VIVO ENERGY GHANA

EMERGING STRONGER

VIVO ENERGY GHANA
ANNUAL REPORT & ACCOUNTS 2020

NEW

Shell V-Power

Our new formulation is boosted and now contains 3x more cleaning and friction reducing molecules than Shell FuelSave Unleaded.

GO WELL

DISCLAIMER

Boosted 3x compared to Shell's regular Shell FuelSave Unleaded fuel. Helps to clean key fuel system components such as intake valves and/or fuel injectors from the build up of performance robbing deposits. Friction reducing molecules help critical parts of your engine. Actual effects and benefits may vary according to vehicle type, vehicle condition and driving style. No guarantees provided. See **www.shell.com.gh** for more information.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighth Annual General Meeting of Shareholders of Vivo Energy Ghana Limited (the "Company") will be held VIRTUALLY via Microsoft Teams and streamed live by video link from the Head Office of Vivo Energy Ghana Limited on Tuesday 27th July 2021 at 10:00am to transact the following business:

AGENDA

1. To re-elect Directors;
2. To consider the Accounts and Reports of the Directors and Auditor for the year ended 31st December 2020;
3. To declare Dividends;
4. To fix remuneration of the Auditors;
5. To approve the remuneration of Directors.

SPECIAL RESOLUTION

a) To change Company name to Vivo Energy Ghana PLC as required by the Company's Act 2019, Act 992.

NOTE

A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE MAY APPOINT A PROXY TO ATTEND AND VOTE IN HIS/HER STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. COMPLETED PROXY FORMS SHOULD BE DEPOSITED WITH THE COMPANY SECRETARY AT THE REGISTERED OFFICE, P.O. BOX 1097, RANGOON LANE, CANTONMENTS CITY, ACCRA NOT LATER THAN 48 HOURS BEFORE THE APPOINTED TIME OF THE MEETING.

DATED THIS 23RD DAY OF JUNE 2021

BY ORDER OF THE BOARD

NAA SHIOKOR BOI-BI-BOI

COMPANY SECRETARY

TOGETHER THROUGH ADVERSITY

These are exceptional times, and this has been an extraordinary year.

As soon as the pandemic became apparent, our markets in Africa took swift action to restrict mobility in order to help prevent the spread of COVID-19. This effective closure of parts of the economy led to a dramatic reduction in travel which tested the resilience of our business.

Its underlying strength has enabled Africa to deal with threats in the past and to bounce back, energised by a youthful population and a growing middle class. As a young, energetic company with a growing network, we have pulled together during this crisis. We played our part, not just as a business, but with our partners and as a pillar of our local communities.

The future of Vivo Energy is inseparable from the bright future of our continent. Whatever the immediate future brings, we look forward with confidence.

"WE ACTIVATED A DETAILED BUSINESS CONTINUITY AND CONTINGENCY PLAN (BCCP) TO MITIGATE THE IMPACT OF COVID-19 ON STAFF, CONTRACTORS, CUSTOMERS AND OUR RETAIL OUTLETS"

FRANCK KONAN-YAHAUT
CHAIRMAN

2020 HIGHLIGHTS

- Strong operating and financial performance
- Resilience of the business model in the context of COVID-19
- Automation of retail service stations to improve service and efficiency
- Excellent safety and environmental performance
- Increased returns to shareholders

REVENUES
GHS million
1.596
-29%

VOLUME
Million litres
491
-19.6%

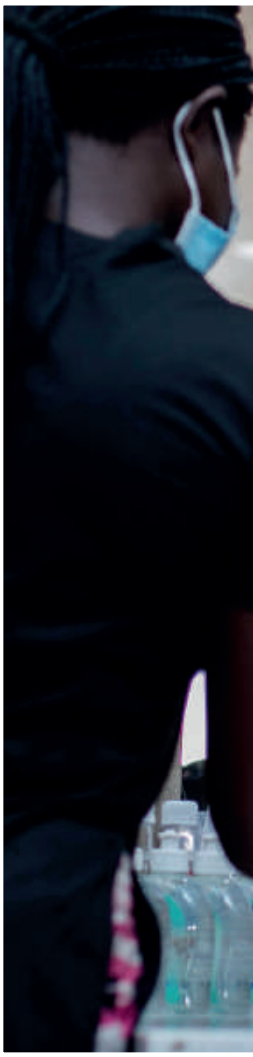
GROSS CASH PROFIT
GHS million
242
+11%

NET INCOME
GHS million
53
+40%

RECOMMENDED DPS
GHS
5.02
+46%

CONTENTS

TOGETHER WE ARE RESILIENT



"AS TERRIBLE AS THE PANDEMIC IS, THIS CHALLENGING PERIOD PRESENTED VIVO ENERGY GHANA WITH THE OPPORTUNITY TO TRULY LIVE ITS VALUES AND TO BUILD A DEEPER TRUST AND LOYALTY WITH OUR EMPLOYEES, CUSTOMERS AND PARTNERS AND SHOW THAT, WE CARE"

BEN HASSAN OUATTARA
MANAGING DIRECTOR

SUPPORTING OUR PARTNERS

The continuous engagements with all our stakeholders ensured we 'FLATTENED THE CURVE' of the effect of COVID-19 on our business.

Working closely with our retailers to ensure compliance with the pandemic protocols at our retail sites, the company instituted a Mystery Staff Site Inspection checklist to keep our sites safer for our customers.

We kept the wheels of our depots running by ensuring strict adherence to COVID-19 protocols, including the appointment of COVID marshals to deliver quality products and services in a safe manner.

To complement the government's efforts in combating the virus in Ghana, and ensuring the decentralisation of support to local communities, we embarked on national and regional projects, including providing free fuel for communities, supporting e-learning applications for students, donation of personal protective equipment to regional hospitals and health centres, and provision of water for handwashing amongst other impactful interventions.

On people, while many organisations were compelled to make hard decisions, including lay-offs and withdrawal of employee benefits, Vivo Energy Ghana, its retailers and transporters remained true to their commitment to their people by protecting jobs throughout the pandemic.

COMMUNITY INVESTMENT

GHS 151,000

committed to community investment projects focused on COVID-19

9

Community investment projects

TOGETHER WE ARE MORE SUSTAINABLE

99,772

kilograms of CO_2 emissions reduced

2,978

equivalent trees planted

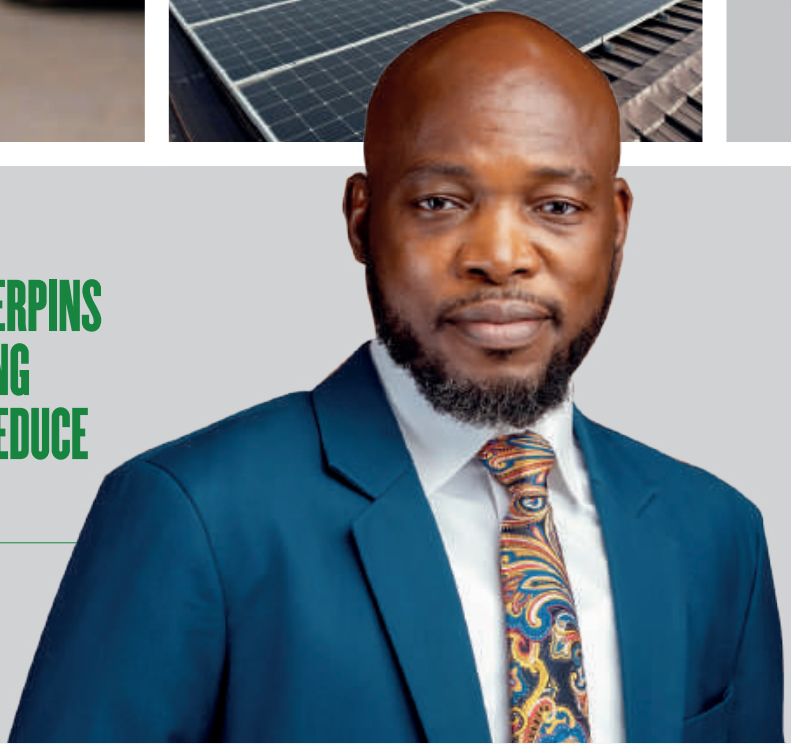
CO_2 reduction of 99.8 tonnes per annum, equivalent to planting nearly 3,000 trees

ENSURING LONG-TERM SUSTAINABILITY

Our vision is to become the most respected energy business in Ghana and, to help achieve that, we have embedded sustainability practices into our business. We aim to be good stewards of the environment, while developing our people and supporting the communities where we operate.

In line with the Group's sustainability strategy, we are now more formally embedding climate change into our governance and strategy. This will enable us to play our part in meeting environmental policy commitments, while at the same time satisfying the growing demand for cleaner fuels in Ghana.

We are particularly proud of the solar initiative within our Retailer network and are well positioned to accelerate that effort to have our retail stations powered by solar where possible and practical. The plans and actions we initiate today are shaping our future, ensuring that, together, we are more sustainable.



"OUR RETAIL SOLAR PROJECT UNDERPINS OUR COMMITMENT TO DEVELOPING SUSTAINABLE SOLUTIONS THAT REDUCE IMPACT ON THE ENVIRONMENT"

REINDOLF DOMEY
SUPPLY AND DISTRIBUTION MANAGER

TOGETHER GHANA WILL EMERGE

4.6%

expected annual GDP growth for 2021

STRONGER

BUILDING A RESILIENT BUSINESS

Although 2020 was an unprecedented year, the macro drivers behind continued growth in fuel demand in Ghana remained unchanged. We expect this to continue as we emerge from the impacts of the pandemic.

We're a highly resilient business, integral to the lives of customers who rely on our products to move around, operating in an exceptionally young and growing population, with more vehicles on the road every year.

We are excited about future opportunities ahead of us and will continue to adapt in order to capitalise on them. The long-term growth opportunities in Ghana remain undimmed.

57%

of Ghana's population are younger than 25 years old

"THE MACRO DRIVERS FOR INCREASING FUEL DEMAND – AND VIVO ENERGY'S GROWTH – REMAIN STRONG."

BEN HASSAN OUATTARA
MANAGING DIRECTOR

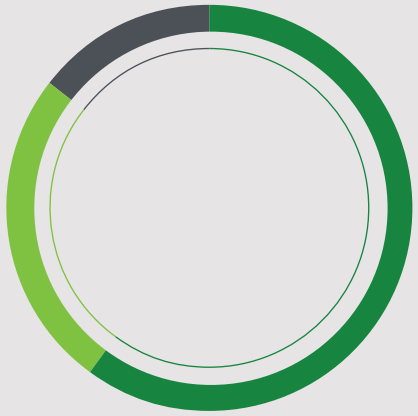
WHO WE ARE

A COMPANY ON THE MOVE

We're a major retailer and distributor of high-quality Shell-branded fuels and lubricants to Retail and Commercial customers across Ghana with a growing Non-fuel retail offering.

Operating in a robust and growing business environment, we make our customers' lives easier and their experience with us more convenient, enjoyable and rewarding. How? By providing quality products and services that meet their needs, supported by high standards of safety, innovation and service – in every area where we operate.

ADJUSTED EBITDA BY SEGMENT
GHS million



Retail	67
Commercial	16
Lubricants	26

RETAIL

Retail continued to be the engine that propels the growth of the business in Ghana. At the end of 2020, our network stood at 232 service stations across the country, still maintaining the highest average throughput and the second position in market share.

RETAIL FUEL

This involved the sale of high-quality Shell FuelSave Petrol and Diesel plus Shell V-Power at Shell-branded service stations across the country.

COMMERCIAL

Product quality, service quality and customer relationship management are the three key areas contributing to the success of the Commercial business in Ghana.

We not only ensure a reliable supply of high-quality fuels, but also support those products with extensive, trusted services using our highly qualified Engineering and Health & Safety teams.

CORE COMMERCIAL

Delivering quality lubricants and fuel to our partners, mainly in the construction, industrial, mining, power and transport sectors, is our priority and we ensure we deliver with pride. Strong performance from the construction segment (bitumen and fuel) ensured that financial commitment for the business was achieved. Gross cash unit margin was up 575% year-on-year due to good volume and margin from the construction (bitumen) sector.

AVIATION

Supplying aviation fuel to the various airline companies for both domestic and international flights.

LUBRICANTS

The performance of our Lubricants segment remained solid and on a steady growth despite the negative impact of COVID-19, which significantly impacted the performance of our Retail business in key regions.

The easing of mobility restrictions generated significant improvement in the second half of the year. With volumes recovering gradually year-on-year due to the challenges to importation of recycled brands onto the market and contribution from COVID-19-related initiatives implemented to instil trust and improve the safety at sites.

RETAIL LUBRICANTS

We sell Retail lubricants on the forecourt in our service stations to Retail customers and through distributors to consumers in the open market. Consumer lubricants (Retail sites and B2C) accounted for 73% of total segment volume (2019: 68%) and 72% of segment gross cash profit (2019: 45%).

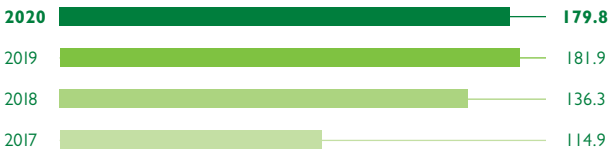
COMMERCIAL LUBRICANTS

We sell Commercial lubricants to customers across the country and in Nigeria. Commercial volumes accounted for 27% of total lubricants volume (2019: 32%) and 28% of gross cash profit (2019: 44%).

HIGHLIGHTS

- The year under review was impacted by falling crude prices, lockdown and other restrictions from the COVID-19 pandemic. We, however, recovered progressively as restrictions were eased, demonstrating the resilience of our business
- We improved the look and feel of our existing network by renovating 40 selected stations during the year
- We expanded our retail network by adding a total of 10 new stations to the network. Thirteen existing stations, some of which had been inactive for a number of years and others with various contractual infractions, were removed from our network
- Roll-out of automation across additional 40 sites brought the total number of automated sites to 75 within the network
- We deployed solar power across four of the new stations last year, contributing to about 47% of the power utilised across these sites

GROSS CASH PROFIT INCLUDING NON-FUEL RETAIL
GHS MILLION



VOLUME
million litres

399

-13%

GROSS CASH UNIT MARGIN
GHS/'000 litres

450

+13%

HIGHLIGHTS

- Seized the opportunity to deliver excellent volume and margin in the construction sector (bitumen and fuels)
- Maintained an excellent financial performance in the midst of the COVID-19 pandemic
- Automated our Commercial sales tools and processes for greater efficiency and improved customer relationship management

GROSS CASH PROFIT
GHS MILLION

VOLUME
million litres

78

-44.3%

GROSS CASH UNIT MARGIN
GHS/'000 litres

378

575%

HIGHLIGHTS

- Volumes grew 4% year-on-year to 13.68 million litres in spite of the COVID-19 global pandemic, and this was underpinned by our focus on our customers during the difficult times, and our supply reliability
- The consolidation and rationalisation of the Route-To-Market in the Indirect channel (B2C) is beginning to see positive changes, growing by 33% year-on-year to 6.2 million litres, despite the drop in demand due to the impact of COVID-19
- Gross profit was up 10%
- We introduced Shell Coolants onto the market as we began to grow the Car Care segment

GROSS CASH PROFIT
GHS MILLION

VOLUME
million litres

14

+4%

GROSS CASH UNIT MARGIN
$/'000 litres

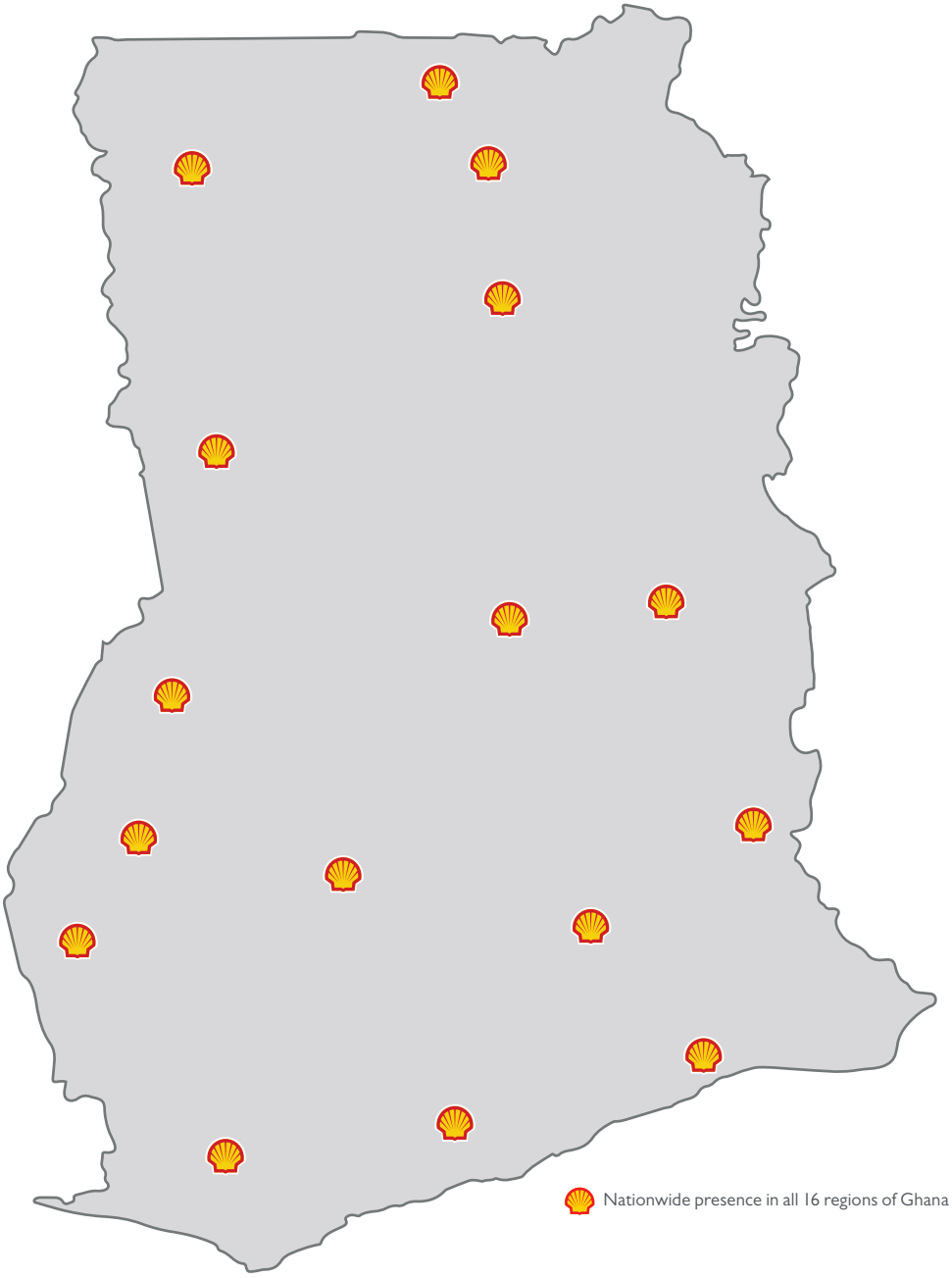
2,974

+89%

WHERE WE OPERATE

A STRONG AND GROWING PRESENCE

At the end of 2020, our network stood at 232 service stations spreading across the length and breadth of the country. While we added a total of 10 new stations to the network, we also discharged a number of sites which had been inactive over a long period of time and others with contractual infractions from the network.



