



INTERIM REPORT

For the six-month period ended 30 June 2023

Table of contents

Management's discussion and analysis.....	2
Non-GAAP financial measures.....	2
Overview of operations by segment.....	3
Consolidated results of operations.....	4
Analysis of consolidated results of operations.....	5
Analysis of consolidated financial position.....	6
Liquidity and capital resources.....	6
Risks and uncertainties.....	7
Interim condensed consolidated financial statements.....	8

Terms and abbreviations

Term	Description	Term	Description
B2B	Business to business	HI	Six-month period January to 30 June
B2C	Business to consumer	IAS	International Accounting Standards
DPO	Days purchases outstanding	IFRS	International Financial Reporting Standards
DSO	Days sales outstanding	LPG	Liquefied petroleum gas
EBIT	Earnings before finance expense, finance income and income taxes	LTIP	Long-Term Incentive Plan
EBITDA	Earnings before finance expense, finance income, income taxes, depreciation and amortisation	MD&A	Management's discussion and analysis
EBT	Earnings before income taxes	NCI	Non-controlling interest
ETR	Effective tax rate	OCI	Other comprehensive income
FVTOCI	Fair value through other comprehensive income	PP&E	Property, plant and equipment
FY	Full year	RCF	Revolving credit facility
GAAP	Generally Accepted Accounting Principles	TCFD	Task Force on Climate-Related Financial Disclosures
		UK	United Kingdom
		US	United States
		VEI BV	Vivo Energy Investments B.V.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations is intended to convey management's perspective of Vivo Energy Limited's ('Vivo Energy' or the 'Company') operational performance and financial condition during the periods under review, as measured under IFRS and non-GAAP measures. This MD&A is intended to assist readers in understanding and interpreting the Company's interim condensed consolidated financial statements (included from page 8 onwards) and they should, therefore, be read together. The results of operations and cash flows for the six-month period are not necessarily indicative of the results of operations and cash flows for the full year.

The financial information disclosed in this report is unaudited and does not constitute statutory financial statements. Comparative figures for the period 30 June 2022 were derived from the Interim Report H1 2022. Comparative figures for the year ended 31 December 2022 were derived from the 2022 Annual Report and Accounts that was delivered to the Registrar of Companies in England and Wales. All amounts in this report are expressed in millions of US dollars, unless otherwise indicated. Further insight into the Company can be found on the Company's website at: <https://www.vivoenergy.com/>.

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.
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.
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 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 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.

OVERVIEW OF OPERATIONS BY SEGMENT

US\$ million, unless otherwise indicated	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022	Change
Volumes (million litres)			
Retail	3,055	3,159	-3%
Commercial	2,142	2,215	-3%
Lubricants	73	80	-9%
Total	5,270	5,454	-3%
Gross profit			
Retail (including Non-fuel retail)	172	217	-21%
Commercial	84	101	-17%
Lubricants	32	44	-27%
Total	288	362	-20%
Gross cash unit margin (\$/'000 litres)¹			
Retail fuel (excluding Non-fuel retail)	59	72	-18%
Commercial	45	51	-12%
Lubricants	504	583	-14%
Total	63	74	-15%
Gross cash profit¹			
Retail (including Non-fuel retail)	198	243	-19%
Commercial	97	114	-15%
Lubricants	37	46	-20%
Total	332	403	-18%
Adjusted EBITDA¹			
Retail	81	124	-35%
Commercial	52	74	-30%
Lubricants	24	36	-33%
Total	157	234	-33%

¹ Non-GAAP measures are explained and reconciled on pages 2 and 16.

CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US\$ million	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022	Change
Revenues	5,172	5,328	-3%
Cost of sales	(4,884)	(4,966)	-2%
Gross profit	288	362	-20%
Selling and marketing cost	(122)	(122)	–
General and administrative cost	(97)	(96)	+1%
Share of profit of joint ventures and associates	11	15	-27%
Other income/(expense)	2	(5)	+140%
EBIT	82	154	-47%
Finance expense – net	(74)	(33)	+124%
EBT	8	121	-93%
Income taxes	(6)	(48)	-88%
Net income	2	73	-97%

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022	Change
Volumes (million litres)	5,270	5,454	-3%
Gross cash profit	332	403	-18%
EBITDA	151	218	-31%
Adjusted EBITDA	157	234	-33%
ETR (%)	69%	40%	n/a
Adjusted net income	9	87	-90%

Non-GAAP measures are explained and reconciled on pages 2 and 16.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

Volumes

Overall volumes for the period decreased by 3%, to 5,270 million litres due to the increasing pressure from macroeconomic factors on the business environment. The decrease was mainly attributable to the Retail and Commercial segments, with volumes 3% lower than prior year in both segments. The Retail segment decrease was driven by strong market competition and the economic slowdown in some of our markets. The Commercial segment decrease was primarily driven by reduced product availability and lower demand from mining customers, partially offset by higher volumes from the aviation business as airlines resumed flight routes and from acquiring new customers. Lubricants volume growth decreased by 9% year-on-year, mainly due to higher product costs and strong market competition, offset by additional cross border export sales in the commercial sector.

Gross profit

Gross profit decreased by 20% year-on-year, from \$362 million in HI 2022 to \$288 million in HI 2023, mainly attributable to lower volumes because of reduced consumer purchasing power which was impacted by increasing inflation rates. Decreasing crude oil prices as well as the depreciation of local currencies further contributed to the lower unit margins.

Gross cash profit

Gross cash profit decreased by 18% year-on-year to \$332 million, primarily driven by lower volumes and a 15% lower year-on-year gross cash unit margin of \$63 per thousand litres (HI 2022: \$74 per thousand litres). Retail unit margins were 18% lower than the prior year, mainly explained by a declining oil price environment during HI 2023, which started to normalise by the end of the half year period as margins returned to normal levels. The Commercial segment unit margin decreased to \$45 per thousand litres, primarily driven by the aviation business, affected by supply cost increases and temporary negative stock effects. The unit margin in the Lubricants segment decreased by 14%, mainly due to a negative pricing impact because of declining base oil prices.

Selling and marketing cost

Selling and marketing cost of \$122 million was in line with the prior period, mainly due to higher maintenance costs (Shining sites) and travel expenditure, offset by a favourable foreign currency exchange effect.

General and administrative cost

General and administrative cost, including special items¹, was broadly in line with the prior year at \$97 million primarily due to the Engen acquisition related expenses which are reported as special items¹ as well as travel costs. This was 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 27% lower year-on-year, amounting to \$11 million, mainly attributable to lower share of profit from Shell and Vivo Lubricants B.V.

Adjusted EBITDA

Adjusted EBITDA decreased by 33% compared to the prior year, from \$234 million in HI 2022 to \$157 million. The decrease is mainly attributable to a lower gross cash profit and share of profit of joint ventures and associates partially offset by an increase in other income.

Net finance expense

Net finance expense increased by \$41 million from \$33 million in HI 2022 to \$74 million in HI 2023. The increase is largely attributable to a higher average level of indebtedness in the comparable HI period as a result of the Bridge loan being in place from October 2022. Refer to note 7 in the interim condensed consolidated financial statements for further information. In the period there was also higher utilisation of the local credit facilities to meet working capital requirements and higher borrowing rates in some countries that further contributed to the increase in finance expense.

Income taxes

The ETR for the six months ended 30 June 2023 is based on management's estimate of the annual effective income tax rate of 69%, increasing from 40% in the prior period. The ETR for the six months is not representative due to the relative higher impact of withholding tax and permanent items due to the lower earnings before tax. This was further impacted by an increase in interest expense and losses which cannot be offset against profits.

Net income

Net income, including the impact of special items¹, decreased by \$71 million, from \$73 million in HI 2022 to \$2 million.

¹ Special items are explained and reconciled on pages 2 and 16.

