Viva Energy Group Limited (the "Company")
ACN 626 661 032
Appendix 4D: Half-year report

Results for announcement to the market

The current reporting period is the six month period ended 30 June 2023. The previous corresponding period is the six month period ended 30 June 2022.

	30 June 2023 $M	30 June 2022 $M	% Change
Revenue	**12,722.8**	**11,517.1**	**10.5%**
(Loss)/profit from ordinary activities after tax / net (loss)/profit for the period attributable to shareholders			
Historical cost basis	**(77.5)**	**520.9**	**-114.9%**
Replacement cost basis	**174.1**	**355.4**	**-51.0%**

Brief explanation of basis of results

Profit from ordinary activities after tax and net profit for the period are prepared in accordance with the Corporations Act 2001 and International Financial Reporting Standards (IFRS).

Viva Energy Group Limited (the "Company" or "Viva Energy") reports its performance on a "Replacement Cost" (RC) basis. RC is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of the historical cost (HC) of inventory. As a result, it removes the effect of timing differences and management believes it enables users of the financial information to more clearly observe the operating performance of the business independently of the impact of movements in the oil price. RC basis reporting also includes lease expense to provide better transparency of underlying cash performance. The effects of applying inventory and lease accounting standards are captured between Net Profit/(Loss) After Tax (RC) and Net Profit/(Loss) After Tax (HC), as are any significant items, and revaluation impacts on foreign exchange (FX) and oil derivatives.

	30 June 2023 $	30 June 2022 $	% Change
Net tangible asset per share	**0.98**	**1.27**	**-22.8%**

Net tangible asset per share is derived by dividing net tangible assets by the number of ordinary shares on issue as at 30 June of each period. Net tangible assets are net assets attributable to members less intangible assets. Right of use assets have been treated as tangible for the purpose of this calculation.

Dividends	2023
2023 Interim dividend – amount per security (fully franked)	8.5 cents
Trading on ex dividend basis	5 September 2023
Record date for determining entitlement to final dividend	6 September 2023
Date dividend expected to be paid	20 September 2023

There is no dividend or distribution re-investment plan currently in operation and there is no foreign sourced income component distributed in relation to the dividend.

This information should be read in conjunction with the 2023 Half-year Financial Report of Viva Energy Group Limited ('2023 Half-year Report') and associated ASX market releases made during the period. The 2023 Half-year Report includes additional Appendix 4D disclosure requirements and commentary on the results for the period ended 30 June 2023.

This report is based on the 2023 Half-year Financial Report which has been audited by PricewaterhouseCoopers ('PwC'). PwC has not audited Underlying numbers included in the Directors' report. The Independent Auditor's Report provided by PwC is included in the 2023 Half-year Financial Report.

Julia Kagan
Company Secretary
22 August 2023

Viva Energy Group Limited
and controlled entities

Interim report - 30 June 2023

ACN: 626 661 032
ABN: 74 626 661 032

Contents

Directors' report

The Directors present their report, together with the Financial Report of Viva Energy Group Limited (the 'Company') and the entities it controlled (collectively, the 'Group'), for the half-year ended 30 June 2023.

This Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth). The following information forms part of this report:

- Operating and financial review on pages 4 to 15; and
- External auditor's independence declaration on page 17.

A reference to Viva Energy, we, us or our is a reference to the Group or the Company, as the case may be.

Directors

The following persons were Directors of the Company during the whole of the half-year and up to the date of this report (unless otherwise stated):

Robert Hill	Chairman, Independent Non-Executive Director
Scott Wyatt	Chief Executive Officer (CEO), Managing Director
Dat Duong	Non-Executive Director
Michael Muller	Non-Executive Director
Arnoud De Meyer	Independent Non-Executive Director
Sarah Ryan	Independent Non-Executive Director
Nicola Wakefield Evans	Independent Non-Executive Director

Company Secretaries

The following persons were Company Secretaries during the whole of the half-year and up to the date of this report (unless otherwise stated):

Julia Kagan	Company Secretary
Cheng Tang	Company Secretary

Principal Activities

During the period, the principal activities of the Group included the following:

- sales of fuel, lubricants and convenience offerings across Australia;
- the supply of energy and industrial solutions and services across key sectors of Australia's economy;
- management of a national supply, distribution and terminal network; and
- manufacturing activities at the Group's Geelong oil refinery.

Operating and financial review

Company overview

Viva Energy is a leading convenience retailer, commercial services and energy infrastructure business, with a history spanning more than 120 years in Australia. The Group operates a convenience and fuel network of more than 700 stores across Australia, and exclusively supplies Shell fuels and lubricants to a total network of more than 1,300 service stations.

Viva Energy owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals, polymers and lubricants businesses supported by more than 20 terminals and 60 airports and airfields across the country.

Convenience & Mobility

Viva Energy Retail is the largest integrated convenience and fuel network in Australia under a single operator. Its network of more than 700 stores meets the convenience and mobility needs of customers across the country, with an established offering under the Shell and Coles Express brands.

With a total network presence at more than 1,300 sites, Viva Energy Retail exclusively supplies fuels and lubricants through the Shell, Liberty and Westside branded retail service stations. Liberty Convenience, which is a 50% joint venture which the Group has a right to fully acquire from 2025, provides a value-led, independent brand and a differentiated fuel and convenience offer.

Directors' report (continued)

Operating and financial review (continued)

Commercial & Industrial

Viva Energy is a leading diversified supplier of energy and industrial solutions and services across key sectors of Australia's economy. The Group supplies fuel, lubricants, polypropylene and specialty hydrocarbon products to commercial customers in the aviation, marine, transport, resources, construction, agriculture and manufacturing industries, as well as wholesalers. Viva Energy's strong position across many segments is underpinned by national infrastructure and long-standing customer relationships.

The Group engages with customers extensively on decarbonisation efforts, including the potential use of biofuels and hydrogen for when they become commercially viable. The carbon solutions business has achieved carbon neutral certification by Climate Active for most products. In addition to jet fuel, customers are offered the option to offset emissions from diesel, marine fuel, unleaded petrol, solvents and bitumen.

Energy & Infrastructure

Viva Energy has an extensive national import, storage and distribution infrastructure network through which it supplies the energy needs of consumers across the country, while leveraging these positions to support the transition to lower-carbon energies.

The Group owns and operates the country's largest and most complex refinery in Australia, located at Geelong in Victoria. Refineries play an important role in processing Australian and imported crude oil into petroleum products which meet Australian specifications and help to enhance fuel supply security for the country. Geelong Refinery supplies more than 10% of Australia's total fuel requirements (approximately 50% of Victoria's fuel demand) and is the only manufacturer of bitumen, aviation gasoline (Avgas) for use in piston engine aircraft, aromatic and aliphatic based solvents, and polypropylene products.

Consolidated results for the half-year ended 30 June 2023

The Group Net loss after tax on a historical cost ('HC') basis for the half-year ended 30 June 2023 (1H2023) was $77.5 million ('M'). After adjusting for net inventory loss, significant one-off items, revaluation losses and non-cash lease adjustments, Net profit after tax on a replacement cost ('RC') basis for the period was $174.1M. A reconciliation from Statutory Loss After Tax (HC) to Net Profit After Tax (RC) is provided below:

Reconciliation of Statutory loss after tax to Net profit after tax (RC)	($M)
Statutory loss after tax	**(77.5)**
Add: Net Inventory loss[1]	124.9
Add: Significant one-off items[1,2]	94.8
Add: Revaluation loss on FX and oil derivatives[1]	7.9
Add: Non-cash lease adjustments[1]	24.0
Net profit after tax (RC)	**174.1**

[1] Results are reported net of tax.
[2] Significant one-off items includes an impairment loss of $79.9M and $14.9M in acquisition costs and amortisation charges which will not be incurred in future periods.

