



21 February 2024

Market Announcements Office
Australian Securities Exchange

2023 Annual Report and Appendix 4E

The attached documents have been authorised for release by the Board of Viva Energy Group Limited.

A handwritten signature in black ink, appearing to read "Julia Kagan".

Julia Kagan
Company Secretary

Appendix 4E – Preliminary Final Report

Viva Energy Group Limited (the 'Company')

ACN 626 661 032

Results for announcement to the market

The current reporting period is the year ended 31 December 2023. The previous corresponding period is the year ended 31 December 2022.

	Year ended 31 December 2023 \$M	Year ended 31 December 2022 \$M	% Change
Revenue	26,741.1	26,432.6	1.2%
Profit from ordinary activities after tax/net profit for the period attributable to shareholders			
Historical cost basis	3.8	514.3	-99.3%
Replacement cost basis	318.2	596.6	-46.7%

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 unaudited 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.

	Year ended 31 December 2023 cents	Year ended 31 December 2022 cents	% Change
Statutory earnings per share (Historical cost basis)	0.2	33.3	-99.4%
Underlying earnings per share (Replacement cost basis)	20.7	38.6	-46.4%

The above earnings per share calculations are based on the weighted average number of ordinary shares on issue in the Company over the current year ended 31 December 2023 and also the comparative period. Underlying earnings per share is prepared on the basis of underlying profit.

	Year ended 31 December 2023 \$	Year ended 31 December 2022 \$	% Change
Net tangible asset per share	0.96	1.14	-15.8%

Appendix 4E – Preliminary Final Report continued

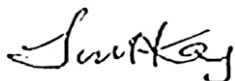
Net tangible asset per share is derived by dividing net tangible assets by the number of ordinary shares on issue as at 31 December of each year. Net tangible assets are net assets attributable to members less intangible assets. Right of use assets have been treated as tangible for the purpose of this calculation.

Dividends	2023
2023 Interim dividend – amount per security (fully franked)	8.5 cents
2023 Final dividend – amount per security (fully franked)	7.1 cents
Trading on ex dividend basis	7 March 2024
Record date for determining entitlement to final dividend	8 March 2024
Date dividend expected to be paid	22 March 2024

There is no dividend or distribution reinvestment 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 Financial Report of Viva Energy Group Limited ('2023 Financial Report') and associated ASX market releases made during the period. The 2023 Financial Report includes additional Appendix 4E disclosure requirements and commentary on the results for the year ended 31 December 2023.

This report is based on the 2023 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 Financial Report.



Julia Kagan
Company Secretary

21 February 2024

Reddy express



VIVA
EnergyAustralia

**Annual Report
2023**

Helping people reach their destination

Viva Energy Australia

A leading retail, industrial and energy business with a history spanning more than 120 years in Australia.

- Largest single-branded, company-operated retail network in Australia
- Leading positions in key commercial sectors, supported by deep customer relationships
- Nationwide infrastructure connected to key markets, backed by Geelong Refinery and international capability of Vitol

Our purpose

Helping people reach their destination

Across every part of our business, our enduring goal is to 'help people reach their destination'. We do this by providing the products and services that help people get around and deliver business outcomes, and by supporting our employees and contractors to reach their career aspirations.

Our values

Our values guide our people in what we stand for and how we go about our business. They help us make difficult decisions and shape the way we interact with each other, our customers, our suppliers and our broader community stakeholders.

Integrity	The right thing always
Responsibility	Safety, environment, our communities
Curiosity	Be open, learn, shape our future
Commitment	Accountable and results focused
Respect	Inclusiveness, diversity, people





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2023 Reporting suite

About this Annual Report

This Annual Report contains information on the operations, activities and performance of the 'Viva Energy Group' for the year ended 31 December 2023 and its financial position as at 31 December 2023.

The Viva Energy Group comprises Viva Energy Group Limited (ACN 626 661 032) (the 'Company') and its controlled entities. In this Annual Report, references to 'we', 'us', 'our', and 'Group' are references to the Viva Energy Group.

PwC was engaged to provide limited assurance over selected Sustainability subject matter within this Annual Report. Refer to PwC's limited assurance opinion on page 136 for further details.

Printed copies of this Annual Report will be posted to those shareholders who have requested to receive one. It is also available at www.vivaenergy.com.au.

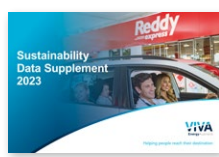
Additional information

We produce a suite of reports to meet the needs and interests of a wide range of stakeholders.

Our sustainability reporting will be released prior to our Annual General Meeting. It provides stakeholders with detailed sustainability disclosures, including performance against our sustainability priorities.

Once released, the following documents will be available at www.vivaenergy.com.au

- 2023 Corporate Governance Statement
- 2023 Sustainability Report
- 2023 Sustainability Data Supplement
- 2023 Modern Slavery Statement
- 2023 Taxes Paid Report



Acknowledgement

Viva Energy acknowledges and pays respect to the past, present and emerging Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples. We particularly pay respects to the Traditional Custodians of the land, across the nation where we conduct business.

Title: *Wa-ngal yalinguth, yalingbu, yirramboi.*
Created by: Dixon Patten, Yorta Yorta and Gunnai, Bayila Creative.

Our year at a glance



Financial Performance

\$712.8M

Group Underlying EBITDA (RC) (2022: \$1.076B)

\$232.2M Convenience & Mobility EBITDA (RC)

\$447.5M Commercial & Industrial EBITDA (RC)

\$65.4M Energy & Infrastructure EBITDA (RC)

(\$32.3M) Corporate EBITDA (RC)

\$318.2M

Underlying NPAT (RC) (2022: \$596.6M)

15.6¢

2023 Dividend per share, fully franked (2022: 27¢)

\$199.1M

Underlying Free Cash Flow (2022: \$522.0M)



Safety, Environment and People¹

7.20

Total Recordable Injuries Frequency Rate (2022: 6.34)

12

Serious Injuries (2022: 6)

Process Safety Events

1

API Tier 1 (2022: 1)

2

API Tier 2 (2022: 5)

46%

Female representation in our Senior Leadership Group (Target:40%)

78%

Employee engagement (2022: 72%)

6

Significant spills (>1,000kg) (2022: 4)



Strategic Highlights

Set out our aspiration to

grow EBITDA (RC) to \$500 million

in both our Convenience & Mobility and Commercial & Industrial businesses, and to deliver a mid-cycle of \$250 million EBITDA (RC) from Energy & Infrastructure

Completed the acquisition of Coles Express

which combines Australia's largest fuel and convenience network under a single operator, providing a platform for growth

Secured Australian Competition and Consumer Commission (ACCC)

approval for the acquisition of OTR Group

advancing our strategy to becoming Australia's leading convenience retailer by the opportunity to extend its world-class convenience offering and systems

Established the new/interim convenience brand and commenced rebranding, with

12 stores now trading as Reddy Express²

Executed a strategically significant contract with the Department of Defence to

supply aviation, marine and ground fuel to the Australian Defence Force

Completed the acquisition of Skyfuel Australia growing our regional airport presence and customer solutions offering, and signed a long-term contract to become the

national fuel supply partner for the Royal Flying Doctors Service

Announced plans to commission infrastructure to support the introduction of waste and biogenic feedstocks to

produce lower carbon fuels and recycled plastics

1. All metrics reflect Viva Energy Group performance unless otherwise stated. Significant variances between 2022 and 2023 may be attributed to the acquisition of the Coles Express business (subsequently named Viva Energy Retail, post-acquisition) in 2023. Data from Viva Energy Retail applies from 1 May 2023.

2. At January 2024.

Chairman and Chief Executive Officer's report



The Company acquired the Coles Express Convenience Retailing business and commenced its integration, providing a platform for growth in the attractive convenience sector. The OTR Group acquisition was announced, with completion anticipated in the first half of 2024¹.

Setting the foundations for future growth

Dear Shareholders,

2023 was a transformational year for our Company with the acquisition of Coles Express and OTR Group¹ providing the platforms to establish Viva Energy as the leading convenience retailer in Australia. Together with the continued diversification of our Commercial & Industrial business and development of new energy opportunities in hydrogen, lower carbon fuels and recycled waste, we are establishing foundations to maintain growth and successfully manage the energy transition. These strategies were shared with investors in November last year.

Following a record result in FY2022, Viva Energy delivered another strong performance despite continued volatility in energy markets and cost of living pressures. Our commercial business generated record earnings, leveraging its high-touch customer focus, deep network positions and diversified specialty products suite. The retail business delivered a solid contribution despite demand impacts from rising cost of living.

Although our refining operations were set back by a delay to a major turnaround and damage to a unit caused by a contractor crane failure, regional margins remained elevated, and our team members responded well by maintaining steady supply to our markets.

On the strategic front, Viva Energy took major steps to advance its Convenience & Mobility strategy. The Company acquired the Coles Express Convenience Retailing business and commenced integration, providing a platform for growth in the attractive convenience sector. The OTR Group acquisition was announced, with completion anticipated in the first half of 2024¹. OTR is a world-class convenience retailer that unlocks a significant growth opportunity through its sophisticated offering, advanced systems and substantial synergies.

Together, these acquisitions will establish Viva Energy as the leading convenience retailer in Australia, supported by more than 14,000 employees across the Group, which places Viva Energy as one of the top 20 private sector employers nationwide. Through OTR's offering, our retail business is set to transform from a fuel retailer into a leading convenience retail destination, with more than 1,000 stores across an extensive national network¹. As outlined at our Investor Day in November, we aim to grow earnings in this business to more than \$500 million over the next five years.



1. Subject to Foreign Investment Review Board (FIRB) approval.

Viva Energy's other businesses made steady progress in their strategic objectives. Commercial & Industrial acquired smaller businesses, expanding its regional presence and specialty products and services offering. We were proud to secure the Australian Defence Force contract to supply aviation, marine and ground fuel. The Geelong Refinery was critical to this contract, cementing Viva Energy's role in providing energy security to Australia.

During the year, we invested heavily in the Geelong Refinery to produce ultra-low sulphur gasoline from 2025. We announced our intention to build infrastructure to receive and process waste feedstocks, providing the opportunity to reduce the carbon intensity of our fuels. We also distributed sustainable aviation fuel (SAF) for the first time, collaborating with manufacturers and using our extensive supply network and operational expertise.

In conclusion, 2023 was a transformational year for Viva Energy that sets it up for strong growth in the years ahead. We are focused on delivering the strategic objectives we laid out at our Investor Day, which we believe will add significant value to the Company.

2023 Performance

Group underlying EBITDA (RC) was \$713 million in 2023, compared to the record \$1.1 billion in 2022. Sales volumes grew to more than 5% above pre-pandemic (2019) levels, driven by a record performance in the Commercial & Industrial business with EBITDA (RC) increasing 33% to \$448 million. Convenience & Mobility delivered EBITDA (RC) of \$232 million, above its three-year average despite rising cost of living pressures. Energy & Infrastructure contributed EBITDA (RC) of \$65 million. While regional refining margins were elevated throughout the year, performance was heavily impacted by the major maintenance turnaround and the damage caused by a contractor crane failure.

We are focused on delivering the strategic objectives we laid out at our Investor Day, which we believe will add significant value to the Company.

More than 700 additional workers joined the team at Geelong Refinery to carry out the major maintenance works during the second quarter, and approximately 6,000 employees joined the Convenience & Mobility business from 1 May 2023, following completion of the Coles Express acquisition. In the context of these significant changes and increase in operational activity, our safety performance was strong and we are well positioned to manage the new risks that come from the changes in our business activities as a result of the convenience acquisitions.

The Company's financial position is strong ahead of completing the OTR acquisition¹, with net debt of \$380 million at the end of the period. We determined a full-year dividend of \$109.6 million and bought back \$17 million worth of shares, completing the program in the first half of the year. The Company maintains capacity to pursue further growth opportunities in line with our long-term strategy and prudent capital management framework.

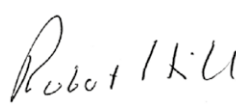
Sustainability

Viva Energy continued to make good progress on the development of our sustainability agenda during 2023.

The acquisitions in Convenience & Mobility will enable the Company to derive more than 50% of earnings² in the segment from convenience sales, compared to approximately 30% today, reducing reliance on fuel income over time and creating a compelling offer to support the introduction of electric vehicle recharging facilities over the coming years.

Deep and long-standing relationships with customers in our Commercial & Industrial business has created opportunities to trial lower carbon fuels for the first time and grow demand for our opt-in certified carbon neutral products, an important interim solution. The announcement of plans to enable the Geelong Refinery to receive and produce alternative feedstocks (including waste plastics), and provide the opportunity to reduce the carbon intensity of the fuels we produce, is a good example of how the Energy & Infrastructure business can play a key role in the energy transition and circular economy while continuing to support energy security.

Viva Energy has a target to achieve net zero³ across our Convenience & Mobility and Commercial & Industrial businesses by 2030, and reduce Emissions Intensity at the Geelong Refinery by 10% over the same period (from a 2019 base year). We have developed plans to achieve these outcomes, with a focus on direct abatement within our operations wherever this is possible. Reforms to the Safeguard Mechanism, enacted in 2023, will progressively require further emissions reductions from the Geelong Refinery that aren't immediately all possible through direct abatement, and are likely to require offsetting credits.



Robert Hill
Chairman



Scott Wyatt
Chief Executive Officer

2. As a percentage of total gross profit.

3. Operational Scope 1 and Scope 2 greenhouse gas emissions.

A leading diversified Retail, Commercial and Energy company

Viva Energy has been meeting the energy needs of Australian motorists and businesses for more than 120 years. While energy remains an important part of our operations, we are now a more diversified company represented by three distinct business units supported by nationwide infrastructure, respected retail brands and trusted products and services.



Following the acquisition of Coles Express and OTR (expected to complete during the first half of 2024¹), Viva Energy will become the largest convenience retailer in Australia with more than 1,000 stores, 14,000 employees across the Group, and annual convenience sales revenue of more the \$3 billion. The broadening of our convenience offers, and the integration of quick service restaurants and electric vehicle recharging facilities present consistent growth opportunities in this fast-growing retail segment.

With leading positions in resources, aviation, marine, road construction, agriculture, defence and commercial road transport sectors, Viva Energy is well placed to support the growing energy and non-energy requirements of commercial and industrial customers. Our global access to both traditional and emerging renewable energies, as well as a range of locally produced specialty products such as niche fuels (including military grade), bitumen, solvents and polymers, builds deep relationships with customers and provides strong long-term sustainable growth opportunities.

Our extensive nationwide energy infrastructure, including the strategically important refinery at Geelong and a network of more than 20 import capable fuel storage facilities, provides advantaged positions to supply customers with traditional fuels, and transition to the production and distribution of renewable energies, such as sustainable aviation fuels and renewable diesel, as these new energies are developed and commercialised. Supplying 25% of Australia's fuel needs, Viva Energy plays an important role in providing energy security, as well as supporting the energy transition.

Viva Energy will become the largest Convenience retailer in Australia.

1. Subject to FIRB approval.



Our Year
at a glance

Chairman and
Chief Executive
Officer's report

Leading and
diversified
company

Business
divisions

Sustainability

Climate change
and the energy
transition

Health, safety,
security and
environment

Our people and
community

Board of
Directors

Executive
Leadership Team

Risk
management

Operating and
financial review



Convenience & Mobility

During 2023, we undertook two strategically significant acquisitions. These acquisitions consolidate our leading position in the convenience market, capture procurement synergies, and provide operating platforms to continue to develop our convenience offers, extend into quick service restaurants, and deliver compelling loyalty and digital propositions for our retail customers.



Established in 2003, Coles Express (formerly part of the Coles Group) is one of the leading convenience brands in Australia, with 706 store operating within the Viva Energy fuel and convenience network. The acquisition of this business in May 2023 secured operational control of the convenience stores, together with the organisational capability and wholesale supply arrangements to support and execute the existing Coles Express convenience offer.



OTR Group¹ is the leading convenience business in South Australia, operating over 200 stores across the country under the OTR brand (On the Run). Over more than 30 years, OTR has developed one of the most sophisticated and successful convenience businesses in the country, incorporating renowned quick service restaurants and standalone convenience stores across more than 100 sites, as well as a range of highly successful home-branded food and convenience offerings. The acquisition of this business, expected to complete during the first half of 2024, secures a proven convenience offering which can be extended across the Coles Express network to lift convenience sales and secure substantial operational synergies across both networks. OTR sites typically achieve convenience sales that are more than double that achieved by Coles Express.



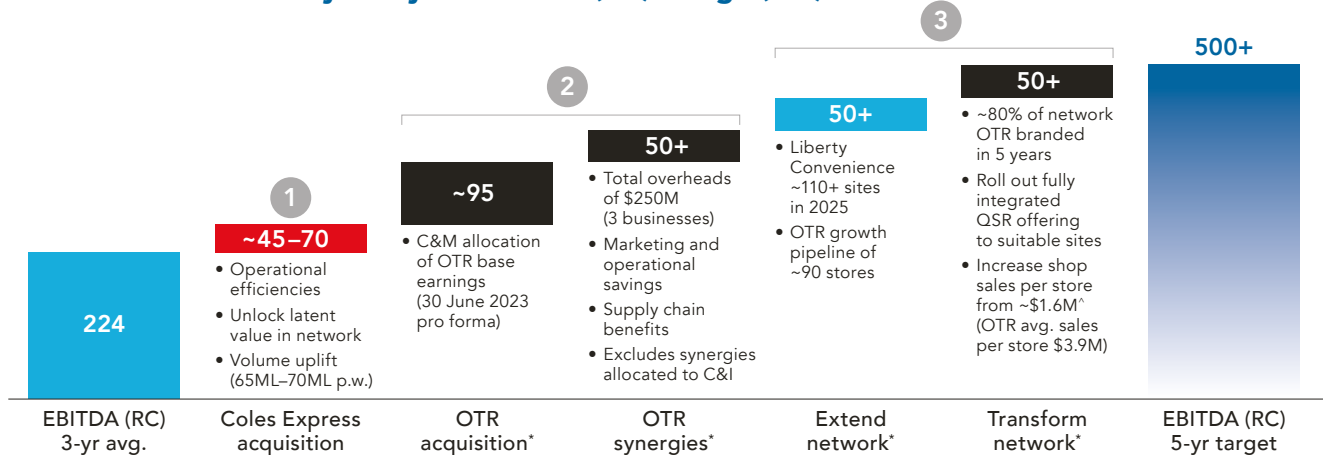
Liberty Convenience operates 101 fuel and convenience stores across the country predominantly under the Timesaver convenience and Liberty fuel brands. The existing Liberty Convenience & Viva Energy joint venture is expected to conclude at the end of 2024, with Viva Energy acquiring the remaining 50% and taking full control of the network (subject to regulatory approvals) from 2025.





With the acquisition of Coles Express, OTR Group¹ and Liberty Convenience, Viva Energy will operate the largest convenience network in Australia, across more than 1,000 stores with approximately 13,000 employees, with a pathway to deliver sustainable annual earnings of more than \$500 million EBITDA (RC) over the next five years (as set out below).

Convenience & Mobility five-year EBITDA (RC) bridge (\$M)



* Subject to FIRB approval and following completion of the OTR Group acquisition. OTR Group EBITDA (RC) contribution is calculated using its pro forma FY2023 (June-end) business case and excludes ~\$15-20M of EBITDA (RC) allocated to C&I on a post-synergies basis.
[^] Based on Coles Express average shop sales for the 12 months to 30 June 2023.

Opportunity to outperform across multiple areas demonstrates significant upside



Key priorities include

- Bring together the OTR¹, Coles Express and Viva Energy Retail businesses to establish an extensive nationwide convenience network, and capability for a market-leading Convenience & Mobility offering in Australia.
- Immediately increase the earnings contribution from Convenience from ~30% to ~50% of the Convenience & Mobility business, reducing the dependency on income from traditional fuels and increasing exposure to the fast-growing convenience sector.
- Achieve significant scale and synergies in procurement, marketing and functional support. OTR substantially reduces the time and cost of setting up infrastructure to replace the transitional services arrangements provided by Coles Group, by transitioning directly to proven and existing back-office infrastructure.
- Replace the Coles Express brand with 'Reddy Express', and progressively extend the OTR brand and offer across the network so that this ultimately becomes the primary convenience offer across the retail network.
- Combine the best of the Coles Express and OTR digital and loyalty offers into one compelling customer proposition. The OTR digital platforms provide customers with fuel, QSR and convenience rewards and discounts, which support higher sales through cross-selling convenience and fuel products.

1. OTR Group acquisition is subject to FIRB approval.

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- Chairman and Chief Executive Officer's report
- Leading and diversified company
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- Board of Directors
- Executive Leadership Team
- Risk management
- Operating and financial review



Commercial & Industrial

Viva Energy is a leading supplier of energy and specialty products and services to a wide range of commercial and industrial customers, including aviation, marine, agriculture, defence, road construction and commercial road transport.

Although we have leading positions supplying traditional fuels to customers across the country, we also hold significant positions in specialty segments and products which offer resilience to sector cycles and growth opportunities in non-traditional areas. Our deep customer relationships

and proven capability to manage complex supply chains to support critical energy and non-energy inputs provide significant opportunities to grow the range of products we supply, while also supporting customer transitions to lower carbon fuels and renewable energies.

Unique and diversified portfolio

		Main fuels		Integrated specialties				Extensions		
		Diesel	Jet fuel	Bitumen	Polymers ¹	Chemicals	Avgas/ F-44 ¹	Marine fuels ²	Lubricants	Services
Exposure by product/service and sector	Resources	✓	✓			✓			✓	✓
	Aviation		✓				✓		✓	✓
	Marine	✓						✓	✓	✓
	Transport	✓	✓						✓	✓
	Agriculture ¹	✓	✓		✓	✓	✓		✓	✓
	Industrial	✓			✓	✓			✓	
	Construction	✓		✓					✓	
	Defence	✓	✓			✓	✓	✓	✓	✓
Strategies	Support transition to renewable and lower carbon fuels (SAF and Renewable Diesel)		Only local manufacturer of these specialty products at Geelong Refinery Resilient to energy transition with opportunity to extend to other markets				Opportunities for further product and service extensions through acquisition			

1. Acquisitions/Customer Wins (Liberty Rural, Lyondell Basel Australia, Australian Defence Force). F-44 is a military specification aviation turbine fuel used on aircraft carriers.

2. Mix of imports and blending at Geelong Refinery.



Our Year at a glance

Chairman and Chief Executive Officer's report

Leading and diversified company

Business divisions

Sustainability

Climate change and the energy transition

Health, safety, security and environment

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Risk management

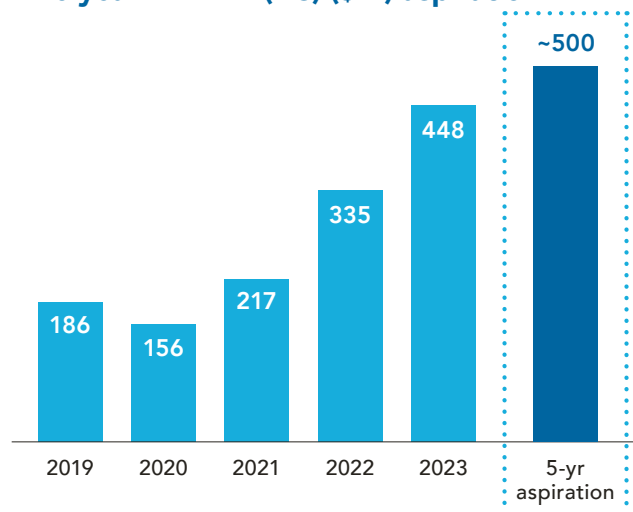
Operating and financial review

Beyond continued organic growth, our focus is on the acquisition of other commercial and industrial businesses.

As we have emerged from the pandemic, Commercial & Industrial sales have grown from 8.6 billion litres in 2020 to nearly 11 billion litres in 2023. EBITDA (RC) has grown from \$156 million to \$448 million over the same period. This growth has been driven by a recovery in sales most affected by the pandemic, including Aviation and Wholesale, as well as improvements in margin mix through a focus on higher value and non-fuel segments and leveraging operating costs.

Beyond continued organic growth, our focus is on the acquisition of other commercial and industrial businesses. These acquisitions, such as the Polymers business acquired in 2022, leverage our existing commercial sales and supply chain capabilities. Strategic accounts, such as the Australian Defence Force, also offer opportunities to continue to develop our capability and reach. Our top 50 Commercial & Infrastructure customers have an average tenure of more than 15 years.

Five-year EBITDA (RC) (\$M) aspiration⁴



4. Before corporate cost allocation.

Pathway to ~\$500M EBITDA (RC)

- Continued organic earnings growth across main fuels and specialties businesses
- Further bolt-on acquisitions that complement existing footprint and capability (e.g. polymers)
- OTR Group acquisition to add ~ \$15–20 million EBITDA (RC) to C&I³

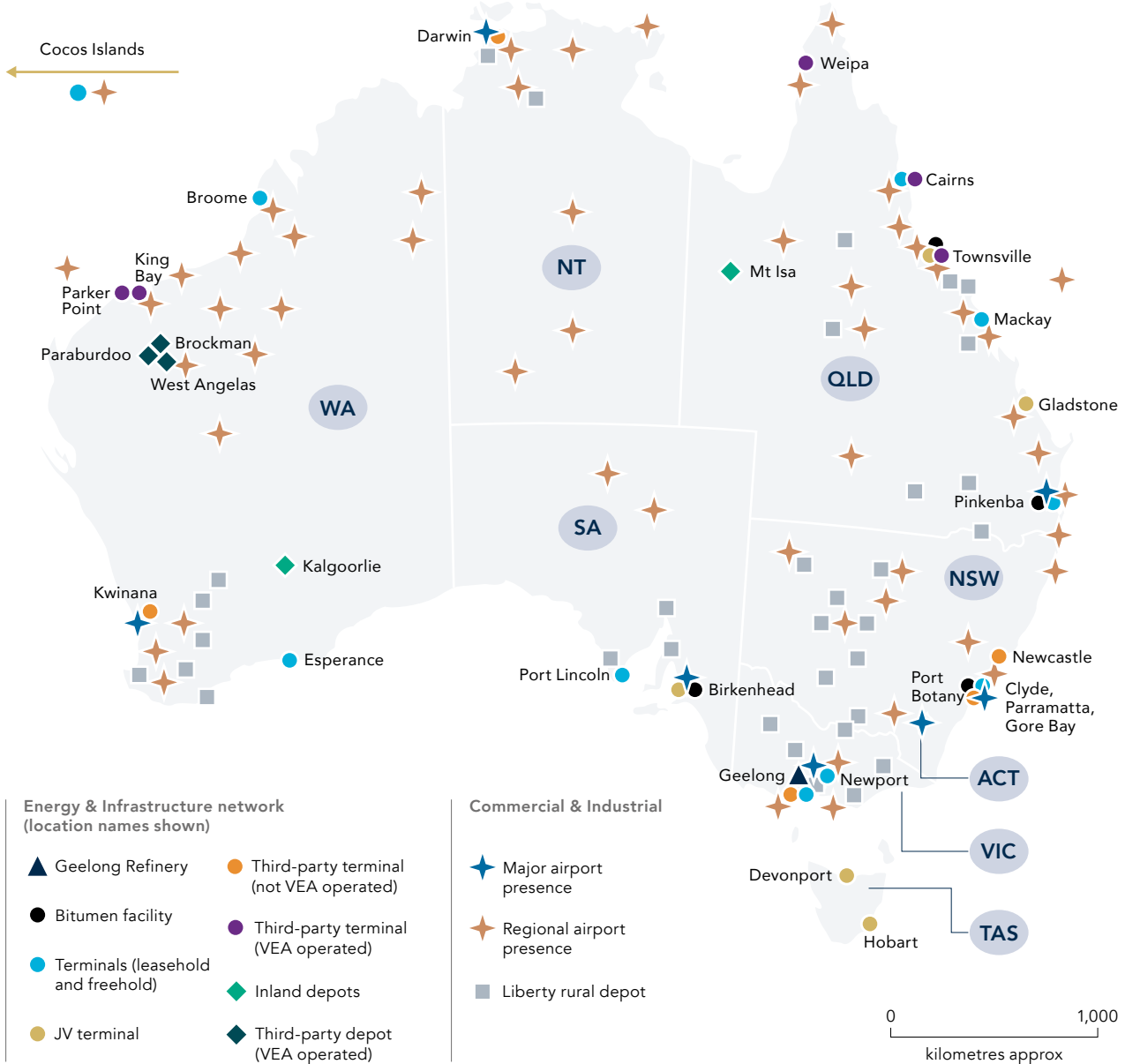
3. Subject to FIRB approval. Includes Mogas Regional, Reliable Petroleum and Direct Haul on a post synergies basis (expected three years from completion).





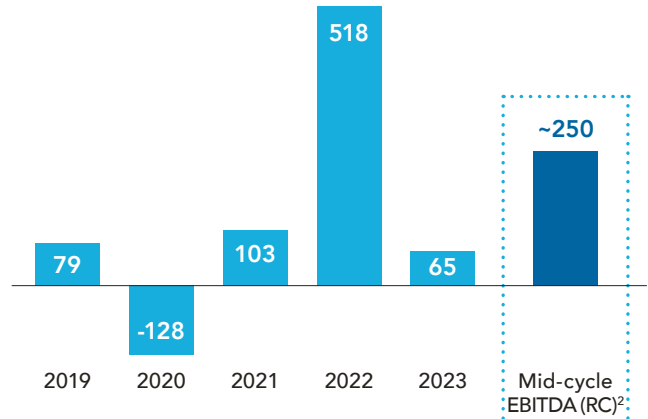
Energy & Infrastructure

Our Energy & Infrastructure business incorporates our refining position and broader energy infrastructure at Geelong, supported by a network of nationwide import terminals, distribution facilities and supply chain capability. Altogether, we supply approximately 25% of the Australian fuel market, and own and operate infrastructure that is critical to managing a reliable and competitive supply of traditional energies. This infrastructure supports both energy security and the energy transition, with long-term potential to transition to the manufacture and supply of renewable and lower carbon fuels.





Energy & Infrastructure EBITDA (RC) (\$M) over time¹

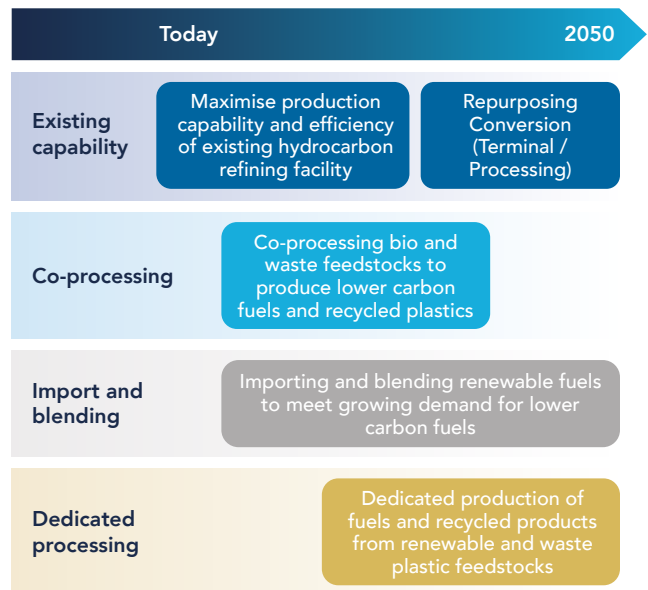


1. Before corporate cost allocation.
 2. Assumes US\$11/BBL GRM, operating costs of ~A\$8.5/BBL, crude intake of 40MBBLs and AUD/USD of 0.68.

The Geelong Refinery, part of the Company’s broader Energy Hub, is an integral part of the Energy & Infrastructure business. Operating for 70 years, the refinery produces a range of fuel and specialty products that support the broader Commercial & Industrial and Convenience & Mobility businesses, from a mix of imported and domestically produced feedstocks.

- Geelong Refinery produces approximately 10% of the nation’s fuel requirements and is the only manufacturer of bitumen, hydrocarbon solvents, avgas and polymers as well as key specialty grades (military grade fuels).
- Recognised as strategically important, the Federal Government Fuel Security Services Payment supports the Refining business, providing financial support during periods of low global refining margins.
- Geelong Refinery received financial support to establish 90ML of diesel storage, supporting the establishment of industry held strategic storage. Completion expected by mid-2024.

The Geelong Refinery currently plays an important role in Australia’s energy security. It has the potential over the longer term to play a key role in the manufacture and distribution of lower carbon and renewable fuels, as well as recycling waste plastics. In the short term, we have announced plans to co-process Waste and Biogenic feedstocks. In the long term, we see potential to establish dedicated processing capability to produce renewable fuels to address hard-to-abate sectors such as aviation and heavy vehicle transport. This progressive transition to lower carbon fuels will support market needs and support our customers in their emissions reductions.



Ultra-Low Sulphur Gasoline (ULSG) and aromatics upgrades

In 2021 we announced the decision to upgrade the Geelong Refinery to produce ULSG. Reducing the sulphur content in petrol more closely aligns Australia’s fuel quality with international standards and provides Australians with health, environmental and vehicle performance benefits. In December 2023 the Federal Government announced that changes to Australia’s fuel quality and noxious vehicle emissions standards will come into effect from December 2025. Following that date, all petrol will need to be ultra-low sulphur (10 parts per million) and the RON95 mid-grade with tighter aromatics limits (less than 35%).

Planning and investment in the ULSG project is progressing, with all regulatory approvals received and construction now underway. Project completion and unit start-up is expected in the second half of 2025. We expect a combined investment of approximately \$350 million for both the ULSG project and the additional aromatics requirements, of which approximately \$150 million is expected to be funded by the Federal Government. At peak construction the project will employ up to 300 people.

The ULSG and aromatics upgrades are part of the ongoing transformation of the Geelong Refinery into a modern Energy Hub, as we continue to support energy security and play an important role in Australia’s energy transition.

Our approach to sustainability

Our approach to sustainability is integrated throughout our transformation and growth strategy and is key to the creation of long-term value for our business. While our focus continues to be on climate change and the energy transition, our broader sustainability agenda is an essential part of our social licence to operate, and our employee value proposition.

We have established frameworks to monitor our progress against our sustainability objectives. Sustainability performance metrics referred to throughout this report have been prepared in accordance with the reporting definitions set out in the glossary on page 140. Defined terms used in this section of the report also have the meanings set out in the glossary.

Further detail on our 2023 sustainability performance will be included in our standalone 2023 Sustainability Report and 2023 Sustainability Data Supplement.

Sustainability governance

The Board of Viva Energy Group Limited has oversight of sustainability matters and their integration into corporate strategy and risk management systems. Various Board Committees, including the Sustainability Committee, Strategy and Investment Committee and Audit and Risk Committee, support the Board in this role.

The Board Sustainability Committee is responsible for reviewing the Group’s sustainability performance, compliance and disclosures in relation to health, safety, security and environment and community (HSSEC) matters, and greenhouse gas emissions. The Board Sustainability Committee met five times during 2023.

In 2023, the Board and its Committees were engaged on the following sustainability related matters:

- reviewing and discussing the Group’s strategy, risks and opportunities;
- reviewing and approving the objectives, targets and key performance indicators that will drive continuous improvement in HSSEC performance;
- reviewing and approving the objectives, targets and policy that drive the Group’s Inclusion and Diversity objectives;
- monitoring significant changes to HSSEC and people risk profile or business strategy;
- receiving updates on the Group’s greenhouse gas emissions and energy performance, and approving management’s emissions reduction plans;
- providing oversight and approval of new energy strategies;
- receiving updates on investigations into significant occupational health and safety, sexual harassment, environmental or product quality incidents and the associated actions to prevent the recurrence of those incidents; and
- overseeing the Risk Management Framework and performance against the framework, including (among others) cyber security, security of critical infrastructure, external fraud and modern slavery risks.

At management level, the Executive Leadership Team (ELT) comprises our most senior executives. Our delegations of authority framework outlines matters delegated to our Chief Executive Officer and other senior management. A number of formally established management committees have a sustainability focus, including Climate Change, Health, Safety, Security and Environment, Audit and Risk, and People and Community Committees. The ELT, senior management and relevant subject matter experts attend these Committee meetings.

The Group’s remuneration framework includes sustainability-related scorecard metrics for safety, environment, female representation in management/leadership, employee engagement performance and progress towards achieving the Group’s emissions reduction targets.

Our Board and management are committed to our sustainability agenda – protecting shareholder value by upholding a code of conduct that is ethical, responsible and respectful of our stakeholders.



Sustainability performance

2023 Sustainability performance summary¹

46%

female representation in our Senior Leadership Team (Target: 40%)

1,299,183³ tCO₂-e

Scope 1 and Scope 2 Total GHG emissions (2022: 1,378,488 tCO₂-e)

7.20

Total Recordable Injuries Frequency Rate (TRIFR) (2022: 6.34)

78%

of freshwater used for Geelong Refinery is from recycled sources

Process Safety Events²

1

API Tier 1 Events (2022: 1)

2

API Tier 2 Events (2022: 5)

85%

of our second RAP deliverables completed

78%

employee engagement (2022: 72%)

2.89%

of team members identify as Aboriginal or Torres Strait Islander

\$6.4M⁴

in community contributions

2023 Highlights

Developing pathways to **Net Zero emissions⁵** reduction commitments: non-refining by 2030, Group by 2050

Family Inclusive Workplace certified by Parents at Work and in partnership with UNICEF

Continued the development of the **New Energies Service Station** at Geelong, targeting construction to commence in 2024

Trialed the **Opt-in Certified Carbon Neutral Products Program** for Shell Card customers, ahead of 2024 launch

Winner of the annual AREEA Diversity & Inclusion award

- All metrics reflect Viva Energy Group performance unless otherwise stated. Significant variances between 2022 and 2023 may be attributed to the acquisition of the Coles Express business (subsequently named Viva Energy Retail Pty Ltd, post-acquisition) in 2023. Data from Viva Energy Retail (Convenience & Mobility) applies starting May 2023.
- Tier 1 and Tier 2 Process Safety Events are defined as per API RP 754.
- This data is for the 1 July 2022 – 30 June 2023 period (FY) basis.
- Community contribution consists of community partnerships, grants, customer donations, payroll donations, employee fundraising and fuel rebates for major community partners.
- Operational Scope 1 and Scope 2 greenhouse gas emissions.

Our Year at a glance

Chairman and Chief Executive Officer's report

Leading and diversified company

Business divisions

Sustainability

Climate change and the energy transition

Health, safety, security and environment

Our people and community

Board of Directors

Executive Leadership Team

Risk management

Operating and financial review

Climate change and the energy transition

Viva Energy has two important roles to play in supporting Australia's transition to a lower carbon economy – maintaining energy security and actively participating in the energy transition. In addition, we continue to focus on our own operational energy efficiency improvements and emissions reduction.

We provide approximately 25% of Australia's transport fuel needs through a mixture of local refining and imports. Our supply chain is supported by considerable infrastructure and long-term relationships with energy users across most of Australia's largest economic sectors.

The continuous, safe, reliable and efficient supply of traditional fuels underpins the economy. It is critical in meeting our everyday needs, security, and to avoid any disruptions to supply that could result from the energy transition. We expect Australian fuel demand to remain consistent well into the next decade, with an eventual decline in petrol demand likely to be offset by growth in diesel and jet fuels.

Lower carbon fuels will be critical to deliver emissions reduction through the transition to renewables. By reducing the carbon intensity of our existing fuels and introducing new lower or 'zero' carbon energies and technologies, we are also in a position to play a key role in the nation's energy transition.

To be both feasible and commercially viable, Australia's energy transition requires a mix of short, medium and long-term solutions. Our energy transition strategy considers the diverse pathways and solution requirements of our three businesses through the following pillars:

- **Lower carbon and renewable energy:** developing and commercialising new lower carbon fuels and energies;
- **Carbon solutions:** collaborating with our customers on delivering lower carbon solutions; and
- **Operational energy efficiency improvement and emissions reduction:** achieving our own operational energy efficiency and emissions reduction commitments.

Lower carbon and renewable energies

We see significant long-term potential in the development of lower carbon and renewable energies, and are developing projects in several new and transitional energies aligned with our core strategic capabilities.

Hydrogen vehicle refuelling

We see long-term growth potential for hydrogen as a key lower emissions solution for the heavy vehicle transport segment which can be integrated within our existing fuel and convenience network as well as dedicated facilities to support our commercial customers, leveraging our supply chain capability and infrastructure footprint to collaborate with industry players to establish this emerging market.