ANALYSIS OF CONSOLIDATED FINANCIAL POSITION

Total assets

Total assets, including the impacts of foreign currency movements, decreased by \$138 million to \$4,051 million and is primarily explained by a:

- \$103 million decrease in other assets largely attributable to a decrease in other government benefit receivables as a result of significant payments received during the period and declining crude oil prices contributing to a lower accumulation of subsidies, partially offset by an \$89 million increase in trade receivables, due to an increase of the average DSO¹ to 18 days (15 days at year-end 2022);
- \$97 million decrease in inventories mainly due to the impact of lower value stock on hand as a result of declining crude oil prices and a decrease in inventory days. Average inventory days was 25 days (FY 2022: 26 days);
- \$31 million decrease in cash and cash equivalents principally due to the repayment of the RCF, short-term bank borrowings and interest paid, offset by cash generated from operating activities.

Total equity and liabilities

Total equity and liabilities, including foreign currency movements, decreased by \$138 million to \$4,051 million and is primarily explained by a:

- \$175 million decrease in borrowings mainly due to the repayment of the RCF and refinancing of the Bridge loan and a decrease in short-term bank borrowings;
- \$45 million decrease in income tax payables primarily due to corporate income tax payments in relation to FY 2022 and reduced income tax expense resulting from lower earnings before tax during the current period;

partially offset by a:

- \$66 million increase in trade payables largely attributable to timing of purchases and favourable payment terms from some of our suppliers. Average monthly DPO¹ was 62 days (FY 2022: 61 days);
- \$8 million increase in equity predominantly due to a capital contribution and net income for the period, partially offset by other comprehensive income for the period and hyperinflationary accounting.

LIQUIDITY AND CAPITAL RESOURCES

NET DEBT AND AVAILABLE LIQUIDITY

US\$ million	30 June 2023	31 December 2022
Long-term and Subordinated shareholder debt	903	1,016
Lease liabilities	186	183
Total debt excluding short-term bank borrowings	1,089	1,199
Short-term bank borrowings	451	513
Less: cash and cash equivalents	(469)	(500)
Net debt	1,071	1,212
<hr/>		
US\$ million	30 June 2023	31 December 2022
Cash and cash equivalents	469	500
Available undrawn credit facilities	1,878	1,614
Available short-term capital resources	2,347	2,114

Long-term debt mainly consists of issued notes with a seven-year maturity date and a Term loan which matures in five years. The decrease in net debt to \$1,071 million is primarily attributable to a decrease in long-term debt due to the refinancing of the Bridge loan and repayment of the RCF. Refer to note 7 of the interim condensed consolidated financial statements for further information. The debt cover (excluding the subordinated shareholder debt and lease liabilities) decreased to 2.1x at 30 June 2023 (FY 2022: 2.4x).

¹ DSO and DPO are based on monthly averages and on trade elements only.

The available undrawn credit facilities of \$1,878 million (FY 2022: \$1,614 million) comprise the undrawn, committed multi-currency RCF of \$300 million, which was renewed in June 2023 for an initial term of three years and two one-year extension options, and the unsecured and uncommitted short-term bank facilities extended to our operating entities for working capital purposes, ranging from \$3 million to \$461 million, and carry interest rates between 4.1% and 27.8% per annum.

RISKS AND UNCERTAINTIES

Risk management is embedded in the operational responsibilities of our teams and is an integral part of our overall governance, planning and decision-making. The Group continues to be exposed to a number of risks and has an established and structured approach to identify, assess and manage those risks. Details of the principal risks facing the Group's businesses were included on pages 33 to 35 of the 2022 Annual Report and Accounts, with all these remaining applicable. These risks are Partner reputation and relationships, Criminal activity, fraud, bribery and compliance risk, Oil price fluctuations, Currency exchange risk, Health and safety, Economic and governmental instability, Product availability and supply, Business concentration risk, Information technology risk, Local content, Climate change, Epidemic, Credit management, and Human resources and talent management.

The Group continues to address the impact of climate change. The Vivo Energy Sustainability Framework is designed to guide our sustainability approach and ensure focus remains on the areas that matter to our stakeholders. It is based on three key pillars - People, Planet and Partnerships, which underpin our Principles - and is aligned to our purpose to safely provide innovative and responsible energy solutions to Africa. During the period there have been no significant changes to the Group's assessment of the risk relating to climate change.