01 TUNISIA

02 MOROCCO

03 CAPE VERDE

04 SENEGAL

05 MALI

06 GUINEA

07 CÔTE D'IVOIRE

08 BURKINA FASO

09 GHANA

10 UGANDA

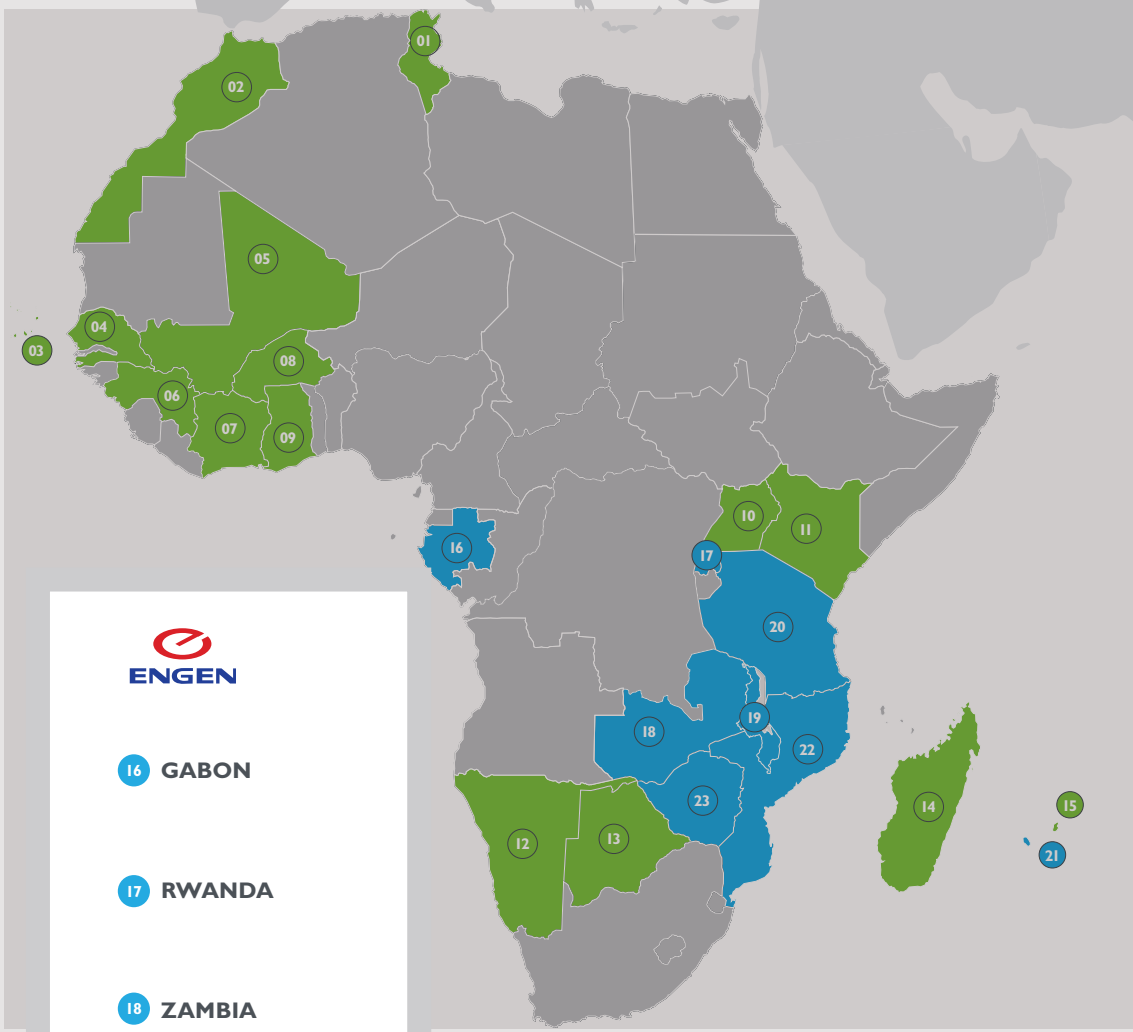
11 KENYA

12 NAMIBIA

13 BOTSWANA

14 MADAGASCAR

15 MAURITIUS



ENGEN

16 GABON

17 RWANDA

18 ZAMBIA

19 MALAWI

20 TANZANIA

21 REUNION

22 MOZAMBIQUE

23 ZIMBABWE

Our markets with Shell-branded service stations
Our markets with Engen-branded service stations

MANAGING DIRECTOR'S STATEMENT

Despite the COVID-19 disruption to business activities in 2020, we made great strides through a robust Business Continuity and Contingency Plan (BCCP) to manage through the pandemic.

HSSEQ

During 2020, Vivo Energy Ghana received its ISO 9001 certification. All policies, procedures and protocols were updated, understood, adopted and implemented to ensure the HSSEQ governance system was still robust in our operations so that GOAL ZERO was achieved.

All staff and contractors were trained in our stringent HSSE management systems and Hazards and Effects Management Process (HEMP). The HEMP identifies all risk-related activities for the appropriate controls to ensure the impact to business is As Low As Reasonably Practicable (ALARP).

At the end of 2020, we reported 4026 Potential Incidents (PIs) and conducted 1694 Talk not Tick (TnTs), and achieved 4420 Goal Zero days.

The annual Safety Day was observed in October 2020, on the theme 'Safety: Action Matters'. All departments submitted safety improvement projects to be adopted by the business. Ten projects were submitted and the winning projects gave birth to our Mystery Staff Site Inspection where the senior management team and staff conduct inspections to improve on-site operational excellence and COVID-19 protocols.

To remain leaders in HSSEQ, we continue to assess the competence of all HSSEQ critical people and provide continuous training to improve the way we do business. By the end of the year, we had completed 170 hours of training for the team.

RETAIL

The year under review was impacted by falling crude prices, lockdown and other restrictions from the COVID-19 pandemic. We, however, recovered progressively as restrictions were eased, demonstrating the resilience of our business. We expanded our retail network by adding 10 new stations, and 13 existing stations, some of which had been inactive for years, were removed from our network. At the end of the year, we still maintained our highest Average Throughput (ATP) in the country.

We improved the look and feel of our existing network by renovating 40 selected stations during the year. We continued with our retail automation programme on an additional 40 sites, bringing the total to 75 stations within the network. We also deployed solar power across four of the new stations during the year, contributing 47% of the power utilised across these stations.

CONVENIENCE RETAIL

2020 saw a decline of food and tenancy of approximately 9% compared to 2019 due to the reduction in footfall to our stations as a result of the COVID-19 restrictions that were in place. We did, however, open three new shops, a bakery, a solar project and five Automated Teller Machines (ATMs) with Barclays, FNB Bank and Ecobank. Two Quick Service Restaurants were closed down permanently because of the impact of COVID-19.

COMMERCIAL

Our Commercial volume performance recorded a decline of 44% year-on-year, due to low performance from the aviation sector arising from travel restrictions imposed because of COVID-19. The main activities of the Commercial business entail the supply of fuels to the construction, agricultural, road transport and power sectors.

The B2B fuel volume was 3% higher compared to the previous year, mainly due to new businesses wins.

Strong performance from the construction segment (bitumen and fuel) ensured that financial commitment for the business was achieved. Business contribution from aviation declined considerably due to the impact of travel restrictions arising from COVID-19. The aviation business registered the largest drop in volumes, declining by 76% year-on-year. Realised volume mainly came from cargo and some chartered flights.

LUBRICANTS

The performance of our Lubricants segment remained solid despite the negative impact of COVID-19, which significantly affected the performance of our Retail business. The easing of mobility restrictions generated significant improvement in the second half of the year. With volumes recovering gradually year-on-year due to the challenges importers of recycled products had, range of sales promotions, active selling on our forecourts, strong engagement with our distributors, and our superior supply chain, we ensured consistent availability of products in spite of the disruptions in global supply chain due to the pandemic.

Our consumer lubricant market entails lubricants sold on the forecourt in our service stations to Retail customers and through distributors to consumers in the open market (B2C).

STRONGER TOGETHER

"Despite the COVID-19 disruption to business activities in 2020, we made great strides through a robust Business Continuity and Contingency Plan (BCCP) to manage through the pandemic"

BEN HASSAN OUATTARA
MANAGING DIRECTOR

Consumer lubricants (Retail sites and B2C) accounted for 73% of total segment volume (2019: 68%).

Volumes sold increased by 4% year-on-year in our consumer retail market despite the significant impact of lower traffic at our retail sites arising from COVID-19 containment measures.

This demonstrates the strong underlying demand for lubricants in our markets due to the age of the car pack and the strength of our lubricants brand.

MARKETING

The core purpose of our marketing is to identify, engage with and convert customers into long-term valuable assets for the business. In a year that the world was hit by the worst pandemic of our time, these objectives and core function had to be achieved through a strategic and sympathetic approach.

For us, in Vivo Energy, we had to continue to remain relevant even in those difficult times and an initiative focusing on the health and safety needs of our consumers became a priority. Huge investment into radio, forecourt branding, digital and social media, and direct engagement to educate both internal and external stakeholders as well as customers was rolled out during the period.

With the Commercial segment identified as key stakeholders, health and safety materials were produced to support them in their daily activities. A total of 10 lorry stations within Accra and Tema were supported with sanitisers, face masks and liquid soaps to help fight the disease.

Finally, to ease the pressure on customers, an area-specific activation was organised to offer free gifts to customers for visiting Shell sites. These activities helped to sustain business performance and deliver superior services to meet the challenging needs of our cherished customers during the peak of the pandemic.

SUPPLY AND DISTRIBUTION

To improve safety performance in road transport, we focus on safe practices and behaviours to influence our contractors' vehicles' age and design. A major focus over the past few years has been on reducing the age of our contractors' fleets, while increasing the size of the trucks from an average of 35m^3 to 42m^3, to increase drop efficiencies and reduce distance travelled per cubic metre of fuel delivered, therefore contributing to the reduction of the carbon footprint. In addition, we continue to explore other options for improving supply and distribution efficiencies to further reduce the cost of transport and carbon emissions from our contracted transport activities.

Through our relationship with Shell, we have access to their advanced products, which enables us to include additives in the Retail fuels we sell at our service stations – driving better engine efficiency, reducing fuel consumption and, therefore, reducing emissions. In 2020, we introduced a new generation lubricant in the Shell Helix range. Derived from synthetic oil, this product helps reduce CO_2 emissions and save fuel.

HUMAN RESOURCES

The key compelling question facing employers globally in 2020 was how to support their workforce and keep them motivated and upskilled to deliver their targets in an unprecedented pandemic situation.

The first step we took was to ensure a safe and healthy workforce and, in turn, a safe and healthy work environment. To this end, we arranged periodic timely health updates on the COVID-19 situation with our Company Health Advisor and provided 24/7 medical support to any employee and dependents who needed it.

While many companies were cutting pay and laying people off in 2020, Vivo Energy Ghana employed 8 new people and promoted 10 employees to higher roles.

Learning and development remains an integral part of our approach to talent management, with structured development plans in place to constantly build the skills and capabilities of our people. Partly due to the impact of COVID-19, a significant proportion of our training activity was shifted to virtual and online learning across all areas of the business to upskill employees during this period and maximise learning opportunities – always ensuring that this method of training had equally impactful results.

SOCIAL PERFORMANCE

As a company with the vision of becoming Africa's most respected energy business, we have our communities at the heart of our company and COVID-19 brought us even closer to them. In 2020, Vivo Energy Ghana, in partnership with its retailers, launched the Retailer Sustainability Programme to complement the government's efforts in combating the COVID-19 pandemic across the country. Vivo Energy Ghana also donated various Personal Protective Equipment (PPE) to the National COVID Case Management Team at the Ga East Municipal Hospital.

The company also partnered with the African Business Centre for Development Education (ABCDE) and funded the roll-out of an alternative e-learning platform accessible to all senior high school students, especially females, during the pandemic to ensure continuous learning.

OUTLOOK

With expected recovery of the economy from COVID-19, combined with our robust business strategy and committed workforce, we will look to differentiate our value-led offering and provide solutions to our customers to grow the business.

BUSINESS MODEL AND VALUE CREATION

HOW WE CREATE VALUE

Our resilient and integrated business model was tested and proven during the COVID-19 pandemic. This unchanged model, together with our strong operating culture of focusing, simplifying and performing, drives competitive advantages in our market and supports our vision to become the most respected energy business in Ghana.

OUR RESOURCES & RELATIONSHIPS

PARTNERSHIPS AND STAKEHOLDERS
We maintain strong relationships with our customers, retailers, distributors and communities where we operate and the regulators of our industry.

ASSETS
We have a well-integrated network of retail sites, customer facilities and depots. We collaborate closely with a number of partners, including owners of storage facilities, and with contractors who provide trucks for transportation. We operate under the global Shell brand.

OUR PEOPLE
Our diverse, young, talented and local people form a high-performing team, with a common culture and purpose.

NATURAL RESOURCES
We have a responsibility to the environment and are committed to reducing our impact and continually improving environmental performance.

FINANCIAL STRUCTURE
Our resilient unit margins, structurally negative working capital and high-operating leverage deliver sustainable cash generation.

OUR INTEGRATED MODEL...

SUPPLY
We supply our operations through a number of Bulk Oil Distribution Companies (BDCs) who import finished products or buy from local refineries, ensuring cost-effective security of supply.

STORAGE
We have an 8000 metric tonnes bitumen storage facility, a 33% stake in Aviation Turbine Kerosene (ATK) storage at Joint User Hydrant Installation (JUHI) and an 8% stake in the fuel storage facility in Tema where most of our fuel supply need are served.

DISTRIBUTION
We distribute products through strong partnerships with trusted local transport companies who, through our joint efforts, have been ranked as the best in the industry and in the Vivo Energy Group.

...PROVIDES A SUSTAINED COMPETITIVE ADVANTAGE...

The size of our footprint and relationships with suppliers enable us to source fuels at highly competitive prices.

Efficient cost management to drive down depot cost.

Our model provides operational control over road transport, enabling us to implement our exacting HSSEQ standards and controls.

...WHILE EFFECTIVELY MANAGING OUR RISKS

- Product availability and supply
- Information technology

- HSSEQ
- Partner reputation
- Relationship in JV

- HSSEQ
- Partner reputation and relationships

OUR OUTCOMES

RETAIL

We supply high-quality fuels, lubricants, food and convenience retail offerings at a network of Shell-branded service stations. The majority of sites are owned by us but operated by local dealers, reducing risk and providing opportunities for the local community.

More information on pages 30 to 31.

Our leading brand and strong customer offering drive our industry-leading average throughput per site.

- Partner reputation and relationships
- Credit management
- HSSEQ
- Product availability and supply

COMMERCIAL

We supply Commercial customers with fuels and lubricants across the transport, construction, manufacturing, mining, aviation and marine sectors.

More information on pages 32 to 33.

A proven proposition to add value to customers beyond supply.

- Credit management
- HSSEQ

CUSTOMERS

- Strong market share
- Ever-increasing food and convenience retail offering

EMPLOYEES

- Industry-leading safety record
- Significant investment in training and development

INVESTORS

- Shareholder returns
- Conservative financial position

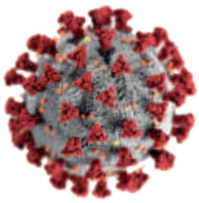
COMMUNITIES AND GOVERNMENTS

- Commitment to minimise environmental impact
- Investment into communities
- Major tax payer

MARKET OVERVIEW

COVID-19 IN GHANA

Although COVID-19 was reported as a global pandemic, Africa, and specifically Ghana, was initially spared the devastating effect of the virus. However, this situation changed in spite of our youthful Ghanaian population of about 31.7 million people, with just 3% aged over 65, compared to 19% in Europe. As at 31st December 2020 there have been 55,168 cases in Ghana with, sadly, 335 deaths, and 53,928 recoveries.



COVID-19 in Ghana

As of 31st December 2020:
Number of cases - 55,168
Total deaths - 335
Total recoveries - 53,928

Source: World Health Organization

To drive adherence to COVID-19 protocols, the Ghana government and community leaders encouraged and even mandated physical distancing, handwashing and mask-wearing in public areas. Though lockdowns have been lifted in Ghana, there are limitations to social events to prevent mass gatherings that serve as 'spreader events'. The lifting of the lockdown and its attendant restriction led to the reduction in the initial impact on economic activity in the country, as well as on fuel demand. Restrictions on inter and intra market travel that were established at the height of the pandemic have largely been lifted today. However, in Ghana, there are restrictions to the movement of people across land borders while the movement of goods is permissible. Some air travel is also permissible with strict guidelines on mandatory testing. These were designed to limit the spread of the virus, while ensuring that economic activity is not adversely impacted.

With the relaxation of restrictions in the second half of 2020 and celebrations at the end of the year came the second wave of COVID-19.

MACRO TRENDS

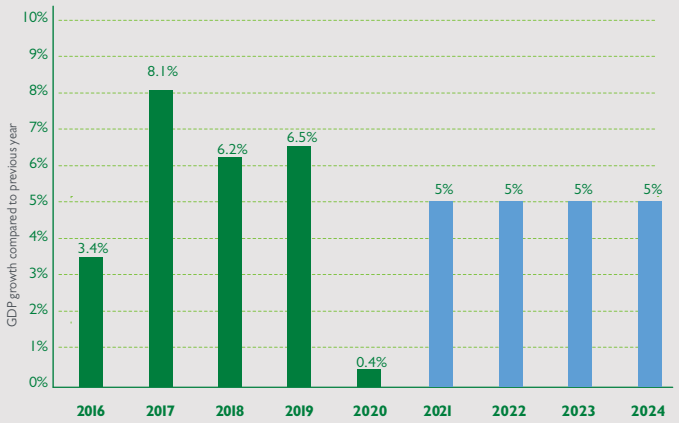
2020 Gross Domestic Product (GDP) was 0.4% mainly resulting from negative growth in quarter one and three from the impact of COVID-19. This is the lowest GDP in the fourth republic.

In terms of sectoral performance, the agriculture sector drove the annual GDP with a growth rate of 7.4%. while the services sector recorded a positive growth rate of 1.5% and industry recording -3.6%.

In the medium term, the economy is expected to rebound with an average overall annual GDP growth rate of 5% for the period 2021-2024.

GDP GROWTH

Source: Ghana Statistical Service & 2021 Budget



INCREASING CAR NUMBERS

The Ghana automotive market is expected to register a CAGR of about 6% between 2020 and 2025 dominated by leading manufacturers such as Volkswagen, Toyota, Nissan, Hyundai and Suzuki. With the creation of the enabling automotive environment and the setting up of local assembly plants for some of these original equipment manufacturers such as Volkswagen, Toyota and Suzuki, accessibility to passenger cars, SUVs and Light Commercial Vehicles is also expected to improve. Coming off a low base of new-vehicle sales, in the post-COVID-19 environment, it is expected that new-vehicle sales will grow given the right automotive ecosystem.

INFRASTRUCTURE DEVELOPMENT

Generally, Ghana's construction sector is growing, driving infrastructure development, led by the development of affordable housing and critical infrastructure such as roads, railways, ports, hospitals and schools.

VEHICLES IN THE GHANA AUTOMOTIVE MARKET PROJECTED TO BE REGISTERED IN 2020–2025

6%

CAGR BETWEEN 2020 AND 2025

INDUSTRY TRENDS

DIGITAL

- Ghana's adoption and effective application of digital technologies is expected to characterise economies of the future, shaping the ability to succeed in the global marketplace and offer a better quality of life for its citizens. Disruptive technologies are already altering traditional business models and pathways to development. Thus yielding significant gains and increased convenience, as well as supporting better access to services for consumers.
- Ghana's economy is led by the services sector, with information and communications technology (ICT) contributing about 3.6% of the country's GDP; telecommunication services being the main one. The contribution of Ghana's ICT sector to the overall GDP of the country has grown steadily over the years, becoming one of the best performing sectors in the country's economy.
- As the purchasing power is increasing simultaneously with the mobile phone and internet connections, online retail and e-commerce is, as well, becoming an important market opportunity. Identifying the right ecosystems of partners to accelerate capability building and digital transformation is key in harnessing this growing digital opportunity to improve consumer experience and sales.

SUSTAINABILITY

- Our focus, given our line of business, remains on environmental sustainability. As the first developing country to engage with Sustainable Energy for All, Ghana is developing a national action plan to increase its renewable energy capacity and extend reliable energy access to all of its citizens.
- The Renewable Energy Act provides the legal and regulatory framework necessary for enhancing and expanding the country's renewable energy sector.
- The energy objectives established by Ghana represent an important example of country-led action that will advance the objectives of Sustainable Energy for All and, in doing so, increase renewable energy development, improve access to modern energy services and bolster economic output.

MACRO TRENDS CONT'D

INCREASING POPULATION AND EMERGING MIDDLE CLASS

Population growth is extremely rapid, at annual rates of over 3%. The natural increase rate even shows some signs of increasing slightly in the next decade or so. Ghana's population is estimated at 31.7 million at present. According to the African Development Bank (AfDB), 46% of Ghanaians are now classified as middle class compared to a continent-wide average of 34.3%.

The reasons for the increase in size and purchasing power of the Ghanaian middle class include strong economic growth, and a move towards a stable, salaried job culture and away from traditional agricultural activities.

GDP GROWTH

Ghana's GDP growth is forecasted to grow in 2021-2022 and then remain relatively stable over the next two years as represented graphically on page 17.

The outlook is, however, subject to great uncertainty from both external and domestic risks.

CARING FOR OUR COMMUNITIES IN PARTNERSHIP WITH OUR RETAILERS

On 11th March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a global pandemic and the need for countries to take further action to prevent the spread of the life-threatening virus.

Ghana reported its first two cases of COVID-19 on 12th March 2020, leading to the activation of the national response mechanisms. The number of COVID-19 cases kept rising, with recorded deaths and few recoveries. A number of directives and control measures were issued by the President of the Republic of Ghana to prevent further importation and local transmission of the virus.

Life was not normal and business was not as usual. With the number of positive cases rising, the President of the Republic of Ghana announced a three-week partial lockdown. Public gatherings, including conferences, workshops, political rallies and schools, were all suspended. Only frontline workers and those providing essential services, including oil marketing companies, were allowed to operate.

With the life-threatening COVID-19 outbreak impacting businesses, communities, families and the nation as a whole, Vivo Energy Ghana, as part of its efforts to complement the government's support, launched a novel sustainable development initiative dubbed the Vivo Energy Retailer Sustainability Programme, in partnership with its retailers, with a focus on COVID-19.

The Retailer Sustainability Programme forms part of Vivo Energy Ghana's comprehensive programme of COVID-19 prevention, being rolled out to complement the government's efforts in combating the virus from Ghana and ensuring the decentralisation of support to local communities.

Various government institutions have benefited from the programme, including the National COVID Case Management Team, National Commission for Civic Education and Effia Nkwanta Regional Hospital in the Western region, Tamale Teaching Hospital in the Northern region, and Kenyasi Health Centre and Ahinsan Camp Prison in the Ashanti region.