Group results on a HC basis are calculated in accordance with International Financial Reporting Standards (IFRS) and shows the cost of goods sold at the actual prices paid by the business using a first in, first out (FIFO) accounting methodology. As such, HC accounting includes gains and losses resulting from timing differences between purchases and sales of inventory and the rise and fall of oil and product prices during that time. Gains and losses arising from the rise and fall of oil and product prices are typically offset by a change in working capital because of the higher or lower cost to replenish inventory. RC accounting is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of the historical cost of inventory. As a result, it removes the effect of timing differences to enable users of the financial information to more consistently assess the underlying performance of the business.

To further assist with the assessment of the underlying performance of the business, Group results on an RC basis include lease expense and exclude lease interest and right of use amortisation. These amounts are captured in the "Non-cash lease adjustments" line item in the above reconciliation table. Financial measures based on replacement costs and inclusive of lease expense are identified by the use of the suffix "RC".

Directors' report (continued)

Operating and financial review (continued)

Reporting changes implemented in 1H2023

During the reporting period, upon the completion of the Coles Express acquisition on 1 May 2023, the Group's strategy to expand into the Convenience sector and operate its business as three distinct 'Convenience and Mobility', 'Commercial and Industrial' and 'Energy and Infrastructure' segments came into effect. At the time, the Group formally changed the way in which its business results are reported to the Chief Operating Decision Maker, and accordingly has adopted the following reportable segments in the current reporting period:

Convenience & Mobility (C&M):

The key earnings stream in C&M is from an integrated network generating both convenience and fuel revenue streams. This also includes some relatively smaller contributions from a Dealer Owned network and Shell Card.

Commercial & Industrial (C&I):

The key earnings stream in C&I is from the supply of fuels, lubricants and specialty fuel products and services to the Marine, Aviation, Resources, Transport and Wholesale sectors.

Energy & Infrastructure (E&I):

Refining will continue to report as its own segment under the new heading of Energy & Infrastructure which in addition to the Group's refining activities, also captures the evolving Geelong Energy Hub operations.

Corporate: There is no change to the Corporate reportable segment.

The change in reportable segments is reflected in both current and comparative periods.

Directors' report (continued)

Operating and financial review (continued)

1H2023 Business Performance Summary

Viva Energy delivered another strong result in the first half of 2023, despite the Refining business being impacted by lower regional margins and major maintenance activity in the second quarter.

Sales from the Convenience & Mobility and Commercial & Industrial segments grew by 10.5% and earnings improved by approximately 40% compared to the same period last year. The Group continues to grow market share, and make important progress in its long term strategies to transform the businesses.

The Group has completed the acquisition and transition of Coles Express, and is working towards completing the acquisition of the On The Run (OTR) Group (subject to regulatory approval) by the end of this year. Together these acquisitions will see Viva Energy become one of the leading convenience retailers in the country.

The Commercial and Industrial businesses continue to deliver strong growth across all business units, but particularly in the specialty markets where sustained and attractive long-term growth is observed. The execution of the contract with the Australian Defence Force (ADF) during the period was a particularly significant achievement and the Group looks forward to supporting them to achieve their goals in the years ahead.

Although the Energy and Infrastructure business was unfavourably impacted by extended major maintenance in the second quarter, refining margins have lifted considerably over recent months as a result of tightness in international markets, and the Group looks forward to returning to full production in September.

Continued capital discipline was maintained from a strong balance sheet to support investments and acquisitions to deliver long term growth, and continue to return cash to shareholders in line with the dividend policy.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss

	$M	30 June 2023				30 June 2022[5]				
		Group	C&M[1]	C&I[2]	E&I[3]	Group	C&M[1]	C&I[2]	E&I[3]	Variance
	Revenue	12,722.8	4,052.6	8,670.2	-	11,516.9	3,761.5	7,755.4	-	1,205.9
1.	**Total EBITDA (RC)**	**361.9**	**119.7**	**227.2**	**15.0**	**611.7**	**85.6**	**161.3**	**364.8**	**(249.8)**
	Convenience & Mobility	*123.7*	*123.7*	*-*	*-*	*88.6*	*88.6*		*-*	*35.1*
	Commercial & Industrial	*231.2*	*-*	*231.2*	*-*	*164.3*		*164.3*	*-*	*66.9*
	Energy & Infrastructure	*22.9*	*-*	*-*	*22.9*	*370.8*	*-*		*370.8*	*(347.9)*
	Corporate	*(15.9)*	*(4.0)*	*(4.0)*	*(7.9)*	*(12.0)*	*(3.0)*	*(3.0)*	*(6.0)*	*(3.9)*
2.	Share of profit from associates	0.6	0.6	-	-	1.0	1.0	-	-	(0.4)
	Net loss on other disposal of assets	(1.9)	(0.5)	-	(1.4)	0.2	(0.1)	0.3	-	(2.1)
3.	Depreciation and amortisation	(84.8)	(21.6)	(31.8)	(31.4)	(88.0)	(24.2)	(27.8)	(36.0)	3.2
	Profit before interest and tax (RC)	**275.8**	**98.2**	**195.4**	**(17.8)**	**524.9**	**62.3**	**133.8**	**328.8**	**(249.1)**
4.	Net finance costs	(29.5)	(3.1)	(24.9)	(1.5)	(16.6)	(2.5)	(11.6)	(2.5)	(12.9)
	Profit/(loss) before tax (RC)	**246.3**	**95.1**	**170.5**	**(19.3)**	**508.3**	**59.8**	**122.2**	**326.3**	**(262.0)**
5.	Income tax (expense)/benefit (RC)	(72.2)	(26.9)	(51.1)	5.8	(152.9)	(18.4)	(36.6)	(97.9)	80.7
	Net profit/(loss) after tax (RC)	**174.1**	**68.2**	**119.4**	**(13.5)**	**355.4**	**41.4**	**85.6**	**228.4**	**(181.3)**
6.	Significant one-off items [4]	(94.8)				7.8				(102.6)
7.	Net inventory (loss)/gain [4]	(124.9)				191.2				(316.1)
8.	Revaluation loss on FX and oil derivatives [4]	(7.9)				(3.6)				(4.3)
9.	Non-cash lease adjustments [4]	(24.0)				(29.9)				5.9
10.	**Net (loss)/profit after tax (HC)**	**(77.5)**				**520.9**				**(598.3)**
	Statutory earnings (cents) per share (HC)	(5.0)				33.7				(38.7)
	Underlying earnings (cents) per share (RC)	11.3				23.0				(11.7)

[1] Convenience & Mobility (C&M)
[2] Commercial & Industrial (C&I)
[3] Energy & Infrastructure (E&I)
[4] Results are reported net of tax.
[5] Comparative updated to reflect the change in reportable segments.

The table below provides a reconciliation between Profit before tax (RC) shown above and Profit before tax (HC) within the consolidated statement of profit or loss.

$M	30 June 2023	30 June 2022
Profit/(loss) before tax (RC) as above	**246.3**	**508.3**
Adjusted for:		
Lease expense	**163.0**	**149.9**
Right-of-use amortisation	**(117.2)**	**(111.2)**
Lease interest expense	**(80.2)**	**(81.4)**
Revaluation loss on FX & oil derivatives	**(11.0)**	**(5.2)**
Net inventory (loss)/gain	**(178.5)**	**273.1**
Significant one-off items	**(94.8)**	**7.8**
(Loss)/profit before tax (HC)	**(72.4)**	**741.3**

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss Analysis

1. EBITDA (RC)

Convenience & Mobility (C&M)

C&M EBITDA (RC) was $123.7M in 1H2023, a 40% increase on the comparative period last year. This strong performance was supported by a favourable fuel margin environment and continued growth in fuel sales across all channels (up 4% to 2,268 million litres).