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 effect the transfer of Petronas' stake in Engen Ltd (Engen). At the time of signing the agreement Bidco was 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 the second half of 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. The acquisition of Engen is expected to increase legal and regulatory risk as we will be operating in new African markets, with each country bringing their own regulatory requirements to which we have not previously been exposed to. The Group has and will continue to monitor the risk landscape for the transaction and will ensure sufficient steps are taken to ensure compliance with all regulations affecting each area of business. At the date of this report, the risk assessment does not take into account the potential future risk associated to the Engen acquisition due to its timing uncertainty.

The Board of Directors has assessed the Group's principal risk factors over the first six months of 2023 and the expected risk environment for the remaining six months of the year. One of the Group's priorities during the period has been to closely review and monitor the tax and regulatory environment, including local content, across the Group. Despite the macroeconomic factors which have impacted the Group's performance in the current period, management are monitoring the impact of unfavourable pricing models in some markets. While this risk is not considered significant, there has been a shift in the market in the first half of the year. As part of the Group's risk management framework, we continue to consider changes in the nature, likelihood and impact of existing risks, as well as new and emerging risks.

We have observed that re-defining the Group's commercial objective in order to measure the financial performance using the replacement cost methodology for inventories will enable the company to better measure the underlying performance by isolating the swings in valuation of its base level of inventory. The Company is currently undertaking a review of its processes in order to enhance its management reporting and will commence reporting the replacement cost results in future reports.

We have not observed any significant changes in our exposure to the other principal risk factors.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

Table of contents

Consolidated interim statement of comprehensive income	9
Consolidated interim statement of financial position	10
Consolidated interim statement of changes in equity	11
Consolidated interim statement of cash flows	12
Notes to the interim condensed consolidated financial statements	13
1. General information	13
2. Basis of preparation	13
3. Financial instruments by category	14
4. Segment reporting	14
5. Reconciliation of non-GAAP measures	16
6. Contingencies	17
7. Borrowings	17
8. Related parties	19
9. Events after balance sheet period	19
Responsibility statement	20

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

US\$ million	Notes	Six-month period ended	
		30 June 2023	30 June 2022
Revenues	4	5,172	5,328
Cost of sales		(4,884)	(4,966)
Gross profit	4	288	362
Selling and marketing cost		(122)	(122)
General and administrative cost		(97)	(96)
Share of profit of joint ventures and associates		11	15
Other income/(expense)		2	(5)
Earnings before interest and tax (EBIT)	5	82	154
Finance income		5	5
Finance expense		(79)	(38)
Finance expense – net		(74)	(33)
Earnings before tax (EBT)	5	8	121
Income taxes		(6)	(48)
Net income	5	2	73
Net income attributable to:			
Equity holders of Vivo Energy Limited		(1)	65
Non-controlling interest (NCI)		3	8
		2	73
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(23)	(55)
Net investment hedge (loss)/gain, net of tax		(3)	10
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefits		(1)	–
Change in fair value of financial instruments through OCI, net of tax		–	1
Other comprehensive income, net of tax		(27)	(44)
Total comprehensive income		(25)	29
Total comprehensive income attributable to:			
Equity holders of Vivo Energy Limited		(25)	28
Non-controlling interest (NCI)		–	1
		(25)	29

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

NON-GAAP FINANCIAL MEASURES¹

US\$ million, unless otherwise indicated	Six-month period ended	
	30 June 2023	30 June 2022
EBITDA	151	218
Adjusted EBITDA	157	234
Adjusted net income	9	87

¹ Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures on pages 2 and 16.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