Some interventions include the donation of PPE such as gloves, nose masks, goggles, coveralls, handwashing facilities, hand sanitisers, detergents, thermometers and the construction of water tanks for underserved

INDUSTRY TRENDS CONT'D

CONVENIENCE

- The impact of COVID-19 from a global perspective is expected to shape convenience retail in 2020 and beyond. With accessibility and ease of shopping at the heart of convenience retail, technology that enables convenience will continue to emerge, with services also increasingly being digitised. New paths to purchase will offer products increased visibility, new ways for brands to interact with customers online and the potential to reach new types of shoppers. More cashless transactions and payment digitisation will continue.

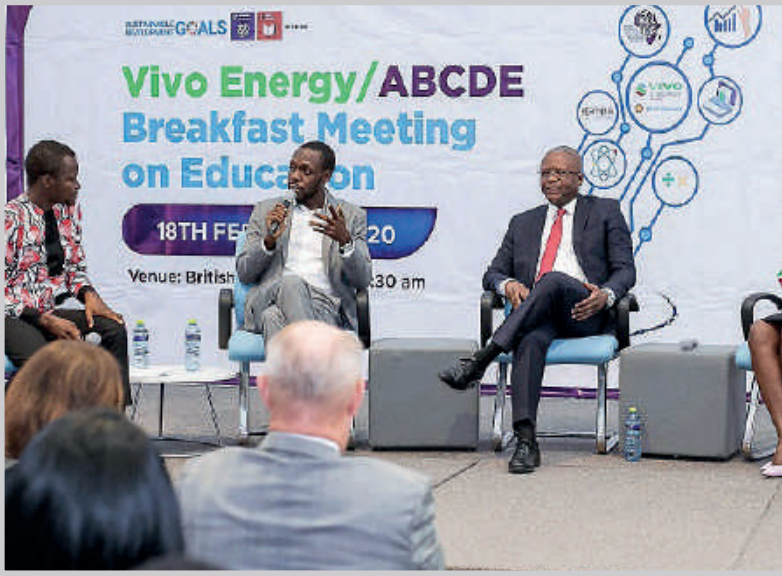
COMPETITION

- The Retail market remains very vibrant, with key competitors being GOIL and Total. The competitiveness of the market is also driven by the numerous Oil Marketing Companies doing business in the marketplace.
- Recent developments in the competitive landscape include plans by the National Petroleum Authority to have all retail sites automated thus ensuring end-to-end product monitoring as well as the establishment of a Polymer Modified Bitumen plant by GOIL, which is expected to be completed by September 2021.

communities to encourage regular handwashing, as well as the donation of hand sanitisers and liquid soaps to some major bus terminals and retail stations for distribution to drivers and customers respectively.

In line with the company's Health, Safety, Security, Environment and Quality (HSSEQ) intervention processes, it also equipped its Shell service stations with hand sanitisers and other cleaning solutions as a precautionary measure. The company also introduced other electronic payment options like mobile money at some of its service stations to reduce the handling of cash.

PROMOTING STEM EDUCATION IN GHANA... VIVO ENERGY DEMONSTRATES COMMITMENT



Current developments in the global economy indicate that more employers are increasingly embracing science and technology in order to make the delivery of goods and services more efficient.

The oil and gas industry is one of the key sectors that heavily depends on Science, Technology, Engineering and Mathematics (STEM). The operations under this sector require people with STEM backgrounds to research and develop innovative products and technological energy solutions for the common good of humanity.

It is, therefore, imperative that we encourage the study of STEM to prepare students to meet the demands of a tech-driven economy in the coming years.

However, despite efforts made over the years to narrow the gender gap in STEM education, major inequalities persist. Girls are significantly under-represented in STEM subjects and fields in many settings and this could be associated with sociocultural factors.

GLOBAL PERSPECTIVE ON GIRLS IN STEM

According to a UNESCO report titled 'Cracking the code: girls' and women's education in STEM', the gender disparity in STEM education is striking. In higher education, only 35% of all students enrolled in STEM-related fields are female. Women continue to drop out of STEM disciplines in disproportionate numbers, during their higher education studies, while transitioning to the world of work and even during their career cycle.

STEM BREAKFAST MEETING

In line with the Sustainable Development Goals 4 and 17, Vivo Energy Ghana, in partnership with the African Business Centre for Development Education (ABCDE) organised a breakfast meeting on the theme 'the promise of e-learning to the study of STEM; special focus on girls'.

The programme, which falls under Vivo Energy's broader initiative dubbed VE-STEM, brought together about 200 stakeholders from the diplomatic corps, private sector, government agencies, international development agencies and school authorities.

The objectives of the programme were to discuss ways to make STEM education attractive, increase awareness in career opportunities that exist in the world of science and technology, especially among female students, and garner private sector support.

On the panel were the Managing Director of Vivo Energy, Mr Ben Hassan Ouattara, Mrs Petra Asamoah, a board member of ABCDE, Dr Thomas Tagoe, the General Secretary of the Ghana Science Association, and Ms Melody Boateng, the National Professional Officer for the Natural Sciences Sector of UNESCO. Also in attendance were the National Science Coordinator of the Ministry of Education, Madam Olivia Opare and Kingsley Boachie who represented the Honourable Deputy Minister of Education, Dr Yaw Osei Adutwum.

PRIVATE SECTOR INVOLVEMENT

Contributing to the panel discussion, Mr Ben Hassan Ouattara said technology gives equal access to all users, irrespective of gender, location and time. Access to computers and the internet for research to complement classroom teaching and learning will be a great resource to girls. Improved access to technology for women and girls, especially in remote and marginalised communities, will also encourage girls to pursue STEM courses.

Speaking on the role of the private sector in STEM education, Mr Ben Hassan Ouattara encouraged players in Ghana's private sector

to get involved in the promotion of STEM education in Ghana. According to him, an investment in STEM education would benefit the private sector immensely.

"Companies and organisations can offer internship opportunities to provide a chance for girls and women to learn more about the different fields under STEM. The private sector can also offer job-shadowing programmes or organise career fairs to boost the interest of girls in STEM. Vivo Energy Ghana, under its Graduate Talent Programme, gives learning and development opportunities to STEM students to ensure that their capabilities are fully developed for the job market.

UNESCO ON GIRLS IN STEM

The Special Guest of Honour, Mr Abdourahamane Diallo, Country Director for UNESCO, encouraged all to send the right messages to girls to change the perception they have about STEM: "I would like to use this opportunity to encourage all of us to advocate for the right messages to be sent to our girls. We must tell our girls that the world needs STEM and STEM needs women."

The panel member from UNESCO, Ms Melody Boateng, also stated that UNESCO is very keen to promote women as leaders in STEM fields. She also encouraged all to make the necessary investment in STEM education to make the agenda a successful one.

IMPORTANCE OF E-LEARNING IN THE PROMOTION OF STEM EDUCATION

A board member and mentor of the ABCDE, Mrs Petra Aba Asamoah, in her submission, spoke about how e-learning creates a level playing field for all to study STEM. "E-learning creates the opportunity for us to put the solution in the hands of these females because technology is non-judgemental and not gender-biased," she said.

She added that this informed ABCDE's decision to partner with eCampus, an EdTech company with an app which makes learning fun and interactive, to provide e-learning solutions to students. She was grateful that Vivo Energy had agreed to support and signed on, for free, 500 students, 300 of which were girls.

GRADUATE TALENT FORUM ON STEM

The Human Resources Manager of Vivo Energy Ghana, Mrs Mercy Amoah, who was the host of the second session of the programme, dubbed Graduate Talent Forum, explained the Vivo Energy Graduate Talent Programme to participants and talked about the right skill set for a successful career in the corporate world. Participants included students from selected universities and technical institutions in Ghana, including the University of Ghana and Accra Technical University.

According to Mrs Amoah, Vivo Energy's Graduate Talent Programme gives young graduates, especially in STEM, the opportunity to gain hands-on experience, while building the company's talent pool for future opportunities.

Together with other HR managers from the Volta River Authority and the Ghana Chamber of Telecommunications, Mrs Amoah has encouraged more girls to embrace STEM and take up jobs mainly dominated by males.

COMMITMENT BY VIVO ENERGY

Vivo Energy Ghana, under VE-STEM, will continue to invest and work with the relevant stakeholders, to advance the study of STEM and encourage more students, especially females, to pursue opportunities in these fields.

OUR RETAILERS PROVIDE MODERN TOILET FACILITIES FOR AHINSAN PRISON

For over 27 years, prisoners at the Ahinsan Camp Prison have had to resort to using a dilapidated wooden structure as a place of convenience, which exposed them to all kinds of infectious diseases. Reaffirming its commitment to the health and safety of communities where it operates, Vivo Energy Ghana, in partnership with its fuel retailers, have constructed and handed over a 10-seater modern toilet facility, with an overhead water tank, to the Ahinsan Camp Prison in the Adansi District of the Ashanti region.

This timely intervention by Vivo Energy Ghana and its retailers means that the personal health and safety of inmates is now improved.

The initiative forms part of Vivo Energy Ghana's Retailer Sustainability Programme, launched to complement the government's efforts in combating COVID-19 in Ghana and ensuring the decentralisation of developmental support to communities where it operates.

"I would like to express my appreciation to Vivo Energy Ghana and its Retailers for bringing this initiative to our doorstep. I must say that the construction of the facility has ended the long challenge for a decent toilet facility for inmates"

SUPERINTENDENT EDWARD TABI KOKRO
STATION COMMANDER OF THE AHINSAN CAMP PRISON

In a speech read on behalf of the Managing Director by the Corporate Communications Manager, Mrs Shirley Tony Kum, she reiterated the company's commitment to its communities as a partner in sustainable development.

"Following an engagement and needs assessment with authorities of the prison, it became evident that the inmates needed a decent place of convenience to prevent the outbreak of diseases and promote good health and living conditions. To this effect, we provided the needed funds and materials for the construction of a 10-seater WC facility for Ahinsan Camp Prison and we are happy to commission this facility," she said.

She further expressed her sincere appreciation to the Shell brand retailers who voluntarily contributed towards the project and the leadership and inmates of the Ahinsan Camp Prison for providing the labour for the construction.

The Station Commander of the Ahinsan Camp Prison, Superintendent Edward Tabi Kokro, said the construction of the toilet facility has ended the over two-decade problem of indecent and unsafe place of convenience for inmates.

"I would like to express my appreciation to Vivo Energy Ghana and its Retailers for bringing this initiative to our doorstep. I must say that the construction of the facility has ended the long challenge for a decent toilet facility for inmates. I promise that the washroom will be well maintained to ensure it lasts. The beauty of this is that it is the handiwork of inmates, under the supervision of officers," he said.

For her part, the Queen Mother of Ahinsan-Adansi, Nana Tiwaa Kukrubour, admitted that the facility is one of a kind in the township and encouraged the inmates to take good care of the facility and maintain good personal hygiene to minimise the risk of infection in the camp.

Since the launch of the Vivo Energy Retailer Sustainability Programme, various government institutions have benefited from the programme. They include the National Commission for Civic Education and Effia Nkwanta Regional Hospital in the Western region, Tamale Teaching Hospital in the Northern region, New Juaben South Municipal Assembly in the Eastern Region, Kenyasi Health Centre, Ejura Sekyedumasi District, and Ahinsan Camp Prison, in the Ashanti region.

VIVO ENERGY DONATES TO THE NATIONAL COVID CASE MANAGEMENT TEAM

Vivo Energy, has once again demonstrated its commitment to the fight against the COVID-19 pandemic by donating over 6,000 items of Personal Protective Equipment (PPE) to the National COVID Case Management Team.

The donation forms part of the company's comprehensive programme on COVID-19 prevention to complement the government's efforts at containing the virus and providing protection for frontline workers, especially those in the health sector.

The PPE includes 4,000 examination and surgical gloves, 1,000 N95 respirators, 1,000 goggles and 500 coveralls.

Presenting the items at the Ga East District Municipal Hospital, the Managing Director of Vivo Energy Ghana, Mr Ben Hassan Ouattara, commended the hard work and selfless sacrifices of the COVID-19 Management Team and the frontline workers for proactively working to contain the pandemic.

The PPE donated by Vivo Energy Ghana to the National COVID Case Management Team

Mr Ben Hassan Ouattara (left) presenting the PPE to Dr Ali Samba of the National COVID Case Managment Team

"In line with our vision of becoming Ghana's most respected energy business, we have also been at the forefront of supporting the government's efforts in fighting COVID-19 through our community investment initiatives. We funded an e-learning application for students at home and donated hand sanitisers and liquid soaps to some major bus terminals and retail stations," he said.

Mr Ouattara added that the company, together with its business partners, has launched a Retailer Sustainability Programme to facilitate the decentralisation of its COVID-19 prevention support in various communities.

He assured the public that in line with the company's Health, Safety, Security, Environment and Quality (HSSEQ) intervention processes, it has equipped its Shell service stations with hand sanitisers and other cleaning solutions as a precautionary measure. Customer Service Champions have also been encouraged to wash their hands regularly and sanitise them as often as possible when transacting business on the Point of Sale devices. The company has also introduced other electronic payment options like mobile money at some of its service stations to reduce the handling of cash.

The Coordinator for the National COVID Case Management Team, Dr Ali Samba, who received the items, expressed his appreciation and commendation to the management and staff of Vivo Energy Ghana for the kind gesture.

"On behalf of the National COVID-19 Case Management Team and our frontline workers, we wish to express our profound gratitude to Vivo Energy Ghana for its timely and much-needed intervention. As one of the treatment centres for COVID-19 cases, we are excited about the donation, as PPE plays a very important role in the management of the virus," he said.

Commenting on the number of cases, Dr Samba said the Ga East Municipal Hospital has so far provided medical care for over 160 patients and discharged about 115, and is hopeful that the support will further ensure an increase in the number of recoveries.

He advised everyone to observe the safety protocols and the President's directives on the lockdown.

E-LEARNING APPLICATION FOR STUDENTS DURING COVID-19 PANDEMIC

In the wake of the COVID-19 pandemic, Vivo Energy Ghana funded the roll-out of an alternative e-learning platform accessible to all senior high school students, especially females, to ensure continuous learning.

The application contained the Ghana Education Service approved syllabus and served as a very useful tool in ensuring that the process of learning was not interrupted while at home.

Under this programme, 500 students were signed on to the eCampus learning platform to encourage them to explore e-learning options to boost traditional classroom and textbook learning.

Out of the 500 students, 300 were females and 200 were males, and the step was to encourage more females to venture into the study of Science, Technology, Engineering and Mathematics (STEM) and related subjects at higher levels of education.

WE ARE ISO 9001:2015 CERTIFIED !

Vivo Energy Ghana, has been awarded ISO 9001:2015 (Quality Management System) certification by the International Standards Organization (ISO).

The International Standards Organization is the global, independent and non-governmental standard-setting body, comprising representatives from 165 national standard bodies.

The ISO certification is an important milestone for Vivo Energy Ghana and demonstrates its commitment to continually seek excellence in the procurement, distribution and marketing of Shell-branded fuels and lubricants across the country as a key player in the downstream petroleum sector.

Commenting on the certification, the Managing Director of Vivo Energy Ghana, Mr Ben Hassan Ouattara, said the certification reinforces Vivo Energy Ghana's position as the most respected energy business in Ghana by ensuring quality standards and complying with all applicable regulations.

"This is an important achievement for us because, aside from the provision of quality Shell products and services we offer to our cherished customers, the ISO 9001:2015 certification reaffirms our consistency in product and services delivery that meet customers' and regulatory requirements, enhance customer satisfaction and demonstrate to customers conformity to specified Quality Management System requirements.

He added, "Achieving the ISO 9001:2015 certification will enable a major player like Vivo Energy Ghana to meet our customers' needs and expectations through the continuous pursuit of innovation and excellence in order to improve our product and services for our cherished customers and stakeholders."

He further expressed his gratitude to the entire team especially the ISO Project Team for the passion, commitment and selfless support towards the achievement of this important certification.

The Managing Director of Vivo Energy Ghana, Mr. Ben Hassan Ouattara (middle) with the VEGH ISO Project Team

EMPOWERING OUR FEMALE WORKFORCE... DR JOYCE ARYEE INSPIRES

International Women's Day is celebrated annually on 8th March to showcase commitment to women's equality, launch new initiatives and action, celebrate women's achievements, raise awareness, highlight gender parity gains and more.

The day is celebrated and supported globally by industry, governments, educational institutions, community groups, professional associations, women's networks, charities, non-profit bodies and the media.

Speaking on the theme for the year, #EachforEqual, at Vivo Energy Ghana's International Women's Day event, the renowned Management Consultant and Executive Director of the Salt and Light Ministries Rev. Dr Aryee urged women to work collectively to change misperceptions.

According to her, women can be perceived to be comfortable in lower ranks of the corporate world. This, she said, limits women's progression to leadership roles, hiding their rich creativity and innovative abilities, especially when many women have accepted this perception themselves.

Dr Aryee urged women to embrace collective individualism – developing themselves for the benefit of the whole. "Women are intelligent, focused, resilient and compassionate – qualities they can leverage to make a significant difference. In consciously empowering women, men must also be empowered in order to align with the current trends in recognition of equal rights and opportunities for all," she said.

The Managing Director of Vivo Energy Ghana, Mr Ben Hassan Ouattara, who spoke on 'Women in Leadership', recognised that there is no gender bias in leadership. Leadership effectiveness is based on the individual and not on their sex. However, women may instinctively care more about their team's well-being and have a stronger desire to connect with them on a personal level, thereby making women more transformational leaders than transactional leaders.

He therefore urged them to take advantage of their natural abilities to aim at top leadership roles.

A senior family physician of the Korle Bu Polyclinic, Dr Priscilla Vandyck-Sey, advised women to be more conscious of the pressures associated with the corporate world and undertake regular medical check-ups to ensure they are fit to deliver on their collective individualism agenda.

STRATEGIC OBJECTIVES

OUR STRATEGY

Over the years our strategy has enabled us to grow our business. During 2020 it allowed us to quickly and decisively react to the impact of COVID-19, protecting our people, our business and our communities.

5 WE HAVE FIVE KEY STRATEGIC OBJECTIVES:

1. To remain a responsible and respected business in the communities in which we operate;
2. To preserve our lean organisational structure and performance-driven culture;
3. To maximise the value of our existing business;
4. To pursue value-accretive growth; and
5. To maintain attractive and sustainable returns through disciplined financial management.

1

REMAIN A RESPONSIBLE AND RESPECTED BUSINESS IN THE COMMUNITIES IN WHICH WE OPERATE

Our vision is to become Africa's most respected energy business.

This means being respected by our employees, governments, shareholders and communities in which we operate. Doing business the right way and aiming to operate to the highest HSSEQ and operational standards will help us achieve our vision.

WHAT WE DID DURING THE YEAR

- Implemented a wide range of preventive health and safety measures across the country to complement the government's efforts in fighting COVID-19.
- Supported our dealers and transporters to protect over 6000 local jobs during the pandemic.
- Achieved a strong HSSE performance with 4420 goal zero days.

2

PRESERVE OUR LEAN ORGANISATIONAL STRUCTURE AND PERFORMANCE-DRIVEN CULTURE

Since our establishment in 2013, our business has been built on a flat, customer-centric organisation.

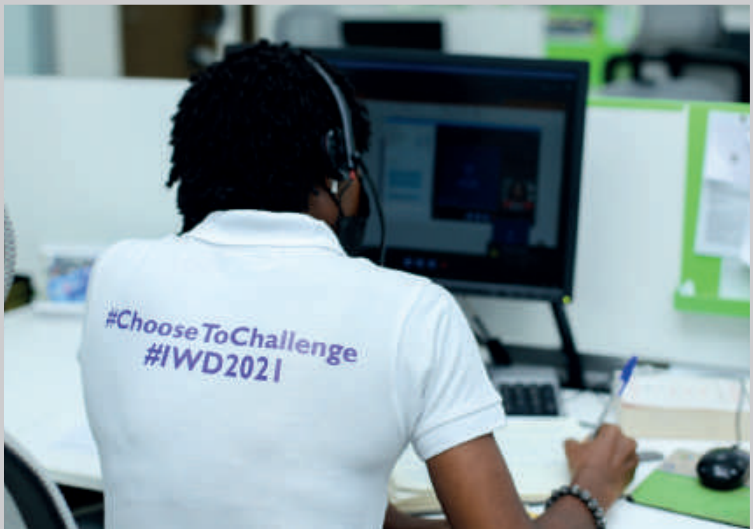
Our 'Focus, Simplify, Perform' operating culture enables fast decision-making, encourages agility, and is fundamental to our competitive position.

Our highly-skilled employees, overseen by an experienced and responsive Country Leadership Team, have also been instrumental in our success during the pandemic.

WHAT WE DID DURING THE YEAR

- Our business model meant that we had the right people on the ground to react quickly to the changing conditions caused by COVID-19.
- Implemented a range of measures to help our people seamlessly adapt to the new ways of working – including working from home and safe reintegration to our offices.
- Our new Enterprise Resource Planning system meant that we had real-time data to inform decision-making, which helped the Country Leadership Team make the right decisions and guide our teams.