The company-operated network (previously Coles Express) achieved weekly fuel volumes of 58 million litres, up 3% on the prior period, with further growth coming from the extension of the Liberty Convenience network (now at 95 stores nationwide). Premium fuel penetration across the networks increased from 30% to 31%.

The Company made significant progress in pursuing its strategy to grow high-quality convenience earnings, completing the Coles Express acquisition to secure full control over more than 700 stores, and announcing the acquisition of OTR Group. Together these acquisitions provide a pathway to become the leading convenience retailer in Australia.

Commercial & Industrial (C&I)

C&I EBITDA (RC) increased by 41% to $231.2M in 1H2023, with sales volumes up by 15% (to 5,336 million litres) led by continued recovery in International Aviation and Marine businesses and robust demand from other C&I businesses. Specialty products and services (sales other than Diesel and Jet) bolstered earnings growth, now comprising approximately 50% of C&I EBITDA (RC) in 1H2023.

During the period C&I further diversified its business and customer mix. It completed the small acquisition of Skyfuel Australia, growing the regional airport presence and customer solutions offering, and signed two long-term, strategically important contracts with the ADF and Royal Flying Doctors Service.

Energy & Infrastructure (E&I)

E&I delivered EBITDA (RC) of $22.9M in 1H2023, compared to $370.8M in the comparative period. Earnings were impacted by lower regional refining margins and the planned major maintenance turnaround during the second quarter, which was extended as a result of the compressor incident which occurred on 6 June 2023.

There was a reduction in crude intake and higher operating costs due to increased shipping activity to support the major maintenance turnaround and unplanned extended outage of the Platformer and associated units. Replacement of crude oil with additional imports of refined products also impacted profitability in the second quarter of the period.

2. Share of profit from associates

Share of profit from associates of $0.6M represents the Group's 50% ownership of the half-year results of associate investments in LOC Global Pty Ltd and Fuel Barges Australia Pty Ltd.

3. Depreciation and amortisation

Depreciation and amortisation for the half-year includes $73.6M of depreciation on property, plant and equipment, $9.8M of amortisation expense on intangible assets and $1.4M on leases classified as finance leases. Total depreciation and amortisation of $84.8M decreased by $3.2M compared to the prior comparative period, primarily driven by the Coles Express intangible write-off upon acquisition. Amortisation of right-of-use assets is captured in 'Non-cash lease adjustments'.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss Analysis (continued)

4. Net finance costs

Net finance costs of $29.5M were $12.9M higher than the prior comparative period and consisted of interest income, interest expense on borrowings, amortised transaction costs and fees associated with trade finance instruments of $28.9M, finance costs associated with leases classified as finance leases prior to the adoption of AASB 16 Leases of $4.1M, net of $3.5M from the unwinding of discounted balance sheet provisions.

The increase in net finance costs is due primarily to higher borrowings and increases in market interest rates.

5. Income tax expense

While the income tax expense for the period on an RC accounting basis is $72.2M, representing an effective tax rate of 29.3%, the Group is subject to income tax on the basis of HC earnings rather than RC earnings. The income tax expense for the period on a HC basis is $5.1M. Even though the Group incurred a loss on an HC accounting basis, the group recognised a tax expense due to the non-deductibility of the impairment of the Coles Express related intangible and stamp duty costs within the $94.8M significant one-off items during the period.

6. Significant one-off items (net of tax)

The current period significant items totalling $94.8M comprises a $79.9M impairment loss resulting from the write-off of an intangible asset following the acquisition of Coles Express, as well as $14.9M in acquisition costs and amortisation charges in C&M which will not be incurred in future periods.

7. Net inventory (loss)/gain

The net inventory loss relates to the effect of movements in crude and refined product prices and foreign exchange on inventory recorded at HC using the FIFO principle of accounting. The loss of $124.9M (net of tax) reflects decreasing oil prices experienced during 1H2023 and the impact of foreign exchange movements.

8. Revaluation loss on FX and oil derivatives

Revaluation loss on foreign exchange (FX) and oil derivatives is impacted by realised and unrealised FX and associated hedges, flat oil price hedges and refinery margin hedging. During the period, a loss of $7.9M (net of tax) was recognised due to the actual net FX loss outweighing the gains on derivative contract positions caused by fluctuating FX rates and decreasing crude and refined product prices over the period.

9. Non-cash lease adjustments

The non-cash lease adjustments reflects the elimination of lease expenses recorded in EBITDA (RC) and the recognition of lease interest and right-of-use amortisation.

10. Net profit after tax (HC)

A net loss after tax (HC) of $77.5M for the period was a decrease from the comparative $520.9M profit after tax (HC) in 1H2022. The loss in the current period is a result of weakening refining margins and unfavourable oil price and FX movements, along with significant one-off expenses resulting from acquisitions.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position

$M		30 June 2023	31 December 2022	Variance
1.	Working capital	32.6	41.3	(8.7)
2.	Property, plant and equipment	1,919.3	1,645.7	273.6
3.	Right-of-use assets	2,067.5	2,088.4	(20.9)
4.	Intangible assets	542.8	599.6	(56.8)
5.	Investment in associates	16.3	15.7	0.6
6.	Net (debt)/cash	(274.2)	290.5	(564.7)
7.	Lease liability	(2,480.2)	(2,456.5)	(23.7)
8.	Long-term provisions, other assets and liabilities	(75.5)	(179.8)	104.3
9.	Net deferred tax asset	310.6	315.9	(5.3)
10.	**Total equity**	**2,059.2**	**2,360.8**	**(301.6)**

Summary Statement of Financial Position Analysis

1. Working capital

Working capital decreased by $8.7M, primarily as a result of a significant decrease in trade and other receivables over the period driven by the timing of payments on receivable balances, partially offset by movement in current tax balances.

2. Property, plant and equipment (PP&E)

Property, plant and equipment (PP&E) relates to freehold terminal property, leasehold retail and terminal improvements, plant and infrastructure such as tanks and pipelines held at terminals, airports and retail sites and the Geelong Refinery land and equipment.

PP&E increased by $273.6M in 1H2023, driven by capital expenditure over the period of $222.0M and further PP&E additions through business acquisitions of $120.8M, asset transfers in of $2.7M and non-cash additions to the asset retirement obligation cost base totalling $2.1M, partially offset by depreciation of $73.6M and net disposals of $0.4M during the period.

A breakdown of capital expenditure by segment is outlined below.

$M		30 June 2023	30 June 2022	Variance
a.	Convenience & Mobility	14.3	16.5	(2.2)
b.	Commercial & Industrial	25.8	19.1	6.7
c.	Energy & Infrastructure			
	Base expenditure	22.5	13.3	9.2
	Major maintenance	86.8	6.8	80.0
	Energy Hub	72.6	35.2	37.4
	Capital expenditure	**222.0**	**90.9**	**131.1**

a. Convenience & Mobility

Convenience & Mobility capital expenditure of $14.3M for the period (1H2022: $16.5M) includes network growth spend, new site branding and refreshing of network convenience stores and forecourts, together with tank and pump replacements, tank relines and other asset integrity works.

b. Commercial & Industrial

During the period $25.8M (1H2022: $19.1M) of Commercial & Industrial's capital expenditure related to works to ensure the integrity of the Group's terminals, pipelines, depots and aviation assets, along with commercial growth opportunities and branding of dealer-owned sites within the Wholesale network.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position Analysis (continued)

2. Property, plant and equipment (PP&E) (continued)

c. Energy & Infrastructure

Base expenditure

Base capital expenditures during the period of $22.5M (1H2022: $13.3M) primarily related to spend on the cyclical tank maintenance program, the Distributed Controls System upgrade, Field Centre relocation costs and on the Gas Separation Unit column & exchanger replacement.