US\$ million	30 June 2023	31 December 2022
Assets		
Non-current assets		
Property, plant and equipment	921	920
Right-of-use assets	235	235
Intangible assets	177	188
Investments in joint ventures and associates	245	237
Deferred income taxes	55	61
Financial assets at fair value through other comprehensive income	13	13
Other assets	188	172
	1,834	1,826
Current assets		
Inventories	590	687
Trade receivables	687	598
Other assets	435	554
Income tax receivables	24	10
Other financial assets	12	14
Cash and cash equivalents	469	500
	2,217	2,363
Total assets	4,051	4,189
Equity		
Share capital	633	633
Share premium	52	4
Retained earnings	(293)	(281)
Other reserves	(224)	(200)
Attributable to equity holders of Vivo Energy Limited	168	156
Non-controlling interest	39	43
	207	199
Liabilities		
Non-current liabilities		
Lease liabilities	157	156
Borrowings	7 902	945
Provisions	85	89
Deferred income taxes	78	86
Other liabilities	158	150
	1,380	1,426
Current liabilities		
Lease liabilities	29	27
Trade payables	1,753	1,687
Borrowings	7 452	584
Provisions	13	15
Other financial liabilities	14	11
Other liabilities	195	187
Income tax payables	8	53
	2,464	2,564
Total liabilities	3,844	3,990
Total equity and liabilities	4,051	4,189

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

US\$ million	Attributable to equity holders of Vivo Energy Limited										Total equity
	Share capital	Share premium	Retained earnings	Other reserves					Total	NCI	
				Reserves ^{1,2}	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes			
Balance at 1 January 2023	633	4	(281)	(55)	2	(152)	5	–	156	43	199
Net income	–	–	(1)	–	–	–	–	–	(1)	3	2
Other comprehensive income	–	–	–	2	(1)	(25)	–	–	(24)	(3)	(27)
Total comprehensive income	–	–	(1)	2	(1)	(25)	–	–	(25)	–	(25)
Capital contribution	–	48	–	–	–	–	–	–	48	–	48
Net impact of IAS 29 ⁴	–	–	(11)	–	–	–	–	–	(11)	–	(11)
Dividends paid	–	–	–	–	–	–	–	–	–	(4)	(4)
Balance at 30 June 2023	633	52	(293)	(53)	1	(177)	5	–	168	39	207

For the six-month period ended 30 June 2022

US\$ million	Attributable to equity holders of Vivo Energy Limited										Total equity
	Share capital	Share premium	Retained earnings	Other reserves					Total	NCI	
				Reserves ^{1,2}	Retirement benefits	Currency translation difference	Fair value reserves	Equity settled incentive schemes ³			
Balance at 1 January 2022	633	4	335	(59)	2	(90)	4	8	837	46	883
Net income	–	–	65	–	–	–	–	–	65	8	73
Other comprehensive income	–	–	–	(2)	–	(36)	1	–	(37)	(7)	(44)
Total comprehensive income	–	–	65	(2)	–	(36)	1	–	28	1	29
Share-based expense	–	–	–	–	–	–	–	3	3	–	3
Share awards transactions	–	–	3	–	–	–	–	(3)	–	–	–
Net impact of IAS 29 ⁴	–	–	(8)	–	–	–	–	–	(8)	–	(8)
Dividends paid ⁵	–	–	(51)	–	–	–	–	–	(51)	(3)	(54)
Balance at 30 June 2022	633	4	344	(61)	2	(126)	5	8	809	44	853

The notes are an integral part of these interim condensed 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, formerly known as Engen International Holdings (Mauritius) Limited in March 2019.

² Included in reserves is a cost of hedging reserve Nil (2022: \$2m).

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.

