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

Results for announcement to the market

The current reporting period is the six-month period ended 30 June 2024. The previous corresponding period is the six-month period ended 30 June 2023.

	30 June 2024 $M	30 June 2023 $M	% Change
Revenue	**14,380.6**	**12,722.8**	**13.0%**
Profit from ordinary activities after tax / net profit for the period attributable to shareholders			
Historical cost basis	**80.0**	**(77.5)**	**203.2%**
Replacement cost basis	**192.1**	**174.1**	**10.3%**

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.

	30 June 2024 $	30 June 2023 $	% Change
Net tangible asset per share	**0.36**	**0.98**	**-63.3%**

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

Dividends	**2024**
2024 Interim dividend – amount per security (fully franked)	6.7 cents
Trading on ex dividend basis	9 September 2024
Record date for determining entitlement to final dividend	10 September 2024
Date dividend expected to be paid	25 September 2024

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

This information should be read in conjunction with the 2024 Half-year Financial Report of Viva Energy Group Limited (‘2024 Half-year Report’) and associated ASX market releases made during the period. The 2024 Half-year Report includes additional Appendix 4D disclosure requirements and commentary on the results for the period ended 30 June 2024.

This report is based on the 2024 Half-year Financial Report which has been reviewed by PricewaterhouseCoopers (‘PwC’). PwC has not audited Underlying numbers included in the Directors’ report. The Independent Auditor’s Review Report provided by PwC is included in the 2024 Half-year Financial Report.

Julia Kagan
Company Secretary
26 August 2024

Viva Energy Group Limited
and controlled entities

Interim report - 30 June 2024

ACN: 626 661 032
ABN: 74 626 661 032

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Directors' report

The Directors present their report, together with the Financial Report of Viva Energy Group Limited (the 'Company') and the entities it controlled (collectively, the 'Group'), for the half-year ended 30 June 2024.

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

- Operating and financial review on pages 5 to 15; and
- External auditor's independence declaration on page 17.

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

Directors

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

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

Company Secretaries

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

Julia Kagan	Company Secretary
Cheng Tang	Company Secretary

Principal Activities

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

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

Directors' report (continued)

Operating and financial review

Company overview

Viva Energy is a leading convenience retailer, commercial services and energy infrastructure business, with a history spanning more than 120 years in Australia. The Group operates the largest convenience and fuel network in Australia, owns and operates the strategically located Geelong Refinery in Victoria, and operates bulk fuels, aviation, bitumen, marine, chemicals, polymers and lubricants businesses supported by more than 20 terminals and 60 airports and airfields across the country.

Convenience & Mobility

Viva Energy Retail is the largest integrated convenience and fuel network in Australia under a single operator, with an operating network of almost 900 sites to meet the convenience and mobility needs of customers across the country, and has a network presence of more than 1,800 retail sites, with an established offering under the Shell, Coles Express, Reddy Express, Liberty, Westside, On The Run (OTR) and Smokemart Gift Box brands.

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

Commercial & Industrial

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

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

Energy & Infrastructure

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

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

Directors' report (continued)

Operating and financial review (continued)

Consolidated results for the half-year ended 30 June 2024

The Group Net profit after tax on a historical cost ('HC') basis for the half-year ended 30 June 2024 (1H2024) was $80.0 million ('M'). After adjusting for net inventory loss, significant one-off items, revaluation losses and non-cash lease adjustments, Net profit after tax on a replacement cost ('RC') basis for the period was $192.1M. A reconciliation from Statutory Profit After Tax (HC) to Net Profit After Tax (RC) is provided below:

Reconciliation of Statutory profit after tax to Net profit after tax (RC)	($M)
Statutory profit after tax	**80.0**
Add: Net Inventory loss[1]	54.7
Add: Significant one-off items[1,2]	14.0
Add: Revaluation loss on FX and oil derivatives[1]	19.3
Add: Non-cash lease adjustments[1]	24.1
Net profit after tax (RC)	**192.1**

[1] Results are reported net of tax.

[2] Significant one-off items includes $16.6M in non-recurring net acquisition and transition related costs and $7.0M in other one-off cost items, partially offset by a non-recurring $5.5M gain on bargain purchase, after tax.

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.

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

Directors' report (continued)

Operating and financial review (continued)

1H2024 Business Performance Summary

Viva Energy delivered a strong first half performance with both revenue and EBITDA (RC) growing by 6% and 25% respectively, and further progress on its strategic agenda with the acquisition of the OTR business.

Cost of living pressures and the illegal tobacco trade had a material impact on consumer demand within the convenience businesses, at the same time that wage and cost inflation are driving up the cost of doing business across all of its business units.

In this context, Viva Energy's financial results for the first half demonstrate significant resilience and the benefits that come from the internal diversity of its businesses. Continued strength in the commercial businesses, and strong production performance at Geelong refining were key drivers of earnings growth.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss

($M)	30 June 2024				30 June 2023				
	Group	C&M[1]	C&I[2]	E&I[3]	Group	C&M[1]	C&I[2]	E&I[3]	Variance
Revenue	14,380.6	5,379.3	9,001.3	-	12,722.8	4,052.6	8,670.2	-	1,657.8
Cost of goods sold (RC)	(12,682.2)	(4,557.0)	(8,412.9)	287.7	(11,498.9)	(3,533.0)	(8,180.5)	214.6	(1,183.3)
Gross profit (RC)	**1,698.4**	**822.3**	**588.4**	**287.7**	**1,223.9**	**519.6**	**489.7**	**214.6**	**474.5**
1. Total EBITDA (RC)	**451.7**	**115.2**	**231.0**	**105.5**	**361.9**	**119.7**	**227.2**	**15.0**	**89.8**
Convenience & Mobility	122.1	122.1	-	-	123.7	123.7	-	-	(1.6)
Commercial & Industrial	*237.9*	-	*237.9*	-	*231.2*	-	*231.2*	-	*6.7*
Energy & Infrastructure	*112.4*	-	-	*112.4*	*22.9*	-		*22.9*	*89.5*
Corporate	*(20.7)*	*(6.9)*	*(6.9)*	*(6.9)*	*(15.9)*	*(4.0)*	*(4.0)*	*(7.9)*	*(4.8)*
2. Share of profit from associates	0.8	0.7	0.1	-	0.6	0.6	-	-	0.2
Net gain/(loss) on other disposal of assets	(0.4)	(0.6)	0.2	-	(1.9)	(0.5)	-	(1.4)	1.5
3. Depreciation and amortisation	(113.8)	(41.0)	(32.1)	(40.7)	(84.8)	(21.6)	(31.8)	(31.4)	(29.0)
Earnings before interest and tax (RC)	**338.3**	**74.3**	**199.2**	**64.8**	**275.8**	**98.2**	**195.4**	**(17.8)**	**62.5**
	338.3	**273.5**		**64.8**	**275.8**	**293.6**		**(17.8)**	**62.5**
4. Net finance costs	(64.0)	(55.8)		(8.2)	(29.5)	(28.0)		(1.5)	(34.5)
Profit before tax (RC)	**274.3**	**217.7**		**56.6**	**246.3**	**265.6**		**(19.3)**	**28.0**
5. Income tax expense (RC)	(82.2)	(65.3)		(16.9)	(72.2)	(78.0)		5.8	(10.0)
Net profit after tax (RC)	**192.1**	**152.4**		**39.7**	**174.1**	**187.6**		**(13.5)**	**18.0**
6. Significant one-off items [4]	(14.0)				(94.8)				80.8
7. Net inventory loss [4]	(54.7)				(124.9)				70.2
8. Revaluation loss on FX and oil derivatives [4]	(19.3)				(7.9)				(11.4)
9. Non-cash lease adjustments [4]	(24.1)				(24.0)				(0.1)
10. Net profit after tax (HC)	**80.0**				**(77.5)**				**157.5**
Statutory earnings (cents) per share (HC)	5.1				(5.0)				10.1
Underlying earnings (cents) per share (RC)	12.3				11.3				1.0

