

World Fuel Services Europe, Ltd.

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 04846814

World Fuel Services Europe, Ltd.

Company Information

Directors	Michael John Ranger Richard Donald McMichael Paul Thomas Vian
Company secretary	Reed Smith Corporate Services Limited
Company number	04846814
Registered office	The Broadgate Tower, Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

World Fuel Services Europe, Ltd.

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World Fuel Services Europe, Ltd.

Strategic Report For the Year Ended 31 December 2020

The Directors present herewith their Strategic Report and Directors' Report together with the audited financial statements of World Fuel Services Europe, Ltd. (the "Company") for the year ended 31 December 2020.

Principal activities

The Company, incorporated in England and Wales in the United Kingdom ("UK"), is a wholly-owned subsidiary of World Fuel Services UK Holding Company II Limited, also incorporated in England and Wales in the United Kingdom, which is a wholly-owned subsidiary of World Fuel Services Corporation, (the "Ultimate Parent Undertaking"), incorporated in the state of Florida, in the United States of America.

The Company offers fuel and related products and services to commercial and industrial customers in the Aviation and Marine transportation industries. Up to 1 October 2019, the Company offered the sale of land fuel, lubricants and services in the land transportation market. On 1 October 2019, the Company sold the entirety of its wholesale land business contracts, relating to the sale of land fuels, lubricants and services, and related assets to WFL (UK) Limited, a related company.

In the aviation segment, the Company primarily purchases and resells fuel and other products, as well as provides aviation fueling and other related services. In the marine segment, the Company primarily purchases and resells fuel and also acts as brokers for others. In the land segment, up until its disposal, the Company primarily sold fuel and lubricants. Corporate expenses are allocated to each segment based on usage, where possible, or other factors according to the nature of the activity. The Company evaluates and manages business segments using the performance measurement of income from operations. Within each of the segments, the Company may utilise related group companies to enter into derivative contracts to mitigate the risk of market price fluctuations and also to offer customers fuel pricing alternatives to meet their needs.

Management does not envisage a significant change in the principal activities of the Company in the foreseeable future.

Business review and future outlook

Up to 1 October 2019, the business was comprised of three individual segments: the supply of aviation fuel, the bunkering of marine fuel, and the marketing of fuel to petroleum distributors in the land transportation market. On 1 October 2019, the Company sold the entirety of its wholesale land business contracts and related assets to WFL (UK) Limited, a related company and therefore the Company has two reportable segments during 2020.

The financial statements show total revenues, comprising of continuing operations, for the year ended 31 December 2020 of \$1,284million (2019: continuing and discontinued operations of \$2,722million) primarily as a result of a decrease in jet and marine fuel prices, coupled with the impact of COVID-19.

The COVID-19 pandemic precipitated a significant reduction in demand for commercial air travel, which resulted in a 62% decrease in jet fuel volume sold, from 487 million gallons in 2019 to 183 million gallons in 2020. This volume decline, combined with a 28% decline in the average price of jet fuel from \$2.05/gallon in 2019 to \$1.46/gallon in 2020, drove the decrease in aviation segment revenue during the year ended 2020. The aforementioned price and volume declines resulted in a decrease in aviation gross profit.

Revenues and gross profit in our marine segment were lower for the year ended 2020, driven by lower average prices and volume sold in 2020. The average bunker price per metric ton sold was \$315.74, compared to \$385.49 in 2019. The volume decline from 9.3 million tons to 7.1 million tons or 24% was driven principally by the effects of the pandemic on demand across our core resale businesses.

The decrease in total operating expenses was primarily due to lower employee compensation and benefits costs, including lower incentive bonuses. Furthermore, as part of our cost-reduction initiatives, we materially reduced certain general and administrative expenses during 2020. Total operating expenses were also impacted by charges principally associated with the Group's decision to rationalise our global office footprint.

World Fuel Services Europe, Ltd.

Strategic Report (continued) For the Year Ended 31 December 2020

Business review and future outlook (continued)

Finance income includes interest income on several loan receivables as disclosed in note 16. The finance income increased \$7.1 million from \$24.2 million in 2019 to \$31.3 million in 2020 due to larger outstanding principal balances during 2020.

Finance expense includes exchange losses and borrowing costs. Foreign exchange losses declined by \$26.7 million from \$32.7 million in 2019 to \$6.0 million in 2020. The lower exchange losses resulted from a more effective strategy to manage foreign currency exposures at a corporate group level. Finance costs nominally decreased \$0.4 million from \$35.0 million in 2019 to \$34.6 million in 2020.

The Directors are satisfied with the results for the financial year. Looking forward, opportunities exist for the Company to benefit from the recovery of the global aviation industry from the demand destruction that occurred as a consequence of the COVID-19 pandemic. Moreover, notwithstanding the potentially negative impacts of Brexit on the Company's licenses, the Company will continue to evaluate opportunities to continue its strategy of expanding the number of airport locations at which it supplies fuel, particularly in countries outside the European Union, which markets have historically exhibited faster demand growth than their more mature, European counterparts. Accordingly, management is optimistic that such geographic expansion will contribute to improved profitability as the global economy and the international aviation sector emerge from the effects of the COVID-19 pandemic. With regard to marine activity, we do not foresee significant volume growth in a marine market that continues to be challenged from a demand and competition perspective, save for the expectation of some modest improvement in cruise sector volumes post-pandemic.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services Group (further referred to as 'Group') and are not managed separately. World Fuel Services Corporation is the Ultimate Parent Undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, the Ultimate Parent Undertaking, are discussed from page 8 of the 2020 annual report on Form 10-K which does not form part of this report but is publicly available. Principal risks and uncertainties have been discussed further in the Directors' Report.

Key performance indicators ("KPIs")

The Company's Directors monitor progress and strategy by reference to the following KPIs, which have been presented for both total operations as well as continuing operations to aide understanding of the Company's ongoing operations:

Total	2020 \$'000	2019 \$'000	Change \$'000	Change %
Revenue	1,283,927	2,721,832	(1,437,905)	(53%)
Profit before income tax	34,659	37,773	(3,114)	(8%)
Continuing operations	2020 \$'000	2019 \$'000	Change \$'000	Change %
Revenue	1,283,927	2,583,708	(1,299,781)	(50%)
Profit before income tax	34,659	37,788	(3,129)	(8%)

Refer to the business review and future outlook on page 1 for details explaining the operating results for the year.

World Fuel Services Europe, Ltd.

Strategic Report (continued) For the Year Ended 31 December 2020

Streamlined Energy and Carbon Reporting

In line with the UK reporting guidelines, under the new Streamlined Energy and Carbon Reporting (SECR) regulations, in the table below the Company details the UK emissions and energy consumed for the year ended 31 December 2020.

The calculation methodologies followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. The 2020 UK Government's Conversion Factors for Company Reporting have been used as well as an operational approach to define boundary and scope. Reasonable estimates and assumptions consistent with such guidance have been used where necessary.

The primary data source includes:

- Sub-metered energy consumption which has been provided by the landlord for both gas and electricity emissions;
- Expense claims on a pence per mile for mileage claims for transport. The data calculated from expense claims is calculated using a rate of 45p per mile with a fuel type ratio fuel type split 30% Petrol, 70% diesel.

The SECR reporting covers only the sites operating within the UK.

	Units	2020
Emissions from combustion of gas (Scope 1)	tCO ₂ e	19.58
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	-
Emissions from purchased electricity (Scope 2)	tCO ₂ e	45.74
Emissions from generation of electricity consumed in a transmission and distribution system for which the Company does not own or control (Scope 3)	tCO ₂ e	3.93
Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	0.84
Total gross emissions		<u>70.09</u>
Energy consumption used to calculate above emissions	kWh	306,228
Intensity measurement	\$ Turnover	1,283,927,016
Intensity ratio	tCO ₂ /\$M	0.05

The Company's energy usage and carbon footprint are integrated with the sustainability reporting of the Group and are not managed separately. The environmental commentary of World Fuel Services Corporation Group, is discussed from page 20 of the Sustainability Report, which does not form part of this report.

World Fuel Services Corporation Group believes that environmental stewardship is at the core of our business. As such, we must continuously seek to identify opportunities to make a positive contribution to protect our environment and reduce the impact of our global operations. We are committed to doing our part by reducing emissions in our operations.

During 2020 the Group has improved fuel economy by reducing the overall age profile of our truck fleet through the procurement of newer, more fuel-efficient vehicles, whilst concurrently increasing the use of automation tools to optimise our delivery routes, enabling us to serve more customers per mile travelled.