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 were paid out of distributable reserves.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
Operating activities		
Net income	2	73
Adjustment for:		
Income taxes	6	48
Amortisation, depreciation and impairment	69	64
Net gains on disposal of PP&E and intangible assets	(1)	–
Share of profit of joint ventures and associates	(11)	(15)
Dividends received from joint ventures and associates	7	1
Current income tax paid	(58)	(56)
Net change in operating assets and liabilities and other adjustments	232	(72)
Cash flows from operating activities	246	43
Investing activities		
Purchases of PP&E and intangible assets	(71)	(60)
Proceeds from disposals of PP&E and intangible assets	1	4
Other investment activities	(1)	–
Cash flows from investing activities	(71)	(56)
Financing activities		
Proceeds from capital contribution	48	–
Proceeds from long-term debt	7	–
Repayments of long-term debt	7	–
Net (repayments)/proceeds (of)/from bank and other borrowings	7	95
Repayment of lease liabilities	(17)	(16)
Dividends paid	(4)	(54)
Interest paid	(78)	(32)
Cash flows from financing activities	(199)	(7)
Effect of exchange rate changes on cash and cash equivalents	(7)	(22)
Net decrease in cash and cash equivalents	(31)	(42)
Cash and cash equivalents at beginning of period	500	587
Cash and cash equivalents at end of period	469	545

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Vivo Energy Limited ('Vivo Energy' or the 'Company') was incorporated on 12 March 2018 in the United Kingdom. The Company is limited by shares under the Companies Act 2006 (Registration number 11250655). References to 'Vivo Energy' or the 'Group' mean the Company and its subsidiaries and subsidiary undertakings. These interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2023 comprise of the Company, its subsidiaries and subsidiary undertakings, joint ventures and associates. The Group's shareholders are VIP II Blue B.V. and Vitol Africa B.V.

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.

2. Basis of preparation

The Group's interim condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', in conformity with the requirements of the Companies Act 2006. The interim condensed consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from these estimates. The estimates and underlying assumptions, as disclosed in the 2022 Annual Report and Accounts, are reviewed on an ongoing basis. During the period there were no material changes to estimates which require significant judgement by management and no new significant judgements or estimates have been identified.

The interim condensed consolidated financial statements follow the same accounting policies as those in the Vivo Energy Limited 2022 Annual Report, except for the estimate of income taxes. There has been no impact as a result of preparing the interim condensed consolidated financial statements under the International Accounting Standards as adopted by the United Kingdom.

Going concern

International Financial Reporting Standards (IFRS) require 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.

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 Group's going concern assessment. The transaction to effect the transfer of Petronas' stake in Engen Ltd (Engen) to Vivo Energy is not expected to have an impact on the Group's going concern conclusion.

The Group has assessed its net debt position as well as its ability to meet the debt covenants over the going concern period. Based on this assessment, the Group will meet all debt covenants at each period up to December 2024. 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 part of the going concern assessment, the Directors have also considered a severe but plausible downside scenario. The scenario simulates 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 due to soaring inflation rates. Under all scenarios, the sensitised forecasts show that the Group has sufficient committed liquidity headroom through to 31 December 2024.

At the time of approving the interim condensed consolidated financial statements, the Directors maintain a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. The Directors, therefore, continue to consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

Climate change

In preparing the interim condensed consolidated financial statements, management has considered the impact that climate change may have. The Task Force on Climate-Related Financial Disclosures (TCFD) is a reporting framework that consists of a list of recommendations for companies to consider, with the aim being to improve and increase the reporting of climate-related financial information. The Group's previous scenario assessment, performed in accordance with the TCFD reporting framework, remains relevant and reflective of the current period. There have been no developments in the organisation or climate change factors that would result in 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.

New standards, amendments and interpretations

The following amendments and new interpretations to the IFRS standards effective for annual periods beginning on or after 1 January 2023 are applicable and have been applied in preparing the interim condensed consolidated financial statements and have no material impact for the Group:

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

There are no other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2023 that have an impact on the interim condensed consolidated financial statements of the Group.

3. Financial instruments by category

The Group's classification of each class of financial assets and financial liabilities remains unchanged in the current period. The fair value of all the financial assets and liabilities approximate the carrying amount except for listed notes that had a carrying amount of \$351m and fair value of \$313m. The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the assets or liabilities that are in the 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. Since the value is based on the net asset value of the related investment, no sensitivity analysis is presented.

Other financial assets and liabilities are categorised as level 2 of the fair value hierarchy. 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.

