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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-K**

|  |  |  |  |  |  |  |  |  |  |  |  |
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| (Mark One) | | |  | | |  | | |  | | |
| ☒ | | | ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 | | | | | | | | |
|  | | | For the fiscal year ended | | | | | | December 31, 2021 | | |
|  | | | | | |  | | | OR | | |
| ☐ | | | TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 | | | | | | | | |
|  | | | For the transition period from      to | | | | | | | | |
|  | | | COMMISSION FILE NUMBER | | | | | | 001-09533 | | |

WORLD FUEL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Florida** | | | **9800 N.W. 41st Street,** | | | | | | | | | | | | **Miami,** | | | **Florida** | | | **33178** | | | **59-2459427** | | |
| (State or other jurisdiction of incorporation or organization) | | | (Address of Principal Executive Offices) (Zip Code) | | | | | | | | | | | | | | | | | | | | | (I.R.S. Employer Identification No.) | | |
|  | | | Registrant’s telephone number, including area code: | | | | | | | | | | | | | | | | | | | | |  | | |
|  | | |  | | | **(** | | | **305** | | | **)** | | | **428-8000** | | | | | | | | |  | | |
|  | | | Securities registered pursuant to Section 12(b) of the Act | | | | | | | | | | | | | | | | | | | | |  | | |
| Title of each class | | | Trading Symbol (s) | | | | | | | | | | | | | | | | | | | | | Name of each exchange on which registered | | |
| **Common Stock, $0.01 par value** | | | **INT** | | | | | | | | | | | | | | | | | | | | | **New York Stock Exchange** | | |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐  No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an "emerging growth company". See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2021, the registrant’s most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the market price at which the common equity was last sold was $1.973 billion.

As of February 18, 2022, the registrant had approximately 63,443,635 shares of outstanding common stock, par value $0.01 per share.

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**PART I**

**Item 1. Business**

**Overview**

World Fuel Services Corporation (the "Company") was incorporated in Florida in July 1984 and along with its consolidated subsidiaries is referred to collectively in this Annual Report on Form 10-K ("2021 10-K Report") as "World Fuel," "we," "our," and "us."

We are a leading global fuel services company, principally engaged in the distribution of fuel and related products and services in the aviation, land and marine transportation industries. In recent years, we have expanded our land product and service offerings to include energy advisory services and supply fulfillment for natural gas and power to commercial, industrial and government customers. Our intention is to become a leading global energy management company offering a full suite of energy advisory, management and fulfillment services, technology solutions, payment management solutions, as well as sustainability products and services across the energy product spectrum. We believe that we can have a significant impact on advancing the energy transition to lower carbon alternatives through expanding our portfolio of energy solutions and providing customers with greater access to sustainably sourced energy as well as mechanisms to compensate for residual emissions in the near term.

We are a signatory to the United Nations ("U.N.") Global Compact and are focused on supporting the U.N.'s principles on human rights, labor, the environment and anti-corruption through progressing our goals and objectives. We have implemented enhancements to our policies, processes, and governance structure to further strengthen our support of environmental, health, safety, sustainability, diversity, equity and inclusion and other social responsibility issues and impacts.

We conduct our operations through numerous locations both within the United States ("U.S.") and throughout various foreign jurisdictions. Our principal executive office is located at 9800 Northwest 41st Street, Miami, Florida 33178 and our telephone number at this address is 305‑428‑8000. Our internet address is https://www.wfscorp.com and the investor relations section of our website is located at https://ir.wfscorp.com. We make available free of charge, on or through the investor relations section of our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with the Securities and Exchange Commission ("SEC") as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Also posted on our website are our Code of Conduct ("Code of Conduct"), Board of Directors’ committee charters and Corporate Governance Principles. Our internet website and information contained on our internet website are not part of this 2021 10-K Report and are not incorporated by reference in this 2021 10-K Report.

A reference to a "Note" herein refers to the accompanying Notes to the Consolidated Financial Statements within Part IV. Item 15. Notes to the Consolidated Financial Statements included in this 2021 10-K Report.

**Reportable Segments**

We operate in three reportable segments consisting of aviation, land, and marine, where we offer fuel and related products and services to customers in these transportation industries.

Profit from our segments is generally determined by the volume and the unit margin achieved on fuel resales. Profitability in our segments also depends on our operating expenses, which may be materially affected to the extent that we are required to provide for potential credit losses. Corporate expenses are allocated to each segment based on usage, where possible, or other factors according to the nature of the activity. We evaluate and manage our business segments using the performance measure of income from operations.

Financial information with respect to our business segments, the geographic areas of our business and our customers is provided below and within Note 13. Business Segments, Geographic Information and Major Customers.

**Aviation Segment**

We provide global aviation fuel supply and comprehensive service solutions to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low-cost carriers, airports, fixed-based operators, corporate fleets, charter and fractional operators and private aircraft. Our aviation-related service offerings include fuel management, price risk management, ground handling, 24/7 global dispatch services, and trip planning services, including flight planning and scheduling, weather reports and overflight permits. We also supply fuel and provide services to U.S.

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and foreign government and military customers, such as the U.S. Defense Logistics Agency and North Atlantic Treaty Organization ("NATO") (collectively, "government customers"). In addition, we offer a growing suite of payment solutions and related processing services and technology, and we have developed and operate a web-based marketplace platform that facilitates aircraft charter arrangements.

Given that fuel is a major component of an aircraft’s operating costs, our customers require cost-effective and professional fuel services. We have developed an extensive network consisting of on-airport fueling operations and third-party suppliers and service providers that enable us to provide aviation fuel and related services throughout the world. We believe the breadth of our service offering combined with our global supplier network is a strategic differentiator that allows customers to secure fuel and high-quality services in locations worldwide.

We purchase our aviation fuel from suppliers worldwide. Fuel may be delivered into our customers’ aircraft or to a designated storage facility located at one of our locations or our suppliers’ locations pursuant to arrangements with them. Inventory is purchased at airport locations or shipped via pipelines and held at multiple locations for strategic reasons. We engage in contract sales, which are sales made pursuant to fuel purchase contracts with customers who commit to purchasing fuel from us over the contract term. We also conduct spot sales, which are sales that do not involve continuing contractual obligations by our customers to purchase fuel from us. Our cost of fuel is generally tied to market-based formulas or government-controlled prices. Additionally, we have been taking actions designed to increase the availability of renewable and lower-carbon fuels such as sustainable aviation fuel ("SAF") and are working to expand and develop our supply chain with the vision to make SAF an everyday purchase.

**Land Segment**

In our land segment, we primarily offer fuel, heating oil, propane, natural gas, lubricants and related products and services to fuel distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial, residential and government customers. We have also expanded our offering to include renewable diesel (also known as hydrotreated vegetable oil or HVO), traditional biodiesel and renewable natural gas (biogas). Our land-related services include management services for the procurement of fuel and price risk management. We primarily conduct these activities throughout most of the U.S. as well as parts of the United Kingdom ("U.K.") and Brazil. We also offer advisory, brokerage and fulfillment solutions with respect to power, natural gas and other energy products, as well as sustainability consulting, renewable fuel products, and carbon management and renewable energy solutions through World Kinect, our global energy management brand, with offices in the U.S., Australia and throughout Europe. In addition, we offer transaction management services across Europe and commercial payment programs.

In connection with our fuel marketing activities, we distribute fuel under long-term contracts to branded and unbranded distributors, convenience stores and retail fuel outlets operated by third parties. We also distribute heating oil to residential customers and unbranded fuel to numerous other customers, including commercial and industrial customers, such as manufacturing, mining, agriculture, construction, and oil and gas exploration companies. These transactions may be pursuant to fuel purchase contracts or through spot sales. In certain instances, we serve as a reseller, where we purchase fuel from a supplier and contemporaneously resell it to our customers through spot and contract sales. We also maintain inventory in certain strategic locations, including pipelines. Our cost of fuel is generally tied to market-based formulas.

Finally, we provide transportation logistics for our product deliveries, including arranging for fuel products to be delivered from storage terminals to the appropriate sites through our own fleet of trucks as well as third-party transportation providers. The fuel is generally delivered to our customers directly or to a designated tanker truck loading terminal commonly referred to as "racks," which are owned and operated by our suppliers or other third-parties.

In the third quarter of 2020, we completed the sale of our Multi Service payment solutions business ("MSTS"). On January 3, 2022, we closed the acquisition of all of the outstanding equity interest in Flyers Energy Group, LLC ("Flyers"). Flyers' operations include transportation, commercial fleet fueling, lubricants distribution, and the supply of wholesale, branded and renewable fuels. See Note 3. Acquisitions and Divestitures for additional information.

**Marine Segment**

Through our extensive network, we market fuel, lubricants and related products and services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines, yachts and time-charter operators, U.S. and foreign governments, as well as other fuel suppliers. We provide our customers with real-time global market intelligence and rapid access to quality and competitively priced marine fuel 24 hours a day, every day of the year. Our marine fuel-related services include management services for the procurement of fuel, cost control through the use of price risk management offerings, quality control and claims management. We have

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also sought to take a leading role in developing a sustainable marine fuel supply chain. Through collaboration with suppliers, customers and other industry participants, we are actively working to create near-term solutions and identify lower carbon alternatives that will enable the acceleration of the energy transition in the maritime industry.