Helping our people seamlessly adapt to the new ways of working.



3

MAXIMISE THE VALUE OF OUR EXISTING BUSINESS

We have continued to innovate, offering our customers differentiated, recognised and high-quality fuel and Non-fuel retail products and services.

Leveraging our multiple trusted and valued brands, such as Shell KFC, Starbites and Burger King, has helped improve our customer experience, generate new revenue streams and maximise cross-selling opportunities. Our main drive is to continue the development and optimisation of our existing retail network.

WHAT WE DID DURING THE YEAR

- Experienced a drop in customer footfall to our stations during Q2, leading to a significant drop in volume. We, however, rolled out the 'Clean & Safe Sites' initiative, introduced by the Group, to protect and reassure customers, after lockdown restrictions were eased.
- Used the mobile app and loyalty programme to help personalise relationships, driving loyalty and spend.
- Automated additional 40 sites to bring the total number of our service stations on automation to 75, improving service and efficiency and supporting increased returns and growth.

4

PURSUE VALUE-ACCRETIVE GROWTH

We expanded our retail network by building new service stations, acquiring new sites and upgrading existing retail sites to fulfil unrealised potential.

One of our main focuses is to add more Non-fuel convenience retail and quick service restaurant offerings through partnerships with well-established and strong global and local brand partners.

To create this value in a rather difficult year, partnerships with Hollard for insurance brokerage services were secured in some selected sites, agency banking services were also established with Ecobank and Access Banks in some selected sites. ATMs were deployed in five (5) locations through partnerships with Barclays, FNB and Ecobank.

We opened three bakery outlets and also opened three new shops in the year under review.

Finally, the business was supportive to all our partners during the peak of the pandemic.

WHAT WE DID DURING THE YEAR

- Added 10 new service stations to our network.
- Improved the general look and feel of our existing sites by refurbishing 40 sites under the 'Shining Site' programme.
- Deployed solar power solutions to four new sites, bringing the total number of sites to four, with solar contributing about 47% of total power consumed across these sites.

5

MAINTAIN ATTRACTIVE AND SUSTAINABLE RETURNS THROUGH DISCIPLINED FINANCIAL MANAGEMENT

We have a strong financial and operational track record, backed by disciplined capital allocation.

This is underpinned by a robust financial controls framework and comprehensive internal audit process with strict credit exposure management.

WHAT WE DID DURING THE YEAR

- Effectively managed working capital, credit, stocks and cash throughout the lockdown period to protect and manage the business, limiting the many impacts of the pandemic.
- Our ROACE improved from higher profitability compared to the increased capital employed during the year.

Used the mobile app and loyalty programme to help personalise relationships, driving loyalty and spend

SEGMENT REVIEW

RETAIL DRIVING THE BUSINESS RECOVERY

Retail is at the heart of our business and continued to drive our business recovery during the second half of the year by contributing 82% and 67% of our total volumes and adjusted EBITDA respectively. Our modern, safe and clean sites provide our customers with access to high-quality products, services and increased convenience and assurance for their safety across our network.

2020 HIGHLIGHTS

- Added a total of 10 new service stations to the network
- Fuel volumes dropped by 13% to 399 million litres due to COVID-19 pandemic
- Premium fuel (Shell V-Power) volumes were up by 10% year-on-year
- Rolled out automation across 40 additional sites, bringing the total number of automated sites to 75 within the network
- Deployed solar power across four new stations last year, contributing to about 47% of the power utilised across these sites

PERFORMANCE

GHS millions, unless otherwise indicated	2020	2019	+/– %
Volumes (million litres)	**399**	456	**-12.5%**
Gross profit (including Non-fuel retail)	**287.65**	281.79	**+2.1%**
Gross cash unit margin (including Non-fuel retail per m^3)	**450.3**	398.9	**+12.9%**
Retail fuel gross cash profit	**163.86**	164.81	**-0.6%**
Non-fuel retail gross cash profit	**15.96**	17.17	**-7.1%**
Adjusted EBITDA	**66.73**	69.43	**-3.9%**

We continued to invest in the quality and scope of our Non-fuel retail offerings in 2020

NON-FUEL RETAIL GROSS CASH PROFIT

GHS 16M

2020 REVIEW

Our Retail business delivered fairly strong growth despite the impact of the COVID-19 pandemic on our operations during the year. The unit started the year strongly before COVID-19-related lockdowns and restrictions led to a drastic drop in mobility and decreased demand for our products and service offerings. The business, however, recovered strongly by registering progressive growth month on month as the restrictions were eased. Gross profit (including Non-fuel retail), gross cash margins and adjusted EBITDA all recorded fairly strong performances compared with the previous year.

RETAIL FUEL

In 2020, volumes of 399 million litres sold were 12.5% lower than the previous year, resulting mainly from the mobility restrictions imposed by the government in an effort to control and manage the spread of COVID-19. The business recovered progressively in the second half of the year as the restrictions were eased, with increased mobility across the country.

To drive the recovery process, we implemented a range of initiatives to support our sites and attract customers by positioning our retail stations as the safest sites to refuel in the industry, offering auxiliary services and improving convenience.

We continued to grow our network by opening 10 new sites, refurbished 40 existing stations, rolled out solar power solutions to 4 new stations and added 40 more sites to our automation project. Gross cash unit margin was GHS 450 per thousand litres, an increase of 12.9% above the previous year as a result of competitive supply and price management.

LOOKING FORWARD

In 2021, our focus is to continue with the strong growth; we will continue to expand the network through selective dealer-owned partnerships and long-term leases of independent sites. We will adopt a collaborative partnership in managing the relationship between us and our dealers and introduce new performance incentive schemes to drive and reward exceptional performances. We will also focus on the consumer experience by building on the expansion of our loyalty programme and new product launches, as well as providing the best and safest experience for our customers.

We will also continue to maximise the value from our existing sites by optimising the Non-fuel retail customer offerings, focusing on like-for-like growth and expanding our growing QSR business through new partnerships with international and strong local brands.

RETAIL BUSINESS PERFORMANCE

VOLUME
million litres

399

GROSS PROFIT INCLUDING NON-FUEL RETAIL

GHS 288M

ADJUSTED EBITDA

GHS 67M

COMMERCIAL
A PROVEN CUSTOMER VALUE PROPOSITION

We ensure reliable supply of high-quality fuels and lubricants to a wide range of customers in the mining, construction, power, road transport, aviation and marine sectors. We provide those products with extensive and trusted services, to ensure we add value beyond the products we sell.

2020 HIGHLIGHTS

- Delivered excellent volume and margin in the construction sector (bitumen and fuels)
- Maintained an excellent financial performance in the midst of the COVID-19 pandemic
- Automated Commercial sales tools and processes for greater efficiency and improved customer relationship management

PERFORMANCE

GHS million, unless otherwise indicated	2020	2019	+/– %
Volumes (million litres)	**78**	140	**-44.3%**
Gross profit	**41.02**	25.90	**+58.4%**
Gross cash unit margin (per m^3)	**377.91**	56.02	**+574.6%**
Gross cash profit	**29.47**	7.85	**+275.5%**
Adjusted EBITDA	**16.23**	-1.55	**+1147.1%**

We ensure reliable supply of high-quality fuels and lubricants to a wide range of customers in the mining, construction, power, road transport, aviation and marine sectors

AVIATION GROSS CASH PROFIT DOWN YEAR-ON-YEAR

-107%

2020 REVIEW

Our Commercial volume performance recorded a decline of 44% year-on-year, due to low performance from the aviation sector arising from travel restrictions imposed by COVID-19. Nonetheless, a good margin performance was recorded in the same year. The impact of discontinued contracts from key aviation customers also contributed to the decline in the aviation volume. Gross cash unit margin of GHS 377.91 per thousand litres was realised, an increase of 575% on the previous year. Gross cash profit of GHS 29.47 million is an increase of 276% on the previous year.

CORE COMMERCIAL

The main activities of the Commercial business entail the supply of fuels to the construction, agricultural, industrial, road transport and power sectors. Lubricants, due to local regulations that prevents the supply of fuels, survives the mining sector. The B2B fuel volume was 3% higher compared to the previous year, mainly due to new businesses won by the team.

Strong performance from the construction segment (bitumen and fuel) ensured that financial commitment for the business was achieved. Gross cash unit margin was up 575% year-on-year due to good volume and margin from the construction (bitumen) sector.

AVIATION AND MARINE

Business contribution from aviation declined considerably due to the impact of travel restrictions arising from COVID-19 and selected discontinued contracts from key volume takers. The aviation business registered the largest drop in volumes, declining by 76% year-on-year. Realised volume mainly came from cargo and some chartered flights.

LOOKING FORWARD

Our Commercial focus for 2021 is to continue to drive our various segmental businesses forward. We will continue to build on the strong foundation and leverage the quality products (lubricant and fuel) and the technologies that the brand continues to introduce to drive volume and margin to maximise shareholders' equity. We will achieve this by ensuring that our customer focus remains unparalleled, aligning our resources to be able to deliver against our customer needs and driving excellent sales effectiveness. In terms of specific businesses, we will leverage our expertise in the various industries and sectors and the Shell brand to become a preferred supplier in the Ghana market, through the provision of solutions and services that provide enhanced customer value creation.

CORE COMMERCIAL VOLUMES YEAR-ON-YEAR GROWTH

-44%

COMMERCIAL BUSINESS CONTRIBUTION TO GROUP

VOLUME
million litres

78

GROSS CASH PROFIT CONTRIBUTION TO COMMERCIAL

GHS 29M

ADJUSTED EBITDA

GHS 16M

SEGMENT REVIEW CONTINUED

LUBRICANTS
A PROACTIVE, ACCOMMODATING BUSINESS PARTNER

We offer a wide range of high-quality lubricants to different sectors, backed by approval from a wide range of equipment manufacturers. We sell lubricants on the forecourts and through distributors while also providing essential value to many Commercial customers via a wide range of specialist products and services.

2020 HIGHLIGHTS

- Volumes grew 4% year-on-year in spite of the COVID-19 pandemic
- Introduced Shell Coolants onto the market to grow the Car Care segment
- Positive changes in Route-To-Market in the indirect channel (B2C) – grew by 33% year-on-year to 6.2 million litres, despite the drop in demand due to COVID-19
- Gross cash unit margin was GHS 2,973.73 per thousand litres, up 8% year-on-year, mainly due to favourable base oil prices
- Gross profit was up 10% to GHS 45.16 million
- Adjusted EBITDA was up 55% to GHS 26.20 million, year-on-year

PERFORMANCE

GHS million, unless otherwise indicated	2020	2019	+/– %
Volumes (million litres)	**13.68**	13.20	**+3.7%**
Revenues	**226.82**	228.80	**-0.0%**
Gross profit	**45.16**	40.93	**+10.3%**
Gross cash unit margin (per m^3)	**2,973.73**	2,742.06	**+8.4%**
Gross cash profit	**40.7**	36.2	**+12.4%**
Adjusted EBITDA	**26.2**	16.9	**+54.8%**

Active engagement with distributors delivered robust performance in Retail lubricants

LUBRICANTS YEAR-ON-YEAR GROSS CASH UNIT MARGIN GROWTH

+8%

2020 REVIEW

The performance of our Lubricants segment remained solid and on a steady growth despite the negative impact of COVID-19, which significantly impacted the performance of our Retail business in key regions of Greater Accra, Ashanti and Western regions. The easing of mobility restrictions generated significant improvement in the second half of the year.

With volumes recovering gradually year-on-year due to the challenges to importation of recycled brands onto the market and contribution from COVID-19-related initiatives implemented to instil trust and improve the safety at sites. Unit margins were up 8% year-on-year at GHS 2,973.73 per thousand litres (2019: GHS 2,742.06 per thousand litres) due to favourable base oil prices.

Gross cash profit of GHS 40,694.62 million was therefore 12% up year-on-year due to good unit margins and volumes.

RETAIL LUBRICANTS

We sell Retail lubricants on the forecourt in our service stations to Retail customers and through distributors to consumers in the open market (B2C). Consumer lubricants (Retail sites and B2C) accounted for 73% of total segment volume (2019: 68%) and 72% of segment gross cash profit (2019: 45%).

Volumes sold increased by 4% year-on-year despite the significant impact of lower traffic at our retail sites arising from COVID-19 containment measures. Following the easing of COVID-19 measures, the strong H2 2020 performance was driven by a range of sales promotions, active selling on our forecourts, strong engagement with our distributors, and our superior supply chain, which ensured consistent availability of products in spite of the disruptions in global supply chain due to the pandemic.

This demonstrates the strong underlying demand for lubricants in our markets due to the age of the car parts and the strength of our lubricants brand.

COMMERCIAL LUBRICANTS

We sell Commercial lubricants to customers across the country and also export to customers in Nigeria. Commercial volumes accounted for 27% of total lubricants volume (2019: 32%) and 28% of gross cash profit (2019: 44%).

Volumes were down 15% to 3.6 million litres year-on-year mainly due to low sales in Nigeria, following the closure of Nigerian borders with all neighbouring countries, and also lower sales volumes in the first half of the year in the construction and power sectors, which were impacted by lockdown restrictions. Significant improvements were, however, registered during the second half of the year as COVID-19 restrictions were gradually lifted.

LOOKING FORWARD

We took a number of actions within our Lubricants business in order to continue our growth journey through 2021. A key focus will be ensuring we take the lead in the consumer segment by providing innovative products and services as well as developing closer consumer relationships. On the B2B side, we will look to differentiate our value-led offering and provide solutions to our customers as well as expanding our footprint in Nigeria.

LUBRICANTS GROSS CASH PROFIT YEAR-ON-YEAR GROWTH

+12%

LUBRICANTS BUSINESS CONTRIBUTION TO GROUP

VOLUME
million litres

14

GROSS CASH PROFIT CONTRIBUTION TO LUBRICANTS

GHS45M

ADJUSTED EBITDA

GHS26M

> Despite the pandemic, we continued to invest in our markets, with capital expenditure predominantly into growth projects"
>
> **FINANCE MANAGER**
> JEAN-MICHEL ARLANDIS

DRIVING RECOVERY IN A PANDEMIC YEAR

We started the year in a strong financial position, with a conservative balance sheet providing us with a good foundation to respond to the challenges presented by COVID-19.

Our investment in upgrading our Enterprise Resource Planning (SAP S/4HANA) software delivered immediate payback, as we were able to provide the business with real-time information on sales, working capital and credit.

This provided visibility for our local teams and enabled them to respond to a rapidly evolving operating environment. As a result, we were able to successfully manage through the crisis, limiting any long-term impact to our business. While we have seen a good recovery in performance in the second half of the year, we continue to monitor the key indicators closely and will react quickly to any change in our operations.

We maintained a strong balance sheet through the period, increasing our utilisation of short-term local debt facilities during the peak of the restrictions. As working capital unwound due to the improving volumes, we returned to more normalised levels of facility utilisation, with our banks remaining very supportive.

Despite the pandemic, we continued to invest in our markets, with capital expenditure predominantly into growth projects. We have also enhanced our new ERP system by adding further functionality.

We believe this increasing use of technology will help to drive business performance over time.

We continue to allocate capital effectively.

Our business model drives a lean cost base and we look to optimise our working capital in order to drive strong free cash flow. As a result, our balance sheet remains healthy with a low leverage that provides flexibility for us.

FINANCIAL HIGHLIGHTS

– Volumes were down 24% year-on-year, as COVID-19-related restrictions led to reduced demand.

– Gross cash profit was GHS 242 million, 11% higher year-on-year due to the impact of good monitoring of our margins and effect of strong activity for road constructions.

– Net income was GHS 57 million, up 40% year-on-year due to cautious monitoring of costs.

– Adjusted diluted EPS of 5.02 GHS per share for the 2020 year (2019: 3.6 Ghc per share).

– Proposed dividend of 5.02 GHS per share.

JEAN-MICHEL ARLANDIS
FINANCE MANAGER

VIVO ENERGY GHANA

PROXY FORM

I/We .....

of .....

being a member/members of the above-named Company, hereby appoint .....

of.....

or failing him/her.....

of .....

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of Shareholders of the Company, to be held on Tuesday the 27th day of July 2021 and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolution as follows:

RESOLUTIONS	For	Against	Abstain
I. To re-elect Directors;			
II. To consider the accounts and reports of the Directors and Auditors for the year ended 31st December 2020;			
III. To declare dividends;			
IV. To fix remuneration of the Auditors;			
V. To approve the remuneration of the Directors;			
VI. To change Company name to Vivo Energy Ghana PLC as required by the Comapanies Act, 2019, Act 992			

Signed this _____ day of _____

_____

Signature

Note:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he/she votes.
3. Proxy forms duly signed should reach the registered office of the Company at least FORTY-EIGHT hours before the holding of the meeting or else the instrument of proxy should not be treated as valid.

RESOURCES AND RELATIONSHIPS

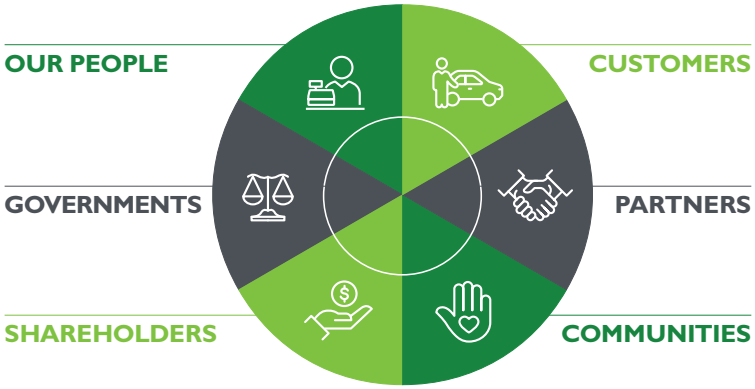
ENGAGING WITH OUR STAKEHOLDERS

We listen to and collaborate with a wide range of stakeholders to grow our business and deliver value.

Engagement with our stakeholder groups plays an important role throughout the business. It helps us gain a better understanding of the impact of our decisions on stakeholder interests as well as insight into their needs and concerns.

Details of how we've engaged with, and taken into consideration, the interests of those stakeholders who are material to the long-term success of the business can be found on the following pages.

6 WE HAVE SIX KEY STAKEHOLDER GROUPS:



OUR PEOPLE

We want our people to be fulfilled and focused on doing business the right way.

CUSTOMERS

We want to continue with our customer engagement to gain a deeper understanding of their needs and position ourselves to satisfy and delight them with our range of innovative solutions and new product offerings.

PARTNERS

We always focus on doing business the right way, as we strive to achieve our vision of becoming Africa's most respected energy business.

HOW DID WE ENGAGE?

The key compelling question facing employers globally in 2020 was how to support their workforce and keep them motivated and upskilled to deliver their targets in an unprecedented pandemic situation.

The first step we took was to ensure a safe and healthy workforce and in turn a safe and healthy work environment. We continually kept a one team approach through regular engagements.

We engaged through the following channels:

- Town hall sessions
- Weekly departmental meetings
- Depots visitation
- Virtual breakfast meetings with the MD
- Departmental WhatsApp platforms

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

Many employees were most concerned first about job security and safety as a result of COVID-19. We arranged periodic timely health updates on the COVID-19 situation with our Company Health Advisor and provided 24/7 medical support to any employee and dependents who needed it.

We followed this up with a timely work-from-home test with technological adjustments in the homes of some critical employees thereby preparing the company for a smooth transition to a full work-from-home environment during the lockdown. This helped to sustain our business amidst economic uncertainties.

WHAT WERE THE RESULTS?

In a pulse survey conducted in October 2020, which focused specifically on our response to the pandemic and levels of employee engagement while working remotely:

- 93% of employees said they have been kept informed about the impact of COVID-19 on our business, on an ongoing basis;
- 89% indicated that the organisation made effective decisions to keep employees safe as they carried out their roles;
- 93% confirmed they have found meaningful ways to stay connected as colleagues while working remotely;
- 92% said they choose to do more than expected of them in their role; and
- 82% said they are proud to work for Vivo Energy Ghana.

HOW DID WE ENGAGE?

Despite suspending the Site Essentials Assessment (a compliance check) in Q1 due to the lockdown and social distancing protocols, we continued to engage with our Retail customers via our Voice of Customer online feedback programme through which we also assessed our response to the COVID-19 management across our stations. We also utilised other consumer-facing websites, social media platforms and loyalty programmes to better engage and interact with our Retail customers.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- Our main concern was how to ensure continued provision of products and services while protecting the health and safety of our customers.
- We launched a 'Clean & Safe Sites' initiative across all our stations, providing handwashing facilities, limiting the number of customers at any one time and running stringent cleaning regimes including free vehicle disinfection at selected service stations.

WHAT WERE THE RESULTS?

- The results from our engagement activity showed that customers were extremely satisfied with our response to the COVID-19 pandemic across our network.
- Our overall satisfaction score was 95% as at December 2020; 91.3% of customers were extremely satisfied with our 'Treated like a guest' assessment, while 91.8% were extremely satisfied with our response to COVID-19 management.

HOW DID WE ENGAGE?

We leverage on our strong relationships with Shell and other partners to continue to market and launch new products and service offerings, maximising the benefit of the relationships for all stakeholders.