There were no changes made during the period to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

4. 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 the 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:

US\$ million	Six-month period ended 30 June 2023			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	3,341	1,593	238	5,172
Gross profit	172	84	32	288
Add back: depreciation and amortisation	26	13	5	44
Gross cash profit	198	97	37	332
Adjusted EBITDA	81	52	24	157

US\$ million	Six-month period ended 30 June 2022			
	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	3,381	1,697	250	5,328
Gross profit	217	101	44	362
Add back: depreciation and amortisation	26	13	2	41
Gross cash profit	243	114	46	403
Adjusted EBITDA	124	74	36	234

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
Share of profit of joint ventures and associates included in segment EBITDA		
Lubricants	4	7
Retail	4	4
Commercial	3	4
Total	11	15

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

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
Revenue from external customers by principal country		
Morocco	816	886
Kenya	785	924
Senegal	486	462
Other	3,085	3,056
Total	5,172	5,328

The amount of non-current assets held by country is shown in the table below.

US\$ million	Six-month period ended	
	30 June 2023	31 December 2022
Non-current assets by principal country (excluding deferred tax)		
Morocco	277	250
The Netherlands	233	230
Kenya	165	137
Other	1,104	1,148
Total	1,779	1,765

5. Reconciliation of non-GAAP measures

Non-GAAP measures are not defined by International Financial Reporting Standards 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. Further explanation of all non-GAAP measures can be found on page 2.

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
Gross profit	288	362
Add back: depreciation and amortisation in cost of sales	44	41
Gross cash profit	332	403
Volume (million litres)	5,270	5,454
Gross cash unit margin (\$/000 litres)	63	74

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
EBT	8	121
Finance expense – net	74	33
EBIT	82	154
Depreciation, amortisation and impairment	69	64
EBITDA	151	218
Adjustments to EBITDA related to special items:		
Vitol Offer related expenses and other acquisitions ¹	6	8
Impairment of other government benefits receivable ²	–	8
Adjusted EBITDA	157	234

US\$ million	Six-month period ended	
	30 June 2023	30 June 2022
Net income	2	73
Adjustments to net income related to special items:		
Vitol Offer related expenses and other acquisitions ¹	6	8
Hyperinflation ³	1	–
Impairment of other government benefits receivable ²	–	8
Tax on special items	–	(2)
Adjusted net income	9	87

¹ These expenses are related to the Vitol Offer transaction and other acquisition costs and are treated as special items as they do not form part of the core operational business activities and performance.

² 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.

³ 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 based on their significance in size and unusual nature.

6. Contingencies

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 ('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. Further to a recent opinion on this inquiry, the CDC did not recommend an investigation into activities of any fuel retailer. The CDC made several recommendations to the Moroccan Government, including to review regulations for supply of fuels at retail level, to encourage refining in Morocco and to accelerate the adoption of the CDC's recommendations of 2019 on competition in this sector. We continue to believe that we have conducted our operations in accordance with applicable competition laws.

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.

7. Borrowings

US\$ million	Drawn on	30 June 2023	31 December 2022
Term loan ¹	09/06/2023	392	–
Notes ¹	24/09/2020	351	350
Subordinated shareholder debt	29/06/2023	160	–
Bridge loan ¹	13/10/2022	–	603
VEI BV Revolving Credit Facility		–	63
Bank borrowings		451	513
		1,354	1,529
Current		452	584
Non-current		902	945
		1,354	1,529

Current borrowings include bank borrowings, which carry interest rates between 4.1% and 27.8% 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-month extension options exercisable by the Company. The Bridge loan had a floating interest rate linked to the Secured Overnight Financing Rate. The Bridge loan has been totally repaid on June 09, 2023 with proceeds from the Term loan, the RCF and cash on hand.

The Term loan matures in five years and bears interest linked to the Secured Overnight Financing Rate which is repayable on a quarterly basis. The principal amount is repayable in six equal instalments, commencing after a two-year grace period. 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 \$313m based on quoted market prices at the end of the reporting period.

The RCF was renewed in June 2023, with an initial term of three years and two one-year extension options. The RCF is a floating rate facility and the carrying amount approximates the fair value and remains undrawn. The outstanding balance on the RCF was repaid on June 29, 2023 with proceeds of the subordinated shareholder debt.