[1] Convenience & Mobility (C&M)
[2] Commercial & Industrial (C&I)
[3] Energy & Infrastructure (E&I)
[4] Results are reported net of tax.

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

($M)	30 June 2024 Total Segments	30 June 2023 Total Segments
Profit before tax (RC) as above	**274.3**	**246.3**
Adjusted for:		
Lease expense	209.8	163.0
Right-of-use amortisation	(150.5)	(117.2)
Lease interest expense	(93.7)	(80.2)
Revaluation loss on FX & Oil derivatives	(27.6)	(11.0)
Net inventory loss	(78.2)	(178.5)
Significant one-off items	(18.1)	(94.8)
Profit/(loss) before tax (HC)	**116.0**	**(72.4)**

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss Analysis

1. EBITDA (RC)

Convenience & Mobility (C&M)

C&M delivered EBITDA (RC) of $122.1M in 1H2024, broadly in line with the prior corresponding period.

Fuel sales volumes in the company operated network were 1,601ML, down 5% on a same-store, pro forma basis (including OTR Group in 2Q2023). Liberty Convenience (LOC) delivered sales growth of 9%, driven by network growth, a skew towards regional locations, and a stronger value-led proposition which has performed well in the current environment. Premium petrol sales penetration in the company-operated network was relatively steady at 36%.

Convenience same-store sales declined 5% as lower same-store tobacco sales (-17%) outweighed modest growth across other categories. While average basket value remained relatively stable, customer footfall declined amid lower fuel, tobacco and on-the-go related missions. The mix shift away from tobacco and OTR's contribution supported a convenience gross margin of 38% in 2Q2024.

Commercial & Industrial (C&I)

C&I EBITDA (RC) increased by 2.9% to $237.9M in 1H2024, a record half for the business. On a pro forma basis sales volumes were up 8.7% (to 5,876ML) through a combination of acquisitions and strong demand from the Aviation, Resources, Agriculture and Defence sectors in particular.

Most sectors performed well, outside of bitumen due to lower road maintenance activity during the period. Higher supply chain costs were more than offset by new business wins including the Defence contract (after it was secured in 2H2023) and the OTR wholesale fuels business (integrated into Liberty Rural) from 2Q2024.

Energy & Infrastructure (E&I)

E&I EBITDA (RC) increased by 391% to $112.4M in 1H2024. The Geelong Refinery operated near fully capacity in the half, compared to 1H2023 when it was undergoing a major maintenance turnaround.

Production units are operating well following the turnaround, with intake at 20.6MBBLs, unit availability at 97% and the Geelong Refining Margin averaging US$10.8/BBL. The GRM was impacted by approximately A$10 million due to a unit outage affecting feedstock supply to the poly-propylene plant during May, but otherwise the refinery continues to run at full capacity. Operating costs (including energy and excluding supply and corporate costs) declined to A$9.7/BBL, with higher coastal shipping costs and elevated energy prices continuing to hold costs above our mid-cycle levels of ~A$8.50/BBL.

2. Share of profit from associates

Share of profit from associates of $0.8M represents the Group's 50% ownership of the six-month results of associate investments, equating to a $0.7M profit recognised for Liberty Oil Convenience and a $0.1M profit relating to Fuel Barges Australia.

3. Depreciation and amortisation

Depreciation and amortisation for the half-year includes $100.7M of depreciation on property, plant and equipment, $11.6M of amortisation expense on intangible assets and $1.5M in depreciation on leases classified as finance leases prior to the adoption of AASB 16 *Leases*. Total depreciation and amortisation of $113.8M has increased by $29.0M on the previous period partially due to incurring depreciation on the 2023 capital expenditure which included turnaround spend on the Crude Distillation Unit, as well as depreciation on OTR Group depreciating assets acquired in the period, and incurring a full six-months of depreciation and amortisation from the Coles Express assets acquired in the prior period, which only impacted two months of the prior comparative period. Amortisation of right-of-use assets is captured in line item 'Non-cash lease adjustments'.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Profit and Loss Analysis (continued)

4. Net finance costs

Net finance costs of $64.0M consisted of interest income of $8.3M, interest expense on borrowings, amortised transaction costs and associated fees of $65.7M, finance costs associated with leases classified as finance leases prior to the adoption of AASB 16 *Leases* of $3.9M, and $2.7M from the unwinding of discounted balance sheet provisions. The $35.8M increase in net finance costs period on period has been driven largely by higher borrowings in the current period compared to 1H2023, with additional working capital requirements and new term debt used to acquire the OTR Group.

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 $82.2M (RC) and $36.0M (HC), representing effective tax rates of 30.0% and 31.0% respectively. The higher effective tax rate (HC) is primarily due the non-deductable impact of various acquisition and transition related costs incurred during the period.

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

The current period significant items totalling $14.0M comprises the net of tax position of $16.6M in non-recurring net acquisition and transition related costs and $7.0M in other one off cost items, partially offset by the $5.5M gain on bargain purchase from the asset swap acquisition completed during the half-year.