Our initial focus is on back-to-base refuelling through our New Energies Service Station at Geelong, which will offer both hydrogen refuelling and electric vehicle recharging. This will be the first publicly available refuelling station in Australia capable of refuelling any hydrogen truck or passenger vehicle, and will feature the first Australian drive-through, ultra-fast, 150-300kW EV charging bays for large vehicles.

Electric vehicles recharging

Our Convenience network is ideally positioned to provide customers with fast, reliable electric vehicle recharging services, and this will become a critical complementary part of our overall convenience offering. On average, customers recharging electric vehicles will spend longer at our stores, will need a broader range of facilities, and are likely to spend more in-store while they wait. This is a key growth opportunity for our Convenience & Mobility business.

In December 2023, we entered into a co-funding agreement with the NSW Government for the development of a network of 30 EV charging stations across our Shell-branded network in NSW. This will be a premium charging option, delivering fast charging speeds and an improved customer experience through the significant retail network upgrade proposed under the roll-out of the OTR offer¹. We believe EV recharging will form an important part of our broader convenience offer in the future, strongly integrated into the overall customer experience.

1. OTR Group acquisition is subject to FIRB approval.



Lower carbon and renewable diesel fuel

Producing and delivering lower carbon fuels is an important way we can help our customers achieve their carbon reduction commitments.

Future opportunities for the Geelong Refinery include the production of renewable diesel. Renewable diesel is an advanced biofuel that is synthetically refined, using the same process as diesel, so it meets the fuel quality standard.

In 2023, we announced plans for new infrastructure solutions to enable the Geelong Refinery to receive and process alternative feedstocks such as animal fats, biogenic oils and synthetic crude made from waste plastics. Processing biogenic and waste feedstocks would provide the opportunity to reduce the carbon intensity of the fuels and refined products we produce.

Further, the introduction of synthetic crude feedstock made from recycled plastics – plastics that would otherwise be placed in landfill – would provide a circular economy solution for plastic waste. This feedstock could be processed and attributed to the refinery’s polypropylene plant to produce a recycled polypropylene (rPP), supporting our customers’ to meet their targets for the use of recycled materials in packaging.

Carbon Solutions

Our Carbon Solutions team collaborates with our Commercial & Industrial customers on their decarbonisation journey, partnering with them to help achieve their carbon emission reduction goals.

While new lower-emission technologies such as hydrogen and EVs are still in early stages for many of our Commercial & Industrial customers, transitional solutions are needed to lower the net carbon intensity within existing operations. The take-up of opt-in certified carbon neutral and other lower carbon fuels is expected to become an important transitional solution for our customers.

Opt-in Certified Carbon Neutral Diesel

Our opt-in Certified Carbon Neutral Diesel is available nation-wide. It has been certified by Climate Active as achieving certification through the purchase and retiring of carbon credits. These carbon credits have been used to balance out the greenhouse gas emissions from the extraction, transportation, manufacture, supply and combustion of the diesel fuels.

In April 2023, Crown Coaches, which operates more than 160 buses across Melbourne and Victoria, worked with us to transition its entire fleet to 100% opt-in Certified Carbon Neutral Diesel.

We have also launched a similar opt-in program to assist Shell Card customers achieve their emissions reduction and sustainability targets by offsetting the emissions associated with fuel purchases. The Opt-in Certified Carbon Neutral Products Program will be available to all Shell Card customers in 2024.



Roulettes fly on SAF for the first time

We played a key role in the Royal Australian Air Force Roulettes’ first public display using SAF at the Williamstown Air Show in November. SAF was blended at a 30% ratio with conventional jet fuel, with our Commercial & Industrial and Energy & Infrastructure teams providing the logistical, operational and product-quality expertise, whilst working closely with Australian Defence Force (ADF) personnel.

This project was a part of our role as the strategic fuel partner to the ADF. In this role, we provide technical guidance to the Royal Australian Air Force on its energy transition journey, as well as supplying sustainable military grade fuels both locally and internationally.

We were able to facilitate the supply of the fuel for this project through collaboration with our trading partner Vitol, and sustainable fuels manufacturer Neste. We are also exploring the production of SAF locally, with a view to a future of SAF manufacturing in Australia.

Photo: The Air Force Roulettes performing the aerobatic display using SAF.
Source: Australian Department of Defence.




Operational energy efficiency improvement and emissions reduction

By 2030, we have committed to achieving net zero operational emissions¹ for our non-refining (Convenience & Mobility and Commercial & Industrial) activities and a 10%¹ Emissions Intensity reduction for our refining

(Energy & Infrastructure) operations. In the longer term, our commitment is to achieve net zero emissions for the overall Viva Energy Group by 2050¹.

Our emission reduction ambitions (Scope 1 and 2 greenhouse gas emissions) involve individual pathways to net zero for these types of emissions for our businesses. A reference to net zero in the Decarbonisation Roadmap below is a reference to net zero operational scope 1 and 2 greenhouse gas emissions.

Decarbonisation roadmap

	2023	2030	2050
 Convenience & Mobility	~70kt CO ₂ -e	2030 net zero target Largely direct abatement initiatives (energy efficiency, solar, green PPAs)	
 Commercial & Industrial	~50kt CO ₂ -e		
 Energy & Infrastructure	~1,240kt CO ₂ -e	2030 target 10% reduced Emissions Intensity (direct abatement opportunity) Further reductions to meet SGM baseline likely to require carbon credits	2050 net zero target Repurposing the refinery (potential for: biogenic and waste processing, expanded Energy Hub, waste stream processing, strategic supply terminal, and offsetting of residual emissions)

Energy & Infrastructure

The Geelong Energy Hub accounted for 95% of the Group's operational greenhouse gas emissions in the 12 months to 30 June 2023. We reported a decrease in Scope 1 and 2 emissions from 1,331,406 tonnes CO₂-e in the prior year to 1,239,302² tonnes CO₂-e. The year on year decrease can largely be attributed to reduced production at the Geelong Refinery due to planned turnaround activities.

In 2023 we also completed the construction and commissioning of a major energy and emissions improvement project to install a Packinox – a highly efficient heat exchanger. This project has reduced emissions by approximately 18,000 tonnes of CO₂ per annum.

The Geelong Refinery has committed to reducing the facility's energy intensity by 10% by 2030. This corresponds to a reduction of approximately 130k tonnes CO₂-e during that time. This target is expected to be met through execution of direct abatement projects, green energy procurement, improved process management and equipment upgrades.

The recently finalised Safeguard Mechanism (SGM) is likely to result in a substantially higher net emissions reduction than our 10% voluntary commitment (noting that the SGM applies only to Scope 1 emissions, whereas our voluntary targets cover both Scope 1 and 2 emissions). We expect to be fully compliant with the SGM, acknowledging that it is most likely

that this will require the the acquisition of ACCUs or Safeguard Mechanism Credits in order to offset emission, to satisfy the additional commitments.

Further detail regarding the proposed project slate, and impact of the SGM, will be included in the Viva Energy 2023 Sustainability Report.

Convenience & Mobility/Commercial & Industrial

Our target is to achieve net zero emissions for our non-refining operations by 2030. Following the Coles Express acquisition in May 2023, we included Convenience & Mobility GHG emissions and energy metrics into our National Greenhouse and Energy Reporting (NGERs). Because of this, our FY2023 non-refining operational emissions increased, and will increase again in 2024 following the planned acquisition of the OTR Group³.

During 2023, we undertook energy (and subsequent emissions) reduction initiatives at the Gore Bay Terminal where new, more efficient boilers were installed to replace equipment originally fitted in the 1960s. At the Pinkenba Terminal, we optimised the bitumen tankage facility, and future opportunities have been identified involving the rationalisation of the bulk and day tanks.

During 2024 we will begin a multi-year rooftop solar PV rollout program across the Convenience & Mobility business initially targeting sites in Western Australia, Northern Territory, Queensland and NSW. This installation will significantly reduce the amount of electricity our sites consume from the grid, reducing the associated Scope 2 emissions.

1. Operational Scope 1 and Scope 2 greenhouse gas emissions.
 2. Includes Viva Energy Polymers (from FY2023).
 3. Subject to FIRB approval.

A canopy LED lighting upgrade program is also planned for 2024, with an initial focus on sites in NSW (noting that a similar upgrade was undertaken in Victoria during 2022, prior to the Coles Express acquisition). The benefits of canopy lighting upgrade to LED include reduced electricity consumption and associated greenhouse gas emissions, as well as a safer and brighter customer experience.

It is estimated that these initiatives, along with improved equipment efficiency, will lead to a reduction of circa 25k tonnes CO₂-e over the next three years. The remaining emissions are expected to be addressed via renewable power procurement.

Following the Coles Express acquisition (which allowed us control of site forecourts), we are now in a position to make further assessments within the Convenience & Mobility network to identify and prioritise further opportunities to reduce energy consumption and greenhouse gas emissions, and develop further sustainability goals.

A new, 10-year Power Purchase Agreement (PPA) with ACCIONA Energia became effective in January 2024. The PPA will provide us with a proven source of renewable electricity from the Mt Gellibrand Wind Farm, which is only 70km from the Geelong Refinery.

As well as providing an effective hedge against high electricity prices in Victoria, the PPA will generate enough Large Scale Generation Certificates (LGCs) to cover the annual LGC obligation under the Renewable Energy Target. It also has the potential to meet a substantial proportion of our net zero Scope 2 targets.

Summary of metrics

1,299,183⁴ tCO₂-e

Viva Energy Group Total Scope 1 and Scope 2 Total GHG emissions (2022: 1,378,488 tCO₂-e)

1,239,302⁵ tCO₂-e Energy & Infrastructure GHG emissions

48,485 tCO₂-e Commercial & Industrial GHG emissions

11,396⁶ tCO₂-e Convenience & Mobility GHG emissions

45,672,353⁴ tCO₂-e

Scope 3 GHG emissions (2022: 37,911,755 tCO₂-e)

5.36⁴ tCO₂-e/TJ

Geelong Refinery Emissions Intensity (2022: 5.34 tCO₂-e/TJ)

4. This data is for the 1 July 2022 – 30 June 2023 period (FY) basis.
5. Includes Viva Energy Polymers, for the 1 July 2022 – 30 June 2023 period (FY) basis.
6. Viva Energy Retail reported data is from 1 May to 30 June 2023 (under operational control).

Health, safety, security and environment (HSSE)

We are continuously enhancing our workplaces, policies and procedures in pursuit of Goal Zero – no harm to people or the environment.

We measure and assess our performance against established benchmarks (and relevant licences) to promote continuous improvement. We review our HSSE Management System annually, defining our approach and the controls in place for managing HSSE risks.

In 2023, our employee engagement survey results on health and safety continued to be the strongest performer, with 94% of our people committed to operating safely. This is a strong endorsement of our safety philosophy and culture of care.

Personal safety

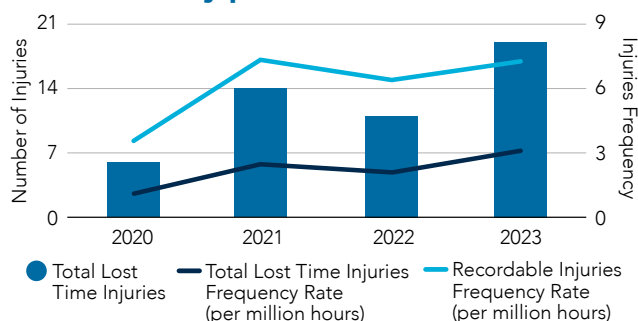
Commercial & Industrial/Energy & Infrastructure

Despite having a significant increase in the number of people onsite during the major turnaround (maintenance) event at Geelong Refinery, personal safety performance outcomes remained strong. No recordable injuries occurred across this workforce during this maintenance event.

The Refinery achieved a 30% reduction in recordable injuries frequency compared to the previous year. Both the Liberty Oil and Supply Chain businesses experienced an increase in injury rates compared to 2022; however, this can partly be attributed to business operations expansion and increased exposure hours, particularly in the Liberty business.

Overall, we experienced a slight increase in serious injuries compared to previous years, however injury outcomes were largely musculoskeletal strains that required some recovery time, rather than the more material fracture-type events observed in 2022. These injuries occurred during day-to-day operational activities, rather than high-risk activities. This prompted a targeted safety intervention response within Energy & Infrastructure, with a focus on weekly observations and work insights to identify improvement opportunities.

Personal safety performance¹



Convenience & Mobility

As part of the Coles Express acquisition, we inherited a business with strong personal safety performance and culture. Improving personal safety results continued, with a year on year improvement in injury and claims performance of 7%, and an 18% improvement since the transition occurred in May.

The safety of our customers and members of the public is paramount, and we continue to deliver traffic management flow improvements on our fuel and convenience sites through our annual program. In 2023, 21 sites underwent traffic management upgrades, and we plan to improve more sites in 2024. We have observed an increase in customer aggression and robbery events in our Convenience & Mobility network this year. This has prompted an ongoing focus on security systems design, particularly as we progress with our program of site upgrades and re-branding.

Security management and emergency preparedness

Our extensive security program incorporates both physical security and cyber security. It is based on protocols for security management, security procedures and risk assessment, and security operating level guidelines.

In 2023, we made technology improvements across our facilities, trialling improved perimeter security measures and delivering increased security clearance and training obligations.

Process safety

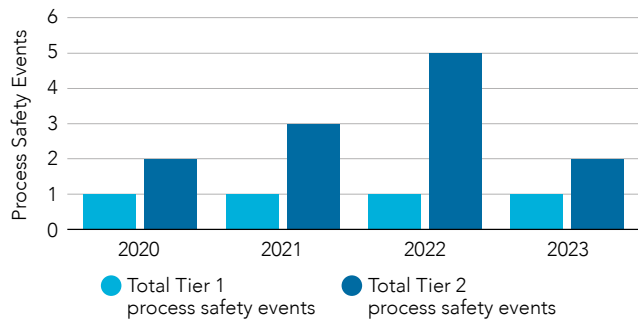
Commercial & Industrial/Energy & Infrastructure

Overall, 2023 was a stronger year's performance across the business in relation to process safety performance. We recorded one API Tier 1 process safety event and a 60% reduction in API Tier 2 process safety events compared to the prior year². There was a material drop in the number of large spills compared to 2022, which contributes directly to a reduction in high-risk process safety events.

The API Tier 1 event occurred at Geelong Refinery in December, when a large volume of crude oil overflowed from an isotainer used during tank cleaning works, after a valve was inadvertently left open. In this event, secondary containment systems captured all product without reaching the environment.

The two API Tier 2 events occurred in September. The first in Geelong, when an LPG loss of containment was found to be coming from a failed stripping steam drain vent. While this event involved an immediate release to atmosphere, our gas detection systems identified the release and alerted operations accordingly. The second API Tier 2 occurred at one of our Liberty Rural sites in Western Australia. A large volume of diesel was released during vehicle unloading. This event occurred because a broken flange was not identified when re-commissioning linework that had been subject to recent maintenance work. In this event, all product was contained onsite with no offsite environmental impacts.

Process safety performance³



Environmental performance

We recorded a total of 24 environmental non-compliance (ENCs) incidents and one environmental non-compliance sanction during 2023. ENC incidents at the Geelong Refinery accounted for 17 of these events.

ENCs at Geelong Refinery included instances of exceeding Discharge to Water criteria, product loss to Corio Bay, exceedance of Discharge to Air sulphur dioxide criteria, two visible plume observations and two community odour complaints. Most of these incidents occurred during the 2023 planned turnaround event, where non-standard operating conditions existed while major units were shut down and restarted. With the exception of the material spill outlined below, all incidents were non-material and assessed, investigated and reported to the relevant environmental regulator where required, with no observable long-lasting environmental impacts.

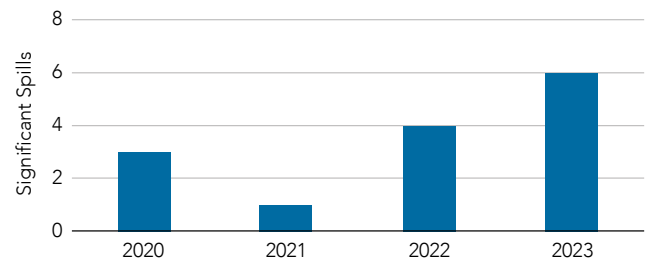
Spill prevention and response

Our aim is 'No Product to Ground'. To ensure no uncontrolled release of hydrocarbon products to the environment, we implement spill prevention and control measures across all of our operations. These involve operational procedures, routine surveillance, risk-based inspection programs and leak detection technology.

One material spill was reported at the Geelong Refinery in January, when approximately 45kg of Very Low Sulphur Marine Oil were accidentally lost to Corio Bay, resulting in a sheen and staining of foreshore sediments. In consultation with EPA and other relevant government authorities, the entire area was cleaned and validated, with no long-term environmental impacts.

Our performance is managed by tracking loss of primary containment (LOPC) incidents that occur within our facilities and road transport operations. In 2023 we recorded 22 loss of containment events for larger (>100kg) LOPCs across the Group.

Significant spills



Resource recovery in Convenience & Mobility sites

Together with Cleanaway, we are working to improve landfill diversion in sites within our Convenience & Mobility network. This includes the implementation of recycling bins for food waste, magazines, cardboard and newspapers. Cleanaway's experience with food depackaging technology enables Cleanaway to accept and process a wide range of challenging feedstocks that would otherwise go to landfill. By removing the need for our team members to manually separate food from packaging, we can increase landfill diversion rates and create a high value nutrient rich organic material for reuse. In FY2023, 2,525⁴ tonnes of total waste was diverted from landfill in our Convenience & Mobility sites.

1. Represents performance of Viva Energy Group (excluding the results of Viva Energy Retail Pty Ltd (Convenience & Mobility business)).
 2. Tier 1 and Tier 2 Process Safety Events are defined as per API RP 754.
 3. Not applicable to Viva Energy Retail Pty Ltd (Convenience & Mobility business).
 4. This data is reported on a 1 July to 30 June (FY) basis. Viva Energy Retail Pty Ltd (Convenience & Mobility) applies from May 2023, following the Coles Express acquisition.

Our people and community

Our people

2023 saw a significant transformation of our workforce and their functions. Our employee numbers increased five-fold to more than 8,000 due to acquisitions, most notably the Coles Express team members joining our Convenience & Mobility team.

Transitioning the Coles Express team to Viva Energy Retail

Our intention was to ensure a seamless transition and a highly engaging employee experience for 6,000 team members joining the Convenience & Mobility team. To do this, we provided the opportunity for team members to ask questions about the change and what it meant for them through a range of pre-completion engagement activities that were curated to the workgroup, whether they were store-based teams or store support team members. For all team members, we facilitated the understanding of any changes in policy coverage, governance training and learning requirements, employee benefits and other important employee experience items.

To support the transition, development of the Transitional Services Agreement (TSA) with Coles provided a structured approach to understanding how the Convenience & Mobility business would support gaps across the provision of people activities between the two organisations to ensure a seamless team member experience – this was of utmost importance for payroll and time and attendance.

It was pleasing to evidence the excellent engagement results in the recent 'Your Voice' survey for the new Convenience & Mobility business. The team recorded 79% engagement, as well as strong sentiment shared around how energised and excited these teams are for the future transformation of this business as we invest in the sites and taking the OTR¹ format across the network.

2023 Highlights

- Leveraged our Viva Energy Australia Employee Value Proposition, 'Grow, Belong, Thrive', continuing to attract new joiners and resonate with current team members.
- Introduced a Diversity Council with representation from each Diversity & Inclusion (D&I) pillar – Gender, Pride, Families, Abilities, First Nations Peoples and Culture. Extended our D&I pillars to our Convenience & Mobility team to help accelerate the transition and positive impact of D&I.
- Introduced a Sustainability Champions network to drive environmental initiatives and improvements across Viva's geographical locations and business lines.
- Launched the Elevate Leadership Development program for experienced leaders, with 29 leaders completing the program in 2023, while continuing to invest in the development of our frontline leaders through the 'Achieve' program.
- Achieved a 30% increase in applications for the 2024 graduate program, successfully recruiting 18 graduates across a range of disciplines.

Our business has an exciting outlook ahead as we continue to grow and transform. An inclusive culture will be essential in the success of our strategy, and will continue to ensure our people are highly engaged throughout the transition.

2023 saw a continued focus on our positioning as an employer of choice for gender equality (including our Convenience & Mobility business), developing our future leaders and continuing to drive greater employee engagement, inclusion and belonging.

2023 employee engagement results



Addressing the gender pay gap

We remain committed to eliminating our gender pay gap, and we are taking a range of steps to continue to improve it. Our 2023 total remuneration gender pay gap of 10.8%² is half the national average.

We recognise that a large part of our pay gap is a result of the lower representation of women working in operational roles. These roles tend to attract overtime and allowances, which are key drivers of our gender pay gap. This year, we took the following steps to improve female representation across our Commercial, Refining and Supply Chain businesses to further close the gap:

- Achieved 50:50 balance of executive team reporting to our CEO and over 40% representation of females in senior leader population.
- Increased our paid parental leave to 26 weeks for Viva Energy Australia.
- Attracted and retained more women in operational roles in our Energy & Infrastructure business, focused on growing female representation as Refinery Operators, Terminal Operators and aircraft refuellers.
- Provided further early career mentoring, leadership development and training to build in-field capability.
- Continued to promote flexible working arrangements in both operational and non-operational parts of the business.

1. OTR Group acquisition is subject to FIRB approval.

2. The gender pay gap represents the total remuneration pay gap (mean), expressed as a percentage between women and men in the workforce.

Our community

We are committed to having a positive impact in the communities where we operate.

Through our national and local community programs and partnerships, our focus is on improving access to community services and enhancing First Nations employment. This is demonstrated through our community partnerships and employee programs, which encourage contributing to the community.

2023 Highlights

- A review of the Viva Energy Australia and Viva Energy Retail Community Programs was undertaken. While maintaining existing partners, we streamlined the VEA programs to focus on improving access to community services and enhancing First Nations employment. As part of the review, we agreed to continue with existing Coles Express Community Partners (Red Kite, Movember and Fight MND), to at least the end of 2024.
- In March, we became the National Fuel supply partner for Royal Flying Doctors Service, supplying fuel for their aircraft and ground transport.
- Delivered 85% of the actions within our 2022-2024 Reconciliation Action Plan (RAP).
- Commenced preparation of our third RAP (2024-2026).
- Continued to work with our community partners to leverage and deliver our programs.

We maintain regular engagement with local communities and stakeholders via meetings and information sessions, newsletter, traditional media and online.

In Geelong, regular communications with the local community include a Geelong Energy Hub newsletter distributed to 6,500 homes and sent digitally to community stakeholders, as well as other online updates and community newsletters. Opt-in SMS alerts are available to local residents providing updates on operational matters, particularly those that could be of concern to the local community. Quarterly community information sessions provide the opportunity for face-to-face engagement and feedback.

Outside Geelong, other key operational sites close to neighbouring communities include the Newport Terminal in Victoria and the Gore Bay Terminal in Sydney. Engagement with these communities continues to evolve as we tailor our community engagement program to align with our operations, the projects we are pursuing and the community's interest.

Within our heartland operating communities, we offer local community grants, supporting local organisations improving access to local services.

Collectively, our impact makes a difference

In 2023:



2. Community contribution consists of community partnerships, grants, customer donations, payroll donations, employee fundraising, fuel rebates for major community partners.



Board of Directors



Robert Hill

Independent
Non-Executive Director
and Chairman

*LLB, BA, LLD(Hon),
LLM, DPolSc(Hon)*

Term of office

Appointed to the Board on 18 June 2018. Formerly an Independent Non-Executive Director of Viva Energy Holding Pty Limited (5 February 2015 to 17 July 2018).

Skills and experience

The Hon. Robert Hill is a former barrister and solicitor who specialised in corporate and taxation law and who now consults in the area of international political risk. He has had extensive experience serving on boards and as chairman of public and private institutions, particularly in the environment and defence sectors.

Robert was previously Australia's Minister for Defence, Minister for the Environment and Leader of the Government in the Senate during his time as a Senator for South Australia. He served as Australia's Ambassador and Permanent Representative to the United Nations in New York. Robert is a former Chancellor of the University of Adelaide. In 2012, he was made a Companion of the Order of Australia for services to government and the parliament.

Robert is currently Chairman of Re Group Pty Limited, Director of North Harbour Clean Energy Pty Ltd and a former Chairman of the NSW Biodiversity Conservation Trust.

Board Committee memberships

- Chair of the Remuneration and Nomination Committee
- Member of the Sustainability Committee
- Member of the Strategy and Investment Committee



Scott Wyatt

Chief Executive Officer
and Managing Director
BCA

Term of office

Appointed as CEO on 13 August 2014. Appointed to the Board on 7 June 2018.

Skills and experience

Scott Wyatt has more than 30 years' experience in the oil and gas sector and has held various leadership roles within Viva Energy's downstream oil and gas business (formerly Shell), including strategy, marketing (consumer and commercial) and supply and distribution.

After a long career with Shell in New Zealand, Australia and Singapore, Scott was appointed as CEO in August 2014.

Scott is a director of the Australian Institute of Petroleum and is a former board member of Viva Energy REIT (now Waypoint REIT) (2016 to 2019).

Board Committee memberships

- Member of the Strategy and Investment Committee



Arnoud De Meyer

Independent
Non-Executive Director
*MSc.E, MSc.BA, PhD
Management, Hon Phd*

Term of office

Appointed to the Board on 18 June 2018.

Skills and experience

Arnoud De Meyer is a former President of Singapore Management University (SMU) and was previously a Professor in Management Studies at the University of Cambridge and Director of Judge Business School. Arnoud was also associated with INSEAD as a professor for 23 years, and was the founding Dean of INSEAD's Asia Campus in Singapore. Currently he is Professor Emeritus at SMU.

Arnoud currently serves on the boards of Banyan Tree Holdings, upGrad Tech Pte Ltd, Singapore Symphonia Company, INSEAD and the Ghent University Global Campus, and he is the Chair of Human Capital Leadership Institute and Temasek's Stewardship Asia Centre. He was previously an Independent Director of Dassault Systèmes (2005 to 2019) and served as an Independent Director for the Department for Business Enterprise and Regulatory Reform (UK) and the Singapore Economic Review Committee. Arnoud also served on the boards of Singapore International Chamber of Commerce and Temasek Management Services.

Board Committee memberships

- Chair of the Strategy and Investment Committee
- Member of the Remuneration and Nomination Committee



Sarah Ryan

Independent
Non-Executive Director

*PhD (Petroleum Geology
and Geophysics), BSc
(Geophysics) (Hons 1),
BSc (Geology), FTSE*

Term of office

Appointed to the Board on 18 June 2018.

Skills and experience

Sarah Ryan has over 30 years of international experience in the energy industry, including technical, operational and leadership roles at a number of oil and gas and oilfield services companies, and a decade as an equity analyst covering natural resources.

Sarah is a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE), a Fellow of the Australian Institute of Energy, and a member of the Australian Institute of Company Directors, Women Corporate Directors and Chief Executive Women. She serves as a member of the ASIC Corporate Governance Consultative Panel and as Non-Executive Director of the Future Battery Industries Cooperative Research Centre and the Australian Research Centre of Excellence for Green Electrochemical Transformation of Carbon Dioxide, and is Chair of the ATSE Energy Forum.

Sarah is currently a Non-Executive Director of Aurizon Holdings Limited (since 2019), Transurban Group Limited (since 2023) and Calix Limited (since 2024). She is a former Director of Akastor ASA (2014 to 2021), Central Petroleum Limited (2017 to 2018), Aker Solutions ASA (2010 to 2014), MPC Kinetic Pty Ltd (2016 to 2022), Woodside Petroleum Limited (2012 to 2023), and OZ Minerals Limited (2021 to 2023).

Board Committee memberships

- Chair of the Audit and Risk Committee
- Member of the Sustainability Committee
- Member of the Strategy and Investment Committee



Nicola Wakefield Evans AM
Independent
Non-Executive Director
BJuris/LLB, FAICD

Term of office

Appointed to the Board on 3 August 2021.

Skills and experience

Nicola Wakefield Evans is a highly experienced Non-Executive Director with broad-ranging commercial, strategy and corporate finance legal experience gained over a 30-year career, 20 years as a partner of King & Wood Mallensons (KWM). During her time at KWM, Nicola held a variety of senior management positions with responsibility for the development of the international practice and the Hong Kong, China and London offices. Nicola's key areas of industry experience include resource & energy, infrastructure, financial services and technology.

Nicola is a Non-Executive Director of ASX listed companies Lendlease Corporation and Macquarie Group, and serves on the board of MetLife Australia (where she will become the Chair on 26 February 2024). She was recently appointed to the Future Fund Board of Guardians, commencing on 1 March 2024.

Nicola is the Chair of 30% Club Australia, a member of the Takeovers Panel, and of the boards of the Clean Energy Finance Corporation, the Goodes O'Loughlin Foundation and the University of New South Wales Foundation.

Nicola holds a Bachelor of Jurisprudence and a Bachelor of Laws from the University of New South Wales.

Board Committee memberships

- Chair of the Sustainability Committee
- Member of the Audit and Risk Committee
- Member of the Strategy and Investment Committee



Dat Duong
Non-Executive Director
BBA, CFA

Term of office

Appointed to the Board on 7 June 2018. Formerly a Non-Executive Director of Viva Energy Holding Pty Limited (1 January 2017 to 17 July 2018).

Skills and experience

Dat Duong is the Vitol Investment Partnership Portfolio Manager and Vitol Investment Director and previously the Head of Investments for Vitol in Asia Pacific.

Dat joined Vitol in 2010 and has extensive international investment banking experience, including with Merrill Lynch in the Global Energy and Power Investment Banking Group in both Hong Kong and Canada, where he led multiple landmark downstream oil transactions.

Dat commenced his career at Esso Imperial Oil in Canada as a business analyst. He is currently a Director of VG Mobility (UK) Advisers Limited, Vitol Investment Partnership II Limited, Vitol (UK) Advisers Limited, VIP Green Mobility GP Limited, VTX Energy AIV, VAVA Cars International Limited, VAVA Cars Systems Limited, VIP (UK) Advisers Limited and VE Property Pty Ltd.

Board Committee memberships

- Member of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee
- Member of the Strategy and Investment Committee



Michael Muller
Non-Executive Director
BA (Econ.Geography)

Term of office

Appointed to the Board on 1 October 2020.

Skills and experience

Mike Muller joined Vitol in 2018 and is currently the Head of Vitol Asia Pte Ltd and a member of the Vitol Group Board of Directors.

Prior to Vitol, Mike was an executive with Shell in the UK, Australia and Singapore. A member of Shell's Global Trading Leadership since 1999, he coordinated global supply of chemical feedstocks and led various oil trading desks both physical and derivatives. In 2013, Mike was appointed Vice President, Global Crude Oil Trading and Supply. In this role he was a Director of Shell Trading International Ltd, Chairman of Shell Western Supply & Trading Ltd and of Shell Trading Russia BV, and a member of global Trading Risk, Credit and Compliance committees.

Mike is currently a Director of Enterprise Singapore, and serves on the Maritime Decarbonisation Advisory Panel to the Transport Minister of Singapore.

Board Committee memberships

- Member of the Sustainability Committee
- Member of the Strategy and Investment Committee

Executive Leadership Team



Scott Wyatt

Chief Executive Officer



Carolyn Pedic

Chief Financial Officer



Jevan Bouzo

Chief Executive Officer, Convenience & Mobility



Dale Cooper

Executive General Manager, Refining



Natasha Cuthbert

Chief People and Culture Officer

Scott Wyatt has more than 30 years' experience in the oil and gas sector and has held various leadership roles within Viva Energy's downstream oil and gas business (formerly Shell) including strategy, marketing (consumer and commercial) and supply and distribution.

After a long career with Shell in New Zealand, Australia and Singapore, Scott was appointed as CEO in August 2014.

Scott holds a Bachelor of Commerce and Administration from Victoria University of Wellington.

Carolyn Pedic brings extensive industry experience, with nearly 25 years' experience in finance and risk management roles across energy and mining in Australia, Europe and South America.

Previously, Carolyn was Group Financial Controller at BHP and, prior to that, Head of Wholesale Markets Risk at AGL Energy. She has also spent more than 15 years in professional services firms, EY and PwC, focusing on financial advisory and audit services in the energy sector.

Carolyn is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne.

Since joining the Company in 2015, Jevan Bouzo has held roles with responsibility for supply chain operations, distribution and logistics, fuel procurement, scheduling, wholesale supply and commercial pricing as well as finance, tax, treasury, Group procurement and insurance. Jevan has also delivered complex transactions including the Group IPO, establishment of the private business and transformation to publicly listed company as well as the establishment and IPO of Viva Energy REIT (now Waypoint REIT). Prior to joining the Company, Jevan worked at Ernst & Young in assurance and business services where he led assurance and business improvement engagements for a number of clients across the energy and retail sectors.

Jevan is a Chartered Accountant and holds a Bachelor of Commerce (majoring in Accounting and Finance) from Monash University.

Dale Cooper has more than 35 years' experience in the oil and gas and refining industries.

Dale spent over 20 years with Irving Oil in Canada where he held refining and commercial roles, most recently as General Manager of the 320 kb/d Saint John Refinery. Prior to this, Dale held leadership roles in Rail Logistics, Supply Chain Operations, Refinery Operations and Project Management at Irving Oil. Prior to joining Irving Oil, Dale held operational and engineering roles with Saudi Aramco in Saudi Arabia and Esso Petroleum Canada in Nova Scotia.

Dale holds a Bachelor of Science, Chemical Engineering from the University of New Brunswick and a Masters of Business Administration from the University of New Brunswick. Dale was a former board member of Emergency Response Assistance Canada, a national organisation supporting industry in the transportation of dangerous goods.

Natasha Cuthbert has over 20 years of experience in human resources and transformation across both supermarket and leisure goods retail, and in oil and gas.

Prior to joining Viva Energy, Natasha had long tenure in retail across the Coles Group and Super Retail Group, holding senior leadership roles through turnaround and transformation. She held various senior human resources roles during her time at Coles Group, including Head of Talent and Diversity, and General Manager Merchandise Business Units. At Super Retail Group, Natasha held General Manager roles in Business Partnering and Transformation. Prior to this role, she was General Manager – People and Culture at Viva Energy.

Natasha holds a Bachelor of Science with Honours (majoring in Zoology) from the University of Melbourne. Natasha also has completed post graduate studies in human resources at Deakin University.



Amanda Fleming
Chief Digital and Transformation Officer

Amanda Fleming has over 20 years of experience across retail, fast food and FMCG leading business-wide transformations, as well as human resources, merchandise, operations and commercial functions.

Amanda joined the Company in 2019 and previously held the role of Chief People and Technology Officer.

Prior to Viva Energy, Amanda was the Chief Transformation Officer (CTO) and Managing Director, Commercial, for Super Retail Group, the owners of Super Cheap Auto, Rebel, Boating, Camping, Fishing (BCF) and MacPac. Previously Amanda has held executive roles including Director of Human Resources for Coles Group in the Wesfarmers organisation, Chief Operations Officer and Chief People Officer for Pizza Hut USA, and Human Resources Director for Mars in Australia (where she also served as European Organisational Development Manager for Mars in the UK and Europe).

Amanda holds a Masters of Organisational Change from Hult International Business School and a Bachelor of Business from Deakin University.



Jennifer Gray
Executive General Manager, Supply Chain

Jennifer Gray has more than 25 years' experience in the oil and gas sector.

Jennifer was previously the CEO of Liberty Oil Australia and, prior to that, has held various leadership roles within Viva Energy and Shell across a broad range of disciplines including retail operations, supply chain, commercial sales, pricing and strategy. This has seen her work extensively in operations around the world, including five years based in London. She is a Director of Liberty Oil Australia, Liberty Oil Convenience and a former board member of the Australian Association of Convenience Stores.

Jennifer holds a Bachelor of Arts in Linguistics and a Bachelor of Commerce and Administration from Victoria University in Wellington.

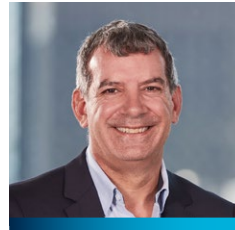


Lachlan Pfeiffer
Chief Business Development and Sustainability Officer

Lachlan Pfeiffer is responsible for Viva Energy's business development, corporate transactions, new energies and sustainability activities. He also has executive responsibility for a number of corporate departments, including legal, government and media relations. From 2018 to 2020, he also served as a Non-Executive Director of the ASX listed Waypoint REIT (previously Viva Energy REIT).

Lachlan joined the business in 2014. His previously held roles within the Group include Executive General Manager, Legal and External Affairs and General Counsel. Prior to joining Viva Energy, Lachlan worked as a corporate lawyer for Skadden, Arps, Slate, Meagher and Flom (UK) LLP, based in London for seven years.

Lachlan holds a Bachelor of Commerce from Melbourne University and a Bachelor of Laws (with Hons) from Monash University. He holds a legal practicing certificate in Victoria.



Denis Urtizbera
Executive General Manager, Commercial

Denis Urtizbera joined Viva Energy Australia in late 2015, bringing 25 years of experience in the oil and gas industry. He developed a passion for customer centricity through a number of diverse sales and marketing leadership positions, primarily in the business-to-business arena.

Starting his career in a small subsidiary of Total, moving then to BP/Castrol Group before joining Puma Energy and finally Vivo Energy and Viva Energy Australia, Denis has had the opportunity to build a strong international culture through negotiating deals in more than 100 countries across the globe.

Denis holds a qualification in engineering (Physics and Chemistry).

Risk management

Our growth and success depends on our ability to understand and respond to the challenges of an uncertain and changing environment. This uncertainty generates risk, with the potential to be a source of both opportunities and threats. Risk management helps us to provide greater certainty and confidence for all our stakeholders, and is central to achieving our strategic objectives.

Our Enterprise Risk Management (ERM) Framework and related risk management policies and procedures identify, assess, monitor and manage risk and, where appropriate, keep relevant stakeholders informed of material changes to the Group's risk profile.

The Company's risk appetite provides a framework for defining the level of risk it considers appropriate and contributes to the identification of controls and risk mitigation strategies.

In accordance with the ERM Framework, we maintain Risk Registers that identify the following categories of risk:

- **Strategic risks** – being operational, financial and regulatory risks, which are capable of affecting the achievement of the Group's strategic objectives.
- **Health, Safety, Security and Environment (HSSE) Risks** – risks that have the capability to cause harm to people, the environment, assets or our reputation as a result of our business operations.
- **Data and systems risks** – risks that have an impact of operational, reputational or financial damage or loss, from both a cyber and non-cyber data risk perspective.

Our Risk Registers give our Board and management visibility over the exposure to material risks across the organisation.

They assist in supporting risk management and reporting against our risk appetite.

The Risk Registers are subject to regular reviews to consider changes to our internal and external environments and the likelihood and consequence of each known risk. Executive management and the Board regularly review the risks identified, challenge how they are mitigated and assess the assurance activities directed towards the key controls over each of the risks.

While risk oversight and management is a shared, Group-wide responsibility, the Board is ultimately responsible for risk management oversight and stewardship. With the guidance of the Audit and Risk Management Committee, the Board is responsible for:

- overseeing the establishment of and approving an appropriate risk management framework for the Company (covering both financial and non-financial risks), including the strategy, policies, procedures and systems of the Company for managing risk, and setting the risk appetite within which the Board expects management to operate; and
- reviewing and monitoring the effectiveness of the Company's risk management framework, policies, procedures and systems.

Management regularly demonstrates to the Board that the Company is operating with due regard to its risk appetite.

Our material risks are outlined in the table below, organised by risk category and the nature of our response. These risks have been identified as having the potential to materially influence our financial or non-financial performance, and our ability to achieve our strategic objectives.