We serve primarily as a reseller, where we take delivery for fuel purchased from our supplier at the same place and time as the fuel is sold to our customer. We also sell fuel from our inventory, which we maintain in storage facilities that we own or lease. In certain cases, we serve as a broker and are paid a commission for negotiating the fuel purchase transaction between the supplier and the end-user, as well as for expediting delivery of the fuel.

The majority of our marine segment activity consists of spot sales. Our cost of fuel is generally tied to spot pricing, market-based formulas, or government-controlled prices. We also contract with third parties to provide various services for our customers, including fueling of vessels in ports and at sea and transportation and delivery of fuel and fuel-related products.

**Competitors**

We operate globally across industries that are highly fragmented with numerous competitors. Our competitors range in size and complexity from large multinational corporations, which have significantly greater capital resources than us, to relatively small and specialized firms. In our fuel distribution activities, we compete with major oil producers that market fuel directly to the large commercial airlines, shipping companies and petroleum distributors operating in the land transportation market as well as fuel resellers. We compete, among other things, on the basis of service, convenience, reliability, availability of trade credit and price. We believe that our extensive market knowledge, worldwide footprint, logistics expertise and support, the use of price risk management offerings, and value-added benefits, including single-supplier convenience, fuel quality control and fuel procurement outsourcing, give us the ability to compete within those markets.

**Seasonality**

Our operating results are subject to seasonal variability. Our seasonality results from numerous factors, including traditionally higher demand for natural gas and home heating oil during the winter months and aviation and land fuel during the summer months, as well as other seasonal weather patterns. As such, our results of operations may fluctuate from period to period.

**Governmental Regulation**

Environment

Supplying fuel safely and securely is a top priority. We monitor and manage our operations through processes and procedures designed to avoid and minimize our effects and impacts on the environment. Our business activities are subject to substantial regulation by federal, state, local and international governmental agencies in the countries in which we operate, including those relating to the sale, blending, storage, transportation, delivery and disposal of fuel and the collection, transportation, processing, storage, use and disposal of hazardous substances and wastes. For example, U.S. federal and state environmental laws applicable to us include statutes that: (i) allocate the cost of remedying contamination among specifically identified parties and prevent future contamination; (ii) impose national ambient standards and, in some cases, emission standards, for air pollutants that present a risk to public health or welfare; (iii) govern the management, treatment, storage and disposal of hazardous wastes; and (iv) regulate the discharge of pollutants into waterways. International treaties also prohibit the discharge of petroleum products at sea.

Compliance with existing and future laws that regulate the delivery of fuel by barge, truck, vessel pipeline or car; fuel storage terminals or underground storage tanks that we own, lease or operate; or the quality of product under our control may require capital expenditures and increased operating and maintenance costs, particularly as we continue to expand our physical presence globally. In addition, continuing changes in environmental laws and regulations may also require capital expenditures by our customers or otherwise increase our customers’ operating costs, which could in turn, reduce the demand for our products and services or impact the pricing or availability of the products we sell.

Finally, the penalties for violations of environmental laws include injunctive relief; administrative, civil or criminal penalties; recovery of damages for injury to air, water or property; and third-party damages. Some environmental laws may also impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. See Item 1A. – Risk Factors, and Item 3. – Legal Proceedings.

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Climate Change

Climate change continues to be an area of focus at the local, national and international levels. As a result, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas ("GHG") emissions. In the U.S., the U.S. Environmental Protection Agency has adopted rules requiring the reporting of GHG emissions by petroleum product suppliers and facilities meeting certain annual emissions thresholds and regulating emissions from major sources of GHGs under the Clean Air Act. In addition, several states and geographic regions in the U.S. have also adopted legislation and regulations to reduce emissions of GHGs, such as the California cap-and-trade program and low carbon fuel standard obligations.

In the European Union ("E.U."), there is a commitment to cut carbon dioxide emissions by at least 55% by 2030 and E.U. member states have implemented a range of subsidies and incentives to achieve the EU’s climate change goals. Further, emissions are regulated via a number of means, including the European Union Emissions Trading System (‘‘EU ETS’’), which is a trading system across the E.U. for industrial emissions. The EU ETS is expected to become progressively more stringent over time, including by reducing the number of allowances to emit GHGs. In other countries, regulations include the adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy.

Although the ultimate impact of these or other future measures is difficult to accurately predict, additional legislation or regulations could impose significant additional costs on us, our suppliers, our vendors and our customers, or could adversely affect demand for our energy products. The potential increase in our operating costs could include additional costs to operate and maintain our facilities, such as installing new infrastructure or technology to respond to new mandates, or paying taxes related to our GHG emissions, among others. Furthermore, changes in regulatory policies or increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could result in a reduction in the demand for hydrocarbon products that are deemed to contribute to GHGs, harm our reputation and adversely impact our sales of fuel products.

Other Regulations

We are also subject to a variety of other U.S. and foreign laws and regulations, relating to:

•labor and employment;

•workplace and driver safety;

•consumer protection;

•data privacy and protection;

•commodities trading, brokerage, derivatives and advisory services;

•credit and payment card processing and payment services;

•antitrust and competition;

•anti-money laundering, financial services, and funds transmission;

•customs laws regulating the import and export of goods; and

•other regulatory reporting and licensing requirements.

Due to the complex and technical nature of many of these laws and regulations, inadvertent violations may occur. If we fail to comply with these laws or regulations for any reason, we would be required to correct or implement measures to prevent a recurrence of any violations, which could increase our operating costs.

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**Human Capital Resources**

At World Fuel Services, we believe that our people's passion and expertise are what differentiates us and investing in our people is a top priority. Our comprehensive approach to serving our workforce includes our commitment to promoting a diverse and inclusive environment, as well as focusing on our employees' growth and development, health and safety, and overall well-being. The following charts provide information about our global workforce as of December 31, 2021:

Health and Safety

As a global energy management company, we are committed to doing the right thing in all that we do and we continually seek to protect the health and safety of our employees, contractors, customers, suppliers and the communities in which we operate. We are committed to playing a leading role in promoting best practices within the transportation industry and are closely involved in developing, setting, and maintaining health, safety and environment ("HSE") industry standards. We have established a set of "Rules to Live By" to help strengthen our existing Integrated Management System and drive appropriate safety behaviors and practices, which we believe are vital to preventing workplace incidents. These rules are designed to ensure the safety of our employees, contractors, customers, suppliers and communities around the world.

We have developed what we believe to be a comprehensive process designed to identify, assess and manage HSE risks in our operations. We set targets for performance improvements and regularly measure, audit and report on our performance both internally and in accordance with applicable laws. We also expect our contractors to manage HSE matters in line with our policies and strive to maintain an open dialogue with our stakeholders to better align our policies with the priorities within the communities where we operate.

In response to the COVID-19 pandemic, we implemented our business continuity and emergency response plans in alignment with mandates from local authorities. To ensure the safety of our employees, we have provided instructions and regular updates on how to work safely in the COVID-19 environment, including protective wear and additional training for our employees working in our on-site fueling and trucking operations. We also maximized remote work throughout our global offices and expanded our employee assistance programs to provide additional mental health and other forms of support to our employees and their families to assist in coping with the stressors brought on by the pandemic.

Diversity, Equity and Inclusion

We place a high degree of focus on growth in position and career enhancement paths for our employees by providing professional development opportunities and cultivating a diverse talent pool. In this regard, we are committed to working on increasing transparency around our talent recruitment, development and retention efforts, as well as our diversity, equity and inclusion initiatives. We have developed a set of commitments for our business, including initiatives aimed at increasing the representation of minorities and military veterans throughout our organization, as well as the representation of women in senior management. These initiatives include providing unconscious bias training to our managers, mandating diverse interview panels in our recruiting process and actively participating in veteran programs that provide employment opportunities and educational support to military veterans and their families.

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Employee Development and Well-Being

Investing in our employees is a top priority and we continually strive to provide an environment that promotes learning, growth and development to maximize our people's potential. We are committed to creating a learning culture that builds skills needed for the future and develops great leaders. We provide a variety of resources to further our employees' development, including online resources as well as in-person and virtual training programs to develop skills and gain knowledge that advances employees' careers.

We are also committed to supporting the health and well-being of our employees and their families, as we believe that the key to successful business operations is a healthy and competent workforce. We have identified a strong connection between employee well-being and the safety of business operations. Accordingly, we are devoted to supporting employee well-being in all dimensions, which goes beyond their physical well-being and includes support for emotional, financial and social well-being. It is a holistic approach intended to provide support and resources that empower our employees and their families to embrace a healthy lifestyle. We have launched various programs designed to build a global culture that promotes and celebrates employee health and well-being in our locations around the world. The goal of these programs is to integrate employee health and well-being into the World Fuel Services culture through fun and educational events, webinars, activities and fitness challenges.

