
2. CUSTOMERS
3. PARTNERS
4. COMMUNITIES
5. GOVERNMENTS

Engagement with our stakeholders plays a vital role throughout the business. It helps us gain a better understanding of the impact of our decisions on stakeholder interests as well as insight into their needs and concerns.

The output of engagement with stakeholders informs Group decisions, and relevant feedback is reported to the Board and/or its Committees.

### 1 OUR PEOPLE

We want our people to be safe, engaged, and focused on doing business the right way.

### 2 CUSTOMERS

We want to offer our customers the best platform in the market, providing an exceptional customer experience, a wide range of customer value propositions, and exciting Non-fuel retail offerings.

### 3 PARTNERS

We want to support our partners, always focused on doing business the right way as we strive to achieve our vision of becoming the most respected energy business in Africa.

### 4 COMMUNITIES

We want to make a real and lasting difference to our communities, engaging with them to earn their respect and trust, supporting them and promoting a better quality of life and more sustainable future.

### 5 GOVERNMENTS

We want to maintain good relationships with host governments in the countries where we operate.

# OUR KPIs

These KPIs show our performance for 2022 in comparison to the past four years, together with a brief explanation of the key drivers. We've chosen to use Financial, Growth and HSSEQ KPIs in order to provide a rounded view of our performance.

## FINANCIAL KPIS

### GROSS CASH PROFIT
US$ MILLION


**DEFINITION**
Gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements.

**Performance drivers**
– Volumes and gross cash unit margins performance

### ADJUSTED EBITDA
US$ MILLION


**DEFINITION**
Earnings before interest, tax, depreciation and amortisation adjusted for impact of special items.

**Performance drivers**
– Volumes and gross cash unit margins performance
– Optimised cost structure and cost management
– Share of profit from investments in joint ventures and associates

## GROWTH KPIS

### VOLUMES
MILLION LITRES


**DEFINITION**
Total product volumes sold during the year.

**Performance drivers**
– Macroeconomic drivers influencing demand
– Sales and promotion activities
– Loyalty card system
– New and existing contracts with commercial customers and cross-selling

### TOTAL RETAIL SERVICE STATIONS

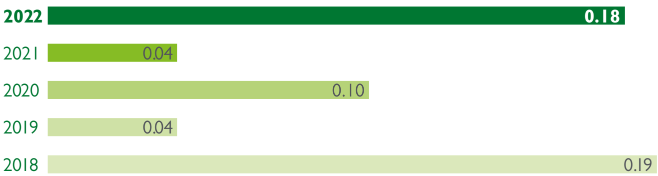

**DEFINITION**
Total number of revenue generating retail service stations.

**Performance drivers**
– Self-funding capital expenditure through operating cash flow
– Significant white-space opportunity
– Securing land leases and strategically located sites

1 2019 includes more than 200 retail service stations acquired as part of the Engen acquisition.

## HSSEQ KPIS

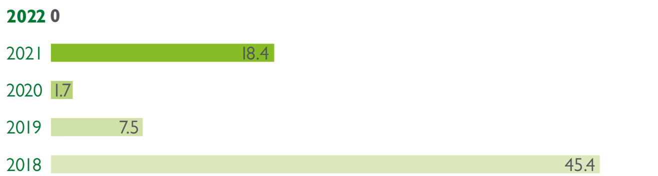
### TOTAL RECORDABLE CASE FREQUENCY (TRCF)
PER MILLION EXPOSURE HOURS




**DEFINITION**
TRCF per million exposure hours.

**Performance drivers**
– Using potential incident reporting to prevent incidents from happening
– Training and competency development for continuous HSSEQ improvement
– Focus on personal safety, road transport safety and security

### TOTAL PRODUCT LOST
METRIC TONNES

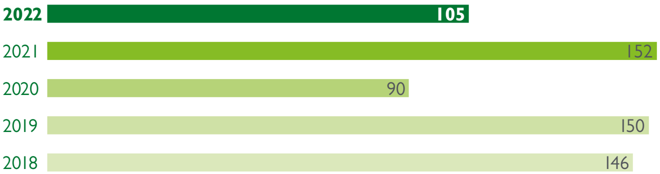



**DEFINITION**
Product lost to the environment.

**Performance drivers**
– Ensuring that safe working practices are followed: stringent contractor safety requirements; driver training and monitoring

NON-GAAP MEASURES ARE EXPLAINED
AND RECONCILED ON PAGES 16 AND 17

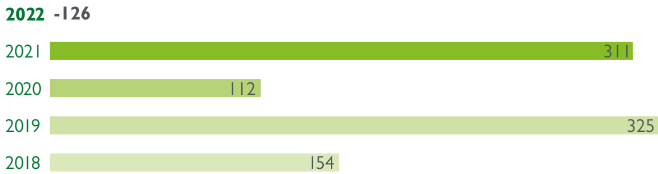
## NET INCOME
US$ MILLION




**DEFINITION**
Net income in accordance with IFRS/GAAP.

**Performance drivers**
- EBITDA performance
- Effective tax rate management
- Optimised capital and finance structure

## ADJUSTED FREE CASH FLOW
US$ MILLION




**DEFINITION**
Cash flow from operating activities less net additions to property, plant and equipment and intangible assets and excluding the impact of special items.

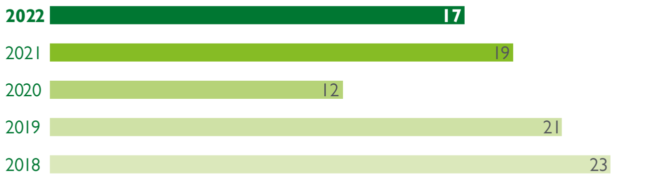
**Performance drivers**
- High conversion from EBITDA to free cash flow
- Structurally negative working capital

## GROSS CASH UNIT MARGIN
US$/'000 LITRES


**DEFINITION**
Gross cash profit per 1,000 litres of sales volume.

**Performance drivers**
- Pricing structure in regulated markets ensures stable margins
- Competitive pricing strategies in deregulated markets
- Foreign currency exposure risk management to ensure US dollar margins are protected
- Optimised supply chain and efficient operations
- Increased penetration of differentiated fuels

## ROACE
%




**DEFINITION**
Adjusted EBIT after income tax divided by the average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents and interest bearing advances.

**Performance drivers**
- Disciplined capital allocation with rigorous return requirements
- Incentivise performance: employee compensation linked to ROACE

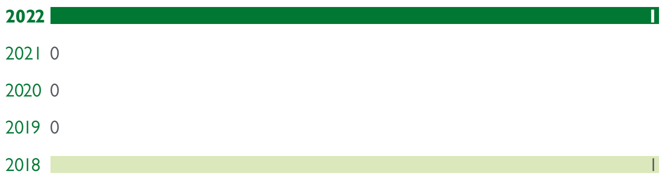
## TOTAL SCOPE 1 & 2 EMISSIONS[1&2]
KT OF $CO_2$ EQUIVALENT


**DEFINITION**
Emissions from combustion of fuel, electricity, heat, steam and cooling.

**Performance drivers**
- Increasing efficiencies across our operations
- Adding solar initiatives

1 Scope 1 & 2 emissions data available from 2019.
2 Previous years have been rebased as per the Vivo Energy Greenhouse Gas Inventory Management Plan with 2019 as the base year.

## EMPLOYEE & CONTRACTOR FATALITIES
NUMBER




**DEFINITION**
Fatal occupational injuries and illnesses, except those related to COVID-19.

**Performance drivers**
- Risk assessment and mitigation
- Potential incident reporting to prevent incidents from happening
- HSSEQ competency review and training programme

# CONSOLIDATED RESULTS OF OPERATIONS

## SUMMARY INCOME STATEMENT

| US$ million | 2022 | 2021 | Change |
|---|---|---|---|
| Revenues | 10,969 | 8,458 | +30% |
| Cost of sales | (10,237) | (7,765) | +32% |
| **Gross profit** | **732** | **693** | **+6%** |
| Selling and marketing cost | (247) | (222) | +11% |
| General and administrative cost | (212) | (185) | +15% |
| Share of profit of joint ventures and associates | 27 | 27 | – |
| Other income/(expense) | (5) | (1) | +400% |
| **EBIT** | **295** | **312** | **-5%** |
| Finance expense – net | (87) | (59) | +47% |
| **EBT** | **208** | **253** | **-18%** |
| Income taxes | (103) | (101) | +2% |
| **Net income** | **105** | **152** | **-31%** |

## NON-GAAP MEASURES

| US$ million, unless otherwise indicated | 2022 | 2021 | Change |
|---|---|---|---|
| Volumes (million litres) | 10,777 | 10,302 | +5% |
| Gross cash profit | 817 | 777 | +5% |
| EBITDA | 427 | 442 | -3% |
| Adjusted EBITDA | 470 | 447 | +5% |
| ETR (%) | 49% | 40% | n/a |
| Adjusted net income | 154 | 157 | -2% |

Non-GAAP measures are explained and reconciled on pages 16 and 17.

# OVERVIEW OF OPERATIONS BY SEGMENT

| US$ million, unless otherwise indicated | 2022 | 2021 | Change |
|---|---|---|---|
| **Volumes (million litres)** | | | |
| Retail | 6,370 | 6,090 | +5% |
| Commercial | 4,258 | 4,063 | +5% |
| Lubricants | 149 | 149 | – |
| **Total** | **10,777** | **10,302** | **+5%** |
| **Gross profit** | | | |
| Retail (including Non-fuel retail) | 435 | 436 | 0% |
| Commercial | 210 | 168 | +25% |
| Lubricants | 87 | 89 | -2% |
| **Total** | **732** | **693** | **+6%** |
| **Gross cash unit margin ($/'000 litres)** | | | |
| Retail fuel (excluding Non-fuel retail) | 71 | 75 | -5% |
| Commercial | 56 | 48 | +17% |
| Lubricants | 608 | 628 | -3% |
| **Total** | **76** | **75** | **+1%** |
| **Gross cash profit** | | | |
| Retail (including Non-fuel retail) | 489 | 490 | 0% |
| Commercial | 237 | 194 | +22% |
| Lubricants | 91 | 93 | -2% |
| **Total** | **817** | **777** | **+5%** |
| **Adjusted EBITDA** | | | |
| Retail | 249 | 259 | -4% |
| Commercial | 151 | 116 | +30% |
| Lubricants | 70 | 72 | -3% |
| **Total** | **470** | **447** | **+5%** |

Non-GAAP measures are explained and reconciled on pages 16 and 17.

# ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

### VOLUMES

Overall volumes of 10,777 million litres were 5% ahead of 2021, reflecting resilience of our markets despite the current challenging economic environment. The Retail and Commercial segments were the main contributors to the volume growth, with volumes 5% ahead of the prior year in both segments. The increase in the Retail segment was driven by the revamp and rollout of Retail sites coupled with strategic marketing activities. The volume increase in the Commercial segment was primarily driven by new customers in the aviation business. Lubricants volume growth remained flat year-on-year. This was attributable to higher volumes sold in the Commercial lubricants business, offset by the volume decrease in the Retail lubricants business.

### REVENUE

Revenue increased by $2,511 million, from $8,458 million in 2021 to $10,969 million in 2022. The increase is primarily attributable to higher average refined product prices and volume growth during the year, partially offset by the impact of depreciating currencies.

### COST OF SALES

Cost of sales amounted to $10,237 million, $2,472 million higher than the prior year (2021: $7,765 million), due to an increase in the cost of inventory driven by higher refined product prices during the year. Higher sales volumes further contributed to the increase, partially offset by the impact of depreciating local currencies.

### GROSS PROFIT

Gross profit increased by 6% to $732 million (2021: $693 million) primarily due to higher refined product prices and volume growth, offset by the impact of depreciating local currencies. Excluding the effect of special items[1], gross profit was up 7% at $741 million.

### GROSS CASH PROFIT

Gross cash profit was up 5% year-on-year, increasing from $777 million to $817 million, primarily driven by higher volumes and a strong gross cash unit margin in the Commercial segment. The stabilisation of the aviation business and improved performance in the Core commercial business further contributed to the increase in gross cash profit.

### GROSS CASH UNIT MARGIN

The gross cash unit margin of $76 per thousand litres was broadly in line with the prior year. Unit margins in the Retail segment were 5% lower than the prior year mainly due to the steep increases in the crude oil prices. The Commercial segment unit margin increased to $56 per thousand litres, 17% ahead of the prior year, mainly due to the positive impact from effective product sourcing. The 3% unit margin decrease in the Lubricants segment was attributable to the significant increase in the base oil prices. Excluding the impact of special items[1], the gross cash unit margin was $77 per thousand litres, 3% higher than the prior year.

### SELLING AND MARKETING COST

Selling and marketing cost was up 11% year-on-year, increasing from $222 million in 2021 to $247 million, mainly due to higher brand fees and costs for other external services, offset by a positive foreign currency exchange effect.

### GENERAL AND ADMINISTRATIVE COST

General and administrative cost, including special items[1], was $212 million, 15% higher than the prior year (2021: $185 million), primarily due to expenses related to the Vitol Offer and higher indirect taxes, partially offset by a positive foreign currency exchange effect.

### SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES

Share of profit of joint ventures and associates was in line with the prior year at $27 million (2021: $27 million) mainly due to a strong performance from joint ventures in Morocco and the food sector. This strong performance was offset by a lower share of profit from our joint venture investment in Shell and Vivo Lubricants B.V.

### ADJUSTED EBITDA

Adjusted EBITDA increased by 5% year-on-year to $470 million (2021: $447 million), primarily due to a solid gross profit performance, which was offset by higher general and administrative and selling and marketing costs during the year.

### NET FINANCE EXPENSE

Net finance expense increased by $28 million to $87 million, from $59 million in 2021, primarily due to an increase in short-term borrowings, explained by a higher utilisation of local credit facilities to meet working capital requirements. In the last quarter of the year, finance expense further increased due to the Bridge loan obtained in October 2022.

### INCOME TAXES

The ETR increased to 49% in the current year (2021: 40%). This was predominantly due to a lower earnings before tax of $208 million (2021: $253 million) resulting in a higher relative impact of expenses which are not tax deductible, including non-deductible expenses related to the delisting, and withholding tax on upstreamed dividends and central fees.

### NET INCOME

Net income, including the impact of special items[1], decreased by $47 million to $105 million (2021: $152 million). Non-controlling interest was $14 million (2021: $12 million).

1 Special items are explained and reconciled on pages 16 and 17.

# CONSOLIDATED FINANCIAL POSITION

## ASSETS

### OTHER ASSETS

Other assets increased by $328 million, from $398 million to $726 million, primarily due to an increase in government benefits receivable compared to 2021. This increase is explained by the increase in crude oil prices during the year that resulted in higher pricing subsidies. Further information related to other assets can be found in note 15 of the consolidated financial statements.

### TRADE RECEIVABLES

Trade receivables increased by $137 million, from $461 million to $598 million, predominantly due to higher average crude oil prices and increased sales volumes during the period. The increase is partially offset by the depreciation of local currencies in many of the countries in which we operate. Average monthly DSO[1] for the period was 15 days (2021: 15 days).

### INVENTORIES

The increase in inventories of $123 million, from $564 million to $687 million, is mainly due to the increasing cost of inventory resulting from the higher crude oil prices. The increase is partially offset by the depreciation of local currencies in many of the countries in which we operate. Average inventory days for the period was 26 days (2021: 26 days).

### RIGHT-OF-USE ASSETS

The increase in right-of-use assets of $16 million, from $219 million in 2021 to $235 million in 2022, related to new leases of which the majority were Retail service stations. The increase is partially offset by depreciation and a negative foreign currency impact.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents decreased by $87 million, from $587 million in 2021 to $500 million in 2022. This decrease is primarily attributable to an increased utilisation of cash due to higher working capital requirements and rising other government benefits receivable.

### INTANGIBLE ASSETS

The decrease in intangible assets of $24 million, from $212 million in 2021 to $188 million in 2022, is largely due to amortisation and the depreciation of local currencies, partially offset by additions in the current year.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment decreased by $18 million, from $938 million in 2021 to $920 million in 2022, due to depreciation and negative foreign currency impacts, partially offset by current year additions.

### EQUITY

Total equity decreased by $684 million, from $883 million in 2021 to $199 million in 2022, primarily due to $707 million dividends paid, partially offset by the total comprehensive income for the year of $35 million.

Further information related to dividends can be found in note 20 of the consolidated financial statements.

## LIABILITIES

### BORROWINGS

Borrowings increased by $900 million, from $629 million to $1,529 million, mainly due to the Bridge loan received in October 2022 and a $63 million drawdown on the revolving credit facility as well as a higher utilisation of short-term bank facilities to fund working capital requirements driven by higher crude oil prices. Further information related to borrowings can be found in note 21 of the consolidated financial statements.

### TRADE PAYABLES

Trade payables increased by $253 million from $1,434 million to $1,687 million. The increase is predominantly attributable to higher crude oil prices increasing the cost of inventory, partially offset by the depreciation of local currencies in many of the countries in which we operate. Average monthly DPO[1] for the period was 61 days (2021: 57 days).

### LEASE LIABILITIES

The increase in lease liabilities of $22 million, from $161 million in 2021 to $183 million in 2022, is largely attributable to new lease agreements, partially offset by the repayment of lease instalments during the period.

1 Days sales outstanding (DSO) and days purchases outstanding (DPO) are based on monthly averages and on trade elements only.

# LIQUIDITY AND CAPITAL RESOURCES

## ADJUSTED FREE CASH FLOW

In addition to the commentary on the Group's consolidated statement of cash flows below, further disclosures in relation to the Group's processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risk can be found in note 3 of the consolidated financial statements.

| US$ million | 2022 | 2021 |
|---|---|---|
| Net income | 105 | 152 |
| Adjustment for non-cash items and other | 225 | 226 |
| Current income tax paid | (93) | (102) |
| Net change in operating assets and liabilities and other adjustments[1] | (229) | 195 |
| **Cash flow from operating activities** | **8** | **471** |
| Net additions of PP&E and intangible assets | (160) | (167) |
| **Free cash flow** | **(152)** | **304** |
| Special items[2] | 26 | 7 |
| **Adjusted free cash flow** | **(126)** | **311** |

1 Net change in operating assets and liabilities and other adjustments includes finance expense.

2 Cash impact of special items. Special items are explained and reconciled on pages 16 and 17.

Adjusted free cash flow decreased by $437 million, from $311 million in 2021 to an outflow of $126 million in 2022. The decrease in the adjusted free cash flow was mainly due to the negative movements in net change in operating assets and liabilities and other adjustments and a lower net income of $47 million. Majority of the $229 million cash outflow from net change in operating assets and liabilities and other adjustments was primarily attributable to a cash outflow from other government benefits receivable of $307 million. The increase in other government benefits receivable was mainly due to the higher crude oil prices which increased the pricing subsidies. Refer to notes 26 and 15 of the Consolidated financial statements for further information.

Income tax paid amounted to $93 million for the year ended 31 December 2022 (2021: $102 million).

## CAPITAL EXPENDITURES

| US$ million | 2022 | 2021 |
|---|---|---|
| Maintenance | 64 | 61 |
| Growth | 100 | 102 |
| Special projects | – | 5 |
| **Total** | **164** | **168** |

| US$ million | 2022 | 2021 |
|---|---|---|
| Retail | 96 | 99 |
| Commercial | 34 | 32 |
| Lubricants | 2 | 3 |
| Other (technology, supply and distribution and general corporate costs) | 32 | 34 |
| **Total** | **164** | **168** |
| **Of which growth capital expenditure was:** | **100** | **102** |
| Retail | 72 | 75 |
| Commercial | 26 | 25 |
| Lubricants | 2 | 2 |

Most of the Group's capital expenditure related to Growth projects which included the Retail network expansion and new Non-fuel retail offerings. Capital expenditure related to Maintenance is mainly attributable to our continued focus on maintaining our stringent standards at our Retail sites.

The 'Shining sites' project was established in 2019 to enhance our Retail network and has resulted in 317 Retail sites being 'shined' by the end of the year.

ROACE[1] was 17% for 2022, compared to 19% in 2021, primarily due to higher average capital employed.

1 Non-GAAP measures are explained and reconciled on pages 16 and 17.

## NET DEBT AND AVAILABLE LIQUIDITY

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Long-term debt and RCF | 1,016 | 349 |
| Lease liabilities | 183 | 161 |
| **Total debt excluding short-term bank borrowings** | **1,199** | **510** |
| Short-term bank borrowings | 513 | 280 |
| Less: cash and cash equivalents | (500) | (587) |
| **Net debt** | **1,212** | **203** |

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Net debt | 1,212 | 203 |
| Adjusted EBITDA[1] | 470 | 447 |
| **Leverage ratio[1]** | **2.58x** | **0.45x** |

1 For the description and reconciliation of non-GAAP measures refer to pages 16 and 17.

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Cash and cash equivalents | 500 | 587 |
| Available undrawn credit facilities | 1,614 | 1,471 |
| **Available short-term capital resources** | **2,114** | **2,058** |

Long-term debt mainly consists of $350 million in notes and $603 million related to a Bridge loan received in the last quarter of the year. Refer to note 21 of the consolidated financial statements for further information.

Current borrowings include individual operating entities' uncommitted, unsecured short-term bank facilities, which are automatically renewable typically for a period of 12 months, ranging from $3 million to $410 million, and carry interest rates between 2.9% and 34.2% per annum.

The Group's debt covenants are disclosed in note 21 of the notes to the consolidated financial statements.

Net debt increased by $1,009 million to $1,212 million, primarily due to higher borrowings, and a decrease in cash and cash equivalents. The increase in borrowings is attributable to the proceeds from the Bridge loan and the utilisation of short-term financing to fund working capital requirements.

The Group's leverage ratio increased to 2.58x in 2022, compared to 0.45x in 2021 due to a higher net debt.

The available undrawn credit facilities of $1,614 million comprise the undrawn portion of the committed multi-currency revolving credit facility of $207 million and $1,407 million of undrawn, unsecured and uncommitted short-term bank facilities extended to our operating entities for working capital purposes.

The table below sets the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

| US$ million | 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
| Borrowings | 527 | 111 | 635 | 407 | – | **1,680** |
| Trade payables | 1,603 | 84 | – | – | – | **1,687** |
| Lease liabilities | 7 | 33 | 37 | 76 | 122 | **275** |
| Other financial liabilities | 10 | 1 | – | – | – | **11** |
| Other liabilities[1] | 31 | 27 | 18 | 2 | 146 | **224** |
| **Total** | **2,178** | **256** | **690** | **485** | **268** | **3,877** |

1 Other liabilities (note 24) exclude the elements that do not qualify as financial instruments.

The Group has purchase obligations, for capital and operational expenditure, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Purchase obligations | 13 | 21 |

## NON-GAAP FINANCIAL MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in our industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures provides users with an enhanced understanding of results and related trends and increases the transparency and clarity of the core results of our operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and key management performance measures.

| Term | Description |
|---|---|
| **Gross cash profit** | This is a measure of gross profit after direct operating expenses and before non-cash depreciation and amortisation recognised in cost of sales. Reference to 'cash' in this measure refers to non-cash depreciation and amortisation as opposed to the elimination of working capital movements. Gross cash profit is a key management performance measure. |
| **EBITDA** | Earnings before finance expense, finance income, income tax, depreciation and amortisation. This measure provides the Group's operating profitability and results before non-cash charges and is a key management performance measure. |
| **Adjusted net income** | Net income adjusted for the impact of special items. |
| **Special items** | Income or charges that are not considered to represent the underlying operational performance and, based on their significance in size or nature, are presented separately to provide further understanding of the financial and operational performance. |
| **Net debt** | Total borrowings and lease liabilities less cash and cash equivalents. |
| **Adjusted EBIT** | Earnings before finance expense, finance income and income taxes adjusted for special items. The Group views adjusted EBIT as a useful measure because it shows the Group's profitability and the ability to generate profits by excluding the impact of tax and the capital structure, as well as excluding income or charges that are not considered to represent the underlying operational performance. |
| **Gross cash unit margin** | Gross cash profit per unit. Unit is defined as 1,000 litres of sales volume. This is a useful measure as it indicates the incremental profit for each additional unit sold. |
| **Adjusted EBITDA** | EBITDA adjusted for the impact of special items. This is a useful measure as it provides the Group's operating profitability and results, before non-cash charges and is an indicator of the core operations, exclusive of special items. |
| **Adjusted free cash flow** | Cash flow from operating activities less net additions to PP&E and intangible assets and excluding the impact of special items. This is a key operational liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group. |
| **Leverage ratio** | Net debt, including lease liability, divided by the last 12 months' adjusted EBITDA. |
| **Return on average capital employed (ROACE)** | Adjusted EBIT after income tax divided by the average capital employed. Average capital employed is the average of opening and closing net assets plus borrowings and lease liabilities, less cash and cash equivalents and interest bearing advances. ROACE is a useful measure because it shows the profitability of the Group considering the average amount of capital used. |

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| US$ million | 2022 | 2021 |
|---|---|---|
| **Gross profit** | **732** | **693** |
| Add back: depreciation and amortisation in cost of sales | 85 | 84 |
| **Gross cash profit** | **817** | **777** |
| Volumes (million litres) | 10,777 | 10,302 |
| **Gross cash unit margin ($/'000 litres)** | **76** | **75** |

| US$ million | 2022 | 2021 |
|---|---|---|
| **EBT** | **208** | **253** |
| Finance expense – net | 87 | 59 |
| **EBIT** | **295** | **312** |
| Depreciation, amortisation and impairment | 132 | 130 |
| **EBITDA** | **427** | **442** |
| **Adjustments to EBITDA related to special items:** | | |
| IPO[1] and Vitol Offer related expenses[2] | 35 | 4 |
| Impairment of other government benefits receivable[3] | 7 | – |
| Hyperinflation[4] | 1 | – |
| Management Equity Plan[5] | – | 1 |
| **Adjusted EBITDA** | **470** | **447** |

| US$ million | 2022 | 2021 |
|---|---|---|
| **Net income** | **105** | **152** |
| **Adjustments to net income related to special items:** | | |
| IPO[1] and Vitol Offer related expenses[2] | 43 | 4 |
| Impairment of other government benefits receivable[3] | 7 | – |
| Hyperinflation[4] | 1 | – |
| Management Equity Plan[5] | – | 1 |
| Tax on special items | (2) | – |
| **Adjusted net income** | **154** | **157** |

| US$ million, unless otherwise indicated | 2022 | 2021 |
|---|---|---|
| **EBIT** | **295** | **312** |
| **Adjustments to EBIT related to special items:** | | |
| IPO[1] and Vitol Offer related expenses[2] | 35 | 4 |
| Impairment of other government benefits receivable[3] | 7 | – |
| Hyperinflation[4] | 1 | – |
| Management Equity Plan[5] | – | 1 |
| **Adjusted EBIT** | **338** | **317** |
| Adjusted EBIT after tax | 201 | 193 |
| Average capital employed | 1,188 | 1,042 |
| **ROACE** | **17%** | **19%** |

Reconciliation of net debt and leverage ratio is included on page 15. The reconciliation of adjusted free cash flow is included on page 14.

1 IPO related items in 2021 concern the IPO share awards which are accrued for over the vesting period.
2 These expenses are related to the Vitol Offer transaction, Bridge loan financing and other acquisitions, and are treated as special items as they do not form part of the core operational business activities and performance.
3 The Group has recognised an impairment of other government benefits receivable as a result of an expected retrospective price structure change by certain governments to finance their outstanding debt. Such retrospective changes of existing price structures are not representative of the core operational business activities and performance for the period and are, therefore, treated as special items.
4 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.
5 The Management Equity Plan vested at IPO in May 2018 and was exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

# OUR CULTURE, VALUES AND PURPOSE

When Vivo Energy was created in 2011, we quickly developed, introduced and embedded our 'Focus, Simplify and Perform' operating culture, and this has been our guiding principle ever since. It has enabled us to stay one step ahead, and will continue to be a key part of our business for many years to come.

## THE VIVO ENERGY WAY

Since the foundation of Vivo Energy in 2011, our operating culture of Focus, Simplify and Perform has remained a central part of the way we do business. We achieve success by constantly reinforcing our fast, agile, decentralised business model, and have continued to focus on simplification – adapting our model where required – to make sure we structure ourselves for future success in the years ahead.

Our values of honesty, integrity and respect for people guide our teams as they work towards our vision of becoming Africa's most respected energy business.

Our people are regularly kept informed about our business through their managers, employee townhall meetings, and the Company intranet, which was redeveloped in 2022 to drive engagement through more regular, relevant and trusted content.

We seek to maintain constructive relationships with labour unions formally representing our employees and have localised union agreements and guidelines in place, as applicable. Approximately 30% of the Group's employees are unionised.

## DOING BUSINESS THE RIGHT WAY

Our reputation is our most important asset and we work hard to maintain it at every opportunity. We demonstrate the highest standards of corporate behaviour at all times and in every interaction with our employees, our customers, and broader stakeholders. Our Code of Conduct, Counterparty Code of Conduct and General Business Principles (all available on our website) underpin everything we do and are the foundation of our business.

All new employees complete an online induction programme, which explains our policies and helps them integrate into the organisation quickly and comprehensively. The induction programme includes training in relation to our Code of Conduct and key Anti-bribery and corruption (ABC) and Anti-money laundering (AML) initiatives.

We have a detailed counterparty screening process in place, which is formalised in the Vivo Energy Know Your Counterparty (KYC) policy. The screening process gives us confidence that we know who we are doing business with and that the ethics and values of our counterparties align to our core values. As part of the screening process, we request new counterparties to agree to a compliance statement, which sets out our approach towards ABC, AML and conflict of interest.

During the year we automated our KYC screening, resulting in a more efficient and paperless process. We also enhanced our process to ensure increased scrutiny in relation to sanctions.

Employees, third parties and members of the public have access to our independent, 24/7 anonymous whistle-blowing helpline. They can use this to report any concerns by telephone, online via web reporting or via a designated Vivo Energy whistle-blowing app, which is available for both Android and iOS devices.

During Q4 2022, we rolled out an all staff data privacy online training course to raise awareness regarding the importance of protecting third party information and how to identify data privacy risks. We also conducted ten phishing simulation tests during 2022, to increase employee awareness and understanding of cyber-security risks. Despite the increasing complexity of these tests, the number of employees being deceived has continued to fall.

We're committed to providing equal opportunities for all our employees. Should any employee become disabled, our policy is to engage, re-train and make reasonable adjustments to enable continued employment.

## ANTI-CORRUPTION AND ANTI-BRIBERY

We continue to maintain a multi-site ISO 37001 anti-bribery management systems certification, covering all of our markets. During the year, we carried out five external reviews of operating units as part of the annual maintenance audits. No non-conformities were noted during the reviews.

During Q3 2022, we rolled out a new online Code of Conduct training course to all employees. The course focused on important topics such as our zero-tolerance to bribery and corruption, guidance regarding gifts and hospitality and the importance of declaring conflicts of interest. This course is also assigned to all new joiners when they start their employment. The course is available in our three operational languages to ensure that all our people can fully grasp the content and learning objectives.

In addition, each employee is required to submit a Conflict of Interest declaration every year, confirming their understanding of our compliance policies. These declarations are reviewed and approved by line managers after which a detailed risk assessment is conducted by the Ethics & Compliance Office. Corrective measures are recommended and implemented by the Ethics & Compliance Office where required.

**Knowing who we do business with**

**4,928**

counterparty screening checks conducted.

"Our purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people."

## HUMAN RIGHTS

We strongly support the elimination of all forms of modern slavery. Such exploitation is entirely at odds with our core values of honesty, integrity and respect for people, which are crucial to our success and growth, and to achieving our vision of becoming Africa's most respected energy business.

We are committed to respecting, upholding and applying the highest human rights and ethical standards across the economies and societies in which we operate. Our approach is guided by the ten Principles of the UN Global Compact, with which Vivo Energy complies. Our Human Rights Policy Statement sets out the core human rights principles which we strive to uphold. The policy statement is available on our external website.

