



Vivo Energy plc

(LSE: VVO & JSE: VVO)

2 March 2022

2021 Full Year Results

Vivo Energy plc, the leading pan-African retailer and distributor of Shell and Engen-branded fuels and lubricants, today announces its consolidated financial results for the twelve-months ended 31 December 2021.

Christian Chammas, CEO of Vivo Energy plc, commented:

“We delivered a strong performance in 2021, demonstrating the robustness of our business model, and continued to deliver against our growth strategy. We were pleased with the recovery in volumes to close to pre-pandemic levels. This was predominantly driven by our Retail segment, which is now above 2019 levels, as mobility improved and we continued to expand the network, opening a net total of 133 new sites during the year. The strong operational performance resulted in Adjusted EBITDA rising to \$447 million, 24% ahead of 2020, and 4% ahead of 2019.”

KEY PERFORMANCE INDICATORS¹

(\$ in millions), if not otherwise indicated	Twelve-month period ended 31 Dec 2021	Twelve-month period ended 31 Dec 2020	Change
Volumes (million litres)	10,302	9,637	+7%
Revenues	8,458	6,918	+22%
Gross Profit	693	617	+12%
Gross Cash Unit Margin (\$/000 litres)	75	72	+4%
Gross Cash Profit	777	697	+11%
EBITDA	442	360	+23%
Adjusted EBITDA	447	360	+24%
Net Income	152	90	+69%
Attributable Net Income	140	80	+75%
Diluted EPS (US cents)	11	6	+83%
Adjusted Net Income	157	90	+74%
Adjusted Diluted EPS (US cents)	11	6	+83%

¹ Refer to the non-GAAP financial measures definitions and reconciliations to the most comparable IFRS measures on pages 15 to 17.

Financial Highlights

- Sales volumes were 7% ahead of 2020, reflecting lighter COVID-19 mobility restrictions in our markets
- Revenue increased by 22%, primarily due to higher average crude oil prices and volume growth
- Gross cash profit increased by 11% to \$777 million
- Gross cash unit margin of \$75 per thousand litres (2020: \$72), remained strong largely due to the supply and pricing environment
- Adjusted EBITDA up 24% to \$447 million and EBITDA up 23% to \$442 million
- Net income increased to \$152 million (2020: \$90 million)
- Diluted EPS of 11 cents and Basic headline EPS of 11 cents, both 83% higher than 2020
- Declared a further interim dividend of 4.0 cents per share in respect of the 2021 financial year

Strategic and Operational Highlights

- Recommended offer by BidCo, a subsidiary of an investment vehicle advised by employees of the Vitol Group ('the Vitol Offer'), to acquire all of the shares in Vivo Energy plc they do not currently own
- Post period end, shareholders voted in favour of the transaction, which is still subject to a range of regulatory approvals, with the transaction expected to be completed in Q3 2022
- Expansion of our Retail network by a net total of 133 retail sites, significantly above initial guidance
- Maintained our strong HSSEQ performance with 0.04 Total Recordable Case Frequency



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About Vivo Energy

Vivo Energy operates and markets its products in countries across North, West, East and Southern Africa. The Group has a network of over 2,450 service stations in 23 countries operating under the Shell and Engen brands and exports lubricants to a number of other African countries. Its retail offering includes fuels, lubricants, card services, shops, restaurants and other non-fuel services. It provides fuels, lubricants and liquefied petroleum gas (LPG) to business customers across a range of sectors including marine, mining, construction, power, transport, wholesalers and manufacturing. The Company employs around 2,700 people and has access to over 1,000,000 cubic metres of fuel storage capacity and has a joint venture, Shell and Vivo Lubricants B.V., that sources, blends, packages and supplies Shell-branded lubricants.

Vivo Energy plc has a primary listing on the London Stock Exchange, and is a member of the FTSE 250 index, with a secondary inward listing on the Johannesburg Stock Exchange.

For more information about Vivo Energy, please visit www.vivoenergy.com

Forward looking-statements

This report includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as: "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology, but are not the exclusive means of identifying such statements. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies of the Group and the industry in which it operates. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this report are current only as of the date of this report. The Company and the Directors do not intend, and will not update any forward-looking statements set forth in the document. You should interpret all subsequent written or oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf as being qualified by the cautionary statements in this report. As a result, you should not place undue reliance on such forward-looking statements. This announcement may contain references to Vivo Energy's website. These references are for convenience only and Vivo Energy is not incorporating into this announcement any material posted on www.vivoenergy.com.

CHIEF EXECUTIVE OFFICER'S STATEMENT

In this, my final CEO statement at Vivo Energy before retirement, I look back not just on 2021, but also on our first decade, and reflect on how we're continuing to grow with purpose.

From the very beginning, we set out a clear vision to become the most respected energy business in Africa. And today, by remaining true to this vision, I believe that we are stronger than ever – delivering on our strategy, supported by our people, and guided by our Purpose.

CONTINUED RESILIENCE

Our 2020 Annual Report was dominated by the impact of COVID-19 on our markets, and how we had responded to the pandemic, supporting and protecting our stakeholders – playing our part, and demonstrating that together we are resilient. A year on, I didn't expect our lives to continue to be dominated by COVID-19. However, we have continued to support the continent's recovery, enabling people and businesses to stay on the move by providing essential fuels and services. The ever changing nature of the pandemic did not make 2021 an easy year, but we have continued to grow, delivering against our strategy and producing strong results.

Africa was impacted by waves of the pandemic at varying times through the year, which led to periodic stricter curfews and mobility restrictions. However, we operate on a highly resilient continent and our markets have generally weathered the waves of new variants, which have had limited impact on public health. Vaccination rates against COVID-19 have progressed at different paces. While the majority of target populations in Morocco and Mauritius are fully vaccinated, sub-Saharan Africa countries are generally still in the early stages of roll-out. During the year we continued to focus on the health and safety of our people, and undertook a range of initiatives to inform our employees about the vaccine. I am pleased to report that 68% of our African-based employees were fully vaccinated by the end of the year.

STRONG BUSINESS PERFORMANCE

Our business recovery from the lows of Q2 2020 remains firmly on track, with volumes up 7% to 10,302 million litres, and within touching distance of 2019 levels. Group gross cash unit margin remained strong during the year at \$75 per thousand litres, as the pricing and supply environment continued to support us, along with further benefits from the product mix effect.

Together, these factors led to gross cash profit of \$777 million, up 11% against 2020 and ahead of 2019.

This strong performance resulted in adjusted EBITDA of \$447 million, our highest ever performance, which is up 24% against the previous year, with net income up 69% to \$152 million. Adjusted diluted earnings per share of 11 cents, 83% higher than 2020 and broadly in line with 2019.

None of this would have been possible without the support of our talented and dedicated leadership team and employees across the Group, of whom I am immensely proud. The people at Vivo Energy are our most important asset and central to us delivering our objectives and achieving our vision.

When we established this business in 2011 we started with 1,269 service stations and set out with the objective to invest to grow, expanding and improving our network and offer.

Growth has been at the heart of our business over the past decade. 2021 was no different, as we have continued to invest for the future, seizing opportunities, and opening a record number of new service stations, with a net total of 133 new sites opened during the year, ahead of our original guidance. Having focused on building the right teams for our Engen-branded markets in the first few years following the acquisition, it has been very pleasing to see that 55 of these net new sites were in these countries. At the end of 2021 we had grown the Group's network to 2,463 service stations.

Another key area of development for the business during the year was the continuing enhancement of our sustainability approach and reporting. We formed a cross-functional ESG and Climate Committee, which I chair. In our first year we focused on confirming our key sustainability issues through a materiality assessment as well as the further integration of climate considerations into the business as part of our first Task Force on Climate-Related Financial Disclosures (TCFD) reporting. As part of this process, we have accelerated the pace of the installation of solar on our sites and looked to broaden our low and zero carbon offerings. We have also enhanced our Greenhouse Gas tracking and reporting, and this, together with another excellent safety performance and continuing investments into communities, provides a firm basis for moving forward in 2022.

OFFER FOR VIVO ENERGY

In November, our Board agreed to recommend a transaction with BidCo, a wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited, itself being an investment vehicle advised by employees of the Vitol Group ('the Vitol Offer').

The Vitol Offer is to acquire all of the shares in the Company that Vitol Group don't currently own. This was the second unsolicited approach made by BidCo during the year, with the Board firmly rejecting the first approach.

The second approach came after Vitol had secured agreement to acquire a further 27.1% of the company from Helios Investment Partners. After detailed negotiations, the Board was able to deliver an improved total cash offer of \$1.85 for each Vivo Energy plc share, which represented almost a 20% increase on the original approach in February, and over 70% higher than the prevailing price at that time. As a result, the Board believes it has delivered a positive outcome for all stakeholders. Although below the IPO price in 2018, the Vitol Offer represents an attractive value in cash for shareholders, and Vitol's proven track record of supporting our long-term growth plans will enable us to continue to deliver benefits to wider stakeholders.

In January 2022, shareholders voted overwhelmingly to approve the Vitol Offer.

Regulatory approvals across a number of the markets where we operate are currently being sought and we expect that the transaction will complete in Q3 2022, at which point Vivo Energy will be delisted.

BUILDING FOR THE FUTURE

After a decade of leading Vivo Energy, I am very proud of what our teams have achieved – sustained growth, always with a focus on doing business the right way.

It has been a privilege to work alongside my colleagues. Their constant dedication has been instrumental in our success, and I would like to thank all of them for their outstanding contributions over the years.

We announced the appointment of Stan Mittelman as the CEO designate in November 2021 and I am confident he will be an excellent successor to take Vivo Energy forward through its next stage of growth, building for the future.

Stan has 30 years of experience in the downstream energy sector, with much of that time spent in Africa, and knows at first-hand the vast opportunity that exists on the continent. He has a strong track record in developing businesses and driving growth and this – along with his genuine passion for and understanding of Africa – make him ideally suited to the role.

In addition to my colleagues, I would like to thank our customers, partners, shareholders and host governments for the support they have shown me and Vivo Energy over the last decade.

Vivo Energy has a very bright future ahead. I wish the Company well and look forward to seeing its continued development and success.

CHRISTIAN CHAMMAS

CHIEF EXECUTIVE OFFICER

OPERATING REVIEW

OVERVIEW OF OPERATIONS BY SEGMENT

US\$ million, unless otherwise indicated	2021	2020	Change
Volumes (million litres)			
Retail	6,090	5,456	+12%
Commercial	4,063	4,045	0%
Lubricants	149	136	+10%
Total	10,302	9,637	+7%
Gross profit			
Retail (including Non-fuel retail)	436	387	+13%
Commercial	168	156	+8%
Lubricants	89	74	+20%
Total	693	617	+12%
Gross cash unit margin (\$/’000 litres)			
Retail fuel (excluding Non-fuel retail)	75	76	-1%
Commercial	48	45	+7%
Lubricants	628	570	+10%
Total	75	72	+4%
Gross cash profit			
Retail (including Non-fuel retail)	490	438	+12%
Commercial	194	181	+7%
Lubricants	93	78	+19%
Total	777	697	+11%
Adjusted EBITDA			
Retail	259	216	+20%
Commercial	116	92	+26%
Lubricants	72	52	+38%
Total	447	360	+24%

RETAIL

US\$ million, unless otherwise indicated	2021	2020	Change
Volumes (million litres)	6,090	5,456	+12%
Gross profit (including Non-fuel retail)	436	387	+13%
Gross cash unit margin (excluding Non-fuel retail) (\$/'000 litres)	75	76	-1%
Retail fuel gross cash profit	458	412	+11%
Non-fuel retail gross cash profit	32	26	+23%
Adjusted EBITDA	259	216	+20%

OVERVIEW

With a strong focus on growth, Retail remains at the heart of our business. As one of Africa's largest retailers we continue to enhance our Retail site offerings to attract customers across the continent. Our modern, safe and clean sites provide our customers with access to high-quality products, services and increased convenience.

2021 REVIEW

Our Retail business segment remains the key driver of the Group's recovery from the impact of COVID-19. The easing of mobility restrictions and our accelerated site roll-out programme supported the volume recovery throughout the year. The segment's KPIs, volumes, gross cash profit and adjusted EBITDA were ahead of 2020, as well as the 2019 pre-pandemic period.

RETAIL FUEL

Retail fuel volumes were 12% and 3% higher compared to 2020 and 2019, respectively. This performance was supported by many of our markets experiencing lighter COVID-19 restrictions in 2021 compared to those imposed in 2020. During the year, countries looked to regional restrictions and curfews to manage COVID-19 rather than full lockdowns. Our continued focus on expanding the Retail network, in both Shell and Engen-branded markets, further contributed to volume recovery. During the year we opened a net total of 133 new retail sites, which was 21% ahead of our initial guidance for the year. This was driven by excellent progress in the Engen-branded markets, where we opened 55 net new sites, expanding the network in those markets by 21%.

The Group continued to progress its 'Shining sites' programme to enhance the customer experience at our sites as well as running a range of promotions, such as 'clean and safe sites', new fuel launches and targeted marketing campaigns. These initiatives generated increased traffic to our sites which contributed to volume growth during the year.

Premium fuel volumes increased by 28% and gross cash profit was up 8% compared to the prior year. The market penetration of premium fuels continued to increase, mainly driven by marketing campaigns, active pricing and network expansion.

Gross cash unit margin remained strong at \$75 per thousand litres, broadly in line with the prior year at \$76 per thousand litres. The gross cash unit margin in 2021 and 2020 benefitted from a positive supply and pricing environment, and despite volatility due to COVID-19, unit margins in both years were ahead of 2019.

NON-FUEL RETAIL

Gross cash profit increased from \$26 million in 2020 to \$32 million in 2021, mainly due to a higher footfall resulting from reduced mobility restrictions and an increased number of Non-fuel retail outlets.

Our continued focus on expanding our Non-fuel retail customer offerings resulted in the opening of a net total of 96 convenience retail shops and pharmacies and 32 food outlets across our service stations.

Gross cash profit was 3% behind 2019 levels, primarily due to the continued impact of curfews across the portfolio, which affected the evening trade at our quick service restaurants (QSR), as well as regional restrictions reducing the number of customers at highway sites. This was offset by the consumer trend towards increasing use of takeaway and delivery services in many of our markets. The Group has focused on ensuring its offerings are available on local aggregator food delivery platforms.

In convenience retail, we continued to adapt and enhance our product lines to meet our customers' changing demands. We continued to prioritise our customers' health and safety by ensuring clean and safe sites in all our markets.