World Fuel Services Europe, Ltd.

Strategic Report (continued) For the Year Ended 31 December 2020

Streamlined Energy and Carbon Reporting (continued)

In response to the challenges arising from the COVID-19 pandemic, the Group took swift action to ensure the safety of our employees and other stakeholders by implementing our business continuity and emergency response plans and maximizing remote work throughout our global offices. Since the first quarter of 2020, many of our employees have been collaborating virtually with our customers, suppliers and each other using the information-sharing tools and technology that we have invested in over the last several years. While we expect that a number of our offices will remain open during 2022, we believe that remote work will continue to be an integral part of our response plan as we monitor and assess public health developments and make appropriate adjustments to support the well-being of our employees. Together with the transitioning our data centres to the cloud, these initiatives are expected to reduce office energy consumption, along with lessening the requirement for Heating, Ventilation and Air Conditioning (HVAC).

Further to reducing energy consumption, we currently source 100% renewable power for all our UK operations and have offset all residual emissions associated with our transport fleet since 2019 and will continue to do so each year.

The United Kingdom's (UK) withdrawal from the European Union (EU)

On 23 June 2016, the UK held a referendum in which British voters approved an exit from the EU, commonly referred to as "Brexit". On 31 January 2020, the UK finally exited the EU pursuant to the terms of a withdrawal agreement concluded between the UK government and the EU Council (the "Withdrawal Agreement"). The Withdrawal Agreement allows for a transition period through 31 December 2020, during which the UK's trading relationship with the EU will remain largely unchanged whilst UK and the EU will continue to negotiate the terms of their ongoing relationship.

After an 11-month transition period, in December 2020, the UK and the EU announced a new bilateral trade and cooperation deal which has been applied provisionally since 1 January 2021 but is subject to formal approval by the European Parliament and the Council of the European Union before it comes into effect. However, we continue to face risks associated with the unavoidable uncertainties related to Brexit and the new relationship between the UK and EU, including potential disruption of our supply chains and the free movement of goods, services and people between the UK and the EU. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, including with respect to tax regulations and certain licenses or other rights granted to us under EU laws. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the UK and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.

Given the extensive nature of trading in the EU, management is continuously considering the impact of Brexit on the Company. Trading in the EU is of significant importance to the wider Group. The Directors have therefore confirmed that World Fuel Services Corporation, the Ultimate Parent Undertaking of the Company, will support the Company in the implementation of the approved plan, once determined, to mitigate any potentially negative impact on the business.

Health and safety

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Operations Integrity Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

World Fuel Services Europe, Ltd.

Strategic Report (continued) For the Year Ended 31 December 2020

Section 172(1) statement

In line with the Directors' duties, under section 172(1) of the Companies Act 2006, the Directors must act in a way that is considered in good faith and would most likely promote the success of the Company, for the benefit of its members, as a whole. In 2020, whilst fulfilling their duties to promote the success of the Company, the Directors considered the interests of key stakeholders, having regard, amongst other matters to:

- a) The likely consequences of any decision in the long term;
- b) The interest of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly between members of the Company.

The Directors discharge their section 172 duty by taking these and other relevant factors into consideration when making decisions. The Directors ensure key decisions are aligned with the strategy, vision and values of the Group, details of which can be found at: <https://ir.wfscorp.com/corporate-responsibility>.

The Directors' duties and decisions made on behalf of the Company, are supported by access to the Group and corporate governance policies and practices. The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, while delivering long-term value to its shareholders, employees, customers, suppliers, communities and other stakeholders. Further, the Group collectively believes that successful stewardship of the environment and natural resources, as well as positive engagement with the communities in which the Group operates, will translate to long-term value for society and ultimately define the Company's success.

In 2020, the Directors focused heavily upon managing the liquidity and cost structure of the Company in order to ensure the continuity of the Company through the COVID-19 pandemic. The principal decisions made by the Directors in the financial year included the following:

- The Company made a cash contribution to, World Fuel Services Belgium BBVA, increasing the value of the investment in the subsidiary (note 15);
- The decision to exit the legacy London office lease, which was terminated after the Balance Sheet date, and subsequent entry into a more cost-effective lease at a new location in order to accommodate staffing changes precipitated by the COVID-19 pandemic;
- Participation by the Company in the UK Government's Coronavirus Job Retention Scheme;
- Conducting continuous reviews of the safety of our employees and the subsequent timing and process for returning to office for office based employees;
- Mitigation of the impact of changes to license agreements necessitated by Brexit.

The impact of the key decisions included the following stakeholder considerations:

- Our customers: were considered throughout to promote the goal that decisions made properly balanced a desire to avoid adverse impact on the high standards and/or reliability of the services provided;
- Our people: appropriate consultations were held to consider the wellbeing and safety of our employees;
- Our community and regulators: were considered through continuous review of new and existing regulations in relation to the Company's impact on the environment and local community, to promote the goal that decisions made by the Company were in compliance with the relevant laws and regulations.

Principal risks and uncertainties that could impact the Company's long-term performance are integrated with the principal risks of the Group, which are discussed above in the Strategic Report (page 2).

World Fuel Services Europe, Ltd.

Strategic Report (continued) For the Year Ended 31 December 2020

Going concern

The Company's profit after tax for the financial year was \$26.5 million (2019: \$39.6 million). At 31 December 2020 the Company had net current liabilities of \$1,182.2 million (2019: \$667.5 million) and net assets of \$666.5 million (2019: \$640.0 million).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services Europe, Ltd. has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements. As a result of the support from the Ultimate Parent Undertaking, the Directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Fuel Services Corporation group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the ultimate parent's ability to provide adequate financial support for at least 12 months from the date of the audit report.

This report was approved by the board and signed on its behalf by:



Richard Donald McMichael
Director

Date: 17 December 2021

World Fuel Services Europe, Ltd.

Directors' Report For the Year Ended 31 December 2020

Directors

The Directors who served during the financial year ended 31 December 2020 and up to the date of signing the financial statements are as follows:

Richard Donald McMichael
Paul Thomas Vian
Michael John Ranger

Directors' indemnities

The Company provides an indemnity for the Directors of the Company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. In addition, the Ultimate Parent Undertaking maintains liability insurance for its directors and officers. The qualifying third party indemnity was in place during the year ended 31 December 2020 and as at the date of approval of the Annual Report.

Dividends

The Company did not pay an interim dividend for the year ended 31 December 2020 (2019: \$nil). No final dividend is proposed for the year ended 31 December 2020 (2019: \$nil).

Employee involvement and employment of disabled persons

The employees of the Company are systematically provided with information on matters which concern them as employees. Employees or their representation are regularly consulted when decisions are taken which are likely to affect their interests. The Directors continue to provide information to the employees in order to achieve employee awareness of financial and economic factors affecting the Company. The Company maintains a policy of giving fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, the Company uses its best endeavours to ensure continued employment.

Financial risk management

The financial risk management of the Company is handled by the Ultimate Parent Undertaking as part of the operations of the Group. The financial risk objectives, policies and exposures are described in the financial statements of the Ultimate Parent Undertaking from page 8 of the 2020 annual report on Form 10-K which does not form part of this report.

The Company is exposed to the following risks arising in the normal course of business:

Currency risk

The Company's cash flows are largely denominated in US Dollars. There are certain occasions, during the normal course of business, whereby the Company is required to enter into transactions in foreign currencies. The Company limits the associated risk from these transactions to an acceptable level through the use of foreign currency hedging contracts. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

Price risk

(i) Fixed price purchases and sales

The Company is exposed to price risk to the extent that it enters into fixed price fuel purchase and/or sale commitment contracts. The Company will mitigate its price risk associated with these fixed price fuel commitment contracts through the use of offsetting fixed price fuel commitment contracts or commodity derivative contracts for fuel purchases. The Company does not enter into these derivative contracts for fuel purchases directly, as the wider Group manages this through specified group undertakings.

World Fuel Services Europe, Ltd.

Directors' Report (continued) For the Year Ended 31 December 2020

Financial risk management (continued)

Price risk (continued)

(ii) Fuel inventory

The Company is exposed to price risk to the extent that the Company may maintain fuel inventory for competitive reasons. The Company may not be able to sell inventory at market value or average cost reflected in the financial statements due to a decline in fuel price which may result in a write-down of inventory cost. The Company mitigates its price risk associated with fuel inventory holdings through the use of commodity derivative contracts. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

Interest rate risk

The Company has exposure to interest rate risk due to various loans with related parties, of which, interest is based on LIBOR plus a fixed rate (note 16 and 19). An increase in LIBOR could mean an increase in interest payable and interest receivable. A decrease in LIBOR could mean a decrease in interest payable and interest receivable.