Strategic risk	Our response
<p>Compliance and regulatory risk</p> <p>Compliance</p> <p>Viva Energy is subject to a wide range of legislative and regulatory obligations and we operate a number of facilities under various permits, licences and approvals (Regulatory Approvals), including facilities designated as Major Hazard Facilities.</p> <p>Failure to comply with legislative requirements or the conditions of Regulatory Approvals may cause damage to our brand and reputation. It could also result in fines and penalties and/or loss of applicable Regulatory Approvals, which would adversely impact Total Shareholder Return (TSR).</p> <p>Action by governments and regulators</p> <p>Changes in laws or the conditions of Regulatory Approvals could also materially impact our strategic objectives, operations and TSR.</p>	<p>Compliance</p> <ul style="list-style-type: none"> • Our compliance program incorporates Business Principles and Code of Conduct, policies and procedures, staff compliance training and audits. • We have detailed operating procedures, standards, training, audit and assurance programs. • We have the specialised knowledge we need in our teams and from external consultants and we involve subject matter experts to minimise the risk of non-compliance with permits, legislation and regulation. • We monitor existing regulatory requirements. • We have a robust licence renewal submission process to ensure that the business is not subject to onerous additional conditions. <p>Action by governments and regulators</p> <ul style="list-style-type: none"> • We monitor political activity and proposed changes to the law. • We work with select industry bodies to influence on issues that may affect our industry. • We engage with regulatory bodies and lawmakers both directly and through industry bodies on issues that may affect our industry.
<p>Commodity price exposure</p> <p>Viva Energy is exposed to the risk of movements in global hydrocarbon pricing, particularly in respect of the refining margin earned by the Geelong Refinery. Fluctuation in the refinery margin can impact TSR.</p>	<ul style="list-style-type: none"> • We manage commodity price exposure through active monitoring of commodity price exposure, hedging and the purchase or sale of swap contracts up to 24 months forward. • Federal Government Fuel Security Services Payment (FSSP) provides financial support in a low refining margin environment during the applicable commitment period.

Strategic risk

Our response

Operational and supply chain risks

Our operations and supply chain can be disrupted by events such as extreme weather, accidents, breakdown or failure of infrastructure, interruption of power supply, and off-shore supply impacts. Disruption to any part of Viva Energy's supply chain could impact our operations and TSR.

The Geelong Refinery may be disrupted by mechanical failures, equipment shutdowns, major accidents and other events that disrupt operations. Any such event may have a material adverse impact on refining capacity and revenues.

Supply chain

- We maintain minimum stock levels.
- We conduct due diligence assessments on shipping and road transport providers.
- We also manage this risk through alternative supply options.
- We maintain insurance coverage for major events and supply interruptions.

Refinery

- The Geelong Refinery has a proactive monitoring, inspection and preventative maintenance program to manage the risk of HSSE incidents and unplanned plant outages.
- In line with better practice and industry standards, unit turnarounds are undertaken every four to six years.
- The business has emergency and crisis management plans in place and regularly undertakes simulated response exercises to test the effectiveness of these plans. These exercises often include the relevant community and emergency response authorities.
- We invest in utility infrastructure to minimise the impact of disruptions to externally provided resources such as gas, electricity or water.
- We maintain sufficient finished product stock levels to ensure an adequate buffer to cover typical potential unplanned outages.
- We continue to monitor and vet international shipping and procurement activities, and provide regular updates to all relevant personnel.

HSSE risks

Processing, transportation and storage of crude oil and petroleum products, and the operation of the Geelong Refinery and fuel storage facilities, include inherently hazardous and dangerous activities. A major incident could result in injury or fatality and/or damage to the environment. This could also negatively impact our brand and reputation, and TSR.

There is also a risk of smaller spills and leaks of petroleum and crude oil to the environment, which would give rise to liabilities for clean-up and remediation costs.

With the acquisition of the Convenience retail business, there are additional business-specific personal safety/security risks related to cash handling and tobacco sales, as well as the general risk to team members as a result of interactions with members of the public. There are also reputational risks associated with managing public safety on retail sites, as well as effective food safety practices.

- We have in place a comprehensive HSSE control framework and management system.
- Our HSSE Management System is supported by a number of policies, procedures and standards designed to ensure that HSSE risks are either eliminated or reduced so far as reasonably practicable.
- We provide appropriate information, instruction, training and supervision to our people to drive safe operations at all levels.
- We have a risk-based audit and assurance program, which reviews facilities and critical activities against the HSSE Management System, legislative requirements and industry best practice in order to identify continuous improvement opportunities.
- Significant and high potential events are investigated to identify root causes, with corrective actions put in place and learnings shared across our operations.
- HSSE performance is one of our key performance indicators that is actively measured and reported to the Board.
- The Convenience business has a comprehensive food safety training program in place for all employees, as well as established monitoring and assurance processes to support ongoing food safety compliance.
- Site security processes, including cash and tobacco management, are an ongoing focus, including implementation of new and improved security technologies within stores as required.

Key strategic relationships and third party branding

We have a number of key business and operational relationships, including with Shell, Vitol, Coles Group and Liberty Oil Convenience. A material deterioration in the nature of Viva Energy's arrangements with these parties or a material decline in the performance of these parties or their reputation or brand has the potential to negatively impact our brand and reputations as well as TSR.

- We manage this risk via the contractual rights and obligations in place with each relevant party.
- We have established a crisis management team and we undertake an annual crisis management training exercise jointly with Shell.
- We have regular engagement with representatives of all third parties.
- We have representation on the Boards of Viva Energy equity interests (e.g. Liberty Oil Convenience) to oversee that an appropriate internal control framework is in place.

Strategic risk

Our response

Climate change

Climate change risk has both transitional and physical elements. Transitional risk is the risk flowing from a transition to a lower-carbon economy that may affect the Group's business model in the future. Physical risk is the risk flowing from acute events or chronic longer-term shifts in climate patterns resulting from climate change that may require mitigation and adaptation actions.

The risk to our business includes:

- decline in demand for our products due to government policy, technology or market changes in response to climate change (including shifts in consumer preferences);
- increased operating costs arising from regulatory responses to reduce greenhouse gas emissions (such as a price on carbon);
- increased exposure to legal action as stakeholder scrutiny of emissions-intensive industries grows;
- increased reputational impacts affecting our ability to attract investment and talent; and
- physical impacts on our assets and supply chains from increased frequency and severity of extreme weather and rising sea level events.

- We seek to understand our performance in a range of future demand scenarios, including by assessing the potential impacts of transitional risks on the performance of our business units.
- We have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as a framework for our climate risk assessment and disclosures.
- We actively monitor industry forecasts and technological developments to understand where the industry and energy markets are heading.
- Our strategy focuses on our core business, as well as pursuing new sustainability strategic opportunities that we see developing in the lower carbon energy transition, such as our vision for the Geelong Energy Hub.
- We are incorporating climate-related issues into our financial planning process by adopting shadow carbon prices to be applied in our investment evaluation and capital allocation process. Noting that the Geelong Refinery is captured under the Australian Government's Safeguard Mechanism.
- We consider physical climate risks when developing significant projects.
- We monitor and report on our carbon footprint, and have announced our commitment to operational emissions reduction targets, including net zero emissions reduction commitments (operational Scope 1 and Scope 2 greenhouse gas emissions): non-refining by 2030, Group by 2050.
- We are a member of energy forums, industry groups and peak advocacy bodies and see value in joint industry action on climate change in order to promote sustainable industry development.
- We also monitor potential regulatory change and participate in consultation processes either directly or through industry associations to shape policy in the area of climate change, and we maintain a policy dialogue with all levels of government on climate change issues.

Liquidity and financing

Viva Energy has substantial working capital requirements due to the need to purchase large shipments of crude oil and refined products. We rely on banks and supply and trade financing arrangements to provide working capital funding. Adverse changes in our relationship with providers of funding or in financial markets, which reduce our access to, or increase the cost of, funding could adversely impact our financial position.

- Our treasury function operates within a fit for purpose Board-approved Treasury Policy. The Policy requires maintenance of sufficient cash reserves and ensures robust reporting of our cash position to management and the Board.
- We have access to working capital funding sources through a syndicated financing facility and a range of trade finance facilities.
- Our credit risk management function ensures credit is provided within our desired risk parameters.
- We actively monitor cash flow through the proactive management of accounts receivable and accounts payable, and we have insurance cover in the event of a major incident to supplement loss of income (cash receipts).

Refining margin exposure

The Geelong Refining Margin (GRM) is based on the difference between the value of the refined products that the Geelong Refinery produces and the cost of the crude oil and feedstock it consumes to do so. Refining margins are affected by a range of factors including a decline in regional demand for refined products, increased refining capacity, international freight costs and exchange rate fluctuations. A low GRM can materially impact earnings of the Geelong Refinery.

- We undertake regular assessment of the economic viability of maintaining refining activities. This includes rigorous economic justification for capital projects and turnarounds as well as the ability to shut down unprofitable individual processing units, logical groups of units or the complete refinery.
- We utilise dynamic production planning and inventory management to optimise refining margin performance while considering changing market demands.
- We have programs to improve operational availability and reliability.
- We have in place a fit for purpose refinery margin hedging policy.
- Federal Government Fuel Security Services Payment (FSSP) provides financial support in a low refining margin environment during the applicable commitment period.
- Refining margin movements as a result of regional market forces are inherent in the refining business and the activities outlined above are not designed to completely eliminate this exposure.

Strategic risk

Our response

Exchange rate

Viva Energy purchases crude oil, feedstock and finished products in US dollars and sells its products predominantly in Australian dollars. Fluctuations in the AUD/USD exchange rate may negatively impact our earnings and cash flow.

- We operate a hedging program that is designed to manage the impact of exchange rate fluctuations.

Credit risk

Credit risk is the risk that a customer or counterparty fails to meet its contractual payment obligations. Such a default could impact our revenue and cash flow.

- We undertake credit risk assessments on customers.
- We establish credit limits.
- We manage exposure to individual entities.
- We have insurance cover in place in the event of major incidents to supplement loss of income (cash receipts).

Material decline in demand for our products

A number of external factors, including a decline in economic activity, the entry of new competitors into the business segments in which we operate, a change in government policies/regulation, shifts in consumer preferences and changes in technology, have the potential to negatively impact demand for our products.

If there is a significant decline in demand for our products, this could materially impact TSR.

- We operate in a range of business segments and with a range of product offerings.
- We seek to understand our performance in a range of future demand scenarios.
- We actively monitor industry forecasts and technological developments to understand where the industry and energy markets are heading.
- Our strategy is to optimise performance of our core business as well as to identify new adjacent areas for growth and new opportunities in the energy sector, such as electric vehicles, hydrogen, bio fuels and other alternative fuels.

Labour costs, labour availability and industrial disputes

Viva Energy's operations are affected by availability and costs of labour and the health of our working relationships with employees and labour unions.

A major dispute with one or more unions representing our (or our major contractors') employees could disrupt operations at one or more of our facilities and materially impact TSR.

Similarly, a material increase in the cost of labour could impact production costs and profit margin.

- We proactively manage the relationships with our employees and employee unions' representatives.
- We have in place employee agreements.
- We conduct regular benchmarking to ensure that wages and other benefits offered to employees remain competitive.
- In the event that a risk of employee or third party industrial activity is heightened, we develop contingency plans to mitigate potential impacts on our operations.

Cyber security

A cyber security breach by an external attacker or trusted insider could cause loss of confidentiality, integrity and availability of critical data and/or IT systems that could result in operational, reputational or financial damage or loss to Viva Energy.

- We have a range of user access controls that restricts and contains the ability for a user to have wide-ranging access.
- We have robust user education and training as the frontline defence mechanism to phishing and malware attacks. Our recent focus has been on increasing users' ability to identify and handle cyber-related threats.
- We operate a third party Security Operations Centre, which monitors and analyses Viva Energy's security posture.
- We utilise extensive technology-based controls and undertake independent technology controls testing and validation.
- We engage with agencies/bodies that monitor and provide intelligence to companies regarding cyber threats. These include the Critical Infrastructure Centre, the Australian Security Intelligence Organisation – Business & Government Liaison Unit and the Australian Cyber Security Centre.

Operating and financial review

FY2023 Business performance summary

Viva Energy delivered a strong performance in 2023, with exceptional results across the Commercial & Industrial business and significant progress on the development of the Convenience & Mobility business. While the Energy & Infrastructure business was impacted by extended maintenance, the underlying refining fundamentals were robust and the business is well placed to take advantage of this in the year ahead.

2023 was a transformational year for the Company. The acquisition of Coles Express and planned acquisition of the OTR Group¹ provides the platforms to establish Viva Energy as the leading convenience retailer in Australia. Together with the continued diversification of the Commercial & Industrial business and development of new energy opportunities in hydrogen, lower carbon fuels and recycled waste, the Group is establishing foundations to maintain growth and successfully manage the energy transition.

Viva Energy consolidated results for the full year ended 31 December 2023

The Group net profit after tax on a Historical Cost basis ('HC') for FY2023 was \$3.8 million ('M'). After adjusting for net inventory loss, significant one-off items, revaluation gains and non-cash lease adjustments, net profit after tax on a replacement cost basis ('RC') for the year was \$318.2M. A reconciliation is provided below:

Reconciliation of statutory profit after tax to net profit after tax (RC)	(\$M)
Statutory profit after tax	3.8
Add: Net inventory loss*	179.1
Add: Significant one-off items [^]	106.6
Less: Revaluation gain on FX and oil derivatives*	(11.2)
Add: Non-cash lease adjustments*	39.9
Net profit after tax (RC)	318.2

* Results are reported net of tax.

[^] Significant one-off items includes an impairment loss of \$79.9M, \$26.7M in non-recurring net acquisition and transition related costs and \$4.6M in amortisation charges which will not be incurred in future periods, partially offset by a non-recurring \$4.6M gain on bargain purchase.

Group results on a HC basis are calculated in accordance with International Financial Reporting Standards (IFRS) and show 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 unaudited 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.

1. Subject to FIRB approval.

Together with the continued diversification of Commercial & Industrial business and development of new energy opportunities in hydrogen, lower carbon fuels and recycled waste, the Group is establishing foundations to maintain growth and successfully manage the energy transition.

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'.

Reporting changes implemented in 2023

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 & Mobility', 'Commercial & Industrial' and 'Energy & 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.



Summary statement of profit and loss

(\$M)	31 December 2023				31 December 2022 ⁵				Variance
	Group	C&M ¹	C&I ²	E&I ³	Group	C&M ¹	C&I ²	E&I ³	
Revenue	26,741.1	10,101.1	16,640.0	–	26,432.6	7,975.8	18,456.8	–	308.5
Cost of goods sold (RC)	(24,134.3)	(8,897.0)	(15,611.1)	373.8	(23,846.7)	(7,111.5)	(17,610.0)	874.8	(287.6)
Gross profit (RC)	2,606.8	1,204.1	1,028.9	373.8	2,585.9	864.3	846.8	874.8	20.9
Total EBITDA (RC)	712.8	221.4	436.7	54.7	1,075.8	240.6	326.3	508.9	(363.0)
Convenience & Mobility	232.2	232.2	–	–	249.6	249.6	–	–	(17.4)
Commercial & Industrial	447.5	–	447.5	–	335.3	–	335.3	–	112.2
Energy & Infrastructure	65.4	–	–	65.4	517.9	–	–	517.9	(452.5)
Corporate	(32.3)	(10.8)	(10.8)	(10.7)	(27.0)	(9.0)	(9.0)	(9.0)	(5.3)
2. Share of profit from associates	1.9	2.1	(0.2)	–	2.2	2.0	0.2	–	(0.3)
Net gain/(loss) on other disposal of assets	0.6	(1.0)	3.3	(1.7)	(6.5)	(0.7)	(5.8)	–	7.1
3. Depreciation and amortisation	(197.7)	(54.6)	(62.9)	(80.2)	(179.0)	(48.0)	(63.7)	(67.3)	(18.7)
Profit before interest and tax (RC)	517.6	167.9	376.9	(27.2)	892.5	193.9	257.0	441.6	(374.9)
4. Net finance costs	(77.3)	(11.9)	(57.0)	(8.4)	(40.1)	(3.8)	(31.9)	(4.4)	(37.2)
Profit before tax (RC)	440.3	156.0	319.9	(35.6)	852.4	190.1	225.1	437.2	(412.1)
5. Income tax expense (RC)	(122.1)	(43.2)	(88.6)	9.7	(255.8)	(57.1)	(67.5)	(131.2)	133.7
Net profit after tax (RC)	318.2	112.8	231.3	(25.9)	596.6	133.0	157.6	306.0	(278.4)
6. Significant one-off items ⁴	(106.6)				2.6				(109.2)
7. Net inventory loss ⁴	(179.1)				(119.1)				(60.0)
8. Revaluation gain on FX and oil derivatives ⁴	11.2				88.7				(77.5)
9. Non-cash lease adjustments ⁴	(39.9)				(54.5)				14.6
10. Net profit after tax (HC)	3.8				514.3				(510.5)
Statutory earnings (cents) per share	0.2				33.3				(33.1)
Underlying earnings (cents) per share	20.7				38.6				(17.9)

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.



Operating and financial review continued

The table below provides a reconciliation between profit before tax (RC) shown on page 33 and profit before tax (HC) in Note 3 *Segment information* within the financial statements.

(\$M)	31 December 2023 Total segments	31 December 2022 Total segments
Profit before tax (RC) as above	440.3	852.4
Adjusted for:		
Interest income	–	0.7
Lease expense	344.9	310.2
Right-of-use amortisation	(242.0)	(225.2)
Lease interest expense	(160.0)	(163.5)
Revaluation gain on FX and oil derivatives	16.0	126.5
Net inventory loss	(255.9)	(170.1)
Significant one-off items	(106.6)	0.8
Profit before tax (HC)	36.7	731.8

Summary statement of profit and loss analysis

1. EBITDA (RC)

Convenience & Mobility (C&M)

C&M EBITDA (RC) was \$232.2 million (M) in FY2023. Resilient fuel and convenience sales together with a strong margin environment supported underlying growth of \$35M, offsetting the unwinding of advantaged purchasing benefits achieved in FY2022 and short-term higher supply costs resulting from the Geelong Refinery disruptions during FY2023.

Convenience sales excluding tobacco increased by 8% over the year, with margins expanding to 35.7% by 4Q2023, driven by changes in margin mix, price management, and expansion of the food-to-go category.

Fuel sales volumes grew 0.9% to 4,556 million litres (ML), with the Company-operated network achieving weekly fuel volumes of 58 ML, in line with the prior year. Net growth was driven by the Liberty Convenience network, which ended the period at 101 stores nationwide. Premium petrol penetration improved from 30% to 31%.

The Coles Express business was successfully transitioned to Viva Energy in May, and work is underway to progressively exit the Coles Group transitional services arrangements and reduce higher overhead costs associated with these arrangements. The short-term contribution from this acquisition was also impacted by lower than expected top line growth driven by cost-of-living pressures and impacts from the illicit tobacco trade, coupled with annual rent and award wage increases. Price optimisation and operational improvements are expected to drive earnings growth in 2024.

The acquisition of the OTR Group, which was announced in April 2023, provides sophisticated systems and digital capabilities and a leading convenience and quick-service restaurant offer, generating \$3.9M of sales per store average versus the Coles Express network at \$1.6M. The Australian Competition and Consumer Commission (ACCC) approved the acquisition in December 2023, subject to divesting 25 sites in South Australia. The transaction is expected to complete in 1H2024, subject to Foreign Investment Review Board (FIRB) approval.

Commercial & Industrial (C&I)

C&I EBITDA (RC) increased by 33% to \$447.5M in FY2023, the third consecutive year of earnings growth. Sales volumes were up 12.6% (to 10,965 ML) led by a continued recovery in International Aviation and strong demand from most other C&I segments due to new business wins and a generally favourable economic environment.

During the period the Group completed the small acquisition of Skyfuel Australia, growing the regional airport presence and customer solutions offering, and Lyondellbasell Advanced Polyolefins Australia (LAPA) to increase the Group's specialties footprint and access new markets in Australia and New Zealand. The Group also entered into two long-term, strategically important contracts with the Australian Defence Force (ADF) and Royal Flying Doctors Service (RFDS), consistent with its focus on the development of high-quality, diversified specialty businesses.

Energy & Infrastructure (E&I)

E&I delivered EBITDA (RC) of \$65.4M in FY2023, compared to \$517.9M the same time last year. Earnings were impacted by lower regional refining margins, the planned major maintenance turnaround and the compressor incident, partially offset by a recognised insurance recovery of \$80.0M.

Crude intake reduced to 31.6MBBLs and the Geelong Refining Margin (GRM) declined to US\$9.8/BBL, with higher operating costs due to increased shipping activity to support the major maintenance turnaround and unplanned extended outage of the Platformer and associated units. Additional imports of refined products to replace crude and outsales of intermediate products also affected the GRM.

Following the return to full production over the course of 4Q2023, the Geelong Refinery is well positioned to capture higher regional refining margins.

2. Share of profit from associates

Share of profit from associates of \$1.9M represents the Group's 50% ownership of the yearly results of associate investments, equating to a \$2.1M profit recognised for Liberty Oil Convenience and a \$0.2M loss relating to Fuel Barges Australia.

3. Depreciation and amortisation

Depreciation and amortisation for the year includes \$174.4M of depreciation on property, plant and equipment, \$20.3M of amortisation expense on intangible assets and \$3.0M on leases classified as finance leases prior to the adoption of AASB 16 Leases. Total depreciation and amortisation of \$197.7M has increased by \$18.7M on the previous year primarily due to the purchase of the Coles Express business, which carried \$118.1M in property, plant and equipment and software intangibles at the time of acquisition, and contributed \$17.7M in depreciation and amortisation from the date acquired. Amortisation of right-of-use assets is captured in line item 'Non-cash lease adjustments'.

C&I sales volumes were up 12.6% (to 10,965 million litres) led by a continued recovery in International Aviation and strong demand from most other C&I segments.



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4. Net finance costs

Net finance costs of \$77.3M were \$37.2M higher than the prior comparative year and consisted of interest income of \$12.0M, interest expense on borrowings, amortised transaction costs and associated fees of \$74.9M, finance costs associated with leases classified as finance leases prior to the adoption of AASB 16 Leases of \$7.8M, and \$6.6M 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 compared to 2022. Additionally, the Group refinanced the Revolving Credit Facility in December 2023, and capitalised borrowing costs associated with the previous facility amounting to \$2.3M were considered extinguished under accounting standard guidance, and therefore expensed.

5. Income tax expense

The Group is subject to income tax on the basis of historical cost earnings (NPAT HC) rather than replacement cost earnings (NPAT RC). The income tax expense for the period is \$122.1M (RC) and \$32.9M (HC), representing effective tax rates of 27.7% and 89.6% respectively. The higher effective tax rate (HC) is primarily due the non-deductible impact of the \$79.9M impairment loss incurred during the year.

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

The current year significant items totalling \$106.6M comprises of a \$79.9M impairment loss resulting from the write-off of an intangible asset following the acquisition of Coles Express, \$26.7M in net acquisition and transition costs related to the acquisition of Coles Express and OTR, and \$4.6M in amortisation charges in C&M related to the extinguishment of the intangible asset associated with Coles Express, which will not be incurred in future periods. Partially offsetting these amounts is the non-recurring \$4.6M gain on bargain purchase from the acquisition of Lyondellbasell Advanced Polyolefins Pty Ltd.

7. Net inventory loss

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 \$179.1M (net of tax) primarily reflects decreasing refined product prices and foreign exchange movements, which were heightened due to the extended outage at the refinery experienced during the year.

8. Revaluation gain on FX and oil derivatives

Revaluation gain on FX and oil derivatives is impacted by realised and unrealised FX and associated hedges, flat oil price hedges and refinery margin hedging. During the year a gain of \$11.2M (net of tax) was recognised as a result of the impact of net favourable FX movements throughout the year outweighing the losses on derivative contract positions resulting from FX and oil price fluctuations.

9. Non-cash lease adjustments

The non-cash lease adjustments reflect 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)

Net profit after tax (HC) of \$3.8M for the year was a \$510.5M decrease from the \$514.3M profit after tax (HC) in 2022. The reduced profit in the current year is primarily a result of a return to lower refining margins from previous record levels influencing the prior year and an extended shutdown period at the Geelong Refinery due to the damage sustained on the hydrogen compressor, which significantly impacted the performance of the E&I segment. In addition, unfavourable oil price movements that increased the net inventory loss year on year, increased finance cost through higher net debt balances and increasing interest rates, along with depreciation cost increases and significant one-off expenses resulting from acquisitions have had a decreasing impact on net profit after tax.

Summary statement of financial position

(\$M)	31 December 2023	31 December 2022	Variance
1. Working capital	67.8	41.3	26.5
2. Property, plant and equipment	2,076.5	1,645.7	430.8
3. Right-of-use assets	2,021.2	2,088.4	(67.2)
4. Intangible assets	531.7	599.6	(67.9)
5. Investment in associates	17.6	15.7	1.9
6. Net (debt)/cash	(380.0)	290.5	(670.5)
7. Lease liability	(2,444.7)	(2,456.5)	11.8
8. Long-term provisions, other assets and liabilities	(194.8)	(179.8)	(15.0)
9. Net deferred tax assets	315.3	315.9	(0.6)
10. Total equity	2,010.6	2,360.8	(350.2)

Summary statement of financial position analysis

1. Working capital

Working capital increased by \$26.5M, primarily due to increased inventory volume on hand to support inventory management requirements due to higher sales and the extended outage at the refinery, and from the introduction of convenience products to service the new retail offer in 2023. In addition, a current tax asset was generated during the year as a result of the need to meet increased tax installments required in response to the very high taxable income in the prior year.

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 \$430.8M in 2023, driven by capital expenditure over the period of \$492.7M, additions through business acquisitions of \$117.6M, non-cash additions to the asset retirement obligation cost base of \$3.3M and transfers in from right of use assets of \$1.5M. This was partially offset by depreciation of \$174.4M and net disposals of \$9.9M during the year.

A breakdown of capital expenditure by segment is outlined below:

(A\$M)	2023	2022	Variance
a. Convenience & Mobility	43.9	56.8	(12.9)
b. Commercial & Industrial	72.8	64.5	8.3
c. Energy & Infrastructure			
Base expenditure	63.4	41.4	22.0
Major maintenance	118.8	48.7	70.1
Energy Hub	178.4	92.3	86.1
d. Integration costs	15.4	–	15.4
Capital expenditure	492.7	303.7	189.0

a. Convenience & Mobility

Convenience & Mobility capital expenditure of \$43.9M for the year (2022: \$56.8M) includes network growth spend, new and existing site rebranding to the Reddy Express platform 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 year, Commercial & Industrial capital expenditure of \$72.8M (2022: \$64.5M) 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.

c. Energy & Infrastructure

Base expenditure

Base refining capital expenditures during the year of \$63.4M (2022: \$41.4M) primarily related to spend on the ongoing asset integrity and cyclical tank maintenance program, constructing the Bitumen export line to the refinery jetty, Field Centre relocation costs and on the Gas Separation Unit column and exchanger replacement.

Major maintenance

Major maintenance capital expenditure of \$118.8M during the year (2022: \$48.7M) primarily relates to the Crude Distillation Unit Turnaround event and associated improvement projects, and the change out of the catalyst on the Gas Separation Unit.

Energy Hub

Energy Hub expenditure during the year of \$178.4M (2022: \$92.3M) related to progress works on the Ultra-Low Sulphur Gasoline Unit, advancing the Diesel Strategic Storage Tank Facility and completing the Packinox exchanger upgrade to deliver energy efficiencies.

d. Integration costs

Integration costs primarily relate to transitional digital and technology spend to commence the integration of Coles Express post acquisition. This includes Point of Sales and Enterprise Resource Planning systems.



3. Right-of-use assets

The right-of-use assets balance at year-end was \$2,021.2M, a decrease of \$67.2M from FY2022. Impacting this balance during the period was right-of-use depreciation recognised of \$244.9M and lease terminations or derecognitions of \$4.6M, with these decreases partially offset \$182.3M in new leases through either network growth or acquisition, lease extensions and the impact of lease payment escalations.

4. Intangible assets

Intangible assets decreased by \$67.9M during the year primarily due to the write-off and sale of previously held intangibles totalling \$92.4M and amortisation charges of \$24.9M, offset in part by goodwill recognised and intangibles acquired totalling \$49.4M from business and asset acquisitions in 2023.

5. Investment in associates

This balance relates to the Group's 50% ownership of Liberty Convenience and Fuel Barges Australia. Associate company profit of \$1.9M was recognised during the year.

6. Net (debt)/cash

Net (debt)/cash relates to Viva Energy's 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 currently holds \$595.5M in long-term debt through its RCF and with cash holdings of \$215.5M it currently has a net debt position of \$380.0M. The increase in net debt during the year was driven by increased working capital requirements, in particular due to the extended outage at the refinery, higher capital expenditure and business acquisitions made during the year.

7. Lease liability

The lease liability balance at 31 December 2023 was \$2,444.7M, a decrease of \$11.8M from the prior comparative year-end, with lease extensions, new leases through either network growth or acquisition and lease escalations of \$179.2M, offset by payments of lease principal balances totalling \$187.2M made during the period and terminations of \$3.8M.

8. Long-term provisions, other assets and liabilities

The increase in the net liability of \$15.0M during the year primarily represents the increase in the Groups net derivative liability position as a result of commodity prices and foreign exchange fluctuations and the timing of maturity of some long-term receivables, offset in part by the net impact of payables settled through acquisition and long-term provision movements.

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 small reduction of \$0.6M during the year compared to the prior year arose from impacts of typical movements in deferred tax due to origination or reversal of temporary differences between taxable income and profit during the year, which marginally exceeded additional deferred tax assets arising as a result of business combinations that occurred during the year.

10. Total equity

Total equity decreased by \$350.2M due to the payment of dividends during the year totalling \$336.5M, share buy-back program activity of \$17.3M and a \$0.2M net decrease from a combination of OCI movements, transactions relating to the Group's share-based incentive plans and the associated purchase of treasury shares, partially offset by the recognition of \$3.8M in net profit after tax for the year.



Summary statement of cash flows

(\$M)	31 December 2023	31 December 2022	Variance
Profit before interest, tax, depreciation and amortisation (HC)	797.6	1,339.1	(541.5)
<i>Decrease/(increase) in trade and other receivables</i>	36.3	(701.5)	737.8
<i>Increase in inventories</i>	(145.8)	(324.2)	178.4
<i>Decrease/(increase) in other assets</i>	21.7	(8.0)	29.7
<i>Increase in trade and other payables</i>	399.8	1,123.4	(723.6)
<i>Increase/(decrease) in provisions</i>	4.2	(0.2)	4.4
1. Changes in working capital	316.2	89.5	226.7
2. Non-cash items in profit before interest, tax, depreciation and amortisation	(1.4)	(2.6)	1.2
3. Payment for treasury shares (net of contributions)	(13.3)	(10.9)	(2.4)
Repayment of lease liabilities	(187.9)	(156.0)	(31.9)
Interest on capitalised leases	(167.8)	(171.5)	3.7
Operating free cash flow before capital expenditure	743.4	1,087.5	344.1
Payments for PP&E and intangibles	(492.7)	(303.7)	(189.0)
Proceeds from sale of PP&E	22.7	11.9	10.8
Payments for other investments	(7.1)	–	(7.1)
4. Net payments for business acquisitions	(235.4)	(18.0)	(217.4)
5. Share buy-back	(17.3)	(4.7)	(12.6)
6. Government grants receipts	18.2	25.3	(7.1)
Dividends received from associates	–	2.5	(2.5)
Net free cash flow before financing, tax and dividends	31.8	800.8	(769.0)
7. Repayment of long-term payable	(100.0)	–	(100.0)
8. Finance costs	(58.1)	(25.7)	(32.4)
9. Net income tax payments	(207.5)	(122.7)	(84.8)
Net cash flow available for dividends and before borrowings	(333.8)	652.4	(986.2)
10. Dividends paid	(336.5)	(261.5)	(75.0)
11. Net drawings/(repayment) of borrowings and upfront fees	595.3	(197.1)	792.4
Net cash flow	(75.0)	193.8	(268.8)
Opening net cash/(debt)	290.5	(95.2)	385.7
Movement in capitalised borrowing costs	(0.2)	(5.2)	5.0
Closing net (debt)/cash	(380.0)	290.5	(670.5)
Change in net (debt)/cash	(670.5)	385.7	(1,056.2)

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Summary statement of cash flows analysis

1. Changes in working capital

Crude and refined product-related payables as well as inventory balances have significantly increased primarily as a result of higher volumes purchased in 2023 to meet greater sales volume activity, and also due to the extended outage at the refinery.

2. Non-cash items

Non-cash items comprise a \$6.7M gain on early lease terminations, a \$4.6M gain on bargain purchase from the acquisition of Lyondellbasell Advanced Polyolefins Pty Ltd, \$1.9M in share of profit in associates and \$2.2M in other minor gains. These are offset by \$12.4M in transactions relating to employee share-based payments and share plan expenses and a \$1.6M loss in net unrealised foreign exchange movements.

3. Payments for treasury shares (net of contributions)

During the year 4,273,843 shares were purchased at an average price of \$3.11 per share totalling \$13.3M.

4. Net payments for business acquisitions

The \$235.4M net cash outflow from the acquisition of investments represents cash consideration of \$223.9M, less \$22.8M in cash and cash equivalents of Coles Express when acquired, as well as the net cash outflow of \$17.1M to acquire fuel distributor John Duff and a further \$17.2M in net cash paid for other minor acquisitions.

5. Share buy-back

In 2023 the Company concluded the buy-back program that commenced in 2020 and purchased 5,473,468 shares on-market at an average price of \$3.15.

6. Government grant receipts

During the year the Group received government grants totalling \$18.2M to fund the Strategic Storage Facility and New Energies Service Station projects.

7. Repayment of long-term payable

As part of the Coles Express acquisition, the Group paid \$100.0M to settle a 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.

8. Finance costs

Financing cost cash outflows of \$58.1M have increased by \$32.4M primarily due to higher borrowings and increases in market interest rates compared to 2022. In addition, \$4.5M in upfront financing costs were paid when refinancing the Group's RCF.

9. Net income tax payments

The net income tax payments of \$207.5M represent tax instalments to the ATO, including the net final tax payment paid in relation to the 31 December 2022 tax return, and tax payments of \$5.0M paid by the Group on behalf of its Singapore tax resident entity (Viva Energy S.G. Pte Ltd) to the Singapore tax authority.

10. Dividends paid

During the year 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 and an interim 2023 dividend of 8.5 cents per share (\$131.3M) for the six-month period ended 30 June 2023, both fully franked. Included in the \$337.4M dividends was \$0.9M in dividends payable to treasury shares on hand during the year.

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

The \$595.3M net drawings represents the current \$600.0M in borrowings under the Revolving Credit Facility, partially offset by \$4.7M in upfront financing costs paid and capitalised, and to be amortised over the life of the facility.

Reddy

express



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Remuneration Report

Letter from the Remuneration and Nomination Committee Chair – Robert Hill

Dear Shareholders,

On behalf of the Board, I am pleased to present Viva Energy's 2023 Remuneration Report.

Our performance

2023 was a transformational year for our Company with the acquisition of Coles Express and the announcement of the planned OTR Group acquisition¹ providing the platforms to establish Viva Energy as the leading convenience retailer in Australia. Together with the continued diversification of our Commercial & Industrial business and development of new energy opportunities in hydrogen, lower carbon fuels and recycled waste, we have established solid foundations to maintain growth and successfully manage the energy transition. These strategies were shared with investors in November last year.

Despite a challenging external environment with rising oil prices, cost of living pressures and generally softer economic conditions, Viva Energy delivered a strong performance in 2023. We achieved strong sales growth, with volumes growing to more than 5% above pre-pandemic (2019) levels, and Group underlying EBITDA (RC) of \$713 million. Our Commercial & Industrial business continued its exceptional performance, achieving record performance in 2023, and securing a strategically significant contract with the Australia Defence Force during the year.

The Board is very pleased with the performance of the management team in 2023 and the significant value delivered for our shareholders.

2023 Remuneration outcomes

Remuneration outcomes in 2023 reflect the strong performance delivered by the management team in 2023. The Board has awarded 61% of the maximum STI to the Chief Executive Officer (CEO), 67% of the maximum STI to the Chief Financial Officer (CFO), and 70% of the maximum STI to the Chief Executive, Convenience & Mobility (CEO, C&M), for performance in 2023.

The 2021-2023 LTI, which comprises performance conditions relative Total Shareholder Return (rTSR) (50%), Return on Capital Employed (ROCE) (25%) and cumulative Free Cash Flow per share (FCF) (25%), reached the end of its three-year performance period on 31 December 2023.

The Board determined the FCF condition was met at stretch (39.4 cents per share over the performance period), the ROCE condition was met at stretch (average annual ROCE was 26.4% over the performance period) and rTSR performance condition achieved stretch (91.7% TSR delivered over the performance period). This resulted in a final LTI outcome approved by the Board of 100% of maximum opportunity.

Further details on the STI and LTI Plans, and the Board's assessment of outcomes for 2023, are set out in sections 1 and 5 of the Remuneration Report.

1. Subject to FIRB approval.

Looking ahead – 2024 remuneration

The Board reviewed Non-Executive Director (NED) fees and has resolved to increase the current fee levels in 2024 by 4.1% in line with inflation to maintain market competitiveness.

The Board also reviewed the fixed and variable remuneration arrangements of our CEO and CFO. The Board has decided to make an adjustment to the remuneration of our key executives in 2024, taking into consideration the relative positioning of their remuneration packages against the market, inflation, their performance, the increasing responsibilities and the changing complexity and size of the business in light of recent acquisition of Coles Express, the forthcoming completion of the OTR acquisition¹ and our stated strategic objectives and aspirations.

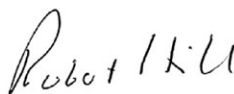
The Board has increased the CEO's fixed remuneration by 9% and his STI maximum opportunity to 145% of fixed remuneration (previously 134%). His LTI maximum opportunity remains at 150% of fixed remuneration. The CFO's fixed remuneration will be increased to \$750,000 as she enters her second year in the role to bring her remuneration closer to the level of market peers and her short and long term incentive opportunities will be increased to 100% of fixed remuneration each (in line with market).

The Board has also reviewed the remuneration of the CEO Convenience and Mobility and intends, following the completion of the OTR acquisition¹, to increase his fixed remuneration by 5.9%, his maximum STI opportunity to 111% of fixed remuneration (previously 100%) and to introduce a new bespoke 5 year long term incentive arrangement to directly align his rewards with our aspiration to grow that business to \$500m+ EBITDA by 2028.

2024 remuneration arrangements are discussed in section 10 of this remuneration report. While these changes do not form part of the remuneration arrangements for 2023, in the interests of transparency, the Board has provided information on these changes for shareholders to consider.

I hope you find this Remuneration Report informative and, as always, we welcome your feedback.

Yours faithfully,



Robert Hill

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1. 2023 at a glance

This section provides a high-level summary of the remuneration outcomes for 2023 for the Executive Key Management Personnel (KMP). Further detail is provided in the remaining sections of this report.

Key performance and outcomes

- Strong performance amidst challenging economic conditions, with Group underlying EBITDA (RC) of \$713 million.
- Record year for our Commercial & Industrial business, delivering underlying EBITDA (RC) of \$448 million.
- Set out potential to grow EBITDA (RC) to over \$500 million in both our Convenience & Mobility and Commercial & Industrial businesses over five years, and to deliver a mid-cycle of \$250 million EBITDA (RC) from Energy & Infrastructure.
- Significant progress on our strategy to becoming a leading convenience retailer:
 - Completed the acquisition of Coles Express, combining Australia’s largest fuel and convenience network under a single operator and providing a platform for growth.
 - Announced the planned acquisition of OTR Group¹, and subsequently secured Australian Competition and Consumer Commission (ACCC) approval for the acquisition, advancing our strategy to becoming Australia’s leading convenience retailer by extending OTR’s world-class convenience offering and systems.
 - Established the new/interim convenience brand and commenced rebranding, with 12 stores now trading as Reddy Express.
- Executed a strategically significant contract with the Department of Defence to supply aviation, marine and ground fuel to the Australian Defence Force.
- Completed the acquisition of Skyfuel Australia, growing our regional airport presence and customer solutions offering, and signed a long-term contract to become the national fuel supply partner for the Royal Flying Doctors Service.
- Announced plans to commission infrastructure to support the introduction of waste and biogenic feedstocks to produce lower carbon fuels and recycled plastics.
- The CEO earned 61% of the maximum STI; CFO earned 67% of the maximum STI; and the CEO C&M earned 70% of the maximum STI, reflecting a strong financial performance and significance progress on the strategic agenda.
- The Executive KMP earned 100% of the 2021-2023 LTI, with the Board determining that all LTI conditions were met a stretch. Performance over the performance period included FCF of 39.4 cents per share and average annual ROCE of 26.4%. The Company achieved an exceptional result of 91.7% TSR during the period, corresponding to the 98th percentile against the ASX50-150 peer group.

The final outcomes approved by the Board are shown below.