¹ The amounts are net of financing costs.

The Subordinated shareholder debt matures in 12 months, with an additional 12-month extension option, and bears a competitive interest rate of 3-month Secured Overnight Financing Rate adjusted for Credit Spread plus a margin of 0.75% p.a. Interest is payable on a quarterly basis and the principal amount can be prepaid on demand.

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 \$1,578m (FY 2022: \$1,407m) 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.

The tables below provide an analysis of cash and non-cash movements in borrowings for the period:

	2023		
US\$ million	Long-term debt	Bank borrowings	Total
1 January	1,016	513	1,529
Proceeds from long-term and Subordinated shareholder debt ¹	555	–	555
Repayment of long-term debt ²	(664)	–	(664)
Proceeds/(repayment) of bank borrowings	–	(39)	(39)
Foreign exchange movements	1	(23)	(22)
Other ⁴	(5)	–	(5)
30 June	903	451	1,354
	2022		
US\$ million	Long-term debt and RCF	Bank borrowings	Total
1 January	349	280	629
Proceeds from long-term debt ¹	595	–	595
Proceeds/(repayment) of bank borrowings and other borrowings ³	59	258	317
Foreign exchange movements	4	(25)	(21)
Other ⁴	9	–	9
31 December	1,016	513	1,529

Key covenants:

The key covenants below relate to the VEI BV RCF and are substantially the same for the Term loan:

- 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 Group's financial covenants were revised during HI 2023 to a minimum interest cover of 3.0x (FY 2022: 4.0x) and a maximum debt cover of 3.5x (FY 2022: 3.0x). These covenants are applicable for the relevant periods ending over the next two years, following which they shall revert to the levels stipulated in 2022. 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 the 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.

¹ Mainly represents proceeds from the Term loan and Subordinated shareholder debt. (FY 2022: mainly represents the proceeds from the Bridge loan.)

² Includes repayment of the Bridge loan and RCF.

³ Other borrowings relate to the drawn RCF.

⁴ Other includes financing costs and non-cash items.

The key covenants below relate to the notes:

- The financial covenants are a minimum fixed charged cover of 2.0x. 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. The covenants have 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.

8. Related parties

The Group has a number of related parties including joint arrangements and associates, shareholders, directors and Executive Committee members. No related party transactions have been entered into during the period which might reasonably affect any decisions made by the user of these interim condensed consolidated financial statements except as disclosed below.

US\$ million	Six-month period ended 30 June 2023		
	Joint ventures and associates	Shareholders	Total
Sales of products and services, and other income	15	66	81
Purchase of products and services, and other expenses	206	840	1,046

US\$ million	Six-month period ended 30 June 2022		
	Joint ventures and associates	Shareholders	Total
Sales of products and services, and other income	15	65	80
Purchase of products and services, and other expenses	201	851	1,052

The following table presents the Group's outstanding balances with related parties:

US\$ million	30 June 2023		
	Joint ventures and associates	Shareholders	Total
Receivables from related parties	42	9	51
Payables to related parties	(87)	(653)	(740)
Total	(45)	(644)	(689)

US\$ million	31 December 2022		
	Joint ventures and associates	Shareholders	Total
Receivables from related parties	47	15	62
Payables to related parties	(80)	(327)	(407)
Total	(33)	(312)	(345)

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 (FY 2022: \$2m) was recognised in relation to a joint venture receivable.

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.

9. Events after balance sheet period

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 interim condensed consolidated financial statements.

RESPONSIBILITY STATEMENT

The Directors confirm that these interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Directors as listed in the 2022 Annual Report & Accounts remain unchanged at 30 June 2023. The 2022 Annual Report & Accounts can be found on the Vivo Energy Limited website: <https://www.vivoenergy.com/en/investors/reports-and-presentations>.

By order of the Board

Stan Mittelman
Chief Executive Officer
2 August 2023

Jay Gleacher
Interim Chief Financial Officer
2 August 2023