7. Net inventory (loss)/gain

The net inventory loss relates to the effect of movements in crude and refined product prices and foreign exchange on inventory recorded at HC using the FIFO principle of accounting. The loss of $53.7M (net of tax) primarily reflects decreasing refined product prices over the period.

8. Revaluation loss on FX and oil derivatives

Revaluation positions 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 period a loss of $19.3M (net of tax) was recognised as a result of the impact of net unfavourable FX and oil price movements throughout the half-year against the 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 $80.0M for the period was a $157.5M favourable movement from the $77.5M loss after tax (HC) in 1H 2023. With C&M and C&I EBITDA (RC) remaining largely consistent period on period, an improved E&I EBITDA (RC) by $90.5M (after corporate allocation) was a result of the refinery working at nearly full capacity in 1H2024 compared to 1H2023 when it was undergoing a major maintenance turnaround. Whilst operating expenses have increased across the business this half-year, steadier oil prices reduced the net inventory loss period on period by $70.2M and the one-off impairment expense in 1H2023 of $79.7M relating to an intangible written-off as part of the Coles Express acquisition was not repeated in 1H2024.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position

($M)		30 June 2024	31 December 2023	Variance
1.	Working capital	39.0	67.8	(28.8)
2.	Property, plant and equipment	2,326.5	2,076.5	250.0
3.	Right-of-use assets	3,196.7	2,021.2	1,175.5
4.	Intangible assets	1,579.3	531.7	1,047.6
5.	Investment in associates	18.4	17.6	0.8
6.	Net cash / (debt)	(1,452.4)	(380.0)	(1,072.4)
7.	Lease liability	(3,652.5)	(2,444.7)	(1,207.8)
8.	Long-term provisions, other assets and liabilities	(232.4)	(194.8)	(37.6)
9.	Net deferred tax assets	330.4	315.3	15.1
10.	**Total equity**	**2,153.0**	**2,010.6**	**142.4**

Summary Statement of Financial Position Analysis

1. Working capital

Working capital decreased by $28.8M over the first half of 2024. The increase in the Group's payables relating to hydrocarbon purchases due to volume increases and the timing of payments has been largely offset by the increased inventory balances through additional minimum stock obligations, the acquisition of OTR and a more diversified crude purchasing strategy.

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 $250.0M period on period, driven by capital expenditure over the period of $196.7M, net additions through business acquisitions of $159.8M and non-cash additions to the asset retirement obligation cost base of $9.0M driven by site acquisitions in the period. This was partially offset by depreciation of $100.7M and net disposals of $14.8M during the period.

A breakdown of capital expenditure by segment is outlined below.

(A$M)		30 June 2024	30 June 2023	Variance
a.	Convenience & Mobility	25.7	14.3	11.4
b.	Commercial & Industrial	17.5	25.8	(8.3)
c.	Energy & Infrastructure			
	Base expenditure	39.1	109.3	(70.2)
	Energy Hub	92.9	72.6	20.3
d.	Integration costs	21.5	-	21.5
	Capital expenditure	**196.7**	**222.0**	**(25.3)**

a. Convenience & Mobility

Convenience & Mobility capital expenditure of $25.7M for the period (1H2023: $14.3M) includes network growth spend, new site branding and refreshing of network convenience stores and forecourts, together with tank and pump replacements, tank relines and other asset integrity works.

b. Commercial & Industrial

During the period Commercial & Industrial's capital expenditure of $17.5M (1H2023: $25.8M) related to works to ensure the integrity of the Group's terminals, pipelines, depots, along with commercial growth opportunities in Aviation. Additionally, investments have been made in asset integrity and growth of the Liberty Rural transport offering.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position Analysis (continued)

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

c. Energy & Infrastructure

Base expenditure

Base capital expenditure during the period of $39.1M (1H2023: $109.3M) primarily related to minor turnaround work on the Boiler unit, the Amine Recovery unit, the Hydrodesulfurisation unit, the Bitumen manufacturing complex and the Residual Catalytic Cracking unit, as well as spend on the cyclical tank maintenance program, the Distributed Controls System upgrade, asset integrity work over various areas of the refinery and the Jetty Export line upgrade.

Energy Hub

Energy Hub expenditure during the period of $92.9M (1H2023: $72.6M) related to progress works on the Ultra-Low Sulphur Gasoline Project, advancing the Hydrogen Refuelling Station and progressing the diesel Strategic Storage Facility.

d. Integration costs

Integration costs of $21.5M (1H2023: nil) primarily relate to transitional digital and technology spend to integrate Coles Express post acquisition, including Point of Sales and Enterprise Resource Planning systems, and also store rebranding expenditure.

3. Right-of-use assets

The right-of-use assets balance at 30 June 2024 of $3,196.7M increased by $1,175.5M from FY2023. Impacting this balance during the period was additional right-of-use assets through acquisitions of $1,341.1M, and a further $22.3M increase due to new leases through network growth, lease extensions and the impact of lease payment escalations. These increases were partially offset by lease related depreciation expense of $151.9M and lease terminations or derecognitions of $36.0M.

4. Intangible assets

Intangible assets increased by $1,047.6M during the period primarily due to the recognition of $1,042.6M in provisional goodwill and $6.9M in acquired software associated with the OTR Group acquisition. The remaining net decrease of $1.9M is a result of net movements in software additions and intangibles amortisation over the period.

5. Investment in associates

This balance relates to the Group's 50% ownership of Liberty Convenience and Fuel Barges Australia. Associate company profit of $0.8M was recognised during the period.

6. Net debt

Net debt of $1,452.4M 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, and $994.0M of term debt ($1.0 billion in borrowings reduced by $6.0M in capitalised borrowing costs) entered into at the time of the OTR Group acquisition. The increase in net debt during the period of $1,072.4M was driven primarily by the new term debt to facilitate the OTR Group acquisition and increased working capital requirements over the period.

7. Lease liability

The lease liability balance at 30 June 2024 was $3,652.5M, an increase of $1,207.8M from the prior comparative period, with additional lease liabilities through acquisitions of $1,341.1M, lease extensions, new leases through network growth and lease escalations totalling $22.3M, partially offset by payments of lease principal balances made during the period totalling $111.1M and terminations of $44.5M.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Financial Position Analysis (continued)

8. Long term provisions, other assets and liabilities

The increase in the net liability of $37.6M during the period primarily represents the increase in the Group's long term deferred revenue from government grant receipts in 1H2024, and additional long term provisions through acquisition. These increases were offset in part by a decrease in the Groups net derivative liability position as a result of foreign exchange fluctuations and the timing and maturity of some long term receivables.