Citizenship

We believe that fostering sustainable growth is about conducting our business in a manner that promotes a healthy environment and strengthens the local communities where we operate. At World Fuel Services, we and all of our employees are dedicated to being a good neighbor and charitable partner in the communities where we conduct our operations. We are committed to creating a positive impact in our communities, encouraging our employees to support the communities in which they live and in which we operate, and engaging with and supporting charities in all aspects of society.

Some of the charities in which we have participated recently include: Adrienne Arsht Center for the Performing Arts of Miami-Dade County; United Way; Red Cross; Dolphins Challenge Cancer XII event; Muscular Dystrophy Association (MDA); Jet Blue Swing for Good, which supports youth-oriented charities; Folds of Honor, which provides educational scholarships to spouses and children of America’s fallen and disabled service-members, and many more local and global institutions and organizations.

**Forward-Looking Statements**

This 2021 10-K Report and the information incorporated by reference in it, or made by us in other reports, filings with the SEC, press releases, teleconferences, industry conferences or otherwise, contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "could," "would," "will," "will be," "will continue," "plan," or words or phrases of similar meaning. Specifically, this 2021 10-K Report includes forward-looking statements regarding (i) the conditions in the aviation, land, and marine markets and their impact on our business, (ii) the effectiveness of our initiatives to reduce cost, improve liquidity and increase efficiencies, as well as the impact of such initiatives on our business, (iii) growth strategies and our working capital, liquidity, capital expenditure requirements, (iv) the expected benefit of our land segment restructuring and its ability to create efficiencies and allow for greater scalability and quicker integration of new businesses to capture synergies, (v) our expectations and estimates regarding certain tax, legal and accounting matters, including the impact on our financial statements, (vi) our expectations regarding the financial impact and other benefits of previous acquisitions, including estimates of future expenses and our ability to realize estimated synergies, (vii) estimates regarding the financial impact of our derivative contracts, and (viii) the ultimate impact of the coronavirus pandemic, or COVID-19, and related travel restrictions on us and our customers, including our expectations about demand, volume, profitability and the impact of fuel prices. These forward-looking statements are qualified in their entirety by cautionary statements and risk factor disclosures contained in our SEC filings.

These forward-looking statements are estimates and projections reflecting our best judgment and involve risks, uncertainties or other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. Our actual results may differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements.

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Important factors that could cause actual results to differ materially from the results and events anticipated or implied by such forward-looking statements include, but are not limited to:

•customer and counterparty creditworthiness and our ability to collect accounts receivable and settle derivative contracts, particularly for those customers most significantly impacted by the COVID-19 pandemic;

•adverse conditions in the industries in which our customers operate, such as the current operating environment as a result of the pandemic;

•sudden changes in the market price of fuel or extremely high or low fuel prices that continue for an extended period of time;

•our ability to effectively integrate and derive benefits from acquired businesses;

•our failure to comply with restrictions and covenants in our senior revolving credit facility ("Credit Facility") and our senior term loans ("Term Loans"), including our financial covenants;

•the impact of cyber and other information security-related incidents;

•changes in the political, economic or regulatory environment generally and in the markets in which we operate, such as the current conflict in Eastern Europe;

•greenhouse gas reduction ("GHG") programs and other environmental and climate change legislation adopted by governments around the world, including cap and trade regimes, carbon taxes, increased efficiency standards and mandates for renewable energy, each of which could increase our operating and compliance costs as well as adversely impact our sales of fuel products;

•changes in credit terms extended to us from our suppliers;

•non-performance of suppliers on their sale commitments and customers on their purchase commitments;

•non-performance of third-party service providers;

•our ability to meet financial forecasts associated with our operating plan;

•lower than expected cash flows and revenues, which could impair our ability to realize the value of recorded intangible assets and goodwill;

•the availability of cash and sufficient liquidity to fund our working capital and strategic investment needs;

•currency exchange fluctuations;

•ability to effectively leverage technology and operating systems and realize the anticipated benefits;

•failure to meet fuel and other product specifications agreed with our customers;

•our ability to achieve the expected level of benefit from our restructuring activities and cost reduction initiatives;

•environmental and other risks associated with the storage, transportation and delivery of petroleum products;

•reputational harm from adverse publicity arising out of spills, environmental contamination or public perception about the impacts on climate change by us or other companies in our industry;

•risks associated with operating in high-risk locations, including supply disruptions, border closures and other logistical difficulties that arise when working in these areas;

•uninsured or underinsured losses;

•seasonal variability that adversely affects our revenues and operating results, as well as the impact of natural disasters, such as earthquakes, hurricanes and wildfires;

•declines in the value and liquidity of cash equivalents and investments;

•our ability to retain and attract senior management and other key employees;

•changes in U.S. or foreign tax laws, interpretations of such laws, changes in the mix of taxable income among different tax jurisdictions, or adverse results of tax audits, assessments, or disputes;

•our failure to generate sufficient future taxable income in jurisdictions with material deferred tax assets and net operating loss carryforwards;

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•the impact of the U.K.'s exit from the European Union, known as Brexit, on our business, operations and financial condition;

•our ability to comply with U.S. and international laws and regulations, including those related to anti-corruption, economic sanction programs and environmental matters;

•the extent of the impact of the pandemic, including the duration, spread, severity and scope of related government orders and restrictions, on ours and our customers' sales, profitability, operations and supply chains;

•our failure to effectively hedge certain financial risks and other risks associated with derivatives;

•the outcome of litigation and other proceedings, including the costs associated in defending any actions;

•increases in interest rates; and

•other risks, including those described in Item 1A. – Risk Factors in our 2021 10-K Report and those described from time to time in our other filings with the SEC.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all of those risks, nor can we assess the impact of all of those risks on our business or the extent to which any factor may cause actual results to differ materially from those contained in any forward-looking statement. Further, forward-looking statements speak only as of the date they are made, and unless required by law, we expressly disclaim any obligation or undertaking to publicly update any of them in light of new information, future events, or otherwise. Any public statements or disclosures by us following this report that modify or impact any of the forward-looking statements contained in or accompanying this 2021 10-K Report will be deemed to modify or supersede such forward-looking statements.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, as amended.

**Item 1A. Risk Factors**

**Strategic & Operational Risks:**

**We extend credit to most of our customers in connection with their purchase of fuel and services from us, and our financial condition, results of operations and cash flows will be adversely affected if we are unable to collect accounts receivable.**

Our success in attracting customers has been partly due to our willingness to extend credit on an unsecured basis to customers instead of requiring prepayment, letters of credit or other forms of credit support. Even in cases where we do obtain credit enhancements, such as guarantees, offset rights, collateral or other forms of security, such rights may not be sufficient or fully collectible depending on the circumstances of the customer at the time of default. Furthermore, our credit risk is principally concentrated in the aviation, land and marine transportation industries, which exposes us to greater risk when there are global impacts to these industries, such as the COVID-19 pandemic.

Our exposure to credit losses depends primarily on the financial condition of our customers and other factors beyond our control. Such factors include decreased demand for travel and other transportation services due to the ongoing impact of the coronavirus pandemic, weakness in the world economy or in the industries we serve, significant changes in oil prices and political instability, among others. For example, our provision for bad debt in our aviation segment was materially higher during 2020, due to the impact of the COVID-19 pandemic on the aviation industry arising from the various measures enacted by governments around the world to contain the spread of the virus. While we actively manage our credit exposure and work to respond to changes in our customers' financial condition and other macroeconomic events, there can be no guarantee we will be able to mitigate these risks successfully. Substantial credit losses could have a material adverse effect on our financial condition, results of operations and cash flows.

**Changes in the market price of fuel may have a material adverse effect on our business.**

Fuel prices are volatile and can be impacted by many factors beyond our control, including: expectations about future supply and demand for fuel products; oil and gas production levels set and maintained by the Organization of Petroleum Exporting Countries ("OPEC") as well as non-OPEC countries; global economic and political conditions that impact or create uncertainty in the global energy markets, such as the COVID-19 pandemic, threatened or actual acts of terrorism, war or civil unrest; laws, regulations or taxes related to environmental matters, including

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those mandating or incentivizing alternative energy sources or otherwise addressing global climate change; energy conservation efforts and technological advances affecting energy consumption or supply; regulatory changes in commodities markets; and extreme weather and other natural disasters.

During periods of high fuel prices, our customers may not be able to purchase as much fuel from us because of their credit limits with us. An inability to purchase fuel from us or other suppliers can have an adverse impact on their business, causing them to be unable to make payments owed to us for fuel they previously purchased on credit. In addition, high fuel prices can impact our own credit limits with our suppliers, preventing us from purchasing enough fuel to meet customer demand unless we provide additional credit support for fuel purchases, such as letters of credit, bank guarantees or prepayments, any of which could adversely impact our liquidity and increase our working capital costs.