Credit risk

The Company has exposure to credit risk through cash and cash equivalents and the extension of unsecured credit to customers in the normal course of business. The Company reviews the banks and financial institutions holding deposits for acceptability given the availability of banking institutions in each location. The Company's exposure to credit losses will depend on the financial condition of customers and other factors beyond the control of the Company, such as deteriorating conditions in the world economy or in the aviation, marine and land transportation industries, political instability, terrorist activities, military action and natural disasters in our market areas.

As part of the price risk management services offered by the Company, the Company offers customers various pricing structures on future purchases of fuel, as well as derivative products designed to assist customers in hedging their exposure to fluctuations in fuel prices through another Group company. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

The Company has credit standards and performs credit evaluations of customers and suppliers, which are based in part on the credit history with the applicable party.

Cash flow risk

The Company is exposed to cash flow risk to the extent that customers do not settle outstanding amounts as they fall due, and suppliers do not extend favourable terms of credit to the Company.

The Company mitigates this risk by negotiating terms of payment with both suppliers and customers to ensure that the Company has sufficient funds to continue to trade and settle outstanding amounts as they fall due.

Liquidity risk

The Company relies on credit arrangements with suppliers as a significant source of liquidity. Tightening of the global credit markets could adversely affect the Company's ability to obtain credit as and when needed on commercially reasonable terms. Management believes that the Company can obtain financing from either third parties or related companies with terms acceptable to the Company as the need arises.

Post balance sheet events

Loan amendments

On 4 February 2021, the Company as lender and Quintessentially (UK) Limited as borrower amended the existing loan agreement, originally dated 3 September 2019, to extend the maturity date to 31 July 2022. All other terms remained unchanged.

World Fuel Services Europe, Ltd.

Directors' Report (continued) For the Year Ended 31 December 2020

Post balance sheet events (continued)

Loan amendments (continued)

On 13 May 2021, the Company as borrower and Nordic Camp Supply ApS as lender amended the existing loan agreement, originally dated 1 March 2011, to extend the loan for an additional 2 years effective 1 March 2021 and ending 1 March 2023.

On 27 August 2021, the Company as lender and Quintessentially (UK) Limited as borrower amended the existing loan agreement, originally dated 31 July 2018, to increase the maximum available under the loan to £10,000,000 (\$13,672,970). All other terms remained unchanged.

Leased office

In the second quarter of 2021, the Company terminated the lease agreement of one of its leased offices which was vacated during the second quarter of 2020 and had an original end date of June 2023. The gain on reversal of the estimated unavoidable lease payments recorded at abandonment date was mainly offset by the applicable surrender fees paid at termination date.

Impact of COVID-19

In March 2020, the World Health Organization (“WHO”) declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. As a result, beginning in the first quarter of 2020, the industry and generally the global economic conditions have been significantly impacted by the pandemic.

In response to these developments, we took swift action to ensure the safety of employees and other stakeholders and initiated a number of initiatives relating to cost reduction, liquidity and operating efficiencies. We experienced a decline in demand and related sales, as large sectors of the global economy were adversely impacted by the crisis.

Consequently, our results remained well below pre-pandemic levels. Since the level of activity in our business and that of our customers has historically been driven by the level of economic activity, we expect these negative impacts to continue through 2021. Any subsequent recovery will be dependent on, among other things, the actions taken by governments and businesses to contain and combat the virus, the speed and effectiveness of vaccine development and distribution, as well as how quickly, and to what extent, normal economic and operating conditions can resume on a sustainable basis.

The Company’s risks and uncertainties relating to COVID-19 are integrated with the principal risks of the World Fuel Services Corporation group and are not managed separately. The principal risks and uncertainties of World Fuel Services Corporation are discussed from page 8 of the 2020 annual report on Form 10-K which does not form part of this report.

Stakeholders’ engagement statement

The Company’s key stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking, World Fuel Services Corporation (note 23). The Company does not manage key stakeholder engagement separately. The Group regularly engages with key stakeholders to better understand their perspectives, including areas such as our business strategies, financial performance and matters of corporate governance. This dialogue has helped inform the Group’s decision-making processes and ensure interests remain well-aligned with those of its key stakeholders.

World Fuel Services Europe, Ltd.

Directors' Report (continued) For the Year Ended 31 December 2020

Stakeholders' engagement statement (continued)

The Group assessed the importance of a variety of stakeholders and the potential impact of the Group's operations and actions on those stakeholders in determining its key stakeholders. The key stakeholders to the Company include the other Group companies, our customers and suppliers, our people, and the communities in which we operate. The Group engages with key stakeholders in a number of ways. Stakeholder engagement includes, but is not limited to, regular communication with customers, suppliers and members of the communities in which the Company operates on matters that of importance to such stakeholders, regular employee town hall meetings, quarterly and year-end performance presentations and investing back into its communities through supporting charities and other initiatives.

Statement of Corporate Governance

The Company's Ultimate Parent Undertaking, World Fuel Services Corporation (the "Parent" and together with its subsidiaries, the "Group"), is publicly listed on the New York Stock Exchange and has established a comprehensive framework for oversight, control and regulation of the Parent and the Group, which includes among other things, Corporate Governance Principles, Related Person Transaction Policy, and a Code of Conduct that applies to the Group and its respective employees, directors and officers (including principal executive, financial and accounting officers) (collectively, the "Policies"). The Policies can be found on the Parent's website at www.wfscorp.com and/or described in its filings with the United States Securities and Exchange Commission ("SEC") at www.sec.gov. The Parent has also implemented a set of internal controls, processes, practices and procedures (collectively, the "Controls," and together with the Policies, the "Governing Principles") designed to enable the effective and efficient operation of the Group and its businesses, promote the Group's success and deliver long-term sustainable value to the Group's stakeholders.

As the Governing Principles apply to the Company and incorporate the essential elements of effective corporate governance, the Company has not adopted a separate corporate governance code such as the Wates Corporate Governance Principles. However, the following describes a number of the ways in which the Company applied the Governing Principles during the financial year in the context of the Wates Principles:

- **Purpose and Leadership:** The Company's board of directors actions are aimed at continuously developing and promoting the purpose of the Company and ensuring that the values, strategy, and cultures align with that of the Group. In 2020 this included engaging with employees and taking prompt action in light of the COVID-19 pandemic to ensure their safety, as well as that of the Company's other stakeholders, by implementing the Company's business continuity and emergency response plans and maximizing remote work wherever possible.
- **Board Composition:** The composition of the Board is regularly reviewed to ensure that the Board's size and structure is appropriate in light of the scale and complexity of the Company's business and that the Directors possess the experience, skills, diversity of background and qualities necessary to perform his or her duties as a director and to contribute to the Company's success. Each of the Directors is an employee of the Company or another entity in the Group.
- **Director Responsibilities:** To assist in their stewardship of the Company, the Directors utilize various processes and procedures established within the Group, including access to legal and corporate secretarial resources, to obtain a variety of information and operating metrics that support effective decision-making. Through these means, the Directors are able to monitor the performance of management to assure that the long-term interests of the Company's stakeholders are served.
- **Opportunity and Risk:** The Governing Principles reflect the underlying premise that the Group's ability to deliver sustainable long-term value requires that its governance structure support opportunities for growth as well as manage material risks. The Group's risk management framework and internal controls enable the Directors to leverage global functional resources to effectively oversee opportunities, risks and rewards that promote the long-term success of the Company. Recent examples of matters considered through this framework include environmental, social and governance issues, such as climate change, human rights and employee development, health and well-being.

World Fuel Services Europe, Ltd.

Directors' Report (continued) For the Year Ended 31 December 2020

Statement of Corporate Governance (continued)

- Remuneration: Each of the Directors is an employee of the Company or another entity within the Group. The compensation program for senior management and all other employees of the Group is structured to directly align compensation levels with current and future performance that creates value for the Group's shareholders, employees, suppliers, customers and other stakeholders. The detailed description of the compensation program philosophy and objectives can be found in the Parent's filings with the SEC.
- Shareholder Relationships and Engagement: The Directors strive to foster effective stakeholder relationships aligned to the Company's values and purpose. The Company's key stakeholders and the directors' considerations in respect such stakeholders are integrated with the principles of the Group and discussed further below.