Respect for human rights is also embedded in our Code of Conduct and General Business Principles, which recognise our responsibility to conduct business as a responsible corporate citizen and to support fundamental human rights in line with the legitimate role of business. Both the Code and the Business Principles explicitly address our commitment to combatting modern slavery and human trafficking.

Our anonymous whistle-blowing helpline includes a specific reporting category for raising concerns in relation to any form of unfair labour practices and potential human rights violations. Any report received in relation to these categories is directly reported to the Vivo Energy Head of Ethics & Compliance and the Vivo Energy Chief Human Resources Officer.

Finally, we have also rolled out training on, and have included the Voluntary Principles on Security and Human Rights in contracts for suppliers who provide security services at our assets.

# INTRODUCING OUR NEW SUSTAINABILITY FRAMEWORK

Since our foundation in 2011, we have worked hard to do business the right way, knowing that this is the only way to successfully grow, develop and achieve our vision of becoming Africa's most respected energy business.

In 2022, we established the Vivo Energy Sustainability Framework. While we recognise that good progress has been made in sustainability activities, including positive action, our activities could benefit from having a more structured approach across the Group.

As a result, we have set up a clear and simple framework, to provide an umbrella for all our Environmental, Social and Governance (ESG) and sustainability activities, guide our approach, and provide more focus on the sustainability topics that matter the most to us, and our stakeholders.

The Vivo Energy Sustainability Framework comprises three key pillars:

1. **PEOPLE**
   SAFE AND EMPOWERED TEAMS
2. **PLANET**
   MINIMISING THE GROUP'S IMPACT
3. **PARTNERSHIPS**
   LEADING BY EXAMPLE

These three pillars are all underpinned by our high standards of corporate behaviour, and focus on doing business the right way. This in turn is aligned to our Purpose to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people.

## 1 PEOPLE

We believe that by keeping our people safe, supported and enabling their development, we are able to deliver consistent success as an organisation.

We have four key priorities in our People pillar:

- **ENSURING THE SAFETY OF PEOPLE**
- **TRAINING AND DEVELOPMENT**
- **ENHANCING GENDER DIVERSITY**
- **EMPLOYEE ENGAGEMENT**

## ENSURING THE SAFETY OF PEOPLE

More than ever, safety remains a key focus for us.

As a result of our personal safety initiatives, in 2022, we recorded a commendable Total Recordable Case Frequency (TRCF) of 0.18 per million exposure hours.

Although we continue to have an industry-leading HSSEQ performance, we are saddened to have recorded a contractor fatality in Uganda following a fire in our Kampala depot during the year.

In order to continually improve our HSSEQ performance, 22 security risk assessments, process safety and HSSEQ management system audits were conducted in our operating units to further reduce risk, with action plans developed to address any issues.

During the year, we completed electrical compliance inspections across our operations and depots, and have started to register all safety critical equipment on our SAP enterprise resource planning system, in order to formalise and ensure planned maintenance.

We worked with our security providers to ensure that appropriate training was provided so that Vivo Energy is fully compliant with the Voluntary Principles on Security and Human Rights across the Group.

We had zero recordable robberies during the year and continued to see a decrease in other security incidents across our network due to our constant vigilance and preparedness.

We continued our project to ensure that each person fulfilling an HSSEQ critical position has the necessary knowledge and competency to ensure our policies, processes and procedures are fully and correctly implemented. By the end of the year over 1,000 colleagues had completed a comprehensive competency assessment. Any identified gaps have been linked to training plans in order that these can be closed.

We have also continued to focus on employees' general health and wellbeing, providing the opportunity for employees across our operating units to complete an annual medical health assessment, led by our company health advisers.

## TRAINING AND DEVELOPMENT

We employ around 2,800 people, and work hard to support and develop them at every opportunity.

Learning and development is an integral part of our approach to talent management, and we have structured development plans in place to constantly build the skills and capabilities of our people. We invested around $1.7 million in training in 2022.


In Zambia, we launched a road transport safety culture campaign called 'Staying Alive' – in partnership with our main transporters Juba and Mohab and the country's Road Transport and Safety Agency – to drive awareness and ensure safe transport of our products.

## GENDER DIVERSITY

**29%**

of employees are women

### OUR GENDER SPLIT

| 31 DECEMBER 2022 | Female | Male | Total |
|---|---|---|---|
| Board of Directors | 0 | 5 | 5 |
| Senior Executive Team[1] | 2 | 12 | 14 |
| Senior Executive Team's direct reports[2] | 21 | 65 | 86 |
| All other employees | 778 | 1,917 | 2,695 |

1 The CEO is counted in the Board of Directors row. While he is also a member of the Senior Executive Team, he is not counted in this row, to avoid double-counting.

2 Not including personal assistants.

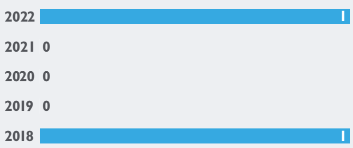
Note: 88 employees are Directors across the Group's subsidiaries, of which 66 are male and 22 female.

**Total Recordable Case Frequency**

Per million exposure hours


**Employee & contractor fatalities**

Number




During the year, a key training highlight was an online and residential senior leadership development programme in partnership with the Gordon Institute for Business Science for 22 colleagues. This programme helps to develop well-rounded senior leaders, who are willing and able to make strategic business decisions and lead teams, with a focus on smart and profitable growth.

We also conducted an accelerated leadership programme for 28 of our junior to mid-level managers, to help improve their strategic leadership skills, enabling them to grow and develop within the business.

## ENHANCING GENDER DIVERSITY

We promote the development and efficient deployment of our employees to create an inclusive work environment, where everybody has an equal opportunity to develop his or her skills and talents.

We strive to ensure balanced gender diversification across our employee workforce. Although our gender balance is steadily improving, we recognise that there is further room for improvement.

Across the Group, at the end of 2022, women represented 29% of total employees, up from 27% in 2021. Female representation among our office-based and sales staff in 2022 was 35%.

## EMPLOYEE ENGAGEMENT

We work hard to nurture an open culture where the opinions of our people are heard and valued. In 2022, we continued the rollout of our online platform – Your Voice – to encourage employees to submit ideas on a wide range of topics. These are reviewed by country HR managers and discussed at country leadership level. Where the ideas make business sense and have the potential to improve ways of working, they are implemented to help grow, develop and improve the business.

We continued the pilot of our Employee Assistance Programme in six of our operating units, providing practical information and confidential counselling to employees and their close family members on a wide range of work and personal issues. During 2022, it was agreed to roll out the programme to 18 of our countries.

In our last employee engagement survey, nine out of ten employees said that they are proud to work for us, believing we are well-respected in the countries where we operate, deliver world-class HSSEQ performance and that we will be successful in the future.

# 2 PLANET

With fuel demand expected to grow across our markets, we aim to meet it in the most climate-friendly way possible and minimise the impact on our planet.

Our four key priorities in our Planet pillar include:

**GREENHOUSE GAS MANAGEMENT**

**PRODUCT SPILLS**

**SUPPORTING THE ENERGY TRANSITION**

**SOCIETAL IMPACT**

We are already supplying lower carbon energy alternatives, and believe that as they become a more widespread reality across Africa, we will be well positioned to deliver the benefits to our customers. It is crucial to understand the climate-related risks and opportunities we are presented with and ensure they are fully considered in our strategy. We have therefore aligned with the TCFD framework, and are now integrating the outcomes across our businesses, strategy and financial planning. For more information see pages 28 to 31.

## GREENHOUSE GASES (GHG)

In 2022, we made progress with the collection, tracking and reporting of our greenhouse gas inventory across our 23 operating units, in accordance with the standards set out by the GHG Protocol. During the year we continued to implement our GHG Inventory Management Plan (IMP) which describes the process of collecting, calculating and quantifying our GHG emissions. In addition to our Scope 1 and 2 emissions, we report on ten relevant categories of Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Our reporting now includes emissions relating to the use of sold products, where much of our value chain emissions fall. Our Group-wide Scope 1 and 2 emissions, and all calculated categories of Scope 3 emissions, are disclosed on the next page.

We have not included emissions from our central offices located outside our OUs as these are small, shared offices, responsible for minimal emissions. This includes our small shared office in the UK, which uses renewable electricity and as such has no GHG emissions. We have implemented efficiency measures in the office to limit energy consumption.

We are pleased to report that our Operational Intensity ratio (Scope 1 & 2) has improved compared to previous years. Our overall emissions (Scope 1, 2 and material Scope 3 categories) have increased, due to the inclusion of category 1A (purchased goods) figures, however, the Intensity ratio has decreased compared to the prior year.

Historic data sets have been rebased in accordance with the Vivo Energy Greenhouse Gas Inventory Management Plan, with 2019 as the base year.

We have successfully identified short-, medium- and long-term initiatives to manage Scope 1 and 2 impacts including reducing our own emissions while increasing efficiencies and solar initiatives across the Group.

It is clear that due to the nature of the products we sell, our indirect Scope 3 impact is significantly greater than our direct emissions. While we need to meet the continuing demand for hydrocarbon fuels from our customers, we must do so in the most climate-friendly way possible. Today, we are one of the few companies in Africa putting additives into most of the Retail fuels we sell to improve efficiency. During the year we developed and launched EcoDrive – our first differentiated fuel in our Engen-branded markets – in Rwanda. Designed to improve fuel economy and be more efficient than standard fuels, the new range of EcoDrive fuel products will also help grow brand preference and market share.

## PRODUCT SPILLS

We consider any release of product to the environment as unacceptable, and continue to implement stringent process safety standards and procedures, as well as ensuring our contractors have advanced technical mitigations in place to prevent spills.

During 2022 we continued to maintain our excellent record of preventing spills, despite extremely challenging operating conditions, and were delighted to record zero spills during the year.

## SUPPORTING THE ENERGY TRANSITION

We recognise that the sustainability of our business depends on our understanding of the climate-related risks and opportunities we face, together with our commitment to ensuring that these are fully considered in our strategy.

Today, our core businesses are focused on distributing and marketing fuels and lubricants to our Retail and Commercial customers in Africa.

We therefore perceive that the most material transition risks to the Group are related to factors that could reduce demand for the fuels we sell due to any combination of climate-related technology, market and policy and legal developments across our markets.

We have identified a number of activities and plans across key climate-related areas, which both harness transition opportunities, and mitigate transition risks.

### Using renewable power at our facilities

We are including on-site solar power at newly built and rebuilt retail sites where possible. In 2022 we added solar to 75 sites. We are also installing solar panels at depots and offices.

### Supporting electric vehicles (EV) in our retail segment

We are piloting EV charging infrastructure in a number of our markets, such as Mauritius, Reunion and Morocco, to understand its potential and ensure we are positioned to address customer demand as it evolves.

### Supplying low- or zero-carbon fuels in Retail and Commercial segments

We are continually monitoring and responding to Retail and Commercial customers' demands for new technologies and lower-carbon alternatives such as LPG, solar or other commercially attractive options, as part of the transition.

### Achieving lower emissions logistics

We are engaging with our fuel delivery fleet suppliers to minimise the climate impact of trucks used for transporting our fuel to end-users. To minimise fuel usage, we are prioritising pipeline and rail transport ahead of road, where possible.

## SOCIETAL IMPACT

During 2022 we launched an initiative called Green Champions as part of World Environment Day. Its aim was to find climate-related activities that could be developed and implemented by employees to help minimise our impact to the planet.

Over 230 employees expressed an interest to become Green Champions. Following review by each of the operating unit managing directors, 99 colleagues across the Group were appointed.

Nearly 130 initiatives have been developed – all of which are linked to the four Planet priorities. These are in the process of being implemented across the Group.

**OPERATIONAL EMISSIONS – SCOPE 1 AND 2**

| KT $CO_2e$, unless otherwise indicated | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Total Scope 1[1] | 11.22 | 10.41 | 10.44 | 10.39 |
| Total Scope 2[2,3,7] | 12.13 | 11.32 | 11.31 | 11.52 |
| **Total Scope 1 & 2 Emissions[7]** | **23.35** | **21.73** | **21.75** | **21.91** |
| **Total energy consumed[4] (million kilowatt-hours)** | **64.76** | **59.04** | **60.91** | **60.81** |
| **Scope 1 & 2 Intensity (KT $CO_2e/10,000m^3$)** | **0.022** | **0.023** | **0.021** | **0.020** |

**VALUE CHAIN EMISSIONS – SCOPE 3**

| KT $CO_2e$, unless otherwise indicated | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| 1A. Purchased goods[5,7] | 5,668.91 | 5,194.45 | 5,826.97 | 6,030.33 |
| 1B. Purchased services | 25.96 | 25.62 | 24.60 | 24.48 |
| 2. Capital goods | 38.15 | 37.14 | 35.88 | 34.11 |
| 3. Fuel- and energy-related activities[3,7] | 5.75 | 4.93 | 6.09 | 7.78 |
| 4. Upstream transportation and distribution | 85.64 | 74.80 | 84.86 | 78.43 |
| 5. Waste generated in operations | 0.41 | 1.33 | 1.31 | 2.05 |
| 6. Business travel[6,7] | 0.81 | 0.48 | 0.17 | 0.79 |
| 8. Upstream leased assets | 4.36 | 3.72 | 3.58 | 4.42 |
| 9. Downstream transportation and distribution | 26.14 | 19.52 | 21.84 | 29.94 |
| 11. Use of sold products | 26,280.16 | 24,208.93 | 26,138.65 | 27,313.19 |
| 13. Downstream leased assets | 1.77 | 1.62 | 1.85 | 2.02 |
| **Total Scope 3[7] (reported categories)** | **32,138.06** | **29,572.54** | **32,145.80** | **33,527.54** |
| **Total Scope 1, 2 & 3 Emissions** | **32,161.41** | **29,594.27** | **32,167.55** | **33,549.45** |
| **Scope 1,2 & 3 Intensity[7] (KT $CO_2e/10,000m^3$)** | **30.874** | **30.710** | **31.225** | **31.131** |

1 Direct emissions from activities owned and controlled by the organisation.
2 Indirect emissions purchases of energy in the form of electricity due to activities owned and controlled by the organisation.
3 IEA emission factors for electricity is published in October each year. Indirect emissions are calculated using the latest emission factors which are backdated by two years and cause historic electricity related data to be different to those previously published.
4 Total energy consumed calculated using fuels' lower heating values and metered electricity.
5 Indirect emissions have been added to Scope 3 CAT 1A Purchased goods. As per the Vivo Energy Greenhouse Gas Inventory Management Plan, historic figures for material changes require rebasing to the base year of 2019. Year 2019, 2020, and 2021 figures have been rebased.
6 Business travel emissions included for 2019, 2020 and 2021 based on historic travel and entertainment spend.
7 Previous years have been rebased as per the Vivo Energy Greenhouse Gas Inventory Management Plan with 2019 as the base year.

Citézen
Les petites paumes de terre

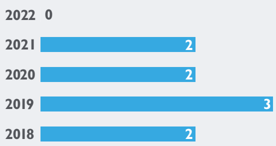

In Mauritius we are continuing the deployment of aquaponic vegetable gardens. In September, the team inaugurated a fourth unit at the NGO Ti Rayons Soleil, in Vacoas. This mini food farm will directly benefit the residents, and young people from vulnerable backgrounds in the region.

**GREEN CHAMPIONS**

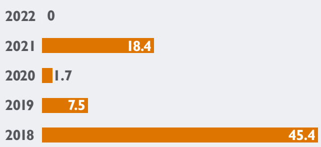
**99**

employees appointed as Green Champions in 2022

**Number of product spills**
Greater than 100KG




**Total product lost**
Metric tonnes



# 3 PARTNERSHIPS

Engaging with and supporting the development of our partners and local communities helps us gain a better understanding of their needs and concerns. This matters to us because we employ local people and serve local businesses and individuals. Leading by example across our value chain is key to us achieving our vision of becoming the most respected energy business in Africa.

We have three key priorities in our Partnerships pillar:

**PARTNERING WITH COMMUNITIES**

**ENABLING LOCAL ENTERPRISE**

**RESPONSIBLE PURCHASING**

## PARTNERING WITH COMMUNITIES

Our community investment programmes matter to us because we employ local people and serve local businesses and individuals. We want to create lasting social and economic benefits for these communities and engage with them to earn their respect and trust.

During 2022, our community investment programme was primarily focused on road safety, education, and the environment. Throughout the year we launched around 100 community projects.

### Road safety

Road safety is a major challenge across Africa and particularly for businesses like Vivo Energy, which rely on trucks and road tankers for supply and distribution. There are too many accidents, fatalities and injuries associated with road transport in Africa and we are determined to make a difference where we can. Our programmes are designed to deliver a cultural shift in attitudes to road safety across the general population, in particular amongst school children.

Already widely recognised as an industry leader in the promotion of road safety initiatives and higher standards, we work closely with local communities to provide training, guidance, technology and, where appropriate, funding to initiate changes to road layout and signage.

As an example, in Botswana we launched a programme to improve road safety around schools. Partnering with the NGO, Society for Road Safety Ambassadors, we helped add road signs and speed humps near schools around the capital Gaborone in addition to providing road safety education to both students at the schools and the general public through a radio campaign. The programme was recognised by the Botswana government for its positive impact.

### Education

We are active in the development and delivery of a wide range of educational initiatives across the continent. Many are aimed at children and young people, with the objective of fostering academic achievement, entrepreneurship and learning. Others are focused on skills and knowledge for life, often with an emphasis on safety, environmental issues and health.

In Ghana we funded a community digital literacy project in partnership with Worldreader and the Ghana Library Authority. The programme provided households in Ghana's Northern Region with e-readers loaded with books. Since the start of the project, over 12,000 books have been read, helping improve literacy and education among the region's youth.

### Environment

We express our commitment to protecting the environment through two complementary channels. Clearly, we have a direct responsibility for the impact that Vivo Energy makes as a business and we work hard to develop energy resources, products, services, practices and policies that reduce our impact on the environment.

We also have a responsibility to educate local communities and help them adopt behaviours that will safeguard the environment and improve energy efficiency and, as a consequence, promote both a better quality of life and a sustainable future for individuals and businesses alike.

Although Senegal's electrification rate is one of the highest on the continent, there are deep disparities between urban and rural areas. During the year, our team in Senegal sponsored the For Hope Association to develop a rural electrification project using solar panels for 24 villages in the rural community of N'Guellou, located in the centre of Senegal.

The first phase of the three-year programme is planned to power eight villages, including 345 houses, three health posts, ten schools, and 27 places of worship.

## ENABLING LOCAL ENTERPRISE

We are focused on supporting the growth of our dealer and transporter network and other local businesses – creating tens of thousands of indirect jobs across our network.

In order to manage our retail network efficiently, we utilise local dealers to operate approximately 95% of our sites to our exacting standards. We support our dealers to ensure they have a platform to succeed and regularly check that they're maintaining the standards that we require.

## RESPONSIBLE PURCHASING

We place great emphasis on operating our business with high ethical standards and in a socially responsible way, and want to work with business partners that share our values. We have developed a supplier code of conduct for our partners to adhere to, which covers minimum standards on areas including: human rights and modern slavery, respect, child labour, and discrimination.

In Senegal we partnered with the For Hope Association to develop rural electrification using solar panels.

In Ghana we funded a community digital literacy project, in partnership with Worldreader and the Ghana Library Authority.

**24**

Senegalese villages to be powered by solar.

**AROUND 100**

community investment projects launched during the year.

## NON-FINANCIAL INFORMATION STATEMENT

This Annual Report contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, taken together, comprises the Non-Financial Information Statement for 2022:

| No. | Reporting requirement | Policies | Reference in the 2022 Annual Report | Page no. |
|---|---|---|---|---|
| 1 | **Environmental matters** | – Environmental policy<br>– Code of Conduct<br>– HSSEQ and Social Performance policy | – Sustainability Framework: Planet<br>– Climate change risk<br>– HSSEQ risk<br>– Task Force on Climate-Related Financial Disclosures | 22 to 23<br>34<br>33<br>28 to 31 |
| 2 | **Employees** | – Code of Conduct<br>– General Business Principles<br>– Whistle-blowing policy<br>– Data protection policy<br>– Privacy policy<br>– Performance, reward and recognition framework<br>– Travel security policy | – Our culture, values and purpose<br>– Sustainability Framework: People | 18 to 19<br>20 to 21 |
| 3 | **Human rights** | – Combating Modern Slavery statement<br>– Privacy policy<br>– Data protection policy<br>– Human Rights statement<br>– Supplier code of conduct | – Our culture, values and purpose | 18 to 19 |
| 4 | **Social matters** | – Code of Conduct<br>– General Business Principles<br>– HSSEQ and Social Performance policy | – Our culture, values and purpose<br>– Sustainability Framework: People<br>– Sustainability Framework: Partnerships | 18 to 19<br>20 to 21<br>24 to 25 |
| 5 | **Anti-corruption and anti-bribery** | – Anti-bribery and corruption manual<br>– Anti-money laundering policy<br>– Anti-trust manual<br>– Whistle-blowing policy<br>– Know Your Counterparty policy<br>– Gifts and hospitality policy<br>– Sponsorship and donations policy<br>– Code of Conduct | – Criminal activity, fraud, bribery and compliance risk<br>– Our culture, values and purpose | 33<br>18 to 19 |
| 6 | **Principal risks and uncertainties** | | – Principal risks and uncertainties | 33 to 35 |
| 7 | **Non-financial key performance indicators** | | – Non-financial key performance indicators | 8 to 9 |

# SECTION 172(1) STATEMENT

Engaging with stakeholders is fundamental, and we believe that considering them in key business decisions is not only our legal obligation but the right thing to do.

We recognise that the business can only grow and prosper over the long term if it understands and respects the views and needs of the Company's people, customers, partners, communities, and governments, as well as the environment we operate within. The Board plays a critical role in ensuring that Vivo Energy conducts its business in a manner which is consistent with the highest standards of corporate governance and ethical behaviour so that the Group contributes positively to wider society.

The individual Directors and the Board as a whole are aware and mindful of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging section 172 duties the Directors have regard to the factors set out above. The Directors also have regard to other factors which they consider relevant to the decision being made.

The Board recognises that Vivo Energy is run for the benefit of our shareholders, but that the long-term success of the Group is reliant on the fostering and nurturing of relationships with a variety of stakeholders and on regular consideration of the impact of the Group's activities on them. Accordingly, we listen to and collaborate with a wide range of stakeholders in order to grow our business and deliver value.

The key stakeholder groups we have identified are our people, customers, partners, communities and governments. Further details about how we engage with these stakeholders can be found on page 7 and page 38.

The Board considers all relevant factors and stakeholders in deciding on a course of action that is most likely to result in sustainable success for all stakeholders. Stakeholder interests are not always aligned and on some occasions, it is necessary for the Board to prioritise the needs of one stakeholder group over another and every decision we make will not therefore necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

## DECISION-MAKING

The Board's main responsibility is to promote the long-term success of the Group, leading in an entrepreneurial manner ensuring we generate value for stakeholders. We have a clear framework for determining the matters within our remit and have approved Terms of Reference for the matters delegated to our Committees.

Throughout the year, the Board has considered the long-term consequences of the decisions it has taken, focusing on the interests of relevant stakeholders as appropriate. Set out below are examples of how the Directors discharged their duties under section 172 during the year.

## KEY BOARD DECISIONS

### Wates Principles

Good corporate governance is a key factor in achieving effective leadership and sustainable corporate behaviour. This means ensuring that there is an effective framework of internal practices, policies, systems and controls which clearly define levels of accountability and authority for decision-making within a culture of openness, ethics and values. We recognise that our ambition of becoming Africa's most respected energy business can only be achieved through demonstrable good governance in its broadest sense and strong governance has always been at the heart of Vivo Energy.

Until the delisting from the London and Johannesburg stock exchanges, Vivo Energy complied with the 2018 Governance Code. Following the delisting, the Company's Non-Executive Directors resigned and the new Board considered different governance frameworks before deciding to adopt the Wates Principles as the basis with effect from 1 January 2023.

Effective corporate governance provides competitive advantage, helps deliver strategy and is vital to Board's decision-making. It supports long-term sustainable growth and also gives our stakeholders confidence that Vivo Energy is being run effectively. Continuing to have a robust and transparent governance framework was therefore considered to benefit all our stakeholders.

### ESG and sustainability

Regardless of where you are located, affordable energy is essential to facilitate improvements in the quality of life and critical to economic growth. Our planet's resources are not, however, indefinite and collective action is required to protect the health of the natural environment, upon which we all rely.

Environmental damage has broad consequences for the health and wellbeing of societies and climate change remains the greatest environmental threat we face. As a Group, Vivo Energy has an important role in meeting the growing needs of our customers for energy, while, at the same time, working towards a more sustainable future by reducing environmental impacts.

We recognise that the sustainability and longevity of our business depends on our understanding of the climate-related risks and opportunities we face. The Board considers environment and climate change during its discussions and when making decisions regarding the Group's strategy, risk management, investments and stakeholders.

While the Board recognises that good progress has been made in sustainability activity, it could benefit from having a more structured approach across the Group. As a result, a three pillar Sustainability Framework (People, Planet and Partnerships), was established during the year to provide an umbrella for all ESG and sustainability activities, to guide the Group's approach, and provide more focus on the sustainability topics that matter the most to us, and our stakeholders. For further details, please see pages 20 to 25.

We tasked the ESG and Climate Committee with overseeing the implementation of the Framework and the Group's climate-related progress with the Board retaining ultimate responsibility for sustainability and environment. The Committee was renamed ESG Committee and is chaired by the CEO who regularly reports to the Board on the Committee's discussions and progress made.

To harness the energy and passion of our people across the business, we also launched an initiative called Green Champions with the aim of finding climate-related activities that could be developed and implemented by employees to help minimise our impact on the planet. Nearly 100 colleagues across the Group were appointed as Green Champions and 99 initiatives have been developed so far – all of which are linked to our Planet priorities. These initiatives are now in the process of being implemented across the Group.

The expectations of governments, regulators, investors, customers and our people, who are all becoming increasingly concerned with ESG issues and the need to minimise our impact on the environment, were all important considerations when making the above decisions.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group has voluntarily opted to prepare the TCFD ahead of the 2023 disclosure requirement for private companies. We recognise that the sustainability of our business depends on our understanding of the climate-related risks and opportunities we face, together with our commitment to ensuring that these are fully considered in our strategy. This disclosure, aligned to the TCFD framework, is an important component of our ESG journey, providing transparency for our stakeholders regarding our climate-related preparedness.

## GOVERNANCE

Climate-related issues have been considered as a principal risk since 2020 and are formally embedded into our systematic risk identification, evaluation, and Board and management processes. In 2021, to support the Board's oversight of climate-related matters and ongoing integration of climate-related governance and initiatives across the Group, we enhanced our governance structures by establishing the ESG and Climate Committee (now ESG Committee). Chaired by the CEO, the Committee plays an integral role in overseeing our climate-related progress and reports to the Board.

Our ESG strategy includes climate-related risks and opportunities and matters relating to greenhouse gas emissions, which are strategic items considered by the Board. The Board and the Audit and Risk Committee are jointly responsible for reviewing and monitoring the Group's overall climate-related risk profile, risk management and the effectiveness of internal controls.

Across Vivo Energy, line management is accountable for risk and control management, including measures for managing climate-related risks. Our HSSEQ function is responsible for maintenance and quality assurance of the Group's greenhouse gas inventory and management plan. It also has responsibilities for risk assessment control measures for physical climate risks.

Our Internal Audit team annually assesses Group significant risks, reporting directly to the Audit and Risk Committee on principal risks, including climate risks. This provides assurance to the Board on effectiveness of governance, risk management and internal controls. Overall risk assessment includes risk identification, analysis and evaluation, ensuring each risk is analysed to identify the consequence and likelihood of the risk occurring, and the adequacy of existing controls. For further details of our approach to risk management, including our three lines of defence approach, refer to pages 32 to 35.

### THE BOARD

Oversees Group-wide climate-related risks and opportunities.

### BOARD COMMITTEES

**Audit and Risk Committee** is responsible for reviewing and monitoring the overall Group risk profile, including climate-related risks and internal controls.

### ESG COMMITTEE

Objective is to guide Vivo Energy's organisation around climate-related risks and opportunities, manage sustainability risk areas, assess ESG strategy and risk management framework, and monitor ongoing ESG and climate-related metrics and targets.

### HSSEQ

Our HSSEQ function is responsible for maintenance and quality assurance of the Group's Greenhouse Gas Inventory Management Plan. It also has responsibilities for risk assessment control measures for physical climate risks.

### CFO

Oversees financial aspects of Group ESG strategy, including considerations relating to spend on alternative energy within the core business, non-fuels, and M&A.

### INTERNAL AUDIT

Annually assesses Group significant risks, reporting directly to the Audit and Risk Committee on principal risks, including climate risks. Provides assurance to the Board on effectiveness of governance, risk management and internal controls.

### OPERATING UNITS (OUs)

Our OUs report on physical and transition climate-related risks and opportunities on country level risk registers, including assessments of exposure to risks and opportunities.

# STRATEGY

Vivo Energy operates across 23 countries in Africa, each with different physical geographies and varying levels of climate-related maturity across market, technological, and policy and legal aspects. We believe that our operating units are well-equipped to respond to local, short-term climate-related issues, such as physical or environmental risks, and monitoring and responding to any transition-driven changes in customer demand.

In 2021, we completed a climate scenario analysis to broaden our understanding of the possible impacts of physical and transitions risks and transition opportunities. We adopted short-, medium-, and long-term time horizons for our climate scenarios to be able to capture climate-related risks and opportunities which may manifest beyond traditional horizons.

We defined a list of the most relevant climate-related risks and opportunities via an in-depth analysis of our business and a series of engagement workshops across key business segments and functions. The list was validated and consolidated by the ESG and Climate Committee. The risks and opportunities described below, are consistent with the prior year and, are potential drivers and outcomes that could be presented at various points in the future, depending on regional and global climate pathways. They are not necessarily new to us, and in many cases, we already have business responses corresponding to these risks and opportunities.

Based on the analysis done in 2021, climate change is not expected to have a significant or material impact over the Group's business operations in the short- and medium-term. The 2021 assessment therefore, remains relevant and reflective of the Group in 2022. Furthermore, there have been no developments in the organisation or climate change factors, that would result in a significant change of the 2021 assessment and its conclusions.

These time horizons included:

| | | |
|---|---|---|
| Short-term | 2021-2024 | **0-3 years** |
| Medium-term | 2025-2029 | **4-8 years** |
| Long-term | 2030-2060 | **9-39 years** |

## TRANSITION RISKS

| RISK DESCRIPTION | POTENTIAL OUTCOMES | RELEVANT TIME HORIZON | RISK TYPE |
|---|---|---|---|
| New climate-related reporting and disclosure requirements or obligations | – Legal or reputational issues; increased compliance costs | | Policy & Legal/ Reputational |
| Failure to meet internal or external stakeholders' climate-related expectations resulting in degraded relations with current or potential employees | – Increased operating costs from employee turnover; reduced revenues due to challenges attracting new talent | | Reputational |
| Increased costs of products due to policy changes to fuel subsidies; or higher trading prices of oil and liquid fuels due to transitional policies | – Reduced revenues due to lower demand for higher cost products | | Market/ Policy & Legal |
| Commercial customers transitioning to alternative fuels or renewable technologies | – Reduced revenues in our Commercial segment | | Technology/ Market |
| Degradation of commercial partnerships due to divergent climate strategy or ambition | – Reduced revenues due to loss of brand value | | Market |
| Policies or technology shifts that result in an increased share of electric vehicles and hybrids in the passenger transport mix; alternative fuel uptake; improvements in internal combustion engine efficiency; or reduced consumer demand for fuels | – Reduced revenues in our Retail segment | | Technology/Market/ Policy & Legal |
| Mandatory carbon pricing impacting the power or aviation sectors | – Increased operating costs; reduced revenues in our Commercial segment | | Policy & Legal |

# STRATEGY CONTINUED

## TRANSITION OPPORTUNITIES

| OPPORTUNITY DESCRIPTION | POTENTIAL OUTCOMES | RELEVANT TIME HORIZON | OPPORTUNITY TYPE |
|---|---|---|---|
| Increased operational efficiency of Vivo Energy retail sites and depots; increased renewable energy supply to Vivo Energy retail sites and depots | – Reduced operating costs from asset efficiency gains | | Technology/ Market |
| Improving logistics fleet fuel efficiency and optimising routing schedules; where possible, prioritising pipeline and rail over road as means of distribution of products | – Reduced operating costs from fleet efficiency gains | | Technology |
| Meeting increased retail demands for lower carbon fuel alternatives (e.g. LPG, biofuels), electric vehicle charging infrastructure, or lower carbon products; meeting increased commercial demand for renewable energy or sustainable aviation fuels | – Increased revenues from emerging or new retail and commercial market demands | | Technology/Market/ Policy & Legal |

## SCENARIO ANALYSIS – PHYSICAL

Our physical assets are exposed to occasional local environmental stressors, and all local incidents are recorded via our HSSEQ tool. Mitigative actions are followed when required, while KPIs are systematically tracked to reflect asset performance – to date, no physical climate-related issues have materialised at a Group level. The conclusions of the prior year scenario analysis are still considered relevant for 2022.