Major maintenance

Major maintenance capital expenditure of $86.8M during the period (1H2022: $6.8M) primarily relates to the Crude Distillation Unit Turnaround event.

Energy Hub

Energy Hub expenditure during the period of $72.6M (1H2022: $35.2M) related to progress works on the Ultra-Low Sulphur Gasoline Project, advancing the Gas Terminal Project, reaching the first milestone on the Hydrogen Refuelling Station and progressing the diesel Strategic Storage Facility.

3. Right-of-use assets

The right-of-use assets balance at period end was $2,067.5M, a decrease of $20.9M from FY2022. Impacting this balance during the period was right-of-use depreciation of $118.7M and lease terminations, reclassifications and derecognitions of $2.4M, with these decreases partially offset by new leases through business acquisitions of $65.8M and extensions, other new leases and lease reassessments totalling $34.4M.

4. Intangible assets

Intangible assets decreased by $56.8M during the year primarily due to the write off of the $79.9M reacquired rights intangible as a result of the Coles Express acquisition and amortisation charges of $14.3M, partially offset by $32.6M in goodwill recognised on acquisitions, and $4.8M of other software capitalisations.

5. Investment in associates

This balance relates to the Group's 50% ownership of LOC Global Pty Ltd and Fuel Barges Australia Pty Ltd. Associate company profit of $0.6M was recognised during the period.

6. Net (debt)/cash

Net (debt)/cash relates to Viva Energy's syndicated Revolving Credit Facility (RCF) which is used as a working capital facility to fund fluctuations in working capital, net of cash at bank. Viva Energy does not hold any long term structural debt, with business acquisitions in 2023 funded by its own cash resources. The Group's current net debt position of $274.2M comprises $477.1M in working capital borrowings, partially offset by a cash balance of $202.9M.

7. Lease liability

The lease liability balance at 30 June 2023 was $2,480.2M, an increase of $23.7M over the six month period, with new lease liabilities from business acquisitions of $65.8M and other increases though new leases, lease extensions and lease escalations of $37.3M, offset by payments of lease principal balances totalling $78.9M made during the period and terminations of $0.5M.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position Analysis (continued)

8. Long term provisions, other assets and liabilities

The decrease in the net liability of $104.3M during the period primarily represents the settlement of the $100.0M long term payable to Coles as part of the Coles Express acquisition.

9. Net deferred tax asset

The net deferred tax asset relates to the tax-effected difference between the carrying value of assets and liabilities recorded for accounting purposes, and those recorded for tax purposes.

The $5.3M decrease in net deferred tax assets was primarily driven by the utilisation of a tax benefit through the immediate deduction of the turnaround expenditure incurred during the period, which is depreciable for accounting purposes over the longer period between turnarounds. This was partially offset by the deferred tax asset recognised upon acquisition of the Coles Express Retail business.

10. Total equity

Total equity decreased by $301.6M due to the recognition of a net loss after tax of $77.5M, the payment of $205.8M in dividends (net of dividends paid on treasury shares), equity reductions through share buy-back program activities ($17.3M) and the Group's share-based incentive plans ($4.1M) as well as a $0.2M decrease from OCI movements, partially offset by the net impact of treasury shares issued and purchased of $3.3M.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Cash Flows

$M	30 June 2023	30 June 2022	Variance
Profit before interest, tax, depreciation and amortisation (HC)	**243.7**	**1,038.3**	**(794.6)**
Decrease/(increase) in trade and other receivables	223.8	(846.3)	1,070.1
Decrease/(increase) in inventories	31.2	(1,060.3)	1,091.5
Decrease in other assets	10.4	38.6	(28.2)
Increase in trade and other payables	0.1	1,565.5	(1,565.4)
Decrease in provisions	(18.0)	(15.2)	(2.8)
1. Changes in working capital	247.5	(317.7)	565.2
2. Non-cash items in profit before interest, tax, depreciation and amortisation	94.1	33.2	60.9
3. Payment for treasury shares (net of contributions)	(6.2)	(2.8)	(3.4)
Repayment of lease liabilities	(78.9)	(65.3)	(13.6)
Interest on capitalised leases	(84.2)	(85.4)	1.2
Operating free cash flow before capital expenditure	**416.0**	**600.3**	**(184.3)**
Payments for PP&E and intangibles	(222.0)	(90.9)	(131.1)
Proceeds from sale of PP&E	0.7	0.6	0.1
Payments for other investments	(7.0)	-	(7.0)
4. Payments for business acquisitions	(325.7)	(18.0)	(307.7)
5. Government grant receipts	15.3	25.3	(10.0)
Net free cash flow before financing, tax and dividends	**(122.7)**	**517.3**	**(640.0)**
6. Finance costs	(20.9)	(8.8)	(12.1)
7. Net income tax payments	(200.9)	(38.9)	(162.0)
Net cash flow available for dividends and before borrowings	**(344.5)**	**469.6**	**(814.1)**
8. Dividends paid	(205.8)	(49.5)	(156.3)
9. Share buy back	(17.3)	-	(17.3)
10. Net drawings/(repayments) of borrowings and upfront fees	480.0	(197.0)	677.0
Net cash flow	**(87.6)**	**223.1**	**(310.7)**
Opening net cash/(debt)	**290.5**	**(95.2)**	**385.7**
Movement in capitalised borrowing costs	2.9	(0.8)	3.7
Closing net (debt)/cash	**(274.2)**	**324.1**	**(598.3)**
Change in net debt	**(564.7)**	**419.3**	**(984.0)**

Summary Statement of Cash Flows analysis

1. Changes in working capital

Trade and other receivables have decreased significantly over the period, driven by the timing of payments on receivable balances. Changes in working capital excludes non-cash related movements.

2. Non-cash items

Non-cash items add back of $94.1M comprises impairment expense of $79.9M, unrealised foreign exchange losses of $40.7M, $5.3M in share based payments and a $1.9M net loss on disposal of property, plant and equipment, partially offset by $32.4M in unrealised gains on derivatives, $0.6M from the share of profits in associates, $0.4M in gains from early lease terminations and $0.3M in other minor items.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Cash Flows Analysis (continued)

3. Payment for treasury shares

During the period 2,000,000 shares were purchased at an average price of $3.10 per share totalling $6.2M.

4. Payments for business acquisitions

The $325.7M net cash outflow from the acquisition of investments represents cash consideration of $223.9M, $100.0M to settle the existing fuel stock payable, less $22.8M in cash and cash equivalents in the books of Coles Express when acquired, as well as $24.6M in net cash paid for other minor acquisitions.

5. Government grant receipts

During the period the Group received government grants totalling $15.3M to fund the Strategic Storage Facility and New Energies Service Station projects.

6. Finance costs

Financing cost cash outflows have increased by $12.1M primarily due to a $14.0M increase in market interest rates for trade finance instruments period on period. Higher borrowings during the period and higher market interest rates also increased finance costs by $4.1M, however favourable cash balances for much of the period partially offset the costs of finance, with a $6.0M increase in interest income.