Future developments

Refer to the Strategic Report (page 2) for a description of future developments in the business.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be re-appointed during the year in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Richard Donald McMichael

Director

Date: 17 December 2021

World Fuel Services Europe, Ltd.

Directors' Responsibilities Statement For the Year Ended 31 December 2020

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

World Fuel Services Europe, Ltd.

Independent Auditor's Report to the members of World Fuel Services Europe, Ltd.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of World Fuel Services Europe, Ltd. ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

World Fuel Services Europe, Ltd.

Independent Auditor's Report to the members of World Fuel Services Europe, Ltd. (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report and in the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and Strategic report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report nor in the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 (UK) 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.

World Fuel Services Europe, Ltd.

Independent Auditor's Report to the members of World Fuel Services Europe, Ltd. (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

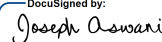
- We obtained an understanding of the legal and regulatory frameworks applicable to the entity and determined that the most significant which are directly relevant to the specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with those legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures, corroborating our enquiries through our review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations; and
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management from various parts of the business to understand where it is considered there was a susceptibility to fraud. We also considered the processes and controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those process controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Joseph Aswani (*Senior Statutory Auditor*)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 20 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

World Fuel Services Europe, Ltd.

Statement of Comprehensive Income For the Year Ended 31 December 2020

		2020 \$'000	Continuing Operations 2019 \$'000	Discontinued Operations 2019 \$'000	Total 2019 \$'000
	Note				
Revenue	5	1,283,927	2,583,708	138,124	2,721,832
Cost of sales		<u>(1,188,840)</u>	<u>(2,437,337)</u>	<u>(137,021)</u>	<u>(2,574,358)</u>
Gross profit		95,087	146,371	1,103	147,474
Administrative expenses		(52,532)	(62,816)	(4,045)	(66,861)
Other operating income		725	-	-	-
Operating profit / (loss)	6	43,280	83,555	(2,942)	80,613
Finance income	10	32,000	21,964	2,927	24,891
Finance expense	11	(40,621)	(67,731)	-	(67,731)
Profit / (loss) before taxation		34,659	37,788	(15)	37,773
Income tax (expense) / credit	12	(8,114)	1,848	-	1,848
Profit / (loss) for the financial year after taxation and total comprehensive income / (loss) for the year		26,545	39,636	(15)	39,621

All amounts presented for the year ended 31 December 2020 relate to continuing operations.

There was no other comprehensive income or loss during the year ended 31 December 2020, or the year ended 31 December 2019.

The notes on pages 19 to 42 form part of these financial statements.

World Fuel Services Europe, Ltd.

Registered number: 04846814

Balance Sheet As at 31 December 2020

	Note	2020 \$'000	2019 \$'000
Non-current assets			
Intangible assets	13	13,210	16,842
Property, plant and equipment		670	1,704
Deferred tax assets	14	4,390	2,818
Investments	15	557,761	557,411
Loan notes receivable	16	1,287,555	851,551
		<u>1,863,586</u>	<u>1,430,326</u>
Current assets			
Loan notes receivable	16	2,735	389,991
Inventory	17	11,277	11,520
Income tax receivable		11,451	29,265
Trade and other receivables	18	1,012,040	1,075,434
Cash and cash equivalents		262,741	22,793
		<u>1,300,244</u>	<u>1,529,003</u>
Total assets		<u>3,163,830</u>	<u>2,959,329</u>
Non-current liabilities			
Borrowings	19	13,493	122,231
Lease obligations	19	1,393	599
		<u>14,886</u>	<u>122,830</u>
Current liabilities			
Borrowings	19	494,757	234,386
Trade and other payables	20	1,982,688	1,962,150
Provisions for liabilities	21	4,991	-
		<u>2,482,436</u>	<u>2,196,536</u>
Total liabilities		<u>2,497,322</u>	<u>2,319,366</u>
Net current liabilities		<u>(1,182,192)</u>	<u>(667,533)</u>
Net assets		<u>666,508</u>	<u>639,963</u>
Equity			
Share capital	22	-	-
Share premium	22	2,618	2,618
Retained earnings		663,890	637,345
Total shareholders' funds		<u>666,508</u>	<u>639,963</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Richard Donald McMichael
Director

Date Dec 17, 2021

The notes on pages 19 to 42 form part of these financial statements.

World Fuel Services Europe, Ltd.

Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total shareholders' funds \$'000
Balance at 1 January 2019	-	2,618	597,724	600,342
Profit for the financial year after taxation and total comprehensive income for the year	-	-	39,621	39,621
Balance at 31 December 2019	-	2,618	637,345	639,963
Profit for the financial year after taxation and total comprehensive income for the year	-	-	26,545	26,545
Balance at 31 December 2020	-	2,618	663,890	666,508

The notes on pages 19 to 42 form part of these financial statements.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

World Fuel Services Europe, Ltd. ("the Company") is a private company, limited by share capital, incorporated and domiciled in England and Wales in the United Kingdom. The Company is a wholly-owned subsidiary of WFS UK Holding Company II Limited, also incorporated in England and Wales in the United Kingdom, which is a wholly-owned subsidiary of World Fuel Services Corporation, (the "Ultimate Parent Undertaking"), incorporated in the state of Florida, in the United States of America.

The Company offers fuel and related products and services to commercial and industrial customers in the Aviation and Marine transportation industries. Up to 1 October 2019, the Company offered the sale of land fuel, lubricants and services in the land transportation market. On 1 October 2019, the Company sold the entirety of its wholesale land business contracts, relating to the sale of land fuels, lubricants and services, and related assets to WFL (UK) Limited, a related company.

In the aviation segment, the Company primarily purchases and resells fuel and other products, as well as provides aviation fueling and other related services. In the marine segment, the Company primarily purchases and resells fuel and also acts as brokers for others. In the land segment, up until its disposal, the Company primarily sold fuel and lubricants. Corporate expenses are allocated to each segment based on usage, where possible, or other factors according to the nature of the activity. The Company evaluates and manages business segments using the performance measurement of income from operations. Within each of the segments, the Company may utilise related group companies to enter into derivative contracts to mitigate the risk of market price fluctuations and also to offer customers fuel pricing alternatives to meet their needs.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (note 4).

The following principal accounting policies have been applied:

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.2 Financial reporting standard 102 - reduced disclosure exemptions

As a qualifying entity, the Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 'Statement of Financial Position' paragraph 4.12(a)(iv);
- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation paragraph' 3.17(d);
- the requirements of Section 11 'Financial Instruments' paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 'Other Financial Instruments' paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 'Share-based Payment' paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 'Related Party Disclosures' paragraph 33.7

This information is included in the consolidated financial statements of World Fuel Services Corporation as at 31 December 2020 and these financial statements may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

3.3 Consolidated financial statements

The financial statements contain information about World Fuel Services Europe, Ltd. as an individual Company and do not contain consolidated financial information as the parent of a Group of investment undertakings. The Company has taken the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare, for the current year, consolidated financial statements as it and its subsidiary undertakings are included in the consolidated statements of its Ultimate Parent Undertaking, World Fuel Services Corporation, a company incorporated in the United States of America, and may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

3.4 Going concern

The Company's profit after tax for the financial year was \$26.5 million (2019: \$39.6 million). At 31 December 2020 the Company had net current liabilities of \$1,182.2 million (2019: \$667.5 million) and net assets of \$666.5 million (2019: \$640.0 million).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services Europe, Ltd. has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements. As a result of the support from the Ultimate Parent Undertaking, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements. Whilst COVID-19 has had an effect on the World Fuel Services Corporation group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the ultimate parent's ability to provide adequate financial support for at least 12 months from the date of the Audit Report.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD. All amounts in the financial statements have been rounded to the nearest thousand (\$'000).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average rate during the period in which the transaction occurred.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within finance income / (expenses).

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, and discounts allowed by the Company and value added taxes and other sales taxes.

(i) Sale of fuel

Revenue from the sale of fuel is recognised when the Company has delivered fuel to the customer; the customer has accepted the fuel, the amount of revenue can be reliably measured; and it is probable that future economic benefits will flow to the Company.

The Company generates fuel sales as a fuel reseller as well as from on-hand inventory supply. When acting as a fuel reseller, the Company generally purchases fuel from the supplier, and contemporaneously resells the fuel to the customer, normally taking delivery for purchased fuel at the same place and time as the delivery is made to the customer.