COMMERCIAL

US\$ million, unless otherwise indicated	2021	2020	Change
Volumes (million litres)	4,063	4,045	0%
Gross profit	168	156	+8%
Gross cash unit margin (\$/000 litres)	48	45	+7%
Gross cash profit	194	181	+7%
Adjusted EBITDA	116	92	+26%

OVERVIEW

Our adaptable business model ensures our ability to meet the changing demands of our customers across a range of sectors including mining, construction, power, road transport, aviation and marine. We meet the needs of our business partners through a comprehensive range of products supported by extensive and trusted services.

2021 REVIEW

Volumes in our Commercial segment remained flat year-on-year, mainly due to the completion of a large low-margin supply contract in September 2020. Excluding the supply contract, volumes were 6% higher year-on-year but 3% behind 2019. Gross cash unit margin of \$48 per thousand litres was up 7% compared to 2020 and slightly behind 2019. Gross cash profit was 7% higher year-on-year at \$194 million (2020: \$181 million) and 9% behind 2019.

CORE COMMERCIAL

Our Core Commercial business offers a range of services including the supply of bulk fuel to customers in the transportation, mining, construction and power sectors, as well as LPG to both consumers and industry. Core Commercial accounted for 83% (2020: 85%) of total Commercial volumes and 87% (2020: 93%) of overall Commercial gross cash profit.

Core Commercial volumes were 3% lower year-on-year, however, excluding the large low-margin supply contract, volumes were 4% higher year-on-year and 8% ahead of 2019. Volumes were driven by a strong performance in the reseller market and increased demand from the mining sector.

Gross cash unit margin increased by 2%, from \$49 per thousand litres in 2020 to \$50 per thousand litres in 2021. This year-on-year increase was supported by a change in the product mix, resulting in increased sales of higher margin products, as well as negative inventory effects impacting performance in 2020.

AVIATION AND MARINE

The Aviation and Marine business accounted for 17% of overall Commercial volumes (2020: 15%) and 13% of total Commercial gross cash profit (2020: 7%), and continues to be significantly impacted by COVID-19 mobility restrictions.

Aviation and Marine volumes increased by 20% against the previous year, but remained 36% below 2019. Gross cash unit margin increased from \$21 per thousand litres in 2020 to \$37 per thousand litres in 2021 and 6% ahead of 2019.

The Aviation business experienced the beginnings of a recovery with volumes 26% ahead of the prior period, mainly due to the re-opening of international travel, local flights as well as an increase in cargo flights in many of our markets. Volumes were still 43% behind 2019 as the recovery in international travel remains in its early stages and subject to regular changes due to COVID-19 related policies. The gross cash unit margin was significantly higher than 2020, which was impacted by negative inventory effects.

The Marine business also experienced a recovery, with volumes 12% higher than the prior year. This was mainly attributable to our continued efforts to secure opportunistic spot sales during the year.

LUBRICANTS

US\$ million, unless otherwise indicated	2021	2020	Change
Volumes (million litres)	149	136	+10%
Gross profit	89	74	+20%
Revenues	455	366	+24%
Gross cash unit margin (\$/000 litres)	628	570	+10%
Gross cash profit	93	78	+19%
Adjusted EBITDA	72	52	+38%

OVERVIEW

We blend, distribute and sell high-quality lubricants across Africa – on our forecourts to Retail customers, to other Retail customers through distributors, and to our Commercial customers. Our extensive range of leading-edge products provide value to all these customers.

2021 REVIEW

Our Lubricants segment delivered strong performance during the year. Volumes were 10% higher year-on-year and 9% higher than 2019. Unit margins were up 10% year-on-year at \$628 per thousand litres (2020: \$570 per thousand litres) mainly due to favourable base oil prices. Gross cash profit of \$93 million was 19% higher year-on-year, primarily attributable to improved unit margins and volumes. Adjusted EBITDA and gross cash profit were 33% and 24%, respectively, ahead of 2019.

RETAIL LUBRICANTS

Our Retail lubricants business involves the sale of products from our service station forecourts to Retail customers, and to other consumers (B2C) through distributors. Retail lubricants accounted for 64% of total segment volume (2020: 62%) and 62% of segment gross cash profit (2020: 63%).

Volumes were 13% higher than the prior year and 14% ahead of 2019. The strong performance in 2021 is attributable to higher traffic at our retail sites resulting from lighter COVID-19 mobility restrictions in the current period and our ability to continue to source products in certain constrained markets. Our marketing campaigns and promotions have also contributed to the improved volumes.

Unit margins increased by 7%, from \$577 per thousand litres in 2020 to \$616 per thousand litres. This increase is primarily attributable to the temporary benefit of lubricant price increases in H1 2021 offsetting increasing product costs and a change in product mix due to an increase in premium products sold.

COMMERCIAL LUBRICANTS

We sell Commercial lubricants to customers across our operating units and also to export customers in other countries across Africa. Commercial volumes accounted for 36% of total Lubricants volume (2020: 38%) and 38% of gross cash profit (2020: 37%).

Volumes were 4% ahead of the prior year, primarily due to increased demand from the mining sector in both our domestic and export markets.

Unit margins increased by 14% year-on-year, from \$569 per thousand litres to \$648 per thousand litres. The increase is mainly attributable to the favourable pricing environment as well as the sale of products with higher margins. The business also completed the transition to Shell-branded lubricants for non-Retail customers in our Engen-branded markets, which has further contributed to the positive performance of the gross cash unit margins.

FINANCIAL REVIEW

CONSOLIDATED RESULTS OF OPERATIONS

SUMMARY INCOME STATEMENT

US\$ million	2021	2020	Change
Revenues	8,458	6,918	+22%
Cost of sales	(7,765)	(6,301)	+23%
Gross profit	693	617	+12%
Selling and marketing cost	(222)	(226)	-2%
General and administrative cost	(185)	(176)	+5%
Share of profit of joint ventures and associates	27	16	+69%
Other income/(expense)	(1)	4	-125%
EBIT	312	235	+33%
Finance expense – net	(59)	(60)	-2%
EBT	253	175	+45%
Income taxes	(101)	(85)	+19%
Net income	152	90	+69%

Earnings per share (US\$)	2021	2020	Change
Basic	0.11	0.06	+83%
Diluted	0.11	0.06	+83%

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2021	2020	Change
Volumes (million litres)	10,302	9,637	+7%
Gross cash profit	777	697	+11%
EBITDA	442	360	+23%
Adjusted EBITDA	447	360	+24%
ETR (%)	40%	49%	n/a
Adjusted net income	157	90	+74%
Adjusted diluted EPS (US\$)	0.11	0.06	+83%

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

VOLUMES

Overall volumes of 10,302 million litres were 7% ahead of 2020 and slightly behind 2019, reflecting the lighter mobility restrictions in our markets during the year, with most operating units returning to volume growth. This strong performance was mostly driven by the expansion of the Retail network across our portfolio and the continuing business recovery from the impact of COVID-19, partially offset by the end of a large low-margin supply contract in the Commercial segment in 2020.

REVENUE

Revenue increased by \$1,540 million, from \$6,918 million in 2020 to \$8,458 million in 2021. The increase is primarily attributable to higher average crude oil prices and volume growth during the year.

COST OF SALES

Cost of sales were \$7,765 million, \$1,464 million above the prior year (2020: \$6,301 million), mainly due to the increase in the cost of inventory as a result of higher crude oil prices. Higher purchases, in line with the increase in demand, further contributed to the increase during the period.

GROSS PROFIT

Gross profit increased by \$76 million to \$693 million (2020: \$617 million) due to increased volumes as a result of lighter COVID-19 mobility restrictions and higher unit margins.

GROSS CASH PROFIT

Gross cash profit was up 11% year-on-year, increasing from \$697 million to \$777 million, primarily driven by higher volumes and strong unit margins. Gross cash unit margin was \$75 per thousand litres, 4% higher than 2020, which was negatively affected by COVID-19 related inventory effects and a \$2 million negative impact from hyperinflation accounting. In 2021, gross cash profit also benefitted from a higher margin product mix.

SELLING AND MARKETING COST

Selling and marketing cost amounted to \$222 million, marginally lower than 2020 (\$226 million), mainly due to a lower expected credit loss, partially offset by the appreciation of local currencies and increased spending on marketing campaigns in 2021.

GENERAL AND ADMINISTRATIVE COST

General and administrative cost, including special items, was \$185 million, 5% higher than the prior year (2020: \$176 million), mainly due to an increase in manpower costs.

SHARE OF PROFIT FROM JOINT VENTURES AND ASSOCIATES

Share of profit from joint ventures and associates increased by 69% to \$27 million (2020: \$16 million), mainly due to the higher share of profit from Shell and Vivo Lubricants and our joint ventures in Morocco.

OTHER INCOME/EXPENSE

Other income/expense was -\$1 million compared to +\$4 million in 2020, which included gains from disposals of property, plant and equipment.

ADJUSTED EBITDA

Adjusted EBITDA was 24% up year-on-year to \$447 million (2020: \$360 million). This was primarily due to increased sales volumes and improved unit margins.

NET FINANCE EXPENSE

Net finance expense decreased by \$1 million to \$59 million, from \$60 million in 2020 which was impacted by a mark-to-market loss on the settlement of interest rate swaps as part of the notes offering. The decrease is further explained by a lower impact from hyperinflationary accounting. The decrease was partially offset by a foreign exchange loss (gain in 2020), and higher interest on lease liabilities due to new leases in the current year.

INCOME TAXES

The ETR decreased to 40% from 49% compared to 2020. This was predominantly due to the higher earnings before tax of \$253 million (2020: \$175 million) resulting in a lower relative impact of expenses which are not tax deductible and withholding tax on upstreamed dividends and central fees.

NET INCOME

Net income, including the impact of special items, was up by \$62 million to \$152 million (2020: \$90 million). Minority interest was \$12 million (2020: \$10 million).

EARNINGS PER SHARE

Basic earnings per share amounted to 11 cents per share (2020: 6 cents per share). Adjusted diluted earnings per share, excluding the impact of special items, were 11 cents per share (2020: 6 cents per share).

CONSOLIDATED FINANCIAL POSITION

ASSETS

Trade receivables increased by \$117 million, from \$344 million in 2020 to \$461 million in 2021, mainly due to higher crude oil prices and increased sales volumes during the period. Average monthly DSO¹ for the period was 15 days (2020: 16 days).

The increase in inventories of \$84 million, from \$480 million in 2020 to \$564 million in 2021, related to higher crude oil prices and increased market demand. Average inventory days for the period was 26 days (2020: 29 days).

Other assets increased by \$81 million, from \$317 million in 2020 to \$398 million in 2021, mostly due to increases in other government benefits receivable arising from new subsidy balances in some of our markets.

Cash and cash equivalents increased by \$72 million from \$515 million in 2020 to \$587 million in 2021. The increase was largely attributable to the higher cash inflow from operations, partially offset by dividends paid, and the repayment of the revolving credit facility (RCF).

Property, plant and equipment increased by \$49 million from \$889 million in 2020 to \$938 million in 2021. Right-of-use assets increased by \$18 million, from \$201 million in 2020 to \$219 million in 2021. These increases are mainly due to the continued expansion of our Retail network, partially offset by depreciation for the year.

Investments in joint ventures and associates increased by \$2 million, from \$231 million in 2020 to \$233 million in 2021. The increase is primarily due to the share of profit received from joint ventures and associates amounting to \$27 million, partially offset by dividends received of \$22 million.

EQUITY

Total equity increased by \$71 million from \$812 million in 2020 to \$883 million in 2021, mainly due to total comprehensive income for the year of \$142 million. This increase was partially offset by dividends paid, amounting to \$76 million during the period.

LIABILITIES

Trade payables increased by \$386 million from \$1,048 million in 2020 to \$1,434 million in 2021. The increase is primarily due to higher crude oil prices and increased product demand in the current year. Favourable payment terms agreed with suppliers further contributed to the increase. Average monthly DPO¹ for the period was 57 days (2020: 54 days).

The increase in lease liabilities of \$18 million from \$143 million in 2020 to \$161 million in 2021, is predominantly due to new lease agreements, partially offset by the repayment of lease instalments in the period.

The decrease in borrowings of \$53 million from \$682 million in 2020 to \$629 million in 2021 is mainly due to the repayment of the revolving credit facility.

DIVIDENDS

The Board has adopted a progressive dividend policy while maintaining an appropriate level of dividend cover and sufficient financial flexibility in the Group.

In March 2021, the Board increased the minimum payout ratio from 30% to 50% of attributable net income to reflect the Group's cash flows, strong balance sheet and continuing growth ambitions. The dividend policy remains progressive and the intent is for future dividends to grow in line with earnings. The Group declares its dividends in US dollars.

The interim dividend of 1.7 cents per share, amounting to \$21 million was paid during the year, the first dividend paid under the enhanced dividend policy of the 50% payout ratio.

The Board has declared a further interim dividend for the 2021 financial year of 4.0 cents per share.

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

LIQUIDITY AND CAPITAL RESOURCES

ADJUSTED FREE CASH FLOW

US\$ million	2021	2020
Net income	152	90
Adjustment for non-cash items and other	226	214
Current income tax paid	(102)	(89)
Net change in operating assets and liabilities and other adjustments ¹	195	48
Cash flow from operating activities	471	263
Net additions of PP&E and intangible assets	(167)	(163)
Free cash flow	304	100
Special items ²	7	12
Adjusted free cash flow	311	112

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

2 Cash impact of special items. Special items are explained and reconciled in the Non-GAAP financial measures.

Adjusted free cash flow increased by \$199 million, from \$112 million in 2020 to \$311 million in 2021. The increased cash flow was mainly driven by higher cash inflows from operating activities due to the positive movement in net change in operating assets and liabilities of \$147 million and an increase in net income of \$62 million.

The positive net change in operating assets and liabilities is primarily attributable to trade payables which increased due to higher crude oil prices, increased product demand and favourable payment terms with suppliers. This was partially offset by increases in trade receivables and inventories predominantly due to higher crude oil prices and increased market demand.

Income tax paid amounted to \$102 million for the year ended 31 December 2021 (2020: \$89 million). Cash flow from operating activities fully funded net capital expenditure of \$167 million in 2021 (2020: \$163 million).