In our first iteration of climate scenario analysis, we assessed a representative sample of assets from markets representing over 40% of Group volumes, including Kenya, Mozambique, Mali, Morocco and Mauritius. These markets were selected in order to represent a range of physical geographies across Africa, assumed to be exposed to different types of physical climate hazards, as well as their overall significance to the Group's retail and commercial businesses. The total sample included 31 assets (six depots and 25 retail sites). Our focus was on understanding the possible exposure under medium- and long-term horizons. The physical hazards assessed included chronic risks from sea level rise and average temperatures, and acute risks from drought, heatwaves, inland floods and wildfires.

### OUR KEY FINDINGS FROM THE EXERCISE ARE SUMMARISED BELOW:

- **In the medium term,** under both climate scenarios (IPCC SSP5-8.5, IPCC SSP2-4.5), **the majority of assets assessed were at low exposure to most sources of physical hazard.** Instances of elevated exposure to droughts and heatwaves were identified at some assets in the medium term.
- **In the long term,** under both climate scenarios (IPCC SSP5-8.5, IPCC SSP2-4.5), **elevated exposure to droughts and heatwaves was identified as the most prevalent change** across the sample of assets assessed. **No coastal assets were significantly exposed to sea-level** rise in the long term under either climate scenario.
- We must further investigate the modelling results and related metrics before we are able to fully interpret and disclose on the exposure of the sample to wildfires.

Note:
Qualitative physical hazard exposure classifications (i.e. low; moderate; high) are assigned by Sust Global, and are based upon thresholds applied to quantitative hazard-specific exposure metrics, as per the site-by-site results of the analysis.

## SCENARIO ANALYSIS – TRANSITION

Today, our core businesses are focused on distributing and marketing fuels and lubricants to our retail and commercial customers in Africa. We therefore perceive that the most material transition risks to the Group are related to factors that could reduce demand for the fuels we sell due to any combination of climate-related technology, market, and policy and legal developments across our markets. The conclusions of the prior year scenario analysis are still considered relevant for 2022.

### OUR KEY FINDINGS FROM THE EXERCISE ARE SUMMARISED BELOW:

- There is minimal impact to fuel demand growth in the **short- and medium-term** horizons, compared to current market projections.
- **In the long term**, our fuel sales volumes could continue to grow under the IEA SDS but at a slower rate than our forecasts based upon current market projections, as oil demand in the African transport sector increases into the long-term horizon under this scenario.

We continue to closely monitor demand indicators in each of our markets and believe we are well positioned to react quickly to transition-driven changes to demand that may occur.

### OUR STRATEGY FOR RESILIENCE

To date, the actual impact of climate-related risks on our financial performance and financial position has been non-material. However, we are actively considering our strategy, role and responses to energy transitions across our markets. We have already invested in transition initiatives such as on-site solar across our network, and EV charging infrastructure in a range of countries including Morocco and Reunion. We are continuously monitoring demand trends for lower-carbon energy and fuel alternatives, along with our capital allocation to ensure we can respond to changing market needs. We internally track the performance of our business practice, focusing on the operational savings from the investments made to reduce our impact, and operate our offices, depots and service stations more efficiently.

Below we summarise our activities and plans across key climate-related areas, which we perceive as both harnessing transition opportunities, and mitigating transition risks.

### USING RENEWABLE POWER AT OUR FACILITIES

We are including on-site solar power at newly built and rebuilt retail sites where possible.

In 2022 we added solar to 75 sites.

We are also installing solar panels at depots and offices.

### SUPPORTING ELECTRIC VEHICLES (EV) IN OUR RETAIL SEGMENT

We are piloting EV charging infrastructure in a number of our markets, such as Mauritius, Reunion and Morocco, to understand its potential and ensure we are positioned to address customer demand as it evolves.

### SUPPLYING LOW- OR ZERO-CARBON FUELS IN RETAIL AND COMMERCIAL SEGMENTS

We are continually monitoring and responding to Retail and Commercial customers' demands for new technologies and lower-carbon alternatives such as LPG, solar or other commercially attractive options, as part of the transition.

### ACHIEVING LOWER EMISSIONS LOGISTICS

We are engaging with our fuel delivery fleet suppliers to minimise the climate impact of trucks used for transporting our fuel to end-users.

To minimise fuel usage, we are prioritising pipeline, marine and rail transport ahead of road, where possible.

## RISK MANAGEMENT

As climate-related risks are on the Group's list of principal risks, they are subject to Vivo Energy's risk management framework underpinned by the 'three lines of defence' approach. The scenario analysis process has helped determine possible climate-related risks at asset, business unit and Group level, and also highlight the actions we are already taking to manage these types of risks. We are in the process of ensuring that physical and transition risks are systematically included in all risk registers at OU level. Internal Audit has instructed our OUs to consider both physical, and transition risks in their risk assessments and reporting, and guidance has been provided on how to integrate these risks on the country level risk registers. Our goal is to achieve a level of granularity and consistency that will adequately reflect all material climate-related risks centrally, enabling comprehensive identification, analysis and evaluation, along with the adequacy of existing controls over the relevant time horizons. Further details on our risk management around climate risks can be found on page 34.

## METRICS AND TARGETS

As described on pages 22 to 23, we have continued to enhance our GHG reporting and disclosure since the prior year. To facilitate the Group's ability to assess performance against transitional climate-related risks and opportunities, we are tracking our operational emissions and value chain emissions intensity.

Our operational emissions intensity represents the emissions from the operation of our facilities (e.g. from the purchase of electricity, heat and cooling), relative to the volume of fuel products supplied to and consumed by our customers. This metric reflects our operational greenhouse gas reduction efforts, including the overall impact of initiatives such as increasing the number of retail sites and depots with on-site solar power. Further details on Scope 1, 2 and 3 emissions can be found on page 23.

# RISK MANAGEMENT

The main purpose of risk evaluation is to help prioritise risks and ensure effective risk management. Through an embedded approach to risk management, we are able to mitigate and manage risks and embrace opportunities as they arise.

## OUR APPROACH TO RISK MANAGEMENT

Our internal control system is based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework and uses the five components of the framework: control environment, risk assessment, control activities, monitoring, and information and communication.

The Audit & Risk Committee and the Board are responsible for reviewing and monitoring the overall risk profile, the adequacy of the Group's risk management and the effectiveness of internal controls.

Emerging risks are considered particularly important in our strategic planning process to identify potential shifts in critical assumptions and develop or modify strategies to either minimise their negative effects or capitalise on the opportunities that they may present.

## RISK ASSESSMENT, MONITORING AND REVIEW

For each risk or category of risks, our risk management process includes activities performed in a continuous cycle. Risk assessment includes risk identification, analysis and evaluation, and ensures each risk is analysed to identify the consequence and likelihood of the risk occurring and the adequacy of existing controls. The risk register is one of the key components of our risk management and governance structure.

The various risk reporting channels are consolidated into one streamlined escalation process which is used by the Board to assess and analyse the risks of the Group and implement an action plan when necessary.

Our Internal Audit team performs a continuous assessment of our significant risks and communicates them to senior management who in turn develop action plans to address the identified risks. Internal Audit reports directly to the Audit and Risk Committee on the principal risks. The Committee will review and assess the status of each risk. Reviews and recommendations are presented to senior management to continuously strengthen our internal control framework.

## INTERNAL CONTROL SYSTEM

Our approach to internal control includes a number of general and specific risk management processes and policies. Within the essential framework provided by our General Business Principles, the primary control mechanisms are self-appraisal processes in combination with strict accountability for results. These mechanisms are underpinned by established policies, standards and guidance that relate to particular types of risk.

## OUR DYNAMIC RISK ENVIRONMENT

As part of the risk management framework, we regularly consider changes in the nature, likelihood and impact of existing and new risks, including the Group's ability to respond to changes in its business and the external environment.

The Misconduct and Loss Reporting Policy, together with the Investigation Guidelines, directs our response to fraud and manages the reporting, analysis and investigation of serious allegations or concerns. The Group's Ethics & Compliance function monitors the cases identified and initiates or advises on the investigations when suspicions or allegations are reported.

The ability to obtain financing through access to capital markets may impact the future operations of the business, obstructing the Group from realising its growth and acquisition strategy. This may also change the debt to equity ratio of the Group in the short-term. To this effect, management is aware of the related risks for which an implementation strategy is underway, to ensure the Group has sufficient capital resources. Furthermore, the Group has a robust forecasting function in place to anticipate and manage possible cash commitments shortfalls and maintains long standing and strong relationships with lenders.

# PRINCIPAL RISKS AND UNCERTAINTIES

Our activities are exposed to various risks and uncertainties. These are risks that we assess as relevant and significant to our business at this time, however, other risks could emerge in the future.

## BRAND AND REPUTATIONAL

### 1. PARTNER REPUTATION AND RELATIONSHIPS

Our business depends on a small number of key contractual brand relationships with our brand partners, Shell and Engen. We also rely on our own business reputation and brand in order to successfully grow our business and develop new relationships with other brand partners.

Our ability to grow and maintain our business in our markets and beyond depends on the reputation of our business partners and relationships (including our brand partners).

The termination of any key brand licence could have a material impact on our ability to grow or maintain our business and could have a material cost impact on current operations.

The deterioration of our brand name, or of any of our business relationships, including with our existing brand partners, may prevent collaboration opportunities with existing or new partners, thus hindering growth plans of the Group.

A negative trend or development in the brand or reputation of one of our key business partners could adversely impact our current business and future growth plans if it were to adversely impact consumer sentiment towards the brands under which we operate.

### 2. CRIMINAL ACTIVITY, FRAUD, BRIBERY AND COMPLIANCE RISK

The delisting of the Group has directly impacted (lowered) the number of regulations applicable to the Group. However, a significant number of regulations and rules remain applicable such as the anti-bribery and corruption laws, sanctions (restrictions) and Know Your Counterparty best practices.

In addition, the number of regulations applicable to the Group and the (related) risk of non-compliance can increase with any extension of the Group activities to new territories.

The COVID-19 pandemic and new ways of working have created increased opportunities for fraudsters.

## PRICING

### 3. OIL PRICE FLUCTUATIONS

The price of oil and oil products may fluctuate preventing the Group from realising its targeted margins, specifically in the unregulated markets where we operate.

Price fluctuations could negatively impact the value of stocks, resulting in stock losses.

We have adapted the management of critical operational and finance activities, increasing the frequency at which the Group monitors its supply commitments, demand and stocks to cope with a high volatility and high sensitivity environment.

### 4. CURRENCY EXCHANGE RISK

The Group is also exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.

Our treasury policy requires each country to manage its foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus.

## HEALTH, SAFETY, SECURITY & ENVIRONMENT

### 5. HEALTH AND SAFETY

We are exposed to accidents or incidents relating to HSSEQ and are further subject to laws and regulations and industry standards related to its operations in each of the operating countries.

We may incur potential liabilities and the brand reputation can be severely impacted, along with employee confidence.

Regulators and authorities may impose fines, disruptions to operations and disallow permits for future ventures.

The COVID-19 pandemic significantly increased the HSSEQ risks across the Group. The main risk relates to staff or business partners contracting the virus, entailing threats for life and business continuity. There is also an elevated risk of robbery and theft associated with the deteriorating economic conditions in most countries.

### 6. ECONOMIC AND GOVERNMENTAL INSTABILITY

Several countries and regions in which we operate have experienced sustainability and growth.

An economic slowdown which adversely affects, for example, disposable income, vehicle distance driven, or infrastructure development, in one or more of these regions could negatively impact our sales and have a material adverse effect on the business, financial conditions and operational results.

This includes the enactment of local content and local ownership laws that could impact our markets and operations.

A new pandemic and the related social and economic consequences could negatively impact the stability of some of the countries where we operate, intensifying social tensions.

# RISK MANAGEMENT CONTINUED

## OPERATIONAL

### 7. PRODUCT AVAILABILITY AND SUPPLY

We are dependent upon the supply of fuels, lubricants, and additives from various suppliers. When raw materials are needed urgently, asymmetric negotiations occur. The bargaining power shifts to the supplier who in turn can charge a higher price.

Furthermore, we are restricted by limited storage capacity within some of the countries in which we operate. The increased procurement costs could lower our margins. Limited supply of products and storage facilities may result in stockouts. This could further result in breach of contract and disruptions to our operations, leaving us susceptible to fines or penalties.

### 8. BUSINESS CONCENTRATION RISK

The Group's operations (and margins) in Morocco are disproportionately large in relation to the operations in the other countries and a downturn in business in Morocco could affect the Group's overall performance.

The integration of the Engen transaction has increased the geographic diversification and reduced the relative weighting of the Shell-branded OUs, including Morocco, in the Group's operations and volumes.

### 9. INFORMATION TECHNOLOGY RISK

The Group has experienced an increase in phishing attacks and cyber-fraud activity reported. The Group conducts regular phishing simulation exercises to test, assess and validate staff awareness and appropriate conduct when receiving emails.

## STRATEGIC

### 10. LOCAL CONTENT

There is an increasing trend across the continent on local content regulations. New regulations are in the pipeline that could significantly impact our operations (shareholding of energy supply companies). In some countries, local content regulations already oblige local companies to be given first priority in the provision of goods and services in some specific sectors (e.g. mining).

### 11. CLIMATE CHANGE

Although many uncertainties exist about the potential consequences of future climate change, it will result in adverse effects on human health, ecosystems, economic systems and infrastructures that are sensitive to changes in climate.

Non-adherence to the evolving regulation, technology and customer needs exposes the Group to compliance and financial risks. Brand reputation can be severely impacted, along with employee confidence. Regulators and authorities may impose fines, disrupt our operations and suspend licences to operate.

Financial markets (investors) could re-orientate investment criteria to environmental, social and governmental issues.

Shifts in customer behaviours, expectations and consumption trends may impact our volumes, in particular in countries which start to experience the emergence of a hybrid and electric vehicles market.

### 12. EPIDEMIC

We face the risk of prolonged impacts from the COVID-19 pandemic or experience new and recurrent epidemics worldwide that may have dramatic effects on humans, economies and security.

Future pandemics may also lead to different changes in government actions and consumer behaviour that require the Group to rapidly adapt and manage its key operational and financial variables.

We have adapted the management of the critical operational and finance activities, increasing the frequency at which the Group monitors its credit, supply commitments, demand, stocks, payables and foreign exchange exposures in a high-volatility environment.

The Group Business Continuity Plans can be activated quickly and effectively to keep employees, retailers and contractors safe and ensure the security of our critical sites and operations. This plan ensures the Group is able to maintain supply to its retail sites and commercial customers.

Africa already experienced several epidemic crises over the past decades, some of which in turn severely impacted the economies.

## FINANCIAL

### 13. CREDIT MANAGEMENT

We face risks arising from its credit exposure on commercial and retail customers, including outstanding receivables and committed transactions. This may result in financial loss as a result of bad debts and lost revenue.

Exceeded payment terms impact the OUs' working capital and can create liquidity challenges for the business.

We maintain country-specific Credit Policy Manuals which ensure a harmonised, cost effective and value-adding credit process in all classes of business. Continuous monitoring of outstanding credit balances ensures our overall risk remains within our tolerance.

## HUMAN RESOURCES AND TALENT MANAGEMENT

### 14. HUMAN RESOURCES AND TALENT MANAGEMENT

Over-solicitation of staff (in relation with projects to manage in parallel to day-to-day activities) can become a demotivating factor.

Increased costs caused by staff inefficiency and remedial contracting.

Key people leaving the Group, with some joining competitors. We maintain detailed succession plans and talent management programmes.

Employee discontent can result in industrial disputes, strikes and sub-standard performance. We maintain constructive dialogue with unions and workforce representatives.

During the pandemic, our human resources and talent management risk has been impacted by the governmental limitations on movements, delaying some international assignments and relocations. Some local measures may also affect our ability to move talents between countries in the future.

# PRINCIPAL RISK FACTORS


## PRINCIPAL RISK FACTORS

1. Partner reputation and relationships
2. Criminal activity, fraud, bribery and compliance risk
3. Oil price fluctuations
4. Currency exchange risk
5. Health and safety
6. Economic and governmental instability
7. Product availability and supply
8. Business concentration risk
9. Information technology risk
10. Local content
11. Climate change
12. Epidemic
13. Credit management
14. Human resources and talent management

## RISK IMPACT

- Decrease
- Unchanged
- Increase

# GOVERNANCE

The following pages describe our governance arrangements, the operation of the Board and its Committees and how the Board has discharged its responsibilities during the year.

## CONTENTS



### COMPLIANCE STATEMENT

Good governance is essential for creating long-term viability of the business and the economic development of the communities where we operate. The Vivo Energy Board has overall responsibility for governance.

Until the delisting in July 2022, we were subject to the UK Code of Corporate Governance (the 'Code') which was issued by the Financial Reporting Council in 2018. Until 26 July 2022, the Board considers that the Company has fully complied with the Code.

The 2018 Code is available from www.frc.com.

Following the delisting, the Board considered different options before it decided to adopt the Wates Principles as the basis of the Company's governance code with effect from 1 January 2023.

Details of our corporate governance arrangements are set out throughout this Governance Report and, where indicated in this report, in the Strategic Report.

# BOARD LEADERSHIP AND COMPANY PURPOSE

The Board's primary role is to ensure Vivo Energy's long-term success by setting the Group's strategic direction, ensuring that strategy is aligned with our purpose and culture, and to promote and protect the Group's interests for the benefit of all our stakeholders. The Group's governance framework supports the Board in the delivery of the Group's strategy and long-term sustainable success.

## HOW GOVERNANCE SUPPORTS OUR STRATEGY

We recognise that our ambition of becoming Africa's most respected energy business can only be achieved through demonstrable good governance in its broadest sense. The Board is responsible for promoting the long-term sustainable success of the Group and for delivering long-term value for stakeholders. The Board does this by providing effective leadership and by ensuring that the Group's business is conducted with high standards of ethical behaviour in a manner which contributes positively to wider society and having regard to the interests of its different stakeholders.

To ensure the business can meet its strategic priorities, the Board, through its oversight of the development of the Group's strategy, provides strong leadership and support to the Group. The Board continues to benefit from a strong mix of complementary skills and experiences, as well as dynamics that allow for open debate, challenging existing assumptions and asking difficult questions.

Throughout the year, the Board considered the long-term consequences of the decisions it made, focusing on the interests of the relevant stakeholders as appropriate. A key component of the Board's role in the development of Vivo Energy's strategy is the approval of the annual operating plan. This process allows the Board to ensure that the business has the necessary resources to deliver its strategy. Other key items considered during 2022 include:

- Local content requirements;
- Sanctions;
- Sustainability; and
- Growth strategies in non-core areas.

Further information on the strategic priorities for the Group is available in the Strategic Report on page 6.

## OUR PURPOSE AND CULTURE

Our purpose sets out why we exist and directs us to focus on what is important to our stakeholders. The Board has overall responsibility for establishing Vivo Energy's purpose, values and strategy to deliver long-term sustainable success and generate value for stakeholders while being aligned with the Group's culture.

The Group's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people. We aim to do this by realising the full potential of our people and business partners, supporting our communities and being recognised as the benchmark for quality, excellence, safety and responsibility in Africa's marketplace.

Our culture drives our behaviours and underpins everything we do. We recognise that how we do things is just as important as what we do. The right culture plays a fundamental part in delivering our strategy; it sets the tone and leads to a motivated and productive workforce.

Our operating culture of 'Focus, Simplify and Perform' and our values of 'integrity, honesty and respect for people' have always been core to our business. We believe that they remain fundamental to the future success of the business.

### How the Board monitors culture:

We believe that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group. The Board is responsible for ensuring that the culture in which we operate drives the right behaviours and the Group's culture is a focus area for the Board.

**Listening to our employees** – People are the lifeblood of every business. They are crucial to the day-to-day functioning of our operations; and we recognise that the strength of our business is built on the hard work and dedication of our people. We are committed to building an engaging and inclusive culture that empowers and allows our people to grow and thrive. By living our values, our people differentiate us from our competitors and enable us to deliver our strategy.

Our people are at the heart of everything we do and we use many different channels to understand how our people experience working for Vivo Energy. These engagements aid us in shaping our culture, policies and practices to ensure Vivo Energy is an attractive and inclusive place to work.

The Group undertakes an employee engagement survey every two years. Survey questions allow employees to share their views on key topics, which provide valuable insight into employee engagement and the Group's culture. In our last employee engagement survey, nine out of ten employees said that they are proud to work for us, believing we are well-respected in the countries where we operate, deliver world-class HSSEQ performance and that we will be successful in the future. The next survey is scheduled to take place in 2023.

In 2022, we continued with the roll-out of the electronic suggestion tool, Your Voice, to encourage employees to submit ideas on a wide range of topics. Where the ideas make business sense and have the potential to improve ways of working, they are implemented to help grow, develop and improve the business. Since the implementation of the tool, we have received over 200 suggestions of which 92 have been or are being implemented.

During the year the Board considered the annual culture update, and received reports from the Employee Engagement Champion. A culture dashboard and the annual whistle-blowing report were also presented to the Board.

**Ethics, bribery and fraud** – The Group values its good reputation for ethical behaviour, integrity and reliability and expects high standards of conduct from all stakeholders involved with our operations.

## BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Respect for human rights is a fundamental part of operating as a responsible business. Any exploitation of human beings is entirely at odds with our core values of honesty, integrity and respect for people and we are committed to building awareness and working with our partners to ensure that all those working within Vivo Energy or our supply chain are treated with respect and dignity.

We have a well-developed policy framework that covers our responsibilities to protect the human rights of those working in our direct operations, as well as in our value chain and communities. We have also issued separate written guidance to our retail network on what modern slavery is, how to recognise it and how to report issues to us. In addition, our Speak Up helpline includes a specific reporting category for raising concerns relating to potential unfair labour practices or human rights violations.

During the year the Board approved the Company's Modern Slavery Statement which is published on our website www.vivoenergy.com/About/Our-Principles-Policies/Modern-Slavery-Statement and was submitted to the UK online registry. Our Supplier Code of Conduct and Human Rights Policy Statements also are available on our website www.vivoenergy.com/About/Our-Principles-Policies.

Vivo Energy recognises that corruption undermines the rule of law and democratic process, impoverishes states and distorts free trade and competition. We have established policies and governance procedures that set and monitor our approach to preventing fraud, bribery and corruption, including our Code of Conduct and Anti-Bribery and Corruption manual. We conduct mandatory e-learning courses for all employees to ensure that they understand the Group's zero-tolerance approach to fraud, bribery, and corruption of any kind. A gift and hospitality register is in place and our employees must report and seek permission to accept gifts and hospitality over a prescribed financial value.

We maintain a multi-site ISO 37001 anti-bribery management certification. During the year we carried out five external reviews in our Operating Units as part of our annual compliance audit. No non-conformities were found.

We have a detailed counterparty screening programme in place which is formalised in the Vivo Energy Know Your Counterparty (KYC) policy. This screening process gives us confidence that we know who we are doing business with and that the ethics and values of our counterparties are aligned with ours. As part of the process we require new counterparties to sign a compliance statement, which sets out our approach towards AML, ABC, modern slavery and conflicts of interest.

We measure the effectiveness of our compliance programme through audits and through monitoring breach allegations and root causes. The Audit and Risk Committee monitors and regularly reviews the Company's policies, incidents and trends arising from any such incidents and provides updates of key matters to the Board.

**Whistle-blowing** – Employees can report incidents of wrongdoing through both internal and external mechanisms. In addition to the reports raised through line managers, the Vivo Energy global Speak Up helpline enables employees and third parties to raise concerns in relation to suspected violations of the law or the Vivo Energy General Business Principles. Such reports may be raised anonymously, 24 hours a day, seven days a week via this independent helpline. Any reports are then referred to the Head of Ethics & Compliance and are investigated or escalated to the General Counsel and the Chair of the Audit and Risk Committee as required.

To deal with any wrongdoing effectively, honest communication is vital and we encourage our employees to raise any concerns of misconduct. The Board is provided with periodic reports on whistle-blowing.

**Social engagement** – We want to be a force for good and support those who support us. We recognise the importance of going beyond maintaining our social licence to operate; supporting the issues that matter to our communities and working with them for the long term are essential for building trust and earning their respect.

We aim to make a real and lasting difference in the communities where we operate, not only by creating career opportunities for local people, but also by continuing to deliver a wide range of community investment programmes across our markets. We do this through partnerships, employee engagement and non-political donations.

During 2022, our community investment programme was primarily focused on road safety, education, and the environment. Throughout the year we launched around 100 community projects.

**Risk management and internal controls** – The Board is responsible for the Company's systems of internal control and risk management. The Audit and Risk Committee annually reviews the effectiveness of the Group's system of internal controls and risk management. The results of the Committee's review are presented to the Board. During 2022, the Board assessed the Committee's review and confirmed it concurred with the Committee's assessment that the risk management and internal controls of the Group remain effective.

**Promoting the success of the Company** – The Directors, in conducting Board business and taking decisions at Board meetings, act in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, while having due regard and taking into account the likely short- and long-term consequences of any decision on the Company and its business, the interests of all the Company's stakeholders, including employees, and the impact on the community and environment in which the Company conducts its business.

The Board's section 172(1) statement is included within the Strategic Report on page 27.

### STAKEHOLDERS

We do not operate in isolation. Multiple stakeholders are impacted by our business, including shareholders, employees, customers, partners and the communities and governments of the countries in which we operate.

Engaging with stakeholders and understanding their views is vital to the Board and underpins effective decision-making. We create value for our shareholders by taking decisions that are sustainable in the long term not only for us but also for those our business affects. The Board is committed to building positive relationships with all stakeholders and recognises that this is not only essential to building a sustainable business but also the right thing to do.

During the year, the Group undertook a number of stakeholder engagement initiatives, both before and after delisting. Further information is available within the Strategic Report on pages 24 to 25.

Where the Board does not engage directly with the stakeholders, it is kept updated so that the Directors maintain an effective understanding of what matters to all our stakeholders and can draw on these perspectives in Board decision-making and strategy development.

Updates are provided in a variety of formats including face-to-face presentations and reports by the Chief Executive Officer or Interim Chief Financial Officer as well as by the senior management of the Group's businesses. Senior management is requested, when presenting or providing reports to the Board on strategy and principal decisions, to ensure that the presentations cover what impact the strategy/principal decision has on the relevant stakeholders and how the views of those stakeholders have been taken into account.

For details of how the Board complied with section 172 of the Companies Act 2006 and how it further engaged with stakeholders, see page 27.

# BOARD OF DIRECTORS

## CHRISTOPHER BAKE
CHAIRMAN

**Appointment Date: 26 July 2022**

**Skills and Experience**

Chris Bake joined the Board in July 2022 and became the Chairman in February 2023. Chris is a highly experienced leader and brings significant investment, strategy development and M&A experience to the Board, together with a deep knowledge of the energy sector.

Since joining Vitol in 1995, Chris has held various leadership positions in Dubai, Bahrain, London, Buenos Aires and Houston. He is currently chairman of VTTI, an independent provider of global energy storage, on the board of Petrol Ofisi and a member of the Vitol Executive Committee.

Before joining Vitol, Chris worked for BP and Phibro.

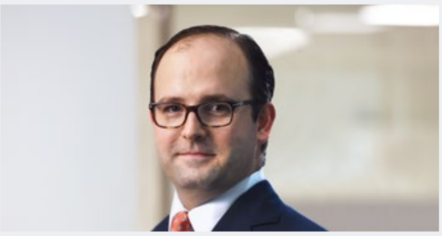
## STAN MITTELMAN
CHIEF EXECUTIVE OFFICER

**Appointment Date: 5 March 2022**

**Skills and Experience**

Stan brings over 30 years of downstream energy experience to Vivo Energy and has spent a substantial part of his career operating in Africa.

Before joining Vivo Energy, Stan was SVP Africa at TotalEnergies Marketing & Services, where he led the fuel retailing and marketing business across 40 countries in Africa. Prior to this, Stan held a range of senior positions at TotalEnergies, including CEO of Total Marketing France, and a number of roles on the continent, including EVP West Africa for Total Marketing Services and MD Total Zimbabwe.



## JAY GLEACHER
INTERIM CHIEF FINANCIAL OFFICER

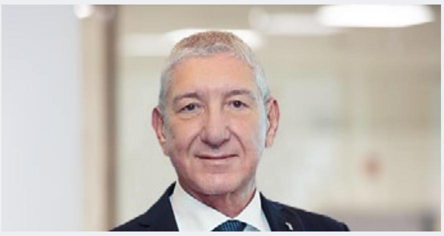
**Appointment Date: 26 July 2022**

**Skills and Experience**

Jay Gleacher became Interim Chief Financial Officer in January 2023, having initially joined the Board in July 2022. As CFO, Jay is responsible for financial control, treasury & credit, IT and procurement.

Jay has extensive finance and M&A experience in the energy sector. Besides the Vivo Energy Board, Jay is also a supervisory board member of Varo Energy B.V.

Prior to joining Vivo Energy, Jay was an Investment Director focused on investment opportunities in Europe, Africa and Latin America at Vitol. Before joining Vitol in 2009, Jay worked in Morgan Stanley's Investment Banking Global Energy Group.



## SELIM ŞIPER
INDEPENDENT
NON-EXECUTIVE DIRECTOR

**Appointment Date: 26 July 2022**

**Skills and Experience**

Selim Şiper has an excellent understanding of brands and consumers, a track record of strong operations management and an international perspective of driving value in complex environments.

From 2017 to 2022 Selim was the CEO of Petrol Ofisi, Turkey's leading distributor of fuels and lubricants, and he now serves on Petrol Ofisi's board. Before joining Petrol Ofisi, Selim was the CEO of Ipragaz.

## MATTHEW STACEY
NON-EXECUTIVE DIRECTOR

**Appointment Date: 26 July 2022**

**Skills and Experience**

Matt Stacey is Head of Middle Distillates at Vitol.

Matt is a highly experienced leader who brings wealth of knowledge and understanding of the oil markets to Vivo Energy.

Before joining Vitol in 2015, Matt worked for Royal Dutch Shell, where he held various trading and management positions across its distillate business, in both London and Singapore.

# ROLE OF THE BOARD AND DIVISION OF RESPONSIBILITIES

## THE ROLE OF THE BOARD

Collectively, the Board is responsible for promoting the long-term success of the Group by setting strategic priorities, generating value for stakeholders and ensuring that the Group continues to contribute to wider society. In particular, the Board is responsible for reviewing opportunities and maintaining effective risk management and internal control systems. An effective board comprises a diverse group of individuals, each contributing different experiences, skills and backgrounds enabling it as a whole to provide challenge, informed opinions and advice on strategy and relevant topics.

A comprehensive annual programme of meetings enables the Board to monitor and review strategy across all the elements of the Group's business model. In 2022, five Board meetings were scheduled. Additional meetings were held as required.

All Directors are expected to attend all Board and relevant Committee meetings unless prevented from doing so by illness or conflict of interest. Senior executives below Board level are invited, when appropriate, to attend Board meetings to make presentations on the results, opportunities, deep dives and strategies relating to their OUs.

Board agendas are carefully planned to ensure that sufficient time and consideration are given to the Group's strategic priorities and key monitoring activities as well as reviews of strategic issues.