2023 STI outcome

Executive KMP	STI outcome (% of maximum opportunity)	Total STI award	STI award provided in cash	STI award provided in share rights*
Scott Wyatt	61%	\$1,196,654	\$598,326.75	\$598,326.75
Jevan Bouzo	70%	\$598,825	\$299,412.50	\$299,412.50
Carolyn Pedic	67%	\$301,500	\$150,750.00	\$150,750.00

*. Share Rights (expected to be granted in March 2024) will vest into shares in two equal tranches, on 1 January 2025 and 1 January 2026, subject to conditions as set out in section 4.2. The number of Share Rights granted to each Executive KMP is determined by dividing the dollar value of the STI award to be provided in Share Rights by \$3.0065, being the weighted average share price of the Company’s shares over the performance period 1 January 2023 to 31 December 2023.

1. Subject to FIRB approval.

2021-2023 LTI outcome

Executive KMP	Number of 2021 PR ¹ granted	% of 2021 PR vested	Number of 2021 PR vested	Value of 2021 PR vested ²	% of 2021 PR lapsed	Number of 2021 PR lapsed
Scott Wyatt	905,501	100%	905,501	\$3,314,134	0%	0
Jevan Bouzo	471,725	100%	471,725	\$1,726,514	0%	0
Carolyn Pedic ³	–	–	–	–	–	–

1. 2021-2023 LTI Performance Rights.

2. Calculated based on share price of \$3.66, being the closing share price on the date of vesting on 20 February 2024.

3. Carolyn Pedic joined the Company on 1 January 2023, after the 2021-2023 LTI was granted.

2. Overview

2.1. Introduction

This report has been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. The content in this report has been audited by PricewaterhouseCoopers, the Company's external auditor.

The Company is required to prepare a remuneration report in respect of KMP, being those people who have responsibility and authority for planning, directing and controlling the activities of Viva Energy, either directly or indirectly. In 2023, the KMP were the Non-Executive Directors and designated executives.

2.2. Details of KMP

The following individuals were KMP of the Company in 2023.

Name	Title	Term as KMP
Non-Executive Directors		
Robert Hill	Chairman and Independent Non-Executive Director	18 June 2018 – current
Arnoud De Meyer	Independent Non-Executive Director	18 June 2018 – current
Dat Duong	Non-Executive Director	7 June 2018 – current
Michael Muller	Non-Executive Director	1 October 2020 – current
Sarah Ryan	Independent Non-Executive Director	18 June 2018 – current
Nicola Wakefield Evans	Independent Non-Executive Director	3 August 2021 – current
Executive KMP		
Scott Wyatt	Chief Executive Officer and Managing Director	7 June 2018 – current
Jevan Bouzo	Chief Executive, Convenience & Mobility	7 June 2018 – current
Carolyn Pedic	Chief Financial Officer	1 January 2023 – current

3. Executive remuneration – overview

3.1. Executive remuneration objectives

The overall objectives of executive remuneration at Viva Energy are to:

- drive sustainable value creation for our shareholders;
- drive appropriate behaviours and culture;
- attract and retain high-calibre talent; and
- ensure remuneration is well understood and transparent.

To achieve these objectives, the Board seeks to set executive remuneration at levels that are competitive in the market (for ASX-listed companies comparable in terms of size, complexity and industry to the Company), and also to appropriately reward the leadership team for achieving long-term sustainable growth. The Board reviews the executive remuneration objectives and levels on an annual basis.

3.2. 2023 Executive remuneration framework – overview

The 2023 executive remuneration framework is summarised below.

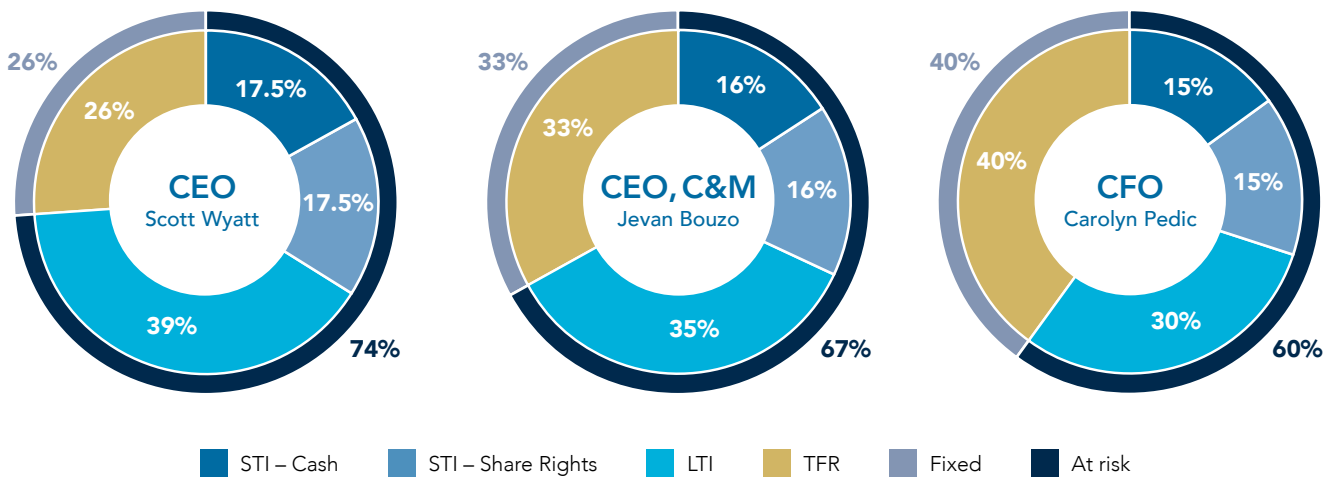
	Fixed elements	Variable elements		
	Total Fixed Remuneration (TFR)	Short Term Incentive (STI)		Long Term Incentive (LTI)
How it is delivered	Cash	Cash	Equity (Share Rights)	Equity (Performance Rights)
How it works	Base salary and superannuation	50% paid in cash	50% deferred into Share Rights, which vest into shares in two equal tranches 12 and 24 months after the grant	Performance Rights are allocated at face value at the beginning of the three-year performance period. Subject to performance conditions being met, some or all of the Performance Rights may vest into shares
What it does	Enables Viva Energy to motivate, engage and retain the calibre of executives that can execute the Company's strategy and continue to deliver value to shareholders	Rewards execution on annual performance against a balanced scorecard of performance measures focused on financial (60%), individual personal objectives aligned with the Company's strategic goals (25%) and safety and ESG outcomes (15%) STI deferral creates further alignment with shareholders and acts as a retention instrument		Drives the delivery of Viva Energy's long-term objectives in a sustainable manner, provides alignment with the interests of shareholders and encourages long-term value creation Vesting of the Performance Rights is conditional on achieving against a scorecard of performance conditions over a three-year performance period, focused on relative Total Shareholder Return (45%), Free Cash Flow per share (20%), Return on Capital Employed (20%) and Strategic (15%)

3.3. Minimum shareholding policy

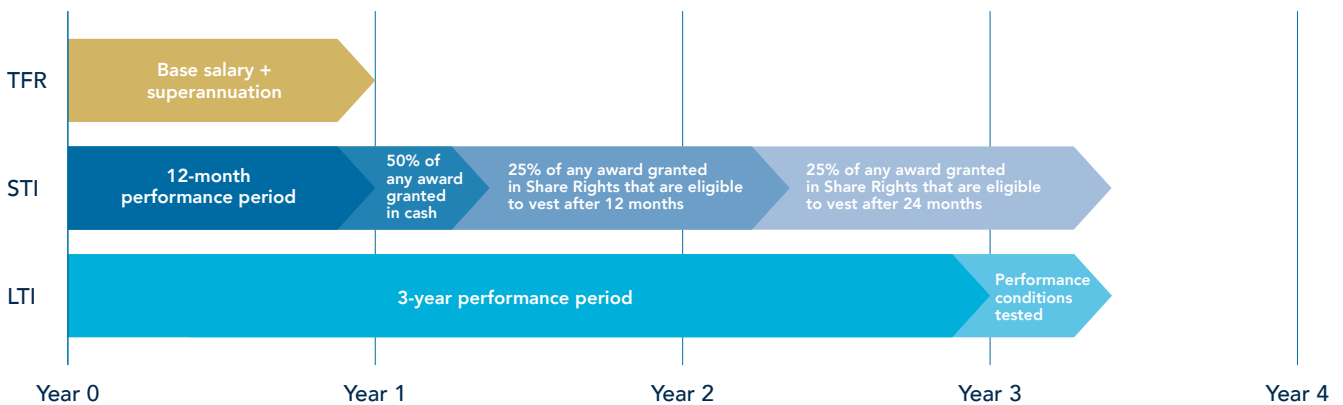
The Board has adopted a minimum shareholding policy which requires each member of the KMP (other than Non-Independent, Non-Executive Directors) to accumulate a minimum shareholding equivalent to 100% of their Total Fixed Remuneration within five years of the date on which they became KMP, and to maintain such minimum shareholding for so long as they remain KMP. Our KMP either already meet or are on track to meet this requirement.

3.4. 2023 Executive remuneration mix

The weighting of each remuneration component of an executive's total remuneration opportunity in 2023 was aligned to the objectives of the executive remuneration framework outlined in section 3.1, in particular driving sustainable value for the Company. The following diagrams set out the weighting of each remuneration component for the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Executive, Convenience & Mobility (CEO, C&M) based on their maximum potential STI and LTI opportunities and do not represent actual remuneration received for 2023.



3.5. Executive remuneration delivery timeline – 2023 awards



4. 2023 Executive remuneration framework – in more detail

The components of the 2023 executive remuneration framework are explained in detail below.

4.1. Total Fixed Remuneration (TFR)

TFR is comprised of base salary and superannuation.

4.2. 2023 Short Term Incentive (STI)

The Viva Energy STI Plan was established to reward Executive KMP and other members of the executive team for strong performance levels and contributions to the Company over a 12-month performance period.

STI performance is assessed against a balanced scorecard comprised of a robust set of performance measures, which drive the Company's short-term financial, strategic and operational objectives and set the platform for long-term success. The Board retains overall discretion to adjust outcomes as appropriate.

Further information about the 2023 STI Plan is set out below. Please refer to section 5.2 for STI performance outcomes for 2023.

4. 2023 Executive remuneration framework – in more detail continued

4.2. 2023 Short Term Incentive (STI) continued

Opportunity	CEO (Scott Wyatt) <ul style="list-style-type: none"> • Target: 67% of TFR • Maximum: 134% of TFR 	CEO, C&M (Jevan Bouzo) <ul style="list-style-type: none"> • Target: 50% of TFR • Maximum: 100% of TFR 	CFO (Carolyn Petic) <ul style="list-style-type: none"> • Target: 37.5% of TFR • Maximum: 75% of TFR 		
Performance period	Performance was assessed over a 12-month performance period from 1 January 2023 to 31 December 2023.				
Performance measures	For 2023, the following performance measures and weightings applied to the Executive KMP.				
		Weighting			
	Category	Measure	CEO	CEO, C&M	CFO
	Financial	Underlying Group EBITDA (RC)	60%	30%	60%
		Underlying EBITDA (RC) – C&M	–	30%	–
	Personal objectives	A mix of individual and Group objectives	25%	25%	25%
	Safety & ESG	<ul style="list-style-type: none"> • TRIFR (Total Recordable Injuries/Frequency Rate)¹ • Serious injuries • API Tier 1 and 2 incidents¹ • LOPCs > 100kg² • Medium/High PQ incidents³ • Refining emissions • Non-refining emissions (Supply Chain & Liberty) • Employee engagement • Representation of women • Women in management and leadership 	15%	15%	15%
	Total		100%	100%	100%
	<p>1. TRIFR and API Tier 1 and 2 measures are industry standard safety performance metrics that reflect personal safety and process safety performance (respectively).</p> <p>2. Loss of Primary Containment. This measures the incidents resulting in the uncontrolled or unplanned release of material from a process or storage that serves as primary containment.</p> <p>3. Product quality incidents that have a medium or high consequence risk rating measured against Viva Energy's Risk Assessment Matrix.</p>				
2023 target and maximum opportunity	The maximum stretch opportunity for each performance measure was set at 200% of target. For each performance measure, a threshold level of performance was also set. This level had to be met to receive any STI.				
Governance and approval process	<p>The CEO's STI outcome was recommended by the RNC based on his performance, and any other relevant considerations, and was approved by the Board.</p> <p>The STI outcome for the CEO, C&M, and CFO was recommended by the CEO to the RNC based on the executive's performance and any other relevant considerations, and was approved by the Board.</p> <p>The Board has the ability to apply discretion in determining the STI outcomes to ensure they were appropriate.</p>				

Delivery	<p>STI is provided as a mix of cash and deferred equity as follows:</p> <ul style="list-style-type: none"> • 50% in cash; and • 50% in Share Rights, with 50% of those Share Rights eligible to vest on 1 January 2025 and the other 50% eligible to vest on 1 January 2026. A Share Right entitles the participant to receive one ordinary share for nil consideration if the Share Right vests.
Voting and dividends entitlements	<p>Unvested Share Rights do not carry dividend or voting rights.</p> <p>For each Share Right that vests, the participant will receive a cash payment equivalent to the dividends paid by the Company on a share during the period between 1 January 2024 and the relevant vesting date.</p>
Restrictions on dealing	<p>Holders of Share Rights must not sell, transfer, encumber or otherwise deal with Share Rights unless the Board allows it or the dealing is required by law. Additionally, in no circumstances will a holder of Share Rights be able to hedge or otherwise affect their economic exposure to the Share Rights before they vest.</p> <p>Holders of Share Rights will be free to deal with the ordinary shares allocated on exercise of Share Rights, subject to the requirements of Viva Energy's Securities Trading Policy.</p>
Cessation of employment	<p>If a participant ceases to be employed and is considered to be a Good Leaver, any unvested Share Rights that have been granted as part of the 2023 STI will remain on foot, unless the Board determines otherwise in its absolute discretion.</p> <p>If the participant ceases to be employed and is not a Good Leaver, any unvested Share Rights granted as part of the 2023 STI will lapse.</p> <p>Generally, a participant will be a Good Leaver unless their employment is terminated for cause or the participant resigns.</p>
Change of control	<p>The Board may determine in its absolute discretion that all or a specified number of a participant's Share Rights will vest on a change of control.</p>

4.3. 2023-2025 Long Term Incentive (LTI)

The Viva Energy LTI Plan was established to assist in the attraction, motivation, retention and reward of the Executive KMP and other members of the executive leadership team.

The LTI Plan is designed to reward long-term performance, provide alignment with the interests of shareholders, and encourage long-term value creation.

We use a combination of performance conditions, which reflect our long-term financial, strategic and operational objectives and focus on sustainable, long-term performance.

Further information on the 2023-2025 LTI Plan is set out below.

Opportunity	<p>CEO (Scott Wyatt)</p> <ul style="list-style-type: none"> • Maximum: 150% of TFR 	<p>CEO, C&M (Jevan Bouzo)</p> <ul style="list-style-type: none"> • Maximum: 106% of TFR 	<p>CFO (Carolyn Pedic)</p> <ul style="list-style-type: none"> • Maximum: 75% of TFR
Instrument	<p>Performance Rights. A Performance Right entitles the participant to acquire one ordinary share for nil consideration at the end of the performance period, subject to satisfaction of the performance conditions. The Board retains discretion to make a cash payment to participants on vesting of Performance Rights in lieu of an allocation of shares.</p>		
Grant value	<p>Performance Rights were granted using face value methodology.</p>		

4. 2023 Executive remuneration framework – in more detail continued

4.3. 2023-2025 Long Term Incentive (LTI) continued

Performance conditions	Condition	Weighting	Measure	Objective
	Relative Total Shareholder Return (rTSR)	45%	Total Shareholder Return over the period, relative to the ASX50-150 peer group (Comparator Group).	To create strong alignment between LTI outcomes and the experience of shareholders.
	Cumulative Free Cash Flow (RC) per share (FCF per share) over the performance period	20%	Cumulative FCF per share is calculated based on underlying EBITDA (RC) and adding/ subtracting (as appropriate) all committed capital expenditure, non-lease related interest paid and taxes paid, divided by weighted average of the number of shares.	This measure rewards strong cost and capital management with positive conversion of underlying earnings to cash flow to maximise cash that the Company has available to fund growth opportunities, pay dividends and repay debts.
	Average Return on Capital Employed (RC) (ROCE) for each year of the performance period	20%	Underlying EBIT (RC) divided by average capital employed (total shareholder's equity plus net debt) for each year.	This measure rewards executives for prudent management of capital to maintain positive returns on capital employed over the performance period.
	Strategic	15%	Performance against agreed strategic measures over the performance period.	This measure rewards progress against strategic, operational and financial milestones.

Replacement cost (RC) methodology is used in calculating both the FCF and ROCE outcomes, in order to provide a truer reflection of underlying performance. This approach removes the impact of net inventory gain/(loss) caused by fluctuations in crude oil prices and foreign currency exchange rates.

The Board considers that the use of RC methodology in setting FCF and ROCE targets within the LTI is appropriate, and provides a suitable balance with the relative TSR measure.

rTSR component (45%)

The percentage of Performance Rights comprising the relative TSR component that vest, if any, will be based on the Company's TSR ranking relative to the Comparator Group over the performance period, as set out in the following vesting schedule.

TSR ranking relative to the Comparator Group	% of Performance Rights that vest*
Less than 50th percentile	Nil
At 50th percentile	50%
At 75th percentile or above	100%

* Straight-line pro-rata vesting for performance between 50th and 75th percentile.

FCF per share component (20%)

The percentage of Performance Rights comprising the FCF per share component that vest, if any, will be determined over the performance period by reference to the following vesting schedule:

Cumulative FCF per share over the performance period	% of Performance Rights that vest*
Less than target FCF per share performance	Nil
Equal to target FCF per share performance	50%
At or above stretch FCF per share performance	100%

* Straight-line pro-rata vesting for performance between target and stretch.

Performance conditions
continued

ROCE component (20%)

The percentage of Performance Rights comprising the ROCE component that vest, if any, will be determined over the performance period by reference to the following vesting schedule:

Average annual ROCE over each year of the performance period	% of Performance Rights that vest*
Less than target ROCE performance	Nil
Equal to target ROCE performance	50%
At or above stretch ROCE performance	100%

* Straight-line pro-rata vesting for performance between target and stretch.

Strategic component (15%)

Australia is at the beginning of a long-term energy transition and Viva Energy has an important role to play in providing the energy that people need today as well as the energies of the future. Our focus is on outperformance in our core business, developing new energy opportunities and, beyond energies, growing our exposure to non-fuel earnings into other areas where we have proven success and see new growth opportunities.

The objectives that underpin the strategic component of the LTIP continue to align with our strategy to develop new energy and non-energy growth pathways to create long-term value for our shareholders, and are also tied to the successful transition of the Coles Express business over the performance period. The agreed strategic objectives for the 2023 LTIP are:

- develop and execute strategic options to grow non-fuel earnings;
- develop the Energy Hub at Geelong;
- develop and deliver projects to achieve the Company's emission reduction targets and make meaningful progress on the Company's new energies and lower carbon agenda; and
- successfully transition the Coles Express business, stand up the retail organisation and make material progress on rebranding the stores and repositioning the offer.

Performance against the Strategic Component will be assessed at the end of the performance period, based on performance against specific strategic and operational initiatives, progress in reducing emissions, as well as financial targets (EBITDA (RC) from new earnings streams building on the target outlined in the November 2021 investor strategy day presentation.

The percentage of Performance Rights comprising the strategic component that vest, if any, will be determined over the performance period by reference to the following vesting schedule:

Company's performance	% of Performance Rights that vest*
Less than threshold performance	Nil
Equal to threshold performance	33%
Equal to target performance	66%
At or above stretch performance	100%

* Straight-line pro-rata vesting for performance between threshold, target and stretch.

Performance period and exercise

Performance will be assessed over a 36-month period from 1 January 2023 to 31 December 2025. Vested Performance Rights may be exercised during exercise periods aligned to the share trading windows outlined in the Company's share trading policy for up to three years after vesting.

There will be no re-testing of any of the performance conditions, and Performance Rights that do not vest after the performance conditions are tested will lapse (and expire).

4. 2023 Executive remuneration framework – in more detail continued

4.3. 2023-2025 Long Term Incentive (LTI) continued

Disclosure of FCF, ROCE and strategic targets The Board considers that the FCF and ROCE targets are commercially sensitive as disclosure of those targets can potentially indicate the Group’s margins and, as such, jeopardise Viva Energy’s competitive position.

Therefore, those targets will not be disclosed during the performance period.

However, the Board will provide full details of the vesting outcomes in connection with these components, including the levels at which the targets were set at the beginning of the performance period, following completion of the performance period. The targets and the vesting outcomes will be detailed in the Remuneration Report for the year in which the LTI will be tested.

The specific initiatives and targets comprising the strategic component have been set by the Board. The Board considers some of these initiatives and targets to be commercially sensitive and, accordingly, disclosure of these at this point could be potentially prejudicial to the interests of the Company. Performance against the strategic component and the vesting outcomes achieved (including the rationale for the vesting outcomes) will be disclosed after the end of the performance period in the Remuneration Report for the year in which the LTI will be tested.

Information on the 2021-2023 LTI targets and performance against those targets is set out in section 5.3.

Other features Performance Rights have the same voting and dividend entitlements, restrictions on dealing, treatment on cessation of employment, and change of control provisions as the Share Rights described in section 4.2 above. For completeness, it is noted that there is no dividend equivalent payment that applies to Performance Rights.

4.4. Claw back and preventing inappropriate benefits

Under the rules governing the STI and LTI Plans, the Board has broad powers to ‘claw back’ incentives that it may exercise in certain circumstances (for example the Executive KMP has acted fraudulently or dishonestly, has engaged in gross misconduct, brought the Group into disrepute or materially breached their obligations to the Group). The claw back regime applies to cash STI, Share Rights granted under the STI Plan and Performance Rights granted under the LTI Plan.

4.5. Executive service agreements

Remuneration and other terms of employment for the CEO, CFO and CEO, C&M are formalised in an Employment Agreement as summarised below:

Executive KMP	Contract duration	Total fixed remuneration at the end of 2023 financial year	Termination notice period by executive	Termination notice period by company ¹
Scott Wyatt	Ongoing	\$1,470,000	12 months	12 months
Jevan Bouzo	Ongoing	\$850,000	12 months	12 months
Carolyn Pedic	Ongoing	\$600,000	12 months	12 months

1. Viva Energy may elect to pay the executive in lieu of all or part of such notice period with any such payment to be based on the executive’s TFR over the relevant period. Any payments made to the executive upon termination of employment will be limited to the maximum amount permitted by the Corporations Act.

4.6. Loans and other transactions with KMP

4.6.1 Loans to Key Management Personnel

There were no loans made to the KMP of the Company, including their personally related entities, during the year.

4.6.2 Other transactions with Key Management Personnel

There were no other transactions (as contemplated by the *Corporations Regulations 2001*) with the KMP during the year.

5. Group performance and 2023 remuneration outcomes

5.1. Company performance and remuneration outcomes – 2023 and historical

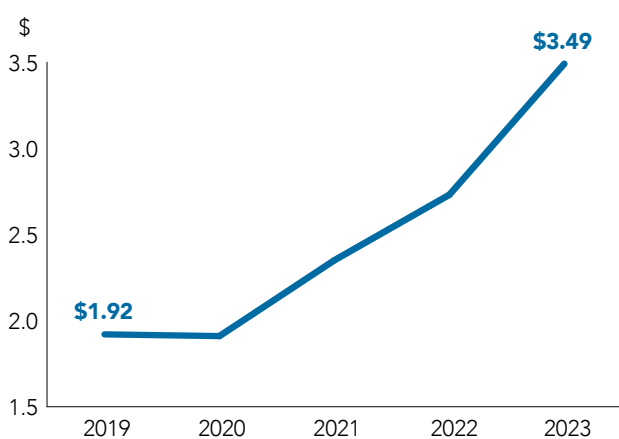
The table below outlines the Company's performance for the years 2019 to 2023.

	2019	2020	2021	2022	2023
Underlying Group EBITDA (RC) ¹	\$392.9M	\$244.6M	\$484.2M	\$1,075.8M	\$712.8M
TRIFR (Total Recordable Injuries/ Frequency Rate)	29/4.55 ²	19/3.6 ²	34/6.7 ²	30/6.0 ²	36/5.92²
Share price – close	\$1.92	\$1.91	\$2.35	\$2.73	\$3.49
Dividend per share (fully franked)	4.7 cents	0.8 cents	4.1 cents	27 cents	15.6 cents
Special dividend (unfranked)	–	5.94 cents	–	–	–
Capital return	–	21.46 cents	6.2 cents	–	–
Statutory earnings per share basic/diluted	5.8/5.7 cents	(1.9)/(1.9) cents	14.6/14.5 cents	33.3/33.1 cents	0.2/0.2 cents
Underlying earnings per share	8.1 cents	1.8 cents	12.0 cents	38.6 cents	20.7 cents
STI outcomes – % of maximum	0%	26.25%	86.3%	92%	61%³
LTI outcomes – % of maximum	N/A	25% ⁴	50% ⁵	94.7% ⁶	100%⁷

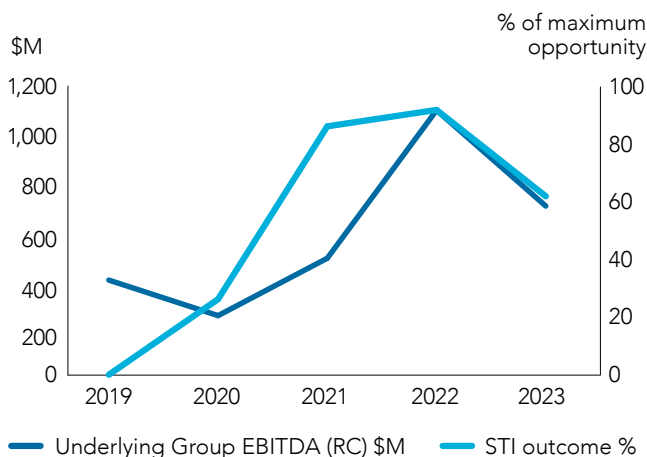
- In 2021, the Company changed its approach to reporting underlying financial information to include lease expenses in the underlying results for the Group. For the purposes of comparison, the historical results shown in this table also apply the new basis of reporting.
- Excludes performance by Liberty Oil Holdings, which was acquired in December 2019 and does not form part of the safety and environment hurdles set under the STI.
- Reflects the STI outcomes for the CEO. STI outcome for the CFO is 67% and CEO C&M 70%.
- Vesting of the 2018-2020 LTI.
- Vesting of the 2019-2021 LTI.
- Vesting of the 2020-2022 LTI.
- Vesting of the 2021-2023 LTI.

STI outcomes since vesting have aligned with performance.

Share price – close



STI outcomes



5. Group performance and 2023 remuneration outcomes continued

5.2. 2023 STI outcomes

5.2.1 Performance against the 2023 STI scorecard

This section discusses performance against the 2023 STI scorecard by the Executive KMP.

Category	Objective	Weighting	Performance against target range				Performance against the performance measure
			Below threshold	Threshold	Target	Stretch	
Financial	Deliver sustainable shareholder returns and consistent operating cash flows	60%					Delivered Group EBITDA (RC) of \$713M
Personal objectives	Progress key personal objectives aligned with the Company's strategic goals that deliver long-term growth and position the Company for future success	25%					<p>The Executive KMP achieved stretch on their personal objectives, delivering on significant strategic initiatives, including:</p> <ul style="list-style-type: none"> • Successful transition of the Coles Express business. • Announced the acquisition of the OTR Group (subject to FIRB approval) and securing ACCC approval for the deal. • Established the new/interim convenience brand and commenced rebranding as Reddy Express. • Executed a strategically significant contract with the Department of Defence to supply aviation, marine and ground fuel to the Australian Defence Force.
Safety and ESG	Build a generative safety culture and a highly engaged workforce focused on delivering high-quality results	15%					<p>The Executive KMP met or exceeded safety and ESG targets, including employee engagement, representation of women, loss of primary containment and refinery emissions targets. Although we have not met our aspirations to improve other personal and process safety targets, performance remains strong when compared with broader industry benchmarking:</p> <ul style="list-style-type: none"> • 32% representation of women in the workplace. • 74% employee engagement. • TRIFR 5.9 (6.0 in 2022)¹. • One Tier 2 incident and one Tier 1 incident (four Tier 2 and one Tier 1 in 2022)¹. • 19 LOPC > 100kg (24 LOPC in 2022)¹. • Engagement score 74% (72% in 2023). • Refining emissions 1.239M tCO₂e. • Non-refining emissions 48.4kt CO₂e.

1. Excludes performance by Liberty Oil Holdings (which was acquired in December 2019) and the former Coles Express business (acquired in May 2023 and now Viva Energy Retail Pty Ltd), which do not form part of the safety and environment hurdles set under the STI.

5.2.2 Final 2023 STI outcome

Executive KMP	STI outcome (% of maximum opportunity)	STI outcome (% of target opportunity)	Maximum STI foregone	STI foregone (%)	Total STI award	STI award provided in cash	STI award provided in share rights ¹
Scott Wyatt	61%	122%	\$773,147	39%	\$1,196,654	\$598,326.75	\$598,326.75
Jevan Bouzo	70%	141%	\$251,175	30%	\$598,825	\$299,412.50	\$299,412.50
Carolyn Pedic	67%	134%	\$148,500	33%	\$301,500	\$150,750.00	\$150,750.00

1. Share Rights (expected to be granted in March 2024) will vest into shares in two equal tranches, on 1 January 2025 and 1 January 2026, subject to conditions as set out in section 4.2. The number of Share Rights granted to each Executive KMP is determined by dividing the dollar value of the STI award to be provided in Share Rights by \$3.0065, being the weighted average share price of the Company's shares over the performance period 1 January 2023 to 31 December 2023.

5.3. 2021-2023 Long Term Incentive outcome

5.3.1 Performance against the 2021-2023 LTI performance conditions

The three-year performance period of the 2021-2023 LTI grant ended on 31 December 2023. The 2021-2023 LTI performance conditions along with the outcome against the maximum opportunity under the grant are shown in the table below.

2021-2023 LTI measures, hurdles and outcome

Measure	Weighting	Vesting schedule	Minimum (0% vesting)	Maximum (100% vesting)	Performance	Vesting (% of maximum)
Cumulative FCF per share over the performance period	25%	Straight-line pro-rata vesting between 50-100% for performance between target and stretch hurdles	Less than target performance of 25cps ¹	Stretch performance of 31cps	39.4 cps/ \$609.6M ²	100%
Average ROCE for each year of the performance period	25%		Less than target performance of 7.8%	Stretch performance of 11%	26.4%	100%
TSR relative to the ASX50-150 Comparator Group	50%	Straight-line pro-rata vesting between 50% and 100% for performance between 50th percentile and 75th percentile	Less than 50th percentile	At 75th percentile or above	98th ³ percentile	100%
Total	100%					100% vesting

1. Cents per share.

2. In accordance with the terms of the 2021-2023 LTI, the FCF measure was normalised for movements in refining margins and foreign exchange (both on an after-tax basis). The normalisation process involved restating the actual Group performance over the three-year performance period by applying available margins and exchange rate assumptions used to set the target at the beginning of the performance period. Normalised FCF over the performance period is shown in the table. Actual (not-normalised) FCF over the performance period was \$1,201 million or 77.6 cents per share. Both normalised and actual performance exceeded the stretch performance hurdle set under the 2021-2023 LTI.

3. The Board engaged Aon to independently assess Viva Energy's rTSR performance against the ASX50-150 peer group over the performance period. The Company's TSR over the three-year performance period was 91.66%.

5. Group performance and 2023 remuneration outcomes continued

5.3.2 Final 2021-2023 LTI outcome

The outcome for each Executive KMP under the 2021-2023 LTI is shown in the table below.

	Date 2021 PR ¹ granted	Number of 2021 PR granted	Value at grant date ²	% of 2021 PR vested	Number of 2021 PR vested	Value of 2021 PR vested ³	% of 2021 PR lapsed	Number of 2021 PR lapsed
Executive KMP								
Scott Wyatt	26 May 2021	905,501	\$1,365,106	100%	905,501	\$3,314,134	0%	0
Jevan Bouzo	19 February 2021	471,725	\$555,613	100%	471,725	\$1,726,514	0%	0
Carolyn Pedic ⁴	–	–	–	–	–	–	–	–

1. 2021-2023 LTI Performance Rights.

2. The value of the Performance Rights granted is based on the total grant date fair value. Refer to section 9.1 for further details on the fair value of the Performance Rights.

3. Calculated based on share price of \$3.66, being the closing share price on the date of vesting on 20 February 2024.

4. Carolyn Pedic joined the Company on 1 January 2023, after the 2021-2023 LTI was granted.

5.4. 2023 Realised pay – Executive KMP (unaudited)

The following table sets out the pay actually earned by the executive during or in relation to the 2023 financial year, as a summary of real or 'take home' pay. This includes fixed remuneration and any other benefits paid/payable in relation to the 2023 financial year. It also includes the full value of incentive pay that has been earned in relation to the 2023 performance period.

This table is non-IFRS information and is unaudited. This disclosure is voluntary and is supplemental information to the statutory remuneration disclosed in section 7 of this Remuneration Report.

	Total fixed remuneration		STI		LTI vested	Other	Total
	Cash		Cash	Deferred			
	\$		\$	share rights	\$	\$	\$
			1	2	3	4	
Executive KMP							
Scott Wyatt	1,445,452	598,327	1,193,193	3,314,134	31,479	6,582,585	
Jevan Bouzo	817,119	299,413	565,217	1,726,514	28,250	3,436,513	
Carolyn Pedic	552,206	150,750	–	–	27,778	730,734	

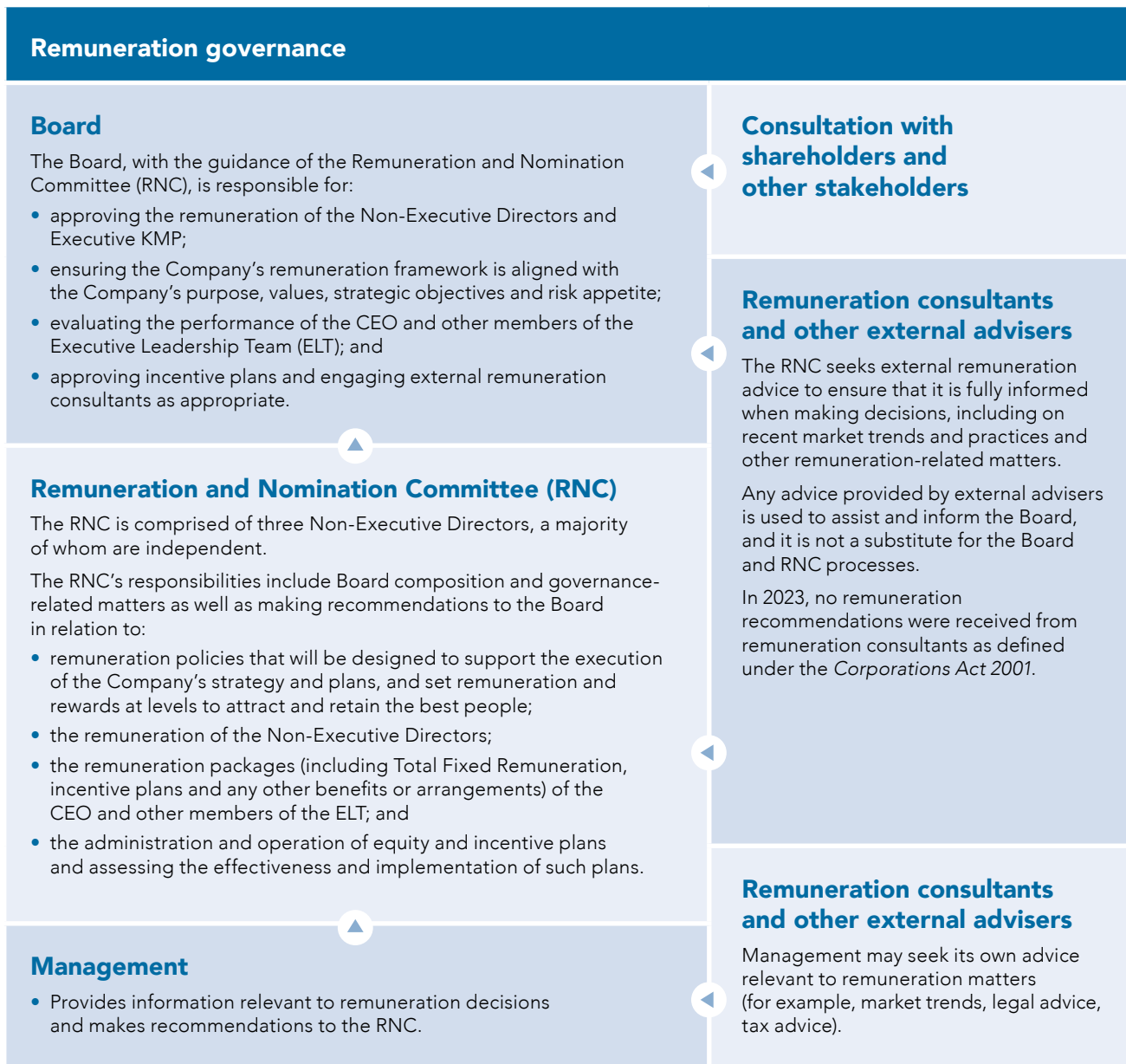
1. STI cash represents the cash component of the 2023 STI award (50%), which will be paid in March 2024.

2. Deferred STI represents the deferred equity component of the 2021 and 2022 STI – 326,009 and 154,431 deferred Share Rights vested for Scott Wyatt and Jevan Bouzo respectively and will be automatically exercised into ordinary shares in accordance with its terms. The value is based on the share price of \$3.66, being the closing share price on 20 February 2024.

3. LTI vested represents the value of the vested 2021-2023 LTI award. The value is based on the number of Performance Rights that vested (905,501 and 471,725 performance rights for Scott Wyatt and Jevan Bouzo respectively) multiplied by \$3.66, being the Viva Energy closing share price at the time of vesting on 20 February 2024.

4. Comprises superannuation and other benefits including the Viva Energy discount benefit received, the payment of premiums for death and total permanent disability insurance cover and the payment of plan management fees for the Viva Energy Superannuation Plan. Accruals for annual leave and long service leave have been excluded.

6. Remuneration governance



7. Executive statutory remuneration

The table below has been prepared in accordance with the requirements of the *Corporations Act 2001* and the relevant Australian Accounting Standards. The amounts provided under the 'STI share-based payment' and 'LTI share-based payment' columns are based on accounting values and do not reflect actual payments received in 2023.

		Short-term benefits			Post-employment	Long-term benefits				Total	Performance-related REM %
		Salary and fees	STI	Other benefits	Superannuation	Annual leave	Long service leave	STI share-based payment	LTI share-based payment		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
		1	2	3		4	4	5	6		
Executive KMP											
Scott Wyatt	2023	1,445,452 ⁷	598,327	5,131	26,348	60,672	(63,295)	846,479	1,708,258	4,627,372	68%
	2022	1,127,368 ⁸	862,960	6,940	24,432	50,564	(65,468)	1,035,992	1,537,160	4,579,948	75%
Jevan Bouzo	2023	817,119 ⁹	299,413	1,902	26,348	30,411	22,323	392,049	593,507	2,183,072	59%
	2022	777,368	368,000	1,478	24,432	(42,016)	363	372,213	643,731	2,145,569	65%
Carolyn Petic ¹⁰	2023	552,206	150,750	1,430	26,348	16,027	8,981	394,365	102,650	1,252,757	52%
	2022	–	–	–	–	–	–	–	–	–	–
Total	2023	2,814,777	1,048,490	8,463	79,044	107,110	(31,991)	1,632,893	2,404,415	8,063,201	
	2022	1,921,403	1,230,960	8,418	48,864	8,549	(65,105)	1,408,205	2,180,891	6,725,517	

- Salary and fees include a \$150 per month working from home allowance received by all eligible employees.
- STI award provided in cash (50% of the total STI award). The 2023 STI cash award will be paid in March 2024.
- Other benefits include Viva Energy fuel discount, payment of premiums for death and total and permanent disability insurance cover and payment of plan management fees for the Viva Energy Superannuation Plan.
- Annual leave and long service leave benefits include leave taken during the year. Negative balances are as a result of the leave taken being greater than the leave accrued in the relevant financial year.
- STI share-based payment represents the amortisation of the fair value of deferred Share Rights granted under the 2021, 2022 and an estimate of the fair value of 2023 STI, calculated in accordance with accounting standards.
- LTI share-based payment represents amortisation of fair value of Performance Rights granted to date, calculated in accordance with accounting standards.
- Scott Wyatt's total fixed remuneration (inclusive of base salary and superannuation) was increased from \$1,400,000 to \$1,470,000, effective on 1 January 2023.
- Scott Wyatt's total fixed remuneration (inclusive of base salary and superannuation) was increased from \$1,146,000 to \$1,400,000, effective on 1 January 2022. \$250,000 of this increase was effected through a grant of 108,070 Restricted Stock Units (RSUs), and as such has been expensed under the STI share-based payment amount. RSUs are deferred share rights that are subject to a service condition of one year and a further deferral period of one year.
- Jevan Bouzo's total fixed remuneration (inclusive of base salary and superannuation) was increased from \$800,000 to \$850,000 effective on 1 January 2023, when he took on the role of Chief Executive, Convenience & Mobility.
- Carolyn Petic commenced as a KMP on 1 January 2023.