CAPITAL EXPENDITURES

US\$ million	2021	2020
Maintenance	61	55
Growth	102	101
Special projects	5	12
Total	168	168

US\$ million	2021	2020
Retail	99	100
Commercial	32	29
Lubricants	3	3
Other (technology, supply and distribution and general corporate costs)	34	36
Total	168	168
Of which growth capital expenditure was:	102	101
Retail	75	74
Commercial	25	23
Lubricants	2	2
Other (technology, supply and distribution and general corporate costs)	–	2

The strong cash flow generated from operating activities funded our capital expenditure initiatives to pursue various opportunities in our markets. The majority of Growth capital expenditure is attributable to Retail projects which included the expansion of our Retail network. The increase in Maintenance capital expenditure was mainly due to projects in our Retail segment and our continued focus on the maintenance of our supply and distribution infrastructure.

The 'Shining sites' project, established in 2019, to ensure we maintain compliance with our stringent standards, has resulted in 326 retail sites being 'shined' in 2021.

SAP S/4HANA, the Group's new ERP system, was fully implemented in all our Engen-branded entities by April 2021. The decreased capital expenditure of special projects in the current year is primarily due to the completion of the SAP S/4HANA implementation.

ROACE increased from 12% in 2020 to 19% in 2021, primarily due to higher earnings compared to prior year.

NET DEBT AND AVAILABLE LIQUIDITY

US\$ million	31 December 2021	31 December 2020
Long-term debt	349	408
Lease liabilities	161	143
Total debt excluding short-term bank borrowings	510	551
Short-term bank borrowings	280	274
Less cash and cash equivalents	(587)	(515)
Net debt	203	310

US\$ million	31 December 2021	31 December 2020
Net debt	203	310
Adjusted EBITDA ¹	447	360
Leverage ratio¹	0.45x	0.86x

¹ For the description and reconciliation of non-GAAP measures refer to the Non-GAAP financial measures below.

US\$ million	31 December 2021	31 December 2020
Cash and cash equivalents	587	515
Available undrawn credit facilities	1,471	1,563
Available short-term capital resources	2,058	2,078

Long-term debt consists of \$350 million in notes issued in September 2020. The notes have a coupon rate of 5.125% paid semi-annually and are fully redeemable in 2027, at maturity. Short-term bank borrowings include uncommitted unsecured short-term bank facilities which are extended by various local banks to individual operating entities, ranging from \$1 million to \$354 million and carry interest rates between 1.5% and 16.1% per annum. These facilities are automatically renewable and typically for a period of 12 months. The Group's debt covenants are disclosed in note 23 of the notes to the consolidated financial statements. Net debt decreased by \$107 million to \$203 million, mainly due to an increase in cash and cash equivalents and a decrease in long-term debt. The increase in cash and cash equivalents was driven by higher cash flows from operating activities. The repayment of the RCF explains the decrease of long-term debt.

The Group's leverage ratio strengthened from 0.86x in 2020, to 0.45x in 2021, mainly attributable to the decrease in net debt and higher adjusted EBITDA. This low leverage ratio is reflective of our strong balance sheet. The available undrawn credit facilities of \$1,471 million comprise the undrawn, committed multi-currency revolving credit facility of \$300 million and \$1,171 million of undrawn, unsecured and uncommitted short-term bank facilities extended to our operating entities for working capital purposes. Future decisions on the structure of the Group's debt facilities may be dependent upon the Vitol Offer.

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

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

1 Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

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

US\$ million	31 December 2021	31 December 2020
Purchase obligations	21	22

NON-GAAP FINANCIAL MEASURES

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

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

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

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

US\$ million	2021	2020
Gross profit	693	617
Add back: depreciation and amortisation in cost of sales	84	80
Gross cash profit	777	697
Volume (million litres)	10,302	9,637
Gross cash unit margin (\$/’000 litres)	75	72

US\$ million	2021	2020
EBT	253	175
Finance expense – net	59	60
EBIT	312	235
Depreciation, amortisation and impairment	130	125
EBITDA	442	360
Adjustments to EBITDA related to special items:		
IPO ¹ , Engen acquisition ² and Vitol Offer related expenses ³	4	1
Management Equity Plan ⁴	1	(3)
Hyperinflation ⁵	–	2
Adjusted EBITDA	447	360

US\$ million	2021	2020
Net income	152	90
IPO ¹ , Engen acquisition ² and Vitol Offer related expenses ³	4	1
Management Equity Plan ⁴	1	(3)
Hyperinflation ⁵	–	2
Adjusted net income	157	90

1 IPO related items in 2021 and 2020 concern the IPO share awards which are accrued for over the vesting period.

2 On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses incurred in 2020 are treated as special items.

3 These expenses related to the potential change in control transaction, are treated as special items as they do not form part of the core operational business activities and performance.

4 The Management Equity Plan vested at IPO in May 2018 and was exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

5 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

US\$	2021	2020
Diluted earnings per share	0.11	0.06
Impact of special items	–	–
Adjusted diluted earnings per share	0.11	0.06

US\$ million, unless otherwise indicated	2021	2020
EBIT	312	235
Adjustments to EBIT related to special items:		
IPO ¹ , Engen acquisition ² and Vitol Offer related expenses ³	4	1
Management Equity Plan ⁴	1	(3)
Hyperinflation ⁵	–	2
Adjusted EBIT	317	235
Adjusted EBIT after tax	193	120
Average capital employed	1,042	1,021
ROACE	19%	12%

1 IPO related items in 2021 and 2020 concern the IPO share awards which are accrued for over the vesting period.

2 On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses incurred in 2020 are treated as special items.

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5 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Overall, our risk management programme focuses on the unpredictability of the global market and seeks to minimise potential adverse effects on financial performance. In addition to the risks and uncertainties presented below, our ability to simultaneously manage the multiple growth generating projects is closely monitored by all relevant control functions.

BRAND & REPUTATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION
I. PARTNER REPUTATION AND RELATIONSHIPS		
Our business benefits from a small number of key contractual brand relationships with our brand partners, Shell and Engen. We also rely on our own business reputation and brand in order to successfully grow our business and develop new relationships with other brand partners. Our ability to grow and maintain our business in our markets and beyond depends on the reputation of our business partners and relationships (including our brand partners).	The termination of any key brand licence could have a material impact on our ability to grow or maintain our business and could have a material cost impact on current operations. The deterioration of our brand, or of any of our business relationships, including with our existing brand partners, may prevent collaboration opportunities with existing or new partners, thus hindering the growth plans of the Group. A negative trend or development in the brand or reputation of one of our key business partners could adversely impact our current business and future growth plans if it were to adversely impact consumer sentiment towards the brands under which we operate.	Our brand licence agreements contain customary termination provisions which provide that they can only be terminated in very specific circumstances rather than for convenience. Such termination provisions relate, inter alia, to events of material breach, insolvency etc. We have developed appropriate processes and procedures to monitor and ensure our compliance with the terms of our brand agreements thus preserving both the relationships with our brand partners and the sanctity of our key contractual relationships. The Group's corporate reputation risk is one of the key risk categories subject to an ongoing assessment and mitigation in our risk management approach. It is continuously monitored and reported as part of the risk register and internal audit reporting. We endeavour to only enter into brand relationships with well-established and reputable partners. In all our key contracts and relationships, we ensure our partners adhere to ethical, HSSEQ and other operational standards that meet or exceed our own standards. Stringent KYC procedures are performed prior to entering any contract over the Group's low level threshold (and regardless of any value when the counterparty is related to a defined list of sanctioned countries) and repeated frequently. We promote and develop the communities in which we operate to help build the Vivo Energy brand as the most respected energy business in Africa.
2. CRIMINAL ACTIVITY, FRAUD, BRIBERY AND COMPLIANCE RISK		
The countries where we operate are exposed to high levels of risk relating to criminal activity, fraud, bribery, theft and corruption. There are a number of regulatory requirements applicable to the Group and its listing on the London and Johannesburg Stock Exchanges. The COVID-19 pandemic and new ways of working have created increased opportunities for fraudsters, with a continuous increase in cyber-fraud activity reported. Refer to risk 9 for further details. The potential delisting project entails risks relating to non-compliance with all regulatory requirements.	Violations of anti-bribery, anti-corruption laws, and other regulatory requirements may result in significant criminal or civil sanctions, which could disrupt our business, damage its reputation and result in a material adverse effect on the business, results of operations and financial condition.	We provide compliance training programmes to employees at all levels. Our Code of Conduct and KYC procedures, along with various other policies and safeguards, have been designed to prevent the occurrence of fraud, bribery, theft and corruption within the Group. We have a confidential whistle-blowing helpline for employees, contractors, customers and other third parties to raise ethical concerns or questions. We regularly maintain and update our information technology and control systems within the Group. The Head of Ethics and Compliance is involved in mitigating fraudulent activities in the Group. We strive to ensure our anti-bribery management systems continue to be certified compliant under the ISO 37001 standard. Regular online training and guidance are provided to all staff on how to work from home securely. In 2021, the Group increased the frequency of phishing simulation exercises to ensure staff awareness of cyber security.

PRICING

OUR RISK	RISK IMPACT	OUR MITIGATION
3. OIL PRICE FLUCTUATIONS		
The price of oil and oil products may fluctuate, preventing us from realising our targeted margins, specifically in the deregulated markets in which we operate. The COVID-19 pandemic led to increased volatility in oil prices.	Higher supply costs in deregulated markets result in higher prices for our products and could reduce our ability to achieve targeted unit margins. Price fluctuations could negatively impact the value of stocks, resulting in stock losses.	Exposure to commodity price risk is mitigated through careful inventory and supply chain management as well as dynamic pricing. We have adapted the management of critical operational and finance activities, increasing the frequency at which the Group monitors its supply commitments, demand and stocks to cope with a high volatility and high sensitivity environment.
4. CURRENCY EXCHANGE RISK		
We are exposed to foreign exchange risk, currency exchange controls, currency shortage and other currency-related risks.	Depreciation of foreign currency exchange rates could result in severe financial losses.	Our treasury policy requires each country to manage its foreign exchange risks. The Central Treasury team approves all hedging plans before they are actioned to ensure they are aligned with our strategic focus. We mitigate currency exchange risks through margin and pricing strategies. Since the start of the pandemic, we have increased the frequency at which the Group monitors its forex exposures.

HEALTH, SAFETY, SECURITY & ENVIRONMENT

OUR RISK	RISK IMPACT	OUR MITIGATION
5. HEALTH AND SAFETY		
We are exposed to accidents or incidents relating to health, safety and the environment and from such accidents relating to employees. We are further subject to HSSEQ laws and regulations and industry standards related to each of the countries in which we operate. This is our principal risk most impacted by COVID-19. Main risk relates to staff or business partners contracting the virus, entailing threats to life and business continuity. There is also an elevated risk of robbery and theft associated with the deteriorating economic conditions in most countries where we operate.	We may incur potential liabilities arising from HSSEQ accidents/incidents. Brand reputation can be severely impacted, along with employee confidence. Regulators and authorities may impose fines, disrupt our operations and disallow permits for future ventures. The health and safety of our staff and business partners are at risk due to COVID-19. Unavailability of staff, contractors or retailers could also lead to closure of key sites.	We ensure all safety measures for our retail service stations, storage sites and employees are maintained at international standards. We invest significantly in training and technology to improve road transport safety. The highest emphasis is placed on process safety, and minimising security risks to our people, our facilities and the communities in which we operate. We require all our contractors and partners to manage their HSSEQ policies and practices in line with ours. On an ongoing basis, safety and security drills, campaigns and programmes are conducted to ensure widespread knowledge of the Group's HSSEQ principles and procedures. In addition to our ongoing, daily attention to HSSEQ, we hold an annual Safety Day, which creates an opportunity for all employees to refocus on the importance of HSSEQ of our Group. The day is used to reinforce safety measures as well as raise awareness of key issues. Our BCCP has been reviewed (ensuring presence of critical staff, in particular those involved in site security) and COVID-19 protocols developed and implemented to cope with the pandemic specific risks. This includes international travel restrictions, adherence to World Health Organization guidelines and national legislation, special PPE and donning/doffing procedures, revised site access and visit controls, office and asset recovery and reintegration plan and engagement of key stakeholders including hauliers and contractors. Finally, recommendation was made for all non-essential physical work to be done remotely and business meetings to be held virtually.

OUR RISK	RISK IMPACT	OUR MITIGATION
6. ECONOMIC AND GOVERNMENTAL INSTABILITY		
Several countries and regions in which we operate have experienced economic and political instability that could adversely affect the economy of our markets.	An economic slowdown which adversely affects, for example, disposable income, vehicle distance driven, or infrastructure development, in one or more of these regions could negatively impact our sales and have a material adverse effect on the business, financial conditions and operational results. The pandemic and its social and economic consequences could negatively impact the stability of some of the countries where we operate, intensifying social tensions. The risk also includes the potential enactment of local content and local ownership laws that could impact our markets and operations.	We closely monitor evolving issues in markets. We ensure appropriate responses and business continuity plans are developed to minimise disruptions. All local regulatory environments and changes are closely monitored.

OPERATIONAL

OUR RISK	RISK IMPACT	OUR MITIGATION
7. PRODUCT AVAILABILITY AND SUPPLY		
We are dependent upon the supply of fuels, lubricants, and additives from various suppliers. When raw materials are needed urgently, asymmetric negotiations occur. The bargaining power shifts to the supplier who in turn can charge a higher price. Furthermore, we are restricted by limited storage capacity within some country facilities. The pandemic's long-term impact on oil producers remains unpredictable and there may be future impacts on production and supply capacity.	The increased procurement costs could lower our margins. Limited supply of products and storage facilities may result in stock outs. This could further result in breach of contract and disruptions to our operations, leaving us susceptible to fines or penalties.	We ensure optimal inventory management through close monitoring of inventory days, sales and other factors which may require additional inventory levels. We monitor our suppliers' political and social environments, and realign our purchasing strategies as necessary. Following the Engen acquisition, we have increased storage capacity at strategic locations within Africa. Since the outbreak of the pandemic, we have adapted the management and increased the frequency of monitoring of our supply commitments, demand and stocks. Vivo Energy Supply B.V. has increased its involvement and support to local supply teams, developing a new framework and setup to strengthen trading and shipping activities. A new dedicated team is in place for this role.
8. BUSINESS CONCENTRATION RISK		
A large part of the Group's operations (and margins) are derived from Morocco when compared to other countries.	Any unfavourable changes in market dynamics, such as the re-imposition of pricing regulations for fuel, or downturns in the performance of the operations overall, may lead to a decline in the Group's performance.	Overall diversification is the key strategy and control measure. The integration of the Engen transaction has increased the geographic diversification and reduced the relative weighting of the Shell-branded OUs, including Morocco, in the Group's operations and volumes.
9. INFORMATION TECHNOLOGY RISK		
The Group has experienced an increase in phishing attacks and cyber-fraud activity reported over the past two years.	Cyber-crime can lead to significant and direct financial losses, costly and time-consuming business disruption and impact reputation.	The Group has developed its control activities to strengthen its cyber-defence capacity and efficiency to identify and block attacks. The last penetration test conducted in 2021 by an external firm confirmed that our security controls are above industry average. The Group conducts regular phishing simulation exercises to test, assess and validate staff awareness and appropriate conduct when receiving emails.