7. Net income tax payments

The net income tax payments of $200.9M for the year represent tax payments of $135.7M paid by the Group to the ATO in relation to the 2022 financial year, $62.7M in PAYG tax instalments in relation to the current period and tax payments of $2.5M by the Group on behalf of its Singapore tax resident entity (Viva Energy S.G. Pte Ltd) to the Singapore tax authority.

8. Dividends paid

During the period the Company paid a final 2022 dividend of 13.3 cents per share ($206.1M) in relation to the six-months ended 31 December 2022. Included in the $206.1M dividends was $0.3M in dividends payable to treasury shares on hand, with the net cash impact totalling $205.8M.

9. Share buy back

The Company completed its previously announced buy-back program in 1H2023, purchasing 5,473,468 shares on-market at an average price of $3.15 for the 1H2023 purchases.

10. Net drawings/(repayment) of borrowings and upfront fees

The Group had net drawings of $480.0M through its syndicated working capital facility over the period to manage short term working capital requirements. Business acquisitions during the period were funded by the Group's own cash reserves.

Directors' report (continued)

Dividends

The Company paid a final dividend of $206.1M (13.3 cents per share) to shareholders on 24 March 2023 in relation to the six month period ended 31 December 2022.

A fully-franked interim dividend of 8.5 cents per share was determined by the Board on 22 August 2023, payable to shareholders on 20 September 2023. This dividend has not been included as a liability in these interim financial statements. The total estimated dividend to be paid is $131.3M.

Events occurring after the end of the reporting period

There are no matters or circumstances occurring subsequent to the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is included on page 17.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest one hundred thousand dollars ($100,000) in accordance with the instrument, unless stated otherwise.

This report is made in accordance with a resolution of Directors.

Robert Hill
Chairman

Scott Wyatt
CEO and Managing Director

22 August 2023

Auditor's Independence Declaration

As lead auditor for the review of Viva Energy Group Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Viva Energy Group Limited and the entities it controlled during the period.

Trevor Johnston

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
22 August 2023

Consolidated statement of profit or loss

For the half-year ended 30 June 2023

	Notes	30 June 2023 $M	30 June 2022 $M
Revenue	4	**12,722.8**	**11,517.1**
Cost of goods sold	5	(11,677.4)	(9,955.2)
Gross profit		**1,045.4**	**1,561.9**
Net (loss)/gain on other disposal of property, plant and equipment		(1.9)	0.2
Gain on bargain purchase		-	7.8
Other gains and losses		**(1.9)**	**8.0**
Transportation expenses		(223.9)	(158.3)
Salaries and wages		(223.3)	(150.0)
General and administration expenses		(116.3)	(84.4)
Maintenance expenses		(70.6)	(55.0)
Lease related expenses		(8.4)	(8.5)
Sales and marketing expenses		(68.7)	(55.1)
		332.3	**1,058.6**
Impairment expense	5	(79.9)	-
Interest income		6.9	1.1
Share of profit of associates		0.6	1.0
Realised/unrealised fair value gain on derivatives		29.6	11.9
Net foreign exchanges loss		(38.9)	(33.2)
Depreciation and amortisation expenses	5	(206.6)	(199.1)
Finance costs	5	(116.4)	(99.0)
(Loss)/profit before income tax		**(72.4)**	**741.3**
Income tax expense	9	(5.1)	(220.4)
(Loss)/profit after tax		**(77.5)**	**520.9**
Earnings per share		**cents**	**cents**
Basic earnings per share		(5.0)	33.7
Diluted earnings per share		(5.0)	33.5

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the half-year ended 30 June 2023

	Notes	30 June 2023 $M	30 June 2022 $M
(Loss)/profit for the half-year		**(77.5)**	**520.9**
Other comprehensive (loss)/income			
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent years (net of tax)			
Changes in fair value of equity investments		-	(1.0)
Remeasurement of post-employment benefits		(0.2)	2.7
Net other comprehensive (loss)/income		**(0.2)**	**1.7**
Total comprehensive (loss)/income for the half-year (net of tax)		**(77.7)**	**522.6**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2023

	Notes	30 June 2023 $M	31 December 2022 $M
ASSETS			
Current assets			
Cash and cash equivalents		202.9	290.5
Trade and other receivables		1,788.7	2,001.8
Inventories	8	1,622.5	1,561.3
Assets classified as held for sale		6.9	1.9
Derivative assets		16.5	3.3
Prepayments		23.6	30.6
Current tax assets		70.2	-
Total current assets		**3,731.3**	**3,889.4**
Non-current assets			
Long-term receivables		50.1	52.3
Property, plant and equipment		1,912.4	1,643.8
Right-of-use assets		2,067.5	2,088.4
Goodwill and other intangible assets		542.8	599.6
Post-employment benefits		6.0	7.0
Investments accounted for using the equity method		16.3	15.7
Financial assets at fair value through other comprehensive income		6.6	6.6
Net deferred tax assets		310.6	315.9
Other non-current assets		0.8	4.9
Total non-current assets		**4,913.1**	**4,734.2**
Total assets		**8,644.4**	**8,623.6**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		3,300.6	3,248.7
Provisions		171.8	161.8
Short-term lease liabilities		193.1	172.1
Derivative liabilities		5.3	24.5
Current tax liabilities		-	141.9
Total current liabilities		**3,670.8**	**3,749.0**
Non-current liabilities			
Provisions		90.7	86.5
Long-term borrowings		477.1	-
Long-term lease liabilities		2,287.1	2,284.4
Other long-term liabilities		59.5	142.9
Total non-current liabilities		**2,914.4**	**2,513.8**
Total liabilities		**6,585.2**	**6,262.8**
Net assets		**2,059.2**	**2,360.8**
Equity			
Contributed equity	12	4,232.4	4,247.4
Treasury shares	12	(14.9)	(18.2)
Reserves		(4,201.6)	(4,195.0)
Retained earnings		2,043.3	2,326.6
Total equity		**2,059.2**	**2,360.8**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 30 June 2023

	Notes	Contributed equity $M	Treasury shares $M	Reserves $M	Retained earnings $M	Total equity $M
Balance at 1 January 2022		**4,252.5**	**(12.7)**	**(4,201.7)**	**2,073.8**	**2,111.9**
Statutory profit for the half-year		-	-	-	520.9	520.9
Remeasurement of post-employment benefits		-	-	2.7	-	2.7
Changes in the fair value of equity investments through other comprehensive income		-	-	(1.0)	-	(1.0)
Total comprehensive income for the half-year		**-**	**-**	**1.7**	**520.9**	**522.6**
Dividends paid (net of dividends paid on treasury shares)	7	-	-	-	(49.5)	(49.5)
Share based payment reserve movement		-	-	(0.8)	-	(0.8)
Purchase of treasury shares		-	(2.8)	-	-	(2.8)
Issue of shares to plan participants		-	4.0	-	-	4.0
Balance at 30 June 2022		**4,252.5**	**(11.5)**	**(4,200.8)**	**2,545.2**	**2,585.4**
Balance at 1 January 2023		**4,247.4**	**(18.2)**	**(4,195.0)**	**2,326.6**	**2,360.8**
Statutory loss for the half-year		-	-	-	(77.5)	(77.5)
Remeasurement of post-employment benefits		-	-	(0.2)	-	(0.2)
Total comprehensive loss for the half-year		**-**	**-**	**(0.2)**	**(77.5)**	**(77.7)**
Dividends paid (net of dividends paid on treasury shares)	7	-	-	-	(205.8)	(205.8)
Share buy-back		(15.0)	-	(2.3)	-	(17.3)
Share based payment reserve movement		-	-	(4.1)	-	(4.1)
Purchase of treasury shares	12b	-	(6.2)	-	-	(6.2)
Issue of shares to plan participants	12b	-	9.5	-	-	9.5
Balance at 30 June 2023		**4,232.4**	**(14.9)**	**(4,201.6)**	**2,043.3**	**2,059.2**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 30 June 2023