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 $15.1M increase over the period predominantly arose from impacts of typical movements in deferred tax due to origination or reversal of temporary differences between taxable income and profit during the half-year.

10. Total equity

Total equity increased by $142.5M primarily due to the $187.4M capital contribution that made up part of the OTR Group acquisition, as well as $80.0M in net profit after tax for the period. Partially offsetting these increases was the payment of dividends during the half-year totalling $109.5M, a $7.8M opening balance retained earnings adjustment to align the accounting treatment of opening inventory values, and a $7.6M 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.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Cash Flows

	($M)	30 June 2024	30 June 2023	Variance
	Profit before interest, tax, depreciation and amortisation (HC)	**538.8**	**243.7**	**295.1**
	(Increase)/decrease in trade and other receivables	(34.7)	223.8	(258.5)
	(Increase)/decrease in inventories	(529.0)	31.2	(560.2)
	Decrease in other assets	3.3	10.4	(7.1)
	Increase in trade and other payables	594.7	0.1	594.6
	Decrease in provisions	(2.8)	(18.0)	15.2
1.	Changes in working capital	31.5	247.5	(216.0)
2.	Non-cash items in profit before interest, tax, depreciation and amortisation	3.2	94.1	(90.9)
3.	Payment for treasury shares (net of contributions)	(13.8)	(6.2)	(7.6)
	Repayment of lease liabilities	(111.1)	(78.9)	(32.2)
	Interest on capitalised leases	(97.6)	(84.2)	(13.4)
	Operating free cash flow before capital expenditure	**351.0**	**416.0**	**(65.0)**
	Payments for PP&E and intangibles	(196.7)	(222.0)	25.3
	Proceeds from sale of PP&E	0.6	0.7	(0.1)
	Payments for other investments	-	(7.0)	7.0
4.	Net payments for business acquisitions	(1,042.6)	(325.7)	(716.9)
5.	Share buy back	-	(17.3)	17.3
6.	Government grants receipts	81.2	15.3	65.9
	Net free cash flow before financing, tax and dividends	**(806.5)**	**(140.0)**	**(666.5)**
7.	Finance costs	(53.7)	(20.9)	(32.8)
8.	Net Income tax payments	(101.5)	(200.9)	99.4
	Net cash flow available for dividends and before borrowings	**(961.7)**	**(361.8)**	**(599.9)**
9.	Dividends paid	(109.5)	(205.8)	96.3
10.	Net drawings of borrowings and upfront fees	1,153.7	480.0	673.7
	Net cash flow	**82.5**	**(87.6)**	**170.1**
	Opening net (debt)/cash	**(380.0)**	**290.5**	**(670.5)**
	Movement in capitalised borrowing costs	(1.2)	2.9	(4.1)
	Closing net debt	**(1,452.4)**	**(274.2)**	**(1,178.2)**
	Change in net debt	**(1,072.4)**	**(564.7)**	**(507.7)**

Summary Statement of Cash Flows analysis

1. Changes in working capital

Increased Crude related payables period on period due to purchase volume increases and the timing of payments, have been largely offset by increases in inventory volume balances through additional minimum stock obligations, the acquisition of OTR and a more diversified crude purchasing strategy.

2. Non-cash items

Non-cash item adjustments of $3.2M comprise non-cash share based payment expenses of $7.7M, $4.1M in net unrealised foreign exchange losses and a $0.4M loss on disposal of property, plant and equipment, partially offset by a $5.5M gain on bargain purchase from the asset swap business acquisition, $0.8M in share of profit in associates and a combined $2.7M in other minor gains.

Directors' report (continued)

Operating and financial review (continued)

Summary Statement of Cash Flows Analysis (continued)

3. Payment for treasury shares

During the period 4,025,523 shares were purchased at an average price of $3.43 per share totalling $13.8M.

4. Net payments for business acquisitions

The $1,042.6M net cash outflow from the acquisition of investments represents cash consideration of $1,113.4M paid as part of the OTR Group acquisition, less $70.8M in cash and cash equivalents of OTR Group when acquired.

5. Share buy-back

In 1H2023 the Company's buy-back program purchased 5,473,468 shares on-market at an average price of $3.15. The buy-back program was completed in 2023 with no share buy-back activities occurring in 1H2024.

6. Government grant receipts

During the period the Group received government grants totalling $81.2M to fund the Ultra-Low Sulphur Gasoline Project, the Strategic Storage Facility and New Energies Service Station projects.

7. Finance costs

Financing cost cash outflows have increased by $32.8M primarily due to a $35.5M increase in interest on borrowings period on period, driven by the higher debt position resulting from the new term debt to fund the OTR acquisition and additional utilisation of the working capital facility to fund capex and working capital requirements of the Group. Higher interest rates also played a role in the increase, however this also impacted the Group's interest income, with a $1.6M increase in interest income partially offsetting cost increases.

8. Net income tax payments

The net income tax payments of $101.5M represent tax instalments to the ATO, including the net final tax payment paid in relation to the 31 December 2023 tax return, and tax payments of $2.9M paid by the Group on behalf of its Singapore tax resident entity (Viva Energy S.G. Pte Ltd) to the Singapore tax authority.

9. Dividends paid

During the period the Company paid a final 2023 dividend of 7.1 cents per share ($109.6M) in relation to the six months ended 31 December 2023. Included in the $109.6M dividends was $0.1M in dividends payable to treasury shares on hand, with the net cash impact totalling $109.5M.

10. Net drawings of borrowings and upfront fees

The Group had net drawings of $1,153.7M of which $994.0M relates to the new term debt entered into at the time of the OTR Group acquisition, with the remaining net drawings utilised for short term working capital requirements under the RCF.

Directors' report (continued)

Dividends

The Company paid a final dividend of $109.6M (7.1 cents per share) to shareholders on 22 March 2024 in relation to the six month period ended 31 December 2023.

A fully-franked interim dividend of 6.7 cents per share was determined by the Board on 21 August 2024, payable to shareholders on 25 September 2024. This dividend has not been included as a liability in these interim financial statements. The total estimated dividend to be paid is $106.9M.