STRATEGIC

OUR RISK	RISK IMPACT	OUR MITIGATION
10. ACQUISITION INTEGRATION		
We may be unable to identify or accurately evaluate suitable acquisition candidates or to complete or integrate past or prospective acquisitions successfully and/or in a timely manner, which could materially adversely affect growth.	We may incur write-downs, impairment charges or unforeseen liabilities, placing strain on financial resources. Occurrences of indebtedness could result in increased obligations and include covenants or other restrictions that limit operational flexibility.	All acquisition decisions are intensively reviewed at several stages with ultimate approval by the Board. This ensures risks at all levels are being assessed and mitigated throughout the process. We ensure there are detailed integration plans with realistic timelines as well as designated teams to execute the plans. Tailored on-boarding and training is delivered post-acquisition to ensure a smooth and efficient transition. The Engen-branded operating units acquired in 2019 operate in line with the Group procedures and policies. The Group performed a complete assessment and review of all key management positions in these OUs. Operations are measured through KPIs.
11. CLIMATE CHANGE		
The increasing global actions to mitigate climate change and its impacts may lead to changes in our regulatory environments, customer behaviours and access to capital in the future which could materially impact the Group's future prospects.	Shift in customer behaviours, expectations and the development and adoption of affordable, clean technology may impact future fuel demand. Non-adherence to evolving regulation, brand partner expectations, technology adoption and customer needs exposes the Group to compliance and financial risks. Brand reputation can be severely impacted, along with employee confidence. Financial markets may focus capital away from carbon intensive industries, increasing the cost of capital for the Group.	We have a range of initiatives underway in order to limit our environmental impact through efficiency measures, cleaner fuels and alternative product offerings. We are developing an assessment of the potential impacts of climate change on future fuel demand, access to finance, regulation and the impact of extreme weather events into our business model, strategy and financial planning process. We have enhanced the Governance oversight of ESG matters, including climate change, and the Nominations and Governance Committee now assists the Board with oversight of the Group's climate change and ESG plans and strategy, including its readiness to support the transition to a lower-carbon future in our markets. The Group has completed its first year of disclosures under the TCFD requirements and intends to continue to expand the analysis to incorporate the setting of greenhouse gas (GHG) targets. We have enhanced our GHG data collection and expanded our disclosure to include material Scope 3 emissions. The Central HSSEQ department has created a specific KPI on GHG emissions. The first meeting of the ESG and Climate Committee was held in 2021. The objective of this committee is to guide the Group's organisation around climate-related risks and opportunities, manage the sustainability risk areas, assess the ESG strategy and risk management framework and monitor the ESG and climate-related metrics and targets.

OUR RISK	RISK IMPACT	OUR MITIGATION
12. EPIDEMIC		
We face the risk of prolonged impacts from the COVID-19 pandemic, or experience new and recurrent epidemics, worldwide, that may have dramatic effects on humans, economies and security.	In 2020, the COVID-19 pandemic led to a dramatic drop in demand for oil and gas products due to the level of mobility restrictions imposed by governments. These restrictions may be replicated in the event of future pandemics. The reduction in demand and subsequent change in product pricing could have a material impact on the entire fuel supply chain, from suppliers and distributors to dealers' operating sites, as well as on the stability of the impacted countries. Future pandemics may also lead to different changes in government actions and consumer behaviour that require the Group to rapidly adapt and manage its key operational and financial variables. Africa has experienced several epidemic crises over the past decades, including Ebola in 2013-2016, with authorities taking strong measures such as lockdowns and curfews to limit the spread of contaminations which in turn severely impacted the economies.	We have adapted the management of the critical operational and finance activities, increasing the frequency at which the Group monitors its credit, supply commitments, demand, stocks, payables and foreign exchange exposures in a high-volatility environment. The Group Business Continuity Plans can be activated quickly and effectively to keep employees, retailers and contractors safe and ensure the security of our critical sites and operations. This plan ensures the Group is able to maintain supply to its retail sites and commercial customers. We have enhanced our internal control activities through the intensification of risk monitoring, in particular on credit exposure and liquidity, which proved effective in mitigating our risk despite the fragility of creditors. In parallel, the Group has continued to provide support to communities, made a series of donations and provided logistic assistance in several countries.

FINANCIAL

OUR RISK	RISK IMPACT	OUR MITIGATION
13. CREDIT MANAGEMENT		
We face risks arising from credit exposure to commercial and retail customers as well as governments, including outstanding receivables and committed transactions. The COVID-19 pandemic impacted the solvency and liquidity of most of our customers, with a heightened effect on the Aviation sector. While significantly improved in 2021, the credit quality of our counterparties remains exposed to possible deterioration due to subsequent waves of the pandemic.	This may result in financial loss as a result of bad debts and lost revenue. Exceeding payment terms will result in lower working capital, potentially creating liquidity challenges for the business.	We maintain country-specific Credit Policy Manuals which ensure a harmonised, cost effective and value-adding credit process in all classes of business. Continuous monitoring of outstanding credit balances ensures our overall risk remains within our tolerance. We impose strict guidelines and procedures should customers exceed the credit limits set. Credit limits are set on an individual basis following assessment of the customer through KYC procedures. We use debtor factorisation when considered cost effective. We increased the frequency of our credit exposures monitoring and took rapid and coordinated action to stabilise our business and support our teams from the start of the COVID-19 pandemic. We saw elevated levels of overdue accounts early in the pandemic but worked successfully with customers to support them with their payments. At year-end, Credit KPIs are well within target.

HUMAN RESOURCES AND TALENT MANAGEMENT

OUR RISK	RISK IMPACT	OUR MITIGATION
14. HUMAN RESOURCES AND TALENT MANAGEMENT		
Our ability to attract, train and grow people as well as retain talent is key to the continuing success of the Group. Some local regulations may affect our ability to appoint or move talent between countries.	Increased costs caused by staff inefficiency. Interruptions to operations and delay in new projects. Key people leaving the Group, with some joining competitors. Disputes, strikes and sub-standard performance. Loss of staff enjoyment, motivation, connectedness and attachment to the Group.	We benchmark compensation packages and employee policies against market practice. We invest in employee training and career development. We use on-boarding workshops to ensure that new employees are familiar with our business, our culture and their roles when joining the Group. We maintain constructive dialogue with unions and workforce representatives. We maintain detailed succession plans and talent management programmes. The Group has deployed a new communication approach and ways of working to keep connected with all staff throughout the pandemic.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$ million	Notes	2021	2020
Revenues	5	8,458	6,918
Cost of sales		(7,765)	(6,301)
Gross profit	5	693	617
Selling and marketing cost		(222)	(226)
General and administrative cost	7	(185)	(176)
Share of profit of joint ventures and associates	13	27	16
Other income/(expense)	8	(1)	4
Earnings before interest and tax (EBIT)	6	312	235
Finance income		9	12
Finance expense		(68)	(72)
Finance expense – net	9	(59)	(60)
Earnings before tax (EBT)		253	175
Income taxes	10	(101)	(85)
Net income	6	152	90
Net income attributable to:			
Equity holders of Vivo Energy plc		140	80
Non-controlling interest (NCI)		12	10
		152	90
Other comprehensive income (OCI)			
Items that may be reclassified to profit or loss			
Currency translation differences		(27)	(23)
Net investment hedge gain/(loss)		12	(17)
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefits		5	(5)
Income tax relating to retirement benefits		(1)	1
Change in fair value of financial instruments through OCI	14	1	1
Other comprehensive income, net of tax		(10)	(43)
Total comprehensive income		142	47
Total comprehensive income attributable to:			
Equity holders of Vivo Energy plc		134	41
Non-controlling interest (NCI)		8	6
		142	47
Earnings per share (US\$)	21		
Basic		0.11	0.06
Diluted		0.11	0.06

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

NON-GAAP MEASURES

US\$ million, unless otherwise indicated	2021	2020
EBITDA	442	360
Adjusted EBITDA	447	360
Adjusted net income	157	90
Adjusted diluted EPS (US\$)	0.11	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ million	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	11	938	889
Right-of-use assets	27	219	201
Intangible assets	12	212	222
Investments in joint ventures and associates	13	233	231
Deferred income taxes	10	58	46
Financial assets at fair value through other comprehensive income	14	12	12
Other assets	16	116	117
		1,788	1,718
Current assets			
Inventories	17	564	480
Trade receivables	18	461	344
Other assets	16	282	200
Income tax receivables		13	11
Other financial assets	15	6	–
Cash and cash equivalents	19	587	515
		1,913	1,550
Total assets		3,701	3,268
Equity			
Share capital	20	633	633
Share premium		4	4
Retained earnings		335	252
Other reserves		(135)	(122)
Attributable to equity holders of Vivo Energy plc		837	767
Non-controlling interest		46	45
Total equity		883	812
Liabilities			
Non-current liabilities			
Lease liabilities	27	135	119
Borrowings	23	352	412
Provisions	24, 25	105	104
Deferred income taxes	10	87	72
Other liabilities	26	153	165
		832	872
Current liabilities			
Lease liabilities	27	26	24
Trade payables		1,434	1,048
Borrowings	23	277	270
Provisions	24, 25	19	16
Other financial liabilities	15	–	9
Other liabilities	26	187	171
Income tax payables		43	46
		1,986	1,584
Total liabilities		2,818	2,456
Total equity and liabilities		3,701	3,268

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

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 1 March 2022 and were signed on its behalf by:

CHRISTIAN CHAMMAS
CHIEF EXECUTIVE OFFICER

DOUG LAFFERTY
CHIEF FINANCIAL OFFICER



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of Vivo Energy plc

					Other reserves							
US\$ million	Notes	Share capital	Share premium	Retained earnings	Reserves ^{1,2}	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes ³	Total	NCI	Total equity
Balance at 1 January 2021		633	4	252	(54)	(2)	(79)	3	10	767	45	812
Net income		–	–	140	–	–	–	–	–	140	12	152
Other comprehensive income		–	–	–	–	4	(11)	1	–	(6)	(4)	(10)
Total comprehensive income		–	–	140	–	4	(11)	1	–	134	8	142
Share-based payment expense	30	–	–	–	–	–	–	–	4	4	–	4
Share awards transactions	30	–	–	6	(5)	–	–	–	(6)	(5)	–	(5)
Net impact of IAS 29 ⁴		–	–	6	–	–	–	–	–	6	–	6
Dividends paid ⁵	22	–	–	(69)	–	–	–	–	–	(69)	(7)	(76)
Balance at 31 December 2021		633	4	335	(59)	2	(90)	4	8	837	46	883

Attributable to equity holders of Vivo Energy plc

US\$ million	Notes	Share capital	Share premium	Retained earnings	Other reserves					Total	NCI	Total equity
					Reserves ¹	Retirement benefits	Currency translation difference	Fair value reserves	Equity-settled incentive schemes ³			
Balance at 1 January 2020		633	4	199	(54)	2	(43)	2	8	751	53	804
Net income		–	–	80	–	–	–	–	–	80	10	90
Other comprehensive income		–	–	–	–	(4)	(36)	1	–	(39)	(4)	(43)
Total comprehensive income		–	–	80	–	(4)	(36)	1	–	41	6	47
Share-based payment expense	30	–	–	–	–	–	–	–	3	3	–	3
Share issuance related to share awards	30	–	–	1	–	–	–	–	(1)	–	–	–
Transactions with NCI		–	–	–	–	–	–	–	–	–	(4)	(4)
Net impact of IAS 29 ⁴		–	–	6	–	–	–	–	–	6	–	6
Dividends paid/declared ⁵	22	–	–	(34)	–	–	–	–	–	(34)	(10)	(44)
Balance at 31 December 2020		633	4	252	(54)	(2)	(79)	3	10	767	45	812

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

- Included in reserves is a merger reserve (\$82m) relating to the premium on shares issued as part of the consideration of the acquisition of Vivo Energy Overseas Holdings Limited (VEOHL), formerly known as Engen International Holdings (Mauritius) Limited in March 2019.
- Reserves include \$5m related to market purchase of ordinary shares of the Company to satisfy option exercises under the Company's IPO Share Award Plan and Long-Term Incentive Plan (LTIP).
- Equity-settled incentive schemes include the LTIP, the IPO Share Award Plan (fully vested in 2021) and the Restricted Share Award Plan.
- The net impact on retained earnings as a result of the index-based adjustments in Zimbabwe under IAS 29 'Financial Reporting in Hyperinflationary Economies'.
- The dividends paid to the equity holders of Vivo Energy plc were paid out of distributable reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS

US\$ million	Notes	2021	2020
Operating activities			
Net income		152	90
Adjustment for:			
Income taxes	10	101	85
Amortisation, depreciation and impairment	11, 12, 27	130	125
Net gain on disposals of PP&E and intangible assets	8	–	(4)
Share of profit of joint ventures and associates	13	(27)	(16)
Dividends received from joint ventures and associates	13	22	24
Current income tax paid		(102)	(89)
Net change in operating assets and liabilities and other adjustments	28	195	48
Cash flows from operating activities		471	263
Investing activities			
Acquisition of businesses, net of cash acquired		–	(9)
Purchases of PP&E and intangible assets	11, 12	(168)	(168)
Proceeds from disposals of PP&E and intangible assets	8, 11, 12	1	5
Cash flows from investing activities		(167)	(172)
Financing activities			
Proceeds from long-term debt	23	–	517
Repayment of long-term debt	23	(60)	(492)
Net (repayments)/proceeds (of)/from bank and other borrowings	23	11	26
Repayment of lease liabilities	27	(33)	(31)
Dividends paid		(76)	(43)
Interest paid		(61)	(62)
Cash flows from financing activities		(219)	(85)
Effect of exchange rate changes on cash and cash equivalents		(13)	(8)
Net increase/(decrease) in cash and cash equivalents		72	(2)
Cash and cash equivalents at beginning of the year		515	517
Cash and cash equivalents at end of the year	19	587	515

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vivo Energy plc ('Vivo Energy' or the 'Company') a public limited company, was incorporated on 12 March 2018 in the United Kingdom. The Company is registered in England and Wales and is limited by shares (Registration number 11250655) under the Companies Act 2006. The Company is listed on the London Stock Exchange Main Market for listed securities and the Main Board of the securities exchange operated by the Johannesburg Stock Exchange by way of secondary inward listing. References to 'Vivo Energy' or the 'Group' mean the Company and its subsidiaries and subsidiary undertakings. These consolidated financial statements as at and for the period ended 31 December 2021 comprise the Company, its subsidiaries and subsidiary undertakings, joint ventures and associates.