Revenue and costs arising from the sale of the fuel are therefore presented gross in the Statement of Comprehensive Income as the Company generally takes inventory risk, has latitude in establishing the sales price, has discretion in the supplier selection, maintains credit risk and is the primary obligor in the sales arrangement.

(ii) Rendering of services

Revenue from services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.6 Revenue recognition (continued)

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.7 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations: The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(iv) Share-based payments

World Fuel Services Corporation, the Ultimate Parent Undertaking has established several share-based payment plans under which it makes share-based awards to certain of its employees as well as employees of its subsidiaries.

The Company records expenses for the share-based payments based on a direct charge from the Ultimate Parent Undertaking. This charge is based on the fair value of the awards made to employees of the Company under the share award schemes.

3.8 Current and deferred income tax

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.8 Current and deferred income tax (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is not discounted.

3.9 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life, which as at the Balance Sheet date does not exceed 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Statement of Comprehensive Income.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Identified intangibles	3 to 10

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Impairments are charged to the Statement of Comprehensive Income as they are required. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.11 Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Furniture, fixture and office ventures	3 to 8
Plant, machinery and equipment	5

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

3.12 Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(ii) Finance leases

The Company has not entered into any finance leases during the current year, or in the comparative period.

3.13 Investments

(i) Investments in subsidiary companies

Investments in subsidiary companies are held at cost less accumulated impairment losses.

(ii) Investments in associates

Investments in associates are held at cost less accumulated impairment losses.

3.14 Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.15 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3.17 Financial instruments

The Company has chosen to apply the recognition and measurement provisions of Section 11 of FRS 102.

(i) Financial assets

The Company classifies its financial assets in the following categories: financial assets held for trading and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets from related and non-related parties with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the Balance Sheet date which are classified as non-current assets. The Company's loans and receivables are within loan notes receivable in the Balance Sheet.

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

3. Accounting policies (continued)

3.17 Financial instruments (continued)

The Company has entered into a trade receivable finance arrangement whereby certain of its trade receivables are sold to a third party bank on a daily and bi-daily basis to two financial institutions respectively. Trade receivables subject to this arrangement are derecognised if it is assessed that substantially all risks and rewards and rights to receive cash flows have been transferred. Generally, the arrangement does not satisfy derecognition criteria, therefore the trade receivables continue to be recognised in the financial statements with a corresponding payable recorded under trade and other payables for any amounts of cash advanced to the Company under the arrangement.

(ii) Financial liabilities

Trade payables represent obligations to pay for goods and services provided to the Company in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3.18 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income within other operating income in the same period as the related expenditure. This balance relates to the UK Government's Coronavirus Job Retention Scheme ("furlough"). The Company has not directly benefited from any other forms of government assistance.

3.19 Discontinued operations

A discontinued operation is a component of the Company that has either been disposed of or meets the criteria to be classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

The results of the discontinued operations are analysed separately from continuing operations in the Statement of Comprehensive Income. The results of all operations are presented in total.

3.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

4. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Judgements in applying accounting policies

The judgements in applying accounting policies at the Balance Sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Transfer pricing

The Company enters into a number of transactions with related group companies. The Company considers a number of estimates when entering these transactions to ensure that they are conducted on an arm's length basis. When assessing whether transactions with other group companies have been conducted on an arm's length basis, the Directors note that these decisions involve the input of internal and external tax advisers to the Company, including an analysis of comparable companies and groups who operate in similar markets to the worldwide Group.

ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including current market and industry conditions and historical experience.

Carrying value of investments

The Company reviews the valuation of its investments for impairment annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows.

Carrying value of amounts due from group undertakings

The Company makes an estimate of the recoverable value of amounts due from group undertakings. When assessing impairment of amounts due from group undertakings, management considers factors including current market and industry conditions, and historical experience and World Fuel Services Corporation, the Ultimate Parent Undertakings, pledges to correct the financial position of the entities, so that no credit loss is incurred by the Company

Carrying value of loan notes receivable from group undertakings

The Company makes an estimate of the recoverable value of loan notes receivable from group undertakings. When assessing impairment of loan notes receivable, management considers factors including current market and industry conditions, and historical experience and World Fuel Services Corporation, the Ultimate Parent Undertakings, pledges to provide adequate financial support for a period of at least 12 months following the date of the Independent Auditor's Report for the Company's year end, to ensure the balances are recovered by the Company.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

5. Revenue

An analysis of revenue by market is as follows:

	2020 \$'000	2019 \$'000
Marine	965,429	1,584,225
Aviation	318,498	999,483
Land	-	138,124
	<u>1,283,927</u>	<u>2,721,832</u>

The Company discontinued its operations in the Land segment from 1 October 2019.

A geographical analysis of revenue by geographical location is as follows:

	2020 \$'000	2019 \$'000
United Kingdom	59,803	218,834
Rest of Europe	1,224,124	2,502,998
	<u>1,283,927</u>	<u>2,721,832</u>

6. Operating profit / (loss)

Operating profit is stated after charging:

	2020 \$'000	2019 \$'000
Depreciation	500	675
Operating lease charges	3,308	3,085
Provision for onerous leases	4,992	-
Impairment of trade receivables	1,344	10,970
Amortisation of intangible assets (note 13)	3,632	3,761
Audit fees payable to the Company's auditors		
- For the audit of the Company's annual financial statements	120	85
- For the preparation of the financial statements	2	2
	<u>2</u>	<u>2</u>

The Company is a participant in a multi-currency notional cash pooling arrangement that allows the daily excess in certain currencies that may exist in any single group member to be used by other participating Group members. The Group participants are all related companies. The Company pays \$1k per month to World Fuel Services European Holding Company I, Limited, the Group leader of the multi-currency notional cash pooling arrangement. The Company paid \$12k during the year ended 31 December 2020 (2019: \$12k).

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

7. Employee costs

Particulars of employee costs are as follows:

	2020	2019
	\$'000	\$'000
Wages and salaries	23,068	27,784
Social security costs	3,279	4,803
Other pension costs	1,811	1,809
	28,158	34,396

The amounts above represent remuneration paid to employees, however during the year the Company received government grants of \$837k (GBP £647k) (2019: \$nil) in relation to the UK Government's Coronavirus Job Retention Scheme ("furlough").

Other pension costs for the year ended 31 December 2020 and 31 December 2019 relate entirely to defined contribution pension plans.

The average monthly number of persons employed by the Company, including Directors, during the year ended 31 December 2020 and 31 December 2019 were as follows:

	2020	2019
	No.	No.
Sales	116	111
Administration	207	195
	323	306

The figures above are inclusive of 94 (2019: nil) employees who were placed on furlough under the UK Government's Coronavirus Job Retention Scheme. Those employees were placed on furlough for an average of 2 months during the year ended 31 December 2020.

8. Share-based payments

The Ultimate Parent Undertaking operates several share-based payment plans under which it awards share-based payments to certain of its employees and to certain employees of the Company. The Company recognised an equity-settled share-based compensation credit for the year ended 31 December 2020 of \$182k (2019: expense of \$461k). The current share based compensation Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee") of the Ultimate Parent Undertaking. The Plan is unlimited in duration and, in the event of its termination, the Plan will remain in effect as long as any awards granted under it remain outstanding. No awards may be granted under the Plan after May 2026. The persons eligible to receive awards under the Plan are employees, officers, and members of the Board of Directors, or any consultant or other person who performs services for the Group. The term and vesting period of awards granted are established on a per grant basis, but options or share appreciation rights may not remain exercisable after the seven-year anniversary of the date of the grant.

Restricted Share Equity Awards

There were no restricted share grants during the year ended 31 December 2020 (2019: no restricted share grants).

Restricted Stock Unit ('RSU') Awards

There were 2,403 RSU's granted during the year ended 31 December 2020 (2019: 43,448).

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

9. Directors' Remuneration

	2020	2019
	\$'000	\$'000
Aggregate remuneration	1,911	1,709
Company contributions to defined contribution pension scheme	19	25
	1,930	1,734

	2020	2019
	No.	No.
The number of Directors who:		
Are members of a defined contribution pension scheme	1	1
Exercised share options	2	2
Had awards receivable in the form of shares under a long-term incentive scheme	2	2
	2	2

The highest paid Director's emoluments were as follows:

	2020	2019
	\$'000	\$'000
Aggregate remuneration	1,146	930
Company contributions to defined contribution pension scheme	-	-
	1,146	930

The highest paid director received shares under the long-term incentive scheme (2019 - one) and exercised share options in exchange for shares during the year (2019 - one).