	Notes	30 June 2023 $M	30 June 2022 $M
Operating activities			
Receipt from trade and other debtors		16,180.1	14,223.3
Payments to suppliers and employees		(15,612.8)	(13,481.6)
Federal Security Services Package payments received		-	12.4
Interest received		6.9	1.1
Interest paid on loans		(9.8)	(5.9)
Interest paid on lease liabilities		(84.2)	(85.4)
Net income tax paid		(200.9)	(38.9)
Net cash flows from operating activities		**279.3**	**625.0**
Investing activities			
Payments for purchases of property, plant and equipment and intangibles		(222.0)	(90.9)
Proceeds from sale of property, plant and equipment		0.7	0.6
Payments for other investments		(7.0)	-
Receipt of government grant		15.3	25.3
Net cash consideration paid for business acquisitions		(225.7)	(18.0)
Net cash flows used in investing activities		**(438.7)**	**(83.0)**
Financing activities			
Drawdown of borrowings		2,020.0	1,725.0
Repayments of borrowings		(1,540.0)	(1,920.0)
Dividends paid (net of dividend paid on treasury shares held)	7	(205.8)	(49.5)
Upfront financing cost paid and capitalised		-	(2.0)
Repayment of lease liability		(78.9)	(65.3)
Share buy-back	12	(17.3)	-
Net purchase of employee share options		(6.2)	(2.8)
Repayment of long-term payable	13	(100.0)	-
Net cash flows from/(used) in financing activities		**71.8**	**(314.6)**
Net (decrease)/increase in cash and cash equivalents		(87.6)	227.4
Cash and cash equivalents at the beginning of the half-year		290.5	96.7
Cash and cash equivalents at the end of the half-year		**202.9**	**324.1**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

Reporting entity

The consolidated interim financial report of Viva Energy Group Limited ('Company') and the entities it controlled (collectively, 'Group') for the half-year reporting period ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 22 August 2023. The Company is a for-profit Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: VEA).

2. Basis of preparation

The consolidated interim financial report for the half-year ended 30 June 2023:

- has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB134 *Interim Financial Reporting*;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 31 December 2022 Annual Report, and any public announcements made by Viva Energy Group Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the Listing Rules of the ASX; and
- is presented in Australian dollars ($) and rounded to the nearest one hundred thousand dollars ($100,000) or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the Group's annual consolidated financial statements for the year ended 31 December 2022 and corresponding 30 June 2022 interim reporting period, except for the required adoption of new and amended accounting standards effective from 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(a) New and amended accounting standards adopted by the Group

The Group has adopted all new pronouncements as required by the Australian Accounting Standards Board effective from 1 January 2023. The adoption of these new pronouncements has not required a change in the Group's accounting policies.

3. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- The Group acquired Coles Express on 1 May 2023 (see Note 13 *Business combinations*);
- The Group has implemented a reorganisation of its reportable segments (refer to Note 6 *Segment Information*);

4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	30 June 2023 $M	30 June 2022 $M
Revenue from contracts from customers		
Revenue from sale of goods	12,620.9	11,402.1
Other revenue	101.9	115.0
Total revenue	**12,722.8**	**11,517.1**

5. Other items of profit or loss

	30 June 2023	30 June 2022
Cost of goods sold	**$M**	**$M**
Cost of products and raw materials	(8,369.4)	(7,746.8)
Sales duties, taxes and commissions	(2,883.9)	(2,005.0)
Import freight expenses	(424.1)	(203.4)
Total cost of goods sold	**(11,677.4)**	**(9,955.2)**

Cost of goods sold includes the cost of products and raw materials in addition to those costs incurred to bring inventories to a saleable condition. These costs include sales duties, taxes and commissions and import freight expenses.

	30 June 2023	30 June 2022
Depreciation and amortisation expense	**$M**	**$M**
Depreciation of property, plant and equipment	(73.6)	(70.6)
Depreciation of right-of-use assets	(118.7)	(112.6)
Amortisation of intangible assets	(14.3)	(15.9)
Total depreciation and amortisation expense	**(206.6)**	**(199.1)**

	30 June 2023	30 June 2022
Finance costs	**$M**	**$M**
Interest on borrowings, trade finance and commitment fees	(28.8)	(10.7)
Interest on lease liabilities	(84.2)	(85.4)
Unwinding of discount on provisions	(2.2)	(1.7)
Unwinding of discount on long-term payables	(1.2)	(1.2)
Total finance costs	**(116.4)**	**(99.0)**

	30 June 2023	30 June 2022
	$M	**$M**
Impairment expense	(79.9)	-

As part of the 2019 Alliance Agreement extension with Coles Express, the Group recognised an intangible asset for reacquired rights relating to reassuming responsibility for the retail sale of fuel. Upon acquisition of Coles Express on 1 May 2023, the intangible no longer had value as a separate standalone right and accordingly was written off as an impairment loss within the consolidated statement of profit or loss.

6. Segment information

The Group has identified its reportable segments on the basis of how the Chief Operating Decision Maker (CODM) reviews internal reports about components of the Group to assess performance and determine the allocation of resources.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment, with the performance evaluated based on segmented EBITDA 'Replacement Cost' (RC). Transfer prices between reportable segments are on an arm's length basis similar to transactions with third parties.

During the reporting period, upon the completion of the Coles Express acquisition on 1 May 2023, the Group's strategy to expand into the Convenience sector and operate its business as three distinct 'Convenience and Mobility', 'Commercial and Industrial' and 'Energy and Infrastructure' segments came into effect. At the time, the Group formally changed the way in which its business results are reported to the CODM, and accordingly has adopted the following reportable segments in the current reporting period.

To allow consistency comparisons, the prior year comparatives have been restated to reflect the change in reportable segments.

(a) Convenience & Mobility (C&M)

Viva Energy Retail is the largest integrated convenience and fuel network in Australia under a single operator. Its network of more than 700 stores meets the convenience and mobility needs of customers across the country, with an established offering under the Shell and Coles Express brands.

With a total network presence at more than 1,300 sites, Viva Energy Retail exclusively supplies fuels and lubricants through the Shell, Liberty and Westside branded retail service stations. Liberty Convenience, which is a 50% joint venture which the Group has a right to fully acquire from 2025, provides a value-led, independent brand and a differentiated fuel and convenience offer.

(b) Commercial & Industrial (C&I)

Viva Energy is a leading diversified supplier of energy and industrial solutions and services across key sectors of Australia's economy. The Group supplies fuel, lubricants, polypropylene and specialty hydrocarbon products to commercial customers in the aviation, marine, transport, resources, construction, agriculture and manufacturing industries, as well as wholesalers. Viva Energy's strong position across many segments is underpinned by national infrastructure and long-standing customer relationships.

The Group provides targeted carbon reduction strategies across all portfolios. With access to alternative, reduced-carbon products, delivered through our robust supply chain infrastructure and allied to new technology options, carbon solutions is positioned to assist our customers through their decarbonisation journey.

(c) Energy & Infrastructure (E&I)

Viva Energy has an extensive national import, storage and distribution infrastructure network through which it supplies the energy needs of consumers across the country, while leveraging these positions to support the transition to lower-carbon energies.