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

2. BASIS OF PREPARATION

The financial information does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 31 December 2020, but is derived from those accounts. Statutory accounts for 2021 will be delivered to the Registrar of Companies in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports with the exception of a material uncertainty related to going concern and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2021 is now complete. Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards ("IFRS") this announcement does not itself contain sufficient information to comply with IFRS.

This announcement was approved by the Board of Directors on 1 March 2022.

Going concern

IFRS requires the going concern assumption to be assessed over a period of at least 12 months from the date of approval of the financial statements. For the purposes of the going concern assessment, the Directors have considered a period up to 31 December 2023. The Directors have performed a going concern assessment based on the forecasts for this period taken from the five-year strategic plan which includes a detailed analysis of the Group's future financial and operating performance. The five-year strategic plan takes into consideration the impact of the current year performance, future growth expectations and the effect of other macroeconomic factors on the performance of sales volumes, gross cash profit and cash flows.

Based on management's assessment for the next two years, the Group is expected to maintain sufficient available liquidity and generate positive cash flows to meet its obligations as they fall due. As at 31 December 2021, the Group has a committed headroom of \$607m which includes the undrawn committed RCF of \$300m. In the ordinary course of business majority of the revolving credit facilities (RCF) expires in May 2023, with the arrangement of a new facility, on similar terms, expected to be completed prior to its expiration. The five-year strategic plan indicates that the RCF will remain undrawn throughout the going concern period. The Group maintains its debt structure as described in note 3.2. The notes and the RCF have covenants for which further information can be found in note 23. Breach of these covenants may result in full and immediate repayment of the long-term borrowings and an inability to access the RCF. The Group has met these covenants in the past and expects to continue to do so over the next two years. Management have performed a sensitivity to identify the decrease in the Group's financial performance that would result in a breach of these covenants. Group EBITDA would have to decrease by more than 50% or finance expense increase by more than 140% to result in a breach. During the peak of the COVID-19 pandemic, in April and May 2020, the Group did not experience such severe impacts on liquidity and performance. The likelihood of such impacts is therefore, not considered plausible. As part of the going concern and long-term viability assessments the Directors have also considered a number of severe but plausible downside scenarios and in all cases the sensitised forecasts confirm that the Group has committed liquidity headroom through 31 December 2023.

As of 31 December 2021, the Company has available short-term capital resources of \$2,058m, which include \$1,171m of uncommitted facilities. Based on the cash flow projections for the next two years, management has confirmed that there is sufficient cash and committed facilities available and the Group is not reliant on these uncommitted facilities. Notwithstanding this analysis, the Group has continued to have access to and utilise the uncommitted short-term funding lines throughout the year, and where necessary renew them in the normal course of business. Therefore, the Directors expect these uncommitted facilities to continue to be available to the Group for the foreseeable future.

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

On 25 November 2021 the Group and VIP II Blue B.V. (wholly owned, indirect subsidiary of Vitol Investment Partnership II Limited, itself being an investment vehicle advised by employees of the Vitol Group, referred to as 'Vitol') announced a recommended total cash offer of \$1.85 per share to be made by Vitol for Vivo Energy plc. The transaction is expected to complete during the third quarter of 2022 and has a limited impact on the Group's financial statements at 31 December 2021. The Group's principal committed and drawn debt facility contains a change of control clause, which permits Vitol to take over control. However, the change in control clause within the RCF, could result in the facility being withdrawn on completion of the transaction. Future decisions on the structure of the Group's debt facilities, including the renewal or replacement of the RCF, may be dependent upon Vitol. The current Board is not expected to continue in position and will therefore not be exercising oversight of the Group's strategy and business plan. While the intentions statement included within the announcement on 25 November 2021, states that Vitol will continue to support the Group with its strategy and growth ambitions, the Directors do not have access to Vitol's detailed plans for the business including the future financing

structure and the potential renewal or replacement of the RCF. Therefore, there is no certainty that the intentions of the acquirer have been incorporated into the Directors' going concern assessment which represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. At the time of approving the consolidated financial statements, the Directors maintain a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, notwithstanding the material uncertainty caused by the expected change in ownership of the Company and the Group during the period.

Climate change

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

The Group's principal accounting policies are unchanged from those set out in the 2020 Annual Report and Accounts, which is available on the Company's website.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Market risk

Foreign exchange risk

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

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

Foreign currency exposure on the consolidated net monetary position is \$254m (2020: \$156m). Other monetary balances in other currencies are not material. If the non-US dollar held currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been \$25m (2020: \$16m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of non-US dollar denominated receivables and payables.

Price risk

The Group generally seeks to manage its exposure to commodity price risk through careful inventory management and as at 31 December 2021 the Group was not significantly exposed to commodity price risk. In regulated markets, the Group has no price exposure as long as the sale of the inventory is matching the timing of the price structures updates, however in unregulated markets, such as Marine and Aviation, the Group may be exposed to price changes in the short term if inventory is not carefully managed.

In Botswana, Guinea, Kenya, Madagascar, Morocco (for Butane only) and Senegal the Group is financially compensated by the local government for the effect of these price restrictions. For some countries the transport costs are subsidised. For further information see note 16.

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

Cash flow interest rate risk and fair value interest rate risk

The Group's interest rate risk arises from borrowings. It is Group policy to have short-term loan facilities at floating rate and medium to long-term facilities at floating or fixed rate. The Group has short-term overdraft facilities which carry a fixed interest rate exposing the Group to fair value interest rate risk. However, given that the rate is fixed for a short period of time, and that these facilities terms are subject to renegotiation, should the interest rate move, the exposure is minimal. Long-term borrowings consist of notes at fixed interest rate, which exposes the Group to fair value interest rate risk (refer to note 23).

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. At reporting date, the Group noted no significant concentrations of credit risk to individual customers or counterparties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

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

The investment policy is based in order of importance on security, liquidity and yield. Management will assess the counterparty risks of the third party based on financial strength, quality of management, ownership structure, regulatory environment and overall diversification. Group Treasury is required to approve all investment decisions to ensure they are made in line with the Group's credit policies. The Group has provided secured loans to individual employees (note 16).

In Morocco customer receivables to the amount of \$17m (2020: \$16m) were assigned to a factoring subsidiary of a commercial bank; the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to six months' maximum of interest. This resulted in a continuous involvement accounting treatment where a substantial portion of the risk has been transferred. A continuous involvement liability of \$0.3m (2020: \$0.3m) was recognised. In addition, other government benefits receivable to the amount of \$99m (2020: \$36m) were assigned to a local commercial bank, the assigned amount was received in cash and the corresponding receivable was derecognised. For the late payment risk, the Group capped the exposure to 5.5 months' maximum of interest. A continuous involvement liability of \$1.6m (2020: \$0.6m) was recognised. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. The Group has arrived at this conclusion because the factoring of the Group's B2B receivables before maturing is done on an infrequent basis.

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

	31 December 2021		31 December 2020	
	Credit rating	US\$ million	Credit rating	US\$ million
Banks				
Bank 1	Ba1	97	A+	74
Bank 2	A+	38	Ba1	67
Bank 3	B2	31	Ba2	45

Liquidity risk

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

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

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

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

¹ Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

31 December 2020						
US\$ million	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	275	12	25	114	386	812
Trade payables	1,040	8	–	–	–	1,048
Lease liabilities	7	28	29	59	94	217
Other liabilities ¹	13	22	17	2	161	215
Total	1,335	70	71	175	641	2,292

¹ Other liabilities (note 26) exclude the elements that do not qualify as financial instruments.

Net investment hedge

On 24 September 2020, the Group issued \$350m notes (refer to note 23). The Group entered into a fixed-fixed cross-currency swap to exchange \$150m US dollar denominated bonds to EUR. The cross-currency swap has a maturity of three years and was designated as the hedging instrument of the net investment hedge described below.

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

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

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

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

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

31 December 2021				
US\$ million	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Cross currency swap	150	5	–	Other financial assets

US\$ million	Change in value used for calculating hedge for 2021	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Cross currency swap	12	12	–	Not applicable

				31 December 2020
US\$ million	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Cross currency swap	150	–	7	Other financial liabilities
	Change in value used for calculating hedge for 2020	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Cross currency swap	(7)	(7)	–	Not applicable

3.2 Capital management

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

Liquidity and capital resources are monitored through a review of the Group's net debt position, leverage ratio and available short-term capital resources. Net debt is calculated as total borrowings and lease liabilities (including current and non-current borrowings and lease liabilities as shown in the consolidated statements of financial position) less cash and cash equivalents. The leverage ratio is calculated as net debt divided by adjusted EBITDA. For details related to key covenants refer to note 23.

US\$ million	31 December 2021	31 December 2020
Long-term debt (note 23)	349	408
Lease liabilities (note 27)	161	143
Total debt excluding short-term bank borrowings	510	551
Short-term bank borrowings (note 23)	280	274
Less: cash and cash equivalents (note 19)	(587)	(515)
Net debt	203	310

US\$ million	31 December 2021	31 December 2020
Net debt	203	310
Adjusted EBITDA ¹ (note 6)	447	360
Leverage ratio¹	0.45x	0.86x

¹ For the description and reconciliation of non-GAAP measures refer to Non-GAAP financial measures.

US\$ million	31 December 2021	31 December 2020
Cash and cash equivalents	587	515
Available undrawn credit facilities ¹	1,471	1,563
Available short-term capital resources	2,058	2,078

¹ Of which \$1,171m (2020: \$1,323m) are uncommitted facilities.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Accounting for leases under IFRS 16

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary between five years to an unlimited period. The Group exercises significant judgement that all of the existing leases that are expiring within the following five years, and have an extension option, will be extended for an additional five-year period, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 27.

4.2 Estimation uncertainty

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

Government related assets and liabilities

The Group has various assets from and liabilities to governments and authorities with respect to government benefits receivable as well as for taxes and duties. The Group constantly assesses underlying inherent risks and assumptions and as a consequence related accounting estimates are determined and adjustments are made to the carrying amounts of those assets and liabilities, where necessary. A key element is the recoverability of government benefits receivable; this is considered in note 16. The recoverability assessment takes into account the stability of the macroeconomic and political environment, credit risks including relevant policy changes and governments' track records in settling debts as well as the aging of the outstanding amounts and government confirmations on outstanding balances.

Tax positions

The Group operates across many tax jurisdictions and the interpretation and application of tax law can be complex and requires judgement to assess the risk and estimate the potential outcomes. These outcomes can vary significantly from what has been provided. The Group recognises many individually immaterial provisions with a cumulative amount totalling \$18m related to income tax and \$42m related to indirect and other tax matters recorded in other assets, other liabilities and provisions. These are recorded for the amount that is expected to be settled where this can be reasonably estimated. This reflects management's assessment of the expected value of such risks based on a multiple scenario outcome and likelihood. Factors considered include the status of recent current tax audits and enquiries; the results of previous claims; the transfer pricing policies of the Group and any changes to the relevant tax environments. The timing of the resolution of the risks is uncertain and may take many years, however it is expected to be within the next five years.

5. SEGMENT REPORTING

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

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

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

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

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

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

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

¹ Refer to note 6 for the reconciliation to EBIT.

	2020			
US\$ million	Retail	Commercial	Lubricants	Consolidated
Revenue from external customers	4,436	2,116	366	6,918
Gross profit	387	156	74	617
Add back: depreciation and amortisation	51	25	4	80
Gross cash profit	438	181	78	697
Adjusted EBITDA ¹	216	92	52	360

¹ Refer to note 6 for the reconciliation to EBIT.

US\$ million	2021	2020
Share of profit of joint ventures and associates included in segment EBITDA		
Lubricants	15	8
Retail	6	4
Commercial	6	4
Total	27	16

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

US\$ million	2021	2020
Revenue from external customers by principal country		
Morocco	1,441	1,075
Kenya	1,411	1,181
Senegal	727	495
Other	4,879	4,167
Total	8,458	6,918

US\$ million	31 December 2021	31 December 2020
Non-current assets by principal country (excluding deferred tax)		
Morocco	257	245
The Netherlands	246	232
Kenya	157	153
Other	1,070	1,042
Total	1,730	1,672

6. RECONCILIATION OF NON-GAAP MEASURES

Non-GAAP measures are not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with other companies' non-GAAP measures, including those in the Group's industry. Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. The exclusion of certain items (special items) from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure.

The Directors believe that reporting non-GAAP financial measures in addition to IFRS measures, as well as the exclusion of special items, provides users with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of operations. Non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and are used in determining senior management remuneration.

US\$ million	2021	2020
EBT	253	175
Finance expense – net	59	60
EBIT	312	235
Depreciation, amortisation and impairment	130	125
EBITDA	442	360
Adjustments to EBITDA related to special items:		
IPO ¹ , Engen acquisition ² and Vitol Offer related expenses ³	4	1
Management Equity Plan ⁴	1	(3)
Hyperinflation ⁵	–	2
Adjusted EBITDA	447	360

1 IPO related items in 2021 and 2020 concern the IPO share awards which are accrued for over the vesting period.

2 On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses incurred in 2020 are treated as special items.

3 These expenses related to the potential change in control transaction, are treated as special items as they do not form part of the core operational business activities and performance.

4 The Management Equity Plan vested at IPO in May 2018 and was exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based payments plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

5 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

US\$ million	2021	2020
Net income	152	90
Adjustments to net income related to special items:		
IPO ¹ , Engen acquisition ² and Vitol Offer related expenses ³	4	1
Management Equity Plan ⁴	1	(3)
Hyperinflation ⁵	–	2
Adjusted net income	157	90

US\$	2021	2020
Diluted EPS	0.11	0.06
Impact of special items	–	–
Adjusted diluted EPS	0.11	0.06

1 IPO related items in 2021 and 2020 concern the IPO share awards which are accrued for over the vesting period.

2 On 1 March 2019 Vivo Energy Investments B.V., a subsidiary of the Group, acquired 100% of the issued shares in Vivo Energy Overseas Holdings Limited (VEOHL) (formerly known as Engen International Holdings (Mauritius) Limited). The cost of the acquisition and related integration project expenses incurred in 2020 are treated as special items.