10. Finance income

	2020	2019
	\$'000	\$'000
Interest receivable on loan notes	31,275	24,224
Dividend income	725	667
	32,000	24,891

11. Finance expense

	2020	2019
	\$'000	\$'000
Interest payable on borrowings	14,719	20,209
Other financing costs	2,154	4,605
Interest payable on intercompany balances	17,734	10,192
Foreign exchange loss	6,014	32,725
	40,621	67,731

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

12. Income tax

	2020 \$'000	2019 \$'000
Current taxation		
UK corporation tax on profits of the year	6,454	-
Adjustments in respect of previous years	3,232	(499)
Total current taxation	<u>9,686</u>	<u>(499)</u>
Deferred taxation		
Originating and reversal of timing differences (note 14)	(1,572)	(1,349)
Total deferred taxation	<u>(1,572)</u>	<u>(1,349)</u>
Total tax expense/(credit) on profits for the year	<u>8,114</u>	<u>(1,848)</u>

Factors affecting tax expense/(credit) for the year

The tax charge is higher (2019: lower) than the standard UK Corporation tax of 19% (2019 - 19%) due to certain factors. The factors affecting the tax charge are reconciled below:

	2020 \$'000	2019 \$'000
Profit on ordinary activities before tax	34,659	37,773
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	6,585	7,177
Effects of:		
Timing differences	344	(1,408)
Permanent differences - items not deductible	2,885	2,948
Group losses claimed for nil consideration	(4,932)	(10,066)
Adjustments in respect of previous years	3,232	(499)
Total tax expense/(credit) for the year	<u>8,114</u>	<u>(1,848)</u>

Factors affecting current and future tax charges

On 12 March 2020, The Chancellor of the Exchequer announced that instead of the main rate of corporation tax reducing to 17% from 1 April 2020 as planned, it would remain at 19% for the foreseeable future. However this was further updated as part of the Chancellor's Budget announced in March 2021, whereby it was confirmed that the standard rate of corporation tax would rise to 25% from 1 April 2023.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

13. Intangible assets

The net book value of the Company's intangible assets as at 31 December 2020 is presented below:

	Cost \$'000	Accumulated amortisation \$'000	Net book value \$'000
Goodwill			
At 1 January 2020	70,813	(53,971)	16,842
Amortisation	-	(3,632)	(3,632)
At 31 December 2020	<u>70,813</u>	<u>(57,603)</u>	<u>13,210</u>
Identified intangibles			
At 1 January 2020	1,493	(1,493)	-
At 31 December 2020	<u>1,493</u>	<u>(1,493)</u>	<u>-</u>
As at 31 December 2020	<u>72,306</u>	<u>(59,096)</u>	<u>13,210</u>
As at 31 December 2019	<u>72,306</u>	<u>(55,464)</u>	<u>16,842</u>

There was no impairment recognised in the year ended 31 December 2020 (2019: \$Nil).

14. Deferred tax assets

	Accelerated tax depreciation \$'000	Share based compensation \$'000	Non- deductible interest \$'000	Other \$'000	Total \$'000
1 January 2019	(46)	155	280	1,080	1,469
Credited/(charged) to income statement	12	757	(280)	860	1,349
31 December 2019	<u>(34)</u>	<u>912</u>	<u>-</u>	<u>1,940</u>	<u>2,818</u>
Credited/(charged) to income statement	(505)	43	-	2,034	1,572
31 December 2020	<u>(539)</u>	<u>955</u>	<u>-</u>	<u>3,974</u>	<u>4,390</u>

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

15. Investments

	Shares in subsidiary undertakings \$'000
Cost	
As at 1 January 2020	557,411
Additions	350
As at 31 December 2020	557,761
Net book value 31 December 2020	557,761
Net book value 31 December 2019	557,411

On 29 June 2020, the Company made a cash contribution of \$225k to World Fuel Services Belgium BBVA, an entity the Company has an interest in, increasing its investment in the Company.

The following entities are wholly owned by the Company:

Name of Company	Country of incorporation	Principal business activities	Address	Percentage of ownership
World Fuel Services Aviation Limited	United Kingdom	Aviation fuel	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%
World Fuel Services France SAS	France	Aviation fuel	Gare De Lyon, 37-39 Av Ledru Rollin, Paris 12, 75012, France	100%
Kinect Energy UK Limited	United Kingdom	Energy management	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%
World Fuel Services Italy S.R.L	Italy	Aviation fuel	Corso Vercelli 40, Milano (MI) CAP 20145, Italy	100%
Orchard (Holdings) UK Limited	United Kingdom	Investment holding company	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%
Avcard Services (BVI), Ltd.	British Virgin Islands	Oil trading	ECSL, Jayla Place, Wickham's Cay I, Road Town, Tortola, British Virgin Islands	100%
NCS UK Holding Company Limited	United Kingdom	Investment holding company	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

15. Investments (continued)

The Company has interest in the following entities:

Name of Company	Country of incorporation	Principal business activities	Address	Percentage of ownership
World Fuel Services Pakistan (Private) Limited	Pakistan	Oil trading	#730, 7th Floor, Executive Tower Dolmen Mall, Clifton, Karachi, Pakistan	1%
World Fuel Services CZ S.r.o.	Czech Republic	Oil trading	Prague 8, Karlín, Karolinska 661/4, 186 00, Czech Republic	1%
World Fuel Services Belgium BVBA	Belgium	Land fuel	De Keyserlei 58-60 bus 19, 2018 Antwerpen, Belgium	47.8%
PPT Aviation Services Limited	Cyprus	Oil trading	1 Kilkis Street, Larnaca, Cyprus	25%
World Fuel Services Peru S.R.L.	Peru	Provision of fuel	D AV. Victor A. Belaunde 147, Centro Empresarial Real Edificio Real 3, Piso 12 Lima 27, Peru	0.1%
World Fuel Services Kenya Limited	Kenya	Oil trading	Icea Building, Nairobi City (North), Starehe District, PO Box 30330, postal code: 00100	99.9%
PT Servicios de Guatemala Limitada	Guatemala	Aviation fuel	Diagonal 6 10-01, Zona 10, Centro Gerencial Las Margaritas Torre, 2 Oficina, 1101 Guatemala	1%
Hellenic Aviation Fuel Company SA	Greece	Aviation fuels marketing	145 Vasileos Pavtlou, 1900, Spata, Athens, Greece	50.99%
Exeno Yamamizu	Japan	Marine transportation	4-4-2, Nihonbashi Hon-cho Chuo-ku, Tokyo, 103-0023, Japan	5%
Tramp Oil & Marine (Chile) Limitada	Chile	Oil trading	Avenida Nueva Libertad, 1405, Vina del Mar, Chile	99.99%
Tramp Oil & Marine (Argentina) S.R.L.	Argentina	Oil trading	Juan Maria Gutierrez, Piso 7, Oficina 703, Buenos Aires, 3765 Argentina	5%
WFS Agencia de Naves Limitada	Chile	Oil trading	Avenida Nueva Libertad 1405, Vina del Mar, Chile	1%
World Fuel Services Argentina S.R.L.	Argentina	Oil trading	Juan Maria Gutierrez, Piso 7, Oficina 703, Buenos Aires, 3765 Argentina	10%

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

15. Investments (continued)

The followings entities are wholly owned by the Company's subsidiaries as at 31 December 2020:

Name of Company	Country of incorporation	Principal business activities	Address	Percentage of ownership
Redline Oil Services Limited	United Kingdom	Provision of manpower services	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%
Orchard Energy Limited	United Kingdom	Energy broker	The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS, UK	100%
World Fuel Services International (Panama) LLC	Panama	Oil trading	Nicanor de Obarrio Avenue, 50th Street, Credicorp Bank Building, 26th Floor, Panama City, Panama	100%
World Fuel Cayman Holding Company IV	Cayman Islands	Investment holding company	Clifton House, 75 Fort Street, Grand Cayman KY1-1108, PO Box 1350, Cayman Islands	100%
World Fuel International S.R.L	Costa Rica	Oil trading	Sabana Business Centre, Piso 11, 68th Street and Boulevard, San Jose, 5173-1000, Costa Rica	100%
World Fuel Services Trading DMCC	United Arab Emirates	Oil trading	Office 2003 A, Swiss Tower, Cluster Y, Jumeirah Lakes Towers, PO Box 340513, Dubai	100%
Trans-Tec international S.R.L	Costa Rica	Oil Trading	Sabana Business Centre, Piso 11, 68th Street and Boulevard, San Jose, 5173-1000, Costa Rica	100%
World Fuel Services (Bahamas) LLC	Bahamas	Oil Trading	Suite 12, Caves Village Plaza, PO Box CB - 11148, Nassau, Bahamas	100%