8. Non-Executive Director remuneration

8.1. Non-Executive Director fees

Non-Executive Directors are paid annual fees. With the exception of the Chairman, each Non-Executive Director who is a Chair or a member of a Board Committee receives Committee fees in recognition of the additional responsibilities, time and commitment required. Non-Executive Directors do not receive any performance-related remuneration.

The table below sets out Non-Executive Director remuneration, inclusive of statutory superannuation.

	Description	Fees
Board	Chair	\$420,000 ¹
	Director	\$173,250
Committee fees ²	Chair	\$36,750
	Member	\$18,375

- The Board Chair does not receive any additional fees for being the Chair or member of any Board Committees.
- Standing Board Committees comprise: Audit and Risk; Remuneration and Nomination; Sustainability; and Strategy and Investment.

Under the ASX Listing Rules and Viva Energy's Constitution, the total amount paid to all Non-Executive Directors must not exceed in aggregate in any year the amount fixed by Viva Energy in a general meeting for that purpose. As disclosed in the Viva Energy Prospectus (dated 20 June 2018), this amount has been fixed by the Company at \$1.9 million per annum. Non-Executive Director fees paid in 2023 were within this cap.

8.2. 2023 Non-Executive Director fees

The fees paid to the Non-Executive Directors in 2023 are set out in the table below:

		Short-term benefits		Post-employment benefits	Other long-term benefits	Total
		Salary and fees	Other benefits	Superannuation	Other	
Non-Executive Directors		\$	\$	\$	\$	\$
Robert Hill (Chairman)	2023	393,652	–	26,348	–	420,000
	2022	375,568	–	24,432	–	400,000
Arnoud De Meyer	2023	228,375	–	–	–	228,375
	2022	217,500	–	–	–	217,500
Dat Duong ¹	2023	–	–	–	–	–
	2022	–	–	–	–	–
Michael Muller ¹	2023	–	–	–	–	–
	2022	–	–	–	–	–
Sarah Ryan	2023	230,616	–	16,134	–	246,750
	2022 ²	235,000	–	–	–	235,000
Nicola Wakefield Evans	2023	222,800	–	24,229	–	247,029
	2022	213,153	–	21,847	–	235,000
Total	2023	1,075,443	–	66,711	–	1,142,154
	2022	1,041,221	–	46,279	–	1,087,500

- Dat Duong and Michael Muller have agreed to not receive any remuneration for their positions as Non-Executive Directors.
- Sarah Ryan did not receive superannuation in 2022 pursuant to an exemption granted by the ATO under section 19AA of the *Superannuation Guarantee (Administration) Act 1992*. Accordingly, Dr Ryan's 2022 fees include the amounts which would otherwise have been contributed as superannuation.

9. Equity interests

9.1. Performance Rights and Deferred Share Rights – KMP

Abbreviations used in the following table:

2020 PR – 2020-2022 LTI Performance Rights | 2021 PR – 2021-2023 LTI Performance Rights | 2022 PR – 2022-2024 LTI Performance Rights | 2023 PR – 2023-2025 LTI Performance Rights | RSU – Restricted Stock Units | DSR – Deferred Share Rights | 2023 SOA – 2023 CFO Sign on Award.

Type	Held at 1 January 2023		Granted ¹		Vested and exercised		Held at 31 December 2023 ²			Max value yet to amortise (\$) ⁴		
	Vested	Un-vested	Number	Value (\$)	Lapsed	Number	Value (\$) ³	Vested	Un-vested		Vested (%)	Lapsed (%)
Scott Wyatt												
2022 RSU	–	108,070	–	–	–	108,070	329,614	–	–	100%	–	–
2022 STI DSR	–	–	325,965	987,674	–	–	–	–	325,965	–	–	164,612
2021 STI DSR	–	326,052	–	–	–	163,026	497,229	–	163,026	50%	–	–
2020 STI DSR	–	46,436	–	–	–	46,436	141,628	–	–	100%	–	–
2023 PR	–	–	832,892	2,016,848	–	–	–	–	832,892	–	–	1,386,557
2022 PR	–	923,637	–	–	–	–	–	–	923,637	–	–	786,846
2021 PR	–	905,501	–	–	–	–	–	–	905,501	–	–	–
2020 PR	–	556,121	–	–	29,614	526,507	1,605,846	–	–	94.7%	5.3%	–
Jevan Bouzo												
2022 STI DSR	–	–	139,004	421,182	–	–	–	–	139,004	–	–	70,197
2021 STI DSR	–	169,858	–	–	–	84,929	249,691	–	84,929	50%	–	–
2020 STI DSR	–	25,153	–	–	–	25,153	73,948	–	–	100%	–	–
2023 PR	–	–	339,956	661,894	–	–	–	–	339,956	–	–	456,595
2022 PR	–	393,875	–	–	–	–	–	–	393,875	–	–	260,194
2021 PR	–	471,725	–	–	–	–	–	–	471,725	–	–	–
2020 PR	–	301,232	–	–	16,041	285,191	838,462	–	–	94.7%	5.3%	–
Carolyn Pedic												
2023 PR	–	–	169,978	330,947	–	–	–	–	169,978	–	–	228,297
2023 SOA DSR	–	–	150,364	442,070	–	–	–	–	150,364	–	–	110,518

1. The following equity securities were allocated in 2023:

- Deferred Share Rights were allocated to Scott Wyatt and Jevan Bouzo on 27 February 2023. The number of Deferred Share Rights were calculated by dividing the dollar value of the equity component of their 2022 STI amount vested by the VWAP over the period from 1 January 2022 to 31 December 2022.
 - Deferred Share Rights were allocated to Carolyn Pedic on 3 March 2023. The number of Deferred Share Rights were calculated by dividing the dollar value of the CFO sign-on award, by the VWAP over the period from 1 December 2022 to 31 December 2022.
 - 2023 LTI Performance Rights were allocated to Jevan Bouzo and Carolyn Pedic on 3 March 2023 and Scott Wyatt on 25 May 2023. The number of Performance Rights were calculated by dividing the dollar value of their maximum LTI opportunity by \$2.6474, being the VWAP over the period from 1 January 2022 to 31 December 2022. The value of the Performance Rights granted in 2023 is based on the total grant date fair value.
2. Of the 2021 PRs held by Scott Wyatt and Jevan Bouzo, 100% have vested since 31 December 2023.
3. The value of Scott Wyatt's Restricted Stock Units, Deferred Share Rights and Performance Rights exercised is calculated based on the share price of \$3.05, being the closing share price on the date of exercise on 24 February 2023. The value of Jevan Bouzo's Deferred Share Rights and Performance Rights exercised is calculated based on the share price of \$2.94, being the closing share price on the date of exercise on 22 February 2023.
4. Scott Wyatt, Jevan Bouzo and Carolyn Pedic are entitled to 2023 STI Deferred Share Rights that will be granted in 2024. The estimated value, yet to be amortised for Scott Wyatt, Jevan Bouzo and Carolyn Pedic, is \$349,024, \$174,657 and \$87,937 respectively.

Further details of performance and deferred share rights outstanding at the end of 2023 are set out below:

Type	Grant date	Fair value at grant date (\$)	Exercise price (\$)	Vesting date
2023 PR – TSR	22 February 2023	1.32	–	As notified by the Company to the participant after 31 December 2025
2023 PR – FCF/ROCE/Strategic	22 February 2023	2.46	–	
2023 PR – TSR	23 May 2023	2.02	–	
2023 PR – FCF/ROCE/Strategic	23 May 2023	2.75	–	
2022 STI DSR	20 February 2023	3.03	–	50% on 1 January 2024 50% on 1 January 2025
2023 SOA DSR	27 February 2023	2.94	–	50% on 1 January 2024 50% on 1 January 2025

9.2. Shareholdings – KMP

The number of shares in the capital of the Company held directly and indirectly by each KMP are set out below:

	Balance as at 1 January 2023	Acquired in 2023	Acquired through vesting of rights & restricted units	Acquired through exercise of options	Disposed in 2023	Balance as at 31 December 2023 ¹
Robert Hill	119,284	50,300	–	–	–	169,584
Dat Duong	–	–	–	–	–	–
Arnoud De Meyer	156,943	10,000	–	–	–	166,943
Mike Muller	–	–	–	–	–	–
Sarah Ryan	106,667	–	–	–	–	106,667
Nicola Wakefield Evans	40,000	6,500	–	–	–	46,500
Scott Wyatt	7,979,451	–	844,039	–	(925,000)	7,898,490
Jevan Bouzo	659,011	–	395,273	–	(496,781)	557,503
Carolyn Pedic	–	–	–	–	–	–

1. Post 31 December 2023, Scott Wyatt and Jevan Bouzo are due to receive 905,501 and 471,725 ordinary shares respectively following the vesting of their 2021-2023 LTI Performance Rights.

10. 2024 Remuneration

10.1. KMP

10.1.1 Non-Executive Director fees

The Board has reviewed non-Executive director fees and decided to approve a 4.1% increase in fees for 2024 in line with inflation to maintain market competitiveness.

10.1.2 Executive KMP

The Board reviewed the appropriateness of fixed and variable remuneration arrangements for our Executive KMP to ensure that they remain fit for purpose and competitive against market peers. In particular, the Board considered the increasing responsibilities of our executives and the recent changes in size and complexity of the business following the recent acquisition of Coles Express, the forthcoming acquisition of OTR (subject to FIRB approval) and our recently announced strategic objectives and aspirations.

As a result, the Board has approved a 9% increase in the CEO's fixed remuneration for 2024, from \$1,470,000 to \$1,600,000. The Board has also approved an increase in the CEO's maximum STI opportunity to 145% of fixed remuneration (from 134% last year). His LTI maximum opportunity remains at 150% of fixed remuneration. These changes ensure that the CEO's fixed remuneration package remains positioned just above the median of peers, reflective of his performance and tenure as CEO and also the significant shareholder value generated during his leadership. The CEO's total potential remuneration package is positioned between the 60th and 75th percentile of peers.

Our recently appointed CFO has now been over a year in her position. Noting that her initial fixed remuneration on appointment was below market peers and recognising her strong contribution to the Group, the Board is increasing her fixed remuneration to \$750,000 per annum in 2024 to bring her fixed remuneration around median of peers as she moves into her second full year as CFO. Her maximum STI and LTI opportunities have also been increased to 100% of fixed remuneration each in line with market peers.

The Board has also reviewed the remuneration of the CEO C&M in light of the recent Coles Express acquisition and the announced OTR acquisition. Reflective of his increased responsibility and duties should the OTR acquisition complete, his fixed remuneration will increase by 5.9% from \$850,000 to \$900,000 per annum following the OTR acquisition. In order to reward the CEO C&M for pursuing the ambitious annual targets for 2024 and beyond in relation to this expanded business, his maximum STI opportunity will be increased to \$1m (or 111% of fixed remuneration, previously 100%).

While the structure of our LTI program will remain relatively consistent for our Group CEO, CFO and other executive team members in 2024, subject to completion of the OTR acquisition, the Board intends to introduce a one-off 5 year incentive for the CEO C&M. This five year incentive will be subject to vesting conditions aligned to our recently announced ambitions relating to the C&M business, including growing C&M EBITDA to \$500m+. Further information regarding the one off incentive will be provided when the Board has approved the final terms.

Further details regarding our 2024 remuneration will be provided in the 2024 Remuneration Report.

Directors' Report

The Directors present this report, together with the Financial Report of Viva Energy Group Limited (the Company) and the entities it controlled (collectively, the Group), for the financial year ended 31 December 2023.

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

- The Group's business and strategy on pages 6 to 23;
- Operating and financial review on pages 32 to 40;
- Director biographies on pages 24 to 25;
- Risk management disclosures on pages 28 to 31;
- Remuneration Report on pages 42 to 61;
- External auditor's independence declaration on page 67; and
- Note 36 *Auditor's remuneration* on page 127.

Directors, Secretaries and meetings

The Directors of the Company at any time during the financial year ended 31 December 2023 and up until the date of this report, unless otherwise stated, are:

- Robert Hill
- Scott Wyatt
- Arnoud De Meyer
- Dat Duong
- Michael Muller
- Sarah Ryan
- Nicola Wakefield Evans

Information on the qualifications, experience, special responsibilities and other directorships of our Directors is set out on pages 24 to 25.

Company Secretaries

Julia Kagan

BBus (Banking and Finance), LLB (Hons), FGIA

Julia Kagan was appointed Company Secretary on 26 July 2019.

Julia joined Viva Energy in August 2018. Prior to this, Julia held governance roles at BHP and ASX as part of the Listings Compliance team. Julia is a legal practitioner and holds a Bachelor of Business and a Bachelor of Laws (Honours) from Monash University. She is a Fellow of the Governance Institute of Australia.

Cheng Tang

BCom, LLB, AGIA

Cheng Tang was appointed Company Secretary on 19 August 2021.

Prior to joining Viva Energy in March 2020, Cheng was a senior adviser in the Listings Compliance team at ASX and started her career in assurance at Ernst & Young. Cheng holds a Bachelor of Commerce and a Bachelor of Laws from Monash University and is an Associate of the Governance Institute of Australia.

Directors' meetings

Details regarding Board and Board Committee meetings held during the year and each Director's attendance at these meetings are set out below. Directors have a standing invitation to attend all standing Board Committee meetings. Attendance by Directors at meetings of Committees of which they are not a member is not reflected in the table below.

All Directors receive copies of the agendas, minutes and papers of each standing Board Committee meeting, save to the extent they are subject to a relevant conflict.

	Board meetings		Board Sub-Committee meetings		Audit and Risk Committee		Sustainability Committee		Remuneration and Nomination Committee		Strategy and Investment Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Robert Hill	13	13	2	2			5	5	4	4	3	3
Arnoud De Meyer	13	13							4	4	3	3
Dat Duong	13	12			6	6			4	4	3	3
Sarah Ryan	13	13	1	1	6	6	5	5			3	3
Michael Muller	13	12					5	3			3	3
Nicola Wakefield Evans	13	12			6	6	5	5			3	3
Scott Wyatt	13	11	3	3							3	3

(A) Number of meetings held during the period which the Director was eligible to attend.

(B) Number of meetings attended by the Director.

Principal activities and review of operations

Principal activities

During the year, 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.

State of affairs

There were no significant changes in the Group's state of affairs during the year other than as set out in the Operating and financial review, which is set out on pages 32 to 40 and in the Notes to the consolidated financial statements.

Review of operations

The Operating and financial review of the Group for the 2023 financial year is set out on pages 32 to 40 of this report.

Dividends

We paid the following dividends during the financial year ended 31 December 2023:

Dividend	Total dividend	Payment date
Final dividend of 13.3 cents per share (fully franked) for the six months ended 31 December 2022	\$206.1M	24 March 2023
Interim dividend of 8.5 cents per share (fully franked) for the half year ended 30 June 2023	\$131.3M	20 September 2023

Matters subsequent to the end of financial year

No matters or circumstances have arisen subsequent to the end of the financial year 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 years.

Remuneration and share interests

Remuneration Report

The Remuneration Report is set out on pages 42 to 61.

Directors' interests in share capital

The relevant interests of each Director in the share capital of the Company as at the date of this Directors' Report is set out below:

Director	Number of ordinary shares in which the Director has a relevant interest
Robert Hill	169,584
Scott Wyatt	7,898,490*
Arnoud De Meyer	166,943
Dat Duong	–
Sarah Ryan	106,667
Michael Muller	–
Nicola Wakefield Evans	46,500

*. The CEO will be entitled to receive ordinary shares following the vesting of the 2021 LTI Performance Rights, and 2021 and 2022 STI Deferred Share Rights. See the Remuneration Report for further information.

Our Managing Director and CEO, Scott Wyatt, holds the following share rights:

- Performance Rights:
 - 905,501 (2021 LTIP)
 - 923,637 (2022 LTIP)
 - 832,892 (2023 LTIP)
- Deferred Share Rights:
 - 163,026 (2021 STIP)
 - 325,965 (2022 STIP)

Non-Executive Directors do not hold any rights or options over shares in the Company or any Group entity.

Rights over shares in the Company

The table below details the number of Performance Rights and Deferred Share Rights the Company had on issue as at the date of this report. Further information is available in the Remuneration Report.

	Number on issue as at 31 December 2022	Changes during the 2023 financial year	Number on issue as at 31 December 2023	Changes since the end of the 2023 financial year	Number on issue as at the date of this report
Performance Rights issued under LTIP	6,992,697 Performance Rights	2,249,373* Performance Rights issued 1,581,348** Performance Rights vested and exercised 329,592 Performance Rights lapsed	7,331,094 Performance Rights	–	7,331,094 Performance Rights
Deferred Share Rights issued under LTIP and STIP	3,905,964 Deferred Share Rights	2,784,301*** Deferred Share Rights issued 2,702,798** Deferred Share Rights vested and exercised 41,514 Deferred Share Rights lapsed	3,945,953 Deferred Share Rights	685,894** Deferred Share Rights vested and exercised	3,260,059 Deferred Share Rights

* Of these, 832,892 Performance Rights were granted to the CEO on 25 May 2023, as approved by shareholders at the 2023 AGM.

** Each Performance Right or deferred Share Right that vests entitles the holder to acquire one ordinary share. The shares allocated upon vesting and exercise are acquired on-market and transferred to the holder.

*** Of these, 325,965 Deferred Share Rights were granted to the CEO under the Company's STIP.

Corporate governance

As at the date of this report, our corporate governance arrangements and practices complied with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Our 2023 Corporate Governance Statement is available on our website at www.vivaenergy.com.au.

Auditor

Our external auditor, PricewaterhouseCoopers (PwC), has provided an independence declaration in accordance with the Corporations Act. This is set out at page 67.

Non-audit services

Details of non-audit services provided by, and amounts paid to, our external auditor are set out in Note 36 *Auditor's remuneration* to the financial statements.

The Directors have formed the view, based on advice from the Audit and Risk Committee, that the provision of non-audit services during the 2023 financial year was compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001*. The non-audit services provided did not involve the external auditor reviewing or auditing its own work or acting in a management or decision-making capacity for the Company, or otherwise could reasonably be expected to compromise its independence.

No officer of the Company was a partner or director of PricewaterhouseCoopers during the financial year.

Environmental performance

The Group is subject to federal, state and local government environmental regulation in respect of its land holdings, manufacturing, terminal and distribution facilities and retail operations. Licences, issued by the relevant state environmental regulator, are held for a number of these operations.

In 2023, the Group received an infringement from the Department of Environment and Science (DES) in Queensland, with the penalty of approximately \$14,000 for a failure to comply with a Clean up Notice at a retail site in Deception Bay, Queensland. The Clean up Notice required certain environmental investigations to be undertaken at the property adjacent to a retail site. The failure to comply with the Notice was due to the difficulties associated with obtaining access to the adjacent site. Access to the site has since been obtained to enable sampling.

Work progressed on the actions of the Environmental Protection Order issued by the DES relating to perfluoroalkyl and polyfluoroalkyl substances (PFAS) in stormwater discharges from the Pinkenba Terminal (received in 2021). With assistance from DES and our environmental consultants we secured an exemption to a waste levy to remove and transport PFAS contaminated soil from Pinkenba.

The Group continues to work with all state regulators to transition away from the use of fluorine containing foams as well as undertaking remediation works of impacted soil and groundwater at the Refinery and depots. Learnings from Pinkenba and Newport Terminals are being used as the basis for appropriate treatment and/or disposal options at our other impacted sites. In Geelong, negotiations with the Environment Protection Authority (EPA) resulted in the reclassification of contaminated soil, enabling it to be stored on site and prevent it from being sent to landfill.

Indemnities and insurance

The Company maintains a deed of access, insurance and indemnity with each Director and each Company Secretary of the Group. Under those deeds, the Company indemnifies, to the extent permitted by law, each Director and each Company Secretary against any loss that may arise from, or in connection with, any act or omission by that Director/Company Secretary in the performance of, or relating to or in connection with, their position as an officer of the Company or the execution or discharge of duties as such an officer, to the full extent permitted by law. Each deed provides that the Company must meet the full amount of any such loss, including legal costs (calculated on a full indemnity basis) that are reasonably incurred, charges and expenses.

Under the deeds, the Company must arrange and maintain a directors' and officers' insurance policy for the Directors and the Company Secretaries to the extent permitted by law, and must use reasonable endeavours to maintain such insurance for the period from the date of the deed until seven years after the Director/Company Secretary ceases to hold office. This seven-year period can be extended where certain actions or proceedings commence before the period expires.

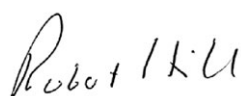
The Group has entered into insurance policies to insure the Directors and Company Secretaries. The Group has paid the premiums for those policies. In accordance with common commercial practice, the insurance policies prohibits disclosure of the nature of the liabilities insured against and the amount of the premiums.

Viva Energy Group Limited has agreed to reimburse its auditors, PricewaterhouseCoopers, for any liability (including reasonable legal costs) incurred in connection with any claim by a third party arising from Viva Energy's breach of its audit engagement agreement.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, all amounts in this Directors' Report have been rounded to the nearest one hundred thousand dollars (\$100,000), or in certain cases, to the nearest one thousand dollars (\$1,000).

This Directors' Report is made in accordance with a resolution of the Board.



Robert Hill
Chairman



Scott Wyatt
CEO and Managing Director

Date: 21 February 2024

Auditor's independence declaration



Auditor's Independence Declaration

As lead auditor for the audit of Viva Energy Group Limited for the year ended 31 December 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
21 February 2024

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.

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Consolidated statement of profit or loss

For the year ended 31 December 2023

	Notes	2023 \$M	2022 \$M
Revenue	1	26,741.1	26,432.6
Cost of goods sold	2	(24,390.3)	(24,016.9)
Gross profit		2,350.8	2,415.7
Net gain/(loss) on other disposal of property, plant and equipment		0.6	(6.5)
Gain on bargain purchase	28	4.6	8.4
Other income	2	80.0	–
Other gains and losses		85.2	1.9
Transportation expenses		(447.1)	(385.7)
Salaries and wages		(563.0)	(320.3)
General and administration expenses		(313.6)	(203.8)
Maintenance expenses		(167.1)	(132.9)
Lease-related expenses	12	(8.6)	(12.0)
Sales and marketing expenses		(163.4)	(125.7)
		773.2	1,237.2
Impairment expense	2	(79.9)	–
Interest income		12.5	5.2
Share of profit of associates	29	1.9	2.2
Realised/unrealised fair value (loss)/gain on derivatives	2	(28.4)	45.4
Net foreign exchanges gain	2	50.9	54.3
Depreciation and amortisation expenses	2	(444.2)	(404.2)
Finance costs	2	(249.3)	(208.3)
Profit before income tax		36.7	731.8
Income tax expense	26	(32.9)	(217.5)
Profit after tax		3.8	514.3
Earnings per share		cents	cents
Basic earnings per share	4	0.2	33.3
Diluted earnings per share	4	0.2	33.1

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

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Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 \$M	2022 \$M
Profit for the year		3.8	514.3
Other comprehensive income			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax)</i>			
Changes in fair value of equity investments		(0.6)	(1.8)
Remeasurement of post-employment benefits	34	0.7	1.6
Net other comprehensive income		0.1	(0.2)
Total comprehensive income for the year (net of tax)		3.9	514.1

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

Consolidated statement of financial position

As at 31 December 2023

	Notes	2023 \$M	2022 \$M
ASSETS			
Current assets			
Cash and cash equivalents	6	215.5	290.5
Trade and other receivables	8	1,979.7	2,001.8
Inventories	5	1,798.0	1,561.3
Assets classified as held for sale	11, 12, 17	42.0	1.9
Derivative assets	19	0.1	3.3
Prepayments	9	41.2	30.6
Current tax asset		48.5	–
Total current assets		4,125.0	3,889.4
Non-current assets			
Long-term receivables	13	23.9	52.3
Property, plant and equipment	11	2,071.0	1,643.8
Right-of-use assets	12	1,984.7	2,088.4
Goodwill and other intangible assets	16	531.7	599.6
Post-employment benefits	34	6.6	7.0
Investments accounted for using the equity method	29	17.6	15.7
Financial assets at fair value through other comprehensive income	14	5.8	6.6
Net deferred tax assets	26	315.3	315.9
Other non-current assets		0.7	4.9
Total non-current assets		4,957.3	4,734.2
Total assets		9,082.3	8,623.6
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	3,604.9	3,248.7
Provisions	17	193.6	161.8
Short-term lease liabilities	12, 21	206.8	172.1
Liabilities directly associated with assets held for sale	12, 17	46.0	–
Derivative liabilities	19	69.1	24.5
Current tax liabilities		–	141.9
Total current liabilities		4,120.4	3,749.0
Non-current liabilities			
Provisions	17	93.0	86.5
Long-term borrowings	20	595.5	–
Long-term lease liabilities	12, 21	2,193.0	2,284.4
Other long-term liabilities	15	69.8	142.9
Total non-current liabilities		2,951.3	2,513.8
Total liabilities		7,071.7	6,262.8
Net assets		2,010.6	2,360.8
Equity			
Contributed equity	22	4,232.4	4,247.4
Treasury shares	22	(21.4)	(18.2)
Reserves	22	(4,194.3)	(4,195.0)
Retained earnings		1,993.9	2,326.6
Total equity		2,010.6	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 year ended 31 December 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 year		–	–	–	514.3	514.3
Remeasurement of post-employment benefits	34	–	–	1.6	–	1.6
Changes in the fair value of equity investments through other comprehensive income		–	–	(1.8)	–	(1.8)
Total comprehensive income for the year		–	–	(0.2)	514.3	514.1
Dividends paid (net of dividends paid on treasury shares)	23	–	–	–	(261.5)	(261.5)
Share buy-back	22a, 22c	(5.1)	–	0.4	–	(4.7)
Share-based payment reserve movement	22c	–	–	6.5	–	6.5
Issue of shares to plan participants	22b	–	5.4	–	–	5.4
Purchase of treasury shares	22b	–	(10.9)	–	–	(10.9)
Balance at 31 December 2022		4,247.4	(18.2)	(4,195.0)	2,326.6	2,360.8
Balance at 1 January 2023		4,247.4	(18.2)	(4,195.0)	2,326.6	2,360.8
Statutory profit for the year		–	–	–	3.8	3.8
Remeasurement of post-employment benefits	34	–	–	0.7	–	0.7
Changes in the fair value of equity investments through other comprehensive income		–	–	(0.6)	–	(0.6)
Total comprehensive income for the year		–	–	0.1	3.8	3.9
Dividends paid (net of dividends paid on treasury shares)	23	–	–	–	(336.5)	(336.5)
Share buy-back	22a, 22c	(15.0)	–	(2.3)	–	(17.3)
Share-based payment reserve movement	22c	–	–	2.9	–	2.9
Issue of shares to plan participants	22b	–	10.1	–	–	10.1
Purchase of treasury shares	22b	–	(13.3)	–	–	(13.3)
Balance at 31 December 2023		4,232.4	(21.4)	(4,194.3)	1,993.9	2,010.6

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

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	2023 \$M	2022 \$M
Operating activities			
Receipt from trade and other debtors		33,788.0	33,602.6
Payments to suppliers and employees		(32,713.3)	(32,208.0)
Federal Security Services Package payments received		–	12.4
Interest received		12.5	5.2
Interest paid on loans		(32.9)	(12.0)
Interest paid on lease liabilities		(167.8)	(171.5)
Net income tax paid		(207.5)	(122.7)
Net cash flows from operating activities	7	679.0	1,106.0
Investing activities			
Payments for purchases of property, plant and equipment and intangibles		(492.7)	(303.7)
Proceeds from sale of property, plant and equipment		22.7	11.9
Receipt of government grant		18.2	25.3
Payments for other investments		(7.1)	–
Net cash consideration paid for acquisitions		(235.4)	(18.0)
Dividends received from associates	29	–	2.5
Net cash flows used in investing activities		(694.3)	(282.0)
Financing activities			
Drawdown of borrowings		6,290.0	2,695.0
Repayments of borrowings		(5,690.0)	(2,890.0)
Dividends paid (net of dividend paid on treasury shares held)	23	(336.5)	(261.5)
Upfront financing cost paid and capitalised		(4.7)	(2.1)
Repayment of lease liability		(187.9)	(156.0)
Share buy-back		(17.3)	(4.7)
Net purchase of employee share options		(13.3)	(10.9)
Repayment of long-term payable		(100.0)	–
Net cash flows used in financing activities		(59.7)	(630.2)
Net (decrease)/increase in cash and cash equivalents		(75.0)	193.8
Cash and cash equivalents at the beginning of the year		290.5	96.7
Cash and cash equivalents at the end of the year	6	215.5	290.5

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

Notes to the consolidated financial statements

General information

Reporting entity

The consolidated financial statements of Viva Energy Group Limited ('Company') and the entities it controlled (collectively, 'Group') for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 21 February 2024. 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).

The Group is principally engaged in the sale 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. The Group's principal place of business is Level 16, 720 Bourke Street, Docklands, Australia.

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 28 *Business combinations*).
- The Group has implemented a reorganisation of its reportable segments (refer to Note 3 *Segment information*).

Basis of preparation

Statement of compliance

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Financial Report has been prepared on a going concern basis. The Directors have made this assessment on the basis that the Group has sufficient liquidity and undrawn borrowing facilities to meet its obligations and pay its debts as and when they fall due.

The Financial Report has been prepared on a historical cost basis, except for financial assets and liabilities (including derivative instruments, equity securities, contingent consideration liabilities and defined benefit plan assets and liabilities), which have been measured at fair value.

The Group's consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Financial Report is presented in Australian dollars. In accordance with ASIC Legislative Instrument 2016/191, all values are rounded to the nearest one hundred thousand (\$100,000), or in certain cases, to the nearest one thousand (\$1,000).

Functional and presentation currency

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

Use of estimates and judgements

The preparation of these consolidated financial statements, as well as management's application of the Group's accounting policies, requires the use of accounting estimates and judgements. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Estimates and judgements require assumptions to be made about uncertain external factors, such as discount rates, interest rates, inflationary impacts, probability factors, the outlook for global and regional market supply and demand conditions, asset useful lives, and climate change and energy transition-related risks. As such, the actual outcomes may differ from these judgements and assumptions.

The significant estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are highlighted below:

- Information about the assumptions and the risk factors relating to impairment are described in Note 8 *Trade and other receivables* and Note 16 *Goodwill and other intangible assets*.
- Note 11 *Property, plant and equipment* describes the policy and estimation of minimum operating stock and also the process of assessing for impairment of property, plant and equipment.
- Note 12 *Leases* provides an explanation of the key assumptions used to determine the lease-related right-of-use assets and lease liabilities.
- Note 16 *Goodwill and other intangible assets* outlines the key assumptions and methodology used to assess the carrying value of the Group's goodwill for impairment.
- Note 17 *Provisions* provides key sources of estimation, uncertainty and assumptions used in regards to estimation of provisions.
- Note 18 *Financial assets and liabilities* and Note 24 *Fair value of financial assets and liabilities* provide an explanation of the key assumptions used to determine the fair value of financial assets and liabilities.
- Information about the assumptions and the risk factors relating to income tax expense and deferred tax balances are described in Note 26 *Income tax and deferred tax*.

New and revised accounting standards

In the current reporting period, several amendments and interpretations were issued by the Australian Accounting Standards Board. The Group has adopted all of the new amendments and interpretations issued that are relevant to its operations and effective for the current annual reporting period. These are listed below:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of accounting Policies: Tier 2 and Other Australian Accounting Standards* [AASB 1049, AASB 1054 and AASB 1060].
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [AASB 112].
- AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* [AASB 112].
- AASB 2023-4 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules: Tier 2 Disclosures* [AASB 112 & AASB 1060].

The adoption of these new amendments and interpretations does not have a significant impact on the consolidated financial statements of the Group in the current or future periods. Other new amendments and interpretations introduced in the current period are not applicable to the Group.

Standards issued but not yet effective as at 31 December 2023

A number of new accounting standards and interpretations have been published that are not yet effective for periods beginning 1 January 2023 and have not been early adopted by the Group. These standards and interpretations applicable from periods beginning 1 January 2024 or beyond as noted by the effective date are not expected to have a material effect on the consolidated financial statements of the Group.

Reclassification and changes in financial presentation

Where presentation and classification of items in the consolidated financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amounts and reason for the reclassification are also disclosed. If the reclassification affects an item on the balance sheet, a third consolidated statement of financial position is also presented.

Results for the year

1. Revenue from contracts with customers

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

	2023 \$M	2022 \$M
Revenue from contracts from customers		
Revenue from sale of fuel related goods	25,615.4	26,059.8
Revenue from sale of non-fuel related goods	951.0	136.8
Rental income	103.6	190.9
Other revenue	71.1	45.1
Total revenue from contracts with customers	26,741.1	26,432.6

Revenue from sale of goods

The Group generates revenue through the sale of both fuel and non-fuel related goods.

Revenue from sale of fuel-related goods

The Group primarily generates revenue through the sale of refined fuel-related products in Australia directly to motor vehicle users via the Shell, Coles Express, Reddy Express, Liberty and Westside brands directly or indirectly to service stations for sale to motor vehicle users, and to commercial businesses such as road transport, shipping companies, government bodies and airlines. The products that the Group sells are either refined at its own Geelong Refinery or imported into Australia as refined products.

Commercial customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. No element of financing is deemed present as the sales are made with a credit term of typically 15 to 45 days, which is consistent with market practice. Revenue includes the recovery of excise paid.

Revenue from the sale of fuel related goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery.

Revenue from sale of non-fuel related goods

Revenue from the sale of non-fuel related goods includes convenience revenue from retail site convenience product offerings as a result of the Coles Express Retail business acquisition from May 2023 (refer to Note 28 *Business Combinations*) and from the sale of polypropylene products through the Viva Energy Polymers entities.

Revenue from the sale of non-fuel related goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery.

Rental income

The Group as sub-lessor has a number of retail site sub-lease agreements in place generating sub-lease revenue. These sub-lease arrangements from a sub-lessor perspective are classified as operating leases with revenue recognised systematically over the time period of the lease.

Prior to the Coles Express Retail business acquisition in May 2023, the Group generated rental income from site licences that permitted the use of the Group's premises by Coles Express, calculated based on each site agreement on bespoke commercial terms. Revenue from licence fees was recognised over the licence period. The reduction in rental income in 2023 compared to the comparative year is due to the cessation of site licence income upon the Coles Express acquisition.

Other revenue

Other revenue is principally generated through convenience store advertising, royalty fees that the Group received under a long-term alliance with Coles Express prior to the Coles Express retail business acquisition, brand licence fees and income from the use of Shell Card.

(i) Store advertising

Store advertising revenue is received from convenience product suppliers in relation to promotional activities undertaken in stores across the network.

(ii) Royalties

Prior to the Coles Express retail business acquisition in May 2023, the Group received royalties on convenience store sales in excess of agreed sales thresholds, calculated on an annual basis as a percentage of any excess over a threshold amount of gross sales of certain kinds of goods and services made on certain sites. Revenue from royalties was recognised over a relevant period of time.

(iii) Brand licence fees

Licence fees relate to the right to access and to market fuel under the Shell brand. The Group (i.e. licensor) holds the licence to the Shell brand and therefore retains the control over the brand. Revenue from licence fees is recognised over the licence period.

(iv) Shell Card fees

The Group offers Shell Cards that provide customers a secure and efficient way to buy quality fuels, access to an extensive national service stations network and the option to use online tools to manage fuel spending. The Group charges a monthly card fee to its customers for the use of the card. Revenue from Shell Card is recognised over a period of time. No element of financing is deemed present as the sales are made with a credit term of typically 15 to 45 days, which is consistent with market practice.

(v) Other

Other includes rental recoveries and management fees earned through the Aviation business, recognised as or when the Group satisfies its related performance obligations.

Revenue is recognised based on the price specified in the contract, net of expected returns, trade allowances, rebates and GST collected on behalf of third parties.

Assets and liabilities related to contracts with customers

There were no assets or liabilities recognised in the balance sheet related to revenue from contracts with customers because the period of amortisation is less than one year.

Disaggregation of revenue from contracts with customers

No one customer accounts for more than 10% of revenue.

2. Other profit or loss items

	2023 \$M	2022 \$M
Cost of goods sold		
Cost of products and raw materials	(17,750.8)	(19,172.1)
Sales duties, taxes and commissions	(5,860.6)	(4,201.3)
Import freight expenses	(778.9)	(643.5)
Total cost of goods sold	(24,390.3)	(24,016.9)

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 expense.

	2023 \$M	2022 \$M
Other income	80.0	–

The Group has insurance coverage for property damage and business interruption, which in the current year applies to losses arising as a result of the Geelong Refinery compressor incident, which caused an extended outage. On 20 December 2023, the Group's external insurers agreed to a progress settlement of \$50.0 million by way of partial settlement of the claim. In relation to that sum, \$9.0 million was received by the Group as at 31 December 2023, with the remaining \$41.0 million received by 19 January 2024.

In the year ended 31 December 2023, the Group recognised a sum of \$80.0 million relating to proceeds from the insurance settlement within the consolidated statement of profit or loss. This reflects both the \$50.0 million settled sum along with a further insurance receivable of \$30.0 million for recoveries in respect of which recovery is considered virtually certain. This does not represent the final concluded position. A formal claim is being finalised for lodgement with the Group's external insurers which calculates the claim under the Group's policy at a sum materially in excess of \$80.0 million and the Group will pursue sums under the policy up to the final amount of the claim.

Notes to the consolidated financial statements continued

Results for the year continued

2. Other profit or loss items continued

	2023 \$M	2022 \$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 the Coles Express retail business on 1 May 2023, the intangible no longer had value as a separate standalone right and accordingly was impaired within the consolidated statement of profit or loss.

	2023 \$M	2022 \$M
Realised/unrealised (losses)/gains on derivatives		
Derivative contracts	(28.4)	45.4

The Group is exposed to the effect of changes in foreign exchange and commodity price movements. During the year the Group entered into derivative contracts, being principally foreign exchange currency contracts (forwards and swaps) and commodity derivative instruments for the purpose of managing the market risks arising from the Group's operations and to hedge market exposure.

Derivatives are recognised at fair value. The gain or loss on subsequent remeasurement is recognised immediately in the consolidated statement of profit or loss. For the year ended 31 December 2023 and including any open positions at balance date, losses of \$28.4 million were made (2022: \$45.4 million gain). The losses in the current period were the result of various commodity price movements and fluctuations in foreign exchange.

	2023 \$M	2022 \$M
Foreign exchange gain/(loss)		
Foreign exchange gains	217.2	291.3
Foreign exchange losses	(166.3)	(237.0)
Net foreign exchange gain	50.9	54.3

Foreign currency transactions are translated into Australian dollars using the exchange rate at the date of transactions. Gains and losses resulting from the settlement of such transactions and from the translation of foreign exchange denominated monetary assets and liabilities at year-end exchange rates are recognised in the consolidated statement of profit or loss. The net foreign exchange gain primarily relates to the foreign currency movements arising from the Group's trade and other payables.