The Group owns and operates the country's largest and most complex refinery in Australia, located at Geelong in Victoria. Refineries play an important role in processing Australian and imported crude oil into petroleum products which meet Australian specifications and help to enhance fuel supply security for the country. Geelong Refinery supplies more than 10% of Australia's total fuel requirements (approximately 50% of Victoria's fuel demand) and is the only local manufacturer of bitumen, aviation gasoline (Avgas) for use in piston engine aircraft, aromatic and aliphatic based solvents, and polypropylene products.

(d) Corporate

Corporate captures group level costs which cannot be meaningfully allocated to the segments.

Geographical information

The Group's country of domicile is Australia. The Group has operations in Australia, Singapore and Papua New Guinea. All of the Group's non-financial non-current assets are located in Australia.

6. Segment information (continued)

Information about reportable segments

(a) Segment Revenue

	30 June 2023 $M	30 June 2022 $M
Convenience & Mobility	4,052.6	3,761.5
Commercial & Industrial	8,670.2	7,755.6
Energy & Infrastructure	3,382.0	4,326.1
Energy & Infrastructure - inter-segment revenue	(3,382.0)	(4,326.1)
Total Segments Revenue	**12,722.8**	**11,517.1**

(b) EBITDA 'Replacement Cost' (RC)

EBITDA RC is a non-IFRS measure that is calculated on the following basis:

- cost of goods sold is calculated using the commodity price consistent with that used to set selling prices instead of the historical cost (HC) of inventory as required under IFRS;
- leases expense is calculated using the superseded AASB 117 *Leases* standard, rather than the current AASB 16 *Leases* standard as required under IFRS;
- excludes the effect of revaluation impacts on foreign exchange (FX) and oil derivatives;
- excludes one-off items, share of profit from associates, net loss on other disposal of assets and impairment expenses.

	30 June 2023 $M	30 June 2022 $M
Convenience & Mobility	123.7	88.6
Commercial & Industrial	231.2	164.3
Energy & Infrastructure	22.9	370.8
Corporate	(15.9)	(12.0)
Total EBITDA (RC)	**361.9**	**611.7**

EBITDA (RC) reconciles to operating (loss)/profit before income tax as follows:

	30 June 2023 $M	30 June 2022 $M
Total EBITDA (RC)	**361.9**	**611.7**
Net inventory (loss)/gain	(178.5)	273.1
Lease expense	163.2	149.7
Revaluation loss on FX and oil derivatives	(11.3)	(5.2)
Impairment expense	(79.9)	-
Other significant one-off items	(10.4)	7.8
Share of profit from associates	0.6	1.0
Net (loss)/gain on other disposal of assets	(1.9)	0.2
Interest income	6.9	1.1
Depreciation and amortisation expenses	(206.6)	(199.1)
Finance costs	(116.4)	(99.0)
(Loss)/profit before tax expense	**(72.4)**	**741.3**

(c) Capital expenditure

	30 June 2023 $M	30 June 2022 $M
Convenience & Mobility	14.3	16.5
Commercial & Industrial	25.8	19.1
Energy & Infrastructure	181.9	55.3
Total capital expenditure	**222.0**	**90.9**

7. Dividends determined and paid

	30 June 2023	30 June 2022
Dividends determined and paid during the half-year	**$M**	**$M**
Fully franked dividend relating to the prior period	206.1	49.6

The Company paid a final 2022 dividend of $206.1 million – 13.3 cents per share to shareholders on 24 March 2023 in relation to the six-month period ended 31 December 2022 (2022: 2021 final dividend of $49.6 million – 3.2 cents). Included in the $206.1 million of dividends determined and paid during the period was $0.3 million in dividends relating the treasury shares on hand in the previous year. The net impact of the total dividend on retained earnings amounted to $205.8 million.

Subsequent to period end, the Board has determined an interim 2023 dividend of 8.5 cents per fully paid ordinary share (2022 interim dividend: 13.7 cents). The aggregate amount of the proposed dividend expected to be paid on 20 September 2023 out of retained earnings at 30 June 2023, but not recognised as a liability at half-year end, is $131.3 million (2022 interim dividend: $212.6 million).

8. Inventories

	30 June 2023	31 December 2022
	$M	**$M**
Crude for processing	131.5	307.4
Hydrocarbon finished products	1,322.5	1,174.4
Polymer products	39.1	40.4
Convenience products	90.1	-
	1,583.2	**1,522.2**
Stores and spare parts	39.3	39.1
Total inventories	**1,622.5**	**1,561.3**

The increase in the inventory balance of $61.2 million from 31 December 2022 to 30 June 2023 was driven primarily by the acquisition of Coles Express to establish a convenience offering, with the Group now carrying non-fuel convenience products within its inventory balance. The increase from convenience products was partially offset by reductions in fuel related inventory on hand driven by price decreases.

9. Income tax and deferred tax

Viva Energy is subject to income tax expense on the basis of HC earnings. The income tax expense for the period is $5.1 million. Even though the Group incurred a loss, the Group recognised a tax expense due to the non-deductibility of the impairment of the Coles Express related intangible and stamp duty costs within the $94.8 million significant one-off items during the period.

The net deferred tax asset relates to the tax-effected difference between the carrying value of assets and liabilities recorded for accounting purposes, and those recorded for tax purposes. The $5.3 million decrease in net deferred tax assets was primarily driven by the utilisation of a tax benefit through the immediate deduction of the turnaround expenditure incurred during the period, which is depreciable for accounts over the longer period between turnarounds. This was partially offset by the deferred tax asset recognised upon acquisition of the Coles Express Retail business.

10. Financial assets and liabilities

This table provides a summary of the Group's financial instruments, and how they are classified and measured. The Group held the following financial instruments at the end of the reporting period:

	Notes	30 June 2023	31 December 2022
Financial assets		**$M**	**$M**
Financial assets held at amortised cost			
Trade and other receivables		1,788.7	2,001.8
Long-term receivables		50.1	52.3
Cash and cash equivalents		202.9	290.5
Financial assets at fair value through profit and loss			
Derivative assets	11	16.5	3.3
Financial assets at fair value through other comprehensive income			
Equity securities	11	6.6	6.6
		2,064.8	**2,354.5**
Financial liabilities			
Financial liabilities held at amortised cost			
Trade and other payables (excluding contingent consideration)		3,300.0	3,247.5
Long-term borrowings		477.1	-
Lease liabilities		2,480.2	2,456.5
Other long-term liabilities (excluding contingent consideration)		40.5	124.5
Financial liabilities at fair value through profit and loss			
Derivative liabilities	11	5.3	24.5
Contingent consideration	11	19.6	19.6
		6,322.7	**5,872.6**

11. Fair value measurement of financial instruments

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measure.

(a) Fair value measurement hierarchy for the Group

	Quoted in active markets (Level 1) $M	Significant observable inputs (Level 2) $M	Significant unobservable inputs (Level 3) $M
30 June 2023			
Derivative assets	-	16.5	-
Derivative liabilities	-	(5.3)	-
Equity securities	6.6	-	-
Contingent consideration	-	-	(19.6)
Total at 30 June 2023	**6.6**	**11.2**	**(19.6)**
31 December 2022			
Derivative assets	-	3.3	-
Derivative liabilities	-	(24.5)	-
Equity securities	6.6	-	-
Contingent consideration	-	-	(19.6)
Total at 31 December 2022	**6.6**	**(21.2)**	**(19.6)**

There were no transfers between levels during the six months to 30 June 2023. There were also no changes made to any of the valuation techniques applied.

(b) Recognised fair value measurements

Equity securities

The Group holds public securities in Waga Energy SA and Hyzon Motors Inc. The fair value of these publicly traded securities is based on quoted market prices at the end of the reporting period.