3 These expenses related to the potential change in control transaction, are treated as special items as they do not form part of the core operational business activities and performance.

4 The Management Equity Plan vested at IPO in May 2018 and was exercisable on the first anniversary of admission for a period of 24 months. Changes in the fair value of the cash-settled share-based payments plan do not form part of the core operational business activities and performance and should, therefore, be treated as a special item. The costs of share-based payment schemes introduced after the IPO are not treated as special items.

5 The impacts of accounting for hyperinflation for Vivo Energy Zimbabwe, in accordance with IAS 29, are treated as special items since they are not considered to represent the underlying operational performance of the Group and based on their significance in size and unusual nature are excluded as the local currency depreciation against the US dollar does not align to the published inflation rates during the period.

The Group defines headline earnings per share as earnings based on net income attributable to owners of the Group, before items of a capital nature, net of income tax as required for companies listed on the Johannesburg Stock Exchange.

US\$ million, unless otherwise indicated	2021	2020
Headline earnings per share		
Net income attributable to owners	140	80
Re-measurements:		
Net gain on disposal of PP&E and intangible assets	–	(4)
Income tax on re-measurements	–	1
Headline earnings	140	77
Weighted average number of ordinary shares (million)	1,264	1,266
Headline EPS (US\$)	0.11	0.06
Diluted number of shares (million)	1,272	1,266
Diluted headline EPS (US\$)	0.11	0.06
Effective tax rate	40%	49%

7. GENERAL AND ADMINISTRATIVE COST

Employee benefits

US\$ million	2021	2020
Wages, salaries and other employee benefits	179	163
Restructuring, severance and other involuntary termination costs	5	7
Retirement benefits	10	10
Share-based payment expense	5	–
	199	180

Included in the employee benefit expense for the year ended 31 December 2021, was social security expense of \$1m (2020: \$1m) and other pension costs relating to employees employed in the UK.

Employee benefits have been charged in:

US\$ million	2021	2020
General and administrative cost	111	102
Selling and marketing cost	49	43
Cost of sales	39	35
	199	180

The monthly average number of full-time equivalent employees was as follows:

	2021	2020
Sales and distribution	1,945	1,904
Administration and support	822	794
	2,767	2,698

Depreciation and amortisation

Depreciation of property, plant and equipment and right-of-use assets as well as amortisation of intangible assets have been charged in:

US\$ million	2021	2020
Cost of sales	84	80
Selling and marketing cost	32	31
General and administrative cost	14	14
	130	125

Audit fees

US\$'000	2021	2020
Parent company and consolidated financial statements	1,463	1,248
Subsidiaries ¹	1,218	1,175
Audit fees	2,681	2,423
Audit-related fees ²	377	377
Other assurance services ³	19	227
Other fees total	396	604
Total fees	3,077	3,027

¹ Audit fees for foreign entities are expressed at the average exchange rate for the year.

² Audit-related fees relate to interim financial statements reviews.

³ Other assurance services relate mainly to comfort letter procedures in respect to note issuance and volume certificates to support brand royalty expenses.

8. OTHER INCOME/(EXPENSE)

US\$ million	2021	2020
Net gain on disposals of PP&E and intangible assets	–	4
Other expense	(1)	–
	(1)	4

9. FINANCE INCOME AND EXPENSE

US\$ million	2021	2020
Finance expense		
Interest on bank and other borrowings and on lease liabilities ¹	(41)	(39)
Interest on long-term debt including amortisation of set-up fees	(20)	(25)
Net impact of hyperinflation ²	–	(3)
Accretion expense net defined benefit liability	(2)	(2)
Foreign exchange loss	(1)	–
Other	(4)	(3)
	(68)	(72)
Finance income		
Interest from cash and cash equivalents	9	8
Foreign exchange gain	–	4
	9	12
Finance expense – net	(59)	(60)

¹ Includes an amount of \$16m (2020: \$12m) finance expense for leases in respect to IFRS 16 'Leases'.

² Represents the net monetary loss impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

10. INCOME TAXES

Current income taxes

Analysis of income tax expense:

US\$ million	2021	2020
Current tax		
Current income tax	(102)	(96)
Current income tax prior years	–	8
	(102)	(88)
Deferred tax		
Deferred income tax	2	6
Deferred income tax prior years	(1)	(3)
	1	3
Income tax expense	(101)	(85)

The reconciliation of income taxes, computed at the statutory tax rate, to income tax expense was as follows:

US\$ million	2021	2020
EBT	253	175
Statutory tax rate	19%	19%
Income tax expense at statutory tax rate	(48)	(33)
Increase/(decrease) resulting from:		
Impact of tax rates in foreign jurisdictions	(24)	(18)
Income not subject to tax	10	6
Expenses not tax deductible	(10)	(11)
Non-recognition of tax benefits in relation to current period tax losses or temporary differences	(8)	(10)
Recognition and utilisation of previously unrecognised tax losses or temporary differences	–	3
Withholding tax	(18)	(19)
Other ¹	(3)	(3)
Income tax expense	(101)	(85)
Effective tax rate	40%	49%

¹ Amongst others, includes movements related to uncertain tax positions.

Deferred income taxes

The significant components of the Company's recognised deferred income tax assets and liabilities were as follows:

	31 December 2021		31 December 2020	
US\$ million	Asset	Liability	Asset	Liability
Property, plant and equipment	1	(36)	1	(43)
Intangible assets	–	(18)	–	(22)
Retirement benefits	10	(1)	10	(1)
Provisions	13	–	17	–
Withholding taxes	–	(14)	–	(16)
Tax losses carried forward ¹	5	–	13	–
Other	73	(62)	33	(18)
	102	(131)	74	(100)
Offsetting of balances	(44)	44	(28)	28
Total	58	(87)	46	(72)

¹ The recognised deferred tax asset relates to \$2m (2020: \$4m) tax losses which is supported by expected future taxable profits.

The changes in the net deferred income tax assets and liabilities were as follows:

US\$ million	2021	2020
Balance at the beginning of year, net	(26)	(32)
In profit	1	3
In other comprehensive income	(1)	1
Other	(1)	–
Foreign exchange differences	(2)	2
	(29)	(26)

Unrecognised deferred tax assets relate to carry forward losses of \$107m (2020: \$98m) and tax credit carry forwards of \$15m (2020: \$12m). Of the unrecognised carry forward losses \$1m will expire at the end of 2023, \$1m at the end of 2024, \$16m at the end of 2025 and \$89m at the end of 2026 or later.

The unrecognised taxable temporary differences associated with undistributed retained earnings of investments in subsidiaries, joint ventures and associates amounts to \$29m (2020: \$25m).

II. PROPERTY, PLANT AND EQUIPMENT

					2021
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2021	52	339	642	116	1,149
Additions	11	14	30	105	160
Disposals	–	(1)	(4)	–	(5)
Transfers	2	41	70	(113)	–
Foreign exchange differences ¹	(2)	(10)	(19)	(4)	(35)
Cost at 31 December 2021	63	383	719	104	1,269
Accumulated depreciation at 1 January 2021	–	(68)	(192)	–	(260)
Depreciation	–	(21)	(62)	–	(83)
Disposals	–	1	3	–	4
Foreign exchange differences ¹	–	2	6	–	8
Accumulated depreciation at 31 December 2021	–	(86)	(245)	–	(331)
Net carrying value at 31 December 2021	63	297	474	104	938

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

					2020
US\$ million	Land	Buildings	Machinery and other equipment	Construction in progress	Total
Cost at 1 January 2020	55	319	552	92	1,018
Additions	2	16	25	109	152
Disposals	(5)	(4)	(17)	(9)	(35)
Transfers	–	7	69	(76)	–
Foreign exchange differences ¹	–	1	13	–	14
Cost at 31 December 2020	52	339	642	116	1,149
Accumulated depreciation at 1 January 2020	–	(54)	(141)	–	(195)
Depreciation	–	(17)	(65)	–	(82)
Disposals	–	3	17	–	20
Foreign exchange differences ¹	–	–	(3)	–	(3)
Accumulated depreciation at 31 December 2020	–	(68)	(192)	–	(260)
Net carrying value at 31 December 2020	52	271	450	116	889

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

No assets have been pledged as security.

12. INTANGIBLE ASSETS

	2021				
US\$ million	Shell licence agreement	Goodwill	Computer software	Other	Total
Cost at 1 January 2021	139	79	91	57	366
Additions	–	–	8	–	8
Foreign exchange differences ¹	(2)	2	–	(1)	(1)
Cost at 31 December 2021	137	81	99	56	373
Accumulated amortisation at 1 January 2021	(87)	–	(28)	(29)	(144)
Amortisation	(5)	–	(9)	(3)	(17)
Accumulated amortisation at 31 December 2021	(92)	–	(37)	(32)	(161)
Net carrying value at 31 December 2021	45	81	62	24	212

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

	2020				
US\$ million	Shell licence agreement	Goodwill	Computer software	Other	Total
Cost at 1 January 2020	139	81	75	57	352
Additions	–	–	16	–	16
Foreign exchange differences ¹	–	(2)	–	–	(2)
Cost at 31 December 2020	139	79	91	57	366
Accumulated amortisation at 1 January 2020	(82)	–	(19)	(25)	(126)
Amortisation	(5)	–	(9)	(4)	(18)
Accumulated amortisation at 31 December 2020	(87)	–	(28)	(29)	(144)
Net carrying value at 31 December 2020	52	79	63	28	222

¹ Foreign exchange differences include the impact from the application of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Impairment test for goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on a fair value less cost of disposal calculation which requires the use of assumptions. The calculations use cash flow projections based on an approved business plan covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate as shown below. The terminal value was calculated using the Gordon Growth formula.

Goodwill is monitored at the operating segment level on a non-aggregated basis. The Group has several non-aggregated operating segments, however, the goodwill is allocated to Retail fuel and Commercial fuel given that substantially all activities of the acquired businesses relate to these two operating segments. Both the goodwill acquired in the 2019 VEOHL acquisition and the goodwill acquired from previous acquisitions are allocated and considered for impairment testing together at the non-aggregated operating segments Retail fuel and Commercial fuel. For this purpose, a discounted cash flow analysis was used to compute the recoverable amount using the approved plan. This results in 81% of the carrying amount of goodwill being allocated to Retail fuel and 19% of the carrying amount being allocated to Commercial fuel.

The following table sets out the key assumptions for those CGUs that have a significant goodwill allocated to them:

	2021	
	Retail fuel	Commercial fuel
Volume compounded annual growth rate	5.3%	2.8%
Gross cash profit compounded annual growth rate	5.0%	2.4%
Post-tax discount rate	10.6%	10.6%
Long-term growth rate	2.4%	2.4%

The methodology applied to each of the key assumptions used is as follows:

Assumptions	Approach used to determine values
Volume compounded annual growth rate	Volume growth over the five-year forecast period; based on past performance and management expectations of market developments.
Gross cash profit compounded annual growth rate	Based on past performance and management expectations of the future over the five-year forecast period.
Post-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition and barriers to entry.
Long-term growth rate	Based on the IMF GDP projections for the markets where Vivo Energy operates.

The Group considers the post-tax discount rate to be the most sensitive assumption. No impairment would occur, if the post-tax discount rate applied to the cash flow projection of each CGU had been 1% higher than management estimates and all other assumptions in the table above are unchanged. Goodwill in relation to the Retail fuel and Commercial fuel CGUs would only result in an indication of impairment if the post-tax discount rates increased to 20.2% and 22.8%, respectively. There are no reasonable possible changes that could occur to key assumptions that would reduce the recoverable amount below the carrying amount. A sensitivity analysis was performed in line with the Group's TCFD scenario outcomes to simulate the potential impact of climate change on the impairment assessment. Under this scenario, the Group still has sufficient headroom for both the Retail and Commercial fuel segments.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group also has interests in a number of associates and joint ventures that are accounted for using the equity method.

US\$ million	2021	2020
At 1 January	231	227
Acquisition of businesses	–	14
Share of profit	27	16
Dividend received	(22)	(24)
Foreign exchange differences	(3)	(2)
At 31 December	233	231

In December 2017, the Group acquired a 50% interest in Shell and Vivo Lubricants B.V. (SVL) that is considered a material investment to the Group. SVL is the principal supplier of manufacturing, sales and distribution for lubricants products in Africa. The investment is a joint venture investment and measured using the equity method. SVL is jointly owned by Vivo Energy Investments B.V. (50%) and Shell Overseas Investments B.V. (50%).

The table below provides summarised financial information for the carrying amount of the investment in SVL.

US\$ million	2021	2020
At 1 January	156	164
Share of profit	15	8
Dividend received	(15)	(15)
Foreign exchange differences	–	(1)
At 31 December	156	156

The total assets of SVL as per 31 December 2021 are \$262m (2020: \$214m), of which \$191m (2020: \$134m) relate to current (including cash and cash equivalents of \$18m (2020: \$30m)) and \$71m (2020: \$80m) to non-current assets. The current liabilities are \$121m (2020: \$70m) (including borrowings of \$48m (2020: \$15m)) and non-current liabilities of \$9m (2020: \$9m). The revenue for the year ending 31 December 2021 was \$364m (2020: \$253m), and profit after income tax was \$29m (2020: \$18m). Other comprehensive loss, net of tax, for the year amounted to \$3m (2020: \$1m). The 2021 profit includes amortisation and depreciation of \$9m (2020: \$9m), net finance expense of \$2m (2020: \$1m) and income tax expense of \$10m (2020: \$12m).

The carrying value of SVL includes a notional goodwill of \$96m calculated as the difference between the cost of the investment and the investor's share of the fair values of the investee's identifiable assets and liabilities acquired. Since the notional goodwill is not shown as a separate asset, and there is no objective evidence of impairment, it is not required to be separately tested for impairment, nor does it trigger an annual impairment test.

There are no contingent liabilities relating to the Group's investments in joint ventures and associates.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group has classified equity investments as financial instruments at FVTOCI (without recycling). These investments are measured using inputs for the asset or liability that are in absence of observable market data, based on net asset value of the related investments (level 3 in the IFRS 13 'Fair Value Measurement' hierarchy) which management considers to best represent the fair value of the associated investment given its nature. The fair value of the financial asset approximates the carrying amount. Since the value is based on the net asset value of the related investment, no sensitivity analysis is presented.