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

15. Investments (continued)

The followings entities are partly owned by the Company's subsidiaries as at 31 December 2020:

Name of Company	Country of incorporation	Principal business activities	Address	Percentage of ownership
Tramp Oil & Marine (Argentina) S.R.L.	Argentina	Oil trading	Juan Maria Gutierrez, Piso 7, Oficina 703, Buenos Aires, 3765 Argentina	95%*
WFS Agencia de Naves Limitada	Chile	Oil trading	Avenida Nueva Libertad 1405, Vina del Mar Vina del Mar, Chile	99%*
World Fuel Services (Chile) Limitada	Chile	Oil trading	Avenida Nueva Libertad 1405, Vina del Mar Vina del Mar, Chile	75% and 25%*
World Fuel Services Argentina S.R.L.	Argentina	Oil trading	Juan Maria Gutierrez, Piso 7, Oficina 703, Buenos Aires, 3765 Argentina	90%*
World Fuel Services (KG) LLC	Kyrgyzstan	Fuel storage	154 Kievskaya Street, Apartment 61, Bishkek, Kyrgyz Republic	5%
World Fuel Services (Panama) LLC	Panama	Oil trading	Nicanor de Obarrio Avenue, 50th Street, Credicorp Bank Building, 26th Floor, Panama City, Panama	50% and 50%*
WFL Mozambique, LDA	Mozambique	Oil trading	Urban District 1, Sommerschild Area, Kenneth Kaunda Ave; No 783, Maputo City, Mozambique	99%
Manchester Airport Storage and Hydrant Company Limited	United Kingdom	Fuel storage and hydrant system operation	One, Bartholomew Close, London, United Kingdom, EC1A 7BL	25%

*The Company indirectly holds 100% ownership of this entity through being the sole shareholder of the parent.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

16. Loan notes receivable

	Current \$'000	Non-current \$'000
Balance at 1 January 2019	-	517,396
Additions in year	377,991	346,155
Transfer to short term	12,000	(12,000)
Balance at 31 December 2019	<u>389,991</u>	<u>851,551</u>
Additions in year (see <i>Note A</i> and <i>Note B</i> below)	6,264	42,484
Transfer to long term (see <i>Note C</i> below)	(12,000)	12,000
Transfer to long term (see <i>Note A</i> below)	(9,229)	9,229
Transfer to long term (see <i>Note D</i> below)	(375,026)	375,026
Transfer to short term (see <i>Note E</i> below)	2,735	(2,735)
Balance at 31 December 2020	<u>2,735</u>	<u>1,287,555</u>

Amounts due in greater than one year (non-current)

On 29 December 2015, the Company entered into a loan facility of \$25,000k with a related company, WFL (UK) Limited. The loan has no date of settlement required of either party in the foreseeable future. Both parties have confirmed that the loan will not be required to be settled for a period of at least 12 months from the Balance Sheet date. The loan bears interest of LIBOR + 3.5% per annum, payable annually. The Company recognised interest income during the year of \$1,369k (2019: \$784k).

On 1 November 2018 an existing loan note of \$1,300k at interest of 7% with World Fuel Services Argentina S.A. was extended for 5 years ending on 1 November 2023 (previously due on 20 December 2018). Interest is payable annually. The Company recognised interest income during the year of \$91k (2019: \$91k).

On 21 October 2016, the Company entered into a loan facility of \$15,000k with World Fuel Services France SAS for a period of 7 years ending on 21 October 2023. The loan bears a fixed interest rate of 4.81% per annum, with interest payable annually. The Company recognised interest income during the year of \$760k (2019: \$685k).

Note A

On 25 March 2020, the Company entered into an amended agreement with Quintessentially (UK) Limited, a related company, relating to a loan agreement originally dated 31 July 2018, previously amended on 27 March 2019, to increase the maximum available under the loan to £2,750k (\$3,760k). The loan was subsequently amended on 13 July 2020 to increase the maximum available borrowing to £2,950k (\$4,034k). On 13 July 2020, a further amendment was entered into to amend the maximum available borrowing under the loan to £6,750k (\$9,229k). As at 31 December 2020, the maximum amount of £6,750k (\$9,229k) (2019: GBP £2,250k, USD \$2,965k) is outstanding. The loan is due on 7 July 2022. Subsequent to the year end, on 27 August 2021, the Company further amended the loan agreement to increase the maximum available under the loan to £10,000k (\$13,673k). All other terms remained unchanged. The Company recognised interest income during the year of \$191k (2019: \$nil).

Note B

As at 31 December 2020, a balance of \$850,000k is outstanding (2019: \$807,616k) on a loan facility with the Ultimate Parent Company, World Fuel Services Corporation. The facility has a maximum of \$850,000k, bears interest at 2.11% annually and has a maturity date of 27 December 2022. The Company recognised interest income during the year of \$14,751k (2019: \$11,567k).

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

16. Loan notes receivable (continued)

Amounts due in greater than one year (non-current) (continued)

Note C

On 29 December 2015, the Company entered into a loan of \$12,000k with a related company, WFS UK Holding Company III Limited, for a period of 5 years ending on 29 December 2020. The loan bears interest of LIBOR + 3.5%, payable annually. On 29 December 2020, the Company agreed to an extension of the maturity date to 29 December 2023. All other terms remained unchanged.

Note D

On 28 August 2019, the Company entered into a loan agreement of \$625,026k with a related company, The Lubricant Company Limited. The loan bears and fixed rate of interest equal to one-year USD Libor + 2.5% per annum, with interest to be paid in full at the end of the term. On 28 August 2020, the loan was amended to reduce the principal balance to \$375,026k and the term was extended until 28 August 2023 following a repayment of part of the principal of \$250,000k in the prior year. All other terms remained unchanged. As at 31 December 2020, a balance of \$375,026k (2019: \$375,026k) is outstanding and the Company recognised interest income during the year of \$13,442k (2019: \$13,045k).

Amounts due within one year (current)

Note E

On 3 September 2019, the Company entered into a loan agreement of £2,000k with a related company, Quintessentially (UK) Limited, with a maturity date of 31 January 2021 and an interest premium of 25%. As at 31 December 2020, the maximum amount of £2,000k (\$2,735k) (2019: GBP £2,000k, USD \$2,635k) remains outstanding. The increase during the year relates to foreign exchange. On 4 February 2021, the Company agreed to an extension to the maturity date to 31 July 2022. All other terms remained unchanged. The Company recognised interest income during the year of \$453k (2019: \$nil).

17. Inventory

	2020	2019
	\$'000	\$'000
Marine fuel	6,182	6,186
Land fuel	3,086	2,016
Aviation fuel	2,009	3,318
	<u>11,277</u>	<u>11,520</u>

There is no material difference between the replacement cost of inventories and the amounts stated above.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

18 Trade and other receivables	2020 \$'000	2019 \$'000
Trade receivables	119,089	244,508
Less: provision for impairment of receivables	(11,160)	(10,182)
Trade receivables – net	<u>107,929</u>	<u>234,326</u>
Value added tax receivable	2,701	15,011
Amounts due from group undertakings	828,169	778,667
Interest receivable on loan notes	70,740	39,558
Other current assets	927	960
Prepayments and accrued income	1,574	6,912
	<u><u>1,012,040</u></u>	<u><u>1,075,434</u></u>

Amounts due from group undertakings are unsecured, non-interest bearing and are repayable on demand.

All amounts are due within 1 year.

19. Borrowings	2020 \$'000	2019 \$'000
Non-current		
Loan facility with a related company	13,493	122,231
Other creditors	1,393	599
	<u>14,886</u>	<u>122,830</u>
Current		
Loan facility with a related company	494,757	234,386
	<u>509,643</u>	<u>357,216</u>

Amounts owed within one year (current)

On 1 March 2011, the Company entered into a loan facility with a related company, Nordic Camp Supply ApS, for a period of 5 years. On 1 March 2016, the facility was extended by a further 5 years expiring on 1 March 2021. The loan includes a maximum borrowing by the Company of \$200,000k. The loan facility bears interest of three-month LIBOR + 3.5%. The Company has outstanding borrowings under the loan facility of \$115,552k at 31 December 2020 (2019: \$96,329k). The Company recorded interest expense on borrowings during the year ended 31 December 2020 of \$6,145k (2019: \$9,276k). Accumulated interest at 31 December 2020 is \$32,047k (2019: \$25,902k). The borrowings and any interest payable are due and payable at the expiry date. Subsequent to year end, the maturity date was extended to 1 March 2023. All other terms remained unchanged.