In advance of each meeting, papers and relevant materials are provided to Directors via a secure web portal which also provides access to a library of relevant information about the Company and Board procedures. Directors unable to attend specific Board or Committee meetings are asked to provide comments in advance and, if necessary, follow up with the relevant Chair of the meeting.

In line with other large companies, the Vivo Energy Board relies on Executive Management to run the business with the Board monitoring management activities and holding them to account against targets and standards. Responsibility for the running of the Group is delegated to the CEO, who in turn delegates certain responsibilities to Executive Committee and Management Committee members relevant to their respective areas of responsibility.

In order to retain control of key decisions and ensure there is a clear division of responsibilities between the Board and the running of the business, the Board has a clear framework for determining the matters within its remit, including an agreed schedule of Matters Reserved for the Board and has approved Terms of Reference for the matters delegated to its Committees. The roles of our Chairman and CEO are separate, clearly defined and set out in writing.

## DIRECTORS

A well-governed company exposes itself to the widest possible sources of information and experience, both in the people it employs and the voices to which it listens.

Our Board has a broad range of experience and perspectives across a number of industries and territories that complement our business. Further details are available on page 39. As is best practice, the Board is continually assessed to ensure an appropriate balance of skills and experience is maintained.

Training and development is key to ensuring the ongoing effectiveness of any board. All new directors are offered an induction to assist them in familiarising themselves with the Group's operations, the regulatory environment we operate in, directors' duties, and the Group's culture and values. An outline induction programme is discussed with each new director and tailored to meet any specific requirements. During the year our Directors have been briefed, amongst others, on local content requirements, directors' duties, sanctions and environmental matters.

All Directors have access to the advice and services of both the General Counsel and the Company Secretary. Directors may take independent legal and/or financial advice at the Company's expense when it is deemed necessary in order to discharge their responsibilities effectively. No such independent advice was sought during the year up to 31 December 2022.

### CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they may have interests which conflict with those of the Company. The Board has adopted procedures as provided for in the Company's Articles of Association for authorising existing conflicts of interest and for the consideration of, and if appropriate, authorisation of new situations which may arise.

A register setting out each Director's interests is maintained and, as good practice, the Chair requests each of the Directors to declare any conflict of interest at each Board/Committee meeting.

## COMMITTEES

The Board discharges some of its responsibilities directly while others are discharged through its principal Board Committees and through management. The Board has two principal Committees: The Audit and Risk Committee, and the Remuneration Committee. In addition to the principal Committees, the Board is also supported by two management Committees, Employee Engagement Champion Committee and the newly re-instated and re-named ESG Committee.

Each Committee has an annual work programme. Their work feeds into the Board's consideration of the Group's strategy, allowing the Board to assess whether the strategy remains appropriate, promotes stakeholder value in a sustainable manner and whether it is ultimately the right approach to achieving our purpose. Following each Committee meeting, the Chair of the Committee provides an update to the Board, detailing decisions made and key matters discussed. Copies of the Committee minutes are circulated to all Board members to the extent appropriate.

### AUDIT AND RISK COMMITTEE

The Committee oversees the Group's financial reporting, risk management, internal control processes including reviews of principal risks and external audit. The Committee also monitors the activities and effectiveness of the Internal Audit function and has a primary responsibility for overseeing the relationship with the external auditors.

### REMUNERATION COMMITTEE

The role of the Committee is to set, review and recommend the remuneration of the Executives and Senior Management team. The Committee also reviews remuneration arrangements across the Group.

### ESG COMMITTEE

The Committee is focused on overseeing the delivery of the Group's Sustainability Framework and driving further integration of sustainability and climate matters across the Group. The Committee is chaired by the CEO who provides regular updates to the Board.

### EMPLOYEE ENGAGEMENT CHAMPION COMMITTEE

The role of the Committee is to provide an open two-way line of communication between the Board and our people and to enhance employee engagement across the Group.

# DIRECTORS' REPORT

The Directors present their Report and the audited Consolidated and Company financial statements for the year ended 31 December 2022.

## DIRECTORS' REPORT CONTENT

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. Such information is referenced below.

## COMPANY DETAILS AND CONSTITUTION

Vivo Energy Limited is a company incorporated in England and Wales with company number 11250655. The Company's Articles of Association (the 'Articles') may only be amended by a special resolution at a general meeting of the shareholders.

As at the date of this Report, the Company's issued share capital is composed of a single class of 1,266,941,899 ordinary shares of US$0.50 each. The shareholders of the Company are Vitol Africa B.V. and VIP Blue II B.V.

## DIRECTORS

The Directors who served the Company during the year up to the date of the signing of these financial statements together with their dates of appointment and resignation, where appropriate, were as follows:

John Daly (resigned 26 July 2022)

Christian Chammas (resigned 3 March 2022)

Douglas Lafferty (resigned 30 April 2022)

Stanislas Mittelman (appointed 3 March 2022)

Carol Arrowsmith (resigned 26 July 2022)

Christopher Rogers (resigned 26 July 2022)

Thembalihle Hixonia Nyasulu (resigned 26 July 2022)

Gawad Abaza (resigned 26 July 2022)

Temitope Lawani (resigned 26 July 2022

Javed Ahmed (resigned 16 December 2022)

Christopher Bake (appointed 26 July 2022)

Jay Gleacher (appointed 26 July 2022)

Selim Şiper (appointed 26 July 2022)

Matthew Stacey (appointed 26 July 2022)

## IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Details of important events affecting the Group which have occurred since the end of the financial year are set out in note 30 to the Consolidated financial statements.

## RESULTS

The results for the year are set out on pages 44 to 99.

During the year, the Company declared two interim dividends and one special dividend amounting to a total amount of approximately US$ 698m. Further details on page 80.

The Board has not recommended a final dividend for the period ended 31 December 2022.

## CORPORATE GOVERNANCE

Until the delisting of the Company on 26 July 2022, the Company was in full compliance with the 2018 Corporate Governance Code. The majority of the Board resigned following delisting and the new Board has decided to adopt the Wates Principles as the governance code basis with effect from 1 January 2023. Further details on pages 27 and 36.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for monitoring the Group's system of internal control and risk management and for carrying out a review of its effectiveness and is supported by the Audit and Risk Committee. In discharging that responsibility, the Board confirms that it has established necessary procedures, including clear operating procedures, lines of responsibility and delegated authority.

A robust assessment of the principal and emerging risks faced by the Company has been undertaken by the Board (for further information please see pages 32 to 35 in the Strategic Report). The Group's assessment of risks related to financial instruments can be found in the Notes to the Consolidated financial statements. The Board has established a framework of controls, which enable risk to be assessed and managed, which is annually reviewed to ensure it remains prudent and effective.

## RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's assessment of risks related to financial instruments can be found on pages 66 to 68 in the Notes to the consolidated financial statements.

## OVERSEAS BRANCHES

As at 31 December 2022, the Group had the following other entities including branches:

– Vivo Energy Tanzania Marketing Limited (foreign company registered in Tanzania, company registered in Bahamas).
  The foreign company name remains Engen Marketing Tanzania Limited.

- Plateau Africa Holdings Limited (branch registered in Mauritius, company registered in Canada).
- Vivo Energy Namibia Limited (branch registered in Namibia, company registered in the UK).
- Vivo Energy Overseas Holdings Limited (branch registered in Kenya, an external company registered in South Africa, the company registered in Mauritius).
- Vivo Energy Foundation (a charitable foundation registered in Mauritius).

## DIRECTORS' INDEMNITIES

In accordance with the Company's Articles and to the extent permitted by law, Directors are granted a deed of indemnity from the Company in respect of liability incurred as a result of their office. Qualifying third-party indemnity provisions (as defined by section 234 of the Act) were in force during the year ended 31 December 2022 and remain in force.

In addition, the Company provides Board members with Directors' and Officers' Liability Insurance. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

## EMPLOYEE BENEFIT TRUST

On 10 May 2019 the Company established the Vivo Energy Employee Benefit Trust (the 'EBT'). This was a discretionary trust formed to enable the Company to issue shares to certain employees under the Company's share plans, namely the IPO share Award and Long-Term Incentive Plan. Following the delisting of the Company and the termination of the share plans, the EBT was formally terminated on 2 December 2022.

## POLITICAL DONATIONS

No political donations were made during the financial year. The Company's policy is that no political donations be made or political expenditure incurred.

## ENGAGEMENT WITH STAKEHOLDERS

We know that engaging closely with all our stakeholders and understanding their view is fundamental to building a strong, sustainable business. Further information on how we engage with our diverse range of partners and stakeholders is available within the Strategic Report on page 7.

## STREAMLINED ENERGY AND CARBON REPORTING STATEMENT

As a Group we recognise that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year.

Further details are available in the Strategic Report on pages 22 to 23.

## RESEARCH AND DEVELOPMENTS

No material research took place during the period and is not intended for the current year. Development activities undertaken comprised the continued development of the Group's internal systems.

## FUTURE DEVELOPMENTS

Since Vivo Energy's inception in 2011, the Company has had a clear growth strategy and has looked to deliver sustainable value for all its stakeholders. Our leading position in Africa means that we are well positioned to continue to capitalise on the opportunities that will arise from the growth on the continent.

## EXTERNAL AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's External Auditor is unaware. Each Director has taken all steps he or she should have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that PricewaterhouseCoopers LLP (PwC) is aware of that information.

The Audit and Risk Committee recommended, and the Board approved, the proposal that PwC be reappointed as Auditors of the Company at the Annual General Meeting (AGM). Resolutions to reappoint PwC as the Company's Auditors until the conclusion of the AGM in 2024 and to authorise the Directors to determine their remuneration, will be proposed to shareholders at the AGM.

The Directors' Report was approved by the Board on 1 March 2023.

**STAN MITTELMAN**
CHIEF EXECUTIVE OFFICER

1 MARCH 2023

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report & Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Consolidated financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;
– state whether applicable UK-adopted International Accounting Standards have been followed for the Consolidated financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
– make judgements and accounting estimates that are reasonable and prudent; and
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DIRECTORS' CONFIRMATIONS

Each of the Directors confirm that, to the best of their knowledge, at the date of this Report, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps he should have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Board confirms that the Annual Report and financial statements when taken as a whole give a true and fair view and provide the information necessary for shareholders to assess the strategy, position and performance and business model of the Group.

For and on behalf of the Board

**STAN MITTELMAN**
CHIEF EXECUTIVE OFFICER

1 MARCH 2023

**JAY GLEACHER**
INTERIM CHIEF FINANCIAL OFFICER

1 MARCH 2023

# FINANCIAL STATEMENTS

Here we set out our statutory accounts and supporting notes, which are independently audited and provide in-depth disclosure on the financial performance of our business.

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## OPINION

In our opinion:

- Vivo Energy Limited's Consolidated financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Consolidated financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts 2022 (the 'Annual Report'), which comprise: the Consolidated and Company statements of financial position as at 31 December 2022; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.1 to the Consolidated financial statements and note 2.9 to the Company financial statements concerning the Group's and the Company's ability to continue as a going concern. The Directors have assessed the going concern status of the Company and the Group based on the business plans approved by the Board in December 2022 and the existing debt facilities and concluded that sufficient liquidity headroom exists in both 'base case' and 'severe but plausible downside' scenarios to enable the Company and the Group to meet their obligations as they fall due during the going concern assessment period subject to the refinancing of the long-term bank borrowings and RCF facility due to expire within the going concern period. The refinancing of these facilities is not committed at the date of authorisation of these financial statements. These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Considering the reasonableness of the period covered by management's going concern assessment.
- Agreeing management's going concern assessment to the five-year strategic plan approved by the Board of Directors and ensuring that the base case scenario indicates that sufficient cash flow is generated during the going concern period to meet its obligations while complying with its covenant arrangements.
- Evaluating management's forecasts by analysing the cash flows to identify unexpected trends and relationships; ensuring the mathematical accuracy of management's models and by assessing the appropriateness of key assumptions of gross cash unit margin and expected volume growth against historical experience.
- Identifying the covenant terms from the facility agreements and ensuring that there are no forecast covenant breaches during the going concern period.
- Reperforming management's sensitivity to identify the scenario that would result in a breach of covenants and concurred that such a scenario was not plausible.
- Evaluating the reasonableness of the severe but plausible scenarios identified by management and ensuring that under such scenarios the Group is expected to meet its obligations as these fall due.
- Evaluating the Directors' assessment and identification of a material uncertainty resulting from the need to renew existing financing arrangements within the going concern period.
- Confirming that the financial statement disclosures relating to going concern were accurate and appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY LIMITED CONTINUED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

### OUR AUDIT APPROACH

**Context**

On the 25th July 2022, Vivo Energy was taken private by VIP II Blue B.V., being a wholly-owned indirect subsidiary of Vitol Investment Partnership II Limited, itself being an investment vehicle advised by employees of the Vitol Group. The shares were delisted from the London Stock Exchange, the Company renamed Vivo Energy Limited and a new Board of Directors appointed. We have been engaged by the newly appointed Audit and Risk Committee to conduct the year-end audit of the Consolidated and Company financial statement of Vivo Energy Limited for the year ended 31 December 2022. As part of our audit planning we have considered the impact of the transaction on our audit risk assessment including evaluating management's analysis of its impact on the Consolidated financial statements. As part of our audit of this transaction we have considered change of control clauses within the Group's debt facilities and the changes to the debt structure of the Group implemented after the take private transaction was completed. We note that a material uncertainty in respect to going concern has been identified by the Directors relating to the need to refinance the revolving credit facility and a long-term borrowing during the going concern period. Further details relating to both the material uncertainty and the procedures we have performed over going concern are included in the material uncertainty related to going concern section of this report.

**Overview**

Audit scope
- Ten operating units subject to full scope audit of financial information.
- Three operating units subject to audit of specific financial statement line items.
- Overall coverage of 78% revenue, 75% profit before tax, and 69% total assets was obtained.

Key audit matters
- Material uncertainty related to going concern (Group and Company)
- Government Benefits Receivable (Group)
- Tax audits and Transfer Pricing (Group)
- Fixed Asset Investments (Company)

Materiality
- Overall group materiality: US$12,500,000 (2021: US$12,900,000) based on 5% of earnings before tax and special items (2021: 5% of earnings before tax and special items).
- Overall company materiality: US$19,300,000 (2021: US$19,000,000) based on 1% of total assets.
- Performance materiality: US$9,375,000 (2021: US$9,675,000) (Group) and US$14,475,000 (2021: US$14,250,000) (Company).

**The scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

**Key audit matters**

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Fixed Asset Investments is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| **Government Benefits Receivable (Group)**<br>Refer to notes 2 ,4 and 15 in the Consolidated financial statements. | |
| The Group has $413 million of gross receivables (offset by provisions of $11m) from governments principally related to subsidies for product prices, transport costs or incidental costs where regulated price mechanisms exist. The recoverability of these receivables is not always certain with some outstanding balances being aged and with governments with poor or no credit ratings. | We assessed the risk of recoverability of each of the balances by considering the:<br>– existence of an agreed position with the government and history of write-offs;<br>– ageing of existing balances;<br>– country level credit ratings and other economic data points;<br>– history of payments and / or delays of such payments;<br>– the proposed settlement mechanism and timing of realisation of said mechanism. |
| Spiking oil prices and weakening local currencies during the year along with the need to support local populations as the cost of living has increased, has resulted in additional subsidies being generated and the level of gross receivables has risen significantly as the subsidies outstrip the ability of governments to make payments on a timely basis. Although these new subsidies are not significantly aged, the ability of governments to make repayments has been adversely impacted by the deterioration in government finances as a result of the COVID-19 pandemic, high inflation and increased costs to service existing debt. | Where we identified the potential for greater risk of material irrecoverability we have assessed management's position against the communications with the local authorities, external legal advice, historical precedent of similar matters being resolved, the existence of offsetting balances and evidence of the Group's efforts to secure payment. In the case of Senegal we participated in a meeting with a government representative to understand the governments' plans for settlement of the balance. |
| Determination of the provisioning required against these receivables requires consideration of the willingness and ability of the counterparties to meet their obligations, including how and when the obligations will be met. This can often be complex and highly judgemental. | Where a provision has been recorded we have assessed the basis for the recognition of the provision and re-performed management's calculations. We have also assessed the completeness and accuracy of management's disclosures in notes 4 and 15. |
| Due to particular uncertainties in either the timing and/or method of recoverability, the track record of the governments to settle the balances in full or on a timely basis or whether the costs incurred fall within the regulatory structure, we identified the receivables in Senegal, Madagascar and Kenya to be where particular audit focus was required. | Based on our work performed, we found the judgements and assumptions used by management in the recoverability assessment of government benefits receivables to be supportable based on the available evidence. |

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| **Tax audits and Transfer Pricing (Group)**<br>Refer to notes 2, 4 and 9 in the Consolidated financial statements. | With the assistance of our local and international tax specialists including transfer pricing specialists, we evaluated management's judgements in respect of the likelihood of tax positions being challenged. For each material position we looked at the nature of the underlying transactions, the technical merits of the position and the local tax authorities' track record of challenging similar tax positions. |
| The Group operates in a number of tax jurisdictions and recognises tax based on interpretation of local laws and regulations which are sometimes uncertain and require interpretation. In several territories tax audits are performed and tax claims are made; however, these are often settled for much less once further information is supplied. The claims often focus on the application of transfer pricing policies. Management are required to make judgements on whether it is probable that the tax authorities will accept the current treatment and, where it is not considered probable, estimate the expected value or the most likely value of the pay-out. | We also challenged management on the level of provisioning booked for each uncertain tax position, considering both whether the level of provisioning was too prudent or too optimistic. We considered management's assessment through the examination of their analysis of these positions, including testing of their detailed workings and consideration of advice received from their tax advisers. |
| We focused on the judgements and estimates made by management in assessing the likelihood and quantification of material exposures and treatment of uncertain tax position provisions. | We determined that the provisions recognised and the disclosures in the financial statements were reasonable. |

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY LIMITED CONTINUED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| **Fixed Asset Investments (Company)** | |
| Refer to notes 2 and 5 in the Company financial statements. | We have evaluated management's impairment trigger assessment. |
| During the year, following the take private transaction, the Company paid out a dividend of $628m to the new shareholders. This was in excess of the profits for the year and was funded out of cash that was loaned to the Company by its subsidiary Vivo Energy Investments B.V. which had in turn taken out a bridging loan with external parties. | Although a payment of a dividend in excess of profits in the year would usually be considered an impairment trigger, where the parent company dividend was funded by a loan from a subsidiary entity (as opposed to a dividend) the transaction does not result in a diminution in the value of the underlying Group below parent company. The significant dividend payments during the year therefore do not create an impairment trigger in respect of the parent company's investment in the underlying Group. |
| The payment of dividends in excess of profits generated in the year was considered as a potential trigger for impairment in the fixed asset investment held in the Company at cost. Management also considered other potential triggers, including both internal and external information. In performing this trigger assessment management have also considered the discounted cash flow models that they prepare as part of assessing the recoverable amount of the Group and certain of its assets. | In addition, we have obtained management's latest calculation of the recoverable amount of the Group; validated the model used and the mathematical accuracy of the value in use calculation; agreed the cash flows to the board approved five-year plan; and assessed the discount rate and long-term growth rates used against third party data sources. This model indicates a value in excess of the carrying value of the investment. |
| No triggers for impairment were identified by management in the year. | We concurred with management that there were no internal or external indicators of impairment in the year. |

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates in 23 countries across North, West, East and Southern Africa. It is structured such that each country operates semi-autonomously with oversight, consolidation, and certain activities performed by Group management. Each country can contain many legal entities, associates and joint ventures for which separate financial information is prepared and monitored. In general, each country will have a single large operating legal entity that holds most of the assets, liabilities and transactions.

Reporting packs are prepared by local management for each legal entity except in some specific cases where a sub-consolidation is performed and a single reporting pack is prepared for a number of related legal entities. We have scoped our audit on the basis that an operating unit is identified by a reporting pack.

We identified Morocco and Kenya as financially significant operating units based on their size compared to the Consolidated financial statements of the Group. A further eight, large operating units were identified and engaged to perform audits of their complete financial information in order to provide appropriate coverage over the operations of the Group. In addition, Mauritius was further identified to perform procedures over retirement benefit obligations, revenue and receivables given its relative contribution to these financial statement line items.

Senegal and Kenya were identified as significant risk operating units relating to the recoverability of other government benefits receivable as described in the key audit matters. Senegal was engaged to perform an audit of their complete financial information as one of the eight components identified above.

Procedures were also performed at a Group level over balances including goodwill and tax as well as procedures over centralised controls and IT functions. The aggregation of all the holding entities are treated as a single operating unit with testing performed over balances including cash, finance expenses, and external borrowings. Procedures were performed centrally to assess and mitigate the significant risk of recoverability of Government Benefits Receivable in Madagascar which was an operating unit not included in the scope.

Overall coverage of 78% revenue, 75% profit before tax, and 69% total assets was obtained. None of the operating units excluded from our Group audit scope individually contributed more than 3% to consolidated revenue.

Interactions with operating unit teams varied depending on their size, complexity and risk. Interactions included: detailed instruction; a risk assessment and audit approach planning meeting; detailed deliverables identifying significant matters and procedures performed over significant risks; and status and clearance meetings at key stages of the audit. For larger and more significant components, file reviews tailored to the specifics of the component took place. In person site visits took place in Senegal, Guinea, Morocco, Kenya, and Cote d'Ivoire. This was in addition to further ad hoc discussions on matters of interest.

The Company only audit was performed independently by the Group engagement team. This did not contribute to the scope of work performed on the Consolidated financial statements.

### The impact of climate risk on our audit

In planning our audit, we have considered the potential impact of climate change on the Consolidated financial statements. Given the principal activities of the Group it is highly likely that climate risk will have a significant impact on the Group's business. As part of our audit, we have evaluated management's climate change risk assessment including the identified physical and transition risks and the assessment of the impact of those risks on the Consolidated financial statements. We note management's conclusion that material physical risks are likely to arise in the longer term and therefore have no current financial statement impacts. Transitional risks are considered to have a more significant impact on the business. However, these are only expected to arise in the medium to long-term given that the energy transition in Africa is likely to operate on an extended timeline. We have performed procedures to evaluate the appropriateness of management's risk assessment including comparing current year results against the transition risk impacted models prepared in 2021 and researching the legislative landscape within the principal locations in which the Group operates. We assessed that the key financial statement line items and estimates which are more likely to be impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long-term. These include the impairment assessment of goodwill and the useful economic life of non-current assets. However, our procedures did not identify any material impact on either the Consolidated financial statements or our key audit matters for the year ended 31 December 2022. We have reviewed management's financial statement disclosures relating to climate change to confirm that they are consistent with the results of management's risk assessment and our audit procedures. Management have voluntarily presented disclosures aligned to the recommendations of the TCFD. We have reviewed these disclosures to ensure consistency with the financial statements and our knowledge obtained during the course of the audit.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | FINANCIAL STATEMENTS – CONSOLIDATED | FINANCIAL STATEMENTS – COMPANY |
|---|---|---|
| Overall materiality | US$12,500,000 (2021: US$12,900,000). | US$19,300,000 (2021: US$19,000,000). |
| How we determined it | 5% of earnings before tax and special items (2021: 5% of earnings before tax and special items). | 1% of total assets. |
| Rationale for benchmark applied | The Group is profit-oriented; therefore it is considered most appropriate to use a profit-based benchmark. The Directors, management and the users of the Consolidated financial statements focus on adjusted numbers, being adjusted EBITDA, adjusted EBIT and adjusted net income. The Group defines 'adjusted' as excluding special items. Based on this, we consider an adjusted metric of average earnings before tax and special items to be the most appropriate benchmark. | The entity is a holding company of the rest of the Group and is not a trading entity. Therefore, an asset based measure is considered appropriate. The strength of the Statement of financial position is the key measure of financial health that is important to shareholders since the primary concern for the Company is the payment of dividends. |

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US$1.4m and US$12.0m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to US$9,375,000 (2021: US$9,675,000) for the Consolidated financial statements and US$14,475,000 (2021: US$14,250,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above US$1.0m (Group audit) (2021: US$1.0m) and US$1.0m (Company audit) (2021: US$1.0m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY LIMITED CONTINUED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

**Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of laws and regulations associated with importing, transporting, storing and selling oil products in the countries in which the Group operates, anti-bribery and corruption laws, health and safety regulations and competition laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and local tax laws and regulations in each territory. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries of the wider senior management team including members of the Senior Executive Team, Country Leadership Teams, Internal Audit, Legal, Finance, Operations, Ethics and Compliance teams. These inquiries included consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Making inquiries of the Group General Counsel regarding the status and expected outcome of legal cases and regulatory matters and reviewing the Group legal case tracker, maintained by the General Counsel, in respect to all significant legal matters.
- Evaluation of management's controls designed to prevent and detect irregularities, in particular their anti-bribery controls. For example, understanding the Group's bid and contracting approval controls, the extent to which the Group's anti-bribery and corruption programme is embedded in operating units, assessment of procedures associated with making one-off payments to counterparties and searching third party sources for allegations of corruption made against the Group and its employees.
- Assessment of matters reported on the Group's whistleblowing helpline or through other mediums and the results of management's investigation of such matters.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to government benefits receivables and uncertain tax positions.
- Identifying and testing journal entries both at a local operating unit level and as part of the Group consolidation, in particular any journal entries posted with unusual account combinations or posted by senior management.
- Review of correspondence with, or reports issued by, government authorities and assessment of external legal advice received in respect of any matters raised.
- Incorporating an element of unpredictability into our audit procedures through the variation of the nature, timing and extent of the procedures performed and the inclusion of new components within the Group audit scope.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## OTHER REQUIRED REPORTING

### COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 March 2023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| US$ million | Notes | 2022 | 2021 |
|---|---|---|---|
| Revenues | 5 | 10,969 | 8,458 |
| Cost of sales | | (10,237) | (7,765) |
| **Gross profit** | 5 | **732** | **693** |
| Selling and marketing cost | | (247) | (222) |
| General and administrative cost | 7 | (212) | (185) |
| Share of profit of joint ventures and associates | 12 | 27 | 27 |
| Other income/(expense) | | (5) | (1) |
| **Earnings before interest and tax (EBIT)** | 6 | **295** | **312** |
| Finance income | | 11 | 9 |
| Finance expense | | (98) | (68) |
| **Finance expense – net** | 8 | **(87)** | **(59)** |
| **Earnings before tax (EBT)** | | **208** | **253** |
| Income taxes | 9 | (103) | (101) |
| **Net income** | 6 | **105** | **152** |
| | | | |
| **Net income attributable to:** | | | |
| Equity holders of Vivo Energy Limited | | 91 | 140 |
| Non-controlling interest (NCI) | | 14 | 12 |
| | | **105** | **152** |
| **Other comprehensive income (OCI)** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Currency translation differences | | (77) | (27) |
| Net investment hedge gain, net of tax | | 6 | 12 |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of retirement benefits | | – | 5 |
| Income tax relating to retirement benefits | | – | (1) |
| Change in fair value of financial instruments through OCI | 13 | 1 | 1 |
| **Other comprehensive income, net of tax** | | **(70)** | **(10)** |
| **Total comprehensive income** | | **35** | **142** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of Vivo Energy Limited | | 29 | 134 |
| Non-controlling interest (NCI) | | 6 | 8 |
| | | **35** | **142** |

The notes are an integral part of these consolidated financial statements.

### NON-GAAP MEASURES

| US$ million, unless otherwise indicated | 2022 | 2021 |
|---|---|---|
| EBITDA | 427 | 442 |
| Adjusted EBITDA | 470 | 447 |
| Adjusted net income | 154 | 157 |

Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures on pages 16 and 17.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| US$ million | Notes | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 920 | 938 |
| Right-of-use assets | 25 | 235 | 219 |
| Intangible assets | 11 | 188 | 212 |
| Investments in joint ventures and associates | 12 | 237 | 233 |
| Deferred income taxes | 9 | 61 | 58 |
| Financial assets at fair value through other comprehensive income | 13 | 13 | 12 |
| Other assets | 15 | 172 | 116 |
| | | **1,826** | **1,788** |
| **Current assets** | | | |
| Inventories | 16 | 687 | 564 |
| Trade receivables | 17 | 598 | 461 |
| Other assets | 15 | 554 | 282 |
| Income tax receivables | | 10 | 13 |
| Other financial assets | 14 | 14 | 6 |
| Cash and cash equivalents | 18 | 500 | 587 |
| | | **2,363** | **1,913** |
| **Total assets** | | **4,189** | **3,701** |
| | | | |
| **Equity** | | | |
| Share capital | 19 | 633 | 633 |
| Share premium | | 4 | 4 |
| Retained earnings | | (281) | 335 |
| Other reserves | | (200) | (135) |
| Attributable to equity holders of Vivo Energy Limited | | 156 | 837 |
| Non-controlling interest | | 43 | 46 |
| **Total equity** | | **199** | **883** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 25 | 156 | 135 |
| Borrowings | 21 | 945 | 352 |
| Provisions | 22, 23 | 89 | 105 |
| Deferred income taxes | 9 | 86 | 87 |
| Other liabilities | 24 | 150 | 153 |
| | | **1,426** | **832** |
| **Current liabilities** | | | |
| Lease liabilities | 25 | 27 | 26 |
| Trade payables | | 1,687 | 1,434 |
| Borrowings | 21 | 584 | 277 |
| Provisions | 22 | 15 | 19 |
| Other financial liabilities | 14 | 11 | – |
| Other liabilities | 24 | 187 | 187 |
| Income tax payables | | 53 | 43 |
| | | **2,564** | **1,986** |
| **Total liabilities** | | **3,990** | **2,818** |
| **Total equity and liabilities** | | **4,189** | **3,701** |

The notes are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 1 March 2023 and were signed on its behalf by:

**STAN MITTELMAN**
Chief Executive Officer

**JAY GLEACHER**
Interim Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | Attributable to equity holders of Vivo Energy Limited | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Other reserves | | | | | | | |
| US$ million | Notes | Share capital | Share premium | Retained earnings | Reserves[1,2] | Retirement benefits | Currency translation difference | Fair value reserves | Equity-settled incentive schemes[3] | Total | NCI | Total equity |
| **Balance at 1 January 2022** | | **633** | **4** | **335** | **(59)** | **2** | **(90)** | **4** | **8** | **837** | **46** | **883** |
| Net income | | – | – | 91 | – | – | – | – | – | **91** | 14 | **105** |
| Other comprehensive income | | – | – | – | (1) | – | (62) | 1 | – | **(62)** | (8) | **(70)** |
| **Total comprehensive income** | | **–** | **–** | **91** | **(1)** | **–** | **(62)** | **1** | **–** | **29** | **6** | **35** |
| Share-based payment expense | 28 | – | – | – | – | – | – | – | 3 | **3** | – | **3** |
| Share-based payment modification[3] | 28 | – | – | – | – | – | – | – | (11) | **(11)** | – | **(11)** |
| Treasury shares sold | | – | – | – | 5 | – | – | – | – | **5** | – | **5** |
| Net impact of IAS 29[4] | | – | – | (9) | – | – | – | – | – | **(9)** | – | **(9)** |
| Dividends paid[5] | 20 | – | – | (698) | – | – | – | – | – | **(698)** | (9) | **(707)** |
| **Balance at 31 December 2022** | | **633** | **4** | **(281)** | **(55)** | **2** | **(152)** | **5** | **–** | **156** | **43** | **199** |

| | | Attributable to equity holders of Vivo Energy Limited | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Other reserves | | | | | | | |
| US$ million | Notes | Share capital | Share premium | Retained earnings | Reserves[1,2] | Retirement benefits | Currency translation difference | Fair value reserves | Equity-settled incentive schemes[3] | Total | NCI | Total equity |
| **Balance at 1 January 2021** | | **633** | **4** | **252** | **(54)** | **(2)** | **(79)** | **3** | **10** | **767** | **45** | **812** |
| Net income | | – | – | 140 | – | – | – | – | – | **140** | 12 | **152** |
| Other comprehensive income | | – | – | – | – | 4 | (11) | 1 | – | **(6)** | (4) | **(10)** |
| **Total comprehensive income** | | **–** | **–** | **140** | **–** | **4** | **(11)** | **1** | **–** | **134** | **8** | **142** |
| Share-based payment expense | 28 | – | – | – | – | – | – | – | 4 | **4** | – | **4** |
| Share awards transactions[3] | 28 | – | – | 6 | (5) | – | – | – | (6) | **(5)** | – | **(5)** |
| Net impact of IAS 29[4] | | – | – | 6 | – | – | – | – | – | **6** | – | **6** |
| Dividends paid[5] | 20 | – | – | (69) | – | – | – | – | – | **(69)** | (7) | **(76)** |
| **Balance at 31 December 2021** | | **633** | **4** | **335** | **(59)** | **2** | **(90)** | **4** | **8** | **837** | **46** | **883** |

The notes are an integral part of these consolidated financial statements.