The value is based on the net asset value of the related investments and therefore no sensitivity analysis is presented.

US\$ million	2021	2020
At 1 January	12	9
Fair value adjustment	1	2
Foreign exchange differences	(1)	1
At 31 December	12	12

Financial assets at fair value through other comprehensive income relate to the Group's investment in Société de Gestion des Stocks Pétroliers de Côte d'Ivoire S.A. (GESTOCI) in which it holds an interest of circa 17%. The Group does not have significant influence or joint control in the investee. The investment is not held for trading and not a contingent consideration recognised by an acquirer in a business combination, therefore, at initial recognition the Group has elected to account for the investment at fair value through other comprehensive income.

No dividends were received from GESTOCI in 2021 and 2020. Financial assets at fair value through other comprehensive income are categorised as level 3 of the fair value hierarchy and are the only level 3 financial assets within the Group. There were no changes made during the year to valuation methods or the processes to determine classification and no transfers were made between the levels in the fair value hierarchy.

15. OTHER FINANCIAL ASSETS AND LIABILITIES

Other financial assets and liabilities are derivative instruments comprising forward foreign exchange contracts and cross-currency swaps with a fair value of \$6m (2020: \$(9)m). In 2020 the Group settled an interest rate swap on long-term borrowings and entered into a fixed-fixed cross-currency swap. Other financial assets and liabilities are categorised as level 2 of the fair value hierarchy. There have been no transfers between any levels during the year.

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 techniques are:

- The fair value of cross-currency swaps is calculated as the present value of the estimated future cash flows based on current market data provided by third party banks; and
- The fair value of forward foreign exchange contracts is calculated by comparison with current forward prices of contracts for comparable remaining terms.

16. OTHER ASSETS

US\$ million	31 December 2021	31 December 2020
Other government benefits receivable	114	45
Prepayments	85	86
VAT and duties receivable	72	59
Amounts due from dealers and joint ventures ¹	64	60
Deposits ¹	16	13
Indemnification asset on legal and tax claims ¹	10	12
Employee loans ¹	7	7
Other ^{1,2}	30	35
	398	317
Current	282	200
Non-current	116	117
	398	317

¹ Financial assets are measured at amortised cost and the fair value approximates the carrying amount.

² The amount mainly comprises of other non-current receivables.

Other government benefits receivable

US\$ million	Credit rating	31 December 2021	31 December 2020
Kenya	B	31	–
Morocco	BB+	23	10
Senegal	Ba3	20	24
Madagascar	None available	12	–
Botswana	BBB+	10	1
Guinea	None available	9	3
Other		9	7
		114	45

The Group is exposed to credit risk in relation to other government benefits receivables. Based on management's review on the recoverability of these receivables it believes the credit risk in relation to these balances is relatively low. Other government benefits receivable are partially provided for and presented net of provisions for impairment of \$10m (2020: \$24m). For the year \$336m (2020: \$103m) of other government benefits were recognised in cost of sales for compensation of costs incurred.

17. INVENTORIES

US\$ million	31 December 2021	31 December 2020
Fuel	433	401
Lubricants	105	77
Other	26	2
	564	480

Cost of sales as disclosed on the face of the consolidated statements of comprehensive income include the total expense for inventory during the year for \$7,400m (2020: \$5,976m). The carrying value of inventory represents the net realisable value. Provisions for write-downs of inventories to the net realisable value amounted to \$7m as per 31 December 2021 (2020: \$8m). Other inventory consists of energy saving certificates, fittings for LPG and lubricants and spare parts.

18. TRADE RECEIVABLES

Trade receivables are measured at amortised cost and were as follows, as at:

US\$ million	31 December 2021	31 December 2020
Trade receivables	521	410
Less: loss allowance of trade receivables	(60)	(66)
Trade receivables – net	461	344

The fair values of trade receivables approximate their carrying value as they are deemed short-term in their nature and recoverable within 12 months. Trade receivables include credit secured receivables of \$223m (2020: \$180m).

Movements in the loss allowance of trade receivables are as follows:

US\$ million	2021	2020
At 1 January	66	55
Additions	7	14
Reversals	(6)	(6)
Utilisation	(4)	(1)
Foreign exchange differences	(3)	4
At 31 December	60	66

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost and the fair value approximates the carrying amount.

US\$ million	31 December 2021	31 December 2020
Cash	392	479
Cash equivalents:		
Short-term placements	195	36
	587	515

20. SHARE CAPITAL AND RESERVES

Share capital consists of 1,266,941,899 ordinary shares at the nominal value of \$0.50 each. At 31 December 2021, 1,263,902,349 shares have been issued and fully paid and entitle the holder to participate in dividends and 3,039,550 treasury shares. In 2019, the Company established an employee benefit trust. This is a discretionary trust formed to enable the Company to issue shares to certain employees under the Company's share plans. The shares held by the trust are not considered as treasury shares for the purposes of Listing Rules disclosure. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Shareholders will, under general law, be entitled to participate in any surplus assets in a winding up of the Company in proportion to their shareholding.

Other reserves are disclosed in the consolidated statements of changes in equity.

	2021		2020	
Ordinary shares	Number of shares	US\$ million	Number of shares	US\$ million
At 1 January	1,266,941,899	633	1,266,073,050	633
Share issuance related to share awards	–	–	868,849	–
At 31 December	1,266,941,899	633	1,266,941,899	633

21. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

US\$ million, unless otherwise indicated	2021	2020
Basic earnings per share		
Net income	152	90
Attributable to owners	140	80
Weighted average number of ordinary shares (million)	1,264	1,266
Basic earnings per share (US\$)	0.11	0.06

US\$ million, unless otherwise indicated	2021	2020
Diluted earnings per share		
Earnings attributable to owners	140	80
Diluted number of shares (million)	1,272	1,266
Diluted earnings per share (US\$)	0.11	0.06

US\$	2021	2020
Adjusted diluted earnings per share		
Diluted earnings per share	0.11	0.06
Impact of special items	–	–
Adjusted diluted earnings per share	0.11	0.06

22. DIVIDENDS

Given the impact of COVID-19 on the business in the first half of 2020, the Board withdrew its recommendation to pay a final dividend for 2019 and did not declare an interim dividend for the first half of 2020. On 18 December 2020 the Company paid an interim dividend of 2.65 cents per share, which is the amount that would have been paid to shareholders had the final dividend of the year ended 31 December 2019 been paid rather than withdrawn. This interim dividend was paid out of distributable reserves and is reflected in the statement of changes in equity. Payment of the final approved dividend for 2020 of 3.8 cents per share, amounting to \$48m, was made on 25 June 2021.

In 2021, the Board approved an interim dividend of 1.7 cents per share, amounting to \$21.5m. This dividend was paid on 10 September 2021 to shareholders of record at close of business on 13 August 2021. The dividend was paid out of distributable reserves as at 30 June 2021.

The Board has declared a further interim dividend for the 2021 financial year of 4.0 cents per share, amounting to \$51m. Payment of this dividend is expected on 24 June 2022 to shareholders of record at close of business on 27 May 2022. The dividend will be paid out of distributable reserves as at 31 December 2021 and is not recognised in the statement of changes in equity.

US\$ million	2021	2020
Interim dividend	21	34
Dividend	51	48
Total	72	82

23. BORROWINGS

US\$ million	Drawn on	Interest rate	Maturity	31 December 2021	31 December 2020
Notes ¹	24/09/2020	5.125%	24/09/2027	349	349
VEI BV Revolving Credit Facility ²	27/02/2019	Euribor + 1.25%/1.75%		–	59
Bank borrowings				280	274
				629	682
Current				277	270
Non-current				352	412
				629	682

¹ The amounts are net of financing costs. Notes amount is \$350m; financing costs are \$1m (2020: \$1m).

² The amount included financing costs of circa \$1m.

Current borrowings, consist of bank borrowings which carry interest rates between 1.5% and 16.1% per annum, are short-term in nature and the carrying amount approximates the fair value.

In September 2020, the Group issued \$350m notes with a coupon rate of 5.125% paid semi-annually and seven-year maturity. The notes are fully redeemed at maturity. The fair value of the notes is approximately \$364m based on quoted market prices at the end of the reporting period.

In May 2018, the Company established a multi-currency revolving credit facility of \$300m. The multi-currency revolving credit facility was initially utilised, in February 2019, with a drawdown of \$64m, to fund the acquisition of VEOHL. The majority of the RCF facility matures in May 2023. The RCF is a floating rate facility and the carrying amount approximates the fair value.

Besides the RCF, the Group has various unsecured short-term bank facilities extended to operating entities for working capital purposes. The undrawn, unsecured short-term bank facilities of \$1,171m (2020: \$1,323m) include a large number of uncommitted facilities held with a number of different banks. Most of these facilities are subject to an annual renewal process.

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

US\$ million	2021		
	Long-term debt	Bank borrowings	Total
1 January	408	274	682
Repayment of long-term debt	(60)	–	(60)
Proceeds/(repayment) of bank borrowings	–	11	11
Foreign exchange movements	–	(5)	(5)
Other ¹	1	–	1
31 December	349	280	629

¹ Other includes financing costs and non-cash items.

US\$ million	2020		
	Long-term debt	Bank borrowings	Total
1 January	371	229	600
Proceeds from long-term debt ¹	517	–	517
Repayment of long-term debt ²	(492)	–	(492)
Proceeds/(repayment) of bank borrowings	–	26	26
Foreign exchange movements	7	8	15
Other ³	5	11	16
31 December	408	274	682

¹ Mainly represents the issuance of fully redeemable notes to the amount of \$350m on 24 September 2020 and RCF drawdowns.

² Includes repayments of the Term Loan and RCF.

³ Other includes financing costs and non-cash items.

Key covenants:

The key covenants below relate to the VEI BV Revolving Credit Facility:

- Within 150 calendar days after the Group's year-end its audited annual consolidated financial statements, unaudited annual non-consolidated financial statements and the unaudited annual Group financial statements of each operating unit must be provided to the lender. Within 90 days after each half of each financial year, the unaudited non-consolidated financial statements, unaudited consolidated financial statements and unaudited Group financial statements for each operating unit for the financial half-year must be provided to the lender.
- The financial covenants are minimum interest cover of 4x and maximum debt cover of 3x. With each set of financial statements, a financial covenants compliance certificate has to be provided indicating the debt and interest cover. The debt cover follows the Group's leverage ratio calculation and interest cover indicates the Group's ability to service its debt related interest with profits. These calculations take into account bank permitted exemptions stipulated within the contractual agreement. The loan carries some customary negative pledges such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets. However, a change in control clause within the RCF, could result in the facility being withdrawn on completion of the transaction.

The below key covenants relate to the VEI BV Notes:

- The financial covenants are a minimum fixed charged cover of 2x. The Notes carry customary restrictive covenants such as on asset sale, securities over assets, mergers and guarantees subject in each case to some exemptions and permitted baskets, and a maintenance of listing covenant. It also has a change of control clause giving each noteholder a put right if an entity, other than permitted ones, takes control of the Company (Vitol is included as permitted entity).

No key covenants were breached in the last applicable period.

24. PROVISIONS

Provisions include the following:

US\$ million	31 December 2021	31 December 2020
Provisions	94	85
Retirement benefit obligations (note 25)	30	35
	124	120
Current	19	16
Non-current	105	104
	124	120

	2021				
US\$ million	Uncertain tax positions	Compulsory stock obligation	Legal provisions	Other	Total
At 1 January	31	20	10	24	85
Additions	8	9	4	5	26
Utilisation	(2)	–	(1)	(4)	(7)
Releases	(4)	–	(1)	(2)	(7)
Foreign exchange differences	–	(1)	–	(2)	(3)
At 31 December	33	28	12	21	94
Current	–	–	12	7	19
Non-current	33	28	–	14	75
	33	28	12	21	94

Compulsory stock obligation provision

The oil market regulator in Morocco introduced an industry mechanism to enable oil market operators to maintain the necessary compulsory stock volume requirement. This resulted in the recognition of a provision, which is an amount payable to the Moroccan oil fund regulator in relation to the compulsory stock reserve requirement introduced in 1994.

Uncertain tax positions

This amount represents a provision for uncertain tax positions for non-income taxes, interest and penalties of \$33m (2020: \$31m). Refer to note 4.2 for further details regarding uncertain tax positions and note 16 for further details of the indemnification asset on tax claims.

Legal provision

This amount represents a provision of certain legal claims brought against the Group. The timing of any payout is uncertain as these claims are being disputed by the Group. The Group believes that the outcome of these claims will not give rise to a significant loss beyond the amounts provided against as at 31 December 2021. Refer to note 16 for further details of the indemnification asset on legal claims.

Other

Other provisions include a number of costs to be paid out by the Group that have uncertainty in timing of cash values and total monetary value. Other provisions relate mainly to employee related provisions of \$10m (2020: \$10m).

25. RETIREMENT BENEFITS

The Group operates defined benefit plans in multiple African countries, which include Cape Verde, Gabon, Ghana, Guinea, Côte d'Ivoire, Mauritius, Morocco, Namibia, Reunion, Rwanda, Senegal, South Africa and Tunisia. The plans operated in Cape Verde, Ghana, Mauritius, Morocco, Senegal and Tunisia combined present approximately 79% of the total liability for the Company. The valuations are carried out in line with the regulatory requirements in each country considering the requirements under IAS 19 'Employee Benefits'. The plans offered in these countries differ in nature and consist of medical plans, pension plans, retirement indemnities, jubilees and long service award plans. These plan benefits are linked to final salary and benefit payments are met as they fall due. The two exceptions to this are Gabon and Mauritius, which both operate a funded plan. The plan in Gabon has a funding level of approximately 65% and Mauritius approximately 110%. In Gabon plan assets are held in the form of insurance contracts. For Mauritius, plan assets are held in vehicles with standard investment risk, following a balanced investment strategy, split between equities, government bonds and asset-backed securities. The plan in Mauritius has been closed to future accrual; from 31 December 2014 onwards. However, the link to final salaries is being maintained for in-service employees.