Events occurring after the end of the reporting period

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

Auditor's independence declaration

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

Rounding of amounts

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

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

Robert Hill
Chairman

Scott Wyatt
CEO and Managing Director

26 August 2024

Auditor's Independence Declaration

As lead auditor for the review of Viva Energy Group Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
26 August 2024

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Consolidated statement of profit or loss

For the half-year ended 30 June 2024

	Notes	30 June 2024 $M	30 June 2023 $M
Revenue	4	**14,380.6**	**12,722.8**
Cost of goods sold	5	(12,760.5)	(11,677.4)
Gross profit		**1,620.1**	**1,045.4**
Net loss on other disposal of property, plant and equipment		(0.4)	(1.9)
Gain on bargain purchase	15	5.5	-
Other gains and losses		**5.1**	**(1.9)**
Transportation expenses		(215.0)	(223.9)
Salaries and wages		(440.5)	(223.3)
General and administration expenses		(204.5)	(116.3)
Maintenance expenses		(94.7)	(70.6)
Lease related expenses		(1.9)	(8.4)
Sales and marketing expenses		(102.9)	(68.7)
		565.7	**332.3**
Impairment expense		-	(79.9)
Interest income		8.5	6.9
Share of profit of associates		0.8	0.6
Realised/unrealised fair value gain on derivatives		43.5	29.6
Net foreign exchanges loss		(71.1)	(38.9)
Depreciation and amortisation expenses	5	(264.2)	(206.6)
Finance costs	5	(167.2)	(116.4)
Profit/(loss) before income tax		**116.0**	**(72.4)**
Income tax expense	9	(36.0)	(5.1)
Profit/(loss) after tax		**80.0**	**(77.5)**
Earnings per share		**cents**	**cents**
Basic earnings per share		5.1	(5.0)
Diluted earnings per share		5.1	(5.0)

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

Consolidated statement of comprehensive income

For the half-year ended 30 June 2024

	Notes	30 June 2024 $M	30 June 2023 $M
Profit/(loss) for the half-year		**80.0**	**(77.5)**
Other comprehensive loss			
Other comprehensive loss not to be reclassified to profit or loss in subsequent years (net of tax)			
Changes in fair value of equity investments		(1.6)	-
Remeasurement of post-employment benefits		-	(0.2)
Net other comprehensive loss		**(1.6)**	**(0.2)**
Total comprehensive income/(loss) for the half-year (net of tax)		**78.4**	**(77.7)**

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

Consolidated statement of financial position

As at 30 June 2024

	Notes	30 June 2024 $M	31 December 2023 $M
ASSETS			
Current assets			
Cash and cash equivalents		298.0	215.5
Trade and other receivables		2,101.1	1,979.7
Inventories	8	2,535.8	1,798.0
Assets classified as held for sale		-	42.0
Derivative assets		2.1	0.1
Prepayments		43.9	41.2
Current tax asset		120.2	48.5
Total current assets		**5,101.1**	**4,125.0**
Non-current assets			
Long-term receivables		22.5	23.9
Property, plant and equipment		2,326.5	2,071.0
Right-of-use assets		3,196.7	1,984.7
Goodwill and other intangible assets		1,579.3	531.7
Post-employment benefits		5.8	6.6
Investments accounted for using the equity method		18.4	17.6
Financial assets at fair value through other comprehensive income		3.5	5.8
Net deferred tax assets		330.4	315.3
Other non-current assets		0.7	0.7
Total non-current assets		**7,483.8**	**4,957.3**
Total assets		**12,584.9**	**9,082.3**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		4,563.4	3,604.9
Provisions		198.6	193.6
Short-term lease liabilities		267.4	206.8
Liabilities directly associated with assets held for sale		-	46.0
Derivative liabilities		5.5	69.1
Total current liabilities		**5,034.9**	**4,120.4**
Non-current liabilities			
Provisions		116.9	93.0
Long-term borrowings	11	1,750.4	595.5
Long-term lease liabilities		3,385.1	2,193.0
Other long-term liabilities		144.6	69.8
Total non-current liabilities		**5,397.0**	**2,951.3**
Total liabilities		**10,431.9**	**7,071.7**
Net assets		**2,153.0**	**2,010.6**
Equity			
Contributed equity	14	4,419.8	4,232.4
Treasury shares	14	(22.3)	(21.4)
Reserves		(4,201.0)	(4,194.3)
Retained earnings		1,956.5	1,993.9
Total equity		**2,153.0**	**2,010.6**

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

Consolidated statement of changes in equity

For the half-year ended 30 June 2024

	Notes	Contributed equity $M	Treasury shares $M	Reserves $M	Retained earnings $M	Total equity $M
Balance at 1 January 2023		**4,247.4**	**(18.2)**	**(4,195.0)**	**2,326.6**	**2,360.8**
Statutory Profit for the half-year		-	-	-	(77.5)	(77.5)
Remeasurement of post-employment benefits		-	-	(0.2)	-	(0.2)
Total comprehensive income for the half-year		**-**	**-**	**(0.2)**	**(77.5)**	**(77.7)**
Dividends paid (net of dividends paid on treasury shares)	7	-	-	-	(205.8)	(205.8)
Share buy-back		(15.0)	-	(2.3)	-	(17.3)
Share based payment reserve movement		-	-	(4.1)	-	(4.1)
Issue of shares to plan participants	14b	-	9.5	-	-	9.5
Purchase of treasury shares	14b	-	(6.2)	-	-	(6.2)
Balance at 30 June 2023		**4,232.4**	**(14.9)**	**(4,201.6)**	**2,043.3**	**2,059.2**
Balance at 1 January 2024		**4,232.4**	**(21.4)**	**(4,194.3)**	**1,993.9**	**2,010.6**
Statutory Profit for the half-year		-	-	-	80.0	80.0
Remeasurement of post-employment benefits		-	-	-	-	-
Changes in the fair value of equity investments through other comprehensive income		-	-	(1.6)	-	(1.6)
Total comprehensive income for the half-year		**-**	**-**	**(1.6)**	**80.0**	**78.4**
Opening balance adjustment *	2	**-**	**-**	**-**	(7.9)	(7.9)
Dividends paid (net of dividends paid on treasury shares)	7	-	-	-	(109.5)	(109.5)
Issue of shares for acquisition of OTR		187.4	-	-	-	187.4
Share based payment reserve movement		-	-	(5.1)	-	(5.1)
Issue of shares to plan participants	14b	-	12.9	-	-	12.9
Purchase of treasury shares	14b	-	(13.8)	-	-	(13.8)
Balance at 30 June 2024		**4,419.8**	**(22.3)**	**(4,201.0)**	**1,956.5**	**2,153.0**

* Opening balance adjustment relates to an accounting policy change on inventory valuation. Refer to Note 2 *Basis of preparation.*