	2023 \$M	2022 \$M
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	(174.4)	(143.1)
Depreciation charge of right-of-use assets	(244.9)	(228.2)
Amortisation of intangible assets	(24.9)	(32.9)
Total depreciation and amortisation expense	(444.2)	(404.2)

	2023 \$M	2022 \$M
Finance costs		
Interest on borrowings, trade finance and commitment fees	(74.9)	(32.4)
Interest on lease liabilities	(167.8)	(171.5)
Unwinding of discount on provisions	(5.8)	(2.0)
Unwinding of discount on long-term payables	(0.8)	(2.4)
Total finance costs	(249.3)	(208.3)

3. 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 & Mobility', 'Commercial & Industrial' and 'Energy & 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 company operated 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, 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)

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.

Notes to the consolidated financial statements continued

Results for the year continued

3. Segment information continued

Information about reportable segments

(a) Segment revenue

	2023 \$M	2022 \$M
Convenience & Mobility	10,101.1	7,975.8
Commercial & Industrial	16,640.0	18,456.9
Energy & Infrastructure	7,318.9	8,249.1
Energy & Infrastructure – inter-segment revenue	(7,318.9)	(8,249.1)
Total segments revenue	26,741.1	26,432.6

(b) EBITDA 'Replacement Cost' (RC)

EBITDA RC is a non-IFRS measure that is unaudited, and 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 Australian Accounting Standards;
- leases expense is calculated using the superseded AASB 117 *Leases* standard, rather than the current AASB 16 *Leases* standard as required under Australian Accounting Standards;
- excludes the effect of revaluation impacts on foreign exchange (FX) and oil derivatives; and
- excludes one-off items, share of profit from associates, net loss on other disposal of assets and impairment expenses.

	2023 \$M	2022 \$M
Convenience & Mobility	232.2	249.6
Commercial & Industrial	447.5	335.3
Energy & Infrastructure	65.4	517.9
Corporate	(32.3)	(27.0)
Total EBITDA (RC)	712.8	1,075.8

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

	2023 \$M	2022 \$M
Total EBITDA (RC)	712.8	1,075.8
Net inventory loss	(255.9)	(170.1)
Lease expense	344.3	310.4
Revaluation gain on FX and oil derivatives	16.0	126.5
Impairment expense	(79.9)	–
Other significant one-off items	(22.1)	0.8
Share of profit from associates	1.9	2.2
Net gain/(loss) on other disposal of assets	0.6	(6.5)
Interest income	12.5	5.2
Depreciation and amortisation expenses	(444.2)	(404.2)
Finance costs	(249.3)	(208.3)
Profit before income tax (HC)	36.7	731.8

(c) Capital expenditure

	2023 \$M	2022 \$M
Convenience & Mobility	59.3	56.8
Commercial & Industrial	72.8	64.5
Energy & Infrastructure	360.6	182.4
Total capital expenditure	492.7	303.7

4. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive options into ordinary shares. In line with the requirements of AASB 133 *Earnings per Share* adjustments to the weighted average number of ordinary and diluted shares are made for events, other than the conversion of potential ordinary shares, that have changed the number of shares outstanding without a corresponding change in resources.

The following tables reflect the earnings and share data used in the basic and diluted EPS computations:

(a) Basic earnings per share

	2023 Cents	2022 Cents
Total basic earnings per share attributable to the ordinary equity holders of the Group	0.2	33.3

(b) Diluted earnings per share

	2023 Cents	2022 Cents
Total diluted earnings per share attributable to the ordinary equity holders of the Group	0.2	33.1

(c) Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted number of ordinary shares used as the denominator in calculating basic earnings per share	1,540,733,699	1,545,432,035
Adjustments for calculation of weighted diluted earnings per share:		
Options	10,675,400	9,388,057
Weighted number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,551,409,099	1,554,820,092

Results for the year continued

4. Earnings per share continued

(d) Information concerning the classification of securities

Ordinary shares

Ordinary shares at 31 December 2023 of 1,544,166,247 represent the 1,944,535,168 shares listed on the ASX as part of the IPO on 13 July 2018, adjusted for the reduction of 357,722,143 ordinary shares as a result of share consolidations undertaken by the Group in 2020 and 2021, and further reductions of 42,646,778 ordinary shares through share buy-back activities between 2020 and 2023.

Any profit is available for distribution to the holders of Viva Energy Group Limited ordinary shares in equal amounts per share, subject to the Group's approved dividend strategy.

Options and rights

Options and rights granted to employees are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the exercise price of the options is lower than the listed share price of Group shares as at 31 December 2023 or if it is considered likely that performance conditions in relation to the rights will be achieved. The options and rights have not been included in the determination of basic earnings per share. Details relating to the options and rights are set out in Note 35 *Related party disclosures*.

Working capital and cash flow

5. Inventories

	2023 \$M	2022 \$M
Crude for processing	316.9	307.4
Hydrocarbon finished products	1,297.0	1,174.4
Polymer products	42.5	40.4
Convenience products	97.3	–
	1,753.7	1,522.2
Stores and spare parts	44.3	39.1
Total inventories	1,798.0	1,561.3

Inventories are recognised at the lower of cost and net realisable value. Cost is based on the first-in, first-out ('FIFO') principle and includes the direct cost of acquisition or manufacture.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of inventories is recognised when net realisable value falls below carrying cost. This primarily occurs as a result of movements in crude oil and refined product prices between the date of purchase and balance date, and is recorded in cost of goods sold in the consolidated statement of profit or loss. No inventory impairment was recognised during the year (2022: nil).

Convenience products inventory carrying value is based on the cost of purchase after deducting amounts for various commercial rebate income arrangements, and includes store remuneration incurred to bring inventories to their present location and condition. Supplier related rebates are accounted for as a reduction in the cost of inventory and recognised in the consolidated statement of profit or loss when the inventory is sold.

The increase in the inventory balance of \$236.7 million over the year was driven primarily by the increased volume on hand of finished product to support inventory management requirements, and a result of the Coles Express acquisition to establish a convenience offering, with the Group now carrying non-fuel convenience products within its inventory balance.

6. Cash and cash equivalents

	2023 \$M	2022 \$M
Cash on hand and in transit	78.4	–
Cash at bank	137.1	290.5
Total cash and cash equivalents	215.5	290.5

Cash and cash equivalents includes cash on hand and in transit, and cash deposits held at call with financial institutions. Cash at bank earns interest at floating rates based on daily bank deposit rates during the year, and at the end of the reporting year there were no restrictions on cash (2022: nil). All credit card, debit card and fund transfer receivables from point of sale transactions are classified as cash and cash equivalents.

7. Reconciliation of profit to net cash flows from operating activities

	2023 \$M	2022 \$M
Profit	3.8	514.3
Adjustments for:		
Net (gain)/loss on disposal of property, plant and equipment	(0.6)	6.5
Impairment expense	79.9	–
Depreciation and amortisation	199.5	176.0
Depreciation of right-of-use assets	244.9	228.2
Non-cash interest and amortisation on long-term loans	9.8	9.5
Non-cash gain on purchase of business	(4.6)	(8.4)
Unrealised loss on derivatives	47.8	19.3
Unrealised foreign exchange gains	(46.2)	(29.6)
Share of associate's profit not received as dividends or distributions	(1.9)	(2.2)
Non-cash employee share option taken up in reserves	12.4	10.5
Non-cash treasury shares granted to employees	–	1.1
Non-cash (gain)/loss on early termination of leases	(6.8)	0.2
Net cash flows from operating activities before movements in assets/liabilities	538.0	925.4
Movements in assets and liabilities:		
<i>Working capital balances</i>		
Decrease/(increase) in receivables	36.3	(701.5)
Increase in inventories	(145.8)	(324.2)
Increase in payables	399.8	1,123.4
<i>Other</i>		
Decrease/(increase) in other assets	20.2	(13.8)
Decrease/(increase) in deferred tax assets	15.7	(12.9)
Decrease in post-employment benefits	1.5	2.1
(Increase)/decrease in tax asset	(190.9)	107.7
Increase/(decrease) in provisions	4.2	(0.2)
Net cash flows from operating activities	679.0	1,106.0

Movements in the assets and liabilities in 2023 were adjusted for the assets and liabilities transferred from various acquisitions completed in 2023 (refer to Note 28 *Business combinations*), as well as elimination of intercompany balances due to the acquisition.

Movements in the assets and liabilities in the comparative 2022 year were adjusted for the assets and liabilities transferred from LyondellBasell Australia, which was acquired on 31 May 2022, as well as elimination of intercompany balances due to the acquisition.

Working capital and cash flow continued

8. Trade and other receivables

	2023 \$M	2022 \$M
Trade receivables		
Trade receivables	1,605.9	1,714.4
Allowance for impairment of receivables	(12.9)	(12.5)
Total trade receivables	1,593.0	1,701.9
Other receivables		
Receivables from related parties (Note 35)	160.1	137.6
Receivables from associates	60.6	56.3
Loans to related parties	28.5	–
Finance lease receivables (Note 12)	1.8	1.5
Other debtors	135.7	104.5
Total other receivables	386.7	299.9
Total trade and other receivables	1,979.7	2,001.8

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 15 to 45 days. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and are held with the objective to collect the contractual cash flows, and therefore subsequently measured at amortised cost using the effective interest method. Due to the short-term maturity, the carrying amount approximates the fair value. Periodically, the Group enters into factoring arrangements on specific trade receivable balances as part of its overall collections strategy. At 31 December 2023 there were no outstanding trade receivables subject to factoring (2022: nil).

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring trade receivable expected credit losses, which uses a lifetime expected loss allowance for expected credit losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over past periods using historical data and also using forward looking projections of customer payment expectations. Trade receivables are often insured for events of non-payment, through third party insurance, which has also been factored into the expected loss rate calculations.

The loss allowance as at 31 December year-end was determined as follows for trade receivables:

	Total \$M	Current \$M	Not more than 30 days past due \$M	More than 30 days but not more than 60 days past due \$M	More than 60 days but not more than 90 days past due \$M	More than 90 days but not more than 120 days past due \$M	More than 120 days past due \$M
31 December 2023							
Expected loss rate		0.2%	1.0%	2.0%	5.0%	10.0%	50.0%
Gross carrying amount – trade receivables	1,605.9	1,421.7	152.2	8.3	6.0	1.9	15.8
Loss allowance	(12.9)	(2.8)	(1.5)	(0.2)	(0.3)	(0.2)	(7.9)
31 December 2022							
Expected loss rate		0.2%	1.0%	2.0%	5.0%	10.0%	40.0%
Gross carrying amount – trade receivables	1,714.4	1,531.5	155.5	5.4	3.1	0.5	18.4
Loss allowance	(12.5)	(3.1)	(1.6)	(0.1)	(0.2)	(0.1)	(7.4)

Movements in the allowance for impairment of receivables were as follows:

	2023 \$M	2022 \$M
Opening loss allowance as at 1 January	(12.5)	(5.5)
Increase in loss allowance recognised in profit or loss during the year	(5.2)	(8.0)
Receivables written off as uncollectible	4.8	1.1
Amount recognised as a result of acquisitions	–	(0.1)
Closing loss allowance at 31 December	(12.9)	(12.5)

The creation and release of loss allowances for trade receivables has been included within general and administration expense in the consolidated statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no reasonable expectation of recovering additional cash.

Other receivables

Other receivables include receivables from related parties and other debtors that comprises of various specific receivable balances. In 2023 other receivables also includes the \$71.0 million receivable arising from the insurance claim as a result of the Geelong compressor incident. Other receivables are measured at amortised cost as they are held with the objective to collect contractual cash flows of principal and interest payments. Given the nature of the other receivable balances and based on both previous history of collections and future expectations of receipts, the Group believes that other receivables are fully collectable and have not applied a credit loss allowance to these balances.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within trade and other receivables or trade and other payables in the consolidated statement of financial position.

9. Prepayments

	2023 \$M	2022 \$M
Prepayments	41.2	30.6

Prepayments primarily relate to insurance, prepaid council rates, prepaid IT-related subscriptions and shipping-related costs.

10. Trade and other payables

	2023 \$M	2022 \$M
Trade payables	1,233.0	1,110.9
Amounts due to related parties	2,371.9	2,136.6
Contingent consideration – current	–	1.2
Total trade and other payables	3,604.9	3,248.7

Trade payables and amounts due to related parties and associates are non-interest bearing and are normally settled in 30 to 60 days. Amounts due to related parties are primarily for purchases of hydrocarbon. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The contingent consideration within trade and other payables in 2022 relates to the current portion of the expected future earn-out payment as part of the 2022 LyondellBasell acquisition. As at 31 December 2023 the contingent consideration has been assessed as non-current. Refer to Note 24 *Fair value of financial assets and liabilities* for further detail on the contingent consideration recognised at 31 December 2023.

Long-term assets and liabilities

11. Property, plant and equipment

	Construction in progress \$M	Freehold land \$M	Freehold buildings \$M	Plant and equipment \$M	Total \$M
As at 1 January 2022					
Opening net book value	189.6	115.0	136.6	1,077.6	1,518.8
Additions	300.5	0.5	–	4.4	305.4
Disposals	–	(0.3)	(0.3)	(17.9)	(18.5)
Depreciation	–	–	(11.0)	(132.1)	(143.1)
Change of ARO discount/inflation rate	–	–	–	(5.9)	(5.9)
Transfers*	(119.5)	–	7.7	100.8	(11.0)
As at 31 December 2022	370.6	115.2	133.0	1,026.9	1,645.7
Cost	370.6	115.2	214.2	1,814.5	2,514.5
Accumulated depreciation	–	–	(81.2)	(787.6)	(868.8)
Balance as above	370.6	115.2	133.0	1,026.9	1,645.7
Assets held for sale	–	(1.9)	–	–	(1.9)
Property, plant and equipment	370.6	113.3	133.0	1,026.9	1,643.8
As at 1 January 2023					
Opening net book value	370.6	115.2	133.0	1,026.9	1,645.7
Additions	487.3	–	–	5.4	492.7
Assets acquired (Note 28)	4.6	–	–	113.0	117.6
Disposals	–	(0.9)	(2.3)	(6.7)	(9.9)
Depreciation	–	–	(10.8)	(163.6)	(174.4)
Change of ARO discount/inflation rate	–	–	–	3.3	3.3
Transfers*	(303.0)	–	11.0	293.5	1.5
As at 31 December 2023	559.5	114.3	130.9	1,271.8	2,076.5
Cost	559.5	114.3	215.3	2,230.8	3,119.9
Accumulated depreciation	–	–	(84.4)	(959.0)	(1,043.4)
Balance as above	559.5	114.3	130.9	1,271.8	2,076.5
Assets held for sale	–	(1.4)	(0.3)	(3.8)	(5.5)
Property, plant and equipment	559.5	112.9	130.6	1,268.0	2,071.0

* Net transfers represent software transferred out from construction in progress to intangibles and the reclassification of right-of-use assets to property, plant and equipment.

All property, plant and equipment is stated at historical cost less depreciation, with the exception of construction in progress and freehold land, which are not subject to depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 20 years
- Plant and equipment 4 to 15 years
- Supply and refining infrastructure 20 to 30 years
- Land Not depreciated

Minimum operating stock – significant estimate

Minimum operating stock, which is the minimum level of inventories held in the entire supply chain and is necessary to operate supply and refining as a going concern, is treated as part of property, plant and equipment. The process of identifying the minimum operating stock volume estimate involves calculations in consultation with engineers responsible for the Group's refining, supply and distribution operations. Minimum operating stock is valued at cost.

Assets held for sale

The Group has a number of in-use property, plant and equipment assets that are classified as held for sale from continuing operations. As at 31 December 2023, these assets totalling \$5.5 million comprised mainly retail assets (2022: \$1.9 million) and meet the AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* classification requirements. These assets, along with \$36.5 million in right-of-use assets (refer to Note 12) comprise the \$42.0 million in assets classified as held for sale within the consolidated statement of financial position.

Refining assets

The Group's property, plant and equipment includes refining assets with a net book value of \$767.9 million as at 31 December 2023 (2022: \$533.5 million).

In line with AASB 136 *Impairment of assets* the refining assets have been subject to an assessment as to whether any indication of asset impairment exists. It has been concluded that an impairment indicator exists through the year given the finalisation of the Safeguard Mechanism reforms during 2023 which will impact the Geelong Refinery.

In testing for impairment, the recoverable amount of the refinery's assets was determined based on a value in use calculation with the key assumptions described below representing management's expectations of future trends within the industry of which the refinery operates, based on both external and internal data sources.

The cash flow projections used are based on three probability weighted forecast scenarios covering a five-year period (2024 – 2028), and incorporates a terminal value calculation beyond five years. The critical estimates underpinning each of the scenarios used in the testing of the refinery's carrying value are estimations of intake, refining margins, foreign exchange rates, discount rates and the level of Government support expected on the back of recent Government policy announcements. The impairment modelling also includes the expected impact of the Group's commitment to medium-term (2030) emissions reduction targets for operational emissions (Scope 1 and 2) from a 2019 base year, including a 10% reduction in emissions intensity at the Geelong Refinery.

Key assumptions in the value in use calculation:

Assumption	Approach used to determine values
Cash flow	Earnings before interest, depreciation and amortisation adjusted for capital spend projections
Estimated long term average growth rate	1.0% (2022: no impairment indicator)
Post-tax discount rate	8.6% (2022: no impairment indicator)

The Group has considered and assessed reasonably possible changes in the key assumptions used, including any reasonable estimate of cost to be incurred to achieve the Group's carbon reduction targets and changes in fuel demand, and have not identified any instances that could cause the carrying amount of the refining assets to exceed its respective recoverable amounts.

There were no asset impairment losses recognised during the year ended 31 December 2023 (2022: nil).

Notwithstanding the above assessment identifying no impairment losses, further underpinning the future financial viability of the refining asset base is the Australian Federal Government's long-term Fuel Security Package implemented in 2021 to support and enhance the long-term viability of Australia's refining industry. The payment support provided to the Group will run until 30 June 2028, with the Group having the option to extend the support until 30 June 2030. The payment support structure has been designed to protect earnings during periods of low refining margins, providing for more certain and reliable cash flow. In a cap and collar approach, the payment will commence when the relevant margin marker falls below \$10.20 per oil barrel (bbl). The support will increase from 0 cents per litre (cpl) to 1.8 cpl (or \$0.0/bbl to \$2.90/bbl), on a linear basis until the support caps at the margin marker level of \$7.30/bbl. Below this margin level, full support at 1.8 cpl (\$2.90/bbl) will be provided. To receive this support, the Group has committed to continue its refining operations over the support period. The Fuel Security Package is subject to a post-implementation review after two years to ensure it is still appropriate for the Australian market conditions, which all parties intend to complete in 2024. The scope of the review is to ensure that the initial settings of the package are delivering the policy objective of providing support for refineries when it is needed, noting there is no indication that the government intends to remove the FSSP following this review.

Long-term assets and liabilities continued

12. Leases

This note provides information on the Group leases accounted for under AASB 16 Leases.

(a) Amounts recognised on the consolidated statement of financial position

	2023 \$M	2022 \$M
Right-of-use assets		
Retail sites	1,839.7	1,903.6
Supply and distribution sites	143.9	152.9
Corporate offices	36.1	30.7
Motor vehicles	1.5	1.2
	2,021.2	2,088.4
Assets held for sale	(36.5)	–
Total right-of-use assets	1,984.7	2,088.4

Net additions and transfers to right-of-use assets during the year were \$177.8 million (2022: \$131.8 million). These additions were offset by depreciation expense of \$244.9 million (2022: \$228.2 million). Assets held for sale of \$36.5 million relate to right-of-use assets associated with 25 company-operated leased retail sites the Group plans to divest in 2024 and are included within the \$42.0 million total assets classified as held for sale in the consolidated statement of financial position. These held for sale sites also carry lease liabilities of \$44.9 million that have been reclassified and included in the \$46.0 million in current liabilities directly associated with assets held for sale within the consolidated statement of financial position.

	2023 \$M	2022 \$M
Lease liabilities		
Current	210.2	172.1
Non-current	2,234.5	2,284.4
	2,444.7	2,456.5
Current liabilities directly associated with assets held for sale	(44.9)	–
Total lease liabilities	2,399.8	2,456.5

The \$44.9 million in current liabilities directly associated with assets held for sale comprises \$3.4 million in current lease liabilities and \$41.5 million in non-current lease liabilities prior to the reclassification.

	2023 \$M	2022 \$M
Finance lease receivables		
Current	1.8	1.5
Non-current	6.1	5.6
Total finance lease receivables	7.9	7.1

Finance lease receivables are disclosed within Trade and other receivables and long-term receivables in the consolidated statement of financial position. Interest income for the year in relation to the Group's lease receivables totalled \$0.5 million (2022: \$0.5 million).

(b) Amounts recognised on the consolidated statement of profit or loss

	2023 \$M	2022 \$M
Depreciation charge of right-of-use assets		
Retail sites	208.3	195.7
Supply and distribution sites	32.6	29.2
Corporate offices	3.4	2.8
Motor vehicles	0.6	0.5
Total depreciation charge for right-of-use assets	244.9	228.2
Interest expense (included within finance costs)	167.8	171.5
Expense relating to short-term leases, leases of low-value assets and variable lease-related payments not included in leases above	8.6	12.0

The total cash outflow for leases for the year amounted to \$355.7 million (2022: \$327.5 million).

(c) The Group's leasing activities and how they are accounted for

Group as a lessee

The Group leases various service station sites, office premises, vehicles and storage and handling facilities. Rental contracts are typically made for fixed periods of two to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of amounts assessed to be included as lease payments under AASB 16 *Leases*.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In line with accounting standard guidance, where leases have a fixed escalation rate the fixed rate has been applied when accounting for the lease payments. No rate has been applied to leases that increase at the rate of the Consumer Price Index (CPI) or leases that have a variable escalation rate.

Right-of-use assets are measured at cost comprising the initial measurement of the lease liability and other components as required under AASB 16 *Leases*.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small office-related items.

Various extension and termination options are included in a number of leases across the Group. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's operational requirements. Judgement is used in determining whether these extension and termination options are reasonably certain to be exercised.

Notes to the consolidated financial statements continued

Long-term assets and liabilities continued

13. Long-term receivables

	2023 \$M	2022 \$M
Receivables	17.4	19.0
Loans to equity-accounted investees	0.4	27.7
Lease receivables (Note 12)	6.1	5.6
Total long-term receivables	23.9	52.3

14. Financial assets held at fair value through other comprehensive income

	2023 \$M	2022 \$M
Equity securities	5.8	6.6
Total financial assets held at fair value through other comprehensive income	5.8	6.6

The Group holds public securities in Waga Energy SA and Hyzon Motors Inc. In line with accounting standard requirements, after initial recognition any subsequent valuation measurements are recorded through other comprehensive income. As at 31 December 2023 the fair value of the Group's holdings in Waga Energy SA and Hyzon Motors Inc was \$5.3 million (2022: \$5.7 million) and \$0.5 million (2022: \$0.9 million) respectively. There was no movement in the number of securities held during 2023.

15. Other long-term liabilities

	2023 \$M	2022 \$M
Coles Express long-term payable	–	99.2
Deferred income	49.5	25.3
Contingent consideration – non-current	20.3	18.4
Total other long-term liabilities	69.8	142.9

During the year the present value of the Coles Express long-term payable formed part of the settlement of pre-existing relationships upon the Group's acquisition of the Coles Express retail business. Refer to Note 28 *Business combinations* for further detail.

In 2023 the Group received in cash receipts or recognised as receivable, net of interest, \$24.2 million (2022: \$25.3 million) in government grants towards Energy Hub infrastructure projects. As these government grants relate to purchases of property, plant and equipment, they are included in long-term liabilities as deferred income and will unwind through other income within the consolidated statement of profit or loss on a systematic basis, in line with the related asset depreciation. This accounting treatment is in line with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

The \$20.3 million contingent consideration relates to the non-current expected future earn-out payment as part of the 2022 LyondellBasell acquisition, as further discussed in Note 24 *Fair value of financial assets and liabilities*.

16. Goodwill and other intangible assets

	Goodwill \$M	Software \$M	Customer contracts \$M	Joint venture rights \$M	Other \$M	Total \$M
Net book value						
As at 1 January 2022	342.3	42.2	19.4	117.2	100.4	621.5
Transfers	–	11.0	–	–	–	11.0
Amortisation for the year	–	(8.0)	(3.0)	(7.6)	(14.3)	(32.9)
As at 31 December 2022	342.3	45.2	16.4	109.6	86.1	599.6
Cost						
As at 1 January 2022	342.3	73.2	50.0	152.1	139.9	757.5
Accumulated amortisation	–	(28.0)	(33.6)	(42.5)	(53.8)	(157.9)
As at 31 December 2022	342.3	45.2	16.4	109.6	86.1	599.6
As at 1 January 2023						
As at 1 January 2023	342.3	45.2	16.4	109.6	86.1	599.6
Additions	37.6	–	5.5	–	–	43.1
Assets acquired (Note 28)	–	6.3	–	–	–	6.3
Disposals	–	–	–	(12.1)	(0.4)	(12.5)
Amortisation for the year	–	(9.0)	(3.5)	(7.6)	(4.8)	(24.9)
Impairment	–	–	–	–	(79.9)	(79.9)
As at 31 December 2023	379.9	42.5	18.4	89.9	1.0	531.7
Cost						
As at 1 January 2023	379.9	79.5	55.5	134.1	2.5	651.5
Accumulated amortisation	–	(37.0)	(37.1)	(44.2)	(1.5)	(119.8)
As at 31 December 2023	379.9	42.5	18.4	89.9	1.0	531.7

(a) Goodwill

Goodwill arises when the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets and liabilities acquired. Where consideration is less than the fair value of acquired net assets, the difference is recognised immediately in the consolidated statement of profit and loss. Goodwill is not amortised and is measured at cost less any impairment losses. In accordance with Australian accounting standard requirements, goodwill is allocated to a Cash-Generating Unit (CGU) and is tested for impairment annually and whenever there is an indication that it may be impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Goodwill represents other intangible assets that did not meet the criteria for recognition as separately identifiable assets.

During the reporting period, upon adoption of the three distinct 'Convenience & Mobility', 'Commercial & Industrial' and 'Energy & Infrastructure' segments, and formally changing the way in which its business results are reported to the CODM, the Group also reassessed its CGU's. It was determined that the lowest level which the goodwill is monitored by the CODM for internal management purposes is that of Convenience and Mobility', 'Commercial and Industrial' and 'Energy and Infrastructure'.

To allow consistency comparisons, the prior year comparatives have been restated to reflect the change in reportable segments. A CGU level summary of the goodwill allocation is presented below.

	2023 \$M	2022 \$M
Convenience & Mobility	222.5	213.1
Commercial & Industrial	157.4	129.2
Energy & Infrastructure	–	–
Total goodwill recognised	379.9	342.3

Long-term assets and liabilities continued

16. Goodwill and other intangible assets continued

Goodwill is tested for impairment annually based on a value-in-use calculation. The calculation uses post-tax cash flow projections based on financial budgets approved by management covering a five-year period (2024 – 2028) with growth rates consistent with the industry in which each CGU operates. The calculation also incorporates a terminal value calculation beyond the five-year cash flow period. The critical estimates underpinning the below cash flow assumptions include forecast margins, cents per litre expectations and forecast sales volumes.

Key assumptions in the value-in-use calculation for both the Convenience & Mobility and Commercial & Industrial segments:

Assumption	Approach used to determining values
Cash flow	Earnings before interest, depreciation and amortisation adjusted for capital spend projections
Estimated long-term average growth rate	2.0% (2022: 2.5%)
Post-tax discount rate	C&M: 5.9% (2022: 7.4%) C&I: 7.5% (2022: 7.4%)

The above key assumption values used in the goodwill assessment represent management's expectations of future trends within the industries of which the respective CGUs operate in, based on both external and internal data sources. The Group has considered and assessed reasonably possible changes in the key assumptions used, including any reasonable estimate of cost to be incurred to achieve the Group's carbon reduction targets and changes in fuel demand, and have not identified any instances that could cause the carrying amount of the CGUs to exceed its respective recoverable amounts.

There were no goodwill impairment losses recognised during the year ended 31 December 2023 (2022: nil).

(b) Other intangibles

The Group capitalises amounts paid for the acquisition of identifiable intangible assets, such as purchased or developed software, customer contracts and joint venture rights, where it is considered that they will provide benefit in future periods through revenue generation or reductions in costs. These assets, classified as finite life intangible assets, are carried in the consolidated statement of financial position at the fair value of consideration paid less accumulated amortisation and impairment losses. Other intangibles are assessed at the end of each reporting period for impairment indicators.

Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives. Amortisation for the period is included within the depreciation and amortisation expenses in the statement of profit or loss. The estimated useful lives in the current and comparative periods are reflected by the following amortisation periods:

- Software 5 to 12 years
- Customer contracts 5 to 10 years
- Joint venture rights 20 years

(i) Software

Software primarily relates to the Group's enterprise platform, Oracle JDE, which was implemented in 2018. The Group estimates the useful life of the software to be at least 12 years based on the expected technical obsolescence of such asset. This useful life profile aligns with the written commitment to provide premier support of the platform, underpinning the asset integrity of the system until at least December 2030, not including extended support option periods generally available. The actual useful life may be shorter or longer than 12 years, depending on technical innovations. The Group also recognises internally generated software developed for company owned and operated platforms by its technology and digital team when it meets the recognition criteria of AASB 138 *Intangible Assets*.

(ii) Customer contracts and joint venture rights

The customer contracts and joint venture rights were acquired as part of various business combinations or asset acquisitions, including but not limited to the Shell acquisition in 2014, the Shell Aviation acquisition in 2017 and the Liberty Oil Holdings Pty Limited acquisition in 2019. These intangible assets are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated useful lives.

(iii) Other

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 the Coles Express retail business 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. Also included in 'Other' are brands' intangibles with a cost base of \$2.5 million, acquired as part of the Liberty Oil Holdings Pty Limited acquisition in 2019.

17. Provisions

	Employee benefits \$M	Restructuring provision \$M	Asset retirement obligation \$M	Environmental remediation \$M	Other \$M	Total \$M
At 1 January 2023	107.9	–	89.6	41.9	8.9	248.3
Additions	53.7	0.5	3.4	13.2	3.0	73.8
Provisions acquired (note 28)	30.8	–	–	–	1.0	31.8
Utilised	(61.7)	(0.5)	(1.2)	(5.2)	(2.6)	(71.2)
Unwinding	3.1	–	1.2	0.7	–	5.0
At 31 December 2023	133.8	–	93.0	50.6	10.3	287.7
Current liabilities directly associated with assets held for sale	–	–	(1.1)	–	–	(1.1)
Provisions	133.8	–	91.9	50.6	10.3	286.6
Current	124.9	–	17.8	44.2	6.7	193.6
Non-current	8.9	–	74.1	6.4	6.3	93.0

	Employee benefits \$M	Restructuring provision \$M	Asset retirement obligation \$M	Environmental remediation \$M	Other \$M	Total \$M
At 1 January 2022	88.7	–	94.5	43.5	12.6	239.3
Additions	56.2	–	2.0	5.3	3.3	66.8
Provisions acquired	7.0	–	–	–	–	7.0
Utilised	(46.1)	–	(0.3)	(6.6)	(7.0)	(60.0)
Unwinding	2.1	–	(0.7)	0.6	–	2.0
Change of discount/inflation	–	–	(5.9)	(0.9)	–	(6.8)
At 31 December 2022	107.9	–	89.6	41.9	8.9	248.3
Current	104.9	–	16.7	35.7	4.5	161.8
Non-current	3.0	–	72.9	6.2	4.4	86.5

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) Employee benefits

Liabilities for wages and salaries, including annual leave and long service leave expected to be settled within 12 months of the end of the year, are measured at the amounts expected to be paid. These obligations are presented as current liabilities in the consolidated statement of financial position.

Liabilities for long service leave and annual leave that are not expected to be settled within 12 months of the end of the year are measured at present value. In determining present value, consideration is given to the expected future wage and salary levels, expectations of employee departures and periods of service. Expected future payments are adjusted for future wage and inflation movement expectations, and discounted using market yields of corporate bonds. As required by accounting standards, these obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur. However, based on past experience, the Group does not expect the full \$124.9 million current employee benefits liability to be taken or paid out within the next 12 months. The following amounts reflect current leave obligations that are not expected to be taken or paid in the next 12 months.

	2023 \$M	2022 \$M
Current employee benefits liability expected to settle after 12 months	62.6	50.3

Long-term assets and liabilities continued

17. Provisions continued

(b) Asset retirement obligation – significant estimate

The present value of costs for the future dismantling and removal of assets, and restoration of the site on which the assets are located, is capitalised and depreciated over the useful life of the asset. Subsequent accretion to the amount of a provision due to unwinding of discounting is recognised as a finance cost.

The costs for the future dismantling and removal of assets is based upon management's best estimate using actual costs incurred in similar past projects inflated to the estimated end of useful life date and discounted using an appropriate discount rate.

The Group has recognised a provision associated with plant and equipment including tanks at retail service station sites and fuel storage terminals. In determining the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the assets from the site and the expected timing of those costs. The carrying amount of the provision as at 31 December 2023 was \$93.0 million (2022: \$89.6 million). The Group estimates that the costs would be incurred upon lease expiry and subsequent exit of the relevant site.

In determining the appropriateness of the asset retirement obligation (ARO) provisions, the Group has considered whether climate change and energy transition are anticipated to result in decreasing fuel demand in the Retail business, which by extension may lead to changes in existing lease tenure for the Group's network of retail sites. The Group continues to focus on the establishment expansion of a network to leverage both fuel and convenience offerings as well as integrating new energies as they emerge. The value of the Group's network extends beyond the fuel infrastructure and, as such, climate change and energy transition risk and the potential impact on fuel demand do not in isolation lead to a decision to reduce the lease terms that inform the timing of estimated cash flows.

As disclosed in Note 12 *Leases*, the Group's rental lease contracts are typically for two to 15 years but may have further extension options.

Asset retirement obligations for refinery facilities generally become firm at the time the facilities are permanently shut down and dismantled. These obligations may include the costs of asset disposal and additional soil remediation. For the Geelong Refinery, no ARO has been recognised as the site has an indeterminate life based on plans for continued operations, which prevents the estimate of the fair value of the associated ARO. The Group performs periodic reviews of any changes in its facts and circumstances that might require recognition of an asset retirement obligation.

(c) Environmental provision – significant estimate

Provisions for environmental remediation resulting from ongoing or past operations or events are recognised in the period in which an obligation, legal or constructive, to a third party arises and the amount can be measured reliably. Measurement of liabilities is based on current legal requirements and existing technology.

Where environmental impact studies have been completed, the result of this is used to estimate the cost of site remediation. In other cases, estimates are based on management experience of remediation at similar sites.

The Group has environmental provisions relating to various supply and distribution sites including the Clyde import terminal, which once operated as a refinery, and various owned retail sites. The carrying amount of the provision as at 31 December 2023 was \$50.6 million (2022: \$41.9 million). The environmental remediation work provided for is expected to be undertaken within the next three years.

(d) Other provisions

Other provisions include costs associated with the removal of contents and cleaning of tanks in preparation for demolition, and provisions against legal claims.

Capital funding and financial risk management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the interest cover ratio must not be less than 3.0x;
- the liquidity ratio must not exceed 0.60; and
- the leverage ratio must not be more than 2.0x.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current or previous period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

18. Financial assets and liabilities

This table provides a summary of the Group's financial instruments, how they are classified and measured, and reference to relevant disclosure notes within the financial statements.

The Group holds the following financial instruments at the end of the reporting period:

	Notes	2023 \$M	2022 \$M
Financial assets			
Financial assets held at amortised cost			
Trade and other receivables	8	1,979.7	2,001.8
Long-term receivables	13	23.9	52.3
Cash and cash equivalents	6	215.5	290.5
Financial assets at fair value through profit and loss			
Derivative assets	19	0.1	3.3
Financial assets at fair value through other comprehensive income			
Equity securities	14	5.8	6.6
		2,225.0	2,354.5
Financial liabilities			
Financial liabilities held at amortised cost			
Trade and other payables	10	3,604.9	3,247.5
Long-term borrowings	20	595.5	–
Lease liabilities	12, 21	2,399.8	2,456.5
Other long-term liabilities (excluding contingent consideration)	15	49.5	124.5
Financial liabilities at fair value through profit and loss			
Derivative liabilities	19	69.1	24.5
Contingent consideration	15	20.3	19.6
		6,739.1	5,872.6

Capital funding and financial risk management continued

18. Financial assets and liabilities continued

Financial assets

(a) Initial recognition and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and business model the Group uses to manage them. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and its associated cash flow characteristics. The Group's three measurement categories are as follows:

(i) Amortised cost

This category is the most relevant to the Group. Financial assets are measured at amortised cost if the asset is held within a business model to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade and other receivables, long-term receivables and cash and cash equivalents.

(ii) Fair value through other comprehensive income (FVOCI)

The Group measures financial assets at FVOCI if the financial asset is held within a business model to collect contractual cash flows and for selling the financial assets, where those cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group, however, can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured through profit or loss to present all subsequent changes, with the exception of dividends, in FVOCI, including upon derecognition. The Group holds public securities in Waga Energy SA and Hyzon Motors Inc, and on initial recognition of these financial assets elected to recognise any subsequent measurement at FVOCI.

(iii) Fair value through profit and loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL and include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets required to be measured at fair value. Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. During the year, derivative assets were the only assets measured at FVPL.

(b) Derecognition

A financial asset is derecognised from the Group's consolidated statement of financial position when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset and/or control of the asset.

(c) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on the determined risk profile of each financial asset and the future expected credit risks relating to the identified asset. For trade receivables, the Group applies a simplified approach to calculating expected credit losses as permitted by AASB 9 *Financial Instruments*, recognising a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. See Note 8 *Trade and other receivables* for further details.

Financial liabilities

(a) Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities measured at amortised cost (which for the Group are trade and other payables, long-term payables, lease liabilities and borrowings) or as financial liabilities at FVPL. All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as described below:

(i) Amortised cost

This is the category most relevant to the Group and includes trade and other payables, lease liabilities, borrowings and long-term payables. Trade payables and amounts due to related parties are non-interest bearing and are normally settled in 30 to 60 days. Amounts due to related parties are primarily for purchases of hydrocarbon. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the end of the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Due to their short-term nature, the carrying amounts of trade and other payables are considered to be the same as their fair values. Trade and other payables (excluding contingent consideration), lease liabilities, borrowings and long-term liabilities (excluding contingent consideration) are initially recognised at fair value net of transaction costs incurred, and subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the liabilities using the effective interest method.

(ii) Fair value through profit and loss (FVPL)

Derivatives and contingent consideration are the Group's only financial liabilities that are measured at FVPL. Derivatives are classified as held for trading and are entered into by the Group to mitigate exposure to the effects of changes in foreign exchange and commodity price movements. Changes in fair value of any derivative liabilities are recognised immediately in realised/unrealised (loss)/gain on derivatives in the consolidated statement of profit or loss. Contingent consideration relates to the expected future earn-out payment as part of the LyondellBasell acquisition in 2022. After being initially recognised at fair value, contingent consideration as part of a business acquisition is subsequently measured at fair value with changes recognised in profit or loss.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

19. Derivative assets and liabilities

Derivatives are classified as held for trading and accounted for at fair value through profit or loss. The Group has the following derivative financial instruments at the end of the reporting period:

	2023 \$M	2022 \$M
Derivative assets	0.1	3.3
Derivative liabilities	(69.1)	(24.5)

The Group has determined the fair value, which is classified as Level 2 in the fair value hierarchy, using the present value of estimated future settlements based on market quoted information.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the consolidated statement of profit or loss in the period in which they arise. Interest income from these financial assets is recognised in the consolidated statement of profit or loss.

Capital funding and financial risk management continued

20. Long-term borrowings

	2023 \$M	2022 \$M
Long-term bank loans	600.0	–
Net capitalised borrowing costs on long-term bank loans	(4.5)	–
Total non-current borrowings	595.5	–

On 7 December 2023, the Group refinanced its US\$700 million syndicated, revolving credit facility and increased the facility limit to US\$1,000 million for a three-year term with a one-year extension option. The facility is unsecured with terms and conditions largely consistent with the previous facility held.

At the end of the reporting period, the Group had access to the unsecured facility limit amounting to \$1,462.0 million (2022: \$1,033.2 million unsecured) that is in place primarily for working capital purposes. The amount drawn at 31 December 2023 is \$600.0 million (2022: nil). The weighted average interest rate on long-term bank loans in 2023 was 5.35% (2022: 2.15%).

This borrowing facility is subject to covenant arrangements disclosed under Capital funding and financial risk management on page 95.