Conversely, extended periods of low fuel prices, particularly when coupled with low price volatility, can also have an adverse effect on our results of operations and overall profitability. This can occur due to many factors, such as reduced demand for our price risk management products and decreased sales to our customers involved in the oil exploration sector. Low fuel prices also facilitate increased competition by reducing financial barriers to entry and enabling existing, lower-capitalized competitors to conduct more business because of the lower working capital requirements.

Finally, we maintain fuel inventories for competitive or logistical reasons. Because fuel is a commodity, we have no control over the changing market value of our inventory though we may manage or hedge this price exposure with derivatives. A rapid decline in fuel prices could cause a reduction in our inventory valuation, resulting in our inventory being marked down in value or the inventory itself sold at lower prices. While we attempt to mitigate these fluctuations through hedging, such hedges may not be fully effective. Accordingly, if the market value of our inventory is less than our average cost and to the extent our hedges are not effective at mitigating fluctuations in prices, we could record a write-down of inventory on hand and incur a non-cash charge or suffer losses as fuel is sold, which could adversely impact our earnings.

**Adverse conditions or events affecting the aviation, marine and land transportation industries may have a material adverse effect on our business.**

Our business is focused on the marketing of energy and other related products and services primarily to the aviation, land and marine transportation industries, which are generally affected by economic cycles and other global events. Therefore, weak economic conditions can have a negative impact on our customers' business which may, in turn, have an adverse effect on our business. Additionally, our business and that of our customers can be adversely impacted by political instability, terrorist activities, piracy, military action, transportation, terminal or pipeline capacity constraints, natural disasters and other weather-related events that disrupt shipping, flight operations, land transportation or the availability of fuel, which may negatively impact sales of our products and services. Any additional political or governmental developments or other global health concerns or crises in the countries in which we or our customers operate, could also result in further social, economic or labor instability. Accordingly, the effects of any of the foregoing risks and uncertainties on us or our customers could have a material adverse effect on our business, results of operations and financial condition.

Finally, our business could also be adversely affected by merger activities in the aviation, land or marine transportation industries, which may reduce the number of customers that purchase our products and services. Larger shipping companies and airlines often have greater leverage and have a greater ability to buy directly from major oil companies and suppliers. Accordingly, this can negatively impact our value proposition to these types of customers and increases the risk of disintermediation.

**Our physical operations have inherent risks that could negatively impact our business, financial condition and results of operations.**

Operating fuel storage and distribution terminals and transporting fuel products involve inherent risks, including:

•fires, collisions and other catastrophic disasters;

•traffic accidents, injuries and loss of life;

•spills, discharges, contaminations and other releases;

•severe damage and destruction of property and equipment; and

•loss of product and business interruption.

Any of the foregoing could result in distribution difficulties and disruptions, environmental pollution, government-imposed fines or clean-up obligations, personal injury or wrongful death claims, or damage to our properties or the properties of others. The occurrence of any of these events could also damage our reputation, which could

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adversely affect our business, whether or not we are ultimately held financially liable for such event. While we keep business continuity plans to address these types of contingencies, our failure to timely or properly implement these plans could exacerbate the impact on the business. We generally maintain insurance for these types of events, but certain losses may exceed coverage limits or be outside the scope of the coverage. If we are held liable for any material damages, and the liability is not adequately covered by insurance, our financial position and results of operations would likely be adversely affected.

In addition, as we invest more heavily in physical assets in certain locations, our ability to quickly reposition our business in the event of a downturn in the economy of a particular geographic area becomes increasingly more difficult. Accordingly, we may be forced to incur significant costs in maintaining or even exiting a physical location, which would have an adverse effect on our results of operations.

Finally, some of our employees, including certain of our drivers that transport and deliver fuel products, are represented by labor unions under collective bargaining agreements. Additional unionization of our workforce or any renegotiation of current collective bargaining agreements may result in terms that are less favorable to us. Any strike, work stoppage or other dispute with our unionized employees or those of third parties who provide us services could have a material adverse effect on our results of operations and cash flows.

**If we fail to provide products or services to our customers as agreed, it could adversely affect our business.**

Our business depends on the availability and supply of fuel and fuel-related products, as well as the satisfactory performance of services by us or third parties on our behalf. If the fuel and other products we sell or the services we provide, whether directly or through a third party, fail to meet the specifications we have agreed to with customers or those mandated by law or regulation, such as the International Maritime Association's low sulfur fuel oil requirements that took effect in January 2020 ("IMO 2020"), our relationship with our customers could be adversely affected and we could be subject to material claims and liabilities. We could also incur material liabilities if such products cause physical damage to a vessel or aircraft, bodily injury or result in assertion of substantial claims of civil liability against us. In addition, adverse publicity about any allegations of contaminated products may negatively impact our business, regardless of whether such allegations are true.

Although most of our agreements with suppliers provide that we have recourse against them for products that fail to meet contractual specifications, such recourse may be time-barred or otherwise insufficient to adequately cover the liability we may incur and our ability to enforce such recourse may be limited or costly. For example, several of our supply agreements are with foreign entities, including foreign governments, and are governed by the laws of foreign jurisdictions. We may incur substantial costs in seeking to enforce our rights against a local supplier in a foreign jurisdiction and the ultimate outcome can be unpredictable. In certain markets, we also rely on a single or limited number of suppliers to sell us fuel or provide services on our behalf. We may have limited alternatives if such supplier fails to meet applicable standards or requirements. Any of the foregoing can result in material liabilities that may exceed any applicable insurance coverage or other form of recourse and ultimately, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**We may be unable to successfully integrate our acquisitions or fully realize the anticipated benefits of our acquisitions and other strategic investments.**

Our business strategy includes sharpening our portfolio of businesses and focusing on activities that are core to our long-term growth and enable us to deliver greater shareholder value. As part of this strategy, we have been pursuing acquisition opportunities and strategic investments, as well as divesting of certain businesses to enable us to invest in our core business activities. Most recently, we completed our largest acquisition to date, the acquisition of Flyers Energy Group, LLC, significantly increasing the scale and geographic footprint of our land segment in North America.

The integration of acquired businesses with our existing business is a complex, costly and time-consuming process. We have incurred, and expect to continue incurring, expenses related to the integration of acquisitions. The success of our inorganic growth strategy will depend, in part, on our ability to successfully combine our existing business with acquired businesses and realize the anticipated benefits from the combination, including synergies, cost savings, earnings growth, and operational efficiencies.

Executing on this growth strategy may place a strain on our management, operational and financial resources, and expose us to additional risks, some of which we have experienced in the past and which we may experience in the future, including:

•increased operating costs and difficulties in efficiently integrating the operations, financial reporting, IT systems, technology, and personnel of acquired businesses;

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•properly managing acquired businesses while maintaining uniform standards, controls and risk management processes appropriate for a public company;

•using estimates and judgments when evaluating the various risks and opportunities of the acquired business that may ultimately prove to be incorrect;

•diversion of management's time and attention from other business concerns;

•potentially negative impact of changes in management on existing business relationships and other disruptions of the acquired business;

•acquiring businesses or entering into markets in which we may have no or limited direct prior experience;

•our ability to retain key employees, customers or suppliers of the acquired businesses;

•reduced liquidity if we use a material portion of our available cash or borrowing capacity to fund acquisitions;

•assumption of material liabilities, exposure to litigation, regulatory noncompliance or unknown liabilities associated with the acquired businesses; and

•no or limited indemnities from sellers in an acquisition or ongoing indemnity obligations to purchasers in a divestiture.

These risks may result in an adverse effect on our results of operations or financial condition or result in costs that outweigh the financial benefit of such opportunities. We may also incur significant expenses in connection with these acquisitions or strategic investments or consummate potentially dilutive issuances of equity securities to fund the purchase or ongoing operations of the acquired business. This could adversely affect the market price of our common stock, inhibit our ability to pay dividends or otherwise restrict our operations.

**Information technology ("IT") failures and data security breaches, including as a result of cybersecurity attacks, could negatively impact our results of operations and financial condition, subject us to increased operating costs, and expose us to litigation.**

We rely heavily on digital technologies, including both internal and third-party IT systems, network infrastructure and cloud applications and services, to support a variety of business processes and activities across our global operations. Despite our implementation of various security and other protective measures, our technology systems and those of our third-party service providers are vulnerable to damage, disability or failures due to physical theft, power outages, telecommunication failures, programming or operational errors, natural disasters and other catastrophic events. These systems are also subject to cybersecurity attacks, such as hacking, malware, ransomware, denial-of-service attacks, computer viruses, misconduct by our employees or those of third-party providers, and other unauthorized access, release, corruption or loss of data. Given the nature of cyber attacks, some incidents can remain undetected for a period of time despite our efforts to detect and respond to them in a timely manner. Furthermore, cyber attacks are becoming more sophisticated, including those carried out by state-sponsored actors, and increasingly targeting critical infrastructure. Cyber attacks on third-party networks outside of our control that manage infrastructure we rely on to conduct our business, such as the Colonial Pipeline ransomware incident in May 2021, could result in a disruption of our operations. While the Colonial Pipeline incident did not have a material adverse impact on us or our operations, future cyber attacks on pipelines or other critical fuel delivery infrastructure could significantly impact our ability to procure supply or deliver our fuel products to customers. Any of the foregoing could have a material adverse effect on our cash flows, financial condition or results of operations.