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

Consolidated statement of cash flows

For the half-year ended 30 June 2024

	Notes	30 June 2024 $M	30 June 2023 $M
Operating activities			
Receipt from trade and other debtors		18,010.4	16,180.1
Payments to suppliers and employees		(17,455.5)	(15,612.8)
Interest received		8.5	6.9
Interest paid on loans		(43.6)	(9.8)
Interest paid on lease liabilities		(97.6)	(84.2)
Net income tax paid		(101.5)	(200.9)
Net cash flows from operating activities		**320.7**	**279.3**
Investing activities			
Payments for purchases of property, plant and equipment and intangibles		(196.7)	(222.0)
Proceeds from sale of property, plant and equipment		0.6	0.7
Receipt of government grant		81.2	15.3
Payments for other investments		-	(7.0)
Net cash consideration paid for acquisitions	15	(1,042.6)	(225.7)
Net cash flows used in investing activities		**(1,157.5)**	**(438.7)**
Financing activities			
Drawdown of borrowings		4,025.0	2,020.0
Repayments of borrowings		(2,865.0)	(1,540.0)
Dividends paid (net of dividend paid on treasury shares held)	7	(109.5)	(205.8)
Upfront financing cost paid and capitalised		(6.3)	-
Repayment of lease liability		(111.1)	(78.9)
Share buy-back		-	(17.3)
Net purchase of employee share options		(13.8)	(6.2)
Repayment of long-term payable		-	(100.0)
Net cash flows used in financing activities		**919.3**	**71.8**
Net increase/(decrease) in cash and cash equivalents		82.5	(87.6)
Cash and cash equivalents at the beginning of the period		215.5	290.5
Cash and cash equivalents at the end of the period		**298.0**	**202.9**

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

Notes to the consolidated financial statements

1. Corporate information

Reporting entity

The consolidated interim financial report of Viva Energy Group Limited ('Company') and the entities it controlled (collectively, 'Group') for the half-year reporting period ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 26 August 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).

2. Basis of preparation

The consolidated interim financial report for the half-year ended 30 June 2024:

- has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB134 *Interim Financial Reporting*;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 31 December 2023 Annual Report, and any public announcements made by Viva Energy Group Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the Listing Rules of the ASX; and
- is presented in Australian dollars ($) and rounded to the nearest one hundred thousand dollars ($100,000) or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the Group's annual consolidated financial statements for the year ended 31 December 2023 and corresponding 30 June 2023 interim reporting period, except for the voluntary change in accounting policy relating to inventory valuation and the required adoption of new and amended accounting standards, effective from 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(a) Accounting policy change

The Group has made a voluntary accounting policy change in relation to inventory valuation effective from 1 January 2024. The prior period acquisition of Coles Express Retail business (Coles Express) introduced convenience product inventory into the consolidated statement of financial position, with the Group adopting the Coles Express policy of including in the carrying value store remuneration incurred to bring inventories to their present location and condition. With the current year acquisition of On The Run Group materially increasing the Group's convenience inventory on hand, the Group has reassessed it's policy and determined that excluding store remuneration costs in the carrying value of convenience inventory results in a more relevant and reliable measure of inventory for the users of the financial statements.

The Group has not restated prior period comparative balances for the 2023 reporting period. The adjustment arising from the new accounting policy resulted in a $7.9 million reduction in both inventory and opening retained earnings.

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

The Group has adopted all new pronouncements as required by the Australian Accounting Standards Board effective from 1 January 2024. The adoption of these new pronouncements has not required a change in the Group's accounting policies.

3. Significant changes in the current reporting period

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

- The Group acquired On The Run (OTR) Group on 28 March 2024, a leading convenience retailer based in South Australia with a retail network across Australia via a number of platforms including OTR and S24 branded petrol stations, Smokemart and Giftbox retail stores, Quick Service Restaurants and a fuel wholesale and lubricants business operating in South Australia and the Norther Territory (see Note 15 *Business combinations*);

4. Revenue

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

	30 June 2024	30 June 2023
	$M	$M
Revenue from contracts with customers		
Revenue from sale of fuel related goods	13,050.4	12,360.1
Revenue from sale of non-fuel related goods	1,238.7	257.2
Rental income	30.6	75.0
Other revenue	60.9	30.5
Total revenue from contracts with customers	14,380.6	12,722.8

5. Other items of profit or loss

	30 June 2024	30 June 2023
Cost of goods sold	$M	$M
Cost of products and raw materials	(9,371.5)	(8,369.4)
Sales duties, taxes and commissions	(2,958.0)	(2,883.9)
Import freight expenses	(431.0)	(424.1)
Total cost of goods sold	**(12,760.5)**	**(11,677.4)**

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

	30 June 2024	30 June 2023
Depreciation and amortisation expense	$M	$M
Depreciation of property, plant and equipment	(100.7)	(73.6)
Depreciation charge of right-of-use assets	(151.9)	(118.7)
Amortisation of intangible assets	(11.6)	(14.3)
Total depreciation and amortisation expense	**(264.2)**	**(206.6)**

	30 June 2024	30 June 2023
Finance costs	$M	$M
Interest on borrowings, cost of credit and commitment fees	(65.7)	(28.8)
Interest on lease liabilities	(97.6)	(84.2)
Unwinding of discount on provisions	(3.9)	(2.2)
Unwinding of discount on long-term payables	-	(1.2)
Total finance costs	**(167.2)**	**(116.4)**

6. Segment information

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

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

(a) Convenience & Mobility (C&M)

Viva Energy Retail is the largest integrated convenience and fuel network in Australia under a single operator, with an operating network of almost 900 sites to meet the convenience and mobility needs of customers across the country, and has a network presence of more than 1,800 retail sites, with an established offering under the Shell, Coles Express, Reddy Express, Liberty, Westside, On The Run (OTR) and Smokemart Gift Box brands.