Derivative assets and liabilities

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 30 June 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Contingent consideration

In 2022, the acquisition of LyondellBasell Australia (LBA) included contingent consideration of $19.6 million as part of the total purchase consideration. In the event that performance targets are achieved by the subsidiary over a six year period beginning at the completion date, additional consideration of up to $25.0 million may be payable in cash throughout the earnout period. The potential undiscounted amount payable under the agreement is between $0 and $25.0 million. The fair value of the contingent consideration of $19.6 million as at 30 June 2023 has been estimated by using discounted cash flow modelling to derive the present value of the future expected cash flows of the subsidiary over the earnout period. Key inputs into the calculation include a risk adjusted discount rate based on the risk profile of the subsidiary and expected future cash flow projections based on historical volume and pricing data.

12. Contributed and other equity

(a) Contributed equity

Ordinary shares are classified as equity. These shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

	30 June 2023	**31 December 2022**
	$M	**$M**
Issued and paid up capital	4,232.4	4,247.4
Cost per share	$2.741	$2.741

Movements in ordinary share capital	**Shares**	**$M**
At 1 January 2022	1,551,490,462	4,252.5
Buy back of shares, net of tax	(1,850,747)	(5.1)
At 31 December 2022	**1,549,639,715**	**4,247.4**
At 1 January 2023	1,549,639,715	4,247.4
Buy back of shares, net of tax	(5,473,468)	(15.0)
At 30 June 2023	**1,544,166,247**	**4,232.4**

Share buy-back

In the current six-month period the Company purchased, and subsequently cancelled, 5,473,468 ordinary shares (2022: 1,850,747) on market as part of the Company's buy-back program. The cancellation of the shares was treated as a reduction in share capital of $15.0 million (2022: $5.1 million), with the $2.3 million (2022: $0.4 million) difference between the par value of the purchased shares and the buy-back price being recorded against the Company's Capital redemption reserve. The total value of the share buy-back during the period was $17.3 million (2022: $4.7 million).

(b) Treasury shares

Treasury shares are shares in Viva Energy Limited that are held by the Viva Energy Employee Share Plan Trust for the purpose of issuing shares under various share-based incentives plans. Shares issued to employees are recognised on the first-in-first-out basis.

Movements in treasury shares	**Shares**	**$M**
At 1 January 2022	6,511,692	12.7
Acquisition of treasury shares (average price: $2.58 per share)	4,224,859	10.9
Transfer of shares to employees	(3,595,970)	(5.4)
At 31 December 2022	**7,140,581**	**18.2**
At 1 January 2023	**7,140,581**	**18.2**
Acquisition of treasury shares (average price: $3.10 per share)	2,000,000	6.2
Transfer of shares to employees	(4,247,282)	(9.5)
At 30 June 2023	**4,893,299**	**14.9**

13. Business combinations

The Group acquired three businesses during the six month period ended 30 June 2023.

(a) Coles Express

On 1 May 2023, the Group completed the acquisition of the Coles Express Retail business, a leading convenience retailer, to establish an integrated fuel and convenience business unit, for a total purchase consideration of $223.9 million.

Details of the purchase consideration and net assets acquired are as follows:

Purchase consideration:

	Total purchase consideration $M
Cash consideration	323.9
Settlement of pre-existing relationships	(100.0)
Total purchase consideration	**223.9**

The total purchase consideration includes a cash consideration component and an offsetting amount relating to the settlement of pre-existing relationships at the completion date. The pre-existing relationship related to the fuel stock payable to Coles Express derived from when the Group reassumed responsibility for the retail sale of fuel in 2019, and was payable in 2029. The fuel stock payable was held at amortised cost and settled at its net present value at acquisition date.

The provisionally determined fair values of the assets and liabilities as at the date of acquisition are as follows:

	Total provisional recognised values $M
Cash and cash equivalents	22.8
Inventories	89.9
Prepayments	0.2
Property, plant and equipment	109.8
Intangibles - software	5.6
Right-of-use assets	63.6
Deferred tax asset	11.0
Trade and other payables	(0.3)
Lease liabilities – current	(9.6)
Lease liabilities – non-current	(54.0)
Provisions – current	(19.9)
Provisions – non-current	(9.3)
Net identifiable assets acquired	**209.8**
Goodwill on acquisition	14.1
Total purchase consideration	**223.9**

Recognised values

Due to the material size and recent timing of the acquisition, the purchase price allocation set out above represents the provisional fair value of assets and liabilities recorded on acquisition. In particular, the valuation of property, plant and equipment acquired is yet to be fully completed. At this time, the difference between the purchase price and fair values of the identifiable net assets as provisionally determined has been provisionally recognised as goodwill. Once the purchase price accounting exercise is completed, if that exercise concludes a different value to be allocated to property, plant and equipment, and goodwill, or any other balance, the accounting allocations will be revised.

13. Business combinations (continued)

Recognised values (continued)

Goodwill acquired of $14.1 million represents other intangible assets that did not meet the criteria for recognition as separately identifiable assets at the date of acquisition. The carrying value of Goodwill is allocated to the C&M Cash Generating Unit.

Revenue contribution

Coles Express contributed revenue of $190.9 million to the Group from the date of acquisition to 30 June 2023. If the acquisition had occurred on 1 January 2023, pro-forma revenue for the six-months ended 30 June 2023 would have been approximately $590.8 million.

Purchase consideration of Coles Express– cash outflow

	$M
Outflow of cash on acquisition, net of cash acquired	
Purchase consideration	223.9
Adjustment for cash acquired	(22.8)
Net outflow of cash – investing activities	**201.1**

Acquisition related costs

Coles Express acquisition-related costs of $7.3 million are included within general and administration expenses and salaries and wages in the consolidated statement of profit and loss and within operating cash flows in the statement of cash flows.

(b) Other business acquisitions

During the half-year, the Group also acquired John Duff & Co. Proprietary Limited and John Duff & Co (Transport) Pty Ltd (John Duff) on 1 March 2023, and Skyfuel Australia Pty Ltd (Skyfuel) on 28 April 2023. John Duff is a Fuel distributor which commenced operations in the 1950's and services customers throughout Gippsland, Victoria, and Skyfuel is an aviation fuel distributor with a presence at a number of rural airfields in New South Wales, Victoria and Western Australia.

The total provisional purchase consideration for these other acquisitions of $25.3 million included net identifiable assets of $6.8 million and $18.5 million in goodwill recognised on the acquisitions.

	Total purchase consideration **$M**
Cash consideration	25.3
Total purchase consideration	**25.3**
Net identifiable assets acquired (provisional)	**6.8**
Goodwill on acquisitions	18.5
Total purchase consideration	**25.3**

Purchase consideration of other acquisitions – cash outflow	**$M**
Outflow of cash on other acquisitions, net of cash acquired	
Cash consideration	25.3
Adjustment for cash acquired	(0.7)
Net outflow of cash – investing activities	**24.6**

14. Events occurring after the reporting period

There are no matters or circumstances occurring subsequent to the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' declaration

In the Directors' opinion:

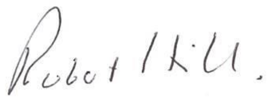
(a) the consolidated half-year financial statements and notes set out on pages 18 to 32 have been prepared in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

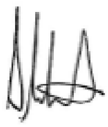
  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Robert Hill
Chairman



Scott Wyatt
CEO and Managing Director

22 August 2023

Independent auditor's review report to the members of Viva Energy Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Viva Energy Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and explanatory notes to the consolidated financial statements and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Viva Energy Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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T: 61 3 8603 1000, F: 61 3 8603 1999

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Trevor Johnston
Partner

Melbourne
22 August 2023