In conformity with the industry's local content regulations, 97% of our Retail network is operated by local dealers. During the lockdown and restrictions, we continued to engage closely with our dealers by providing various platforms for them to carry out business transactions with us. We also utilised ongoing zonal dealer workshops and visits by Territory Managers and members of the leadership team, to ensure that they were kept informed of our actions and that their businesses were protected.

.WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- We supported and protected our stakeholders through the pandemic, and worked closely with our dealer network and our transporters to keep our service stations open, protecting the jobs of the frontline staff employed by them while volumes dropped.
- We ensured that frontline staff at our service stations had appropriate personal protective equipment (PPE) supplies to keep them safe.

WHAT WERE THE RESULTS?

- As a result of our actions and support for our partners, including dealers and their teams, these businesses – like our own business – remained protected during the lockdown period.
- As the lockdown and mobility restrictions were lifted, our customers started moving again, which drove demand for our products, leading to our strong recovery during the second half of the year.

COMMUNITIES

We want to be a positive force and make a real and lasting difference in the communities where we operate, not only by creating career opportunities for local people but also by continuing to deliver a wide range of community investment programmes across our markets.

HOW DID WE ENGAGE?

As the COVID-19 pandemic intensified across Ghana, our focus during 2020 was on helping our communities, host government and local partners to fight the virus and mitigate the impact.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- The pandemic dramatically underlined the importance of supporting our communities.
- Across Ghana we engaged with government agencies to identify how we could best support their efforts.
- We donated to the National COVID-19 Case Management Team and partnered with our retailers to provide medical supplies to regional hospitals under the Retailer Sustainability Project.
- We were also involved in a number of COVID-19 community investment activities, including supporting e-learning applications for children whose schools had closed and providing quality Shell-branded fuels to the National Commission for Civic Education for community sensitisation on COVID-19.
- We donated motorbikes and fuel to some Municipal Assemblies for COVID-19 contact tracing.

WHAT WERE THE RESULTS?

- Supporting our communities in their time of need has helped us to continue to build our reputation and brought us closer to our vision of becoming the most respected energy business in Ghana. For example, Vivo Energy Ghana, in partnership with its retailers, launched its Retailer Sustainability Programme to implement COVID-19 prevention projects in communities where it operates. Many organisations across the country benefited from this programme.

GOVERNMENTS

We want to maintain good relationships with our government and industry regulators.

HOW DID WE ENGAGE?

We primarily engage with our host government through industry bodies.

As a result of the pandemic, face-to-face meetings with the government and other industry bodies were restricted during the year; however, we were able to maintain a dialogue with key governmental bodies through virtual platforms.

WHAT TOPICS WERE RAISED AND HOW DID WE RESPOND?

- A key priority for our host government during the year was managing the impact of COVID-19.
- We engaged with our host government on how we could best support their efforts, and donated medical supplies and provided fuel cards to regional hospitals so that emergency services in our markets could function effectively.
- We also ensured that our Retail and Commercial network remained operational, so that critical fuel products could continue to be provided to keep the transport sector operational.

WHAT WERE THE RESULTS?

- Due to our central position within the economy, we're a major collector of tax and duties on behalf of the government through the sale of petroleum products.
- We create significant direct and indirect employment, which generates major economic benefits for countries, and are a significant tax contributor in our own right.


Shell HELIX Motor oils
Shell HELIX HX3
SAE-40
FOR DIESEL AND GASOLINE ENGINES
MONO-GRADE MOTOR OIL
API SL/CF
Shell HELIX HX5
15W-40
PREMIUM MULTI-GRADE MOTOR OIL
API SN/CF, ACEA A3/B3
Shell HELIX HX7
10W-40
FOR DIESEL AND GASOLINE ENGINES
SYNTHETIC TECHNOLOGY MOTOR OIL
API SN/CF, ACEA A3/B4
YOU WANT WHAT'S BEST FOR YOUR ENGINE
WE WANT WHAT'S BEST FOR YOU
SHELL HELIX, THE MAESTRO THAT SHAPES YOUR JOURNEYS

MANAGING HIGH-QUALITY ASSETS

Our well-maintained assets include the bright, efficient service stations that provide high-quality products and customer convenience. Owning or having operational control of these assets is essential to control costs, guarantee supply and manage HSSEQ and product quality.

HOW WE MANAGE OUR RETAIL NETWORK

At the end of 2020, our retail network comprised 232 service stations across the country, trading under the Shell brand. During the year we opened a total of 10 new service stations and renovated 40 existing sites to improve their general look and feel, as well as offerings, to our cherished customers.

A key focus during the year was to adapt our service stations to make them safer for our customers and our dedicated teams who work there. We utilised the Clean & Safe Sites programme to make sure that our sites were cleaner and safer through increased cleaning protocols, provision of protective equipment, including hand sanitisers and masks, COVID-19 preventive awareness campaigns and car sanitisation services. These activities and more helped reassure our teams and made our customers feel safe enough to visit our sites and transact business.

We continue to make sure that our service stations are convenient and welcoming places to visit by refurbishing more sites and adding new Non-fuel retail offerings, including shops, pharmacies and food outlets. Our customers are frequent and loyal visitors because our service stations are clean, vibrant, efficient and convenient. Repeat visits are also encouraged by our fuel payment and loyalty programmes, which are bringing even greater convenience to customers and promoting greater loyalty.

"We support our dealers to ensure they have a platform to succeed and regularly check that they're maintaining the standards that we require"

HIGHLIGHTS DURING THE YEAR

NETWORK

10

new service stations added

RETAIL SITE AUTOMATION

40

more sites to our retail automation projects

EFFICIENT MANAGEMENT OF NETWORK

97%

of sites operated by local dealers

HOW WE MANAGE OUR DEALER NETWORK

In order to manage our retail network efficiently and also conform to local content regulations, we utilise local dealers to operate approximately 97% of our sites to our exact standards. We use a mix of three operating models across our network depending on the site location and circumstance. The majority of our service stations are company-owned and dealer-operated (CODO). However, we also have sites that are dealer-owned and operated (DODO), and a small number, 3% of the network, that are company-owned and operated (COCO).

We support our dealers to ensure they have a platform to succeed and regularly check that they are maintaining the standards that we require. We manage and control HSSEQ, marketing and branding, as well as site and service standards, to ensure operational excellence across all our sites.

We have also increased the number of Territory Managers, allowing us to visit the sites more frequently, and have introduced a more structured call plan, driving compliance and growth across the network.

HOW WE MANAGE OUR BRANDS

Our principal partnership is with Shell, with whom we have secured a retail brand licence agreement. This gives us the right to use specified Shell brands for our products and services, including our service stations. We own 50% of Shell and Vivo (SVL), a joint venture with Shell, which has an interest in lubricants blending operations in Ghana. This gives us access to the industry's most widely respected lubricants. We spend a material amount on marketing to drive growth and protect and enhance our brand which – when coupled with the high levels of customer service, quality fuels, a safe fuelling environment and a quality Non-fuel retail offering – means that we're able to consistently outperform our competition.

DRIVING OUR CULTURE AND PURPOSE

More than ever before, COVID-19 has underlined the importance of living by our operating culture of 'Focus, Simplify and Perform'. This culture helped us to play our part during the pandemic and demonstrate that we do business the right way.

THE VIVO ENERGY WAY

At Vivo Energy Ghana, our values of honesty, integrity and respect for people is integral in what we do and drive our vision of becoming Ghana's most respected energy business.

DOING BUSINESS THE RIGHT WAY

Over the last years', we have maintained a reputation of doing business the right way and this has governed our interaction with our employees, our customers, those with whom we do business and our shareholders.

Our Code of Conduct and General Business Principles (both available on our website) are the bedrock of our business and we live it without compromise. We ensure all our stakeholders are part of the process at any stage of their interaction with us. Our new employees complete an online induction programme, which explains our policies and helps them integrate into the organisation quickly and comprehensively.

We have a detailed counterparty screening process in place, which formalised in the Vivo Energy Know Your Customer (KYC) Policy. The screening process enables us to gain comfort that we know who we are doing business with and that the ethics and values of our counterparties align with our core values. We include our Business Policy and Anti-corruption Policies in all contracts with counterparties.

Employees, third parties and members of the public also have access to our independent 24/7 anonymous whistle-blowing helpline, which is displayed at all visible locations within the company. They can use this to report any concerns by telephone, online via web reporting or via a designated Vivo Energy whistle-blowing app, which is available for both Android and iOS devices.

In 2020, all Vivo Energy Ghana employees participated in an online training course to raise awareness regarding the ways in which concerns can be reported. The training also affirmed the rights of employees to report concerns anonymously and that employees do not need to be concerned about any form of victimisation or harassment where concerns are reported in good faith. All whistle-blowing reports are sent to our Head of Ethics Compliance and Head of Forensics for review, in line with our Investigation Guidelines and Misconduct and Loss Reporting Policy.

> "Vivo Energy's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people"

Our operating culture of 'Focus, Simplify and Perform' has remained a central part of the way we do business

DEVELOPING OUR PEOPLE

We worked hard to keep our 130 people safe, focused and engaged throughout the pandemic, making sure that we continue to benefit from their skills and capabilities needed to support our growth plans.

OUR PEOPLE

The key compelling question facing employers globally in 2020 was how to support their workforce and keep them motivated and upskilled to deliver their targets in an unprecedented pandemic situation.

The first step we took was to ensure a safe and healthy workforce and, in turn, a safe and healthy work environment. To this end, we arranged periodic timely health updates on the COVID-19 situation with our Company Health Advisor and provided 24/7 medical support to any employee and dependents who needed it.

We followed this up with a timely work-from-home experiment, with technological adjustments in the homes of some critical employees thereby preparing the company for a smooth transition to a full work-from-home environment during the lockdown. This helped to sustain our business amidst economic uncertainties.

While companies were cutting pay and laying people off, by contrast, in 2020, Vivo Energy Ghana throughout the pandemic employed 8 new people and promoted 10 employees to higher roles.

LEARNING AND DEVELOPMENT

Learning and development remains an integral part of our approach to talent management, with structured development plans in place to constantly build the skills and capabilities of our people. Partly due to the impact of COVID-19, a significant proportion of our training activity was shifted to virtual and online learning across all areas of the business to upskill employees during this period and maximise learning opportunities – always ensuring that this method of training had equally impactful results.

The company recorded 2520 training hours, versus 1302 hours in prior year, almost double. This prepared our workforce to deliver a sterling performance despite the pandemic.

RECRUITING, RETAINING AND REWARDING OUR TEAMS

While companies were cutting pay and laying people off, by contrast, in 2020, Vivo Energy Ghana throughout the pandemic employed 8 new people and promoted 10 employees to higher roles.

The challenge we faced was how to ensure that new joiners are given a virtual but positive and engaging onboarding experience. In order to get these employees to feel connected to their colleagues and embrace company culture from afar, we put in place a robust onboarding process that included assigning joiners' buddies who played a key role in clarifying policies and benefits as well as helping joiners orient to their new role.

The resultant effect was that 2020's joiners were able to quickly settle into their new roles and environment, making significant impact in the year under review.

THE RESULT?

In a pulse survey conducted in October 2020, which focused specifically on our response to the pandemic and levels of employee engagement while working remotely, 93% of employees said they have been kept informed about the impact of COVID-19 on our business, on an ongoing basis; 89% said the organisation made effective decisions to keep employees safe as they carried out their roles; and 93% said they have found meaningful ways to stay connected as colleagues while working remotely.

HIGHLIGHTS DURING THE YEAR

STRUCTURED TRAINING & DEVELOPMENT

GHS 68,248

committed in learning and development in 2020

DIVERSITY AS A COMPETITIVE ADVANTAGE

27%

of employees are women

LOOKING AFTER OUR PEOPLE

Safety is our absolute priority. Our robust HSSEQ system and processes have helped us protect our employees, customers and partners from the risk of COVID-19.

OUR HSSEQ FOCUS AREAS

HSSEQ policy and procedures are an integral part of our business activities and operations. This has built our HSSEQ culture as a generative culture. The business paid extra attention to COVID-19 issues in 2020 on top of our four main HSSEQ focus areas.

- Road safety This is the highest risk in the business. Bulk delivery trucks and safety critical equipment inspected and maintained per plan. Competence of all actors improved through virtual training and engagement.
- Contractor safety Ensure all third party contractors are competent to do their work safely. Contractors are green banded (contractors' assessement to ensure compliance with VEGH's safety processes).
- Process safety Ensuring safe working equipment and practices at Retail sites, depots, offices and all sites under our operational control as per company policy.
- Security Staff and site security monitoring is maintained through our operations and included in our asset designs.
- COVID-19 We implented our Business Continuity and Contingency Plan (BCCP) on COVID-19 to ensure all staff and stakeholders were well informed of the pandemic risk and protocols observed.

"HSSE is an integral part of our business plan and we work to incorporate it throughout our culture and operations"

KEEPING OUR PEOPLE SAFE FROM COVID-19

In 2020, the COVID-19 pandemic caused a slow in business performance from the end of Q1. A robust BCCP and implementation in line with the effect in-country was put in place to mitigate the impact on the business (employees, contractors, customers and all stakeholders).

With our robust COVID-19 plan in place, coupled with our 2020 business plan, we were able to recover from the downward business growth.

This approach was firmly in line with our GOAL ZERO objective of zero harm to people, and endorses our vision of becoming the most respected energy business in Africa.

HIGHLIGHTS DURING THE YEAR

KEEPING HSSE TRAINING RELEVANT AND CURRENT

170

hours of HSSEQ training provided

PREVENTING INCIDENTS

96%

of potential incident reports for 2020 closed out

DEDICATED TO IMPROVED SAFETY

10

HSSEQ improvement stories submitted for Safety Day

TOTAL RECORDABLE CASE FREQUENCY
PER MILLION EXPOSURE HOURS

EMPLOYEE AND CONTRACTOR FATALITIES

CONTINUOUS HSSEQ IMPROVEMENT

During 2020, VEGH received its ISO 9001 certification. All policies, procedures and protocols were updated, understood, adopted and implemented to ensure the HSSEQ governance system was still robust in our operations so that GOAL ZERO was achieved.

All staff and contractors were trained in our stringent HSSEQ MS and HEMP. The HEMP identifies all risk-related activities for the appropriate controls to ensure impact to business is ALARP.

Senior management leads all HIGH risk PI investigations'. Issues are monitored for proper closure. Learnings from these incidents are shared with the group to ensure similar incidents do not recur.

To improve our safety culture and be proactive, each staff and contractor is given a PI and TnT target. Proactively reporting issues helps us to close them before they impact the business negatively.

At the end of 2020, we reported 4026 PIs and conducted 1694 TnTs, and achieved 4420 Goal Zero days.

To remain leaders in HSSEQ, we continue to assess the competence of all HSSEQ critical persons and provide continuous training to improve the way we do business. By the end of the year, we had completed 170 hours of training for the team.

The annual Safety Day was observed in October 2020, on the theme 'Safety: Action Matters'. All departments submitted safety improvement projects to be adopted by the business. Ten projects were submitted and the winning projects gave birth to our Mystery Staff Site Inspection where senior management team and staff conduct inspections to improve on-site operational excellence and COVID-19 protocols.

Overall, the KPIs showed resilience in our operations. TRCF, LTIF and Spills have all been zero (0) for the past 12 years and more, and we are still proud of that achievement.

MANAGING OUR ENVIRONMENTAL IMPACT

We continue to adapt our business to offer what our customers need and to support the transition to a low-carbon economy in the decades to come.

OUR ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

We recognise that we have a responsibility towards the environment beyond legal and regulatory requirements. We are committed to reducing our impact and continually improving our environmental performance as an integral part of our business strategy and operating methods. We will encourage our partners, customers, suppliers and other stakeholders to do the same. As part of this commitment, we promote cleaner and more efficient fuels and lubricants through our business channels. We will also look to utilise renewable technologies in our operations, and as solutions for our customers, such as solar.

We continued to deliver against our plan to receive external certification for our management system: we now hold ISO 9001 certification in Quality Management Systems and are aiming to obtain both ISO 14001 and ISO 45001 (Environmental and Occupational Health and Safety respectively) within the next year.

TRANSPORT EFFICIENCIES

To improve safety performance in road transport, we focus on safe practices and behaviours and influence our contractors' vehicles' age and design. A major focus over the past few years has been on reducing the age of our contractors' fleets, while increasing the size of the trucks from an average of 35m^3 to 42m^3, to increase drop efficiencies and reduce distance travelled per cubic metre of fuel delivered, therefore contributing to the reduction of the carbon footprint. In addition, we continue to explore other options for improving supply and distribution efficiencies to further reduce the cost of transport and carbon emissions from our contracted transport activities.

SITE AND DEPOT EFFICIENCIES

We have continued to focus on improving energy efficiency at our service stations, depots and head offices to reduce the demand and cost of conventional electricity, while contributing to more environmentally friendly operations. Actions include LED lighting, more efficient heating and ventilation systems, and better insulated double-glazing and solar solutions.

PRODUCT IMPACT

CLEANER FUELS AND LUBRICANTS

Through our relationship with Shell, we have access to their advanced products, which enables us to include additives in the Retail fuels we sell at our service stations – driving better engine efficiency, reducing fuel consumption and, therefore, reducing emissions. In 2020, we introduced a new generation lubricant in the Shell Helix range. Derived from synthetic oil, this product helps reduce CO_2 emissions and save fuel.

SOLAR SOLUTIONS

We are pursuing solar solutions for our service stations. Where possible, newly built and rebuilt service stations will include solar power. During the year an additional four service stations had solar power installed, bringing the total number of sites across the network with solar power to five, with a plan to complete more sites in 2021. This is a key strategy to contribute to the reduction of our carbon footprint.

WASTE MANAGEMENT AND PRODUCT STEWARDSHIP

We've increased our focus on product stewardship, ensuring that we manage our products from acquisition until disposal. We manage this in accordance with national legislation and product stewardship protocols. All hazardous materials are accompanied by Safety Data Sheets, and are transported, stored and sold in accordance with strict requirements which adhere to both national and industry requirements. We dispose of all hazardous waste in accordance with national legislation. This information is tracked, reported and verified by our audit regime.

PRODUCT SPILLS

Through a well-focused approach and commitment through our fuel supply chain, we continued to ensure zero spills in our operations during the year. We will continue to ensure the correct standards and procedures are followed in order to maintain this performance.

HIGHLIGHTS DURING THE YEAR

SETTING STANDARDS IN OUR HSSEQ SYSTEM

ISO 9001:2015

ISO certification obtained

CO_2 EMISSIONS SAVED

99,772

kilograms of CO_2 equivalent

ZERO FUEL SPILLS

0%

of product volume lost to the environment

EQUIVALENT TREES PLANTED

2,978

RESPONDING TO CLIMATE CHANGE

Ghana has a fundamental reliance on roads to move goods and people around the country and we expect this will drive growing demand for various fuels for many years ahead. The shift to electric vehicles (EVs) will lag in developing countries like Ghana due to the cost, lack of charging infrastructure, access to electricity and regulation, which means EVs are unlikely to become even a meaningful part of the car market in Ghana for some time.

Cognisant of this, we still believe it is vital that we respond to climate change impacts and we actively strive to reduce our impact on the environment. We've outlined through this report the range of initiatives underway to manage our Scope 1 and 2 impact, ranging from solar power on sites, to trucking and distribution efficiencies, and we will continue to do more going forward.

It is clear that, due to the nature of the products we sell, our indirect Scope 3 impact is significantly larger than our direct emissions and, while we need to meet the growing demand for fuels from our customers, we must do this in the most climate-friendly way possible. Today, we are one of the few energy companies in Ghana putting additives into the majority of the Retail fuels we sell to make them more efficient and are looking at increasing our renewable energy offerings to our B2B clients and our own operations.

We're in the process of more formally embedding climate change into our governance, strategy and risk management. We will continue to adapt our business to offer what our customers need and to support the transition to a low-carbon economy in the decades to come.

We're also committed to managing and reducing our impacts, whether through the use of new technologies or providing lower carbon alternatives such as solar or other commercially attractive options to customers as part of the transition. We must not leave our communities, who may be impacted the most by climate change, behind. We will continue to invest in those communities, supporting their efforts against climate change where we can.

Vivo Energy's purpose is to safely provide innovative and responsible energy solutions to Africa, which enable growth and development of the continent and its people. Living our purpose is strongly aligned with the need for everyone to play their role in the battle against climate change and we believe that, by doing so, and ensuring the longer-term sustainability of the business, we will continue to deliver value to all of our stakeholders.

GOVERNANCE

Good governance is essential for creating long-term viability of the business and the economic development of the communities where we operate.

The following pages describe our governance arrangements, the operation of the Board and its Committees and how the Board discharged its responsibilities during the year.

CONTENTS

CHAIRMAN'S STATEMENT

"I would like to express my sincerest appreciation to all our employees and partners, especially our customer champions at the service stations, for staying strong and keeping the wheels of the business running during the peak of the pandemic. Indeed, we are stronger together!"

FRANCK KONAN-YAHAUT
CHAIRMAN

Dear Shareholders,

2020 will be remembered by everyone as challenging and unprecedented as the world was hit by the global outbreak of the COVID-19 pandemic.