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

(b) Commercial & Industrial (C&I)

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

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

(c) Energy & Infrastructure (E&I)

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

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

(d) Corporate

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

Geographical information

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

6. Segment information (continued)

Information about reportable segments

(a) Segment Revenue

	30 June 2024 $M	30 June 2023 $M
Convenience & Mobility	5,379.3	4,052.6
Commercial & Industrial	9,001.3	8,670.2
Energy & Infrastructure	3,982.5	3,382.0
Energy & Infrastructure - inter-segment revenue	(3,982.5)	(3,382.0)
Total segments revenue	**14,380.6**	**12,722.8**

(b) EBITDA 'Replacement Cost' (RC)

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

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

	30 June 2024 $M	30 June 2023 $M
Convenience & Mobility	122.1	123.7
Commercial & Industrial	237.9	231.2
Energy & Infrastructure	112.4	22.9
Corporate	(20.7)	(15.9)
Total EBITDA (RC)	**451.7**	**361.9**

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

	30 June 2024 $M	30 June 2023 $M
Total EBITDA (RC)	**451.7**	**361.9**
Net inventory loss	(78.2)	(178.5)
Net lease expense	209.4	163.2
Revaluation loss on FX and oil derivatives	(27.6)	(11.3)
Impairment expense	-	(79.9)
Other significant one-off items	(16.9)	(10.4)
Share of profit from associates	0.8	0.6
Net loss on other disposal of assets	(0.4)	(1.9)
Interest income	8.5	6.9
Depreciation and amortisation expenses	(264.2)	(206.6)
Finance costs	(167.2)	(116.4)
Profit before income tax (HC)	**116.0**	**(72.4)**

(c) Capital expenditure

	30 June 2024 $M	30 June 2023 $M
Convenience & Mobility	47.2	14.3
Commercial & Industrial	17.5	25.8
Energy & Infrastructure	132.0	181.9
Total capital expenditure	**196.7**	**222.0**

7. Dividends determined and paid

	30 June 2024	30 June 2023
Dividends determined and paid during the half-year	**$M**	**$M**
Fully franked dividend relating to the prior period	109.6	206.1

The Company paid a final 2023 dividend of $109.6 million – 7.1 cents per share to shareholders on 22 March 2024 in relation to the six-month period ended 31 December 2023 (2023: 2022 final dividend of $206.1 million – 13.3 cents). Included in the $109.6 million of dividends determined and paid during the period was $0.1 million in dividends relating the treasury shares on hand in the previous year. The net impact of the total dividend on retained earnings amounted to $109.5 million.

Subsequent to the period end, the Board has determined an interim 2024 dividend of 6.7 cents per fully paid ordinary share (2023 interim dividend: 8.5 cents). The aggregate amount of the proposed dividend expected to be paid on 25 September 2024 out of retained earnings at 30 June 2024, but not recognised as a liability at half-year end, is $106.9 million (2023 interim dividend: $131.3 million).

8. Inventories

	30 June 2024	31 December 2023
	$M	**$M**
Crude for processing	693.2	316.9
Hydrocarbon finished products	1,457.8	1,297.0
Polymer products	40.5	42.5
Convenience products	288.7	97.3
	2,480.2	**1,753.7**
Stores and spare parts	55.6	44.3
Total inventories	**2,535.8**	**1,798.0**

The increase in the inventory balance of $737.8 million from 31 December 2023 to 30 June 2024 was driven primarily by an increase in the Group's minimum stock obligation requirements of hydrocarbon finished products, an increase in crude in transit volumes resulting from the Group diversifying its crude purchasing strategy and the acquisition of the OTR Group in March 2024.

9. Income tax and deferred tax

Viva Energy is subject to income tax expense on the basis of current taxable income. The income tax expense for the period is $36.0 million.

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 $15.1 million increase over the period predominantly arose from impacts of typical movements in deferred tax due to origination or reversal of temporary differences between taxable income and profit during the half-year.

10. Financial assets and liabilities

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

	Notes	30 June 2024	31 December 2023
Financial assets		**$M**	**$M**
Financial assets held at amortised cost			
Trade and other receivables		2,101.1	1,979.7
Long-term receivables		22.5	23.9
Cash and cash equivalents		298.0	215.5
Financial assets at fair value through profit and loss			
Derivative assets	13	2.1	0.1
Financial assets at fair value through other comprehensive income			
Equity securities	13	3.5	5.8
		2,427.2	**2,225.0**
Financial liabilities			
Financial liabilities held at amortised cost			
Trade and other payables		4,563.4	3,604.9
Long-term borrowings		1,750.4	595.5
Lease liabilities		3,652.5	2,399.8
Other long-term liabilities (excluding contingent consideration)		123.1	49.5
Financial liabilities at fair value through profit and loss			
Derivative liabilities	13	5.5	69.1
Contingent consideration	13	21.5	20.3
		10,116.4	**6,739.1**

11. Long term borrowings

	30 June 2024	31 December 2023
	$M	**$M**
Long-term bank loans	1,760.0	600.0
Net capitalised borrowing costs on long-term bank loans	(9.6)	(4.5)
Total non-current borrowings	**1,750.4**	**595.5**

On 7 December 2023, the Group refinanced its syndicated revolving credit facility and increased the facility limit to US$1,000.0 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.

On 15 May 2024, the Group entered into a $1,000.0 million syndicated term loan facility, replacing the previous syndicated acquisition bridge facility that was used to fund the acquisition of the OTR Group. The facility is unsecured with terms and conditions consistent with a corporate facility of this nature.

At the end of the reporting period, the Group had access to the unsecured revolving credit facility limit amounting to $1,509.7 million that is in place primarily for working capital purposes. The amount drawn under this facility at 30 June 2024 is $760.0 million.

12. Consolidated net debt

	30 June 2024	31 December 2023
	$M	$M
Net debt		
Cash and cash equivalents	298.0	215.5
Borrowings – repayable after one year	(1,750.4)	(595.5)
Net debt excluding lease liabilities	**(1,452.4)**	**(380.0)**
Lease liabilities – repayable within one year	(267.4)	(206.8)
Lease liabilities – repayable after one year	(3,385.1)	(2,193.0)
Net debt including lease liabilities	**(5,104.9)**	**(2,779.8)**

	Other assets	Liabilities from financing activities				
Analysis of changes in consolidated net debt	**Cash / overdrafts**	**Leases due within 1 year**	**Leases due after 1 year**	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**
Net debt as at 1 January 2023	**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)**
Cash flows	82.5	111.1	-	-	(1,160.0)	(966.4)
Other non-cash movements	-	(171.7)	(1,192.1)	-	5.1	(1,358.7)
Net debt as at 30 June 2024	**298.0**	**(267.4)**	**(3,385.1)**	**-**	**(1,750.4)**	**(5,104.9)**

13. Fair value measurement of financial instruments

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

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

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

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

(a) Fair value measurement hierarchy for the Group

	Quoted in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$M	$M	$M
30 June 2024			
Derivative assets	-	2.1	-
Derivative liabilities	-	(5.5)	-
Equity securities	3.5	-	-
Contingent consideration	-	-	21.5
Total at 30 June 2024	**3.5**	**(3.4)**	**21.5**
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**

There were no transfers between levels during the six months to 30 June 2024. There were also no changes made to any of the valuation techniques applied.