On 1 March 2015, the Company entered into a demand note and financing facility with a related company, Nordic Camp Supply B.V., for a period of 5 years. The facility includes a maximum borrowing by the Company of \$300,000k. Effective 1 January 2018, the facility was amended to increase the maximum available to \$500,000k. The demand note and financing facility bears interest rate determined based on an average of a benchmark group of B rated UK corporate bond yields for a 12-month period. The Company has outstanding borrowings under the loan facility of \$302,687k at 31 December 2020 (2019: \$198,358k). The Company recorded interest expense on borrowings during the year ended 31 December 2020 of \$8,442k (2019: \$11,133k). Accumulated interest at 31 December 2020 is \$44,471k (2019: \$36,028k). The borrowings and any interest payable were due and payable on 1 March 2020. As part of the loan agreement, upon maturity, the facility automatically renews in one year periods unless either party notifies the other in advance that it does not intend to renew. Since neither party has elected to notify the other, the current repayable date for this facility is 1 March 2021.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

19. Borrowings (continued)

Amounts owed in greater than one year (non-current)

On 1 November 2020, the Company entered into a demand note and financing facility agreement as borrower from Kinect Energy Netherlands B.V. with a term of 3 years, repayable on 1 November 2023. The facility includes a maximum available of Euro €50,000k. Interest is determined at one-year LIBOR + 2.5%. As at 31 December 2020, outstanding borrowings under this facility are \$13,493k (Euro €11,000k).

20. Trade and other payables

	2020	2019
	\$'000	\$'000
Trade payables	78,151	192,431
Customer deposits	79,703	56,399
Amounts owed to group undertakings	1,787,635	1,654,319
Amounts owed to related parties (see note 24)	623	3,158
Other payables	36,576	55,843
	<u>1,982,688</u>	<u>1,962,150</u>

The amounts owed to group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

Other payables relate predominantly to trade receivables sold to a third party during the financial years ended 31 December 2020 and 2019. As at 31 December 2020, the carrying amount of trade receivables sold but not derecognised for accounting purposes amounted to \$32.1 million (2019: \$47.8 million). The Company recorded a corresponding liability for this amount, which is presented within other payables.

21. Lease commitments

The Company had one office (2019: one office), which is held as an operating lease. The Company also rents two storage tanks (2019: two) for fuel storage also held as operating leases. Subsequent to year end, the Company exited the office lease (see note 26). The future aggregate minimum lease payments under non-cancellable operating leases as at 31 December 2020 are as follows:

	2020	2019
	\$'000	\$'000
<i>Payments due:</i>		
Not later than one year	5,332	2,011
Later than one year and not later than five years	13,207	8,623
Later than five years	9,621	7,524
	<u>28,160</u>	<u>18,158</u>

In the second quarter of 2021, the Company terminated the lease agreement of one of its leased offices which was vacated during the second quarter of 2020 and had an original end date of June 2023. As the early exit of the lease was highly probable at 31 December 2020 there is an onerous lease provision of \$5.0m on the Balance Sheet at 31 December 2020. The gain on reversal of the estimated unavoidable lease payments recorded in 2021 at the abandonment date was mainly offset by the applicable surrender fees paid at termination date.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

22. Share capital and reserves

	2020	2019
	\$	\$
Allotted, called-up and fully paid:		
10 ordinary shares of £0.10 each (2019: 10)	2	2
1 ordinary share of £1.00 (2019: 1)	1	1
	<u>3</u>	<u>3</u>
	2020	2019
	\$'000	\$'000
Share premium account	<u>2,618</u>	<u>2,618</u>

The Company has issued 10 shares with a nominal value of £0.10 per share translated to USD at an historic exchange rate of 1.79389.

On 29 August 2018, the Company, in accordance with Part 13 Chapter 2 of the Companies Act 2006, passed a special resolution to reduce the Company's share capital by USD \$450,000,000, by transferring such amount from the Company's share premium account to its distributable reserves.

The Company's reserves are as follow:

- Called up share capital represents the nominal value of the shares issued.
- Share premium represents the amounts received in excess of the value of each individual ordinary share in issue.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Ultimate parent undertaking

The immediate parent undertaking is WFS UK Holding Company II Limited, a company incorporated in England and Wales in the United Kingdom.

The Ultimate Parent Undertaking and controlling party is World Fuel Services Corporation, a company incorporated in the United States of America.

World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of World Fuel Services Corporation may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

24. Related party transactions

The Company holds two loan note receivables with Quintessentially (UK) Limited, whereby the Company is the lender. A wider group undertaking, WFS UK Holding Partnership LP, holds interest of 26.75% in the entity thereby making Quintessentially (UK) Limited a related party. Refer to note 16 above for details of the loan notes receivable between the Company and Quintessentially (UK) Limited.

The Company entered into transactions with PPT Aviation Services Limited, an entity in which the Company owns 25%. The Company acts as an agent for the supply of fuel to customers in Cyprus on behalf of PPT Aviation Services Limited, with the risk and rewards of the transactions remaining with PPT Aviation Services Limited. The Company has a balance payable to PPT Aviation Services Limited of \$229k as at 31 December 2020 (2019: \$1,059k). Revenue relating to agency commission of \$674k for the year ended 31 December 2020 (2019: \$1,031k) has been recorded. The balances outstanding are unsecured and due on demand. All transactions were undertaken on an arms-length basis.

World Fuel Services Europe, Ltd.

Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

24. Related party transactions (continued)

The Company has a balance with a subsidiary, Hellenic Aviation Fuel Company SA, of which the Company owns 51%. The Company acts as an agent for the supply of fuel to customers in Greece on behalf of Hellenic Aviation Fuel Company SA, with the risk and rewards of the transactions remaining with Hellenic Aviation Fuel Company SA. The Company has a balance payable to Hellenic Aviation Fuel Company SA of \$394k as at 31 December 2020 (2019: \$2,099k). Revenue relating to agency commission of \$126k for the year ended 31 December 2020 (2019: \$67k) has been recorded. The balances outstanding are unsecured, and due on demand. All transactions were undertaken on an arms-length basis.

25. Guarantees

The Company, along with other non-US subsidiaries of the World Fuel Services Corporation Group, has cross guaranteed any amounts due under a senior credit facility held by fellow group undertakings. At the balance sheet date, the amount outstanding under these facilities guaranteed by non-US subsidiaries was \$43.31m (2019: \$44.44m).

The Company has access to a foreign bills of negotiation facility as part of the BG New Borrowing Group for an amount of \$8.0m (£6.0m) (2019 - \$8.0m (£6.0m)). As at the year end, no amounts were utilised under this facility (2019 - \$Nil). This facility is due for review in December 2021 and no changes are expected as at the date of approving these financial statements.

The Company also has guaranteed amounts on behalf of various customers. At the year end the liabilities covered by these guarantees totaled USD \$548,104, GBP £885,440 and EUR €20,671,244 (2019 – USD \$548,104, GBP £1,100,000 and EUR €16,813,777).

26. Post balance sheet events

Loan amendments

On 4 February 2021, the Company as lender and Quintessentially (UK) Limited as borrower amended the existing loan agreement, originally dated 3 September 2019, to extend the maturity date to 31 July 2022. All other terms remained unchanged.

On 13 May 2021, the Company as borrower and Nordic Camp Supply ApS as lender amended the existing loan agreement, originally dated 1 March 2011, to extend the loan for an additional 2 years effective 1 March 2021 and ending 1 March 2023.

On 27 August 2021, the Company as lender and Quintessentially (UK) Limited as borrower amended the existing loan agreement, originally dated 31 July 2018, to increase the maximum available under the loan to £10,000,000 (\$13,672,970). All other terms remained unchanged.

Leased office

In the second quarter of 2021, the Company terminated the lease agreement of one of its leased offices which was vacated during the second quarter of 2020 and had an original end date of June 2023. The gain on reversal of the estimated unavoidable lease payments recorded at abandonment date was mainly offset by the applicable surrender fees paid at termination date.