Furthermore, our reliance on email transmissions over public networks also exposes us to risks associated with the failure of our employees, customers, business partners and other third parties to use appropriate controls to protect sensitive information, due to risks associated with social engineering (e.g., phishing and impersonation), fraud and email scams. External parties may attempt to fraudulently induce employees, customers, suppliers or other users of our systems to disclose sensitive information to gain access to our data or use electronic means to induce us to enter into fraudulent transactions. While we regularly conduct employee training and implement security measures and programs designed to prevent and mitigate cybersecurity threats, online fraud and email scams, past and future occurrences of any of the foregoing could damage our brand, competitiveness and ability to conduct our business, impact our credit and risk exposure decisions, cause us to lose customers or revenues and subject us to significant remediation costs, litigation or regulatory actions, fines and penalties.

In addition, due to the large number of transactions that run through our systems each day, significant system downtime or disruption could have a material impact on our, and in the case of our technology offerings, our customers', ability to conduct business, process and record transactions, make operational and financial decisions

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or damage our reputation with customers or suppliers, particularly in the event of billing errors or payment delays. Similarly, if ours or any of our cloud service providers' access to cloud-based platforms and services is disrupted for any reason and leads to disruptions in our critical systems, our operations and ability to manage our business could be adversely impacted. While we seek to obtain contractual protections in our agreements with these providers, we may not have sufficient recourse against these parties in the event they experience a significant cybersecurity attack or other security breach affecting our or our customers' data.

As cybersecurity threats continue to evolve, we may be required to dedicate significant additional resources and incur substantial costs to modify or enhance our security measures or to investigate and remediate any vulnerabilities. Despite these efforts, we may be unable to fully anticipate or implement adequate preventive measures or mitigate potential harm. To our knowledge, we have not experienced any material losses relating to cybersecurity attacks. However, there can be no assurance that we will not suffer material losses in the future. We currently maintain insurance to protect against cybersecurity risks and incidents, but this insurance may not be sufficient to cover the financial, legal, business or reputational losses that may result from such incidents.

**Sales to government customers involve unique risks that could have a material adverse effect on our business and results of operations.**

Sales to government customers have accounted for a material portion of our profitability in the recent past and the level of troop deployments and military-related activities can cause our government customer sales to vary significantly. These sales can also be materially impacted by factors such as supply disruptions, border closures, road blockages, inventory shortages and other logistical difficulties that can arise when sourcing and delivering fuel in areas that are actively engaged in war or other military conflicts. Moreover, there is a risk of serious injury or loss of life of our employees or subcontractors operating in these high-risk locations. Therefore, we may incur substantial operating costs as a result of, among other things, hostility-related product losses, utilizing alternate supply routes or maintaining the safety of our personnel, particularly where our facilities are likely to be targeted by terrorist activity.

In addition, complying with government contracting rules and regulations is complex and government customers routinely audit contractors to review performance, cost structure and compliance with applicable laws, regulations, and standards, as well as the adequacy of and compliance with internal control systems and policies. Any inadequacies in our systems and policies could result in payments being withheld, penalties and reduced future business. Improper or illegal activities, including those caused by our subcontractors, could also subject us to civil or criminal penalties or administrative sanctions, including contract termination, fines, forfeiture of fees, suspension of payment and suspension or debarment from doing business with government agencies, any of which could materially adversely affect our reputation, business, financial condition or results of operations. See Part I. Item 1. – Business of this 2021 10-K Report for additional details regarding applicable laws and regulations.

**Financial, Economic & Market Risks:**

**Economic, political and other risks associated with international sales and operations could adversely affect our business and future operating results.**

Because we offer fuel products and services on a worldwide basis, our business is subject to risks associated with doing business internationally, such as:

•trade protection measures and import, export and other licensing requirements, which could increase our costs or prevent us from doing certain business internationally;

•higher costs associated with hiring and retaining senior management for overseas operations;

•difficulty in staffing and managing widespread operations, which could reduce our productivity;

•changes in regulatory requirements, which may be costly and require significant time to implement;

•laws that restrict us from repatriating profits earned from our activities within certain foreign countries;

•fluctuations in foreign currency exchange rates, including operating within economies susceptible to recessions or severe currency devaluations;

•governmental actions that may result in the deprivation of our contractual rights or the inability to obtain or retain authorizations required to conduct our business;

•political risks, including changes in governments, corruption and uncertain regulatory environments; and

•terrorism, war, civil unrest, natural disasters and other severe weather-related events.

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Additionally, we have substantial operations in the U.K., particularly in our land segment, and the U.K.'s exit from the E.U. in January 2020 (commonly referred to as "Brexit") may adversely affect our business in the U.K. and the relationships with our existing and future customers, suppliers and other stakeholders. These risks include potential disruptions in our supply chains and the free movement of goods, services and people between the U.K. and the E.U., as well as legal uncertainties and potentially divergent national laws and regulations in areas such as tax, licensing and other regulatory rights and obligations. 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.

**Our business is subject to seasonal variability, which has caused our revenues and operating results to fluctuate and can adversely affect the market price of our shares.**

Our operating results are subject to seasonal variability. Seasonality results from numerous factors, including traditionally higher demand for natural gas and home heating oil during the winter months and for aviation and land fuel relating to increased travel during the summer months, as well as other seasonal weather patterns. As such, our results for the second and third quarters of the year tend to be the strongest for our aviation segment and our results for the fourth and first quarters of the year tend to be the strongest for our land segment. However, extreme or unseasonable weather conditions can substantially reduce the demand for our products and services or significantly increase the prices of the fuel products we sell, which can in turn adversely impact our results of operations. For example, unseasonably warm winter weather in the U.S. and U.K. in the recent past has adversely impacted our results in the land segment.

Furthermore, we cannot provide any assurances that the seasonal variability will continue in future periods. Accordingly, results for any one quarter may not necessarily be indicative of the results that may be achieved for such quarter the following year or for the full fiscal year. These seasonal fluctuations in our quarterly operating results can therefore adversely affect the market price of our shares.

**A material impairment of our goodwill or intangible assets could reduce our earnings or adversely impact our results of operations.**

When we acquire a business, a substantial portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. Factors that could affect whether goodwill or intangible assets may be impaired include a decline in our stock price or market capitalization, changes in our marketing or branding strategy, reduced estimates of future cash flows in our annual operating plan and slower growth rates in our industry. Our valuation methodology for assessing impairment requires us to make judgments and assumptions based on several factors including industry experience, the economic environment, and our projections of future operating performance. If our estimates and assumptions prove to be incorrect, there is the potential for a partial or total impairment of the carrying amount of goodwill within one or more of our reporting units.

In the past, we have recorded impairment charges in connection with various factors such as exiting certain markets or lines of business. Due to continual changes in market and general business conditions, we cannot predict whether, and to what extent, our goodwill and long-lived intangible assets may be impaired in future periods. Any resulting impairment loss would have a negative effect on our results of operations. See Note 7. Goodwill and Identifiable Intangible Assets for more information.

**We face intense competition and, if we are not able to effectively compete in our markets, our revenues and profits may decrease.**

Competitive pressures in our markets could adversely affect our competitive position, leading to a possible loss of market share or a reduction in prices, either of which can result in lower revenues and profits. We have numerous competitors, ranging from large multinational corporations, which have significantly greater capital resources than we do, to relatively small and specialized firms that compete with us in a particular line of business. Industry developments, such as fuel price transparency, procurement technology tools, increased regulation and increasing customer sophistication may, over time, reduce demand for our services and thereby exacerbate the risks associated with competition. In addition, we rely on a single or limited number of suppliers for the provision of fuel and related products and services in certain markets. These parties may have significant negotiating leverage over us, and if they are unable or unwilling to supply us on commercially reasonable terms, our business would be adversely affected.

In addition to competing with resellers, we also compete with the major oil producers that market fuel and other energy products directly to the large commercial airlines, shipping companies and commercial and industrial users. In recent years, a lower fuel price environment caused many major oil companies to remain in or re-enter the downstream markets. Our business could be adversely affected and subject to the risk of disintermediation if our suppliers choose to increase their direct marketing to our customers to compete with us or provide less advantageous price and credit terms to us than to our other competitors.

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**Legal & Regulatory Risks:**

**Climate change and the market and regulatory responses relating to GHG emissions could have a significant impact on our business operations and financial results.**

Climate change continues to attract considerable public and scientific attention in the U.S. and in foreign countries. As a result, numerous proposals have been adopted and will likely continue to be made at various levels of governments globally to monitor and limit GHG emissions or reduce the use of hydrocarbon-based fuels. These include the adoption of cap -and -trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. In 2015, various countries adopted the Paris Agreement, which seeks to reduce GHG emissions and calls for nations to undertake efforts with respect to global temperatures and GHG emissions by submitting emission reduction goals every five years after 2020. We, along with many of our customers and suppliers, have also established goals to reduce carbon emissions throughout our supply chain. The achievement of current or future internal initiatives relating to the reduction of GHG emissions, however, may increase our costs both in the near and long-term, particularly if they require significant changes to our operations, infrastructure or business lines.