On the macro-economic front, the economy grew at 0.4% in 2020. Excluding oil, the economy grew at a rate of 1.3%. Ghana was among the few countries on the African continent that recorded positive growth rates in 2020 - a year that COVID-19 impacted negatively on global economies. Crude oil prices saw

TOGETHER WE MAINTAIN HIGH STANDARDS OF GOVERNANCE

a market slump, triggered by an unprecedented drop in demand arising from the travel restrictions caused by the COVID-19 pandemic. The Ghanaian Cedi saw a depreciation of 3.9% against the US dollar in 2020.

Vivo Energy Ghana operates in a highly competitive downstream industry. To win or maintain market share requires players to be more strategic and innovative in meeting the ever-changing needs of customers.

With a robust approach to active risk management and a focus on delivering good return on investment for our shareholders, Vivo Energy Ghana was able to deliver another strong performance compared to the previous year. I want to especially thank you all for trusting your investment with us as we continue to work with our partners and employees to ensure a profitable and financially sound company with a focus on long-term sustainable growth.

2020 saw lay-offs and pay cuts across many organisations due to the impact of the COVID-19 pandemic on businesses. Vivo Energy Ghana, though impacted, lived its values of respect for people to secure all employees' jobs. The health and safety of employees, partners and customers was, and remains, a top priority.

Our safe systems of work process ensured we kept our 'Goal Zero' of no harm to people or the environment intact throughout the year and, as at December 2020, we had achieved 4420 days (12+ years) of work without any major recordable incident.

I would like to express my sincerest appreciation to all our employees and partners, especially our customer champions at the service stations, for staying strong and keeping the wheels of the business running during the peak of the pandemic. Indeed, we are stronger together!

In 2020, Vivo Energy Ghana demonstrated its support for our communities through a number of impactful initiatives aimed at reducing the spread of the virus and ensuring a safe business environment. Notable initiatives included the donation of personal protective equipment to the National COVID Case Management Team and the implementation of the Retailer Sustainability Programme in various regions, which won the Vivo Energy Group's Lockdown Lightbulb Moment Award and other local awards.

Looking forward to 2021, overall GDP growth (including oil) is projected at 5%, with end-year inflation targeted at 8%. We, as a company, anticipate further change to continue our growth, improving our competitive advantage and becoming the company of choice that delivers long-term value for our customers, shareholders, employees and communities.

Our values of honesty, integrity and respect for people and our strategic objectives have been fundamental to our performance in 2020 and will continue to be instrumental in our operations as we work to become Africa's most respected energy business.

Thank you.

FRANCK KONAN-YAHAUT
CHAIRMAN

BOARD OF DIRECTORS

EXTENSIVE EXPERIENCE SUPPORTED BY VALUABLE SKILLS

1. FRANCK KONAN-YAHAUT (BOARD CHAIRMAN)

Skills and Experience

Franck Konan-Yahaut is the Chairman of Vivo Energy Ghana and Vivo Energy's Executive Vice President West Africa, a position he has held since February 2019. Franck previously held the positions of Managing Director, Shell Côte d'Ivoire and Burkina Faso Cluster, Managing Director, Côte d'Ivoire, before taking up his previous role of Managing Director, Senegal in September 2014.

Franck transferred from Royal Dutch Shell to Vivo Energy following the sale of the Africa Downstream business in 2011. Franck joined Royal Dutch Shell in 1996 from PwC, and following a number of years as finance manager in Guinea, Ghana and West Africa, he moved to West Africa Gas Pipeline Company in the Shell upstream business as general manager Finance and Administration.

2. BEN HASSAN OUATTARA (MANAGING DIRECTOR)

Skills and Experience

Ben Hassan Ouattara is the Managing Director of Vivo Energy Ghana Limited.

Prior to his appointment, Ben Hassan was the Managing Director of Vivo Energy Côte d'Ivoire, and the Chief Executive Officer of SIFAL Lubricant Blending Plant, where he provided thought leadership and operational guidance for the efficient management of these businesses.

Ben Hassan has over 25 years of experience in the downstream oil and marine businesses. He was a Naval Commander of Offshore Logistic Support Base and the Captain of Oil Tankers across European and African coasts before joining Shell in 2003 as the Marine Technical Advisor for West Africa.

He was later appointed the Shell Group Lead Auditor and, following the acquisition of Shell's downstream businesses by Vivo Energy, he was appointed Vivo Energy's Head of Marine and Aviation business for Africa.

3. JEAN-MICHEL ARLANDIS (MEMBER)

Skills and Experience

Jean-Michel has 32 years' experience in the energy and retail sector and has a deep knowledge of Africa and emerging markets.

Prior to joining Vivo Energy Ghana as Finance Manager, Jean-Michel was the Finance Manager of Vivo Energy Mauritius. He was a former Head of Internal Audit Department for two global retailers Kering and Decathlon, a Partner at both Deloitte and Ernst and Young for 15 years and also the Head of Corporate at Efferton Group, an international investment company in Africa.

Jean-Michel is also a Certified Fraud Examiner.

4. REINDOLF DOMEY (MEMBER)

Skills and Experience

Reindolf Domey, Supply and Distribution Manager, has extensive experience across petroleum and FMCG.

Prior to joining Vivo Energy, Reindolf worked at Unilever Ghana and Guinness Ghana Breweries, in varying capacities, but mainly in technical, engineering and project management.

Reindolf is a business leader and has deep knowledge of operation management, with over 7 years in a senior management position.

5. MERCY AMOAH (MEMBER)

Skills and Experience

Mercy Amoah is the Human Resources Manager for Vivo Energy Ghana and has over 20 years' experience in human resources, marketing and change management, having worked in institutions such as Ghana National Petroleum Corporation, International Commercial Bank and Guinness Ghana Breweries Limited.

Mercy is thorough in executing assignments and applies high standards in her work. She is authentic; she has the ability to build great relationships with those she works with and to manage any team for success.

6. SAMUEL SARPONG
(MEMBER)

Skills and Experience

Samuel Sarpong is currently the Managing Director of National Investment Bank.

Prior to his appointment in May 2019 he was working as a Consultant with a private consultancy firm.

He worked with GCB Bank Ltd. from 2008 to 2017 and served in various capacities, including Acting Managing Director, Deputy Managing Director, Chief Transformation Officer and Chief Operating Officer.

In 2005, Samuel joined General Electric Corporation's Consumer Lending Business (GE Money) in Canada. As a Senior Manager at General Electric, he served as Risk Leader for three business units – Credit Cards, Risk Infrastructure and Fraud and Mortgages.

Prior to that, he worked with various organisations in Canada. He served as Policy Advisor at the Ontario Ministry of Agriculture and Food, as well as the Ontario Ministry of Economic Development and Trade from 1990 to 1995. In 1996, he joined the Canadian Imperial Bank of Commerce (CIBC) holding senior positions in Credit Risk Management, and as Director of Lending Products.

Samuel has served on a number of boards, including GCB Bank Ltd. Accra, Ghana and Ghana International Bank PLC, London, UK.

7. SAMUEL AMANKWAH
(MEMBER)

Skills and Experience

Samuel Amankwah, Deputy Managing Director - Operations, GCB Bank Ltd, is a Chartered Accountant with over 20 years' experience in practice as an Accountant and Auditor.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA) UK and a Member of the Institute of Chartered Accountants, Ghana. He has an MSc in Accounting & Finance from De Montfort University, Leicester (UK).

He served the GCB Bank in various capacities as the Chief Internal Auditor, Deputy Managing Director (Finance), General Manager, Treasury Division and Deputy Head, Accounts Division

He had the opportunity to work with Guinness Ghana Limited, UAC Group Audit, JSA Accountancy Services (Watford) and Adomako Basoah & Co. (Norbury).

Samuel has served on the following boards:

– GCB Bank Ltd, Board member (October 2017 to April 2020)

– GCB Bank Ltd, Board member (August 2008 to December, 2011)

– National Insurance Commission, Board member (2009 to 2017)

– Activity Venture Finance Company, Board Chairman (2009 to 2012)

– Kaneshie Presbyterian Church, Director of Finance (2008 to 2016)

8. KWAKU BEDIAKO
(MEMBER)

Skills and Experience

Kwaku Bediako is the Founder and Group Executive Chairman of the CH Group of Companies. With over 25 years' experience in international business, he leads the Group with the objective of ensuring the overall success of its diverse subsidiaries and growing the Group's portfolio.

Driven by his passion for identifying and developing cross-sector opportunities, Kwaku established Chase Petroleum, a market-leading Oil Trading and Bulk Distributor in 1997. Through his entrepreneurial vision, Chase Petroleum gained steady market prominence and was first to be issued with a Bulk Distributor's Licence.

Under his leadership, the Group has grown into one of the biggest conglomerates in Ghana with multiple subsidiaries and major investments notably across the Oil and Gas, Real Estate, Logistics, Water & Wastewater and Agribusiness sectors. With his instinctive, forward-thinking and hands-on approach, Kwaku continually seeks to replicate the Group's success across other industries.

As an active and passionate philanthropist, Kwaku actively supports various environmental, educational and other social responsibility projects through various foundations including the CH Foundation.

To date, through various foundations and initiatives, he has improved the lives of thousands of people across multiple communities in which the Group operates.

9. PROFESSOR KWAKU APPIAH-ADU (PHD, FGA)
(MEMBER)

Skills and Experience

Professor Kwaku Appiah-Adu (PhD, FGA) is a Professor of Strategy, and Senior Advisor to the Vice President of the Republic of Ghana. Currently, he is an Advisor to the Energy Sector Recovery Programme, and chairs the AfCFTA's Infrastructure-related Technical Working Group.

In 2018–19, Kwaku led the processes of birthing Ghana's Integrated Aluminium and Integrated Iron and Steel Development Projects. Previously, Kwaku worked at the Office of the President, Ghana, where he was Head of Policy Coordination, Monitoring and Evaluation, Chairman of the Oil and Gas Technical Committee, Director of Ghana's Central Governance Project, member of the President's Investors' Advisory Council, and Advisory Board member of the UN Initiative on Continental Shelf Delineation.

Prior to that, Kwaku worked as a manager at PwC's policy, strategy and management division, and as an architect/project manager of multimillion-dollar residential, retail, office and industrial projects in the UK.

In academia, he has served as Dean of Central University Business School and lectured at the universities of Cardiff and Portsmouth. An author of several books, Kwaku's recently edited/co-edited titles are: Contemporary Business Imperatives in a Developing Economy (2020); Context: Executing Strategy in a Developing Economy (2018); Key Determinants of National Development (2015); and Governance of the Petroleum Sector in an Emerging Developing Economy (2013). With over 100 publications, he has facilitated workshops and presented papers at numerous international fora. Kwaku is a Fellow of the Ghana Academy of Arts and Sciences, and has been elected to the ANBAR Hall of Excellence for Outstanding Contribution to the Literature and Body of Knowledge. He is Board Chairman, Glico Pensions Trustee Ltd; Steering Committee Chairman, Ghana Oracle Digital Enterprise Programme; Director, Vivo Energy Ghana Ltd; and Director, Switchback Developers Ltd.

Kwaku has received several honours, including the President's Crystal Awards for exceptional contribution to business environment reforms and national development.


LONG-LIFE
COOLANT
READY TO USE
LIQUIDE DE
REFROIDISSEMENT
LONGUE DURÉE SHELL
PRÊT À L'EMPLOI
FOR ALL
ENGINES
POUR TOUS LES
MOTEURS
PROTECTS AGAINST
CORROSION
PROTÈGE CONTRE LA
CORROSION
Colour indicator:
4 L
MAINTENANCE

CORPORATE INFORMATION

Directors	Frank Konan-Yahaut	- Chairman
	Ben Hassan Ouattara	- Managing Director
	Jean-Michel Arlandis	
	Kwaku Bediako	
	Reindolf Domey	
	Samuel Sarpong	
	Mercy Amoah	
	Prof. Kwaku Appiah-Adu	
	Samuel Amankwah	
Company Secretary	Naa Shiokor Boi-Bi-Boi	
Registered office	P.O. Box 1097 Accra Digital Address GL-045-5051 Rangoon Lane, Cantonments City Accra - Ghana	
Registrar	Universal Merchant Bank Limited 57 Examination Loop North Ridge P.O. Box 401 Accra	
Independent auditor	PricewaterhouseCoopers Chartered Accountants PwC Tower A4 Rangoon Lane, Cantonments City PMB CT42 Cantonments Accra	
Solicitors	AB&M Consult Moomin&Botta Kuenyehia&Nutsukpui Owusu Ankomah, Arvoh Mensah, Dziba & Associates Kudjawu& Co.	

REPORT OF THE DIRECTORS TO THE MEMBERS OF VIVO ENERGY GHANA

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of Vivo Energy Ghana Limited (the 'Company') for the year ended 31 December 2020, which disclose the state of affairs of the Company.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern.

Principal activities

The principal activities of the Company are to carry on the business of acquiring, processing, transporting and selling petroleum and any products thereof together with such other business as may from time to time seem to the Company capable of being conveniently carried on in association therewith.

Joint venture

The Company has 50% shareholding in Road Safety Limited (RSL), a company incorporated in Ghana to provide driver education and maintenance services for vehicles used in the haulage of petroleum products.

Holding company

The Company is a subsidiary of Vivo Energy Ghana Holding B.V., a company incorporated in the Netherlands. The ultimate parent company is Vivo Energy plc, a company incorporated in the United Kingdom.

Financial results

The financial results for the year ended 31 December 2020 are set out below:

	GH¢'000
Profit for the year before income tax is	**71,399**
from which is deducted income tax expense of	**(18,279)**
giving a profit after income tax expense of	**53,120**
to which is added surplus brought forward on retained earnings of	**235**
from which is set aside proposed dividend for 2020 of	**(53,120)**
leaving a surplus carried forward on retained earnings of	**235**

Dividend

The directors recommend the payment of a dividend of GH¢5.0270 per share (2019: GH¢3.6022 per share) amounting to GH¢53.120 million for the year ended 31 December 2020 (2019: GH¢38.064 million).

Capacity building for directors

The directors of the Company were engaged in a combination of instructor-led and self-development training courses, aimed at strengthening their skills and abilities in the exercise of their duties as directors during the year ended 31 December 2020.

Interest of directors

During the year ended 31 December 2020, no significant or material contract was entered into by the Company in which directors of the Company had an interest that significantly or materially affected the business of the Company.

Corporate social responsibility

The Company committed a total amount of GH¢151,000 towards corporate social responsibility activities during the year ended 31 December 2020.

Auditor

The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992). Audit fees for the year ended 31 December 2020 were GH¢391,857.

BY ORDER OF THE BOARD

Name of Director: Name of Director:

BEN HASSAN OUATTARA **SAMUEL SARPONG**

Date: 22nd JUNE 2021

LEADERSHIP TEAM

BEN HASSAN OUATTARA
Managing Director

Ben Hassan Ouattara is the Managing Director of Vivo Energy Ghana Limited.

Prior to his appointment, Ben Hassan was the Managing Director of Vivo Energy Côte d'Ivoire, and the Chief Executive Officer of SIFAL Lubricant Blending Plant, where he provided thought leadership and operational guidance for the efficient management of these businesses.

Ben Hassan has over 25 years of experience in the downstream oil and marine businesses. He was a Naval Commander of Offshore Logistic Support Base and the Captain of Oil Tankers across European and African coasts before joining Shell in 2003 as the Marine Technical Advisor for West Africa.

He was later appointed the Shell Group Lead Auditor and, following the acquisition of Shell's downstream businesses by Vivo Energy, he was appointed Vivo Energy's Head of Marine and Aviation business for Africa.

JEAN-MICHEL ARLANDIS
Finance Manager

Jean-Michel has 32 years' experience in the energy and retail sector and has a deep knowledge of Africa and emerging markets.

Prior to joining Vivo Energy Ghana as Finance Manager, Jean-Michel was the Finance Manager of Vivo Energy Mauritius. He was a former Head of Internal Audit Department for two global retailers Kering and Decathlon, a Partner at both Deloitte and Ernst and Young for 15 years and also the Head of Corporate at Efferton Group, an international investment company in Africa.

Jean-Michel is also a Certified Fraud Examiner.

REINDOLF DOMEY
Supply and Distribution Manager

Reindolf Domey, Supply and Distribution Manager, has extensive experience across petroleum and FMCG.

Prior to joining Vivo Energy, Reindolf worked at Unilever Ghana and Guinness Ghana Breweries, in varying capacities, but mainly in technical, engineering and project management.

Reindolf is a business leader and has deep knowledge of operation management, with over 7 years in a senior management position.

EMIL JACKSON ADANUVOR
Retail Manager

Emil Adanuvor joined Shell Ghana, now Vivo Energy Ghana Limited, in 2003 as a member of Shell's Graduate Development programme.

Emil started his career with the company from the finance department as Bank Reconciliation, Payables and Stock Accountant before joining the retail team in 2009 as a Territory Manager.

He then moved on to become the Retail Network and Property Manager, Retail Sales Manager and, currently, the Retail Manager. Emil has spent close to 17 years with Shell and Vivo Energy.

KWAME MIREKU ASANTE
Lubricants Sales & Marketing Manager

Kwame Asante has built 15 years' technical, sales and business development experience, spanning engineering, logistics & supply chain, and technology.

Before joining Vivo Energy Ghana, Kwame worked as Sales Manager for Philips Lighting Ghana, overseeing the expansion of the company into the Professional Lighting space in Ghana.

Prior to joining Philips, Kwame worked as Sales Manager for Damco Logistics Ghana Limited, part of the A. P. Moller - Maersk Group. Kwame's career, however, started as an Electrical Engineer with the Electricity Company of Ghana.

BERNARD KWASI BOSOMPEM
Commercial Manager

Bernard Bosompem has over 13 years' experience in commercial sales and management from Mantrac Ghana Limited, Cummins Power Generation and AKSA Generators Ghana Limited where he was responsible for commercial business growth and customer relationship management, selling and supporting the power generation equipment department. He is now Commercial Manager for Vivo Energy Ghana.

Bernard is a member of the American Society of Mechanical Engineers and Society of Automotive Engineers.

MERCY AMOAH
Human Resources Manager

Mercy Amoah is the Human Resources Manager for Vivo Energy Ghana and has over 20 years' experience in human resources, marketing and change management, having worked in institutions such as Ghana National Petroleum Corporation, International Commercial Bank and Guinness Ghana Breweries Limited.

Mercy is thorough in executing assignments and applies high standards in her work. She is authentic; she has the ability to build great relationships with those she works with and to manage any team for success.

SHIRLEY TONY KUM
Corporate Communications Manager

Shirley Tony Kum is an Accredited Public Relations Practitioner with 15 years of experience in public relations and communications in the media, mining and petroleum sectors. Prior to her current role at Vivo Energy Ghana, Shirley worked at Newmont Golden Ridge Limited (Akyem Mine), Stratcomm Africa Limited, Ministry of Parliamentary Affairs and the Ghana Broadcasting Corporation.

Shirley has broad experience in public relations, stakeholder management, media management, sustainability, public participation, communication research, crisis communication, digital communication, events management, traditional communication and community relations.

She is the Honorary Secretary of the Institute of Public Relations Ghana and a Board member of the Ghana Netherlands Business and Culture Council.

NAA SHIOKOR BOI-BI-BOI
Legal Manager

Naa Shiokor Boi-Bi-Boi started her legal career with Nsiah Akuetteh & Co. where she rose through the ranks to become a Senior Associate.

She joined Vivo Energy Ghana from Coca-Cola Beverages Africa (Voltic Ghana Limited) where she held the Legal & Compliance Manager role.

She has experience in the FMCG industry, banking, corporate and commercial law.

SAMUEL BUAH-KWOFIE
Convenience Retail and ONFR Manager

Mercy Amoah is the Human Resources Manager for Vivo Energy Ghana and has over 20 years' experience in human resources, marketing and change management, having worked in institutions such as Ghana National Petroleum Corporation, International Commercial Bank and Guinness Ghana Breweries Limited.

Mercy is thorough in executing assignments and applies high standards in her work. She is authentic; she has the ability to build great relationships with those she works with and to manage any team for success.

JERRY BOACHIE-DANQUAH
Marketing Manager

Jerry Boachie-Danquah has worked across FMCG and oil and gas sectors with a career spanning over 17 years. He has built experience over the years in brand management, brand communications, new product development, key account management, sales management and sales training.

Before joining Vivo Energy Ghana, Jerry worked as Marketing Manager for Personal Care at PZ Cussons, overseeing brands in the personal care category. Prior to joining PZ Cussons, Jerry worked at Nestle Ghana Limited in the sales department as Regional Sales Manager for Greater Accra Region, responsible for sales and business development in the region.

JOSEPH BOAKYE KANKAM
HSSE Manager

Joseph Kankam has 26 years' work experience in the engineering and downstream energy business in Ghana.

Prior to joining Shell in 2002 and Vivo Energy Ghana, Joseph worked extensively with Komatsu and Caterpillar dealerships in Ghana.

At Shell and then Vivo Energy Ghana, he worked in the retail, engineering and logistics role and is currently the Health, Safety, Security, Environment, and Quality Manager of Vivo Energy Ghana.

FINANCIAL STATEMENTS

Here we set out our statutory accounts and supporting notes, which are independently audited and provide in-depth disclosure on the financial performance of our business.

CONTENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY GHANA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Vivo Energy Ghana Limited (the 'Company') as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

WHAT WE HAVE AUDITED

We have audited the financial statements of Vivo Energy Ghana Limited for the year ended 31 December 2020.

The financial statements comprise

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of post-employment medical benefits – GH¢16.779 million The Company provides post-employment medical benefits to its employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to a specified age and the completion of a minimum service period. The valuation of the post-employment medical benefits is considered a key audit matter because of the significant judgement and estimates involved in the methodology used in determining the present value of the Company's future obligations in respect of beneficiaries. The valuations are carried out by independent experts and it involves applying various assumptions relating to the average medical cost per life of members, inflation rate and discount rates. The accounting policies, critical estimates and judgements and disclosures in respect of this post-employment medical benefits are set out in note 2(r), note 3 and note 29 to the financial statements.	Our audit procedures included the following: We understood the nature, key terms and conditions of the post-employment medical benefits provided. We reviewed the movement in the defined benefit obligation and checked reconciling items to supporting documents. We tested the mathematical accuracy of the data used by the actuary in the valuation report. We examined the actuarial valuation performed by the independent valuer and also assessed the actuary's skill, knowledge, ability and objectivity in performing the valuation. We compared the valuation methodology used in the current year with that of the prior year for consistency. We assessed the reasonableness of the average medical cost per life by comparing it to the cost for the prior year; adjusted with the medical cost increase rate. We assessed the reasonableness of the medical cost increase rate used in the actuarial report by comparing it to the discount rate and the real long-term GDP growth rate for Ghana; as published by the International Monetary Fund. We assessed the reasonableness of the inflation rate assumption by comparing the rate used in the actuarial report to the inflation rate per the Ghana Statistical Service. We assessed the reasonableness of the discount rate assumption by comparing the rate used in the actuarial report to the average yield of government bonds with maturity of 5 years and above. We checked the appropriateness and adequacy of the disclosures in compliance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVO ENERGY GHANA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Corporate Information, the Chairman's Statement and the Report of the Directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii) the Company's statement of financial position and the Company's statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is George Kwesi Arhin (ICAG/P/1187).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
23rd June 2021

pwc

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	Notes	31 December 2020	31 December 2019
Revenue from contracts with customers	5	**1,596,181**	2,244,715
Cost of sales	6	**(1,354,329)**	(2,026,866)
Gross profit		**241,852**	217,849
Selling, general and administrative expenses	7	**(176,135)**	(182,170)
Other income	8	**16,880**	22,401
Operating profit		**82,597**	58,080
Finance costs – net	9	**(11,398)**	(10,904)
Share of profit on investments accounted for using the equity method	13	**200**	120
Profit before income tax		**71,399**	47,296
Income tax expense	10	**(18,279)**	(9,232)
Profit for the year		**53,120**	38,064
Other comprehensive income			
Items that may be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	29	**124**	(340)
Income tax	10	**(31)**	85
Total other comprehensive income - (loss)		**93**	(255)
			–
Total comprehensive income for the year		**53,213**	37,809
Earnings per share:			
Basic earnings per share (in GH¢)	25	**5.0270**	3.6022
Diluted earnings per share (in GH¢)	25	**5.0270**	3.6022

The notes on pages 72 to 92 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	11	**251,724**	227,573
Intangible assets	12	**835**	-
Investment in joint venture	13	**808**	608
Deferred income tax assets	10	**513**	5,316
		253,880	233,497
Current assets			
Inventories	14	**77,787**	79,018
Trade and other receivables	15	**109,571**	127,931
Amount due from related parties	26	**2,911**	2,909
Current income tax	10	**19,222**	24,803
Cash and cash equivalents	16	**38,419**	60,087
		247,910	294,748
Total assets		**501,790**	528,245
Equity and liabilities			
Equity			
Stated capital	21	**2,311**	2,311
Proposed dividend	23	**51,919**	36,863
Other reserves	24	**159**	66
Retained earnings	22	**235**	235
Total equity		**54,624**	39,475
Liabilities			
Non-current liabilities			
Post-employment medical benefits	29	**16,779**	15,614
Lease liabilities	18	**6,289**	8,597
		23,068	24,211
Current liabilities			
Trade and other payables	17	**337,888**	405,798
Borrowings	20	**-**	3,432
Lease liabilities	18	**6,201**	6,178
Amount due to related parties	26	**57,263**	48,840
Bank overdrafts	16	**22,746**	311
Total current liabilities		**424,098**	464,559
Total liabilities		**447,166**	488,770
Total equity and liabilities		**501,790**	528,245

The notes on pages 72 to 92 are an integral part of these financial statements.

The financial statements on pages 68 to 92 were approved by the Board of Directors on 22nd June 2021

BEN HASSAN OUATTARA **SAMUEL SARPONG**

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2020	Stated capital	Retained earnings	Other reserves	Dividend	Total
Balance at 1 January 2020	**2,311**	**235**	**66**	**36,863**	**39,475**
Total comprehensive income for the year					
Profit for the year	-	**53,120**	**-**	-	**53,120**
Other comprehensive income, net of tax	-	-	**93**	–	**93**
Total comprehensive income for the year	**-**	**53,120**	**93**	**-**	**53,213**
Transactions with owners recognised directly in equity:					
Dividend proposed for 2020	-	**(53,120)**	**-**	**53,120**	**-**
Dividend paid for 2019	-	-	**-**	(38,064)	(38,064)
Total transactions with owners	**-**	**(53,120)**	**-**	**15,056**	**(38,064)**
Balance at 31 December 2020	**2,311**	**235**	**159**	**51,919**	**54,624**
Year ended 31 December 2019					
Balance at 1 January 2019	2,311	235	321	14,960	17,827
Total comprehensive income for the year					
Profit for the year	-	38,064	-	-	38,064
Other comprehensive income, net of tax - (loss)	-	-	(255)	-	(255)
Total comprehensive income for the year - (loss)	-	38,064	(255)	-	37,809
Transactions with owners recognised directly in equity:					
Dividend proposed for 2019	-	(38,064)	-	38,064	-
Dividend paid for 2018	-	-	-	(16,161)	(16,161)
Total transactions with owners	-	(38,064)	-	21,903	(16,161)
Balance at 31 December 2019	2,311	235	66	36,863	39,475

The notes on pages 72 to 92 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Notes	31 December 2020	31 December 2019
Profit before tax		**71,399**	47,296
Adjustment for:			
Depreciation of property, plant and equipment	11	**23,414**	22,235
Amortisation of intangible assets	12	**40**	-
Loss/(profit) on disposal of property, plant and equipment	11	**22**	(167)
Gains on lease terminations		**(2,085)**	-
Exchange (gain)/loss on borrowings	20	**(334)**	1,336
Exchange difference		**(7,369)**	1,740
Share of profit in joint venture	13	**(200)**	(120)
Post-employment benefit expense	29	**2,409**	2,273
Post-employment benefit paid	29	**(1,120)**	(1,234)
(Decrease)/increase in provision for inventory		**(366)**	562
Increase/(decrease) in provision for impairment of receivables		**1,088**	(1,695)
Decrease/(increase) in inventories (gross)		**1,597**	(6,929)
Decrease in trade and other receivables (gross)		**17,272**	71,702
(Increase)/decrease in amount due from related parties		**(2)**	2,427
(Decrease)/increase in trade and other payables		**(72,898)**	66,929
Increase in amount due to related parties		**8,423**	10,290
Finance costs	9	**11,695**	12,469
Finance income	9	**(297)**	(1,565)
Cash flows from operations		**52,688**	227,549
Interest paid on bank overdrafts		**(9,483)**	(10,606)
Interest received	9	**297**	1,565
Tax paid	10	**(7,926)**	(13,559)
Net cash inflow from operating activities		**35,576**	204,949
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(43,537)**	(69,061)
Purchase of intangible assets	12	**(875)**	-
Proceeds from disposal of property, plant and equipment	11	**2,422**	894
		(41,990)	(68,167)
Net cash outflow from financing activities		**(45,058)**	(24,673)
Net (decrease)/increase in cash and cash equivalents		**(51,472)**	112,109
Cash and cash equivalents as at 1 January		**59,776**	(50,593)
Effect of exchange rate changes on cash and cash equivalents		**7,369**	(1,740)
Cash and cash equivalents as at 31 December		**15,673**	59,776

The notes on pages 72 to 92 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vivo Energy Ghana Limited is a private limited liability company incorporated and domiciled in Ghana. The Company is authorised to carry on the business of acquiring, processing, transporting and selling petroleum and any products thereof together with such other business as may from time to time seem to the Company capable of being conveniently carried on in association therewith. The address of its registered office is: Vivo Energy House, P.O. Box 1097, Accra. Digital Address GL-045-5051, Rangoon Lane, Cantonments City, Accra – Ghana..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. .

(a) Basis of preparation

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992).

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for the valuation of post-employment medical benefits.

(iii) New standards, amendments and interpretations adopted by the Company

The Company applied the following standards for the first time for the reporting period commencing on 1 January 2020.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole,
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting,
- reinstating prudence as a component of neutrality,
- defining a reporting entity, which may be a legal entity, or a portion of an entity,
- revising the definitions of an asset and a liability,
- removing the probability threshold for recognition and adding guidance on derecognition,
- adding guidance on different measurement basis,
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The amendments listed above did not have any impact on the amounts recognised by the Company in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards and amendments are not expected to have a material impact on the Company in the current or future periods.

COVID-19-related rent concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or information about the nature of the contracts to which it has been applied if not, as well as the amount recognised in profit or loss arising from the rent concessions.

(iv) New standards and interpretations not yet adopted by the Company (continued)

Classification of liabilities as current or non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(b) Joint arrangement

The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

The interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2(a)(iv).

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within selling, general and administrative expenses.

(d) Revenue from contracts with customers

Revenue from the sale of petroleum products is recognised when the Company sells to the customer. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment of the transaction price is due immediately when the customer purchases and takes delivery of the product.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue is recognised at point in time.

Financing component: The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Customer loyalty programme: The Company operates a loyalty programme (Shell Club) where retail customers accumulate points for purchases made which entitle them to rewards. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of a replaced part is derecognised. Property, plant and equipment classified as work in progress are not depreciated. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land and buildings	Over period of lease
Motor vehicles	20% – 33.3%
Plant and machinery	4% – 20%
Furniture, fittings and computer equipment	15% – 33.3%
Rights of use of assets	Over period of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the policy described in note 2(w). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. No depreciation is charged on capital work in progress.

(f) Intangible assets

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of an expected useful life, which does not exceed five years, using the straight-line method.

Subsequent expenditure on software is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. In such instances, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and other non-refundable costs. Costs of purchased inventory are determined after deducting rebates and discounts. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) Financial assets

i. Classification

The Company classifies its financial assets as 'financial assets at amortised cost'. Financial instruments are classified as 'financial assets at amortised cost' when both criteria outlined below are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows,
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Company measures its financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

iv. Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for financial assets other than trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime ECL is computed based on a provision matrix, which takes into account historical credit loss experience adjusted for forward-looking information. For trade receivables and other financial assets, ECL is measured at the amount equal to 12 months' ECL unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL.

(j) Financial liabilities

The Company's financial liabilities comprise trade and other payables, lease liabilities and amount due to related parties. These financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

(k) Determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(m) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current. Other receivable amounts generally arise from transactions outside the usual operating activities of the Company. Prepayments are recognised at cost and amortised over the period of the service for which the payment was made.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade and other receivables (except prepayments) with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, in which case borrowings are classified as non-current.

(o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Stated capital

Ordinary shares are classified as 'stated capital' in equity. All shares are issued at no par value.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

(r) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Defined contribution plan

The Company and all its employees contribute to a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company has a provident fund scheme for staff under which the Company contributes 10% of staff basic salary. The Company's obligation under the plan is limited to the relevant contributions and these are settled on due dates. The contributions are recognised as an employee benefit expense when they are due.

Long service award

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The Company recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Post-employment obligations

The Company provides post-employment medical benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The present value of the obligation is determined by discounting the estimated future cash outflows using the average yield of government bonds with a maturity of five years and above.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(s) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of tax payable on taxable profit for the year in accordance with relevant tax laws. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income/loss nor accounting profit/loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(t) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared by the members through a members' resolution.

(u) Amounts due from/(to) related parties

These include purchases from or sales to related parties, payments made on behalf of related parties and on the Company's behalf by related parties recognised initially at fair value plus direct transaction costs and subsequently at amortised costs. Amounts due from related parties are classified as financial assets measured at amortised cost. Amounts due to related parties are classified as financial liabilities measured at amortised cost.

(v) Leases

The Company leases office buildings, various service stations and buses. Rental contracts are typically made for fixed periods of 3 years to 20 years but may have extension options as described in note 3 below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of service stations and buses and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise values below US$5,000. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs,
- restoration costs.

(w) Impairment of assets

Assets with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(x) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Post-employment medical benefits

The present value of post-employment medical benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expenses (income) for medical pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. Other key assumptions for the pension obligations are based on market conditions. Additional information is disclosed in note 29.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

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 unlimited period. The Company uses a significant assumption that all of the existing leases that are expiring within the following five years that 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 Company elected to use the borrowing rates needed to acquire a similar asset.

Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. In applying the provision matrix, the Company estimates the ultimate write-offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic default rate to the payment profile of the population adjusted to reflect current and forward-looking information on macro-economic factors. The Company exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various transactions, primarily with respect to the US dollar. Management's policy to manage foreign exchange risk is to hold bank accounts in foreign currency for purchases of imported petroleum products.

At 31 December 2020, if the currency had weakened/strengthened by 10% (2019: 10%) against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been GH¢2,487,166 (2019: GH¢3,194,029) higher/lower, mainly as a result of US dollar denominated trade and other payables, trade and other receivables, amount due from/due to related parties and bank balances.

At 31 December 2020, the Company's exposure to the euro was immaterial.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Price risk

The Company is not exposed to equity securities price risk because it does not undertake such investments. The Company is not exposed to commodity price risk. This is because the Company does not have commodity purchase contracts that meet the definition of a financial instrument under IFRS 9.

Cash flow and fair value interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The Company has used sensitivity analysis technique to measure the estimated impact on profit or loss.

As 31 December 2020, if market interest rate had been 100 basis points higher/lower with all variables held constant, post-tax profit for the year would have been GH¢45,836 lower/higher as a result of interest expense on borrowings (2019: GH¢47,170).

Credit risk

Credit risk arises from bank balances with financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Credit Controller is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. Credit risk arises from cash at bank, trade and other receivables (except prepayments) and amounts due from related parties. The Company does not have any significant concentrations of credit risk.

The Company transacts business with only financial institutions licensed by the regulator of banks. For trade and other receivables (except prepayments) and amounts due from related parties, the Credit Controller assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amounts due from related parties. Based on the historical trends of defaults, there are very minimal instances of default under 180 days. Accordingly, under the impairment model, the estimated credit losses for all receivables up to 180 days will be 0% and 100% above 180 days. Impairment losses on receivables and amounts due from related parties are presented as net impairment losses in the statement of comprehensive income.

The table below summarises the maximum exposure to credit risk as follows:

	2020	2019
Trade and other receivables		
(excluding prepayments)	**114,661**	126,909
Impairment charge	**(15,078)**	(13,990)
Net trade and other receivables	**99,583**	112,919
Bank balances	**38,419**	60,087
Amount due from related parties	**2,911**	2,909
Total credit risk exposure	**140,913**	175,915

No collateral is held in respect of the above assets.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Financial instruments subject to impairment

Financial assets	Not impaired	Credit impaired	2020 Total	2019
Cash and bank balances	**38,419**	**-**	**38,419**	60,087
Trade receivables	**89,610**	**15,078**	**104,688**	109,699
Other receivables	**9,249**	**-**	**9,249**	16,760
Amount due from staff	**724**	**-**	**724**	450
Amount due from related parties	**2,911**	**-**	**2,911**	2,909
Gross carrying amount	**140,913**	**15,078**	**155,991**	189,905
Loss allowance	**-**	**(15,078)**	**(15,078)**	(13,990)
Net carrying amount	**140,913**	**-**	**140,913**	175,915

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate cash reserves and calling on short-term borrowing. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Management performs cash flow forecasting and monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

At 31 December 2020	Less than 1 year Carrying value	More than 1 year Carrying value	Less than 1 year Cash flow	More than 1 year Cash flow
Trade and other payables (excluding statutory payments)	**291,107**	**-**	**291,107**	-
Amount due to related parties	**57,263**	**-**	**57,263**	-
Lease liabilities	**6,201**	**6,289**	**6,201**	**7,885**
Bank overdrafts	**22,746**	**-**	**23,129**	-
	377,317	**6,289**	**377,700**	**7,885**
At 31 December 2019				
Trade and other payables (excluding statutory payments)	368,854		368,854	-
Amount due to related parties	48,840	-	48,840	-
Lease liabilities	6,178	8,597	6,178	10,692
Bank overdrafts	311	-	311	-
Borrowings	3,432	-	3,567	-
	427,615	8,597	427,750	10,692

Fair value of financial assets and liabilities

The following table summarises the fair values and carrying amounts of the various financial assets and financial liabilities. The carrying amounts of the following financial assets and liabilities are a reasonable approximation of their fair value due to their short-term nature. For the non-current financial assets and liabilities, the fair values are not materially different to their carrying amounts, since the interest payable is close to current market rates.

	At 31 December 2020		At 31 December 2019	
Financial assets at amortised cost	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Trade and other receivables (less prepayments and statutory receivables)	**99,583**	**99,583**	112,919	112,919
Amount due from related parties	**2,911**	**2,911**	2,909	2,909
Cash and bank balances	**38,419**	**38,419**	60,087	60,087
	140,913	**140,913**	175,915	175,915
Financial liabilities at amortised costs				
Trade and other payables (excluding statutory payments)	**291,107**	**291,107**	368,854	368,854-
Lease liabilities	**12,490**	**12,490**	14,775	14,775
Bank overdrafts	**22,746**	**22,746**	311	311
Amounts due to related parties	**57,263**	**57,263**	48,840	48,840
Borrowings	-	-	3,432	3,432
	383,606	**383,606**	436,212	436,212

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratio at year end was as follows:

	2020	2019
Borrowings	**-**	(3,432)
Cash and bank balances	**38,419**	60,087
Bank overdrafts	**(22,746)**	(311)
Net debt	**15,673**	56,344
Total equity	**54,624**	39,475
Total capital	**70,297**	95,819
Gearing ratio	**-**	-

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020	2019
Gross revenue less discounts	**2,351,946**	3,054,364
Customs duties and levies	**(755,765)**	(809,649)
Net revenue	**1,596,181**	2,244,715

Below is the movement schedule of the customer incentive programme liability included in trade and other payables (note 17).

Year ended 31 December 2020	**At 1 January**	**Amount accrued**	**Rewards redeemed**	**At 31 December**
Customer incentive programme	**732**	**866**	**(338)**	**1,260**
Year ended 31 December 2019				
Customer incentive programme	-	745	(13)	732

6. COST OF SALES

	2020	2019
Purchased cost of inventory	**1,238,191**	1,914,775
Transport and other freight costs	**116,138**	112,091
	1,354,329	2,026,866

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Staff costs	**30,484**	27,436
Depreciation and amortisation	**23,454**	22,235
Auditor's remuneration	**392**	484
Directors' emoluments	**3,780**	3,947
Donations	**244**	5
Promotional expenses	**7,339**	7,579
Service fees	**66,252**	72,498
Bad debts written off	**960**	906
Impairment loss	**1,088**	1,548
Insurance expenses	**1,133**	1,312

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	2020	2019
Rent expenses	**9,960**	6,801
Office consumables	**2,855**	3,394
Exchange differences (net)	**642**	1,740
Repairs and maintenance	**11,235**	14,521
Information and communication expenses	**1,547**	592
Travel expenses	**2,045**	4,147
Loss on disposal of property, plant and equipment	**22**	-
Legal expenses	**659**	403
Other administrative and general expenses	**12,044**	12,622
	176,135	182,170

Rent expenses include expenses relating to short-term leases, low-value assets and variable leases not included in lease liabilities. Refer to note 18.
The staff costs comprise:

	2020	2019
Wages, salaries and performance rewards	**17,944**	14,367
Staff welfare	**1,083**	3,043
Staff allowances	**3,807**	3,395
Social security contributions	**1,624**	1,467
Provident fund contributions	**1,648**	1,558
Post-employment medical benefits	**2,409**	2,273
Redundancy costs (reversal of provision)	**-**	(1,119)
Other staff-related costs	**1,969**	2,452
	30,484	27,436

The average number of persons employed by the Company during the year was 151 (2019: 155).

8. OTHER INCOME

	2020	2019
Dealership fees	**16,511**	17,135
Reversal of impairment loss	**17**	3,247
Non-fuel income	**222**	1,296
Profit on disposal of property, plant and equipment	**-**	167
Rental income	**130**	231
Sundry income	**-**	325
	16,880	22,401

The 2019 reversal of impairment loss relates to recoveries made on customer accounts for which provisions had been made in previous years.