1 Included in reserves is a merger reserve ($82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.

2 Included in reserves is a cost of hedging reserve $1m (2021: Nil).

3 Equity-settled incentive schemes included the Long-Term Incentive Plan (LTIP) and the Restricted Share Award Plan which was modified in 2022 to cash-settled on delisting. In 2021, reserves included $5m related to a market purchase of ordinary shares of the Company to satisfy option exercises under the Company's IPO Share Award Plan and LTIP.

4 The net impact on retained earnings as a result of the index-based adjustments in Zimbabwe under IAS 29 'Financial Reporting in Hyperinflationary Economies'.

5 The dividends paid to the equity holders of Vivo Energy Limited were paid out of distributable reserves (refer to note 10 of the Company financial statements).

## CONSOLIDATED STATEMENT OF CASH FLOWS

| US$ million | Notes | 2022 | 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Net income | | 105 | 152 |
| **Adjustment for:** | | | |
| Income taxes | 9 | 103 | 101 |
| Amortisation, depreciation and impairment | 10, 11, 25 | 132 | 130 |
| Share of profit of joint ventures and associates | 12 | (27) | (27) |
| Dividends received from joint ventures and associates | 12 | 17 | 22 |
| Current income tax paid | | (93) | (102) |
| Net change in operating assets and liabilities and other adjustments | 26 | (229) | 195 |
| **Cash flows from operating activities** | | **8** | **471** |
| **Investing activities** | | | |
| Purchases of PP&E and intangible assets | 10, 11 | (164) | (168) |
| Proceeds from disposals of PP&E and intangible assets | 10, 11 | 4 | 1 |
| Other investment activities | 12 | (1) | – |
| **Cash flows from investing activities** | | **(161)** | **(167)** |
| **Financing activities** | | | |
| Proceeds from long-term debt[1] | 21 | 595 | – |
| Repayment of long-term debt | 21 | – | (60) |
| Net (repayments)/proceeds (of)/from bank and other borrowings[2] | 21 | 317 | 11 |
| Repayment of lease liabilities | 25 | (33) | (33) |
| Dividends paid | | (707) | (76) |
| Interest paid | | (75) | (61) |
| **Cash flows from financing activities** | | **97** | **(219)** |
| Effect of exchange rate changes on cash and cash equivalents | | (31) | (13) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(87)** | **72** |
| **Cash and cash equivalents at beginning of the year** | | **587** | **515** |
| **Cash and cash equivalents at end of the year** | 18 | **500** | **587** |

The notes are an integral part of these consolidated financial statements.

1 Represents proceeds from the Bridge loan.

2 Other borrowings includes the RCF.

## 1. GENERAL INFORMATION

Vivo Energy Limited ('Vivo Energy' or the 'Company'), formerly Vivo Energy plc, was incorporated on 12 March 2018 in the United Kingdom. The Company is registered in England and Wales and is a private company limited by shares (Registration number 11250655) under the Companies Act 2006. References to 'Vivo Energy' or the 'Group' mean the Company, its subsidiaries, joint ventures and associates. These consolidated financial statements as at and for the period ended 31 December 2022 comprise the Company, its subsidiaries and subsidiary undertakings, joint ventures and associates.

On 25 November 2021, the Boards of VIP II Blue B.V. (a wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited itself being an investment vehicle advised by employees of the Vitol Group referred to as 'Vitol') and Vivo Energy announced that they had reached an agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of the Company, excluding shares held by the existing Vitol shareholders ('Vitol Offer'). The Vitol Offer was completed on 25 July 2022, following which the Company delisted from the London Stock Exchange and Johannesburg Stock Exchange and re-registered as a private limited company under the name of Vivo Energy Limited. The Group's shareholders are VIP II Blue B.V. and Vitol Africa B.V. The Group's ultimate parent is Vitol Holding II S.A.

Vivo Energy distributes and sells fuel and lubricants to retail and commercial consumers in Africa and trades under brands owned by the Shell and Engen group of companies and, for aviation fuels only, under the Vitol Aviation brand. Furthermore, Vivo Energy generates revenue from Non-fuel retail activities including convenience retail and quick service restaurants by leveraging on its Retail network.

Further details on the nature of the Group's operations and principal activities can be found in the Strategic Report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, and have been applied consistently for all the years presented.

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

#### Going concern

On 25 November 2021 the Group and VIP II Blue B.V. (wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited, itself being an investment vehicle advised by employees of the Vitol Group, referred to as 'Vitol') announced a recommended total cash offer of $1.85 per share to be made by Vitol for Vivo Energy plc (the Vitol Offer). The Vitol Offer took effect from 25 July 2022. Vitol continues to support the Group with its strategy and growth ambitions, and there have been no, and is not expected to be any, structural changes to the Group's business operations over the next two years.

As part of the Group's risk management framework, changes in the nature, likelihood and impact of existing and new risks are regularly considered, including the Group's ability to respond to changes in its business and the external environment. There have been no changes in the Group's principal risks that would impact the going concern over the next two years.

IFRS requires the going concern assumption to be assessed over a period of at least 12 months from the date of approval of the financial statements. For the purposes of the going concern assessment, the Directors have considered a period up to 31 December 2024. The Directors have performed a going concern assessment based on the forecasts for this period taken from the five-year strategic plan which includes a detailed analysis of the Group's future financial and operating performance. The five-year strategic plan takes into consideration the impact of the current year performance, future growth expectations and the effect of other macroeconomic factors on the performance of sales volumes, gross cash profit and cash flows.

Based on management's assessment up to 31 December 2024, the Group is expected to maintain sufficient available liquidity and generate positive cash flows to meet its obligations as they fall due. As at 31 December 2022, the Group has a committed headroom of $194m which includes the undrawn portion of the committed RCF of $207m. In the ordinary course of business the majority of the revolving credit facilities (RCF) expires in May 2023, with the arrangement of a new facility, on similar terms, expected to be completed prior to its expiration.

The Group maintains its debt structure as described in note 3.2. The notes and the RCF have covenants for which further information can be found in note 21. Breach of these covenants may result in full and immediate repayment of the long-term borrowings and an inability to access the RCF. The Group has met these covenants in the past and expects to continue to do so over the next two years. Management has performed a sensitivity to identify the decrease in the Group's financial performance that would result in a breach of these covenants. Group EBITDA would have to decrease against plan by more than 13%, finance expense to increase by more than 15%, or net debt to increase by more than 51% to result in a breach. The likelihood of such impacts is not considered plausible.

As part of the going concern assessments the Directors have also considered a number of severe but plausible downside scenarios. The scenarios simulate the impact to headroom of a further depreciation of local currencies and increase to key costs equivalent to the most severe impact over the past five years as well as plausible negative changes in the working capital (due to developments in crude oil prices, timing of receipt of government subsidies, DSO, and DPO) and soaring inflation rates. Under all scenarios the sensitised forecasts show that the Group has sufficient committed liquidity headroom through to 31 December 2024, assuming renewal of the RCF and long-term borrowing on similar terms. Considering the severe but plausible downside scenario above, the impact on working capital may result in a higher utilisation of credit. However, under such circumstances, the increase in the finance expense and net debt would not exceed levels that could breach the debt covenants in the existing facilities.

As of 31 December 2022, the Company has available short-term capital resources of $2,114m, which include $1,407m of uncommitted facilities. Despite these facilities being uncommitted the Group has continued to have access to and utilise the uncommitted short-term funding lines throughout the year, and where necessary renew them in the normal course of business. Therefore, the Directors expect these uncommitted facilities to continue to be available to the Group for the foreseeable future.

The long-term borrowing received by the Group during October 2022 matures in 12 months, however, the Group can unilaterally exercise two extension options of three months each, extending the maturity date to April 2024. The Group expects to refinance this loan and the RCF prior to maturity. The refinancing of these facilities is not committed at the date of authorisation of these financial statements. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Therefore, notwithstanding the material uncertainty caused by the liquidity events of refinancing the long-term borrowings and RCF within the going concern period, the Directors maintain a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence during the going concern period and consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

#### Climate change

In preparing the consolidated financial statements management has considered the impact that climate change may have. Management has assessed the impact of climate change on the business. Additional information can be found on pages 28 to 31. Management has further considered the extent to which climate change impacts key areas of accounting judgement and disclosure. Based on this assessment, climate change does not currently have a significant or material impact on the outcome of key accounting judgements and estimates, including going concern, asset useful economic lives, asset valuations and impairments as the impact of transitional risks is only forecast to have a significant impact on the Group's business and cash flow beyond the point at which asset carrying values are realised. Management will continue to monitor, assess and account for the impact of climate change in future years. At year-end, whilst a number of countries in which the Group operates are signatories to the Paris Climate Agreement, none of the countries have introduced legislation or detailed policy initiatives associated with transitioning away from carbon-based transportation fuels. As set out on pages 22 to 23 of the Strategic Report, whilst the Group continues to introduce initiatives designed to reduce the carbon emissions from its direct operations and develop alternative product offerings, the Group considers that the transition towards a low-carbon economy in its primary markets will be over a longer time period than will be seen in the UK and the European Union. As a result, the Group considers that the market for oil products across Africa will continue to grow within its medium-term planning horizons and this assumption is embedded within the Group's five-year strategic business plan which in turn supports a number of key forward-looking accounting judgements and estimates. Furthermore, the Group continues to experience unrestricted access to capital markets and has demonstrated its ability to raise additional debt and equity funding at competitive market rates in the recent past. Therefore, there is currently no indication that climate change will negatively impact the Group's cost of capital to the extent that changes in the discount rates, used in accounting estimates and judgements, would result in a material adjustment to the financial statement balances.

### 2.2 Application of new and revised IFRS

The following amendments and new interpretations to the IFRS standards effective for annual periods beginning on or after 1 January 2022 are applicable and have been applied in preparing the consolidated financial statements and does not have a material impact for the Group:

- Annual improvements 2018-2020
- Narrow-scoped amendments to IAS 1, IAS 8, IAS 16, IAS 37 and IFRS 3

There are no other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2022 that have an impact on the consolidated financial statements of the Group.

### 2.3 New standards, amendments and interpretations not yet adopted

The following amendments to the standards effective for annual periods beginning on or after 1 January 2023 have not been applied in preparing the consolidated financial statements of the Group:

- Narrow-scoped amendments to IAS 1, IAS 8 and IAS 12

The above amendments which are not yet effective, are not expected to have a material impact on the Group.

### 2.4 Consolidation

The Group is made up of various entities, subsidiaries, joint ventures and associates. Details regarding all entities are included in note 14 in the Company financial statements.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there may be changes to one or more of the elements of control. Subsidiaries are consolidated from the effective date of acquisition and de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances, income, expenses and cash flows are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

#### Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 2.4 Consolidation (continued)

#### Joint arrangements

Joint arrangements are contractual arrangements whereby the Group and other parties undertake activities that are under joint control, meaning that the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are joint arrangements whereby the parties that have joint control have the rights to the net assets of the arrangement and are accounted for using the equity method.

Under the equity method, the investment is initially recognised at cost adjusted for the post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest investment in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, accounting policies of the joint ventures are adjusted to ensure consistency with the policies adopted by the Group.

#### Investments in associates

Associates are entities where the Group has significant influence and is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable net assets, liabilities and contingent liabilities of the associate is recorded as goodwill. The goodwill is included within the carrying amount of the investment. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted for the post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

### 2.5 Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is US dollars. These consolidated financial statements are presented in US dollars, which is the functional and presentation currency of the Company.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to monetary items such as borrowings, receivables and cash and cash equivalents are presented in the consolidated statements of comprehensive income within cost of sales for trading related gains and losses and within finance income and expense for non-trading related gains and losses.

Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income (FVTOCI), are included in other comprehensive income.

The financial statements of entities in hyperinflationary economies are translated in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'.

#### Accounting for hyperinflation

The results of the Group's operations within entities based in Zimbabwe have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from date of acquisition.

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit, current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI), as published by the Zimbabwe Reserve Bank, as the general price index to restate amounts, since CPI provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been adjusted to reflect the impact of the CPI. Amortisation, depreciation and impairments shall be recalculated based on the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets restated to reflect the change in the general price index. All other items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were originally recorded. The restatement of income and expenses are carried out on a monthly basis by applying the respective conversion factor. The net impact of these gains or losses, have been recognised in the statement of comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Following the application of IAS 29, the financial statements of Zimbabwean subsidiaries are translated at the closing exchange rate applicable for the period.

The impact of applying IAS 29 in the current period resulted in an increase in property, plant and equipment of $15m (2021: $25m), an increase in intangible assets of $5m (2021: $9m) and a decrease in net income of $3m (2021: $1m).

#### Group companies

The results and financial position of all the Group entities with a functional currency other than the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expense items and cash flows are translated at the average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- Exchange differences arising are recognised directly in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated accordingly.

### 2.6 Revenue recognition

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

Revenue from the sale of goods, such as fuel and lubricants and any other products are recognised when the Group has fulfilled its performance obligation to a customer at a point in time.

The performance obligation to customers is fulfilled when the Group's products are delivered to the customer and transfer of title occurs. The Group does not offer bundled products.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price is allocated to the performance obligation in the contracts and excludes amounts collected on behalf of third parties (i.e. sales taxes, excise duties and similar levies). The majority of the markets in which the Group operates are regulated and have fixed prices that are established either by the government or the industry. The Group may offer discounts and volume rebates to customers. Where applicable, discounts are pre-agreed in the contracts that form part of the price determination over the life of the contract. Volume rebates are determined periodically, and recorded against revenue.

Vivo Energy Kenya Ltd, like other oil marketers in Kenya, participates in the Open Tender System (OTS). Oil-marketing companies are legally required to import petroleum products through the OTS, that is centrally coordinated by the Ministry of Energy. This legal notice is governed by the OTS agreements signed between all Kenyan licensed oil marketers. Vivo Energy Kenya Ltd does not only participate in this process but also purchases from the suppliers and sells the petroleum products through the OTS to other oil marketing companies. Related revenues are recognised at the fair value of the consideration received or receivable once Vivo Energy Kenya Ltd has transferred the goods to the customer and fulfilled its performance obligation.

Vivo Energy Supply B.V. was established to consolidate functional activities across the operating units and leverage economics of scale by streamlining sourcing and procurement across markets. Vivo Energy Supply B.V. purchases product from Vitol and third party suppliers and provides products to the Group's operating units and external customers. The contractual responsibility of Vivo Energy Supply B.V. is to provide goods to the customer. The contractual performance obligation is satisfied upon delivery of goods to the customer based on the incoterms. Revenue is recognised once the performance obligation has been fulfilled and presented on a gross basis as Vivo Energy Supply B.V. acts as a principal in the supply of its products.

For sales of services, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions. The transaction price is allocated to the performance obligations identified in the contract. The revenue from services are recognised over a period of time as the performance obligations are met. Rental income is accounted for in revenue and recognised over the duration of the rental contract.

The Group recognises an asset for the incremental costs of obtaining a contract with a customer if the Group expects the benefit of those costs to exceed one year. The Group has determined that certain sales incentive programmes meet the requirements to be capitalised.

The Group applies a practical expedient to expense costs as incurred for costs to obtain a contract when the amortisation period would have been one year or less.

### 2.7 Finance income and expense

Finance income and expense are recognised in the income statement using the effective interest rate method. All finance costs are recognised in the periods in which they are incurred.

### 2.8 Consolidated statement of comprehensive income presentation

Cost of sales reflects all costs relating to the revenue recognised, including depreciation costs. Selling and marketing costs reflect the marketing, selling costs, depreciation and amortisation costs. The general and administrative costs reflect all central and corporate costs, including employee and depreciation costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 2.9 Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the various classes of assets and commences when the asset is ready for use. Land and construction-in-progress are not depreciated.

The following depreciation rates are applied for the Group:

- Buildings: 20 – 50 years
- Machinery and other equipment: 4 – 25 years

Major improvements are capitalised when they are expected to provide future economic benefit. When significant components of property, plant and equipment are required to be replaced at regular intervals, the Group derecognises the replaced part and recognises the new part with its own associated useful life and depreciation. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income as incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of property, plant and equipment is included in the consolidated statements of comprehensive income when the item is derecognised.

Each asset's estimated useful life, residual value and method of depreciation are reviewed and adjusted, if appropriate, at each year-end.

### 2.10 Intangible assets

#### Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquirer's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

For goodwill recognised in the consolidated statements of financial position, impairment reviews are undertaken annually, once goodwill has been allocated to CGUs, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU to which goodwill is allocated is compared to the recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### Shell Licence Agreements ('Licences')

The Licences acquired grant the Company the exclusive right to distribute and market Shell-branded products in the relevant countries. The Licences are recognised at their fair value at the acquisition date and are carried forward at cost less accumulated amortisation calculated using the straight-line method over the expected useful life of 15 years. The Licences expire in December 2031.

#### Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products that are controlled by the Group, and where it is probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged on a straight-line basis over their estimated useful lives of three to ten years. As at 31 December 2022, internally developed software relating to the ERP system has a remaining useful life of seven years.

#### Other intangible assets

Other intangible assets include Butagaz brand, LPG retail distributor relationships and Commercial LPG customer relationships recognised at their fair value allocated at acquisition date are subsequently measured at carrying amount less accumulated amortisation calculated using the straight-line method over the expected useful life of 10 to 15 years. The VEOHL business acquisition in 2019 attributed additional intangible assets recognised through application of IFRS 3 'Business Combinations'. These intangible assets relate to customer relationships and the use of the Engen brand with useful lives of between 10 to 15 years.

### 2.11 Impairment of non-financial assets

At least annually, the Group reviews the carrying amount of tangible and intangible assets with finite lives to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing its value in use or fair value less cost of disposal, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax or post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

A corresponding impairment loss is recognised in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Any impairment reversal is recognised in the consolidated statements of comprehensive income.

### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct purchase costs (including transportation), cost of production, manufacturing and taxes, and is determined using the weighted average cost method.

### 2.13 Other government benefits receivable

Other assets include other government benefits receivable that reflect subsidies received from national governments for fuel sold as part of the Group's ordinary course of business.

The following types of compensation are applicable to the Group:

– Amounts due from/to the government for oil purchased at higher/lower prices than the price set by the local authority. Where the oil purchasing price paid by the Group is higher than the price set by the local authorities, a receivable due from the government is recognised by the Group to compensate for the higher price paid. Similarly, if the purchasing price of oil is lower than the set price, a liability towards the government is recognised. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2022, this relates to Vivo Energy Botswana, Guinea, Gabon, Kenya, Madagascar, Morocco, Mozambique and Senegal.
– Amounts due from/to the government for transport costs incurred to encourage marketers to distribute products to remote areas of the country. The government has introduced a pricing mechanism whereby if the Group only delivers to local areas, then a liability requiring payment to the government will be recognised. If the Group delivers to remote areas then a receivable owing from the government will be due. If collections/payments are expected in one year or less, the receivable/liability are classified as current assets/current liabilities. If not, they are presented as non-current assets/non-current liabilities. As at 31 December 2022, this relates to Vivo Energy Botswana, Guinea, Morocco and Senegal.

The origination of these receivables arises from legal rights based on government schemes of taxation and subsidies and not from any contractual agreements. As such, they are not considered as financial instruments within the scope of IFRS 9 'Financial Instruments' and are accounted for under IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Other government benefits receivable are recognised initially at fair value, which represents the difference between the market value if sold at arm's length and the price set by the government. The subsidy is accrued to match the associated cost to which the compensation has been granted. Initial recognition and any subsequent adjustments are recognised within cost of sales in the consolidated statement of comprehensive income.

If a receivable is recognised as owing from the government and there is risk over the recoverability of that asset, then a provision for impairment will be recognised.

Where the Group enters into factoring arrangements it transfers and derecognises other government receivables if either:

– The Group has transferred substantially all the risks and rewards of ownership of the asset; or
– The Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset and no longer retains control of the asset.

Under the continuing involvement approach, the Group continues to recognise part of the asset. The amount of the asset that continues to be recognised is the maximum amount of the Group's exposure to that particular asset or its previous carrying amount, if lower.

### 2.14 Financial instruments

Financial instruments consist of:

– Financial assets, which include cash and cash equivalents, trade receivables, lease receivables, employee and other advances, equity investments and derivative financial instruments and eligible current and non-current assets; and
– Financial liabilities, which include long-term and short-term loans and borrowings, bank overdrafts, trade payables, lease liabilities, derivative financial instruments and eligible current and non-current liabilities.

Financial instruments are recognised initially at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Group has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition, financial instruments are measured as described below.

#### Financial instruments measured at amortised cost

Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method:

– They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
– The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified as measured at amortised cost:

#### Cash and cash equivalents

Cash and cash equivalents, on the statement of financial position and for the purpose of the cash flow statement, includes cash on hand, in banks, placements held at call with banks and other short-term highly-liquid investments with maturities of three months or less. Where the Group does not have the right to offset, bank overdrafts are shown as borrowings in current liabilities on the consolidated statement of financial position.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 2.14 Financial instruments (continued)

#### Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group may obtain security for certain trade receivables in the form of cash deposit, bank guarantees, credit insurance and assets securities, which can be called upon if the counterparty is in default under the terms of the agreement.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Where trade finance facilities are used to extend payment terms, these facilities are presented as short-term borrowings in the consolidated statement of financial position. Trade payables are measured at amortised cost and the fair value approximates the carrying amount.

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income, over the period of the borrowings, using the effective interest method.

#### Other assets and other liabilities

Other assets such as employee loans, brand promotion fund receivables, customer deposits and other liabilities are measured at amortised cost using the effective interest rate method.

#### Equity investments at fair value through other comprehensive income (FVTOCI)

For equity investments not held for trading, the Group elected to present subsequent changes in the investment's fair value in other comprehensive income. The Group subsequently measures these assets at fair value with fair value gains and losses recognised in other comprehensive income and never reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the Group's right to receive payment is established.

#### Financial instruments measured at fair value through profit or loss (FVTPL)

Instruments that are not measured at amortised cost or FVTOCI are measured at FVTPL. These instruments are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The gain or loss on disposal is recognised in profit or loss. Financial instruments at FVTPL include derivative financial instruments.

#### Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Group limits the effect of foreign exchange availability and rate fluctuations by following the established risk management policies including the use of derivatives. The Group enters into derivative contracts where the counterparty is primarily a bank.

Derivative financial instruments are initially recognised and subsequently measured at fair value. Attributable transaction costs are recognised in profit or loss as a cost.

Changes in fair value of foreign currency derivative instruments neither designated as cash flow hedges nor hedges of net investment in foreign operations are recognised in profit or loss and reported within foreign exchange gains, net within results from operating activities.

Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedges, are recorded in finance expense. Changes in fair value and gains or losses on the settlement of foreign currency derivative financial instruments relating to operational transactions, which have not been designated as hedges, are recorded in other income.

#### Net investment hedges

When a derivative is designated as the hedging instrument in a hedge of a net investment in a foreign operation, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and presented in currency translation reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

### 2.15 Impairment of financial assets

The Group applies the expected credit loss (ECL) model for recognising impairment losses on financial assets measured at amortised cost. The ECL is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using the effective interest rate.

Loss allowance for financial assets other than trade receivables are measured at the amount equal to 12 months' ECL, as they are considered low risk, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. Since the contractual terms for most of the Group's financial assets are typically less than 12 months, there is no significant difference between the measurement of 12 months' and lifetime ECL.

For trade receivables, a simplified impairment approach is applied and the ECL is measured at the amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. Lifetime ECL for trade receivables is computed by taking into account historical credit loss experience adjusted for forward-looking information. Experienced credit judgement is applied to ensure that the weighted probabilities of default are reflective of the credit risk associated with the Group's exposure.

The measurement of the ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). The ECL is based on the historical impairment data, of trade receivables, grouped into various age categories and geographical location. The impact of forward-looking macroeconomic factors on the expected credit losses are taken into account in the impairment data used for the ECL model. The Group considers there to be a high magnitude of exposure on default of debt, when the counterparty fails to engage in an acceptable repayment plan or fails to make contractual payments, for a period greater than 180 days past due. The majority of the Group's ECL provision is made up of trade receivables over 180 days. There is no impairment consideration for overdue amounts that are secured with highly liquid collateral. Security held on trade receivables does not have a significant impact on the risk of trade receivables.

Financial assets, including loans to joint ventures, are considered to be impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes but is not limited to: observable data at the reporting date that confirms potential future impairment such as severe financial difficulty of a counterparty; probability that a counterparty will enter bankruptcy; a contract breach; disappearance of an active market for a counterparty's products; concession being granted to a counterparty for economic or contractual reasons due to a financial difficulty that would not otherwise be considered; and other financial reorganisation of a counterparty's business. At the reporting date, any significant change in credit risk arising from these factors results in an adjustment of default probabilities. Where the Group has no reasonable expectation of recovering the debt, for example where all legal avenues for collection of amounts due have been exhausted, the debt (or relevant portion) is written off.

### 2.16 Share capital

Ordinary shares are classified as equity. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

### 2.17 Non-controlling interest

Non-controlling interests in the Group's equity are stated at the non-controlling interest's proportionate share of the net assets and liabilities of the companies concerned.

### 2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. The Company recognises the interim dividend in the period in which it is paid.

### 2.19 Share-based payments

Prior to delisting, the Group issued equity-settled and cash-settled share-based payments to employees via shares and share option plans.

#### Equity-settled share-based payments

Equity-settled share-based payments arising from the Long-Term Incentive Plan (LTIP), the IPO Share Award Plan and the Restricted Share Award Plan are measured at fair value (excluding the effect of non-market vesting conditions) at grant date. The fair value determined at grant date is recognised over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market vesting conditions. A corresponding increase in other reserves is also recognised in equity.

#### Cash-settled share-based payments

Cash-settled share-based payments arising from the Vivo Energy Management Equity Plan are recognised as an expense over the vesting period, measured by reference to the fair value of the corresponding liability which is recognised in the consolidated statements of financial position. The liability is measured at fair value at each reporting date until settlement, with changes in fair value recognised in the consolidated statement of comprehensive income.

### 2.20 Leases

Leases are included in right-of-use (ROU) assets and lease liabilities on the Group's consolidated statement of financial position.

ROU assets and lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Group uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The ROU assets also include any lease payments made at or before the commencement date, any initial direct costs incurred and less any lease incentives. The ROU assets acquired under IFRS 16 'Leases' are depreciated on a straight-line basis over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The measurement of the lease liability may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. After the initial measurement at commencement, the carrying amount of the lease liability is increased by interest on the lease liability, reduced by lease payments made and re-measured to reflect any reassessment or lease modifications. Interest on the lease liability is computed based on the initial discount rate used to compute the lease liability at commencement (or if applicable a revised discount rate used in a modification or re-measurement) to produce a constant period rate of interest on the remaining balance of the lease liability.

Lease agreements including a lease and non-lease component are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group will account for them as a single lease component. Additionally, the Group applies a portfolio approach to effectively account for the ROU assets and liabilities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 2.21 Provisions

Provisions are liabilities of uncertain timing or amounts. Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past events, that will result in a probable outflow of economic resources, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance expense.

#### Compulsory stock provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. The compulsory stock provision relates to amounts due to the oil market regulator in Morocco for cash received to fund the compulsory stock obligation (CSO). The cash received up to 1997 was based on the CSO levels and the government regulated oil price at that time. The amount received has been agreed with the Government and is classified as a non-current liability in 'Other liabilities' in the consolidated statement of financial position.

The fuel market in Morocco has been deregulated since 1 December 2015 and the LPG market continues to be regulated. Due to the uncertainty on the value at which the CSO will be settled, a provision for the fluctuations in the purchase price of products has been recognised. The provision relates to the difference between the cash received up to 1997, to purchase stocks for the CSO, and the oil price at the end of November 2015 and the LPG price to date. As at 31 December 2022, the Moroccan government has not indicated a repayment date for the compulsory stock obligation.

#### Legal and other provisions

Legal and other provisions include provisions for environmental restoration, restructuring costs and legal claims. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

### 2.22 Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

#### Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Full actuarial valuation was performed for all the defined benefit plans. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current and past service costs are recognised immediately in profit or loss. Net finance expense/income will be calculated as the product of the net defined liability/asset and the discount rate as determined at the beginning of the year and is included in net finance expense in the statement of comprehensive income.

#### Defined benefit scheme characteristics and funding

The Group operates multiple post-employment defined benefit schemes for its employees in half of its operating countries. The multiple pension schemes provide the employees with a pension or lump sum retirement benefit where the exact pension payments on retirement differ per scheme. For some operating companies (mainly Ghana and Namibia) there is an additional post-employment health scheme.

The Group's funded plans relate to the pension schemes in Mauritius and Gabon. The funded plans are legally separate from the Group and administered by a separate fund and comply with local regulatory and legal requirements.

The schemes are exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high-quality corporate bonds) against the return from plan assets. If plan assets underperform against the yield then this will create a deficit;
- Interest rate risk: decreases/increases in the discount rate used (high-quality corporate bonds) will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

The Group acknowledges that the recognition of a pension scheme surplus depends on the interpretation of the wording of the pension scheme rules and the relevant accounting standard.

The Group has adopted the provisions of IFRIC 14 when assessing a pension scheme in surplus. A restriction has been applied to the balance sheet, and the net surplus recognised on the balance sheet has been restricted to nil.

### Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions' and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## 2.23 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken or intended to be taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It accounts for uncertain tax positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. The criteria considered when recognising deferred income tax assets includes:

- The existence of taxable temporary differences that relate to the same taxation authority and same taxable entity; and
- The expected future taxable profits and tax planning opportunities. In case of a history of recent losses, it has been considered whether other convincing evidence is available to support the recognition of the deferred income tax assets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### Market risk

#### Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk. Group Treasury is required to approve all hedging plans before execution. The Group has a number of natural hedges in place, where the timing of foreign currency payments is matched with the receipts in a similar currency. Forward contracts are used to manage the foreign exchange risk arising from future obligations.

Foreign currency exposure on the consolidated net monetary position is $345m (2021: $254m). Other monetary balances in other currencies are not material. If the non-US dollar held currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been $35m (2021: $25m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of non-US dollar denominated receivables and payables. Due to the liquidity constraints in Kenya during the year, Vivo Energy Kenya Ltd had to enter into material foreign exchange (USD) borrowings and swaps that remain outstanding at year-end.

#### Price risk

The Group generally seeks to manage its exposure to commodity price risk through careful inventory management and as at 31 December 2022 the Group was not significantly exposed to commodity price risk. In regulated markets, the Group has no price exposure as long as the sale of the inventory is matching the timing of the price structures updates, however, in unregulated markets, such as Marine and Aviation, the Group may be exposed to price changes in the short term if inventory is not carefully managed.

In Botswana, Gabon, Guinea, Kenya, Madagascar, Morocco (for butane only), Mozambique and Senegal, the Group is financially compensated by the local government for the effect of these price restrictions. For some countries the transport costs are subsidised. For further information see note 15.

The Group does not hold equity securities for trading and is, therefore, not exposed to equity price risk.

#### Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. It is Group policy to have short-term loan facilities at floating rate and medium-to long-term facilities at floating or fixed rate. Additionally, the Group has short-term overdraft facilities which carry a fixed interest rate exposing the Group to fair value interest rate risk. However, given that the rate is fixed for a short period of time, and that these facilities' terms are subject to renegotiation, should the interest rate move, the exposure is minimal. Long-term borrowings mainly consist of notes at a fixed interest rate which exposes the Group to fair value interest rate risk, and a Bridge loan at a floating interest rate which exposes the Group to cash flow interest rate risk (refer to note 21).

#### Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. At reporting date, the Group noted no significant concentrations of credit risk to individual customers or counterparties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

All external customers must have their identity checked and credit worthiness assessed and approved prior to the signing of a binding agreement or contract. Credit worthiness is assessed for all customers based on commercial data, but also considers financial data when a credit limit exceeds $15,000 for Retail and $100,000 for Commercial. The utilisation of credit limits is regularly monitored and checks performed on outstanding debt at regular intervals. Where the environment allows, security (bank guarantees) will be taken to secure the Group's exposure. For banks and financial institutions, management of the operating entity are responsible for making the short-term placements with the banks after approval from Group Treasury.

The investment policy is based in order of importance on security, liquidity and yield. Management will assess the counterparty risks of the third party based on financial strength, quality of management, ownership structure, regulatory environment and overall diversification. Group Treasury is required to approve all investment decisions to ensure they are made in line with the Group's credit policies. The Group has provided secured loans to individual employees (note 15).

In Morocco customer receivables to the amount of $18m (2021: $17m) were assigned to a factoring subsidiary of a commercial bank; the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to six months' maximum of interest. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of $0.3m (2021: $0.3m) was recognised. In addition, other government benefits receivable to the amount of $144m (2021: $99m) were assigned to a local commercial bank, the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to 6.5 months' maximum of interest. A continuous involvement liability of $1.2m (2021: $1.6m) was recognised. The Group considers that the held-to-collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. The Group has arrived at this conclusion because the factoring of the Group's B2B receivables before maturing is done on an infrequent basis.

The Group's cash and cash equivalent balances are primarily held at banks with strong credit ratings where the exposure to credit risk is considered to be limited. The extent to which the Group's cash and cash equivalent balances are held at banks where there is considered to be an exposure to credit risk is set out below:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Credit rating | US$ million | Credit rating | US$ million |
| **Banks** | | | | |
| Bank 1 | Ba1 | 33 | Ba1 | 97 |
| Bank 2 | A+ | 28 | A+ | 38 |
| Bank 3 | B | 28 | B2 | 31 |

## Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the cyclical nature of the underlying businesses, the Directors aim to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by Group policies. Where short-term liquidity is needed, the operating entities organise short-term facilities to cover the deficit which have to be authorised by Group Treasury.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | | | | | | 31 December 2022 |
|---|---|---|---|---|---|---|
| **US$ million** | **Less than 3 months** | **Between 3 months and 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total** |
| Borrowings | 527 | 111 | 635 | 407 | – | **1,680** |
| Trade payables | 1,603 | 84 | – | – | – | **1,687** |
| Lease liabilities | 7 | 33 | 37 | 76 | 122 | **275** |
| Other financial liabilities | 10 | 1 | – | – | – | **11** |
| Other liabilities[1] | 31 | 27 | 18 | 2 | 146 | **224** |
| **Total** | **2,178** | **256** | **690** | **485** | **268** | **3,877** |

1 Other liabilities (note 24) exclude the elements that do not qualify as financial instruments.

| | | | | | | 31 December 2021 |
|---|---|---|---|---|---|---|
| **US$ million** | **Less than 3 months** | **Between 3 months and 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total** |
| Borrowings | 278 | 13 | 22 | 60 | 368 | **741** |
| Trade payables | 1,375 | 59 | – | – | – | **1,434** |
| Lease liabilities | 7 | 32 | 32 | 66 | 106 | **243** |
| Other liabilities[1] | 28 | 23 | 18 | 2 | 144 | **215** |
| **Total** | **1,688** | **127** | **72** | **128** | **618** | **2,633** |

1 Other liabilities (note 24) exclude the elements that do not qualify as financial instruments.

## Net investment hedge

On 24 September 2020, the Group issued $350m notes (refer to note 21). The Group entered into a fixed-fixed cross-currency swap to exchange $150m US dollar denominated bonds to Euro (EUR). The cross-currency swap has a maturity of three years and was designated as the hedging instrument of the net investment hedge described below.

Foreign currency exposure arises from the Group's net investment in its several subsidiaries that have the Cape Verde Escudo (CVE) and the CFA Franc BCEAO (XOF) as functional currencies that are 100% pegged to the EUR. Therefore, the risk arises from fluctuation in spot exchange rates between these currencies (or the EUR) and the US dollar, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a variation in the CVE and the XOF currencies (or the EUR) against the US dollar which will result in a variation in the carrying amount of the Group's net investment in these foreign operations. The Group has hedged its net investment in subsidiaries with EUR pegged functional currencies.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the hedging instrument that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the dollar offset method).

An economic relationship between the hedged item and hedging instrument exists given that their fair values move in the opposite direction of the same risk, which is the hedged risk. The impact of currency basis spreads and forward elements are excluded from the assessment of hedge effectiveness and are recognised in OCI as cost of hedging reserve. Hedge ineffectiveness would arise to the extent that the net assets of the foreign operations fell below the designated amount of the hedging instrument and due to any inefficiency in the currency markets.

## 3. FINANCIAL RISK MANAGEMENT CONTINUED

### 3.1 Financial risk factors (continued)

The amounts related to items designated as hedging instruments in the statement of financial position and the statement of comprehensive income were as follows:

| | | | | 31 December 2022 |
|---|---|---|---|---|
| | | Carrying amount | | |
| US$ million | Nominal amount | Assets | Liabilities | Line item in the statement of financial position where the hedging instrument is included |
| Cross-currency swap | 150 | 14 | – | Other financial assets |
| | Change in value used for calculating hedge | Change in value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss that includes hedge ineffectiveness |
| Cross-currency swap | 9 | 8 | – | Not applicable |

| | | | | 31 December 2021 |
|---|---|---|---|---|
| | | Carrying amount | | |
| US$ million | Nominal amount | Assets | Liabilities | Line item in the statement of financial position where the hedging instrument is included |
| Cross-currency swap | 150 | 5 | – | Other financial assets |
| | Change in value used for calculating hedge | Change in value of hedging instrument recognised in OCI | Hedge ineffectiveness recognised in profit or loss | Line item in profit or loss that includes hedge ineffectiveness |
| Cross-currency swap | 12 | 12 | – | Not applicable |

### 3.2 Capital management

The Group's capital management objective is to maintain a commercially sound consolidated statements of financial position with the aim of maximising the net cash return to the shareholders, while maintaining a level of capitalisation that is commercially defensible and which leads to an effective and optimised working capital structure.

Liquidity and capital resources are monitored through a review of the Group's net debt position, leverage ratio and available short-term capital resources. Net debt is calculated as total borrowings and lease liabilities (including current and non-current borrowings and lease liabilities as shown in the consolidated statements of financial position) less cash and cash equivalents. The leverage ratio is calculated as net debt divided by adjusted EBITDA. For details related to key covenants refer to note 21.

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Long-term debt and RCF (note 21) | 1,016 | 349 |
| Lease liabilities (note 25) | 183 | 161 |
| **Total debt excluding short-term bank borrowings** | **1,199** | **510** |
| Short-term bank borrowings (note 21) | 513 | 280 |
| Less: cash and cash equivalents (note 18) | (500) | (587) |
| **Net debt** | **1,212** | **203** |

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Net debt | 1,212 | 203 |
| Adjusted EBITDA[1] (note 6) | 470 | 447 |
| **Leverage ratio[1]** | **2.58x** | **0.45x** |

1 For the description and reconciliation of non-GAAP measures refer to pages 16 and 17.

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Cash and cash equivalents | 500 | 587 |
| Available undrawn credit facilities[1] | 1,614 | 1,471 |
| **Available short-term capital resources** | **2,114** | **2,058** |

1 Of which $1,407m (2021: $1,171m) are uncommitted facilities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure sound capital management.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### 4.1 Accounting judgements

In the process of applying the Group's accounting policies, no judgements have been made that would have a significant effect on the amounts recognised in the consolidated financial statements, other than those involving estimates.

### 4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are as follows:

#### Government-related assets and liabilities

The Group has various assets from and liabilities to governments and authorities with respect to government benefits receivable as well as for taxes and duties. The Group constantly assesses underlying inherent risks and assumptions and as a consequence related accounting estimates are determined and adjustments are made to the carrying amounts of those assets and liabilities, where necessary. Management has applied judgement in determining the timing of recovery of the government benefits receivable which extend past 12 months. A key element is the recoverability of government benefits receivable; this is considered in note 15. The recoverability assessment takes into account the stability of the macroeconomic and political environment, credit risks including relevant policy changes and governments' track records in settling debts as well as the ageing of the outstanding amounts and government confirmations on outstanding balances.

#### Tax positions

The Group operates across many tax jurisdictions and the interpretation and application of tax law can be complex and requires judgement to assess the risk and estimate the potential outcomes. These outcomes can vary significantly from what has been provided. The Group recognises many individually immaterial provisions with a cumulative amount totalling $17m related to income tax and $32m related to indirect and other tax matters recorded in other assets, other liabilities and provisions. These are recorded for the amount that is expected to be settled where this can be reasonably estimated. This reflects management's assessment of the expected value of such risks based on a multiple scenario outcome and likelihood. Factors considered include the status of recent current tax audits and enquiries; the results of previous claims; the transfer pricing policies of the Group and any changes to the relevant tax environments. The timing of the resolution of the risks is uncertain and may take many years, however, it is expected to be within the next five years.

## 5. SEGMENT REPORTING

The Group operates under three reportable segments: Retail, Commercial and Lubricants.

**Retail segment** – Retail fuel is aggregated with Non-fuel revenue. Both operating streams derive revenue from Retail customers who visit our Retail sites. Retail fuel and Non-fuel revenues are aggregated as the segments are managed as one unit and have similar customers. The economic indicators that have been addressed in determining that the aggregated segments have similar economic characteristics are that they have similar expected future financial performance and similar operating and competitive risks.

**Commercial segment** – Commercial fuel, LPG, Aviation and Marine are aggregated in the Commercial segment as the operating segments derive revenues from Commercial customers. The segments have similar economic characteristics. The economic indicators that have been addressed are the long-term growth and average long-term gross margin percentage.

**Lubricants segment** – Retail, B2C, B2B and Export Lubricants are the remaining operating segments. Since these operating segments meet the majority of aggregation criteria, they are aggregated in the Lubricants segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Directors monitor the operating results of business units separately for the purpose of making decisions about resource allocation, segment performance assessment and interacting with segment managers.

The following tables present revenues and profit information regarding the Group's operating segments:

| | | | | 2022 |
|---|---|---|---|---|
| **US$ million** | **Retail** | **Commercial** | **Lubricants** | **Consolidated** |
| Revenue from external customers | 7,057 | 3,434 | 478 | **10,969** |
| Gross profit | 435 | 210 | 87 | **732** |
| Add back: depreciation and amortisation | 54 | 27 | 4 | **85** |
| Gross cash profit | 489 | 237 | 91 | **817** |
| Adjusted EBITDA[1] | 249 | 151 | 70 | **470** |

1 Refer to note 6 for the reconciliation to EBIT.

| | | | | 2021 |
|---|---|---|---|---|
| **US$ million** | **Retail** | **Commercial** | **Lubricants** | **Consolidated** |
| Revenue from external customers | 5,516 | 2,487 | 455 | **8,458** |
| Gross profit | 436 | 168 | 89 | **693** |
| Add back: depreciation and amortisation | 54 | 26 | 4 | **84** |
| Gross cash profit | 490 | 194 | 93 | **777** |
| Adjusted EBITDA[1] | 259 | 116 | 72 | **447** |

1 Refer to note 6 for the reconciliation to EBIT.

| **US$ million** | **2022** | **2021** |
|---|---|---|
| **Share of profit of joint ventures and associates included in segment EBITDA** | | |
| Lubricants | 11 | 15 |
| Retail | 11 | 6 |
| Commercial | 5 | 6 |
| **Total** | **27** | **27** |

The amount of revenues from external customers by location of the customers is shown in the table below.

| **US$ million** | **2022** | **2021** |
|---|---|---|
| **Revenue from external customers by principal country** | | |
| Morocco | 1,837 | 1,441 |
| Kenya | 1,790 | 1,411 |
| Senegal | 881 | 727 |
| Other | 6,461 | 4,879 |
| **Total** | **10,969** | **8,458** |

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Non-current assets by principal country (excluding deferred tax)** | | |
| Morocco | 250 | 257 |
| The Netherlands | 230 | 246 |
| Kenya | 137 | 157 |
| Other | 1,148 | 1,070 |
| **Total** | **1,765** | **1,730** |

## 6. RECONCILIATION OF NON-GAAP MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exclusion of certain items (special items) from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures, as well as the exclusion of special items, provides users with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and are used in determining senior management remuneration.

| US$ million | 2022 | 2021 |
|---|---|---|
| **EBT** | **208** | **253** |
| Finance expense – net | 87 | 59 |
| **EBIT** | **295** | **312** |
| Depreciation, amortisation and impairment | 132 | 130 |
| **EBITDA** | **427** | **442** |
| **Adjustments to EBITDA related to special items:** | | |
| IPO[1] and Vitol Offer related expenses[2] | 35 | 4 |
| Impairment of other government benefits receivable[3] | 7 | – |
| Hyperinflation[4] | 1 | – |
| Management Equity Plan[5] | – | 1 |
| **Adjusted EBITDA** | **470** | **447** |

| US$ million | 2022 | 2021 |
|---|---|---|
| **Net income** | **105** | **152** |
| **Adjustments to net income related to special items:** | | |
| IPO[1] and Vitol Offer related expenses[2] | 43 | 4 |
| Impairment of other government benefits receivable[3] | 7 | – |
| Hyperinflation[4] | 1 | – |
| Management Equity Plan[5] | – | 1 |
| Tax on special items | (2) | – |
| **Adjusted net income** | **154** | **157** |

1 IPO related items in 2021 concern the IPO share awards which are accrued for over the vesting period.

2 These expenses are related to the Vitol Offer transaction, Bridge loan financing and other acquisitions, and are treated as special items as they do not form part of the core operational business activities and performance.

3 The Group has recognised an impairment of other government benefits receivable as a result of an expected retrospective price structure change by certain governments to finance their outstanding debt. Such retrospective changes of existing price structures are not representative of the core operational business activities and performance for the period and are, therefore, treated as special items.

4 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

5 The Management Equity Plan vested at IPO in May 2018 and was exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

## 7. GENERAL AND ADMINISTRATIVE COST

### Employee benefits

| US$ million | 2022 | 2021 |
|---|---|---|
| Wages, salaries and other employee benefits | 179 | 179 |
| Restructuring, severance and other involuntary termination costs | 4 | 5 |
| Retirement benefits | 10 | 10 |
| Share-based payment expense | 3 | 5 |
| | **196** | **199** |

Included in the employee benefit expense for the year ended 31 December 2022 was social security expense of $1m (2021: $1m) and other pension costs relating to employees employed in the UK. Refer to note 3 in the Company financial statements.

Employee benefits have been charged in:

| US$ million | 2022 | 2021 |
|---|---|---|
| General and administrative cost | 110 | 111 |
| Selling and marketing cost | 49 | 49 |
| Cost of sales | 37 | 39 |
| | **196** | **199** |

The monthly average number of full-time equivalent employees was as follows:

| | 2022 | 2021 |
|---|---|---|
| Sales and distribution | 1,951 | 1,945 |
| Administration and support | 827 | 822 |
| | **2,778** | **2,767** |

### Depreciation and amortisation

Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets have been charged in:

| US$ million | 2022 | 2021 |
|---|---|---|
| Cost of sales | 85 | 84 |
| Selling and marketing cost | 33 | 32 |
| General and administrative cost | 14 | 14 |
| | **132** | **130** |

### Audit fees

| US$'000 | 2022 | 2021 |
|---|---|---|
| Parent company and consolidated financial statements | 1,101 | 1,463 |
| Subsidiaries | 1,537 | 1,218 |
| **Audit fees** | **2,638** | **2,681** |
| Audit-related fees[1] | 424 | 377 |
| Other assurance services[2] | 332 | 19 |
| **Other fees total** | **756** | **396** |
| **Total fees** | **3,394** | **3,077** |

1 Audit-related fees relate to interim financial statements reviews.

2 Other assurance services relate mainly to comfort letter procedures in respect to note issuance and volume certificates to support brand royalty expenses.

## 8. FINANCE INCOME AND EXPENSE

| US$ million | 2022 | 2021 |
|---|---|---|
| **Finance expense** | | |
| Interest on bank and other borrowings and on lease liabilities[1] | (56) | (41) |
| Interest on long-term debt including amortisation of set-up fees | (28) | (20) |
| Accretion expense net defined benefit liability | (2) | (2) |
| Foreign exchange loss | (8) | (1) |
| Other | (4) | (4) |
| | **(98)** | **(68)** |
| **Finance income** | | |
| Interest from cash and cash equivalents | 11 | 9 |
| | **11** | **9** |
| **Finance expense – net** | **(87)** | **(59)** |

1 Includes an amount of $17m (2021: $16m) finance expense for leases in respect to IFRS 16 'Leases'.

## 9. INCOME TAXES

### Current income taxes

Analysis of income tax expense:

| US$ million | 2022 | 2021 |
|---|---|---|
| **Current tax** | | |
| Current income tax | (104) | (102) |
| Current income tax prior years | (2) | – |
| | **(106)** | **(102)** |
| **Deferred tax** | | |
| Deferred income tax | 1 | 2 |
| Deferred income tax prior years | 2 | (1) |
| | **3** | **1** |
| **Income tax expense** | **(103)** | **(101)** |

## 9. INCOME TAXES CONTINUED

The reconciliation of income taxes, computed at the statutory tax rate, to income tax expense was as follows:

| US$ million | 2022 | 2021 |
|---|---|---|
| EBT | 208 | 253 |
| Statutory tax rate | 19% | 19% |
| Income tax expense at statutory tax rate | (40) | (48) |
| Increase/(decrease) resulting from: | | |
| Impact of tax rates in foreign jurisdictions | (21) | (24) |
| Income not subject to tax | 11 | 10 |
| Expenses not tax deductible | (13) | (10) |
| Non-recognition of tax benefits in relation to current period tax losses or temporary differences | (7) | (8) |
| Withholding tax | (28) | (18) |
| Other[1] | (5) | (3) |
| **Income tax expense** | **(103)** | **(101)** |
| **Effective tax rate** | **49%** | **40%** |

1 Amongst others, includes movements related to uncertain tax positions.

### Deferred income taxes

The significant components of the Company's recognised deferred income tax assets and liabilities were as follows:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| US$ million | Asset | Liability | Asset | Liability |
| Property, plant and equipment | 1 | (38) | 1 | (36) |
| Intangible assets | – | (15) | – | (18) |
| Retirement benefits | 9 | (1) | 10 | (1) |
| Provisions | 14 | – | 13 | – |
| Withholding taxes | – | (21) | – | (14) |
| Tax losses carried forward[1] | 7 | – | 5 | – |
| Other | 85 | (66) | 73 | (62) |
| | **116** | **(141)** | **102** | **(131)** |
| Offsetting of balances | (55) | 55 | (44) | 44 |
| **Total** | **61** | **(86)** | **58** | **(87)** |

1 The recognised deferred tax asset relates to $2m (2021: $2m) tax losses which is supported by expected future taxable profits.

The changes in the net deferred income tax assets and liabilities were as follows:

| US$ million | 2022 | 2021 |
|---|---|---|
| **Balance at the beginning of year, net** | (29) | (26) |
| In profit | 3 | 1 |
| In other comprehensive income | – | (1) |
| Other | (4) | (1) |
| Foreign exchange differences | 5 | (2) |
| | **(25)** | **(29)** |

Unrecognised deferred tax assets relate to carry forward losses of $120m (2021: $107m) and tax credit carry forwards of $19m (2021: $15m). Of the unrecognised carry forward losses $6m will expire at the end of 2024, $13m at the end of 2025, $16m at the end of 2026 and $85m at the end of 2027 or later.

The unrecognised taxable temporary differences associated with undistributed retained earnings of investments in subsidiaries, joint ventures and associates amounts to $27m (2021: $29m).

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework and the UK has announced the intention to bring these into effect from 2024. While the overarching framework has been published, the Group is awaiting the final legislation and detailed guidance to assess its full implications. No current or deferred tax was recognised, as the respective laws are not yet substantively enacted.

## 10. PROPERTY, PLANT AND EQUIPMENT

| US$ million | Land | Buildings | Machinery and other equipment | Construction in progress | Total |
|---|---|---|---|---|---|
| | | | | | 2022 |
| **Cost at 1 January 2022** | **63** | **383** | **719** | **104** | **1,269** |
| Additions | 3 | 29 | 30 | 95 | **157** |
| Disposals | (3) | (4) | (25) | – | **(32)** |
| Transfers | 1 | 34 | 78 | (113) | **–** |
| Foreign exchange differences[1] | (5) | (37) | (67) | (9) | **(118)** |
| **Cost at 31 December 2022** | **59** | **405** | **735** | **77** | **1,276** |
| | | | | | |
| **Accumulated depreciation at 1 January 2022** | **–** | **(86)** | **(245)** | **–** | **(331)** |
| Depreciation | – | (24) | (60) | – | **(84)** |
| Disposals | – | 4 | 24 | – | **28** |
| Foreign exchange differences[1] | – | 8 | 23 | – | **31** |
| **Accumulated depreciation at 31 December 2022** | **–** | **(98)** | **(258)** | **–** | **(356)** |
| **Net carrying value at 31 December 2022** | **59** | **307** | **477** | **77** | **920** |

1 Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.5.

| US$ million | Land | Buildings | Machinery and other equipment | Construction in progress | Total |
|---|---|---|---|---|---|
| | | | | | 2021 |
| **Cost at 1 January 2021** | **52** | **339** | **642** | **116** | **1,149** |
| Additions | 11 | 14 | 30 | 105 | **160** |
| Disposals | – | (1) | (4) | – | **(5)** |
| Transfers | 2 | 41 | 70 | (113) | **–** |
| Foreign exchange differences[1] | (2) | (10) | (19) | (4) | **(35)** |
| **Cost at 31 December 2021** | **63** | **383** | **719** | **104** | **1,269** |
| | | | | | |
| **Accumulated depreciation at 1 January 2021** | **–** | **(68)** | **(192)** | **–** | **(260)** |
| Depreciation | – | (21) | (62) | – | **(83)** |
| Disposals | – | 1 | 3 | – | **4** |
| Foreign exchange differences[1] | – | 2 | 6 | – | **8** |
| **Accumulated depreciation at 31 December 2021** | **–** | **(86)** | **(245)** | **–** | **(331)** |
| **Net carrying value at 31 December 2021** | **63** | **297** | **474** | **104** | **938** |

1 Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.5.

No assets have been pledged as security.

## 11. INTANGIBLE ASSETS

| US$ million | Shell licence agreement | Goodwill | Computer software | Other | Total |
|---|---|---|---|---|---|
| | | | | | 2022 |
| **Cost at 1 January 2022** | **137** | **81** | **99** | **56** | **373** |
| Additions | – | – | 7 | – | **7** |
| Foreign exchange differences[1] | (3) | (7) | – | (3) | **(13)** |
| **Cost at 31 December 2022** | **134** | **74** | **106** | **53** | **367** |
| | | | | | |
| **Accumulated amortisation at 1 January 2022** | **(92)** | **–** | **(37)** | **(32)** | **(161)** |
| Amortisation | (4) | – | (11) | (3) | **(18)** |
| **Accumulated amortisation at 31 December 2022** | **(96)** | **–** | **(48)** | **(35)** | **(179)** |
| **Net carrying value at 31 December 2022** | **38** | **74** | **58** | **18** | **188** |

1 Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.5.

| US$ million | Shell licence agreement | Goodwill | Computer software | Other | Total |
|---|---|---|---|---|---|
| | | | | | 2021 |
| **Cost at 1 January 2021** | **139** | **79** | **91** | **57** | **366** |
| Additions | – | – | 8 | – | **8** |
| Foreign exchange differences[1] | (2) | 2 | – | (1) | **(1)** |
| **Cost at 31 December 2021** | **137** | **81** | **99** | **56** | **373** |
| | | | | | |
| **Accumulated amortisation at 1 January 2021** | **(87)** | **–** | **(28)** | **(29)** | **(144)** |
| Amortisation | (5) | – | (9) | (3) | **(17)** |
| **Accumulated amortisation at 31 December 2021** | **(92)** | **–** | **(37)** | **(32)** | **(161)** |
| **Net carrying value at 31 December 2021** | **45** | **81** | **62** | **24** | **212** |

1 Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.5.

### Impairment test for goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on a fair value less cost of disposal calculation which requires the use of assumptions. The calculations use cash flow projections based on an approved business plan covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate as shown below. The terminal value was calculated using the Gordon Growth formula.

Goodwill is monitored at the operating segment level on a non-aggregated basis. The Group has several non-aggregated operating segments, however, the goodwill is allocated to Retail fuel and Commercial fuel given that substantially all activities of the acquired businesses relate to these two operating segments. Both the goodwill acquired in the 2019 VEOHL acquisition and the goodwill acquired from previous acquisitions are allocated and considered for impairment testing together at the non-aggregated operating segments Retail fuel and Commercial fuel. For this purpose, a discounted cash flow analysis was used to compute the recoverable amount using the approved plan. This results in 81% of the carrying amount of goodwill being allocated to Retail fuel and 19% of the carrying amount being allocated to Commercial fuel.

The following table sets out the key assumptions for those CGUs that have a significant goodwill allocated to them:

| | Retail fuel | Commercial fuel |
|---|---|---|
| | | 2022 |
| Volume compounded annual growth rate | 6.3% | 7.3% |
| Gross cash profit compounded annual growth rate | 7.2% | 9.1% |
| Post-tax discount rate | 12.4% | 12.4% |
| Long-term growth rate | 2.2% | 2.2% |

The methodology applied to each of the key assumptions used is as follows:

| Assumptions | Approach used to determine values |
|---|---|
| Volume compounded annual growth rate | Volume growth over the five-year forecast period, based on past performance and management expectations of market developments. |
| Gross cash profit compounded annual growth rate | Based on past performance and management expectations of the future over the five-year forecast period. |
| Post-tax discount rate | Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition and barriers to entry. |
| Long-term growth rate | Based on the IMF GDP projections for the markets where Vivo Energy operates. |

The Group considers the post-tax discount rate to be the most sensitive assumption. With all other assumptions in the table above remaining unchanged, Goodwill in relation to the Retail fuel and Commercial fuel CGUs would only result in an indication of impairment if the post-tax discount rates increased to 21.2% and 22.8%, respectively. There are no reasonable changes that could occur to the key assumptions that would reduce the recoverable amount below the carrying amount.

## 12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group also has interests in a number of associates and joint ventures that are accounted for using the equity method. A comprehensive listing of the Group's joint ventures and associates can be found in note 14 of the Company financial statements.

| US$ million | 2022 | 2021 |
|---|---|---|
| **At 1 January** | **233** | **231** |
| Acquisition of businesses | 1 | – |
| Share of profit | 27 | 27 |
| Dividend received | (17) | (22) |
| Foreign exchange differences | (7) | (3) |
| **At 31 December** | **237** | **233** |

In December 2017, the Group acquired a 50% interest in Shell and Vivo Lubricants B.V. (SVL) that is considered a material investment to the Group. SVL is the principal supplier of manufacturing, sales and distribution for lubricants products in Africa. The investment is a joint venture investment and measured using the equity method. SVL is jointly owned by Vivo Energy Investments B.V. (50%) and Shell Overseas Investments B.V. (50%).

The table below provides summarised financial information for the carrying amount of the investment in SVL.

| US$ million | 2022 | 2021 |
|---|---|---|
| **At 1 January** | **156** | **156** |
| Share of profit | 11 | 15 |
| Dividend received | (8) | (15) |
| Foreign exchange differences | (4) | – |
| **At 31 December** | **155** | **156** |

The total assets of SVL as per 31 December 2022 are $278m (2021: $260m), of which $217m (2021: $190m) relate to current (including cash and cash equivalents of $20m (2021: $18m)) and $61m (2021: $70m) to non-current assets. The current liabilities are $143m (2021: $121m) (including borrowings of $65m (2021: $48m)) and non-current liabilities of $8m (2021: $9m). The revenue for the year ending 31 December 2022 was $367m (2021: $363m), and profit after income tax was $21m (2021: $28m). Other comprehensive loss, net of tax, for the year amounted to $9m (2021: $3m). The 2022 profit includes amortisation and depreciation of $9m (2021: $9m), net finance expense of $2m (2021: $2m) and income tax expense of $10m (2021: $10m).

The carrying value of SVL includes a notional goodwill of $96m calculated as the difference between the cost of the investment and the investor's share of the fair values of the investee's identifiable assets and liabilities acquired. Since the notional goodwill is not shown as a separate asset, and there is no objective evidence of impairment, it is not required to be separately tested for impairment, nor does it trigger an annual impairment test.

There are no contingent liabilities relating to the Group's investments in joint ventures and associates.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the asset or liability that are in absence of observable market data, based on net asset value of the related investments (level 3 in the IFRS 13 'Fair Value Measurement' hierarchy) which management considers to best represent the fair value of the associated investment given its nature. The fair value of the financial asset approximates the carrying amount.

The value is based on the net asset value of the related investments and therefore no sensitivity analysis is presented.

| US$ million | 2022 | 2021 |
|---|---|---|
| **At 1 January** | **12** | **12** |
| Fair value adjustment | 1 | 1 |
| Foreign exchange differences | – | (1) |
| **At 31 December** | **13** | **12** |

Financial assets at fair value through other comprehensive income relate to the Group's investment in Société de Gestion des Stocks Pétroliers de Côte d'Ivoire S.A. (GESTOCI) in which it holds an interest of circa 17%. The Group does not have significant influence or joint control in the investee. The investment is not held for trading and not a contingent consideration recognised by an acquirer in a business combination, therefore, at initial recognition the Group has elected to account for the investment at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are categorised as level 3 of the fair value hierarchy and are the only level 3 financial assets within the Group. There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

## 14. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets and liabilities are derivative instruments comprising forward foreign exchange contracts and cross-currency swaps. The fair values as at 31 December 2022 amounted to $14m (other financial assets) (2021: $6m) and $11m (other financial liabilities) (2021: Nil) respectively. Other financial liabilities include foreign exchange swaps in Vivo Energy Kenya Ltd (refer to note 3.1). The instruments are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 techniques are:

- The fair value of cross-currency swaps is calculated as the present value of the estimated future cash flows based on current market data provided by third party banks; and
- The fair value of forward foreign exchange contracts is calculated by comparison with current forward prices of contracts for comparable remaining terms.

## 15. OTHER ASSETS

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other government benefits receivable | 402 | 114 |
| Prepayments | 122 | 85 |
| VAT and duties receivable | 90 | 72 |
| Amounts due from dealers and joint ventures[1] | 56 | 64 |
| Deposits[1] | 17 | 16 |
| Employee loans[1] | 7 | 7 |
| Indemnification asset on legal and tax claims[1] | 5 | 10 |
| Other[1,2] | 27 | 30 |
| | **726** | **398** |
| Current | 554 | 282 |
| Non-current | 172 | 116 |
| | **726** | **398** |

1 Financial assets are measured at amortised cost and the fair value approximates the carrying amount.

2 The amount mainly comprises other non-current receivables.

### Other government benefits receivable

| US$ million | Credit rating | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Kenya | B | 167 | 31 |
| Senegal | Ba3 | 101 | 20 |
| Madagascar | B- | 52 | 12 |
| Morocco | BB+ | 21 | 23 |
| Gabon | B- | 20 | 2 |
| Mozambique | CCC+ | 14 | – |
| Botswana | BBB+ | 10 | 10 |
| Guinea | None available | 10 | 9 |
| Other | | 7 | 7 |
| | | **402** | **114** |

The Group is exposed to credit risk in relation to other government benefits receivables. Management continuously assesses the recoverability of the receivables and engages with governments on the related recoverability methods. In the event a significant risk of default is identified, management shall proceed to quantify this risk through a discounting model. An extended period of recovery is not in itself representative of default and if all other factors, including the historical track record of recoveries, indicate that full recovery is probable then no provision is recorded. Based on management's review on the recoverability of these receivables it believes the credit risk in relation to these balances is relatively low, except for those balances for which a provision has been recognised. Other government benefits receivable are partially provided for and presented net of provisions for impairment of $11m (2021: $10m). For the year $892m (2021: $336m) of other government benefits were recognised in cost of sales for compensation of costs incurred.