In the U.S., various federal, state and local laws and regulations have been enacted relating to GHG emissions. However, the direction of future U.S. climate change regulations is difficult to predict given the potential for policy changes under different Presidential administrations and Congressional leadership. President Biden has signed executive orders recommitting the U.S. to the Paris Agreement and calling for the federal government to begin formulating emissions reduction goals and increasing the emphasis on climate-related risk across governmental agencies and economic sectors. It is unclear the extent to which any new environmental laws or regulations, or any repeal of existing environmental laws or regulations, will impact our business or that of our customers.

There have also been significant governmental incentives and consumer pressures to increase the use of alternative fuels in the U.S. and throughout the world. Several automotive, industrial and power generation manufacturers are developing more fuel-efficient engines, hybrid engines and alternative clean power systems. The more successful these alternatives become because of governmental incentives or regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the potential negative impact on pricing and demand for our fuel products and accordingly, our profitability.

Additional changes in regulatory policies or any adverse publicity in the global marketplace about our potential impact on climate change or the impact of other companies in our industry could also lead to a reduction in the demand for hydrocarbon products that are deemed to contribute to GHGs, harm our reputation and adversely impact our sales of fuel products. Numerous institutional investors and financial institutions have indicated a focus on matters affecting the environment, which may result in reduced investments in, or financing available to, industries that emit GHG emissions. Many of these groups believe that climate change will significantly influence many companies' long-term prospects and have developed environmental, social and governance standards to measure companies' performance. Unfavorable ratings under these evolving standards or benchmarks could adversely impact our business, stock price or access to capital.

Finally, the potential physical impacts of climate change on our operations are highly uncertain and vary amongst the geographic areas in which we operate. These may include changes in rainfall and storm patterns and intensities, hurricanes, changing sea levels, and changing temperatures that may impact the seasonality of our business, such as our heating oil business in the U.K. The occurrence of any of the foregoing factors could increase our costs and the prices we charge our customers, reduce the demand for our products, and therefore adversely affect our business, financial condition, results of operations and cash flows.

**Changes in U.S. or foreign tax laws or adverse outcomes from governmental challenges to our tax position could adversely affect our business and future operating results.**

We are subject to various U.S. and foreign taxes, including income taxes and taxes imposed on the purchase and sale of aviation, marine and land fuel products, such as sales, excise, value-added tax ("VAT"), energy, environmental and other taxes. We have also benefited from an income tax concession in Singapore since 2008, which reduces the income tax rate on qualified sales and derivative gains and losses. Our current five-year concession period began January 1, 2018 and is conditional upon our meeting certain employment and investment thresholds which, if not met, may eliminate the benefit beginning with the first year in which the conditions are not satisfied. Our operating results and cash flows could be adversely affected by changes in our tax expense and the effective tax rate because of a change in the mix of earnings in countries with differing statutory tax rates or our overall profitability, changes in tax legislation, our failure to comply with tax regulations or the loss of the tax concession.

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Furthermore, significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Our tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions, including assessments of future earnings that could affect the valuation of our net deferred tax assets. We are regularly audited by various domestic and foreign tax authorities and are involved in various inquiries, audits, challenges and litigation in a number of countries, including Brazil, Denmark, South Korea and the U.S., where the amounts under controversy may be material. We are in the process of addressing and responding to inquiries in various jurisdictions and challenging a number of tax assessments in several administrative and legal proceedings, each of which is at various stages in the process. In some jurisdictions, these challenges require the posting of collateral or payment of the contested amount, which may affect our flexibility in operating our business or our liquidity.

Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than what is reflected in our income tax provisions and accruals. If these challenges are ultimately determined unfavorably to us, these proceedings may have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, any failure to comply with applicable laws and regulations or appropriately resolve these challenges could subject us to administrative, civil or criminal penalties, including fines, penalties, disgorgement, injunctions and damage to our reputation. See Notes 9. Commitments and Contingencies and 11. Income Taxes for additional details regarding certain tax matters.

Tax rates in the various jurisdictions in which we and our subsidiaries are organized and conduct operations may also change significantly because of political or economic factors beyond our control. For example, in December 2017, the U.S. enacted comprehensive tax legislation referred to as the Tax Cuts and Jobs Act (the "Tax Act"), which among other things, reduced the U.S. federal statutory tax rate and broadened the corporate tax base through the elimination or reduction of deductions, exclusions, and credits. In addition, the Tax Act required a one-time transitional tax on foreign cash equivalents and previously unremitted earnings. The final impact of the transition tax and other aspects of the Tax Act may differ from our estimates, possibly materially, due to, among other items, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any actions taken under the new administration to repeal or otherwise amend the Tax Act.

Finally, ongoing developments including the project by the Organization for Economic Co-operation and Development ("OECD") on Base Erosion and Profit Shifting ("BEPS"), European Commission anti-tax avoidance directives ("ATAD"), and other initiatives, could adversely affect our worldwide effective tax rate. With the finalization of specific actions contained within the OECD's BEPS study, many OECD countries have begun to implement the actions and update their local tax laws, including ATAD directives. The extent to which countries in which we operate adopt and implement these actions could have a material adverse impact on our income tax expense, effective tax rate, financial condition, and results of operations and cash flows.

**Our business is subject to extensive laws and regulations, including environmental protection, health and safety, that can result in material costs and liabilities.**

We are required to comply with extensive and complex laws and other regulations at the international, federal, state/provincial and local government levels in the countries in which we operate. See Part I. Item 1. – Business for additional information about laws and regulations applicable to our business. Laws and regulations relating to environmental protection and occupational safety and health, can be particularly complex and can impose strict liability on us for remediation of spills and releases of oil and hazardous substances without regard to whether we were negligent or at fault. Violations of these laws and regulations, or any future environmental law or regulation, could result in significant liability, including administrative, civil or criminal penalties, fines, injunctions, or the suspension or termination of our operations at an affected area. We may also be held responsible for remediation costs for natural resource damages as well as third-party damages. In our marine segment, we utilize fuel delivery barges and store refined products adjacent to water, thereby potentially subjecting us to strict, joint, and potentially unlimited liability for removal costs and other consequences of where a spill is into navigable waters, along shorelines or in the exclusive economic zone of the U.S. Any of these occurrences and any resulting negative media coverage could have a material adverse effect on our stock price and on our business, financial condition, results of operations and cash flows.

In addition, increasingly stringent U.S. and foreign environmental laws and regulations have resulted and will likely continue to increase our operating costs. For example, compliance with existing and future laws that regulate the delivery of fuel by barge, truck, vessel, pipeline or railcar; or fuel storage terminals or underground storage tanks that we own, lease or operate may require significant capital expenditures and increased operating and maintenance costs, particularly as we acquire businesses with more physical assets. In addition, continuing changes in environmental laws and regulations may also require capital expenditures by our customers or otherwise increase our customers' operating costs, which could in turn, reduce the demand for our products and services or

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impact the pricing or availability of the products we sell. Although the ultimate impact of any regulations is difficult to predict accurately, the occurrence of any of the foregoing could have an adverse effect on our business or on the businesses of our customers.

**The data that we collect may be vulnerable to breach, loss or misuse, and our handling of such data may be impacted by changes in data privacy and protection laws and regulations, which could increase operational costs or result in regulatory penalties or litigation.**

In connection with various businesses we operate, we have access to sensitive, confidential or personal data from our employees, customers (both corporate and individual consumers), suppliers and other third parties, some of which may be subject to privacy, security or residency laws, regulations and customer-imposed controls. In the ordinary course of business, we collect, retain, process, and transmit such data across national boundaries. Despite our efforts to properly handle and protect this information in compliance with such requirements, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, and programming, procedural or human errors that could potentially lead to such information being compromised or handled improperly.

There has been increased public attention regarding the use of personal data and security of data transfers, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer and personal privacy. The evolving nature of privacy laws in the U.S., the European Union ("E.U."), Australia, Brazil and other countries where we have operations and customers, could impact our processing of this data, including requiring us to make costly changes to our IT systems to properly handle such data. For example, the E.U.'s General Data Protection Regulation ("GDPR") imposes strict rules on handling personal data related to the E.U. and imposes significant sanctions for violations. We have substantial operations in the E.U. and are therefore subject to these heightened standards. Similarly, the California Consumer Privacy Act ("CCPA"), grants certain rights to California residents with respect to their personal data and requires that companies take or refrain from taking certain actions. As the interpretation and enforcement of these and other future data privacy, security or residency laws, regulations and industry standards evolve, it may create a range of new compliance obligations, which could cause us to change our business practices, with the possibility for significant financial penalties for noncompliance that could have an adverse effect on our financial condition and results of operations.