US\$ million	2021	2020
Current service cost	2	1
Accretion expense	2	2
	4	3

US\$ million	2021	2020
Defined benefit plans	4	3
Defined contribution plans	8	9
Total retirement benefit costs	12	12

US\$ million	31 December 2021	31 December 2020
Consolidated statements of financial position obligations for:		
Pension benefits	25	31
Other post-employment benefits	5	4
Total liability	30	35

The amounts recognised in the consolidated statements of financial position are determined as follows:

US\$ million	31 December 2021	31 December 2020
Present value of funded obligations	(13)	(17)
Fair value of plan assets	13	12
Funded status of funded benefit obligations (net liability)	–	(5)
Present value of unfunded obligation	(25)	(26)
Unfunded status end of year (net liability)	(25)	(31)
Net defined benefit obligation	(25)	(31)

The movements in the defined benefit obligation for funded and unfunded post-employment defined benefits over the year are as follows:

US\$ million	2021			2020		
	Pension benefits	Other	Total	Pension benefits	Other	Total
At 1 January	43	4	47	37	5	42
Current service costs	2	–	2	1	–	1
Benefits paid	(3)	–	(3)	(4)	–	(4)
Interest costs	1	1	2	2	–	2
(Gains)/losses from change in financial assumptions	(3)	–	(3)	4	–	4
(Gains)/losses from change in demographic assumptions	–	–	–	1	–	1
Actuarial (gains)/losses	1	–	1	1	(1)	–
Foreign exchange differences	(3)	–	(3)	1	–	1
At 31 December	38	5	43	43	4	47

The movements in the fair value of plan assets over the year are as follows:

US\$ million	2021		2020	
	Pension benefits	Total	Pension benefits	Total
At 1 January	12	12	11	11
Return on Plan Assets	3	3	–	–
Employer contributions	2	2	3	3
Benefits paid	(3)	(3)	(2)	(2)
Foreign exchange differences	(1)	(1)	–	–
At 31 December	13	13	12	12

The plan assets shown above are invested in equities \$7m (2020: \$6m), government bonds \$3m (2020: \$4m), corporate bonds \$2m (2020: \$2m), insurance contracts \$0.3m (2020: \$0.4m) and cash and cash equivalents \$0.01m (2020: \$0.03m).

The sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

	Assumptions used		Effect of using alternative assumptions	
	31 December 2021	31 December 2020	Range of assumptions	Increase/(decrease)
Rate of increase in pensionable remuneration	4.39%	3.71%	0.50% – (0.50%)	2.67% – (2.54%)
Rate of increase in pensions in payment	2.28%	2.41%	0.50% – (0.50%)	1.53% – (1.42%)
Rate of increase in healthcare costs	13.72%	16.20%	0.50% – (0.50%)	4.21% – (3.90%)
Discount rate for pension plans	5.13%	4.38%	0.50% – (0.50%)	(4.93%) – 5.39%
Discount rate for healthcare plans	18.28%	21.13%	0.50% – (0.50%)	(5.18%) – 5.70%
Expected age at death for persons aged 60:				
Men	79.65	79.86		
Women	83.69	83.61		

The principal actuarial assumptions were as follows:

	2021												
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana	Gabon	Reunion	Rwanda	South Africa
Discount rate	9.50%	8.25%	4.00%	4.75%	2.50%	6.00%	15.00%	12.90%	21.60%	5.25%	1.00%	12.00%	11.30%
Inflation rate	5.50%	1.75%	2.00%	2.50%	2.00%	n/a	n/a	8.10%	10.00%	2.75%	1.80%	4.75%	6.10%
Future salary increases	6.00%	3.00%	2.00%	2.50%	6.00%	3.00%	8.50%	n/a	n/a	3.00%	2.58%	7.50%	n/a
Future pension increases	n/a	n/a	1.00%	2.98%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	2020												
	Tunisia	Senegal	Cape Verde	Mauritius	Morocco	Côte d'Ivoire	Guinea	Namibia	Ghana	Gabon	Reunion	Rwanda	
Discount rate	9.75%	8.00%	4.00%	2.75%	2.50%	6.00%	13.50%	15.60%	23.00%	5.50%	1.00%	11.25%	
Inflation rate	4.50%	1.75%	2.00%	0.50%	2.00%	n/a	n/a	10.10%	12.00%	2.75%	1.80%	4.75%	
Future salary increases	6.00%	3.00%	2.00%	0.50%	6.00%	3.00%	8.00%	n/a	n/a	3.00%	2.58%	7.50%	
Future pension increases	n/a	n/a	1.00%	3.00%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The weighted average duration of the defined benefit obligation is 10.8 years.

Expected contributions to post-employment benefit plans for the year ending 31 December 2022 are \$3m.

26. OTHER LIABILITIES

US\$ million	31 December 2021	31 December 2020
Oil fund liabilities ¹	90	110
Other tax payable ²	84	75
Deposits owed to customers ¹	75	72
Employee liabilities ^{1,3}	46	44
Deferred income	17	14
Other ¹	28	21
	340	336
Current	187	171
Non-current	153	165
	340	336

¹ Financial liabilities amounting to \$215m (2020: \$215m) are measured at amortised cost and its fair value approximates the carrying amount.

² Other tax payable mainly relates to VAT, withholding taxes and employee taxes.

³ Employee liabilities mainly relate to employee bonuses.

27. LEASES

The Group has leases for motor vehicles, corporate offices, land, buildings and equipment. Leases have remaining lease terms of one year to 99 years, some of which may include options to extend the leases for at least five years and some of which may include options to terminate the leases within one year.

The consolidated statement of financial position shows the following amounts relating to leases:

US\$ million	Land and buildings	Motor vehicles	Total
Right-of-use assets, 1 January 2020	160	16	176
Depreciation of right-of-use assets	(22)	(3)	(25)
Leases effective in 2020	43	7	50
Right-of-use assets, 31 December 2020	181	20	201
Depreciation of right-of-use assets	(26)	(4)	(30)
Leases effective in 2021	44	4	48
Right-of-use assets, 31 December 2021	199	20	219

Lease liabilities are measured at amortised cost and the fair value approximates the carrying amount.

US\$ million	31 December 2021	31 December 2020
Current lease liabilities	26	24
Non-current lease liabilities	135	119
	161	143

The consolidated statement of comprehensive income shows the following amounts relating to leases:

US\$ million	2021	2020
Interest expense (included in finance cost)	(16)	(12)
Depreciation of right-of-use assets	(30)	(25)
Expenses relating to short-term leases, low-value leases and variable leases not included in the lease liabilities	(7)	(7)

The consolidated statement of cash flows shows the following amounts relating to leases:

US\$ million	2021	2020
Cash flows from financing activities		
Principal elements of lease payments	(33)	(31)
Interest paid	(14)	(10)
	(47)	(41)

Other information related to leases was as follows:

	2021	2020
Weighted average remaining lease term (years)	11	10
Weighted average discount rate	10%	11%

The Group recognised rental income of \$24m (2020: \$19m) as revenue in the statement of comprehensive income.

28. NET CHANGE IN OPERATING ASSETS AND LIABILITIES AND OTHER ADJUSTMENTS

US\$ million	2021	2020
Trade payables	432	(203)
Trade receivables	(140)	114
Inventories	(104)	40
Other assets	(95)	39
Other liabilities	29	(17)
Provisions	9	1
Other ¹	64	74
	195	48

1 Of which \$59m relates to net finance expense (2020: \$60m).

29. COMMITMENTS AND CONTINGENCIES

Commitments

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

US\$ million	31 December 2021	31 December 2020
Purchase obligations	21	22

Contingent liabilities and legal proceedings

The Group may from time to time be involved in a number of legal proceedings. The Directors prepare a best estimate of its contingent liabilities that should be recognised or disclosed in respect of legal claims in the course of ordinary business. Furthermore, in many markets there is a high degree of complexity involved in the local tax and other regulatory regimes. The Group is required to exercise judgement in the assessment of any potential exposures in these areas.

The Group's subsidiary in Morocco received a report in January 2020 from the investigators in charge of the Conseil de la Concurrence's ('CDC') ongoing review of the competitive dynamics of the Moroccan fuel retailing industry. Vivo Energy Morocco provided submissions to the CDC at their request. The report and these submissions were discussed at a private hearing of the CDC held on 21 and 22 July 2020 in Morocco. After the hearing, the Royal Cabinet intervened and formed an independent commission to review the CDC investigation. This followed the receipt of allegations regarding the CDC process and conduct. As announced in March 2021, the Royal Cabinet's review concluded that the CDC investigation "was marked by numerous procedural irregularities" and experienced "an obvious deterioration in the climate of deliberations". A new President has now been appointed to lead the CDC. We continue to believe that we have conducted our operations in accordance with applicable competition laws, rules and regulations.

In the ordinary course of business, the Group is subject to a number of contingencies arising from litigation and claims brought by governmental, including tax authorities, and private parties. The operations and earnings of the Group continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous groups in the countries in which they operate. The industries in which the Group is engaged are also subject to physical risks of various types. There remains a high degree of uncertainty around these contingencies, as well as their potential effect on future operations, earnings, cash flows and the Group's financial condition.

The Group is not currently aware of any other litigations, claims, legal proceedings or other contingent liabilities that should be disclosed.

30. SHARE-BASED PAYMENTS

The Group operates share-based payment plans for certain Executive Directors, Senior Managers and other senior employees.

Management Equity Plan

In 2013, Vivo Energy Holding B.V. awarded to eligible employees either (1) Management equity plan (MEP) phantom options which entitled option holders to a cash payment based on the value of Vivo Energy Holding B.V. shares upon exercise of their MEP phantom options or (2) the opportunity to acquire restricted shares in combination with a linked option right to acquire ordinary shares in Vivo Energy.

Under the terms of the phantom options, all outstanding phantom options would become fully exercisable upon the share admission in May 2018. The option holders subsequently agreed to amend the terms of their outstanding phantom options such that 30% of the outstanding phantom options were deemed to be exercised at share admission and 70% became exercisable on the first anniversary of the share admission being 4 May 2019, for a period of 24 months. Under the amended terms, the option holders' entitlement to the cash payment is based on the market value of the shares at the time of exercise net of a nominal exercise price per share.

The MEP phantom options are fully vested and were fully settled during the year. The MEP related liability as at 31 December 2020 amounted to \$4m.

IPO Share Award Plan

In May 2018, Vivo Energy plc granted certain Executive Directors and Senior Managers one-off share awards ('IPO Share Awards') under the 2018 IPO Share Award Plan. The IPO Share Awards vest, subject to continued service and performance conditions relating to consolidated gross cash profit growth and adjusted net income growth being met, in three equal tranches on the first, second and third anniversary of admission. The IPO Share Awards Plan was fully settled during the year with no further outstanding options.

Long-Term Incentive Plan

Vivo Energy plc adopted the Vivo Energy 2018 Long-Term Incentive Plan (the 'LTIP 2018') in May 2018, the Vivo Energy 2019 Long-Term Incentive Plan (the 'LTIP 2019') in March 2019, the Vivo Energy 2020 Long-Term Incentive Plan (the 'LTIP 2020') in March 2020 and the Vivo Energy 2021 Long-Term Incentive Plan (the 'LTIP 2021') in March 2021. The LTIP 2018, LTIP 2019, LTIP 2020 and LTIP 2021 provide for grants of awards over the shares of the Company in the form of share awards subject to continued employment and the performance conditions relating to earnings per share, return on average capital employed and total shareholder returns over a three-year period. Executive Directors and Senior Management of the Group are eligible for grants under the LTIP Incentive Plans. The LTIP 2018 was fully vested and settled during the year.

Restricted Share Award Plan

Vivo Energy plc adopted the Restricted Share Award Plan during the year. The Restricted Share Award Plan provides for grants of awards over the shares of the Company in the form of share awards subject to continued employment over a 16-month period. Certain Senior Managers of the Group are eligible for grants under the Restricted Share Award Plan.

The table below shows the share-based payment expense/(income) recognised in the statements of comprehensive income:

US\$ million	2021	2020
Cash-settled share-based payments		
Management Equity Plan	1	(3)
Equity-settled share-based payments		
IPO Share Award Plan	1	1
Long-Term Incentive Plans 2018-2021	2	2
Restricted Share Award Plan	1	–
	5	–

Movements in the number of shares and share options outstanding, and their related weighted average exercise prices, are as follows:

In million	LTIP				Restricted Share Awards		MEP	
	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	IPO Share Awards	Restricted Share Awards	Average exercise price per phantom option US\$	Phantom Options
Outstanding at 1 January 2021	3	4	5	–	1	–	0.05	3
Granted/Lapsed	(1)	–	(1)	6	–	1	–	–
Vested/Exercised	(2)	–	–	–	(1)	–	–	(3)
Outstanding at 31 December 2021	–	4	4	6	–	1	–	–
Exercisable at 31 December 2021	1	–	–	–	–	–	n/a	–
Outstanding at 1 January 2020	3	5	–	–	2	–	0.05	7
Granted/Lapsed	–	(1)	5	–	–	–	–	–
Vested/Exercised	–	–	–	–	(1)	–	–	(4)
Outstanding at 31 December 2020	3	4	5	–	1	–	0.05	3
Exercisable at 31 December 2020	–	–	–	–	–	–	n/a	3

The inputs of the valuation model for options granted during the year are as follows:

US\$	LTIP 2020	LTIP 2021	Restricted Share Awards
Fair value at grant date	1.22	1.36	1.49
Expected dividends as a dividend yield (%)	0%	0%	0%

31. RELATED PARTIES

Sales and purchases

US\$ million	Joint ventures and associates	Shareholders	Total
2021			
Sales of products and services and other income	23	56	79
Purchase of products and services and other expenses	369	887	1,256
2020			
Sales of products and services and other income	29	37	66
Purchase of products and services and other expenses	269	837	1,106

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

US\$ million	Joint ventures and associates	Shareholders	Total
31 December 2021			
Receivables from related parties	54	5	59
Payables to related parties	(81)	(232)	(313)
	(27)	(227)	(254)
31 December 2020			
Receivables from related parties	53	2	55
Payables to related parties	(51)	(160)	(211)
	2	(158)	(156)

The receivables from related parties arise from sale transactions and loans to joint ventures. Receivables are due two months after the date of sales, are unsecured in nature and bear no interest. Loans to joint ventures are interest bearing and secured by the entire issued share capital of the joint venture. An expected credit loss of \$1m (2020: Nil) was recognised in relation to a joint venture receivable.

The payables to related parties arise mainly from purchase transactions at arm's length, including a supplier agreement with Vitrol Supply, and are typically due two months after the date of purchase. These payables bear no interest.

32. EVENTS AFTER BALANCE SHEET PERIOD

There have been no material subsequent events after the reporting period, up to and including the date that the financial statements were authorised for issue, that would have required disclosure or adjustment of the Consolidated financial statements or the Company financial statements.