## 16. INVENTORIES

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Fuel | 555 | 433 |
| Lubricants | 121 | 105 |
| Other | 11 | 26 |
| | **687** | **564** |

Cost of sales as disclosed on the face of the consolidated statements of comprehensive income include the total expense for inventory during the year for $9,855m (2021: $7,400m). The carrying value of inventory represents the lower of cost or net realisable value. Provisions for write-downs of inventories to the net realisable value amounted to $7m as per 31 December 2022 (2021: $7m). Other inventory consists mainly of energy saving certificates, fittings for LPG and lubricants and spare parts.

## 17. TRADE RECEIVABLES

Trade receivables are measured at amortised cost and were as follows, as at:

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables | 654 | 521 |
| Less: loss allowance of trade receivables | (56) | (60) |
| **Trade receivables – net** | **598** | **461** |

The fair values of trade receivables approximate their carrying value as they are deemed short term in their nature and recoverable within 12 months. Trade receivables include credit secured receivables of $240m (2021: $223m).

Movements in the loss allowance of trade receivables are as follows:

| US$ million | 2022 | 2021 |
|---|---|---|
| **At 1 January** | **60** | **66** |
| Additions | 7 | 7 |
| Reversals | (4) | (6) |
| Utilisation | (1) | (4) |
| Foreign exchange differences | (6) | (3) |
| **At 31 December** | **56** | **60** |

## 18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost and the fair value approximates the carrying amount.

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Cash | 422 | 392 |
| Cash equivalents: | | |
| Short-term placements | 78 | 195 |
| | **500** | **587** |

## 19. SHARE CAPITAL AND RESERVES

The Company has 1,266,941,899 authorised ordinary shares with a nominal value of $0.50 each. At 31 December 2022, 1,266,941,899 shares have been issued and fully paid and entitle the holder to participate in dividends. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Shareholders will, under general law, be entitled to participate in any surplus assets in a winding up of the Company in proportion to their shareholding.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Number of shares | US$ million | Number of shares | US$ million |
| **Ordinary shares at 31 December** | 1,266,941,899 | 633 | 1,266,941,899 | 633 |

Other reserves are disclosed in the consolidated statement of changes in equity.

## 20. DIVIDENDS

In March 2022, the Board declared an interim dividend for the 2021 financial year of 4.0 cents per share, amounting to $51m which was paid on 24 June 2022 from distributable reserves as at 31 December 2021.

In July 2022, in line with the terms of the Vitol Offer, the Company declared a 2022 special dividend of 2.0 cents per share amounting to approximately $18.5m which was paid on 8 August 2022 to all Vivo Energy shareholders on the register of members of the Company on 22 July 2022 except the Helios entities, which have each agreed to waive the right to receive the special dividend. This dividend was paid from distributable reserves as at 30 June 2022.

In October 2022, the Company declared a further interim dividend amounting to $628.5m which was paid on 13 October 2022 from distributable reserves as at 30 September 2022.

## 21. BORROWINGS

| US$ million | Drawn on | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Bridge loan[1] | 13/10/2022 | 603 | – |
| Notes[1] | 24/09/2020 | 350 | 349 |
| VEI BV Revolving Credit Facility | 03/08/2022 | 63 | – |
| Bank borrowings | | 513 | 280 |
| | | **1,529** | **629** |
| Current | | 584 | 277 |
| Non-current | | 945 | 352 |
| | | **1,529** | **629** |

1 The amounts are net of financing costs.

Current borrowings include bank borrowings which carry interest rates between 2.9% and 34.2% per annum, are short term in nature and the carrying amount approximates the fair value.

In October 2022, the Group received proceeds from an unsecured Bridge loan with an initial term of 12 months and two three-months extension options exercisable by the Company. The Bridge loan has a floating interest rate linked to the Secured Overnight Financing Rate and the carrying amount approximates the fair value.

In September 2020, the Group issued $350m notes with a coupon rate of 5.125% paid semi-annually and seven-year maturity. The notes are fully redeemed at maturity, with a repayment date of 24 September 2027. The fair value of the notes is approximately $312m based on quoted market prices at the end of the reporting period.

The Group maintains a multi-currency revolving credit facility (RCF) of $270m. The RCF was utilised in the current year with a drawdown of $63m. The RCF matures in May 2023. The RCF is a floating rate facility and the carrying amount approximates the fair value.

Besides the RCF, the Group has various unsecured short-term bank facilities extended to operating entities for working capital purposes. The undrawn, unsecured short-term bank facilities of $1,407m (2021: $1,171m) include a large number of uncommitted facilities held with a number of different banks. Most of these facilities are subject to an annual renewal process.

## 21. BORROWINGS CONTINUED

The tables below provide an analysis of cash and non-cash movements in borrowings for the period:

| US$ million | | | 2022 |
|---|---|---|---|
| | Long-term debt and RCF | Bank borrowings | Total |
| **1 January** | **349** | **280** | **629** |
| Proceeds of long-term debt[1] | 595 | – | **595** |
| Proceeds/(repayment) of bank borrowings and other borrowings[2] | 59 | 258 | **317** |
| Foreign exchange movements | 4 | (25) | **(21)** |
| Other[3] | 9 | – | **9** |
| **31 December** | **1,016** | **513** | **1,529** |

1 Mainly represents the proceeds from the Bridge loan.
2 Other borrowings relate to the RCF to be settled within the next 12 months.
3 Other includes financing costs and non-cash items.

| US$ million | | | 2021 |
|---|---|---|---|
| | Long-term debt | Bank borrowings | Total |
| **1 January** | **408** | **274** | **682** |
| Repayment of long-term debt | (60) | – | **(60)** |
| Proceeds/(repayment) of bank borrowings | – | 11 | **11** |
| Foreign exchange movements | – | (5) | **(5)** |
| Other[1] | 1 | – | **1** |
| **31 December** | **349** | **280** | **629** |

1 Other includes financing costs and non-cash items.

**Key covenants:**

The key covenants below relate to the VEI BV Revolving Credit Facility:

- Within 150 calendar days after the Group's year-end, its audited annual consolidated financial statements, unaudited annual non-consolidated financial statements and the unaudited annual Group financial statements of each operating unit must be provided to the lender. Within 90 days after each half of each financial year, the unaudited non-consolidated financial statements, unaudited consolidated financial statements and unaudited Group financial statements for each operating unit for the financial half-year must be provided to the lender.
- The financial covenants are minimum interest cover of 4x and maximum debt cover of 3x. With each set of financial statements, a financial covenants compliance certificate has to be provided indicating the debt and interest cover. The debt cover follows the Group's leverage ratio calculation and interest cover indicates the Group's ability to service its debt related interest with profits. These calculations take into account bank permitted exemptions stipulated within the contractual agreement. The loan carries some customary negative pledges such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets, and a maintenance of listing covenant. It also has a change of control clause triggering repayment if an entity, other than permitted ones, takes control of the Company.

The key covenants for the Bridge loan are substantially the same as the covenants for the revolving credit facility.

The below key covenants relate to the VEI BV notes:

The financial covenants are a minimum fixed charged cover of 2x. The notes carry customary restrictive covenants such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets. It also has a change of control clause giving each noteholder a put right if an entity, other than permitted ones, takes control of the Company.

No key covenants were breached in the last applicable period.

## 22. PROVISIONS

Provisions include the following:

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Provisions | 76 | 94 |
| Retirement benefit obligations (note 23) | 28 | 30 |
| | **104** | **124** |
| Current | 15 | 19 |
| Non-current | 89 | 105 |
| | **104** | **124** |

| US$ million | Uncertain tax positions | Compulsory stock obligation | Legal provisions | Other | Total 2022 |
|---|---|---|---|---|---|
| **At 1 January** | **33** | **28** | **12** | **21** | **94** |
| Additions | 4 | – | 1 | 4 | **9** |
| Utilisation | (1) | – | – | (4) | **(5)** |
| Releases | (10) | (3) | – | (1) | **(14)** |
| Foreign exchange differences | (2) | (3) | (1) | (2) | **(8)** |
| **At 31 December** | **24** | **22** | **12** | **18** | **76** |
| Current | – | – | 12 | 3 | **15** |
| Non-current | 24 | 22 | – | 15 | **61** |
| | **24** | **22** | **12** | **18** | **76** |

### Compulsory stock obligation provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. This resulted in the recognition of a provision, which is an amount payable to the Moroccan oil fund regulator in relation to the compulsory stock reserve requirement introduced in 1994. Refer to note 2.21 for further details.

### Uncertain tax positions

This amount represents provisions for uncertain tax positions for non-income taxes, interest and penalties of $24m (2021: $33m). Refer to note 4.2 for further details regarding uncertain tax positions and note 15 for further details of the indemnification asset on tax claims.

### Legal provision

This amount represents a provision of certain legal claims brought against the Group. The timing of any payout is uncertain as these claims are being disputed by the Group. The Group believes that the outcome of these claims will not give rise to a significant loss beyond the amounts provided against as at 31 December 2022. Refer to note 15 for further details of the indemnification asset on legal claims.

### Other

Other provisions include a number of costs to be paid out by the Group that have uncertainty in timing of cash values and total monetary value. Other provisions relate mainly to employee related provisions of $9m (2021: $10m).

## 23. RETIREMENT BENEFITS

The Group operates defined benefit plans in multiple African countries, which include Cape Verde, Côte d'Ivoire, Gabon, Ghana, Guinea, Mauritius, Morocco, Namibia, Reunion, Rwanda, Senegal, South Africa and Tunisia. The plans operated in Cape Verde, Ghana, Mauritius, Morocco and Tunisia combined represent approximately 85% of the total liability for the Company. The valuations are carried out in line with the regulatory requirements in each country considering the requirements under IAS 19 'Employee Benefits'. The plans offered in these countries differ in nature and consist of medical plans, pension plans, retirement indemnities, jubilees and long service award plans. These plan benefits are linked to final salary and benefit payments are met as they fall due. These plans are unfunded with two exceptions to this are Gabon and Mauritius, which both operate a funded plan. The plan in Gabon has a funding level of approximately 60% and Mauritius approximately 112%. In Gabon plan assets are held in the form of insurance contracts. For Mauritius, plan assets are held in vehicles with standard investment risk, following a balanced investment strategy, split between equities, government bonds and asset-backed securities. The plan in Mauritius has been closed to future accrual from 31 December 2014 onwards. However, the link to final salaries is being maintained for in-service employees.

| US$ million | 2022 | 2021 |
|---|---|---|
| Current service cost | 1 | 2 |
| Accretion expense | 2 | 2 |
| | **3** | **4** |

| US$ million | 2022 | 2021 |
|---|---|---|
| Defined benefit plans | 3 | 4 |
| Defined contribution plans | 9 | 8 |
| **Total retirement benefit costs** | **12** | **12** |

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Consolidated statements of financial position obligations for: | | |
| Pension benefits | 24 | 25 |
| Other post-employment benefits | 4 | 5 |
| **Total liability** | **28** | **30** |

The amounts recognised in the consolidated statements of financial position are determined as follows:

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Present value of funded obligations | (11) | (13) |
| Fair value of plan assets[1] | 11 | 13 |
| **Funded status of funded benefit obligations** | **–** | **–** |
| Present value of unfunded obligation | (24) | (25) |
| **Unfunded status end of year (net liability)** | **(24)** | **(25)** |
| **Net defined benefit obligation** | **(24)** | **(25)** |

1 The plans in Mauritius had a net surplus of $1m (2021: $1m), however, this surplus is irrecoverable and therefore the fair value of the assets are restricted to the present value of the funded obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 23. RETIREMENT BENEFITS CONTINUED

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

| | | | 2022 | | | 2021 |
|---|---|---|---|---|---|---|
| US$ million | Pension benefits | Other | Total | Pension benefits | Other | Total |
| **At 1 January** | **38** | **5** | **43** | **43** | **4** | **47** |
| Current service costs | 1 | – | **1** | 2 | – | **2** |
| Benefits paid | (2) | – | **(2)** | (3) | – | **(3)** |
| Interest costs | 2 | – | **2** | 1 | 1 | **2** |
| (Gains)/losses from change in financial assumptions | (1) | – | **(1)** | (3) | – | **(3)** |
| Actuarial (gains)/losses | – | – | – | 1 | – | **1** |
| Foreign exchange differences | (3) | (1) | **(4)** | (3) | – | **(3)** |
| **At 31 December** | **35** | **4** | **39** | **38** | **5** | **43** |

The movements in the fair value of plan assets over the year are as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| US$ million | Pension benefits | Total | Pension benefits | Total |
| **At 1 January** | **13** | **13** | **12** | **12** |
| Return on plan assets | (2) | **(2)** | 3 | **3** |
| Employer contributions | 2 | **2** | 2 | **2** |
| Benefits paid | (2) | **(2)** | (3) | **(3)** |
| Foreign exchange differences | – | – | (1) | **(1)** |
| **At 31 December** | **11** | **11** | **13** | **13** |

The plan assets shown above are invested in equities $6m (2021: $7m), government bonds $3m (2021: $3m), corporate bonds $2m (2021: $2m), insurance contracts $0.3m (2021: $0.3m) and cash and cash equivalents $0.05m (2021: $0.01m).

The plans in Mauritius had a net surplus of $1m (2021: $1m), however, this surplus is irrecoverable and therefore the fair value of the assets are restricted to the present value of the funded obligations.

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

| | | Assumptions used | | Effect of using alternative assumptions |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | Range of assumptions | Increase/(decrease) |
| Rate of increase in pensionable remuneration | 5.07% | 4.39% | 0.50% – (0.50%) | 2.49% – (2.34%) |
| Rate of increase in pensions in payment | 2.17% | 2.28% | 0.50% – (0.50%) | 1.95% – (1.80%) |
| Rate of increase in healthcare costs | 20.43% | 13.72% | 0.50% – (0.50%) | 3.66% – (3.41%) |
| Discount rate for pension plans | 4.76% | 5.13% | 0.50% – (0.50%) | (4.77%) – 5.13% |
| Discount rate for healthcare plans | 17.65% | 18.28% | 0.50% – (0.50%) | (4.82%) – 5.28% |
| Expected age at death for persons aged 60: | | | | |
| Men | 79.59 | 79.65 | | |
| Women | 83.62 | 83.69 | | |

The principal actuarial assumptions were as follows:

| | Tunisia | Senegal | Cape Verde | Mauritius | Morocco | Côte d'Ivoire | Guinea | Namibia | Ghana | Gabon | Reunion | Rwanda | South Africa |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | | | | | |
| Discount rate | 9.75% | 9.75% | 3.25% | 6.50% | 2.75% | 6.00% | 15.50% | 13.20% | 34.50% | 6.25% | 3.75% | 13.25% | 12.70% |
| Inflation rate | 7.00% | 2.00% | 2.00% | 2.90% | 2.00% | n/a | n/a | 8.10% | 10.00% | 2.20% | 2.00% | 6.25% | 6.10% |
| Future salary increases | 7.00% | 3.00% | 3.50% | 2.90% | 6.00% | 3.00% | 11.20% | n/a | n/a | 3.00% | 2.85% | 7.50% | n/a |
| Future pension increases | n/a | n/a | 1.00% | 3.00% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

| | Tunisia | Senegal | Cape Verde | Mauritius | Morocco | Côte d'Ivoire | Guinea | Namibia | Ghana | Gabon | Reunion | Rwanda | South Africa |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | | | | |
| Discount rate | 9.50% | 8.25% | 4.00% | 4.75% | 2.50% | 6.00% | 15.00% | 12.90% | 21.60% | 5.25% | 1.00% | 12.00% | 11.30% |
| Inflation rate | 5.50% | 1.75% | 2.00% | 2.50% | 2.00% | n/a | n/a | 8.10% | 10.00% | 2.75% | 1.80% | 4.75% | 6.10% |
| Future salary increases | 6.00% | 3.00% | 2.00% | 2.50% | 6.00% | 3.00% | 8.50% | n/a | n/a | 3.00% | 2.58% | 7.50% | n/a |
| Future pension increases | n/a | n/a | 1.00% | 2.98% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The weighted average duration of the defined benefit obligation is 10.5 years.

Expected contributions to post-employment benefit plans for the year ending 31 December 2023 are $3m.

## 24. OTHER LIABILITIES

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other tax payable[1] | 93 | 84 |
| Oil fund liabilities[2] (note 2.21) | 93 | 90 |
| Deposits owed to customers[2] | 78 | 75 |
| Employee liabilities[2,3] | 50 | 46 |
| Deferred income | 10 | 17 |
| Other[2] | 13 | 28 |
| | **337** | **340** |
| Current | 187 | 187 |
| Non-current | 150 | 153 |
| | **337** | **340** |

1 Other tax payable mainly relates to VAT, withholding taxes and employee taxes.
2 Financial liabilities amounting to $224m (2021: $215m) are measured at amortised cost and its fair value approximates the carrying amount.
3 Employee liabilities mainly relate to employee bonuses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 25. LEASES

The Group has leases for motor vehicles, corporate offices, land, buildings and equipment. Leases have remaining lease terms of one year to 99 years, some of which may include options to extend the leases for at least five years and some of which may include options to terminate the leases within one year.

The consolidated statement of financial position shows the following amounts relating to leases:

| US$ million | Land and buildings | Motor vehicles | Total |
|---|---|---|---|
| **Right-of-use assets, 1 January 2021** | **181** | **20** | **201** |
| Depreciation of right-of-use assets | (26) | (4) | **(30)** |
| Leases effective in 2021 | 44 | 4 | **48** |
| **Right-of-use assets, 31 December 2021** | **199** | **20** | **219** |
| Depreciation of right-of-use assets | (26) | (4) | **(30)** |
| Leases effective in 2022 | 44 | 2 | **46** |
| **Right-of-use assets, 31 December 2022** | **217** | **18** | **235** |

Lease liabilities are measured at amortised cost and the fair value approximates the carrying amount.

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Current lease liabilities | 27 | 26 |
| Non-current lease liabilities | 156 | 135 |
| | **183** | **161** |

The consolidated statement of comprehensive income shows the following amounts relating to leases:

| US$ million | 2022 | 2021 |
|---|---|---|
| Interest expense (included in finance cost) | (17) | (16) |
| Depreciation of right-of-use assets | (30) | (30) |
| Expenses relating to short-term leases, low-value leases and variable leases not included in the lease liabilities | (7) | (7) |

The consolidated statement of cash flows shows the following amounts relating to leases:

| US$ million | 2022 | 2021 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Principal elements of lease payments | (33) | (33) |
| Interest paid | (13) | (14) |
| | **(46)** | **(47)** |

Other information related to leases was as follows:

| | 2022 | 2021 |
|---|---|---|
| Weighted average remaining lease term (years) | 15 | 11 |
| Weighted average discount rate | 10% | 10% |

The Group recognised rental income of $26m (2021: $24m) as revenue in the statement of comprehensive income.

### 26. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

| US$ million | 2022 | 2021 |
|---|---|---|
| Trade payables | 397 | 432 |
| Trade receivables | (195) | (140) |
| Inventories | (184) | (104) |
| Other assets | (379) | (95) |
| Other liabilities | 44 | 29 |
| Provisions | (10) | 9 |
| Other[1] | 98 | 64 |
| | **(229)** | **195** |

1 Of which $87m relates to net finance expense (2021: $59m).

## 27. COMMITMENTS AND CONTINGENCIES

### Commitments

The Group has purchase obligations for capital and operational expenditure, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at:

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Purchase obligations | 13 | 21 |

### Contingent liabilities and legal proceedings

The Group may from time to time be involved in a number of legal proceedings. The Directors prepare a best estimate of its contingent liabilities that should be recognised or disclosed in respect of legal claims in the course of ordinary business. Furthermore, in many markets there is a high degree of complexity involved in the local tax and other regulatory regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

In 2019, it was reported that the Moroccan competition council, Conseil de la Concurrence's ('CDC'), had launched an investigation into the petroleum retail industry. As announced in March 2021, the Royal Cabinet's review concluded that the CDC investigation "was marked by numerous procedural irregularities" and experienced "an obvious deterioration in the climate of deliberations". At that time, a new President was appointed to lead the CDC. The investigation is still ongoing, and we continue to believe that we have conducted our operations in accordance with applicable competition laws, rules and regulations.

In the ordinary course of business, the Group is subject to a number of contingencies arising from litigation and claims brought by governmental, including tax authorities, and private parties. The operations and earnings of the Group continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups in the countries in which they operate. The industries in which the Group is engaged are also subject to physical risks of various types. There remains a high degree of uncertainty around these contingencies, as well as their potential effect on future operations, earnings, cash flows and the Group's financial condition.

## 28. SHARE-BASED PAYMENTS

The Group operates share-based payment plans for certain Executive Directors, Senior Managers and other senior employees.

### Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) Management Equity Plan (MEP) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding B.V. shares upon exercise of their MEP phantom options or (2) the opportunity to acquire restricted shares in combination with a linked option right to acquire ordinary shares in Vivo Energy.

Under the terms of the phantom options, all outstanding phantom options would become fully exercisable upon the share admission in May 2018. The option holders subsequently agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding phantom options were deemed to be exercised at share admission and 70% became exercisable on the first anniversary of the share admission being 4 May 2019, for a period of 24 months. Under the amended terms, the option holders' entitlement to the cash payment is based on the market value of the shares at the time of exercise net of a nominal exercise price per share.

The MEP phantom options are fully vested and were fully settled in the prior year with no further outstanding options.

### IPO Share Award Plan

In May 2018, Vivo Energy Limited granted certain Executive Directors and Senior Managers one-off share awards ('IPO Share Awards') under the 2018 IPO Share Award Plan. The IPO Share Awards vest, subject to continued service and performance conditions relating to consolidated gross cash profit growth and adjusted net income growth being met, in three equal tranches on the first, second and third anniversary of admission. The IPO Share Awards Plan was fully settled during the prior year with no further outstanding options.

### Long-Term Incentive Plan

Vivo Energy Limited adopted the Vivo Energy 2019 Long-Term Incentive Plan (the 'LTIP 2019') in March 2019, the Vivo Energy 2020 Long-Term Incentive Plan (the 'LTIP 2020') in March 2020 and the Vivo Energy 2021 Long-Term Incentive Plan (the 'LTIP 2021') in March 2021. The LTIP 2019, LTIP 2020 and LTIP 2021 provide for grants of awards over the shares of the Company in the form of share awards subject to continued employment and the performance conditions relating to earnings per share, return on average capital employed and total shareholder returns over a three-year period. Executive Directors and Senior Management of the Group are eligible for grants under the LTIP Incentive Plans.

As a result of the completion of Vitol Offer, Executive Directors and Senior Management of the Group were afforded an opportunity to choose between receiving an immediate pay-out for the LTIPs or convert the existing plans from equity-settled to cash-settled. Under the first option, all share-options which would not otherwise have vested were accelerated and deemed to have vested and exercised. All remaining LTIPs were converted from equity-settled to cash-settled as a long-term incentive plan for Senior Management. No new LTIPs were issued during the current financial period. The fair value of the options at the date of modification was $6m.

### 28. SHARE-BASED PAYMENTS CONTINUED

**Restricted Share Award Plan**

The Restricted Share Award Plan provided for grants of awards over the shares of the Company in the form of share awards subject to continued employment over a 16-month period. Certain Senior Managers of the Group are eligible for grants under the Restricted Share Award Plan. Following the Vitol Offer, the vesting of the Restricted Share Awards Plan was accelerated and settled. The fair value of the options at the date of modification was $2m.

| US$ million | 2022 | 2021 |
|---|---|---|
| **Cash-settled share-based payments** | | |
| Management Equity Plan | – | 1 |
| **Equity-settled share-based payments** | | |
| IPO Share Award Plan | – | 1 |
| Long-Term Incentive Plans | 2 | 2 |
| Restricted Share Award Plan | 1 | 1 |
| | **3** | **5** |

Movements in the number of shares and share options outstanding, and their related weighted average exercise prices, are as follows:

| | | | | LTIP | IPO | Restricted Share Awards | | MEP |
|---|---|---|---|---|---|---|---|---|
| In million | LTIP 2018 | LTIP 2019 | LTIP 2020 | LTIP 2021 | IPO Share Awards | Restricted Share Awards | Average exercise price per phantom option US$ | Phantom Options |
| **Outstanding at 1 January 2022** | **–** | **4** | **4** | **6** | **–** | **1** | **–** | **–** |
| Lapsed/Vested/Exercised/Modified | – | (4) | (4) | (6) | – | (1) | – | – |
| **Outstanding at 31 December 2022** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Exercisable at 31 December 2022** | **–** | **–** | **–** | **–** | **–** | **–** | **n/a** | **–** |
| | | | | | | | | |
| **Outstanding at 1 January 2021** | **3** | **4** | **5** | **–** | **1** | **–** | **0.05** | **3** |
| Granted/Lapsed | (1) | – | (1) | 6 | – | 1 | – | – |
| Vested/Exercised | (2) | – | – | – | (1) | – | – | (3) |
| **Outstanding at 31 December 2021** | **–** | **4** | **4** | **6** | **–** | **1** | **–** | **–** |
| **Exercisable at 31 December 2021** | **1** | **–** | **–** | **–** | **–** | **–** | **n/a** | **–** |

### 29. RELATED PARTIES

**Sales and purchases**

| US$ million | Joint ventures and associates | Shareholders | Total |
|---|---|---|---|
| **2022** | | | |
| Sales of products and services and other income | 29 | 154 | **183** |
| Purchase of products and services, and other expenses | 390 | 1,522 | **1,912** |
| | | | |
| **2021** | | | |
| Sales of products and services and other income | 23 | 56 | **79** |
| Purchase of products and services, and other expenses | 369 | 887 | **1,256** |

The following table presents the Company's outstanding balances with related parties:

| US$ million | Joint ventures and associates | Shareholders | Total |
|---|---|---|---|
| **31 December 2022** | | | |
| Receivables from related parties | 47 | 15 | **62** |
| Payables to related parties | (80) | (327) | **(407)** |
| | **(33)** | **(312)** | **(345)** |
| **31 December 2021** | | | |
| Receivables from related parties | 54 | 5 | **59** |
| Payables to related parties | (81) | (232) | **(313)** |
| | **(27)** | **(227)** | **(254)** |

The receivables from related parties arise from sale transactions and loans to joint ventures. Receivables are due two months after the date of sales, are unsecured in nature and bear no interest. Loans to joint ventures are interest bearing and secured by the entire issued share capital of the joint venture. An expected credit loss of $3m (2021: $1m) was recognised in relation to related party receivables. The payables to related parties arise mainly from purchase transactions at arm's length, including a supplier agreement with Vitol Supply, and are typically due two months after the date of purchase. These payables bear no interest.

**Key management compensation** is considered to be the Directors (Executive and Non-Executive) and Senior Management.

| US$'000 | 2022 | 2021 |
|---|---|---|
| Salaries and other short-term employee benefits | 9,848 | 9,451 |
| Termination benefits | 593 | – |
| Long-term incentives[1,2] | 4,570 | 2,496 |
| Service fees | 178 | 784 |
| Post-employment benefits[3] | 1,451 | 744 |
| | **16,640** | **13,475** |

1 Includes share-based incentives (LTIP, IPO Share Awards and Restricted Share Awards) until delisting.
2 Includes long-term incentives related to 1 Director (2021: 2 Directors).
3 Includes post-employment benefits related to 1 Director (2021: 2 Directors).

### Directors' compensation

Directors' compensations are disclosed from the date of appointment. Further details of current year Directors can be found on page 39.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| US$ million | Directors[1] | Highest paid Director | Directors[1] | Highest paid Director |
| Salaries and other short-term employee benefits | 2,380 | 1,286 | 3,349 | 2,651 |
| Long-term incentives[2] | 1,070 | 1,070 | 812 | 812 |
| Service fees | 178 | – | 784 | – |
| Post-employment benefits | 251 | 156 | 170 | 91 |
| | **3,879** | **2,512** | **5,115** | **3,554** |

1 Includes remuneration of the Directors for their relevant terms of service.
2 Includes share-based incentives while the Company was listed (LTIP, IPO Share Awards and Restricted Share Awards). During the year no Directors exercised share options (2021: the highest paid Director exercised their share options).

## 30. EVENTS AFTER BALANCE SHEET PERIOD

On 7 February 2023, a newly incorporated entity Vitol Emerald Bidco (Pty) Ltd (Bidco) entered into customary sale documentation with Petronas and The Phembani Group to affect the transfer of Petronas' stake in Engen Ltd (Engen). At the time of signing the agreement Bidco is a wholly owned subsidiary of Vitol Africa B.V., one of the direct shareholders of Vivo Energy. On 9 February 2023, Vivo Energy together with Engen announced an intention to combine their respective businesses. At completion of the transaction, Petronas will sell its entire 74% shareholding in Engen to a wholly-owned indirect subsidiary of Vivo Energy. In the period between signing and completion Vitol Africa B.V. will transfer its shareholding in Bidco to Vivo Energy and the shareholders of Vivo Energy will contribute any necessary capital to fund completion in addition to third party acquisition debt. Completion is expected in H2 2023. Engen is a market leader in South Africa and has around 1,300 service stations across seven African countries. When added to the Vivo Energy portfolio, the combined Group will have over 3,900 service stations and more than two billion litres of storage capacity across 27 African countries. The Phembani Group, PETRONAS' long-standing partner in Africa and Engen's B-BBEE shareholder, is continuing its strong association with Engen and will remain invested as a 21% shareholder in the South African business. The transaction will further benefit employees of Engen through a newly implemented 5% employee share ownership programme, resulting in Engen South Africa being 26% owned by previously disadvantaged parties. The transaction is currently pending regulatory approvals and fulfilment of conditions precedent. Other than the above, there have been no material subsequent events after the reporting period, up to and including the date that the financial statements were authorised for issue, that would have required disclosure or adjustment of the Consolidated financial statements or the Company financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION

| US$ million | Notes | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 5 | 1,913 | 1,913 |
| | | **1,913** | **1,913** |
| **Current assets** | | | |
| Debtors | 6 | 20 | 7 |
| Cash and cash equivalents | 7 | 1 | 2 |
| | | **21** | **9** |
| Creditors amounts falling due within one year | 8 | (16) | (7) |
| **Net current assets** | | **5** | **2** |
| **Total assets less current liabilities** | | **1,918** | **1,915** |
| Creditors amounts falling due after more than one year | 8 | (637) | – |
| **Net assets** | | **1,281** | **1,915** |
| **Capital and reserves** | | | |
| Called up share capital | 9 | 633 | 633 |
| Share premium | | 4 | 4 |
| Other reserves | 10 | 443 | 1,136 |
| Equity-settled incentive schemes | | – | 4 |
| Retained earnings[1] | | 201 | 138 |
| **Total equity** | | **1,281** | **1,915** |

1 Profit for the financial year ended 31 December 2022 was $63m (2021: $68m).

The notes are an integral part of these Company financial statements.

The Company financial statements were approved by the Board of Directors and authorised for issue on 1 March 2023 and were signed on its behalf by:

**STAN MITTELMAN**
Chief Executive Officer

**JAY GLEACHER**
Interim Chief Financial Officer

# COMPANY STATEMENT OF CHANGES IN EQUITY

| US$ million | Called up share capital | Share premium | Other reserve[1] | Equity-settled incentive schemes[2] | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2022** | **633** | **4** | **1,136** | **4** | **138** | **1,915** |
| Share-based payment expense | – | – | 5 | 1 | – | **6** |
| Share-based payment modification[2] | – | – | – | (5) | – | **(5)** |
| Profit for the period | – | – | – | – | 63 | **63** |
| Dividends | – | – | (698) | – | – | **(698)** |
| **As at 31 December 2022** | **633** | **4** | **443** | – | **201** | **1,281** |

| US$ million | Called up share capital | Share premium | Other reserve[1,3] | Equity-settled incentive schemes | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **At 1 January 2021** | **633** | **4** | **1,210** | **7** | **65** | **1,919** |
| Share issuance related to share awards[3] | – | – | (5) | (5) | 5 | **(5)** |
| Equity-settled incentive scheme | – | – | – | 2 | – | **2** |
| Profit for the period | – | – | – | – | 68 | **68** |
| Dividends | – | – | (69) | – | – | **(69)** |
| **As at 31 December 2021** | **633** | **4** | **1,136** | **4** | **138** | **1,915** |

1 Included in reserves is a merger reserve ($82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.

2 Equity-settled incentive schemes included the LTIP and the Restricted Share Award Plan which was modified in 2022 to cash-settled on delisting.