While we cannot yet determine the full impact such laws, regulations, and requirements may have on our business, our failure to adequately comply with them could lead to substantial fines, penalties, third-party liability, remediation costs, potential cancellation of existing contracts and the inability to compete for future business. We have taken steps to address the requirements of GDPR, CCPA and other applicable data privacy regulations. However, these steps may not prevent all data security breaches or ensure full compliance with all data privacy-related regulations or customer requirements, and any significant breach of the foregoing could have a material adverse effect on our business and reputation, as well as our financial condition, results of operations and cash flows.

**Our international operations subject us to several international trade control, anti-money laundering and anti-corruption laws that can impose substantial compliance costs and expose us to civil and/or criminal penalties.**

Our global operations are subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act 2010 ("Bribery Act"), anti-money laundering laws, international trade controls, and competition laws. Anti-corruption laws generally prohibit us from providing anything of value to foreign officials for the purposes of improperly influencing official decisions or improperly obtaining or retaining business and may also apply to commercial bribery.

As part of our business, we operate in countries with a high degree of corruption and frequently interact with state-owned enterprises and government officials. This may increase the risk of improper payments being demanded of, offered by, or made by one of our employees or a party acting on our behalf. The risk of enforcement has also grown in recent years as more of the countries in which we operate have passed anti-corruption laws and prioritized enforcement of those laws which can result in significant fines and penalties.

International trade controls, including economic sanctions such as those administered by the U.S. Treasury's Office of Foreign Assets Control ("OFAC") or the U.K.'s HM Treasury, export controls and anti-boycott regulations, restrict our business dealings with certain countries and individuals, are complex and continually changing. Additional restrictions may be enacted, amended, enforced or interpreted in a manner that materially impacts our operations. From time to time, certain of our subsidiaries have limited business dealings in countries subject to comprehensive OFAC administered sanctions. While such activities currently represent an immaterial amount of our consolidated revenue and income and are undertaken pursuant to general and/or specific licenses issued by OFAC or as otherwise permitted by applicable sanctions regulations, these activities, as well as rapidly changing sanctions regimes across the globe, may expose us to a heightened risk of violating trade control regulations.

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We have established policies and procedures designed to assist with our compliance with these laws and regulations. Such policies and procedures may not always prevent us, our employees or parties acting on our behalf from violating these laws and regulations. Violations may expose us to criminal or civil penalties, or other adverse consequences including the denial of export privileges, injunctions, asset seizures, debarment from government contracts, and/or revocations or restrictions of licenses. In addition, the costs associated with responding to a government investigation and remediating any violations can be substantial. Furthermore, violations could trigger an event of default under our Credit Facility, which if not waived, could result in the acceleration of any outstanding indebtedness, cause cross-defaults under other agreements to which we are a party, and impair our ability to obtain working capital advances or letters of credit. Accordingly, violations could adversely affect, among other things, our reputation, business, financial condition, results of operations and cash flows.

**General Risks**

**The COVID-19 pandemic and related global economic impacts have had, and are likely going to continue to have, certain adverse effects on our business, results of operations and financial condition.**

The ongoing coronavirus ("COVID-19") pandemic and efforts to control its spread have resulted in a substantial decline in global economic activity, caused disruptions in global supply chains and created significant volatility in financial markets. Governments around the world implemented stringent preventative measures to contain the spread of the virus beginning in 2020, including stay-at-home orders and travel restrictions, together with periodic business, government and school closures. These measures have resulted in reduced demand for fuel and other related products and services, negatively impacting our results of operations beginning in 2020, which has continued to varying degrees throughout 2021 and to the present time.

In response to the pandemic, we took prompt action to ensure the safety of our employees and other stakeholders, as well as commenced a number of initiatives relating to cost reduction, liquidity and operating efficiencies. However, it is uncertain whether such measures will be sufficient to mitigate the risks posed by the virus or a prolonged economic downturn, and our ability to successfully execute our business operations could be adversely impacted. The COVID-19 pandemic has had, and we expect will continue to have, certain negative impacts on our business, in addition to the risks described throughout this section, including, but not limited to:

•disruptions in our supply chains due to transportation delays, travel restrictions, cost increases, and closures of businesses or facilities;

•extended periods of reduced demand and volatile fuel prices that impact our sales volume and related profitability;

•delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies;

•other liquidity challenges, such as reduced availability under our senior credit facility due to financial covenant restrictions tied to our financial performance;

•losses on hedging transactions with customers arising from sudden changes in fuel prices;

•asset impairments, including an impairment of the carrying value of our goodwill, along with other accounting charges if expected future demand for our products and services materially decreases;

•volatility in the global financial markets, which could have a negative impact on our ability to access capital and additional sources of financing in the future;

•workforce-related impacts, such as retention issues, increased compensation or severance costs, and an inability to hire employees as market conditions improve;

•litigation risk and possible loss contingencies related to COVID-19 and its impact, including with respect to commercial contracts, employee matters and insurance arrangements; and

•a structural shift in the global economy and its demand for fuel and related products and services as a result of changes in the way people work, travel and interact, or in connection with a global recession.

We are continuing to assess the ongoing effects of the pandemic on our businesses and the emergence and severity of COVID-19 variants in markets where we operate will likely continue to cause disruptions to our business. While many governments have enacted fiscal and monetary stimulus policies intended to counteract the adverse economic impact of the pandemic, the effectiveness of such actions remains uncertain. We expect the full impact of the COVID-19 pandemic, including the extent of its effect on our financial condition and results of operations, to be dictated by future developments which are highly uncertain and cannot be predicted, such as actions taken by

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governments and businesses to contain and combat the virus, including any variant strains, the effectiveness of vaccines and overall vaccination rates globally, as well as how quickly, and to what extent, normal economic and operating conditions can resume on a sustainable basis.

The pandemic may also have the effect of exacerbating many of the other risks discussed in this Annual Report on Form 10-K or in our Quarterly Reports on Form 10-Q, which could have a material adverse effect on us. Accordingly, the occurrence of one or more of the foregoing factors could increase our costs and/or reduce the demand for our products, which could therefore have a material adverse effect on our business, financial condition, results of operations, liquidity and cash flows. For additional information on the impact of the pandemic, see Part II. Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations – Business Overview.

**Our business depends on our ability to adequately finance our capital requirements and fund our investments, which, if not available to us, would impact our ability to conduct our operations.**

We rely on credit arrangements with banks, suppliers and other parties as an important source of liquidity for capital requirements that are not satisfied by our operating cash flow. Future market volatility, generally, and persistent weakness in global energy markets may adversely affect our ability to access capital and credit markets or to obtain funds at low interest rates or on other advantageous terms. If we are unable to obtain credit on acceptable terms or at all, perhaps due to a substantial tightening of the global credit markets or a substantial increase in interest rates, our liquidity, business, financial condition, and cash flows, as well as our future development and growth could be negatively impacted. In addition, if we are unable to obtain debt or other forms of financing and resort to raising capital through equity issuances, our existing shareholders would be diluted.

Our business is also impacted by the availability of trade credit to fund our fuel purchases from suppliers. An actual or perceived decline in our liquidity or business could cause our suppliers to reduce our credit lines, seek credit support in the form of additional collateral, or otherwise materially modify their payment terms. Adverse changes in our payment terms from principal suppliers, including shortened payment cycles or requiring prepayment, could impact our liquidity, business, results of operations and cash flows.

Finally, our Credit Facility and Term Loans impose certain operating and financial covenants on us, which, among other things, restrict our ability to pay dividends or make certain other restricted payments, incur additional debt, create liens and sell a material amount of assets. Our failure or inability to comply with the requirements of these facilities, including meeting certain financial ratios or other covenants, could limit the availability under our Credit Facility or result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under these facilities, could trigger cross-defaults under other agreements to which we are a party (such as certain derivative contracts), and would impair our ability to obtain working capital advances and letters of credit, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Our derivative transactions with customers, suppliers, merchants and financial institutions expose us to price and credit risks, which could have a material adverse effect on our business.**

As part of our price risk management services, we offer customers various pricing structures for the purchase of energy products, including derivatives products designed to hedge exposure to fluctuations in energy prices. In the ordinary course of business, we enter into fixed forward contracts with some of our counterparties under which we agree to sell or purchase certain volumes of energy products at fixed prices. In addition, we may act as a counterparty in over-the-counter swap transactions with some of our customers where the customer may be required to pay us in connection with changes in the price of the underlying energy product. Further, we may use derivatives to hedge price risks associated with our fuel inventories and purchase and sale commitments. We typically hedge our price risk in any of the foregoing types of transactions by entering into derivative instruments with large energy companies, trading houses and financial institutions.