On 6 December 2023, the Group entered into a \$600 million syndicated acquisition bridge facility agreement that matures on 6 June 2025. As at 31 December 2023, the facility is undrawn and will be used to fund the acquisition of OTR Group in 2024, subject to Foreign Investment Review Board (FIRB) approval.

21. Consolidated net debt

	2023 \$M	2022 \$M
Net debt		
Cash and cash equivalents	215.5	290.5
Borrowings – repayable after one year	(595.5)	–
Net debt excluding lease liabilities	(380.0)	290.5
Lease liabilities – repayable within one year	(206.8)	(172.1)
Lease liabilities – repayable after one year	(2,193.0)	(2,284.4)
Net debt including lease liabilities	(2,779.8)	(2,166.0)

Analysis of changes in consolidated net debt	Other assets		Liabilities from financing activities			Total \$M
	Cash/ overdrafts \$M	Leases due within 1 year \$M	Leases due after 1 year \$M	Borrowings due within 1 year \$M	Borrowings due after 1 year \$M	
Net debt as at 1 January 2022	96.7	(149.4)	(2,331.1)	–	(191.9)	(2,575.7)
Cash flows	193.8	156.0	–	–	195.0	544.8
Other non-cash movements	–	(178.7)	46.7	–	(3.1)	(135.1)
Net debt as at 31 December 2022	290.5	(172.1)	(2,284.4)	–	–	(2,166.0)
Cash flows	(75.0)	187.9	–	–	(600.0)	(487.1)
Other non-cash movements	–	(222.6)	91.4	–	4.5	(126.7)
Net debt as at 31 December 2023	215.5	(206.8)	(2,193.0)	–	(595.5)	(2,779.8)

22. Contributed equity and reserves

(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 Group in proportion to the number of, and amounts paid on, the shares held.

	2023 \$M	2022 \$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 31 December 2023	1,544,166,247	4,232.4

Share buy-back

During the 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 has been 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 Group 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.

	Shares	\$M
Movements in treasury shares		
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: \$3.11 per share)	4,273,843	13.3
Transfer of shares to employees	(4,487,963)	(10.1)
At 31 December 2023	6,926,461	21.4

Capital funding and financial risk management continued

22. Contributed equity and reserves continued

(c) Reserves

The following table shows a breakdown of the reserve balances and the movements in these reserves during the year.

	Post-employment benefits reserve \$M	Share-based payment reserve \$M	IPO reserve \$M	Capital Redemption Reserve \$M	Equity Investment Revaluation Reserve \$M	Total \$M
At 1 January 2022	9.7	1.7	(4,237.7)	25.2	(0.6)	(4,201.7)
Share-based payment expenses, net of tax	–	10.4	–	–	–	10.4
Issue of shares to employees	–	(3.9)	–	–	–	(3.9)
Remeasurement of retirement benefit obligations	1.6	–	–	–	–	1.6
Share buy-back	–	–	–	0.4	–	0.4
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	–	(1.8)	(1.8)
At 31 December 2022	11.3	8.2	(4,237.7)	25.6	(2.4)	(4,195.0)
Share-based payment expenses, net of tax	–	12.5	–	–	–	12.5
Issue of shares to employees	–	(9.6)	–	–	–	(9.6)
Remeasurement of retirement benefit obligations	0.7	–	–	–	–	0.7
Share buy-back	–	–	–	(2.3)	–	(2.3)
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	–	(0.6)	(0.6)
At 31 December 2023	12.0	11.1	(4,237.7)	23.3	(3.0)	(4,194.3)

IPO reserve

On 13 July 2018 the Group was part of an initial public offering ('IPO') and listed a total of 1,944,535,168 shares on the ASX. At this time a reserve was recognised representing the excess in IPO consideration over the pre-listing net book value of the Company. Applicable transaction costs were also recorded in the reserve.

Capital Redemption Reserve

Shares purchased under the buy-back program result in a reduction in equity, with the impact to the Capital Redemption Reserve being the difference between the total amounts paid to buy back each share and the initial cost per share of \$2.741. In line with accounting standard requirements, the costs associated with the share buy-back program, such as broker commission and legal fees, are also captured in the Capital Redemption Reserve.

23. Dividends declared and paid

	2023 \$M	2022 \$M
Dividends determined and paid during the year		
Fully franked dividend relating to the prior period	206.1	49.6
Interim fully franked dividend	131.3	212.6
Dividends determined and paid during the year	337.4	262.2

The Company paid a 2022 final 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 per share). Included in the \$206.1 million dividend was \$0.3 million in dividends relating to treasury shares on hand in the previous year. The net impact of the total dividend on retained earnings amounted to \$205.8 million.

In addition, in relation to the six-month period ended 30 June 2023, the Company paid an interim 2023 dividend of \$131.3 million – 8.5 cents per share to shareholders on 20 September 2023 (2022: \$212.6 million – 13.7 cents per share), with \$0.6 million in dividends related to treasury shares on hand during the year. The net impact of the total dividends on retained earnings amounted to \$130.7 million.

Subsequent to year-end the Board has determined a final dividend of 7.1 cents per fully paid ordinary share in relation to the six months ended 31 December 2023. The aggregate amount of the proposed dividend expected to be paid on 22 March 2024 out of retained earnings at 31 December 2023, but not recognised as a liability at year-end, is \$109.6 million.

Dividend franking account

The balance of the franking account of the Australian consolidated tax group, headed by Viva Energy Group Limited, is \$70.9 million at 31 December 2023 (2022: \$9.3 million) based on a tax rate of 30%. Adjusted for imputation debits that will arise from the receipt of the current income tax receivable at balance date, imputation credits of \$22.4 million are available for use in subsequent reporting periods at 31 December 2023 (2022: \$151.2 million).

24. Fair value of financial assets and liabilities

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 measurement.

Capital funding and financial risk management continued

24. Fair value of financial assets and liabilities continued

(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
31 December 2023			
Derivative assets	–	0.1	–
Derivative liabilities	–	(69.1)	–
Equity securities	5.8	–	–
Contingent consideration	–	–	20.3
Total at 31 December 2023	5.8	(69.0)	20.3
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

(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 31 December 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 earn-out period. The potential undiscounted amount payable under the agreement is between \$0 and \$25.0 million. The fair value of the contingent consideration of \$20.3 million as at 31 December 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 earn-out 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.

25. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise non-current borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group also holds lease liabilities and long-term payables. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that were derived directly from its operations. The Group also holds equity securities, derivative financial assets and enters into derivative transactions.

Exposure to foreign currency risk, interest rate risk, liquidity risk, commodity price risk and credit risk arises in the normal course of the Group's business. The Group's overall financial risk management strategy is to seek to ensure that the Group is able to fund its corporate objectives and meet its obligations to stakeholders. Derivative financial instruments may be used to hedge exposure to fluctuations, especially movements in foreign exchange rates.

Financial risk management is carried out by Group Treasury, while risk management activities in respect to customer credit risk are carried out by the Finance and Credit teams. The Group Treasury, Finance and Credit teams operate under policies approved by the Board. The teams identify, evaluate and monitor the financial risks in close cooperation with the Group's operating units.

(a) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to movements in foreign exchange rates in the normal course of its business primarily due to the fact that it purchases product and crude in United States dollars ('USD') and sells in Australian dollars ('AUD'). Any specific foreign exchange exposure that relates to borrowings is managed separately and subject to separate Board approvals.

The objective of the Group's foreign exchange program is to minimise the effect of a fluctuation in foreign exchange rates on Group earnings and its cash flows. Transactions which could be regarded as speculative are not permitted. The program of foreign exchange risk management identifies, measures, takes actions to mitigate this risk, and reports the performance of the program in a controlled and non-speculative manner. The focus is on cash flow exposures rather than just profit and loss.

The Group manages foreign currency risk by using foreign currency forward contracts to offset foreign exchange exposures. At 31 December 2023 and 2022, the Group hedged 100% of its net USD payables and this is actively managed on a daily basis through a hedge program. As at 31 December 2023, the total fair value of all outstanding foreign currency exchange forwards amounted to a \$67.9 million net liability (2022: \$21.2 million net liability).

The Group's exposure to foreign exchange rates for classes of financial assets and liabilities, including sensitivities to pre-tax profit of the Group if the AUD strengthened/weakened by 10% against the USD with all other variables held constant, is set out below. The foreign exchange program outlined is undertaken to mitigate this risk.

	2023 \$M	2022 \$M
USD denominated trade receivables (in AUD)	376.7	343.3
USD denominated trade payables (in AUD)	(2,714.5)	(2,491.2)
Net exposure	(2,337.8)	(2,147.9)
Effect in pre-tax profit		
AUD strengthens against USD by 10%	233.8	214.8
AUD weakens against USD by 10%	(233.8)	(214.8)

The Group has minimal exposure to other currencies (Euro, British Pound, Singapore Dollar and Papua New Guinea kina) with total payable balances denominated in other currencies of \$2.8 million at 31 December 2023 (2022: \$2.7 million).

Capital funding and financial risk management continued

25. Financial risk management continued

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's syndicated bank loan and cash holdings with floating interest rates.

The Group's exposure to interest rate risk for classes of financial assets and liabilities, including sensitivities to pre-tax profit of the Group if interest rates had changed by +/-1% from the year-end rates, with all other variables held constant, is set out as follows:

	2023 \$M	2022 \$M
Financial assets		
Cash and cash equivalents	215.5	290.5
Loan to related party	28.5	27.7
Total financial assets	244.0	318.2
Financial liabilities		
Long-term bank loans	595.5	–
Total financial liabilities	595.5	–
Net exposure	(351.5)	318.2
Interest rates increase by 1%	(3.5)	3.2
Interest rates decrease by 1%	3.5	(3.2)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the underlying business, the liquidity risk policy requires maintaining sufficient cash and an adequate amount of committed credit facilities to be held above the forecast requirements of the business.

The Group manages liquidity risk centrally by monitoring cash flow forecasts, maintaining adequate cash on hand and debt facilities. The debt portfolio is periodically reviewed to ensure there is funding flexibility across an appropriate maturity profile. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	No more than 1 year \$M	More than 1 year but no more than 5 years \$M	More than 5 years \$M	Total \$M
31 December 2023				
Trade and other payables	3,604.9	–	–	3,604.9
Long-term payables	–	74.5	–	74.5
Long-term bank loans	–	595.5	–	595.5
Derivative liabilities	69.1	–	–	69.1
Lease liabilities	367.5	1,422.3	1,559.3	3,349.1
Total at 31 December 2023	4,041.5	2,092.3	1,559.3	7,693.1
31 December 2022				
Trade and other payables	3,248.7	–	–	3,248.7
Long-term payables	–	43.1	120.1	163.2
Derivative liabilities	24.5	–	–	24.5
Lease liabilities	332.0	1,318.4	1,852.0	3,502.4
Total at 31 December 2022	3,605.2	1,361.5	1,972.1	6,938.8

The financial liabilities due within the next 12-month period amount to \$4,041.5 million (2022: \$3,605.2 million). The Group has current assets of \$4,125.0 million (2022: \$3,889.4 million) and a net current asset position of \$4.6 million (2022: \$140.4 million net current asset position). The Group has access to undrawn credit facilities of \$862.0 million, in place primarily for working capital purposes, and is in a position to meet its financial liability obligations as and when they fall due.

(d) Commodity price risk

The Group is exposed to the effect of changes in commodity price (i.e. oil and refined product prices) in its normal course of business.

The objective of the Group's commodity price strategy is to reduce earnings volatility as a result of movements in oil and refined product prices. The Group achieves this by:

- monitoring hydrocarbon volumes priced in and out on a monthly basis and hedging up to 100% of the net exposure; and
- monitoring expected refining margins and hedging constituent components to protect refining income, hedging up to 100% of net refinery exposure.

The Group manages commodity price exposure through the purchase or sale of swap contracts up to 36 months forward. Commodity price hedges outstanding at 31 December 2023 totalled \$0.5 million liability (2022: \$1.7 million asset).

Commodity price sensitivity analysis

The Group's exposure to commodity prices risk, including sensitivities to pre-tax profit if commodity prices had changed by +/-10% from the year-end prices, with all other variables held constant, is set out as follows:

	2023 \$M	2022 \$M
Commodity prices decrease by 10%	6.8	7.0
Commodity prices increase by 10%	(6.2)	(6.4)

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Customer credit risk

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults.

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring trade receivable expected credit losses, which uses a lifetime expected loss allowance for expected credit losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over past periods using historical data and also using forward-looking projections of customer payment expectations. Trade receivables are often insured for events of non-payment, through third party insurance, which has also been factored into the expected loss rate calculations. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The ageing profile of the receivable balance and expected credit loss rates are detailed in Note 8 *Trade and other receivables*.

Financial institution credit risk

Financial assets such as cash at bank and forward contracts are held with high credit quality financial institutions.

Maximum exposure to credit risk

The Group's maximum credit risk exposure at balance date in relation to each class of recognised financial assets, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the consolidated statement of financial position.

Taxation

26. Income tax and deferred tax

(a) Reconciliation of income tax expense at Australian standard tax rate to actual income tax expense

	2023 \$M	2022 \$M
Accounting profit before income tax expense	36.7	731.8
Tax at the Australian tax rate of 30%	(11.0)	(219.5)
Non-deductible costs	(5.5)	(6.4)
Sundry items	0.4	0.3
Adjustment relating to prior periods	3.5	4.7
Coles Express intangible write-off	(24.0)	–
Net non-refundable carry forward tax offsets	1.5	0.9
Gain on bargain purchase	1.4	2.5
Capital tax losses utilised for which no deferred tax asset was recognised	0.8	–
Income tax expense for the period	(32.9)	(217.5)

(b) Income tax benefit/(expense)

	2023 \$M	2022 \$M
Current tax expense	(20.3)	(231.3)
Deferred tax (expense)/benefit	(16.1)	9.1
Adjustment relating to prior periods	3.5	4.7
Income tax expense reported in the consolidated statement of profit or loss	(32.9)	(217.5)
<i>Deferred income tax benefit included in income tax expense comprises:</i>		
Decrease in deferred tax assets	(43.4)	(58.3)
Decrease in deferred tax liabilities	27.0	28.3
Adjustment in deferred tax relating to prior periods	0.3	39.1
	(16.1)	9.1
Tax relating to items recognised in other comprehensive income or directly in equity rather than through the statement of profit or loss		
<i>Deferred tax related to items recognised in other comprehensive income during the period:</i>		
Remeasurement of post-employment benefits	(0.3)	1.6
Remeasurement of equity investments in overseas entities	0.3	0.8
<i>Deferred tax related to items recognised directly to equity during the period:</i>		
Transaction costs recognised in equity	0.3	(4.1)
<i>Deferred tax recognised as part of business combinations:</i>		
	15.2	2.7
	(0.6)	10.1

(c) Deferred tax

	2023 \$M	2022 \$M
Deferred tax assets		
The balance comprises combined temporary differences attributable to:		
Property, plant and equipment	60.3	84.4
Lease liabilities	733.4	737.0
Inventories	101.0	110.1
Asset retirement obligation	25.3	25.1
Employee benefits	39.6	31.9
Tax losses carried forward	2.4	2.5
Derivative contracts	2.1	–
Other	4.2	7.1
Total deferred tax assets	968.3	998.1
Deferred tax liabilities		
The balance comprises combined temporary differences attributable to:		
Right-of-use assets	(608.7)	(628.6)
Intangible assets	(44.3)	(50.7)
Derivative contracts	–	(2.9)
Total deferred tax liabilities	(653.0)	(682.2)
Net deferred tax assets	315.3	315.9
Net deferred tax balances expected to be realised within 12 months	60.1	47.2
Net deferred tax balances expected to be realised after more than 12 months	255.2	268.7
	315.3	315.9

Notes to the consolidated financial statements continued

Taxation continued

26. Income tax and deferred tax continued

(d) Movements in deferred tax assets

2022 movements	Property, plant and equipment \$M	Lease liabilities \$M	Inventories \$M	Asset retirement obligations \$M	Employee benefits \$M	Tax losses carried forward \$M	Other \$M	Total \$M
Balance at 1 January 2022	88.8	744.1	120.0	27.4	26.3	3.4	6.3	1,016.3
<i>(Charged)/credited:</i>								
Acquired in business combination (VE Polymers)	0.1	–	0.2	–	2.2	–	0.2	2.7
To profit or loss	(3.1)	(7.1)	30.8	(2.3)	1.8	–	3.5	23.6
Prior period adjustments	(1.4)	–	(40.9)	–	–	0.6	0.4	(41.3)
Directly to equity	–	–	–	–	–	–	(4.1)	(4.1)
Other comprehensive income	–	–	–	–	1.6	–	0.8	2.4
Current year tax loss and carried forward tax credits/offsets	–	–	–	–	–	(1.5)	–	(1.5)
Balance at 31 December 2022	84.4	737.0	110.1	25.1	31.9	2.5	7.1	998.1

2023 movements	Derivative contracts \$M	Property, plant and equipment \$M	Lease liabilities \$M	Inventories \$M	Asset retirement obligations \$M	Employee benefits \$M	Tax losses carried forward* \$M	Other \$M	Total \$M
Balance at 1 January 2023	–	84.4	737.0	110.1	25.1	31.9	2.5	7.1	998.1
<i>(Charged)/credited:</i>									
Acquired in business combinations	–	5.7	–	–	–	9.3	–	0.4	15.4
To profit or loss	0.5	(29.8)	(3.6)	(9.1)	0.2	(1.3)	–	0.3	(42.8)
Prior period adjustments	1.6	–	–	–	–	–	–	(4.2)	(2.6)
Directly to equity	–	–	–	–	–	–	–	0.3	0.3
Other comprehensive income	–	–	–	–	–	(0.3)	–	0.3	–
Current year tax loss and carried forward tax credits/offsets	–	–	–	–	–	–	(0.1)	–	(0.1)
Balance at 31 December 2023	2.1	60.3	733.4	101.0	25.3	39.6	2.4	4.2	968.3

* At 31 December 2023 the Group had unused capital losses amounting to \$146.6 million (2022: \$134.5 million) for which no deferred tax asset of \$44.0 million (2022: \$40.4 million) has been recognised. These tax losses are not expected to expire and will be carried forward subject to satisfaction of the usual tax loss testing rules.

(e) Movements in deferred tax liabilities

	Right-of-use assets \$M	Intangible assets \$M	Derivative contracts \$M	Total \$M
2022 movements				
Balance at 1 January 2022	(657.9)	(50.4)	(2.2)	(710.5)
<i>(Charged)/credited:</i>				
To profit and loss	29.3	(0.5)	(2.7)	26.1
Prior period adjustments	–	0.2	2.0	2.2
Balance at 31 December 2022	(628.6)	(50.7)	(2.9)	(682.2)
2023 movements				
Balance at 1 January 2023	(628.6)	(50.7)	(2.9)	(682.2)
<i>(Charged)/credited:</i>				
Acquired in business combinations	–	(0.2)	–	(0.2)
To profit and loss	19.9	6.6	–	26.5
Prior period adjustments	–	–	2.9	2.9
Balance at 31 December 2023	(608.7)	(44.3)	–	(653.0)

The income tax expense for the year is the tax expense on the current year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unrecognised deferred tax assets, or liabilities such as unused tax losses.

Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax assets and liabilities are offset when there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

The Company and its wholly-owned Australian controlled entities have elected to form an income tax consolidated group (TCG).

In addition to its own current and deferred tax amounts, the Company also recognises the current income tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the TCG.

The entities in the TCG have entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current income tax payable assumed and are compensated by the Company for any current income tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the income tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Assets or liabilities arising under tax funding agreements with the entities in the TCG are recognised as current amounts receivable from or payable to other entities in the Group.

Group structure

27. Group information

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and deconsolidated from the date that control ceases.

(b) Controlled entities

The consolidated financial statements of the Group includes the controlled material entities listed below:

Name of entity	Country of incorporation/ establishment	Equity holding 2023 %	Equity holding 2022 %
Viva Energy Holding Pty Ltd	Australia	100	100
Viva Energy Australia Group Pty Ltd	Australia	100	100
Viva Energy Australia Pty Ltd	Australia	100	100
Viva Energy Aviation Pty Ltd	Australia	100	100
Viva Energy Services Pty Ltd	Australia	100	100
Viva Energy Refining Pty Ltd	Australia	100	100
Viva Energy Gas Australia Pty Ltd	Australia	100	100
VER Manager Pty Limited	Australia	100	100
ZIP Airport Services Pty Ltd	Australia	100	100
Viva Energy S.G. Pte Ltd	Singapore	100	100
Viva Energy Retail Pty Ltd	Australia	100	100
Viva Energy Polymers Holdings Pty Ltd	Australia	100	100
Viva Energy Polymers Pty Ltd	Australia	100	100
John Duff & Co Pty Ltd	Australia	100	–
John Duff & Co (Transport) Pty Ltd	Australia	100	–
Viva Energy Advanced Polymers Pty Ltd	Australia	100	–
Viva Energy Retail SMGB Pty Ltd	Australia	100	–
Skyfuel Australia Pty Ltd	Australia	100	–
Pacific Hydrocarbon Solutions Limited	Papua New Guinea	100	100
Liberty Oil Holdings Pty Ltd	Australia	100	100
Deakin Services Pty Ltd	Australia	100	100
Liberty Oil Affinity Pty Ltd	Australia	100	100
Liberty Oil City Leasing Pty Ltd	Australia	100	100
Liberty Oil Land Pty Ltd	Australia	100	100
Liberty Oil Property Pty Ltd	Australia	100	100
Tradeway Services Pty Ltd	Australia	100	100
Liberty Oil (SA) Pty Ltd	Australia	100	100
Liberty Oil (WA) Pty Ltd	Australia	100	100
Liberty Oil Corporation Pty Ltd	Australia	100	100
Liberty Oil Finance Pty Ltd	Australia	100	100
Liberty Oil Wholesale (S) Pty Ltd	Australia	100	100
Liberty Oil Express Pty Ltd	Australia	100	100
Liberty Oil Australia Pty Ltd	Australia	100	100
Westside Petroleum Consolidated Holdings Pty Limited	Australia	100	100
Westside Petroleum Pty Ltd	Australia	100	100

Name of entity	Country of incorporation/ establishment	Equity holding 2023 %	Equity holding 2022 %
Westside Petroleum Wholesalers Pty Ltd	Australia	100	100
Westside Petroleum Holdings Pty Ltd	Australia	100	100
Westside Petroleum BPM Pty Ltd	Australia	100	100
Westside Petroleum Retail 1 Pty Limited	Australia	100	100
Westside Petroleum Convenience Stores Pty Ltd	Australia	100	100
Westside Petroleum CA Fuel Retail Pty Ltd	Australia	100	100
Westside Petroleum Co Pty Ltd	Australia	100	100

(c) Interests in associates

The Group holds interest in the following investments accounted for using the equity method:

Name of entity	Country of incorporation/ establishment	Equity holding 2023 %	Equity holding 2022 %
LOC Global Pty Ltd	Australia	50	50
Fuel Barges Australia Pty Ltd	Australia	50	50

Further details regarding these investments can be found in Note 29 *Interests in associates and joint operations*.

(d) Interests in joint operations

The Group has a 52% interest in W.A.G Pipeline Pty Ltd (2022: 52%), a 50% interest in Crib Point Terminal Pty Ltd (2022: 50%) and a 33% interest in Cairns Airport Refuelling Services Pty Ltd (2022: 33%). These are classified as joint operations under AASB 11 *Joint Arrangements*. Further details regarding these investments can be found in Note 29 *Interests in associates and joint operations*.

28. Business combinations

The Group acquired a number of businesses during the year ended 31 December 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.

Notes to the consolidated financial statements continued

Group structure continued

28. Business combinations continued

(a) Coles Express continued

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

	Total provisional recognised values	Adjustments	Total final recognised values \$M
Cash and cash equivalents	22.8		22.8
Inventories	89.9	(1.9)	88.0
Prepayments	0.2		0.2
Property, plant and equipment	109.8	2.0	111.8
Intangibles – software	5.6	0.7	6.3
Right-of-use assets	63.6		63.6
Deferred tax asset	11.0	3.9	14.9
Trade and other payables	(0.3)		(0.3)
Lease liabilities – current	(9.6)		(9.6)
Lease liabilities – non-current	(54.0)		(54.0)
Provisions – current	(19.9)		(19.9)
Provisions – non-current	(9.3)		(9.3)
Net identifiable assets acquired	209.8	4.7	214.5
Goodwill on acquisition	14.1	(4.7)	9.4
Total purchase consideration	223.9	–	223.9

Recognised values

As at 31 December 2023, the confirmed final recognised values of the acquisition are outlined above. Due to the material size and timing of the acquisition, when initially reported at 30 June 2023 provisional fair value of all assets and liabilities were presented. It was disclosed that the valuation of property, plant and equipment acquired was provisional and yet to be fully completed. Since half-year reporting the provisional valuations have been finalised with the adjustments outlined above. The Group was assisted by an external valuation expert in this process.

Goodwill acquired of \$9.4 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 CGU.

Revenue contribution

Coles Express contributed revenue of \$783.9 million to the Group from the date of acquisition to 31 December 2023. If the acquisition had occurred on 1 January 2023, pro-forma revenue for the year ended 31 December 2023 would have been approximately \$1,183.8 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) John Duff

On 1 March 2023, the Group completed the acquisition of both John Duff & Co. Proprietary Limited and John Duff & Co (Transport) Pty Ltd (John Duff), a fuel distributor that commenced operations in the 1950s and services customers throughout Gippsland, Victoria, for a total purchase consideration of \$17.2 million.

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

	Total final recognised values \$M
Cash and cash equivalents	0.1
Trade and other receivables	7.6
Inventories	1.0
Prepayments	0.1
Property, plant and equipment	3.7
Right-of-use assets	2.4
Trade and other payables	(8.4)
Current tax liabilities	(0.4)
Deferred tax liabilities	(0.5)
Lease liabilities – current	(0.3)
Lease liabilities – non-current	(2.1)
Provisions – current	(0.3)
Net identifiable assets acquired	2.9
Goodwill on acquisition	14.3
Total purchase consideration	17.2

Recognised values

As at 31 December 2023, the confirmed final recognised values of the acquisition are outlined above.

Goodwill acquired of \$14.3 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&I CGU.

Revenue contribution

John Duff contributed revenue of \$87.5 million to the Group from the date of acquisition to 31 December 2023. If the acquisition had occurred on 1 January 2023, pro-forma revenue for the year ended 31 December 2023 would have been approximately \$105.0 million.

Purchase consideration of John Duff – cash outflow

	\$M
Outflow of cash on acquisition, net of cash acquired	
Purchase consideration	17.2
Adjustment for cash acquired	(0.1)
Net outflow of cash – investing activities	17.1

Acquisition-related cost

Total acquisition-related costs of \$0.1 million were incurred on the purchase of John Duff.

Group structure continued

28. Business combinations continued

(c) Other business acquisitions

During the year, the Group also acquired Skyfuel Australia Pty Ltd (Skyfuel) on 28 April 2023, Geographe Petroleum Pty Ltd on 1 August 2023 and Lyondellbasell Advanced Polyolefins Pty Ltd (LAPA) on 1 November 2023. Skyfuel is an aviation fuel distributor with a presence at a number of rural airfields in New South Wales, Victoria and Western Australia. and Geographe Petroleum, a fuel distributor, has been serving the Busselton and surrounding areas of Western Australia for over 50 years. LAPA is a polypropylene manufacturer and was previously part of the broader LyondellBasell Group along with LyondellBasell Australia (LBA) before LBA was purchased by the Group in 2022.

The total final net purchase consideration for these other acquisitions of \$14.4 million included net identifiable assets acquired of \$5.1 million, and \$13.9 million in goodwill recognised on the other acquisitions with the exception of LAPA.

A gain on bargain purchase of \$4.6 million was realised with respect to LAPA, representing the shortfall of the consideration transferred over the fair value of the net identifiable assets acquired. Examples in which a bargain purchase may occur include transactions without a competitive bidding process or when there is a forced or distressed sale. With the purchase of LyondellBasell Australia (LBA) in 2022, the Group was able to take advantage of the additional purchase opportunity of related business LAPA without a competitive process taking place, with the perceived value in the LAPA entity tied to key operations and commercial arrangements obtained from the 2022 LBA acquisition. The gain has been recognised in the period as other income within the consolidated statement of profit or loss.

	Total final purchase consideration \$M
Cash consideration	18.2
Settlement of pre-existing relationships	(3.8)
Total purchase consideration	14.4
Net identifiable assets acquired	5.1
Goodwill on acquisitions	13.9
Gain on bargain purchase	(4.6)
Total purchase consideration	14.4

Purchase consideration of other acquisitions – cash outflow

	\$M
Outflow of cash on other acquisitions, net of cash acquired	
Cash consideration	18.2
Adjustment for cash acquired	(1.0)
Net outflow of cash – investing activities	17.2

Total acquisition-related costs of \$0.5 million were incurred on the purchase of the other businesses acquired.

29. Interests in associates and joint operations

(a) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group has a non-controlling interest in the following entities which are classified as associates under the current ownership structure in accordance with AASB 128 *Investments in Associates and Joint Ventures*. These investments have been recognised in the consolidated financial statements using the equity method:

	2023 \$M	2022 \$M
LOC Global Pty Ltd	17.6	15.5
Fuel Barges Australia Pty Ltd	–	0.2
Total investments accounted for using the equity method	17.6	15.7

LOC Global Pty Ltd

LOC Global Pty Ltd ('LOC Global') is a private entity that is based in Melbourne, Australia. The Group holds 50% equity holding in LOC Global (2022: 50%) with an option to acquire the remaining 50%.

LOC Global had no contingent liabilities or capital commitments as at 31 December 2023.

	2023 \$M	2022 \$M
Movement of LOC Global investment		
Balance at the beginning of the year	15.5	16.0
Share of LOC Global profit	2.1	2.0
Distributions received	–	(2.5)
	17.6	15.5

Total share of profit in associates for the 2023 year amounted to \$1.9 million (2021: \$2.2 million profit).

Aggregate summary information of associates

This table below represents the aggregate summary information of associates. It represents the amounts shown in the most recent financial information of the associate companies in accordance with Australian Accounting Standards.

	2023 \$M	2022 \$M
Current assets	29.3	43.3
Non-current assets	146.9	170.1
Current liabilities	(99.1)	(107.8)
Non-current liabilities	(68.2)	(98.0)
Net assets	8.9	7.6
Net assets – Group's share of investment	4.5	3.8
Adjustments resulting from the equity accounting method	13.1	11.9
Carrying amount of investments accounted for using the equity method	17.6	15.7
Revenue	1,350.2	1,263.4
Net profit from continuing operations	2.8	4.1
Total comprehensive income	2.8	4.1
Distributions received from equity accounted for investments	–	2.5

Group structure continued

29. Interests in associates and joint operations continued

(b) Joint operations

Joint operations are those entities whose financial and operating policies the Group has joint control over, and where the Group has rights to the assets and obligations for the liabilities of the entity.

The Group owns a 52% interest in W.A.G Pipeline Pty Ltd (2022: 52%), a 50% interest in Crib Point Terminal Pty Ltd (2022: 50%) and a 33% interest in Cairns Airport Refuelling Services Pty Ltd (2022: 33%). The investments are incorporated in Australia with principal operations in Victoria and Cairns, and are classified as joint operations under AASB 11 *Joint Arrangements*, where the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses and has proportionately consolidated its interests under the appropriate headings in the consolidated financial statements.

The joint operations had no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

Unrecorded items and uncertain events

30. Commitments and contingencies

(a) Capital commitments

At 31 December 2023, the Group had capital expenditure contracted at the reporting date but not recognised as liabilities related to property, plant and equipment totalling \$164.4 million (2022: \$110.0 million). There are no capital commitments from associate companies at the end of the period, therefore the included amount from associates in the Group's overall amount is nil (2022: nil).

(b) Guarantees

As at 31 December 2023, guarantees amounting to \$53.9 million (2022: \$71.6 million) have been given in respect of the Group's share of workers compensation, surety for major contracts and other matters including government works.

Under the terms of the Deed of Cross Guarantee entered in accordance with ASIC Instrument 2016/785, each Australian Group entity guarantees to each creditor payment in full of any debt in accordance with the Deed. Parties to the Deed are identified in Note 33 *Deed of Cross Guarantee*.

No liabilities have been recognised in the consolidated statement of financial position in respect of financial guarantee contracts.

(c) Contingencies and other disclosures

As at 31 December 2023, the Group has contingent liabilities of \$4.0 million primarily related to legal matters that management considers it not probable that a present obligation exists (2022: \$4.4 million).

31. Events occurring after the reporting period

No matters or circumstances have arisen subsequent to the end of the financial year 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 years.

Other disclosures

32. Parent company financial information

The financial information presented below presents that of the parent entity of the Group, Viva Energy Group Limited.

	2023 \$M	2022 \$M
Statement of financial position		
Current assets	307.7	350.5
Non-current assets	4,828.2	4,816.6
Current liabilities	(411.5)	(431.6)
Non-current liabilities	(2.7)	–
Net assets	4,721.7	4,735.5
Contributed equity	4,232.4	4,247.4
IPO reserve	(70.3)	(70.3)
Employee share-based payment reserve	11.1	8.1
Capital Redemption Reserve	23.5	25.8
Retained earnings	525.0	524.5
Total equity	4,721.7	4,735.5
Results		
Profit of the Company	337.8	262.4
Total comprehensive income of the Company	337.8	262.4

33. Deed of Cross Guarantee

As at 31 December 2023, the Company (as the Holding Entity) and all the controlled entities listed in Note 27(b) *Group information* (with the exception of Viva Energy S.G. Pte Ltd, Pacific Hydrocarbon Solutions Limited, Viva Energy Gas Australia Pty Ltd and Westside Petroleum Holdings Pty Ltd) are parties to a Deed of Cross Guarantee ('Deed').

The original Deed was dated 14 December 2018, with subsequent additional Assumption Deeds actioned to include in the Deed subsidiaries acquired and or newly incorporated since the original Deed date. In the current 2023 year, John Duff & Co Pty Ltd, John Duff & Co (Transport) Pty Ltd, Viva Energy Advanced Polymers Pty Ltd, Viva Energy Retail SMGB Pty Ltd and Skyfuel Australia Pty Ltd were joined as parties to the Deed by Assumption Deeds on 15 December 2023.

Under the Deed, each company guarantees the debts of the others to each creditor payment in full of any debt in accordance with the terms of the Deed.

By entering into the Deed, the controlled entities have been relieved from the requirement to prepare a Financial Report and Directors' Report under Instrument 2016/785 issued by the Australian Securities and Investments Commission ('Instrument'). The companies referred to above represent a 'Closed Group' for the purposes of the Instrument.

Notes to the consolidated financial statements continued

Other disclosures continued

33. Deed of Cross Guarantee continued

The aggregate assets and liabilities of the companies which are party to the Deed and the aggregate of their results for the period to 31 December 2023 and 2022 are set out below:

	2023 \$M	2022 \$M
Revenue	26,612.8	26,421.7
Cost of goods sold	(24,268.6)	(24,012.7)
Gross profit	2,344.2	2,409.0
Net gain/(loss) on other disposal of property, plant and equipment	0.8	(6.5)
Gain on bargain purchase	4.6	8.4
Other income	80.0	–
Other gains and losses	85.4	1.9
Transportation expenses	(451.8)	(389.9)
Salaries and wages	(562.4)	(319.6)
General and administration expenses	(347.9)	(231.0)
Maintenance expenses	(165.2)	(131.3)
Lease-related expenses	(8.2)	(11.6)
Sales and marketing expenses	(163.4)	(125.7)
	730.7	1,201.8
Impairment expense	(79.9)	–
Interest income	12.1	4.7
Share of profit in associates	1.9	2.2
Realised/unrealised (loss)/gain on derivatives	(28.4)	45.4
Net foreign exchanges gain	52.5	49.9
Depreciation and amortisation expenses	(437.9)	(397.9)
Finance costs	(242.2)	(201.2)
Profit before income tax expense	8.8	704.9
Income tax expense	(24.9)	(210.5)
(Loss)/profit after tax	(16.1)	494.4

	2023 \$M	2022 \$M
ASSETS		
Current assets		
Cash and cash equivalents	214.3	289.8
Trade and other receivables	1,986.2	1,995.5
Inventories	1,797.5	1,560.8
Assets classified as held for sale	42.0	1.9
Derivative assets	0.1	3.3
Prepayments	40.2	29.8
Current tax asset	53.0	–
	4,133.3	3,881.1
Non-current assets		
Long-term receivables	21.9	48.8
Property, plant and equipment	2,061.8	1,635.1
Right-of-use assets	1,929.8	2,028.2
Goodwill and other intangible assets	531.7	599.6
Post-employment benefits	6.6	7.0
Investments accounted for using the equity method	17.6	15.7
Financial assets at fair value through other comprehensive income	5.8	6.6
Net deferred tax assets	311.3	314.2
Other non-current assets	0.7	4.9
	4,887.2	4,660.1
Total assets	9,020.5	8,541.2
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	3,715.5	3,325.7
Provisions	193.6	161.8
Short-term lease liabilities	201.5	167.3
Liabilities directly associated with assets held for sale	46.0	–
Derivative liabilities	69.1	24.5
Current tax liabilities	–	139.2
	4,225.7	3,818.5
Non-current liabilities		
Provisions	90.2	84.0
Long-term borrowings	595.5	–
Long-term lease liabilities	2,124.2	2,211.0
Long-term payables	69.8	142.9
	2,879.7	2,437.9
Total liabilities	7,105.4	6,256.4
Net assets	1,915.1	2,284.8
Equity		
Contributed equity	4,228.2	4,243.2
Treasury shares	(21.4)	(18.2)
Reserves	(4,194.3)	(4,195.0)
Retained earnings	1,902.6	2,254.8
Total equity	1,915.1	2,284.8

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34. Post-employment benefits

(a) Superannuation plan

The main provider of superannuation benefits in the Group is the Viva Energy Superannuation Fund ('VESF'). This fund was established on 1 August 2014, and provides a mixture of defined benefits and accumulation style benefits. Currently, the principal type of benefits provided under the VESF (to eligible members) is a lump sum, pension or lump sum and accumulation benefits. Lump sum and pension benefits are based primarily on years of service and the highest average salary of the employee.

The Viva Energy Superannuation Plan ('Plan') is a sub-plan in the Plum Division of the MLC Super Fund which is operated by NULIS Nominee (Australia) Limited (the Trustee). The Plan is a 'regulated fund' under the provision of the *Superannuation Industry (Supervision) Act 1993*. The Plan is treated as a complying defined benefit superannuation fund for taxation purposes.

The Group's superannuation plan has a defined benefit section and also a defined contribution section. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The defined benefit section was closed to new members in 1998.

(b) Defined benefit superannuation – significant estimate

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit superannuation section is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. These complexities expose the Group to a number of risks, including asset value volatility, variations in interest rates, inflation and fluctuations in life expectancy expectations. Recognising this, the Group has moved away from providing defined benefits pensions and the scheme has been closed to new entrants for many years. All assumptions used in the valuation are reviewed at each reporting date.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and recognised as remeasurement of retirement benefit obligations in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit or loss within salaries and wages as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

The following sets out details in respect of the defined benefit section only.