3 Reserves included $5m related to market purchase of ordinary shares of the Company to satisfy option exercises under the Company's IPO Share Award Plan and Long-Term Incentive Plan (LTIP).

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Vivo Energy Limited ('Vivo Energy' or the 'Company'), formerly Vivo Energy plc, is a private limited company incorporated in the United Kingdom on 12 March 2018. The Company is registered in England and Wales and is limited by shares (Registration number 11250655) under the Companies Act 2006. The address of the registered office is 5th floor, The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom.

On 25 November 2021, the Boards of VIP II Blue B.V. (a wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited itself being an investment vehicle advised by employees of the Vitol Group referred to as 'Vitol') and Vivo Energy announced that they had reached an agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of the Company, excluding shares held by the existing Vitol shareholders ('Vitol Offer'). The Vitol Offer was completed on 25 July 2022, following which the Company delisted from the London Stock Exchange and Johannesburg Stock Exchange and re-registered as a private limited company under the name of Vivo Energy Limited. The Group's shareholders are VIP II Blue B.V. (67.726%) and Vitol Africa B.V. (32.274%). The Group's ultimate parent is Vitol Holding II S.A.

The Company operates as the holding company of a group which distributes and sells fuel, liquefied petroleum gas (LPG) and lubricants to Retail and Commercial consumers under the Shell and Engen brands. The Group sells aviation fuels, using the Vitol Aviation brand, as well as unbranded marine fuels. In addition, the Group generates revenue under convenience retail and quick service restaurants by leveraging on its Retail network.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently over the years.

### 2.1 Basis of preparation

The Company financial statements, for the years ended 31 December, have been prepared on a going concern basis, under the historical cost accounting rules, in accordance with Financial Reporting Standard 102 ('FRS 102') and those parts of the UK Companies Act 2006 applicable to companies reporting under FRS 102.

The following disclosure exemptions available under FRS 102 have been applied:

Section 7 Statement of cash flow and section 3 Financial statement presentation paragraph 3.17(d)

Section 26 Share-based payment paragraph 26.18(b), 26.19, 26.21, 26.23

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows. The Group consolidated financial statements as presented on pages 52 to 89 include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December 2022.

In the process of applying the Company's accounting policies, there are no significant estimates or judgements which have a significant effect on the amounts recognised in the financial statements. In preparing the financial statements, management has considered the impact that climate change may have. There is currently no indication that climate change will negatively impact the Company's accounting estimates and judgements, which would result in a material adjustment to the financial statement balances. For further details, refer to note 2.1 in the Consolidated financial statements.

### 2.2 Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in US dollars, which is also considered to be the Company's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into US dollars at the market rate ruling at the end of the reporting period.

### 2.3 Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates a taxable income. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is provided on timing differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the timing difference is controlled by the Company and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.4 Financial instruments
The Company has elected to apply the requirements of IFRS 9 in preparations of the financial statements. Financial instruments are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated. Financial assets are derecognised when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognised only when the Company has not retained control over the financial asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired, and when its terms are modified and the cash flows are substantially different. Subsequent to initial recognition, financial instruments are measured as described below.

#### Financial instruments measured at amortised cost
Except for debt instruments that are designated at fair value through profit or loss (FVTPL) on initial recognition, financial instruments that meet the following criteria are measured at amortised cost using the effective interest method.

- They are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The amortised cost is reduced by impairment losses. Finance income or expense, foreign exchange gains and losses and impairments are recognised in profit and loss. The following financial assets and liabilities are classified as measured at amortised cost:

#### Cash and cash equivalents
Cash and cash equivalents include cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### Other financial liabilities
Financial liabilities are initially measured at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

### 2.5 Investments
Investments in subsidiary undertakings are stated at cost, less any provision for impairment. The Group determines the recoverable amount of an investment in subsidiaries where a trigger for impairment is identified by assessing the external and internal factors to determine indicators for impairment. External factors include market capitalisation, market interest rates, changes in the crude oil prices, changes in the competitive landscape, changes to government regulations and the impact of COVID-19 on the business. Internal factors include year-to-date performance, the five-year strategic plan, outcomes of previous impairment assessments performed and the impact of structural changes in the business.

### 2.6 Share-based payments
The Group operates a number of share-based payment plans using the Company's equity instruments. The fair value of the compensation given in respect of these share-based payment plans is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments. Details of the share-based payments, share option schemes and share plans are disclosed in note 28 'Share-based payments' to the consolidated financial statements.

### 2.7 Dividend policy
Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

### 2.8 Share capital
Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

### 2.9 Going concern basis
The Company operates as an investment holding company for the Vivo Energy Group, holding investments in Vivo Energy Holding B.V. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading for the foreseeable future. Therefore, notwithstanding the material uncertainty caused by the liquidity events of refinancing the long-term borrowing and RCF within the going concern period, the Directors maintain a reasonable expectation that the Company will have adequate resources to continue in operational existence during the going concern period and consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern. For further details, refer to note 2.1 in the consolidated financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 3. EMPLOYEE COSTS

| US$ million | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 10 | 9 |
| Social security costs | 1 | 1 |
| Share-based payments | 1 | 2 |
| **Total** | **12** | **12** |

The monthly average number of full-time equivalent employees as at 31 December:

| No. | 2022 | 2021 |
|---|---|---|
| Directors | 4 | 6 |
| Administration and support | 22 | 19 |

### 4. INCOME TAX

The Company is subject to income tax in the United Kingdom on its net income as adjusted for tax purposes, at the rate of 19%.
At 31 December 2022, the Company had accumulated tax losses of $2m (2021: $2m) and carried forward tax credits of $2m (2021: Nil).

**Deferred tax**

No deferred tax asset has been recognised under the Company's accounting policy for recognising deferred tax assets.

A reconciliation between the actual income tax expense and the theoretical amount that would arise using the applicable income tax rate for the Company is as follows:

**Reconciliation of effective tax**

| US$ million | 2022 | 2021 |
|---|---|---|
| Profit before income tax | 63 | 68 |
| Tax calculated at 19% | (12) | (13) |
| Impact of: | | |
| Expenses not allowable for tax purposes | (4) | – |
| Dividends received not subject to tax | 18 | 13 |
| Non-recognition of tax benefits in relation to current period tax losses or temporary differences | (2) | – |
| **Total income tax expense** | **–** | **–** |

### 5. INVESTMENTS

The investments relate solely to the 100% shareholding of Vivo Energy Holding B.V. with a carrying amount of $1,913m as at 31 December 2022. Management has performed an impairment trigger assessment for the investment. At the end of the reporting period, the recoverable amount of the investment exceeded its carrying amount. Refer to note 2.5 for the Company's accounting policy.

### 6. DEBTORS

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Related party receivable | 14 | 5 |
| Other receivables | 6 | 2 |
| **Total** | **20** | **7** |

Receivable from related party arises from recharges of employee benefit costs. The amounts are unsecured, interest free and have no fixed date of repayment and are repayable on demand. Debtors are measured at amortised cost and the carrying amount is equal to the fair value for the period end.

### 7. CASH AND CASH EQUIVALENTS

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Bank | 1 | 2 |

## 8. CREDITORS

| US$ million | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Intercompany loan | 637 | – |
| Creditors due within one year | 9 | 6 |
| Related party payables due within one year | 7 | 1 |
| **Total** | **653** | **7** |

Payables to related parties consist of an intercompany loan, salary related expenses and other costs. The intercompany loan is unsecured, interest-bearing and is repayable by 13 October 2024. Other amounts are unsecured, interest free, have no fixed date of repayment and are payable on demand. Creditors are measured at amortised cost and the carrying amount is equal to the fair value for the period end.

## 9. CALLED UP SHARE CAPITAL

Share capital consists of 1,266,941,899 (2021: 1,266,941,899) ordinary shares at the nominal value of $0.50 each. For further details, refer to note 19 in the consolidated financial statements.

## 10. DIVIDENDS

In March 2022, the Board declared an interim dividend for the 2021 financial year of 4.0 cents per share, amounting to $51m which was paid on 24 June 2022 from distributable reserves as at 31 December 2021.

In July 2022, in line with the terms of the Vitol Offer, the Company declared a 2022 special dividend of 2.0 cents per share amounting to $18.5m which was paid on 8 August 2022 to all Vivo Energy shareholders on the register of members of the Company on 22 July 2022 except the Helios entities, which had each agreed to waive the right to receive the 2022 special dividend. These dividends were paid from distributable reserves as at 30 June 2022.

In October 2022, the Company declared a further interim dividend amounting to $628.5m which was paid on 13 October 2022 from distributable reserves as at 30 September 2022.

## 11. RELATED PARTIES

The Company discloses transactions with related parties that are not wholly owned with the same Group. It does not disclose transactions with members of the same Group that are wholly owned. All transactions during the period under review have been with members of the same Group that are wholly owned.

## 12. EVENTS AFTER BALANCE SHEET PERIOD

For the events after balance sheet period, refer to note 30 in the Consolidated financial statements.

## 13. OTHER MATTERS

The auditors' remuneration for the current year in respect of audit and audit-related services was $0.3m (2021: $0.3m). Auditors' remuneration relating to other non-audit services has been disclosed in the consolidated financial statements, refer to note 7. The consolidated financial statements have been completed in accordance with requirements SI 2008/489.

The Directors are remunerated by the Company for their services to the Group as a whole. No remuneration was paid to them specifically in respect of their services to Vivo Energy Limited for either year. Full details of the Directors' remuneration are disclosed in 'Directors' compensation' in note 29 in the Consolidated financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 14. COMPANY UNDERTAKINGS

A list of all subsidiaries, indirectly held by Vivo Energy Limited, except for Vivo Energy Holding B.V. which is 100% owned directly by Vivo Energy Limited, in the Group as at 31 December 2022 are disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary shares and stated ownership percentages represent the effective equity owned by the Group to the nearest whole number.

| Subsidiary | Incorporation | Registered address | Shareholding |
|---|---|---|---|
| Vivo Energy Tanzania Marketing Ltd. | Bahamas | H&J Corporate services, Ocean Centre, Montague Foreshore, East Bay Street, P.O. Box SS-19084, Nassau, Bahamas | 100% |
| Vivo Energy Botswana Pty Ltd. | Botswana | Plot 54349 Field Precinct, Office Block B, Central Business District, Gaborone, Botswana | 100% |
| Vivo Energy Burkina S.A. | Burkina Faso | Rond Point des Nations Unies, Ouagadougou Secteur 4 Section II Lot EX-TF 432 Parcelle III, Burkina Faso | 59% |
| Plateau Africa Holdings Ltd. | Canada | 199 Bay Street, Suite No. 4000, Toronto ON M5L 1A9, Canada | 100% |
| Vivo Energy Cabo Verde S.A. | Cape Verde | Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, Cabo Verde | 100% |
| Sociedade Comercial de Navegação Concha Verde S.A. | Cape Verde | Avenida Amilcar Cabral, C.P 4, Mindelo, São Vicente, Cabo Verde | 100% |
| Vivo Energy Côte d'Ivoire S.A. | Côte d'Ivoire | Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire | 67% |
| Vivo Energy Gabon S.A. | Gabon | 234, BD Bessieux, Face au Lycée Immaculée Conception, BP 224, Libreville, Gabon | 60% |
| Vivo Energy Ghana Ltd. | Ghana | Rangoon Lane, Contonments City, Digital Address: GL-045-46-56, P.O. Box 1097, Accra, Ghana | 74% |
| Vivo Energy de Guinée S.A. | Guinea | Aeroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea | 100% |
| Vivo Energy Guinée Mining SARL | Guinea | Aeroport Gbessia, Commune de Matoto, BP 312, Conakry, Guinea | 100% |
| Vivo Energy Kenya Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Vivo Energy Malindi Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Vivo Energy East Africa Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Vivo Energy Provident Trust Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Vivo Marketing Kenya Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Vivo Oil Tanking Kenya Ltd. | Kenya | Vienna Court, East Wing, State House Road, P.O. Box 43561-00100, Nairobi, Kenya | 100% |
| Crowpeak Energy Kenya Ltd. | Kenya | Icea Lion Centre, Chiromo Road, Riverside Park, Westlands District, Nairobi, Kenya P.O. Box 10643, G.P.O Nairobi, Kenya | 50% |
| Vivo Energy Liberia Ltd. | Liberia | c/o Law Offices of Yonah, Obey & Associates, 152 Cary Street, P.O. Box 3147, Monrovia, Liberia | 100% |
| Société Malgache des Pétroles Vivo Energy S.A. | Madagascar | Bâtiment B4 Golden Business Center – Lot II i A bis Morarano Alarobia-101, Antananarivo, Madagascar | 72% |
| Vivo Energy Ltd. | Malawi | Mission Road, Bulk Oil Sites, Makata Industrial Area, Blantyre, Malawi | 100% |
| Vivo Energy Mali S.A. | Mali | Hippodrome, Route de Koulikoro BP 199, Immeuble N°3293 – Bamako, Mali | 77% |
| Vivo Solar Mali S.A. | Mali | Dépot Vivo Energy Mali, Niaréla Sans fil, Zone Industrielle, BP 199 Bamako, Mali | 77% |
| Vivo Energy Senegal Holdings Ltd. | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 100% |
| Vivo Energy Tunisia Holdings Ltd. | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 100% |
| Vivo Energy Madagascar Holdings Ltd. | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 100% |
| Vivo Energy Africa Holdings Ltd. | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 100% |
| Vivo Energy Mauritius Ltd. | Mauritius | Cemetery Road, Roche Bois, Port Louis, Mauritius | 75% |
| Vivo Energy Overseas Holdings Ltd. | Mauritius | C/O IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius | 100% |
| Vivo Energy Foundation[1] | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 100% |
| Franchise Foods Africa Ltd. | Mauritius | Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius | 50% |
| Vivo Energy Maroc S.A. | Morocco | Immeuble Le Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf Casablanca, 20190 Morocco | 100% |
| Vivo Energy Africa Services SARL | Morocco | Casablanca Nearshore Park Shore 14 – 2ème étage Plateau 201, 1100 Bd Al Qods – Quartier Sidi Maârouf, 20270, Casablanca, Morocco | 100% |
| Terminal Energetique Jorf S.A. | Morocco | Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca, Morocco | 100% |

1 The Vivo Energy Foundation does not have ordinary share capital and is a charitable foundation formed and constituted in accordance with the provisions of the Foundations Act 2012 of the Republic of Mauritius.

| Subsidiary | Incorporation | Registered address | Shareholding |
|---|---|---|---|
| Terminal D'hydrocarbures Jorf S.A. | Morocco | Immeuble Zenith II, Lotissement Attaoufik, Route de Nouaceur, Sidi Maarouf, Casablanca, Morocco | 100% |
| Terminal Energetique Agadir S.A. | Morocco | Zone Industrielle d'Anza (côté mer), Agadir, Morocco | 100% |
| VE Mozambique Trading Lda | Mozambique | EN4, Tchumene II, Talhao 19, Parcela 3380, Matola, Mozambique | 100% |
| Vivo Energy Mocambique Lda | Mozambique | Rua dos Desportistas, no.480, Edifício Maputo Business Tower, 110 Andar, Fraccao A, Maputo, Mozambique | 100% |
| Vivo Energy Holding B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Investments B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Cape Verde Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Morocco Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Mauritius Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Mali Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Newco Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Ghana Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Kenya Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Uganda Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Guinea Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Côte d'Ivoire Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Burkina Faso Holdings B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Power Holding B.V. | Netherlands | Teleportboulevard 110, 1043 EJ Amsterdam, The Netherlands | 100% |
| Vivo Energy Supply B.V. | Netherlands | Wilhelminakade 99, 3072 AP Rotterdam, The Netherlands | 100% |
| Vivo Sales and Marketing Ltd. | Nigeria | 1, Murtala Mohammed Drive, Ikoyi, Lagos, Nigeria | 100% |
| Vivo Energy Reunion S.A. | Reunion | 1 Rue Sully Prud'Homme, ZI N°2, Le Port, 97420, Reunion | 100% |
| Vivo Energy Rwanda Ltd. | Rwanda | Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda | 100% |
| Kabuye Depot Holding Company Rwanda Ltd. | Rwanda | Kacyiru, Gasabo, Umujyi wa Kigali, Rwanda | 100% |
| Vivo Energy Senegal S.A. | Senegal | Quartier Bel-Air Route des Hydrocarbores, BP 144 Dakar, Senegal | 94% |
| Vivo Energy Sierra Leone Ltd. | Sierra Leone | 37 Siaka Stevens Street, Freetown, Sierra Leone | 100% |
| Vivo Energy South Africa (Pty) Ltd. | South Africa | 15th Floor Towers South, The Towers, 2 Heerengracht, cnr Hertzog Boulevard, Foreshore 8001, Cape Town, South Africa | 100% |
| Vivo Energy Power Services SA (Pty) Ltd. | South Africa | Commerce Square, 39 Rivonia Road, Sandhurst, Sandton, South Africa | 100% |
| Vivo Energy Tanzania Ltd. | Tanzania | Plot No. 263 Mandela Road, Kurasini, Temeke District, Dar es Salaam, Tanzania | 100% |
| V&R Energy Tanzania Ltd. | Tanzania | Plot No. 263 Mandela Road, Kurasini, Temeke District, Dar es Salaam, Tanzania | 60% |
| Société Vivo Energy Tunisie S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 100% |
| Société Butagaz Tunisie S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 100% |
| Société Sudgaz S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 100% |
| Société d'Exploitation et de Gestion des Points de Vente S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 48% |
| Vivo Energy Uganda Ltd. | Uganda | Plot 9/11 7th Street Industrial Area, Kampala, Uganda | 100% |
| Vivo Energy Malindi Uganda Ltd. | Uganda | Plot 9/11 7th Street Industrial Area, Kampala, Uganda | 100% |
| Vivo Energy Uganda Provident Trust Ltd. | Uganda | Plot 9/11 7th Street Industrial Area, Kampala, Uganda | 100% |
| Vivo Energy Namibia Ltd. | United Kingdom | 5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom | 100% |
| Vivo Energy UK Services Ltd. | United Kingdom | 5th Floor – The Peak, 5 Wilton Road, London, SW1V 1AN, United Kingdom | 100% |
| Vivo Energy Zambia Ltd. | Zambia | Plot 3132, Buyantanshi Road, Lusaka, Zambia | 100% |
| VE Zambia Legacy Ltd. | Zambia | 1394 Mushemi Road, Rhodes Park, P.O. Box 32256, Lusaka, Zambia | 100% |
| Engen Marketing Ltd. | Zambia | Plot 3132, Buyantanshi Road, Lusaka, Zambia | 100% |
| Vivo Energy Zimbabwe Holdings (Private) Ltd. | Zimbabwe | Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe | 49% |
| Vivo Energy Zimbabwe (Private) Ltd. | Zimbabwe | Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe | 49% |
| Vivo Energy Zimbabwe Operations (Private) Ltd. | Zimbabwe | Engen House 71 Kaguvi Street P.O. Box 372, Harare, Zimbabwe | 49% |

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 14. COMPANY UNDERTAKINGS CONTINUED

A list of all joint ventures and associates, indirectly held by Vivo Energy Limited, in the Group as at 31 December 2022 are disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary shares and stated ownership percentages represent the effective equity owned by the Group to the nearest whole number.

| Investment | Incorporation | Registered address | Shareholding |
|---|---|---|---|
| Baobab Energy Botswana Pty Ltd. | Botswana | Plot 50369 Fairgrounds Office Park, Gaborone, Botswana | 50% |
| Baobab Energy Côte d'Ivoire SARL | Côte d'Ivoire | Rue des pétroliers, Zone Industrielle de Vridi, 15 BP 378 Abidjan, Côte d'Ivoire | 33% |
| Stockage Petrolier de Côte d'Ivoire SARL | Côte d'Ivoire | Abidjan Port-bouet vridi canal de Petroliers 12 B.O 2141 Abidjan 12, Côte d'Ivoire | 20% |
| Société Gabonaise D'Entroposage des Produits Pétrolière S.A. | Gabon | P.O. Box 2218, Libreville, Gabon | 23% |
| Road Safety Limited Company | Ghana | Tema Shell Installation, Fishing Harbour Road, Tema, Ghana | 37% |
| Kuku Foods Kenya Ltd. | Kenya | LR No. 20/8342/3 1st Ngong Avenue, P.O. Box 14885, 00100, Nairobi, Kenya | 50% |
| Logistique Pétrolière S.A. | Madagascar | Immeuble FITARATRA- 5 ème étage, Rue Ravoninahitriniarivo, Ankorondrano 101, Antananarivo, Madagascar | 33% |
| Petroleum Importers Ltd. | Malawi | 6th Floor Unit House, Off Victoria Avenue, Blantyre, Malawi | 25% |
| Energy Storage Company Ltd. | Mauritius | Cemetery Road, Roche Bois, Port Louis, Mauritius | 38% |
| Compagnie D'Entreposage Communautaire S.A. | Morocco | Route cotière 111, Km 6,5, Ghezouane, Mohammedia, Morocco | 32% |
| Ismailia Gaz S.A. | Morocco | Km 9 Route d'El Hajeb, Meknes, Morocco | 40% |
| Maghreb Gaz S.A. | Morocco | Immeuble Tafraouti, Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco | 37% |
| MFG Vivo Holding S.A. | Morocco | 59 Bd Zerktouni, 6eme Etage N°18, Casablanca, Morocco | 50% |
| Planet Pizza SARL | Morocco | 669 Bd El Qods, Ain Chock, Casablanca, Morocco | 50% |
| Société de Cabotage Pétrolier S.A. | Morocco | 27 Bd Zerktouni, Casablanca, Morocco | 39% |
| Société Dakhla des Hydrocarbures S.A. | Morocco | 11 Avenue de la Marine Royale, Dakhla, Morocco | 33% |
| Sopetrole S.A. | Morocco | Zone Industrielle, lot N°2, Laayoune, Morocco | 49% |
| Stogaz S.A. | Morocco | Rue Ferhat Hachad, Mohammedia, Morocco | 50% |
| Sublime Food SARL | Morocco | Angle Rue Ibnou Al Atir, et 15 Bd Abdelkrim Khettabi, Casablanca, Morocco | 50% |
| Tadla Gaz S.A. | Morocco | Km 7,5 Route de Rabat, Ain Sebaa, Casablanca, Morocco | 50% |
| TH Energy SARL | Morocco | 38 Av Driss Lahrizi N°32, Casablanca, Morocco | 50% |
| Tidsi Gaz S.A. | Morocco | Zone Industrielle d'Anza (côté mer), Agadir, Morocco | 47% |
| Top Gourmandise SARL | Morocco | 7 Menara Mall, Av Mohamed VI, Marrakech. Morocco | 50% |
| Havi Properties (Proprietary) Ltd. | Namibia | 12th Floor Sanlam Centre, 157 Independence Avenue, Windhoek, Khomas, 9000, Namibia | 50% |
| Synergy Foods (Proprietary) Ltd. | Namibia | Units 7 & 15 Hidas Shopping Centre, Windhoek, Khomas, 9000, Namibia | 50% |
| Shell and Vivo Lubricants B.V. | Netherlands | Carel van Bylandtlaan 30, 2596 HR The Hague, The Netherlands | 50% |
| Société Réunionnaise d'Entreposage S.A. | Reunion | 3 Rue Jacques Prevert, Riviere des Galets, 97420 Le Port, Reunion | 20% |
| Kuku Foods Rwanda Ltd. | Rwanda | Kimihurura, Gasabo and Umujyi wa Kigalirr, Rwanda | 50% |
| Société de Manutention du Carburants Aviation de Dakar Yoff S.A. | Senegal | Dakar-Yoff, B.P. 8022 Yoff, Senegal | 23% |
| Société Dakaroise d'Entreposage S.A. | Senegal | Cap des Biches, Rufisque, B.P. 59 Rufisque, Senegal | 48% |
| Cimsahel Energy S.A. | Senegal | Sous préfecture de SINDIA, Senegal | 47% |
| Petrovi S.A. | Senegal | 25, Yoff hanger, Pèlerin, Dakar, Senegal | 47% |
| Société D'Entrepots Pétroliers de Tunisie S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 30% |
| Société Bitumes de Tunis S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 50% |
| Viniz Food S.A. | Tunisia | Rue de Syrie bloc C7-1 Tunis, Tunis, 1002, Tunisia | 50% |
| Société d'Exploitation et de Gestion des Pipelines de Rades S.A. | Tunisia | 24-26 place du 14 janvier 2011 – 1001 Tunis, Tunisia | 25% |
| Kuku Foods Uganda Ltd. | Uganda | Plot 49, Mackenzie Vale, Kololo, Kampala, Uganda | 50% |

A list of all joint ventures and associates, indirectly held by Vivo Energy Limited, which are part of the Shell and Vivo Lubricants Group as at 31 December 2022 are disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary shares and stated ownership percentages represent the effective equity owned by the Group to the nearest whole number.

| Investment | Incorporation | Registered address | Shareholding |
|---|---|---|---|
| Shell et Vivo Lubrifiants Côte d'Ivoire SARL | Côte d'Ivoire | Zone industrielle de Vridi, Rue des pétroliers à Abidjan, Côte d'Ivoire | 50% |
| Shell and Vivo Lubricants Ghana Ltd. | Ghana | Rangoon Lane, Cantonments City, Accra, Ghana | 50% |
| Shell et Vivo Lubrifiants de Guinée SARL | Guinea | L'Aéroport Gbessia, Commune de Matoto, BP 312 Conakry, Guinea | 50% |
| Société Guineenne des lubrifiants et emballages S.A. | Guinea | Boulevard Maritime, Commune de Kaloum, B.P. 709, Conakry, Guinea | 35% |
| Shell and Vivo Lubricants Kenya Ltd. | Kenya | Vienna Court, State House Road, P.O. Box 43561, 00100, Nairobi, Kenya | 50% |
| Société Shell et Vivo Lubrifiants Africa Services SARL | Morocco | 1 Rue Abou Abbas EL Araj Roches Noires, Casablanca, Morocco | 50% |
| Société Shell et Vivo Lubrifiants du Maroc S.A. | Morocco | 1 Rue Abou Abbas EL Araj Roches Noires, Casablanca, Morocco | 50% |
| Shell and Vivo Lubricants Nigeria Ltd. | Nigeria | 1 Murtala Muhammed Drive, Ikoyi, Lagos state, Nigeria | 50% |
| Société Shell & Vivo Lubrifiants de Tunisie SARL | Tunisia | 24/26 place, 14 janvier 2011-1001, Tunisia | 50% |
| Société Tunisienne des Lubricants de Radès S.A. | Tunisia | 24/26 place, 14 janvier 2011-1001, Tunisia | 30% |
| Shell Vivo Lubricants Supply DMCC | United Arab Emirates | Almas Tower, 45 A Jumeirah Lakes Tower, P.O. Box 124848, Dubai, United Arab Emirates | 50% |

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD') INDEX

Our detailed TCFD disclosures can be found in this Annual Report on the following pages:

| | TCFD Recommendation | Reference in the 2022 Annual Report | Page no. |
|---|---|---|---|
| **Governance**<br>Disclose the organisation's governance around climate-related risks and opportunities. | a) Describe the board's oversight of climate-related risks and opportunities. | – TCFD – Governance<br>– Section 172(1) Statement<br>– Risk Management | 28<br>27<br>32 to 35 |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | – Planet and Partnerships<br>– TCFD – Governance | 22 to 25<br>28 |
| **Strategy**<br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material. | a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term. | – TCFD – Strategy<br>– Risk Management | 29 to 31<br>32 to 35 |
| | b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | – TCFD – Strategy<br>– Risk Management | 29 to 31<br>32 to 35 |
| | c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | – TCFD – Strategy | 29 to 31 |
| **Risk Management**<br>Disclose how the organisation identifies, assesses, and manages climate-related risks. | a) Describe the organisation's processes for identifying and assessing climate-related risks. | – TCFD – Risk Management<br>– Risk Management | 31<br>32 to 35 |
| | b) Describe the organisation's processes for managing climate-related risks. | – TCFD – Risk Management<br>– Risk Management | 31<br>32 to 35 |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | – TCFD – Risk Management<br>– Risk Management | 31<br>32 to 35 |
| **Metrics and Targets**<br>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | – TCFD – Metrics and Targets<br>– Risk Management | 31<br>32 to 35 |
| | b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. | – TCFD – Metrics and Targets<br>– Planet and Partnerships | 31<br>22 to 25 |
| | c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | – TCFD – Metrics and Targets<br>– Planet and Partnerships | 31<br>22 to 25 |

# GLOSSARY

| Term | Description |
|---|---|
| ABC | Anti-bribery and corruption |
| AGM | Annual General Meeting |
| AML | Anti-money laundering |
| ATM | Automated teller machine |
| B2B | Business to business |
| B2C | Business to consumer |
| CGU | Cash-generating unit |
| $CO_2$ | Carbon dioxide |
| CSO | Compulsory stock obligation |
| DPO | Days purchases outstanding |
| DSO | Days sales outstanding |
| EBIT | Earnings before finance expense, finance income and income taxes |
| EBITDA | Earnings before finance expense, finance income and income taxes, depreciation and amortisation |
| EBT | Earnings before income taxes |
| ECL | Expected credit loss |
| ERP | Enterprise Resource Planning |
| ESG | Environmental, Social and Governance |
| ETR | Effective tax rate |
| EV | Electric vehicles |
| FRC | Financial Reporting Council |
| FVTOCI | Fair value through other comprehensive income |
| FVTPL | Fair value through profit and loss |
| FY | Full year |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross domestic product |
| GHG | Greenhouse gas |
| HR | Human resources |

## GLOSSARY CONTINUED

| Term | Description |
|---|---|
| HSSEQ | Health, safety, security, environment and quality |
| IEA | International Energy Agency |
| IFRS | International Financial Reporting Standards |
| IMF | International Monetary Fund |
| IMP | Inventory Management Plan |
| IPO | Initial public offering |
| KPI | Key performance indicator |
| KT | Kilotonne |
| KYC | Know Your Counterparty |
| Leverage Ratio | Net debt, including lease liability, divided by the last 12 months' adjusted EBITDA |
| LPG | Liquefied petroleum gas |
| LTIP | Long-Term Incentive Plan |
| M&A | Mergers and acquisitions |
| NCI | Non-controlling interest |
| NGO | Non-governmental organisation |
| OCI | Other comprehensive income |
| OTS | Open Tender System |
| OU | Operating unit |
| PP&E | Property, plant and equipment |
| Q | Quarter |
| RCF | Revolving credit facility |
| ROACE | Return on average capital employed |
| ROU | Right-of-use |
| SVL | Shell and Vivo Lubricants B.V. |
| TCFD | Task Force on Climate-Related Financial Disclosures |
| TRCF | Total Recordable Case Frequency |
| UK | United Kingdom |
| US | United States |
| VEI BV | Vivo Energy Investments B.V. |
| VEOHL | Vivo Energy Overseas Holdings Limited |

# KEY CONTACTS AND ADVISERS

## REGISTERED OFFICE
Vivo Energy limited (formerly Vivo Energy plc)
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SWIV IAN
United Kingdom

## DOMICILE
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No. 11250655

## INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP

## COMPANY SECRETARY
Minna Gonzalez-Gomez

## PRINCIPAL LEGAL ADVISERS
Freshfields Bruckhaus Deringger LLP

## WEBSITE
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Design and production by **Radley Yeldar** www.ry.com

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