9. FINANCE COSTS AND INCOME

	2020	2019
Interest expense on bank overdrafts	**(9,483)**	(10,606)
Interest expense on loans	**(411)**	(425)
Interest expense on lease	**(1,801)**	(1,438)
	(11,695)	(12,469)
Interest income	**297**	1,565
Finance costs – net	**(11,398)**	(10,904)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

10. INCOME TAX

Income tax expenses in the statement of comprehensive income comprise:

	2020	2019
Current income tax expense	**13,507**	7,625
Deferred tax expense	**4,772**	1,607
	18,279	9,232

Current income tax

	Balance at 1 January	**Charge to profit or loss**	**Payments in the year**	**Balance at 31 December**
Year of assessment				
Up to 2019	**(24,803)**	**-**	**-**	**(24,803)**
2020	**-**	**13,507**	**(7,926)**	**5,581**
	(24,803)	**13,507**	**(7,926)**	**(19,222)**
Year of assessment				
Up to 2018	(18,869)	-	-	(18,869)
2019	-	7,625	(13,559)	(5,934)
	(18,869)	7,625	(13,559)	(24,803)

Deferred tax

Deferred tax is calculated using the enacted income tax rate of 25% (2019: 25%). The movement on the deferred tax (assets)/liabilities account is as follows:

	2020	2019
At 1 January	**(5,316)**	(6,838)
Charge to profit or loss	**4,772**	1,607
Charge/(credit) to other comprehensive income	**31**	(85)
At 31 December	**(513)**	(5,316)

Deferred tax assets and liabilities and deferred tax charge in the statement of comprehensive income are attributable to the following items:

	At 1 January	**Charge/(credit) to profit or loss**	**Charge/(credit) to other comprehensive income**	**At 31 December**
Year ended 31 December 2020				
Accelerated tax depreciation	4,935	5,325	**-**	**10,260**
Other deductible temporary differences	(4,247)	(562)	**31**	**(4,778)**
Provision for doubtful debt	(3,498)	(272)	**-**	**(3,770)**
Right-of-use assets	(2,506)	281	**-**	**(2,225)**
Net deferred income tax assets	**(5,316)**	**4,772**	**31**	**(513)**
Year ended 31 December 2019				
Accelerated tax depreciation	943	3,992	-	4,935
Other deductible temporary differences	(3,860)	(302)	(85)	(4,247)
Provision for doubtful debt	(3,921)	423	-	(3,498)
Right-of-use assets	-	(2,506)	-	(2,506)
Net deferred income tax assets	(6,838)	1,607	(85)	(5,316)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2020	2019
Profit before income tax	**71,399**	47,296
Tax calculated at the statutory income tax rate of 25% (2019: 25%)	**17,850**	11,824
Adjusted for tax effect of:		
Incomes not taxable for tax purposes	**-**	(2,596)
Expenses not deductible for tax purposes	**549**	-
Deferred taxes not recognised in prior years	**(99)**	-
(Income)/expenses subject to tax at different rates	**21)**	4
Income tax expense	**18,279**	9,232

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2020	**Leasehold land and building**	**Motor vehicles**	**Plant and machinery**	**Furniture, fittings and computer equipment**	**Right-of-use (ROU) assets**	**Capital work-in-progress**	**Total**
Cost							
At 1 January	90,529	10,042	77,821	37,610	79,291	22,107	317,400
Additions	10,827	790	5,057	5,086	12,520	16,274	50,554
Disposals	-	(496)	(1,219)	(26)	(3,557)	-	(5,298)
Transfers	7,059	195	8,644	5,762	-	(21,660)	-
At 31 December	**108,415**	**10,531**	**90,303**	**48,432**	**88,254**	**16,721**	**362,656**
Accumulated depreciation							
At 1 January	18,207	7,156	33,483	18,299	12,682	-	89,827
Charge for year	3,532	1,296	7,188	5,887	5,511	-	23,414
Release on disposals	-	(496)	(731)	(17)	(1,065)	-	(2,309)
At 31 December	**21,739**	**7,956**	**39,940**	**24,169**	**17,128**	**-**	**110,932**
Net book amount							
at 31 December 2020	**86,676**	**2,575**	**50,363**	**24,263**	**71,126**	**16,721**	**251,724**

Year ended 31 December 2019	Leasehold land and building	Motor vehicles	Plant and machinery	Furniture, fittings and computer equipment	Right-of-use (ROU) assets	Capital work-in-progress	Total
Cost							
At 1 January	88,235	9,687	70,979	32,572	36,074	4,255	241,802
Additions	1,193	355	7,904	4,977	43,217	20,721	78,367
Disposals	-	-	(2,769)	-	-	-	(2,769)
Transfers	1,101	-	1,707	61	-	(2,869)	-
At 31 December	90,529	10,042	77,821	37,610	79,291	22,107	317,400
Accumulated depreciation							
At 1 January	15,270	5,516	26,573	15,521	6,754	-	69,634
Charge for year	2,937	1,640	8,952	2,778	5,928	-	22,235
Release on disposals	-	-	(2,042)	-	-	-	(2,042)
At 31 December	18,207	7,156	33,483	18,299	12,682	-	89,827
Net book amount							
at 31 December 2019	72,322	2,886	44,338	19,311	66,609	22,107	227,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Loss/(profit) on disposal of property, plant and equipment

	2020	2019
Cost	**5,298**	2,769
Accumulated depreciation	**(2,309)**	(2,042)
Net book amount	**2,989**	727
Proceeds from disposal	**(2,422)**	(894)
Lease liabilities on ROU assets disposed	**(545)**	-
Loss/(profit) on disposal of property, plant and equipment	**22**	(167)

12. INTANGIBLE ASSETS

Software

Cost

	2020	2019
At 1 January	**46**	46
Additions	**875**	-
Write-off	**(46)**	-
At 31 December	**875**	46
Accumulated depreciation		
At 1 January	**46**	46
Charge for the year	**40**	-
Release on write-off	**(46)**	-
At 31 December	**40**	46
Net book amount		
At 31 December	**835**	-

13. INVESTMENT IN JOINT VENTURE

Investment in joint venture represents the carrying value of ordinary shares held by the Company in Road Safety Limited (RSL), a company incorporated and domiciled in Ghana. The Company holds 50% of ownership interest in RSL. The movement in investment in joint venture recognised in the financial statement is as follows:

	2020	2019
At 1 January	**608**	488
Share of profit	**200**	120
At 31 December	**808**	608

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Summarised financial information for joint venture

Set out below is the summarised financial information for RSL which is accounted for using the equity method.

Summarised statement of financial position

	2020	2019
Cash and cash equivalents	170	2
Other assets	2,089	1,506
Total current assets	2,259	1,508
Trade payables	(1,478)	(478)
Other current liabilities	(30)	(327)
Total current liabilities	(1,508)	(805)
Total non-current liabilities	(233)	(522)
Non-current assets	839	1,025
Net assets	1,357	1,206

Summarised statement of comprehensive income

	2020	2019
Revenue	4,135	3,862
Cost of sales	(1,588)	(1,498)
Gross profit	2,547	2,364
Depreciation and amortisation	(201)	(207)
General, selling and administrative expenses	(1,948)	(1,869)
Operating profit	398	288
Interest income	2	2
Other income	-	30
Profit before tax	400	320
Income tax expense	-	(80)
Net profit for the year	400	240

Reconciliation of the summarised financial information presented to the carrying amount of the Company's interest in the joint venture.

	2020	2019
Opening net assets	1,217	977
Profit for the year	400	240
Closing net assets	1,617	1,217
Interest in joint venture at 50%	808	608
Carrying amount	808	608

14. INVENTORIES

	2020	2019
Product stocks	77,288	79,758
Consumables	873	-
	78,161	79,758
Less: Provision	(374)	(740)
	77,787	79,018

Inventories recognised as an expense during the year ended 31 December 2020 amounted to GH¢1.238 million (2019: GH¢1.914 billion). These were included in cost of sales under note 6.

There was no write-down of inventories to net realisable value during the year ended 31 December 2020 (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(All amounts are in thousands of Ghana cedis unless otherwise stated)

15. TRADE AND OTHER RECEIVABLES

Financial assets at amortised cost

	2020	2019
Trade receivables (gross)	**104,688**	109,699
Less: loss allowance	**(15,078)**	(13,990)
Trade receivables – net	**89,610**	95,709
Amount due from staff	**724**	450
Other receivables	**9,249**	16,760
	99,583	112,919
Non-financial asset		
Prepayments	**9,988**	15,012
	109,571	127,931

The maximum amount of staff advances during the year did not exceed GH¢724,362 (2019: GH¢450,000).

The movement on provision for impairment of trade receivables is as follows:

	2020	2019
At 1 January	**13,990**	15,685
Increase/(decrease) during the year	**1,088**	(1,695)
At 31 December	**15,078**	13,990

The carrying amounts of trade and other receivables approximate their fair value due to their short-term nature.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2020	2019
Cash and bank balances	**38,419**	60,087
Bank overdraft (note 19)	**(22,746)**	(311)
	15,673	59,776

17. TRADE AND OTHER PAYABLES

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2020	2019
Trade payables	**259,197**	306,992
Other payables	**47,596**	86,596
Contract liabilities (customer incentive programme) – note 5	**1,260**	732
Accruals	**29,835**	11,478
	337,888	405,798

The carrying amounts of trade and other payables approximate their fair value due to their short-term nature.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

18. LEASES

(i) Amounts recognised in the statement of financial position

The balances arising from the Company's leasing activities are set out below:

Right-of-use assets	**2020**	2019
Office building	**23,285**	23,846
Service stations	**47,841**	42,763
	71,126	66,609

Right-of-use assets of the Company are included in 'Property, plant and equipment' in note 11. During the year ended 31 December 2020, total additions to right-of-use assets was GH¢12,519,729 (2019: (GH¢43,215,966).

Lease liabilities	**2020**	2019
Current	**6,201**	6,178
Non-current	**6,289**	8,597
	12,490	14,775

(ii) Amounts recognised in the statement of comprehensive income

	2020	2019
Office building	**646**	659
Service stations	**4,865**	5,269
	5,511	5,928
Interest expense (included in finance costs)	**1,801**	1,438

The total cash outflow for leases in 2020 was GH¢3,485,066 (2019: GH¢2,518,668).

The value of expenses relating to short-term leases, low-value assets and variable leases not included in lease liabilities is GH¢1,455,256 (2019: GH¢1,915,335). These leases are related to low-value service stations and short-term lease of buses.

19. BANK OVERDRAFTS

The Company has an unsecured overdraft facility not exceeding GH¢22 million with Societe Generale Ghana Limited attracting interest at 21% p.a. (2019: GH¢22 million).

The Company has an unsecured overdraft facility not exceeding the Ghana cedi equivalent US$9.5 million with Ecobank Ghana Limited attracting interest at the Ghana Reference Rate plus 0.78% p.a. (2019: Nil).

The Company has an unsecured overdraft facility not exceeding GH¢41 million with Stanbic Bank Ghana Limited attracting interest at the Ghana Reference Rate of 14.77% plus 0.4% (2019: GH¢41 million).

The Company has an unsecured overdraft facility not exceeding GH¢20 million with Standard Chartered Bank (2019: GH¢12 million).

The Company has an overdraft facility with clean security not exceeding GH¢12 million with Zenith Bank Ghana Limited attracting interest at 20% p.a.

The Company has an overdraft facility not exceeding GH¢21.576 million with Absa Bank Ghana Limited (2019: GH¢13.750 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(All amounts are in thousands of Ghana cedis unless otherwise stated)

20. BORROWINGS

2020	**At 1 January**	**Interest expense**	**Repayments**	**Exchange gain**	**At 31 December**
Term loan	**3,432**	**411**	**(3,509)**	**(334)**	**-**
2019	At 1 January	Interest expense	Repayments	Exchange gain	At 31 December
Term loan	7,664	425	(5,993)	1,336	3,432

	2020	2019
Non-current portion	**-**	-
Current portion	**-**	3,432
Total borrowings	**-**	3,432

The term loan relates to a two-year facility of GH¢9.745 million (US$2.050 million) from Ecobank Ghana Limited. The facility attracted an interest rate of 11% per annum. The period of the facility was from 17 July 2019 to 31 July 2020.

21. STATED CAPITAL

The authorised shares of the Company are 12,000,000 (2019: 12,000,000) ordinary shares of no par value. The shares have been issued as follows:

	Number of shares		**Amount**	
	2020	2019	**2020**	2019
Cash consideration	**5,283,900**	5,283,900	**2,220**	2,220
Consideration other than cash	**3,791,697**	3,791,697	**67**	67
Transfer from retained earnings	**1,491,203**	1,491,203	**24**	24
	10,566,800	10,566,800	**2,311**	2,311

The transfer from retained earnings is in accordance with Section 77(1) of the Companies Act, 2019 (Act 992).

There are no treasury shares and there are no calls or instalments unpaid on any share. There was no movement on stated capital during the year (2019: Nil).

22. RETAINED EARNINGS

Retained earnings represent cumulative earnings available for distribution to members of the Company subject to the requirements of the Companies Act, 2019 (Act 992). Movements in the retained earnings are shown in the statement of changes in equity on page 70 of these financial statements.

23. DIVIDENDS

At the next annual general meeting, the directors will recommend payment of a dividend of GH¢5.0270 per share amounting to GH¢53.120 million for the year ended 31 December 2020 (2019: GH¢3.6022 per share amounting to GH¢38.064 million). The amount has been set aside in equity as proposed dividend.

Payment of dividends is subject to the withholding tax rates of up to 8% depending on the resident status of the shareholders.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

24. OTHER RESERVES

Other reserves represent actuarial gains and losses on post-employment medical benefits recognised through other comprehensive income.

	2020	2019
At 1 January	**66**	321
Actuarial loss/(gain)	**124**	(340)
Deferred tax	**(31)**	85
At 31 December	**159**	66

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume all dilutive potential ordinary shares. The Company has no convertible notes and share options which could potentially dilute its earnings per share. Hence, basic and diluted earnings per share remain the same.

	2020	2019
Profit attributable to equity holders of the Company	**53,120**	38,064
Weighted average number of ordinary shares ('000)	**10,567**	10,567
Basic and diluted earnings per share expressed in GH¢ per share	**5.0270**	3.6022

26. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both. The Company is a subsidiary of Vivo Energy Ghana Holding B.V. The Company is also related to other entities through common shareholding or directorship.

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Vivo Energy Ghana Limited (directly or indirectly) and comprise the executive directors and senior management of Vivo Energy Ghana Limited.

Remuneration of executive directors and other key management personnel is as follows:

	2020	2019
Salaries and other short-term benefits	**7,271**	6,228
Pension and provident fund contributions	**263**	431
	7,534	6,659

Transactions with non-executive directors

Fees and allowances paid to non-executive directors during the year amounted to GH¢223,294 (2019: GH¢236,440).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Transactions with related parties
The following transactions were carried out with related parties during the year.
Purchase of products from related parties by the Company:

	2020	2019
Shell and Vivo Lubricants Ghana	**89,157**	179,176
Shell Vivo Lubricants DMCC	**67,365**	764
Chase Petroleum Group	**40,051**	51,878
Chase Logistics	**-**	56,935
Road Safety Limited	**1,058**	1,004
Sale of products:		
Helios Towers	**7,034**	3,998
Vitol Aviation	**144**	32
Services rendered by related parties:		
Shell Brands International AG	**16,903**	32,588
Vivo Energy Mali	**-**	34
Vivo Energy Senegal	**254**	-
Vivo Energy Tunisia	**94**	81
Chase Logistics	**30**	57
Shell & Vivo Lubricants DMCC	**-**	764
Road Safety Limited	**1,058**	1,004
Vivo Energy Local Union	**1**	-
Vivo Energy Africa Services	**34,455**	47,983
Services rendered to related parties:		
Vivo Energy Investments B.V.	**3,216**	6,300
Vivo Energy Senegal	**-**	249
Vivo Energy Tanzania	**174**	-
Vivo Energy Cote D'Ivoire	**207**	567
Vivo Energy Mali	**31**	-

Year end balances arising from transactions with related parties:

Amount due from related parties		
Vivo Energy Investments B.V.	**2,731**	1,738
Helios Towers	**-**	553
Vivo Energy Cote D'Ivoire	**135**	567
Vitol Aviation	**-**	51
Vivo Energy Tanzania	**13**	-
Vivo Energy Mali	**32**	-
	2,911	2,909
Amount due to related parties		
Shell and Vivo Lubricants DMCC	**19,256**	84
Shell and Vivo Lubricants Ghana	**3,656**	17,159
Shell Brands International AG	**4,070**	-
Chase Petroleum Group	**5,257**	21,403
Road Safety Limited	**97**	1,003
Vivo Energy Africa Services	**24,927**	9,076
Vivo Energy Mali	**-**	34
Vivo Energy Tunisia	**-**	81
	57,263	48,840

Amounts due to related parties and amounts due from related parties set out above are unsecured, non-interest bearing and are to be settled in cash within 12 months from the end of the reporting period. No guarantees have been given or received from related parties.

(All amounts are in thousands of Ghana cedis unless otherwise stated)

27. CONTINGENT LIABILITIES

i) The Ghana Revenue Authority (GRA) conducted a tax audit in respect of transfer pricing for the 2012 to 2016 years of assessment. The draft report estimates a preliminary additional tax exposure of GH¢67,952,148. Management has submitted a response to the GRA, contesting the claims reported by the GRA except the claim on advertising, marketing and promotion of the Shell brand amounting to GH¢773,501. The final amount will be determined and included in the final report of the GRA subject to the provision of further information by local management of Vivo Energy Ghana Limited and discussions with the GRA.

ii) The Company was involved in a number of lawsuits during the year. Management's assessment is that the claims against the Company cannot be reasonably estimated or determined and the probability of the outcome of the legal cases are uncertain (2019: Nil).

28. CAPITAL COMMITMENTS

At 31 December 2020, the Company had capital commitments amounting to GH¢1,657,860 (2019: GH¢1,574,452).

29. POST-EMPLOYMENT MEDICAL BENEFITS

The movement in the unfunded post-employment medical benefits during the year is as follows:

	2020	2019
At 1 January	**15,614**	14,235
Included in profit or loss:		
Current service costs	**159**	147
Curtailment	**-**	74
Interest expense	**2,250**	2,052
	2,409	2,273
Included in other comprehensive income:		
Actuarial remeasurement		
- (Gains)/losses due to experience on defined benefit obligations	**(124)**	340
	(124)	340
Other:		
Benefits paid	**(1,120)**	(1,234)
At 31 December	**16,779**	15,614

The most significant assumptions underlying the Company's post-employment benefit obligation are detailed below:

	2020	2019
Discount rate	**23.00%**	15.00%
Inflation rate	**12.00%**	10.00%
Medical inflation rate	**17.75%**	10.00%
Average medical cost per life (GH¢)	**6,050**	5,500

Discount rate

In 2020, the pension liability was calculated using a discount rate set with reference to the average interest rate of Government of Ghana Bonds issued with a maturity period of five years or more. However, in 2019, the pension liability was calculated using a discount rate set with reference to the Bank of Ghana's long-term inflation target as there were are no high-quality corporate bonds in Ghana. The discount rate is the rate that is used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. There are no plan assets supporting the pension obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(All amounts are in thousands of Ghana cedis unless otherwise stated)

The table below shows the sensitivity analysis:

Cash consideration	**At 31 December**	**Discount rate**	**Discount rate**
	2020	**+0.5%**	**-0.5%**
Post-employment medical benefits	**16,779**	**16,036**	**17,585**
	At 31 December	Discount rate	Discount rate
	2019	+0.5%	-0.5%
Post-employment medical benefits	15,614	14,888	16,406

Medical inflation and inflation rate

The Company's pension obligations are linked to inflation. Higher inflation will lead to higher liabilities. There are no plan assets meaning that an increase in inflation will increase the plan deficit.

The table below shows the sensitivity analysis:

Cash consideration	**At 31 December**	**Medical cost rate**	**Medical cost rate**
	2020	**+0.5%**	**-0.5%**
Post-employment medical benefits	**16,779**	**17,619**	**16,001**
	At 31 December	Medical cost rate	Medical cost rate
	2019	+0.5%	-0.5%
Post-employment medical benefits	15,614	16,440	14,853

Life expectancy

The plan's obligations are to provide medical benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. Decreases in life expectancy will result in a decrease in the plan liabilities.

Life expectancy

Expected maturity analysis of undiscounted post-employment medical benefits

At 31 December 2020	**Less than a year**	**Over 1 year**	**Total**
Post-employment medical benefits	**184**	**16,779**	**16,963**
At 31 December 2019			
Post-employment medical benefits	159	16,800	16,959

The expected benefit payment to the post-employment medical plan for the year ending 31 December 2021 is GH¢1,324,000 (2019: GH¢1,223,000).

The weighted average duration of the defined benefit obligation is 11 years (2019: 11 years).

30. EVENTS AFTER THE END OF THE REPORTING PERIOD

Ghana, the country in which the Company operates, continues to record new COVID-19 infections post 31 December 2020. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (examples are social distancing and working from home).

The infections, and measures taken by the government, have not impacted the directors' intention to continue to operate the Company as a going concern. It has not significantly affected the Company's ability to settle their obligations as and when they fall due. Management will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.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