(b) Recognised fair value measurements

Equity securities

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

Derivative assets and liabilities

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 30 June 2024, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Contingent consideration

In 2022, the acquisition of LyondellBasell Australia (LBA) included contingent consideration of $19.6 million as part of the total purchase consideration. In the event that performance targets are achieved by the subsidiary over a six year period beginning at the completion date, additional consideration of up to $25.0 million may be payable in cash throughout the earnout period. The potential undiscounted amount payable under the agreement is between $0 and $25.0 million. The fair value of the contingent consideration of $21.5 million as at 30 June 2024 has been estimated by using discounted cash flow modelling to derive the present value of the future expected cash flows of the subsidiary over the earnout period. Key inputs into the calculation include a risk adjusted discount rate based on the risk profile of the subsidiary and expected future cash flow projections based on historical volume and pricing data.

14. Contributed and other equity

(a) Contributed equity

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

	30 June 2024	**31 December 2023**
	$M	**$M**
Issued and paid up capital	4,419.8	4,232.4
Cost per share	$2.771	$2.741

Movements in ordinary share capital	**Shares**	**$M**
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**
At 1 January 2024	1,544,166,247	4,232.4
Share issue	50,641,458	187.4
At 30 June 2024	**1,594,807,705**	**4,419.8**

Share issue

In the current six-month period the Company issued 50,641,458 ordinary shares on market as part of the Company's acquisition of the On The Run Group. The issue of these shares was treated as an increase in share capital of $187.4 million and adjusted the share par value from $2.741 to $2.771.

(b) Treasury shares

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

Movements in treasury shares	**Shares**	**$M**
At 1 January 2023	7,140,581	18.2
Acquisition of treasury shares (average price: $2.58 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**
At 1 January 2024	**6,926,461**	**21.4**
Acquisition of treasury shares (average price: $3.43 per share)	4,025,523	13.8
Transfer of shares to employees	(4,723,729)	(12.9)
At 30 June 2024	**6,228,255**	**22.3**

15. Business combinations

The Group acquired two businesses during the six month period ended 30 June 2024.

(a) On The Run Group

On 28 March 2024, the Group completed the acquisition of On The Run (OTR) Group, a leading convenience retailer based in South Australia with a retail network across Australia via a number of platforms including OTR and S24 branded petrol stations, Smokemart and Giftbox retail stores and Quick Service Restaurants. The OTR Group also includes fuel wholesale and lubricants businesses which service commercial customers in regional South Australia and the Northern Territory.

Details of the purchase consideration and net assets acquired on a provisional basis are as follows:

Purchase consideration:

	Total provisional purchase consideration $M
Cash consideration	1,113.4
Contributed equity	187.4
Total purchase consideration	**1,300.8**

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

	Total provisional recognised value $M
Cash and cash equivalents	70.8
Trade and other receivables	86.4
Current tax assets	15.6
Inventories	213.2
Prepayments	8.2
Property, plant and equipment	163.9
Right-of-use assets	1,311.1
Intangible assets	6.9
Deferred tax assets	4.6
Trade and other payables	(283.4)
Provisions – current	(16.5)
Provisions – non-current	(11.5)
Lease liabilities – current	(47.0)
Lease liabilities – non-current	(1,264.1)
Net identifiable assets acquired	**258.2**
Goodwill on acquisition	**1,042.6**
Total purchase consideration	**1,300.8**

Provisional recognised values

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

15. Business combinations (continued)

Provisional recognised values (continued)

Goodwill acquired of $1,042.6 million represents other intangible assets that did not meet the criteria for recognition as separately identifiable assets at the date of acquisition. The carrying value of Goodwill is allocated to the C&M Cash Generating Unit.

Revenue contribution

The OTR Group contributed revenue of $1,084.4 million to the Group from the date of acquisition to 30 June 2024. If the acquisition had occurred on 1 January 2024, pro-forma revenue for the six-months ended 30 June 2024 would have been approximately $1,919.0 million which would of resulted in a combined Group revenue of $15,215.2 million.

Provisional purchase consideration of OTR Group – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	**$M**
Cash consideration	1,113.4
Adjustment for cash acquired	(70.8)
Net outflow of cash – investing activities	**1,042.6**

Acquisition related costs

OTR Group acquisition-related costs of $3.6 million are included within general and administration expenses in the consolidated statement of profit and loss and within operating cash flows in the statement of cash flows.

(b) Asset Swap

In agreement with the ACCC and in preparation for the OTR Group acquisition, the Group also acquired a number of retail sites as part of an asset swap arrangement. The Group sold 25 leasehold sites in South Australia, along with associated plant and equipment, working capital balances and cash consideration, and in return purchased 13 sites based in Western Australia, Queensland and New South Wales, which also included plant and equipment, working capital balances and cash consideration. The asset swap met the definition of an acquisition under AASB 3 Business combinations.

The $5.5 million gain on bargain purchase recognised from the asset swap was primarily driven by the write-off the Group's pre-existing leasing position of the 25 leasehold sites, which contributed a gain of $8.5 million to the transaction.

	Total purchase consideration
	$M
Cash consideration	3.0
Non-cash consideration	4.3
Total purchase consideration	**7.3**

The non-cash consideration includes the write-off of $36.0 million in lease right of use assets and $44.5 million in associated lease liabilities.

	Total purchase consideration
Net identifiable assets acquired (provisional)	12.8
Gain on bargain purchase	(5.5)
Total purchase consideration received	**7.3**

The net identifiable assets acquired include $30.0 million in lease right of use assets and $30.0 million in associated lease liabilities.

15. Business combinations (continued)

Purchase consideration of asset swap – cash outflow / (inflow)	**$M**
Outflow/(inflow) of cash on acquisition, net of cash acquired	
Cash consideration	3.0
Adjustment for cash acquired	(6.7)
Net inflow of cash	**(3.7)**

The cash consideration owed of $3.0 million and the cash acquired of $6.7 million were still outstanding and recognised as a payable / receivable respectively at 30 June 2024 due to timing, with amounts settled in July 2024.

Acquisition related costs

Total acquisition-related costs of $0.7 million incurred on the asset swap acquisition are included within general and administration in the consolidated statement of profit and loss and within operating cash flows in the consolidated statement of cash flows.

16. Events occurring after the reporting period

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

Directors' declaration

In the Directors' opinion:

(a) the consolidated half-year financial statements and notes set out on pages 18 to 34 have been prepared in accordance with the *Corporations Act 2001* (Cth), including:

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

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and

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

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

Robert Hill.

Robert Hill Chairman	Scott Wyatt CEO and Managing Director

26 August 2024

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Viva Energy Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date

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

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Trevor Johnston

Trevor Johnston
Partner

Melbourne
26 August 2024