Amounts recognised in consolidated statement of financial position

	2023 \$M	2022 \$M
Present value of defined benefit obligation	(61.6)	(69.0)
Fair value of defined benefit plan assets	68.2	76.0
Net defined benefit asset recognised in the consolidated statement of financial position	6.6	7.0

Changes in the defined benefit obligation and fair value of plan assets

	Present value of defined benefit obligation		Fair value of defined benefit plan assets	
	2023 \$M	2022 \$M	2023 \$M	2022 \$M
Balance at 1 January	(69.0)	(81.6)	76.0	88.4
Current service cost	(2.6)	(3.0)	–	–
Net interest on the defined benefit (liability)/asset	(3.3)	(1.9)	3.6	2.0
Return on assets less interest income	–	–	(0.1)	(3.3)
Actuarial gain – change in financial assumptions	0.2	6.1	–	–
Actuarial gain/(loss) – experience adjustments	1.0	(0.5)	–	–
Benefits paid	12.4	12.2	(12.4)	(12.2)
Employer contributions	–	–	0.8	0.8
Employee contributions	(0.3)	(0.3)	0.3	0.3
Balance at 31 December	(61.6)	(69.0)	68.2	76.0

Amounts recognised in consolidated statement of profit or loss

	2023 \$M	2022 \$M
Amounts recognised in profit or loss		
Service cost	1.7	2.3
Member contributions	(0.2)	(0.3)
Plan expenses	1.1	1.0
Current service cost	2.6	3.0
Net interest on the new defined benefit asset	(0.3)	(0.1)
Components of defined benefit cost recorded in profit or loss	2.3	2.9
Amounts recognised in other comprehensive income		
Remeasurement of the net defined benefit liability:		
Return on assets less interest income	0.2	3.3
Actuarial gain – change in financial assumptions	(0.3)	(6.1)
Actuarial (gain)/loss – experience adjustments	(1.0)	0.5
Tax on remeasurement of defined benefit obligation	0.4	0.7
Components of defined benefit cost recorded in other comprehensive income	(0.7)	(1.6)

The major categories of plan assets of the fair value of the total plan assets are, as follows:

	2023 \$M	2022 \$M
Australian equities	6.1	6.8
International equities	8.9	10.7
Property	5.5	6.1
Fixed income bonds	29.3	35.7
Index linked bonds	3.4	–
Cash	15.0	16.7
Total plan assets	68.2	76.0

Other disclosures continued

34. Post-employment benefits continued

(b) Defined benefit superannuation – significant estimate continued

The Group agreed to pay nil contributions to the plan in 2023 (2022: nil). The Group did pay contributions to cover administration expenses and premiums relating to the plan in 2023 and 2022. The following payments are expected to be contributed to the defined benefit plan in future years:

	2023 \$M	2022 \$M
Within the next 12 months	0.8	0.8
Between 2 and 5 years	1.7	2.1
Between 5 and 10 years	0.4	0.7
Beyond 10 years	0.1	0.1
Total expected payments	3.0	3.7

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.3 years (2022: 4.4 years).

Actuarial assumptions

The principal assumptions used in determining benefit obligations for the Group's Plan are shown below:

	2023 %	2022 %
Discount rate	5.3	5.3
Expected rate of salary increases	3.5	3.5
Pension increase rate	2.8	3.0

Pensioner mortality has been assumed following the mortality under the Australian Life Tables 2015-17. Significant assumptions used to determine the present value of the defined benefit obligation are the discount rate and expected salary increases.

The sensitivity analysis shown below has been based on reasonable possible changes of the assumptions occurring at the end of the reporting period:

	Impact on defined benefit obligation	
	2023 \$M	2022 \$M
Discount rate:		
1.0% increase	(2.4)	(2.8)
1.0% decrease	2.7	3.2
Expected rate of salary increases:		
1.0% increase	1.2	1.5
1.0% decrease	(1.1)	(1.4)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

35. Related party disclosures

Note 27 *Group information* provides information about the Group's structure, including details of the subsidiaries and the parent entities.

Entities in the Group engage in a variety of related party transactions as part of the normal course of business. They supply products to related entities and overseas related corporations outside of the Group, and purchase crude and products from, and pay service fees to, overseas related corporations.

- All related party transactions are conducted at arm's length on a commercial basis.
- Outstanding receivables and payables at the year-end are unsecured and interest free and settlement occurs in cash.
- For the year ended 31 December 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties, nor has there been any expenses recognised during the period in respect of bad or doubtful debts written off from related parties (2022: nil).
- The assessment of related party receivables is undertaken on an ongoing basis each financial year through examining the financial position of the related party and the market in which the related party operates.
- Loans to associates are unsecured, have a two-year maturity profile, with components of fixed and market driven floating interest rates.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(a) Transactions with related parties

	2023 \$'000	2022 \$'000
Sales and purchases of goods and services		
Purchases	17,468,497	17,113,150
Sales of goods and services	1,616,446	1,020,233
Sale of assets	–	6,963
Outstanding balances arising from sales/purchases of goods and services		
Receivables	160,047	137,567
Payables	2,371,917	2,136,563

(b) Transactions with associates

	2023 \$'000	2022 \$'000
Sales and purchases of goods and services		
Purchases	5,309	8,343
Sales of goods and services	1,324,132	1,212,299
Other transactions		
Interest income from associates	2,354	1,554
Lease expense paid to associates	144	32
Dividends from associates	–	2,520
Outstanding balances arising from sales/purchases of goods and services		
Receivables	60,608	56,340
Payables	17	12

Other disclosures continued

35. Related party disclosures continued

(c) Loans to associates

	2023 \$'000	2022 \$'000
Loans to associates		
Beginning of the year	27,666	26,813
Interest income	2,354	1,554
Interest received	(1,119)	(701)
End of the year	28,901	27,666

(d) Transactions with Key Management Personnel or entities related to them

Executive Directors of controlled entities are entitled to receive discounts on their purchases of Company products under the same conditions as are available to all other employees of the Group. The terms and conditions of the transactions with Directors or their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities or on an arm's length basis. Dealings between the Group and various related companies are identified in this note.

One Director holds a directorship within the Vitol group of companies and any transactions entered into by the Group with the Vitol group of companies are in the ordinary course of business and are at arm's length.

(e) Key Management Personnel compensation

	2023 \$'000	2022 \$'000
Short-term employee benefits	4,947	4,184
Long-term employee benefits	75	(57)
Post-employee benefits	146	95
Employee option plan	4,037	3,589
Total compensation paid to Key Management Personnel	9,205	7,811

(f) Long Term Incentive Plan (LTI)

The Company has a Long Term Incentive (LTI) Plan to assist in the motivation, retention and reward of eligible employees. The LTI plan is designed to reward long-term performance, provide alignment with the interest of shareholders, and encourage long-term value creation. The amount of rights that will vest depends on the Company's relative total return to shareholders (TSR), free cash flow (FCF) and return on capital employed (ROCE).

A Performance Right entitles the participant to acquire one ordinary share for nil consideration at the end of the performance period, subject to the satisfaction of the performance conditions. The Board retains discretion to make a cash payment to participants on vesting of Performance Rights in lieu of an allocation of shares.

Performance Rights are granted under the plan for no consideration and carry no dividend or voting rights. Set out below are summaries of rights granted under the plan:

	2023 Number of rights	2022 Number of rights
Balance at the start of the financial year	6,992,697	5,940,889
Granted during the year	2,249,373	2,449,902
Vested during the year	(1,713,010)	(699,045)
Forfeited during the year	(329,592)	(699,049)
Balance at the end of the financial year	7,199,468	6,992,697

The following performance rights arrangements were in existence at the end of the year:

Tranche	Grant date	Fair value range at grant date	Number of Performance Rights outstanding	
			31-Dec-23	31-Dec-22
FY20 Tranche #1	18-Feb-20	\$0.47 – \$1.49	–	750,763
FY20 Tranche – CEO	6-Jul-20	\$0.91 – \$1.58	–	556,121
FY20 Tranche – CFO	18-Feb-20	\$1.06 – \$1.73	–	301,232
FY20 Tranche #2	8-Oct-20	\$0.91 – \$1.58	–	201,245
FY21 Tranche #1	19-Feb-21	\$0.86 – \$1.50	1,745,543	1,827,933
FY21 Tranche #2	26-May-21	\$1.18 – \$1.50	905,501	905,501
FY22 Tranche #1	7-Mar-22	\$1.50 – \$1.98	1,375,414	1,526,265
FY22 Tranche #2	24-May-22	\$2.13 – \$2.42	923,637	923,637
FY23 Tranche #1	22-Feb-23	\$1.32 – \$2.46	1,416,481	–
FY23 Tranche #2	23-May-23	\$2.02 – \$2.75	832,892	–
			7,199,468	6,992,697

Fair value of Performance Rights

The FY23 LTI Plan Performance Rights with the relative TSR hurdle vesting condition have been valued by an independent expert using a hybrid trinomial option model. This model uses a combination of Monte Carlo simulation and a trinomial lattice to model the performance of the Company's shares and the individual shares within the entities in the S&P/ASX 100 index. The FY23 LTI Plan Performance Rights with FCF, ROCE and strategic hurdles are valued using a hybrid employee stock option model with a single share price target. Specifically, this model adjusts the spot prices as at the valuation date for expected dividends during the vesting period.

Model inputs for Performance Rights granted during the year included:

Grant date	Share price at grant date	Expected life (years)	Volatility	Risk-free rate of return	Dividend yield	Vesting date
22-Feb-23	\$2.94	2.85	30%	3.52%	5.80%	1-Jan-26
23-May-23	\$3.23	2.61	30%	3.36%	5.30%	1-Jan-26

(g) Deferred Share Rights issued

During the period the Company issued share rights to certain employees. Subject to satisfaction of service conditions, a Share Right entitles the participant to receive one ordinary share for nil consideration on vesting. Share Rights carry no dividend or voting rights; however, holders are entitled to a dividend equivalent payment.

The table below sets out the number share rights granted under the plan:

	2023 Number of rights	2022 Number of rights
Balance at the start of the financial year	3,905,964	3,637,913
Granted during the year	2,784,301	2,395,002
Vested during the year	(2,702,799)	(1,998,638)
Lapsed during the year	(41,514)	(128,313)
Balance at the end of the financial year	3,945,952	3,905,964

Notes to the consolidated financial statements continued

Other disclosures continued

35. Related party disclosures continued

(g) Deferred share rights issued continued

The following deferred share rights arrangements were in existence at the end of the year:

Tranche	Grant date	Fair value range at grant date	Number of deferred share rights outstanding	
			31-Dec-23	31-Dec-22
FY21 Tranches #1	19-Feb-21	\$1.72	–	1,535,260
FY21 Tranches #3	8-Nov-21	\$1.72	–	21,394
FY22 Tranches #1	17-Feb-22	\$2.50	248,633	521,877
FY22 Tranches #2	21-Feb-22	\$2.46	544,130	1,088,260
FY22 Tranches #3	22-Feb-22	\$2.44	–	108,070
FY22 Tranches #4	9-Mar-22	\$2.33	385,319	631,102
FY23 Tranches #1	17-Feb-23	\$3.01	548,264	–
FY23 Tranches #2	20-Feb-23	\$3.03	850,062	–
FY23 Tranches #3	10-Mar-23	\$3.01	977,601	–
FY23 Tranches #4	27-Feb-23	\$2.94	150,364	–
FY23 Tranches #5	12-Sep-23	\$2.93	241,579	–
			3,945,952	3,905,963

Fair value of deferred share rights

The deferred share rights were valued using the share spot price as at the valuation date.

(h) Legacy LTI

Section 10.4.3 of the Prospectus described the Legacy LTI introduced by Viva Energy Holdings Pty Ltd (VEH) in 2015. Under that plan options over preference shares in VEH were issued to certain participants, including the CEO and CFO. At, or around the time, of the Company's listing on the ASX in 2018, outstanding VEH Options were acquired by the Company and, as consideration, options over shares in the Company were issued to Legacy LTI participants (Legacy LTI options). For further information, refer to the Company's Prospectus. All offers under the Legacy LTI were made in the years prior to Listing and no further offers will be made under this plan. As at 31 December 2023 there were no Legacy LTI options outstanding.

The table below sets out information in relation to the Legacy LTI options.

	2023 Number of options	2022 Number of options
Balance at the start of the financial year	–	384,524
Exercised during the year	–	(384,524)
Balance at the end of the financial year	–	–

Total expenses arising from employee plan transactions recognised during the 2023 year was \$12,479,708 (2022: \$10,343,665).

36. Auditor's remuneration

The auditor of the Company and the Group is PricewaterhouseCoopers Australia ('PwC'). The following fees were paid or payable to PwC for services provided to the Company and the Group.

	2023 \$	2022 \$
Audit or review services:		
<i>PricewaterhouseCoopers Australia</i>		
Audit or review of financial reports of the Group	1,606,000	948,000
<i>Overseas PricewaterhouseCoopers firms</i>		
Audit or review of financial reports of the Group*	57,473	52,504
Non-audit services:		
<i>PricewaterhouseCoopers Australia</i>		
Other assurance services	493,773	180,185
Other services	50,840	60,125
Total	2,208,086	1,240,814

2023 Audit or review services include \$70,000 additional work for the 2022 audit (2022: \$30,000 for the 2021 audit).

* Fees paid to PricewaterhouseCoopers overseas firms for the audit of Viva Energy S.G. Pte Ltd and Pacific Hydrocarbon Solutions Limited.

The Directors have formed the view, based on advice from the Risk and Audit Committee, that the provision of non-audit services during the 2023 financial year was compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001*. The non-audit services provided did not involve the external auditor reviewing or auditing its own work or acting in a management or decision-making capacity for the Company, or otherwise could reasonably be expected to compromise its independence.

No officer of the Company was a partner or director of PricewaterhouseCoopers during the financial year. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 67.

Directors' declaration

This Directors' declaration is required by the *Corporations Act 2001*.

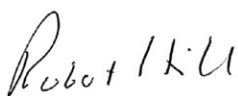
The Directors declare that in their opinion:

- (a) the consolidated financial statements and notes of the Viva Energy Group for the year ended 31 December 2023 set out on pages 69 to 127 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001*;
 - (ii) giving a true and fair view of the Viva Energy Group's financial position as at 31 December 2023 and of its performance for the year ended on that date;
- (b) there are reasonable grounds to believe that the Viva Energy Group will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 33 *Deed of Cross Guarantee* to the financial statements will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee described in Note 33 *Deed of Cross Guarantee* to the financial statements.

The *Basis of preparation* on page 74 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 31 December 2023.

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



Robert Hill
Chairman



Scott Wyatt
CEO and Managing Director

21 February 2024



Independent auditor's report

To the members of Viva Energy Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Viva Energy Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter

How our audit addressed the key audit matter

Business combination accounting (Refer to note 28) \$223.9m

The Group acquired the Coles Express Retail business on 1 May 2023, for total purchase consideration of \$223.9m, as described in note 28 of the financial report.

The accounting for the acquisition was a key audit matter because it was a significant transaction in the year given the financial and operational impacts on the Group.

The Group made judgements when accounting for the acquisition, which included estimating the fair value of assets and liabilities acquired. The Group was assisted by an external valuation expert in this process.

Assisted by our PwC valuation experts in aspects of our work, our procedures included the following, amongst others:

- Evaluating the identification of the assets and liabilities acquired against the requirements of Australian Accounting Standards;
- Assessing the fair values of the acquired assets and liabilities recognised, including:
 - Considering key assumptions used in estimating the fair values;
 - Considering the valuation methodologies applied; and
 - Assessing the competence, capability and objectivity of the Group's experts.
- Considering the reasonableness of the business combination disclosures in accordance with the requirements of Australian Accounting Standards.



Key audit matter

How our audit addressed the key audit matter

Refining assets recoverable amount assessment
(Refer to note 11) \$767.9m

Assisted by our PwC valuation experts in aspects of our work, our procedures included the following, amongst others:

As at 31 December 2023, the Group's property, plant and equipment includes refining assets with a net book value of \$767.9m.

- Evaluating the forecast cash flows used in the value in use calculation for consistency with the Group's budget and business plan formally approved by the Board of Directors;
- Assessing the Group's historical ability to forecast cash flows by comparing budgets to reported actual results;
- Assessing the appropriateness of the key assumptions that were applied in the value in use calculation; and
- Considering the reasonableness of the disclosures in accordance with the requirements of Australian Accounting Standards.

Under Australian Accounting Standards, each period the Group is required to assess all property, plant and equipment for impairment indicators. As set out in note 11 of the financial report, the Group determined there to be an indicator of impairment in the current period and calculated the recoverable amount of the refining assets based on a value in use calculation.

This was a key audit matter as the Group was required to make judgements on assumptions in the calculation of the recoverable amount.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report and a limited assurance conclusion on Subject Matter Information as detailed in our limited assurance report separately included within the annual report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of Viva Energy Group Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Trevor Johnston
Partner

Melbourne
21 February 2024

Disclosures

On 11 July 2018, the Company was granted certain waivers by ASX from ASX Listing Rule 10.1. The following information is required to be disclosed in the Annual Report by the terms of the waivers.

Summary of material terms of certain supply agreements with affiliates of Vitol Holding B.V.

Members of the Group and affiliates of Vitol Holding B.V. are parties to a number of contractual arrangements, including the following material contracts:

- Vitol Asia Pte Ltd (Vitol Asia) and Viva Energy SG Pte Ltd are parties to a fuel supply agreement dated 18 June 2018 (Vitol Fuel Supply Agreement);
- Vitol Aviation BV (Vitol Aviation) and Viva Energy Aviation Pty Ltd (Viva Aviation) are parties to an agreement relating to the supply of aviation fuel dated 23 April 2018 (Vitol Aviation Fuel Supply Agreement); and
- Vitol Asia and Viva Energy Australia Pty Ltd are parties to a standard-form ISDA Master Agreement dated 13 August 2014 (Hedge Agreement).

Vitol Fuel Supply Agreement

Overview

Under the Vitol Fuel Supply Agreement, Vitol Asia agrees to supply to Viva Energy, and Viva Energy agrees to purchase (and to ensure that each other member of the VEA Group purchases) from Vitol, the following products:

- all of Viva Energy's requirements for feedstock for its refining operations, including crude oil and condensate (Feedstock), subject to certain exceptions; and
- all of the hydrocarbon products (other than Feedstock) required by the VEA Group for its Australian operations, except for products produced by the VEA Group's refining operations, products purchased under 'buy-sell' agreements with local refiners, and any lubricant products purchased from Shell Markets (Middle East) Limited under an Agreement for the Sale and Distribution of Lubricants (Shell Lubricants Agreement) (collectively, Product).

Exclusivity arrangements

Pursuant to the Vitol Fuel Supply Agreement, Viva Energy agrees that it will not (and will ensure that each other member of the VEA Group does not), except with the prior written consent of Vitol Asia but subject to certain exceptions, acquire product from any third party or acquire any interest in a third-party supplier of product which is inconsistent with Viva Energy's obligations under the agreement. Further, Viva Energy agrees that if it or any member of the VEA Group wishes to sell any Products which are ultimately exported out of Australia, Vitol Asia shall be the sole and exclusive market interface for all such sales on terms to be mutually agreed.

In addition, if any member of the Group at any time seeks to purchase any lubricants of the kind purchased by Viva Energy under the Shell Lubricants Agreement other than pursuant to the terms of that agreement, Vitol Asia shall, to the maximum extent permitted by law, be the exclusive supplier of such lubricants to Viva Energy on terms to be mutually agreed by the parties but based on the terms of the Vitol Fuel Supply Agreement.

For the purposes of the above paragraphs, VEA Group means the Company and each of its direct and indirect holding companies and subsidiaries, and subsidiary undertakings and associated companies from time to time of such holding companies.

Term and termination

The initial term of the Vitol Fuel Supply Agreement is 10 years, which Vitol Asia may renew for a further period of five years and which, following such renewal, the parties may renew again for a further period of five years by mutual agreement¹.

The Vitol Fuel Supply Agreement may be terminated in the following circumstances:

- by the non-defaulting party, if the defaulting party becomes insolvent or fails to pay any amount due under the agreement;
- by the non-defaulting party, if Vitol Asia fails to deliver, or Viva Energy fails to take delivery of, for reasons other than 'Force Majeure', at least 75% of the aggregate quantities of Product nominated or agreed for delivery and receipt in a month for six or more consecutive months;
- by either party giving not less than 12 months' notice, if Vitol Asia announces that it intends to discontinue its Product trading business serving Australia; and
- by Vitol Asia, in the event of Viva Energy's breach of certain of its obligations under the Vitol Fuel Supply Agreement (including its obligations under the exclusivity arrangements), any event of default or review event under Viva Energy's financing arrangements, and certain other termination events.

1. Renewal of the Vitol Fuel Supply Agreement will be subject to shareholder approval, should ASX Listing Rule 10.1 apply at that time.

Pricing terms

Under the Vitol Fuel Supply Agreement, the price for each delivery of Product is, or is determined by reference to, a price mutually agreed by the parties based on prevailing market conditions, the actual price at which the relevant Vitol entity acquired the Product or the average price in the relevant index for the Product plus reasonable financing and handling costs and the cost of freight and logistics, as well as applicable market and quality premiums/discounts.

Procurement fee

The parties have agreed that no procurement fee will be payable to Vitol Asia during the first five years of the term of the Vitol Fuel Supply Agreement. A procurement fee may be payable following this period, if mutually agreed by the parties and determined on the basis of prevailing market conditions. No procurement fee is payable for the period up to 31 December 2024.

Title and risk

Title to the Product in each shipment passes from Vitol Asia to Viva Energy as the Product passes on to the ship at the load port. All risk in the Product in each shipment passes to Viva Energy on and from that time.

Shortfall

If, except to the extent that such was caused by Viva Energy, Vitol Asia is unable to source or deliver sufficient Product to meet any shipment that has been nominated by Viva Energy, then to the extent of such shortfall, Viva Energy may, with the prior written consent of Vitol Asia (not to be unreasonably withheld or delayed), enter into a short-term agreement for the supply of such Product shortfall.

Guarantee

Under a separate but related document, certain members of the Group (including Viva Energy Holdings Pty Ltd and Viva Energy Australia Group Pty Ltd) have guaranteed to Vitol Asia the due and punctual performance and observation by Viva Energy of its obligations under the Vitol Fuel Supply Agreement. The Company is a guarantor in respect of those obligations.

Vitol Aviation Fuel Supply Agreement

Overview

Under the Vitol Aviation Fuel Supply Agreement:

- Viva Aviation agrees to provide refuelling services on behalf of Vitol Aviation to Vitol Aviation's international customers that require such services (Refuelling Services) and, among other things, must establish and maintain or otherwise ensure access and use of facilities at airports necessary to deliver aviation fuel to Vitol Aviation's customers; and
- Vitol Aviation is responsible for managing its international customer accounts in connection with the Refuelling Services.

Term and termination

The Vitol Aviation Fuel Supply Agreement remains in force until terminated in accordance with its terms, including for convenience by either party upon 12 months' notice, such notice not to be given prior to the fourth anniversary of the commencement of the agreement².

The Vitol Aviation Fuel Supply Agreement may also be terminated in the following circumstances:

- where the other party commits a material breach of the agreement, which is not remedied;
- where the other party repudiates the contract;
- where an 'Insolvency Event' occurs in respect of the other party; or
- where the other party suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business.

Exclusivity

Vitol Aviation agrees to not utilise any party other than Viva Aviation in the provision of services similar to the Refuelling Services within Australia, unless and except to the extent that Viva Energy is unable to perform the agreed services.

Pricing

Vitol Aviation and Viva Aviation must use reasonable endeavours to agree on a fuel rate and commission rate in connection with each customer tender. Viva Aviation must invoice Vitol Aviation on a monthly basis in respect of sales to Vitol Aviation's customers, and Vitol Aviation is entitled to receive the agreed commission and fuel rate in respect of each such sale.

Hedge agreement

Vitol Asia and Viva Energy Australia Pty Ltd are parties to a standard-form ISDA Master Agreement pursuant to which Viva Energy hedges the price risks associated with the volatility of crude oil pricing. Each member of the Group has provided a guarantee to Vitol Asia in respect of Viva Energy's performance under this agreement. The agreement will remain on foot until terminated by agreement of the parties or otherwise in accordance with its terms.

2. Continuation of the Vitol Aviation Fuel Supply Agreement for any period beyond the 10-year anniversary of the Company's listing on the ASX will be subject to shareholder approval, should ASX Listing Rule apply at that time.

Independent assurance statement



To the Board of Directors of Viva Energy Group Limited

Independent Limited Assurance Report on identified Subject Matter Information in Viva Energy Group Limited's Annual Report 2023

The Board of Directors of Viva Energy Group Limited (**Viva Energy Group**) engaged us to perform an independent limited assurance engagement in respect of the identified Subject Matter Information in its Annual Report 2023 for the year ended 31 December 2023 (the **Subject Matter Information**).

Subject Matter Information and Criteria

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria. The Subject Matter Information is set out in the table below:

Table 1

Entity (consolidated)	Subject Matter Information for the year ended 31 December 2023 unless otherwise stated
Viva Energy Group Limited	<ul style="list-style-type: none"> Total Recordable Injuries Frequency Rate (per million hours) – 7.20 Total Tier 1 Process Safety Events – 1 Total Tier 2 Process Safety Events – 2 Significant spills – 6 <p>For the year ended 30 June 2023:</p> <ul style="list-style-type: none"> Scope 1 and Scope 2 Total GHG emissions – 1,299,183 tCO₂-e <p>As at 31 December 2023:</p> <ul style="list-style-type: none"> Female representation in Senior Leadership Team – 46%
Viva Energy Group Limited (excluding Viva Energy Retail Pty Ltd)	<ul style="list-style-type: none"> Total Lost Time Injuries – 19 Total Lost Time Injuries Frequency Rate (per million hours) – 3.09 Total Recordable Injuries Frequency Rate (per million hours) – 7.16

The criteria used by Viva Energy Group to prepare the Subject Matter Information is set out within 'Glossary and Definitions' on pages 140 to 141 of the Annual Report 2023 (the **Criteria**).

The maintenance and integrity of Viva Energy Group's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on Viva Energy Group's website.

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Our assurance conclusion is with respect to the year ended 31 December 2023, or for the period specified within Table 1, and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Annual Report 2023.

Responsibilities of management

Viva Energy Group management is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to Viva Energy Group and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Criteria.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Those standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria, for the year ended 31 December 2023, or for the period specified within Table 1.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.



In carrying out our limited assurance engagement our procedures included:

- Enquiring of relevant management of Viva Energy Group regarding the processes and controls for capturing, collating, calculating, and reporting the Subject Matter Information, and evaluating the design and operational effectiveness of selected controls;
- Testing the classification of incidents included within the calculation of the Subject Matter Information, on a sample basis, to relevant underlying records including medical records and incident reports;
- Testing the exposure hours used within the calculation of the Subject Matter Information, on a sample basis, to relevant underlying contractor and swipe card data;
- Testing the arithmetic accuracy of a sample of calculations of the Subject Matter Information;
- Assessing the appropriateness of the greenhouse gas emission factors and methodologies applied in calculating the Subject Matter Information;
- Assessing the appropriateness of a selection of estimates and assumptions applied by management in the preparation of the Subject Matter Information;
- Agreeing the Subject Matter Information to underlying data sources and calculations;
- Undertaking analytical procedures over the performance data utilised within the calculations and preparation of the Subject Matter Information; and
- Assessing the disclosure and presentation of the Subject Matter Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter Information with the Criteria, as it is limited primarily to making enquiries of management and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time. In addition, GHG quantification is subject to inherent uncertainty because of evolving knowledge and information used in estimating emissions factors and the values needed to combine emissions of different gases.

The limited assurance conclusion expressed in this report has been formed on the above basis.



Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria for the year ended 31 December 2023, or for the period specified within Table 1.

Use and distribution of our report

We were engaged by the board of directors of Viva Energy Group on behalf of Viva Energy Group to prepare this independent assurance report having regard to the Criteria specified by Viva Energy Group and set out within 'Glossary and Definitions' on pages 140 to 141 of the Annual Report 2023. This report was prepared solely for the Directors of Viva Energy Group for the purpose of providing limited assurance on the Subject Matter Information and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than Viva Energy Group in connection with this report or to Viva Energy Group for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than Viva Energy Group and if anyone other than Viva Energy Group chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than Viva Energy Group receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Melbourne
21 February 2024

Glossary and definitions

Indicator or term	Definition
Community Contribution	Community contribution consists of community partnerships, grants, customer donations, payroll donations, employee fundraising, fuel rebates for major community partners.
Emissions Intensity	Measures the emissions intensity for the Geelong Refinery and is calculated as the operational emissions per unit energy of its high value products, for the period 1 July – 30 June. This is calculated by dividing the combined Scope 1 and Scope 2 emissions of the refinery, by the energy content of high value refinery products, and is expressed in t CO ₂ -e/TJ. Scope 1 and 2 emissions are calculated in line with the <i>National Greenhouse and Energy Reporting (NGER) (Measurement) Determination 2008</i> .
Energy Intensity Index	Measures the energy intensity based on the Solomon Associates global refinery benchmarking Energy Intensity Index (EII®) Methodology. This is calculated by dividing the energy consumed by the energy standard for the specific individual refinery configuration. This data relates to the calendar year ended 31 December.
Environmental Non-Compliance	Number of incidents resulting in any failure to comply with an environmental law, regulation or permit requirement, which must be reported to the regulator; or breaches of a specific air emission or water discharge limit, even if reporting to the regulator is not required; or resulting in an official notice of violation, citation, fine or penalty.
Environmental Non-compliance Sanctions	Number of environmental non-compliance sanctions which occurred in the reporting year and resulted in the issue of a fine, prosecution, enforceable undertaking or impact on licence to operate. This number does not include any pending proceedings.
Gender Pay Gap	The gender pay gap represents the total remuneration pay gap (expressed as a percentage) between women and men. As calculated by the Workplace Gender Equality Agency (WGEA) Viva Energy Australia's 2023 total remuneration gender pay gap was 10.8% (mean). In February WGEA published the median total remuneration pay gap (11.4%). As a result of this change in reporting methodology, the figure reported for 2022 is not directly comparable with previous reporting years. For more information on pay gap figures for the Group's individual entities please refer to our WGEA reports at vivaenergy.com.au/investor-centre/company-reports .
Hazardous waste	Hazardous waste includes all waste that is defined as hazardous, toxic, dangerous, listed, priority, special, or some other similar term as defined by an appropriate regulatory agency or authority.
High Potential Near Miss Incident	Measures the sum of incidents that can result in injury, illness, damage to assets, the environment or Company reputation, or it can be a near miss. This can also include Life Saving Rule breaches where the potential consequence of major injury or greater was highly likely, or First Aid Cases that could have been a Total Recordable Injury in slightly different conditions.
Life Saving Rule Breach	Where one of the 12 Life Saving Rules has been breached by one or more individuals on a Viva Energy site or asset or during the course of work related activity for Viva Energy. This includes during business travel, whilst driving on Viva Energy related business and working on offsite assets.
Loss of Primary Containment (LOPC) >100kg	Measures the sum of incidents resulting in the uncontrolled or unplanned release of more than 100kg of material from a process or storage that serves as primary containment in accordance with API Recommended Practice 754. This number also includes spills to the environment, and spills that were contained on site.
Lost Time Injuries and Lost Time Injuries Frequency Rate	Lost Time Injuries measures the sum of work-related injuries sustained by employees and/or contractors resulting in a fatality or lost workday case as defined within 29 CFR Part 1904 and relevant standard interpretations issued by the Occupational Safety and Health Administration (together, the OSHA Standards). Lost Time Injuries Frequency Rate (LTIFR) is calculated as the number of Lost Time Injuries per one million exposure hours worked by employees and contractors in the 12 months reported.
PFAS	Per- and poly-fluoroalkyl substances (PFAS) are manufactured chemicals used for over 50 years in products including firefighting foams, pesticides, waterproofing and stain repellents.
Potable water consumption	Measures the volume of potable freshwater withdrawn for the Geelong Refinery operations.
Recycled water consumption	Measures the volume of recycled freshwater withdrawn for the Geelong Refinery operations.
Seawater consumption	Measures the total volume of seawater withdrawn from the environment for once-through cooling purposes for the Geelong Refinery operations.

Indicator or term **Definition**

Senior Leadership Group	The Senior Leader Group is selected senior, critical roles as defined by the executive team, and excludes members of the executive team.
Serious injury	Measures the sum of work-related incidents that resulted in hospitalisation, serious head injuries or burns, serious lacerations or lost time injuries exceeding five days.
Significant Spill	Measures the sum of incidents resulting in the uncontrolled or unplanned release of material greater than 1,000kg to the natural environment without secondary containment in alignment with <i>API Recommended Practice 754</i> . All spills are also counted as LOPC incidents.
Spill to environment >100kg	Number of incidents resulting in the release of material to the environment without secondary containment in accordance with <i>API Recommended Practice 754</i> . All spills are also counted as LOPC incidents.
Tier 1 and Tier 2 Process Safety Events are defined as per API RP 754	Number of Loss of Primary Containment (LOPC) Incidents defined as either a Tier 1 or Tier 2 Process Safety Events by <i>API Recommended Practice 754</i> or <i>OGP Asset Integrity KPI Guidance</i> .
Total Energy consumed	Total consumption of energy, such as electricity, natural gas, crude oil and other hydrocarbon fuels or feedstocks, by facilities under the operational control of the Viva Energy Group for the year ending 30 June and measured in accordance with the <i>National Greenhouse and Energy Reporting (Measurement) Determination 2008</i> . This includes the consumption of energy through: <ul style="list-style-type: none"> • own-use; • losses in production, transmission; and storage; • the conversion of one form of energy to another form of energy (for example the conversion of refinery feedstocks and crude oil into finished products such as diesel oil and gasoline).
Total High Potential Near Miss Incidents	Measures the sum of incidents that can result in injury, illness, damage to assets, the environment or Company reputation, or it can be a near miss. This can also include Life Saving Rule breaches where the potential consequence of major injury or greater was highly likely, or First Aid Cases that could have been a Total Recordable Injury in slightly different conditions.
Total Recordable Injuries and Total Recordable Injuries Frequency Rate	Recordable Injuries measures the sum of injuries that include Medical Treatment Case, Restricted Work Case, Lost Time Injuries and Fatalities. Total Recordable Injuries Frequency Rate (TRIFR) is calculated as the number of Total Recordable Injuries per one million hours worked in the 12 months reported.
Total Scope 1 greenhouse gas emissions (tCO₂-e)	Scope 1 emissions are the direct release of greenhouse gas (GHG) emissions into the atmosphere as a result of Viva Energy Group's direct operations for the period 1 July – 30 June. Estimates are prepared in accordance with the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGER Act), using emission factors from the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
Total Scope 2 greenhouse gas emissions (tCO₂-e)	Scope 2 emissions are indirect greenhouse gas (GHG) emissions from the consumption of purchased electricity by the Viva Energy Group for the period 1 July – 30 June. Data is prepared in accordance with the NGER Act, using emission factors from the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
Total Scope 3 greenhouse gas emissions (tCO₂-e)	Scope 3 emissions are indirect greenhouse gas (GHG) emitted as a consequence of the Viva Energy Group operations, but where the sources are owned or controlled by another organisation for the period 1 July – 30 June. The estimate is prepared referencing the GHG Protocol ¹ and IPIECA ² methodology where appropriate, and accounting for emissions related to the upstream extraction, processing and transport of process inputs, and the downstream distribution and combustion of sold products.

1. Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, World Resources Institute and World Business Council for Sustainable Development (2011).
2. IPIECA Estimating petroleum industry value chain (Scope 3) greenhouse gas emissions guidelines (2016).

Additional information

Voting rights

Shareholders in the Company have a right to attend and vote at all general meetings in accordance with the Company's Constitution, the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

Substantial holders

As at 5 February 2024, Viva Energy has two substantial holders who, together with their associates, hold 5% or more of the voting rights in the Company, as notified to the Company under the Corporations Act.

Name	Date of notice received	Number of shares	Percentage of capital
Perpetual Limited	15 September 2023	83,984,241	5.44%
VIP Energy Australia B.V.	18 September 2023	461,746,601	29.90%

Distribution of shareholders and number of shares

The following table shows the total number of shares on issue in the Company as at 5 February 2024 and the distribution of Viva Energy shareholders by the size of their shareholding

Size of holdings	Total holders	Number of shares held	Percentage
1 – 1,000	4,149	2,131,899	32.10
1,001 – 5,000	4,935	13,036,188	38.18
5,001 – 10,000	2,001	15,010,423	15.48
10,001 – 100,000	1,743	41,456,968	13.49
100,001 and over	96	1,472,530,769	0.74
Total	12,924	1,544,166,247	100.00

Top 20 shareholders

The 20 largest registered shareholders as at 5 February 2024 are shown below.

	Number of shares held	Percentage
1 HSBC CUSTODY NOMINEES	404,155,493	26.17%
2 VIP ENERGY AUSTRALIA B. V	384,419,580	24.89%
3 CITICORP NOMINEES PTY LIMITED	239,698,133	15.52%
4 J P MORGAN NOMINEES AUSTRALIA	199,788,847	12.94%
5 VIP ENERGY AUSTRALIA B V	77,053,895	4.99%
6 NATIONAL NOMINEES LIMITED	31,071,588	2.01%
7 ARGO INVESTMENTS LIMITED	25,892,684	1.68%
8 BNP PARIBAS NOMS	14,399,477	0.93%
9 HSBC CUSTODY NOMINEES	13,202,818	0.86%
10 CITICORP NOMINEES PTY LIMITED	11,596,001	0.75%
11 BNP PARIBAS NOMINEES PTY LTD	8,741,286	0.57%
12 SCOTT WYATT	6,534,487	0.42%
13 PACIFIC CUSTODIANS PTY LIMITED	6,121,357	0.40%
14 CITICORP NOMINEES PTY LIMITED	5,202,218	0.34%
15 HSBC CUSTODY NOMINEES	4,886,177	0.32%
16 NEWECONOMY COM AU NOMINEES	3,514,275	0.23%
17 BNP PARIBAS NOMS	2,773,423	0.18%
18 BNP PARIBAS NOMS PTY LTD	2,651,475	0.17%
19 UBS NOMINEES PTY LTD	2,442,843	0.16%
20 NAVIGATOR AUSTRALIA LTD	1,958,112	0.13%
Total	1,446,104,169	93.65%
Balance of register	98,062,078	6.35%
Grand total	1,544,166,247	100.00%

Holders with less than a marketable parcel

As at 5 February 2024, there were 179 shareholders holding less than a marketable parcel of shares (A\$500) based on the closing market price of \$3.62.

Shares purchased on-market

We purchase shares on-market for the purposes of our Employee Share Plan and for the purposes of our incentive plans. During the period (from 1 January 2023 to 5 February 2024) 4,273,843 shares were purchased on-market at an average price of \$3.1041 per share.

On-market buy-back

On 24 August 2021, the Company announced its intention to conduct an on-market buy-back program. The program was completed on 31 May 2023. The Company bought back a total of 15,248,931 shares under this program.

Unquoted equity securities

As at 5 February 2024, the Company has on issue:

- 3,260,059 Deferred Share Rights granted under the Company's STIP and LTIP, held by 131 employees; and
- 7,331,094 Performance Rights granted under the Company's LTIP, held by 9 employees and one former employee.

Historical information

For the years ended 31 December	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Consolidated results (\$M)						
Revenue	26,741.1	26,432.6	15,900.0	12,409.9	16,541.6	16,395.1
Group Underlying EBITDA (RC)	712.8	1,075.8	484.2	244.6	392.9	531.5
Underlying EBITDA (RC) – Convenience & Mobility	232.2	249.6	187.5	235.4	149.3	198.6
Underlying EBITDA (RC) – Commercial & Industrial	447.5	335.3	217.3	156.4	186.2	243.4
Underlying EBITDA (RC) – Energy & Infrastructure	65.4	517.9	103.4	(127.9)	79.0	99.0
Underlying EBITDA (RC) – Corporate	(32.3)	(27.0)	(24.0)	(19.3)	(21.6)	(9.5)
Underlying NPAT (RC)	318.3	596.6	191.6	33.4	157.1	299.6
Distributable NPAT (RC)	344.1	596.6	191.6	22.8	153.0	155.4
Financial statistics:						
Operating cash flow before capital expenditure (\$M)	743.4	1,094.8	438.1	80.3	340.3	535.7
Capital expenditure (\$M, net of govt contribution)	\$467.5¹	278.4	185.1	158.5	161.7	241.3
Net debt/(cash) (\$M)	380.0	(290.6)	95.2	104.2	137.4	(0.2)
Earnings per share – basic (cents/share)	0.2	33.3	14.6	(1.9)	5.8	29.8
Earnings per share – diluted (cents/share)	0.2	33.1	14.5	(1.9)	5.7	29.4
Dividends per share paid (cents/share)	15.6	16.9	4.1	0.8 ²	4.7	4.8
Other data:						
Sales volume (ML)	15,521	14,252	13,105	12,339	14,695	14,046
Number of service stations ³	1,315	1,330	1,345	1,339	1,292	1,255
Refining intake (MBBLs)	31.6	41.9	41.2	34.8	42.0	40.1
Geelong Refining Margin (US\$/BBL)	9.8	17.1	7.1	3.1	6.6	7.4

1. Includes \$15.4M integration costs.

2. Excludes special dividend of 5.94 cents per share.

3. Wholly-owned, dealer owned, Westside Petroleum and Liberty Platforms.

Corporate directory

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Share registry

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Website

To view the 2023 Annual Report, 2023 Corporate Governance Statement, shareholder and Company information, news announcements, financial reports, historical information and background information on Viva Energy, please visit our website at www.vivaenergy.com.au.

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