If we have not required a customer to post collateral in connection with a fixed forward contract or swap transaction and there is an outstanding mark-to-market liability owing, we will have effectively extended unsecured credit to that customer and such amounts could be substantial. Based on the volatility of energy prices, our counterparties may not be willing or able to fulfill their obligations to us under their fixed forward contracts or swap transactions. In such cases, we would be exposed to potential losses or costs associated with any resulting default. For example, in the event the spot market price of fuel at the time of delivery is substantially less than the fixed price of the contract with the customer, a customer could default on its purchase obligation to us and purchase the fuel at a lower "spot" market price from another supplier. Meanwhile, we may have entered into a corresponding commitment with a supplier to offer our customer specified fixed pricing or terms and would be obligated to perform our fixed price purchase obligations to such supplier. Similarly, the counterparties with whom we may hedge our price risk exposure may not be willing or able to fulfill their obligations to us under their swap transactions.

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If we are unable to recover losses from a defaulting counterparty, we could sustain substantial losses that would likely have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, our hedging activities also result in additional costs and can require cash deposits for margin calls. If there is a sudden a significant change in fuel prices, the amount of cash necessary to cover margin calls can be material and impact our liquidity.

**We are exposed to various risks in connection with our use of derivatives, which could have a material adverse effect on our results of operations.**

We enter into financial derivative contracts primarily to mitigate the risk of market price fluctuations in energy products, to offer our customers energy pricing alternatives to meet their needs, to manage price exposures associated with our inventories, and to mitigate the risk of fluctuations in foreign currency exchange rates. However, our efforts to hedge our exposure to fluctuations in energy prices and exchange rates may be ineffective in certain instances. For example, we hedge jet fuel prices with derivatives tied to other petroleum products that have historically been correlated to aviation jet fuel (e.g., heating oil in the U.S. or gasoil in Europe or Asia). If the price of aviation jet fuel at a specific location diverges from historical correlations, our attempts to mitigate price risk associated with our aviation business may not be effective. Moreover, there may be times where the change in the price of jet fuel at a specific location is disrupted (e.g., hurricanes) and is not correlated to the underlying hedges when compared to historical prices.

We may also enter into proprietary derivative transactions that are not intended to hedge our own risk but are instead intended to make a profit by capitalizing on arbitrage opportunities associated with basis, time, quality or geographic spreads related to the energy products we sell. Proprietary derivative transactions, by their nature, expose us to changes in the underlying commodity prices of the proprietary positions taken. Although we have established limits on such exposure, any adverse changes could result in losses which can be further exacerbated by volatility in the financial and other markets. In addition, our employees may fail to comply with our policies and procedures with respect to hedging or proprietary trading, such as engaging in unauthorized trading activity, failing to hedge a specific price risk or failing to comply with our internal limits on exposure or any applicable statutory or regulatory requirements. Furthermore, the enforceability of our derivative transactions may depend on our compliance with applicable statutory, commodity and other regulatory requirements, which if violated could lead to our derivative transaction being voided, as well as penalties and fines. The impact of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Finally, many of our derivative transactions are not designated as hedges for accounting purposes. Therefore, changes in the fair market value of these derivatives are reflected as a component of revenue or cost of revenue (based on the underlying transaction type) in our consolidated statements of income and comprehensive income. Since the fair market value of these derivatives is marked to market at the end of each quarter, changes in the value of our derivative instruments because of gains or losses may cause our earnings to fluctuate from period to period.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our principal properties consist primarily of administrative offices and inventory storage facilities, none of which are individually material. We lease our corporate headquarters in Miami, Florida as well as administrative office space in London, Singapore and other strategic locations throughout the world.

As of February 18, 2022, the majority of our principal properties are leased on commercially reasonable terms and we do not anticipate that we will experience difficulty in renewing or replacing any leases upon expiration in any material respect. Our properties are often utilized by one or more of our business segments and we consider all of our properties and facilities to be suitable and adequate for our current needs.

**Item 3. Legal Proceedings**

From time to time, we are under review by the IRS and various other domestic and foreign tax authorities with regards to income tax and indirect tax matters and are involved in various inquiries, audits, challenges and litigation in a number of countries, including, in particular, Brazil, Denmark, South Korea and the U.S. where the amounts under controversy may be material. See Notes 9. Commitments and Contingencies and 11. Income Taxes for additional details regarding certain tax matters.

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We are also a party to various claims, complaints and proceedings arising in the ordinary course of our business including, but not limited to, environmental claims, commercial and governmental contract claims, such as property damage, demurrage, personal injury, billing and fuel quality claims, as well as bankruptcy preference claims and administrative claims. We are not currently a party to any such claim, complaint or proceeding that we expect to have a material adverse effect on our business or financial condition. However, any adverse resolution of one or more such claims, complaints or proceedings during a particular reporting period could have a material adverse effect on our Consolidated Financial Statements or disclosures for that period. See Note 9. Commitments and Contingencies for additional information.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol INT. As of December 31, 2021, the closing price of our stock on the NYSE was $26.47.

As of February 18, 2022, there were 81 shareholders of record of our common stock.

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**Stock Performance**

This graph compares the total shareholder return on our common stock with the total return on the Russell 2000 Index and the S&P Energy Index for the five‑year period from December 31, 2016 through December 31, 2021. The cumulative return includes reinvestment of dividends.

**Issuer Purchases of Equity Securities**

The following table presents information with respect to repurchases of common stock made by us during the quarterly period ended December 31, 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Period** | | |  | | | **Total Number of Shares Purchased (1)** | | |  | | | **Average Price Paid Per Share** | | |  | | | **Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs** | | |  | | | **Approximate Dollar Value of Shares That May Yet Be Purchased Under Repurchase Programs (2)** | | |
| 10/1/2021 - 10/31/2021 | | |  | | | 250,000 | |  |  | | | $ | 32.28 |  |  | | | 250,000 | |  |  | | | $ | 213,786,194 |  |
| 11/1/2021 - 11/30/2021 | | |  | | | 408,803 | |  |  | | | 27.00 | |  |  | | | 408,803 | |  |  | | | 202,749,436 | |  |
| 12/1/2021 - 12/31/2021 | | |  | | | 264,600 | |  |  | | | 26.39 | |  |  | | | 264,600 | |  |  | | | 195,766,982 | |  |
| Total | | |  | | | 923,403 | |  |  | | | $ | 28.25 |  |  | | | 923,403 | |  |  | | | $ | 195,766,982 |  |

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(1)These amounts include shares purchased as part of our publicly announced programs and shares owned and tendered by employees to satisfy the required withholding taxes related to share-based payment awards, which are not deducted from shares available to be purchased under publicly announced programs.

(2)In October 2017, our Board of Directors (the "Board") approved a new common stock repurchase program (the "October 2017 Repurchase Program"), which replaced the program in place at that time, authorizing $100.0 million in common stock repurchases. In May 2019, the Board authorized an increase to the October 2017 Repurchase Program authorization by $100.0 million, bringing the authorized repurchases at that time to $200.0 million. In March 2020, the Board approved a new stock repurchase program authorizing $200.0 million in common stock repurchases (the "2020 Repurchase Program") to begin upon the completion of the October 2017 Repurchase Program. Our repurchase programs do not require a minimum number of shares of common stock to be purchased, have no expiration date and may be suspended or discontinued at any time. As of December 31, 2021, the October 2017 Repurchase Program was completed and approximately $195.8 million remains available for purchase under the 2020 Repurchase Program. The timing and amount of shares of common stock to be repurchased under the 2020 Repurchase Program will depend on market conditions, share price, securities law and other legal requirements and factors.

For information on repurchases of common stock for the first three quarters of 2021, see the corresponding Quarterly Reports on Form 10-Q.

**Item 6. Reserved**

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto appearing within Part IV. Item 15. Notes to the Consolidated Financial Statements in this 2021 10‑K Report. The following discussion may contain forward-looking statements, and our actual results may differ materially from the results suggested by these forward-looking statements. Some factors that may cause our results to differ materially from the results and events anticipated or implied by such forward-looking statements are described in Item 1A – Risk Factors and under Forward-Looking Statements.

We have elected to omit in this 2021 10‑K Report, discussion on the earliest of the three years covered by the Consolidated Financial Statements presented. Refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations located in our Form 10-K for the fiscal year ended December 31, 2020 (herein incorporated by reference), filed with the SEC on March 1, 2021, for management's discussion of the fiscal year ended December 31, 2019.

**Business Overview**

We are principally engaged in the distribution of fuel and related products and services in the aviation, land and marine transportation industries. Our intention is to become a leading global energy management company offering a full suite of energy advisory, management and fulfillment services, technology solutions, payment management solutions, as well as sustainability products and services across the renewable energy market. For additional discussion on our businesses, climate change and the associated risks, see Part I, Item 1. – Business and Item 1A – Risk Factors within this 2021 10-K Report.

**COVID-19**

Throughout 2020 and 2021, the COVID-19 pandemic had a significant impact on the global economy as a whole, and the transportation industries in particular. Many of our customers in these industries, especially commercial airlines, experienced a substantial decline in business activity arising from the various measures enacted by governments around the world to contain the spread of the virus. While travel and economic activity has begun to improve in certain regions, activity in many parts of the world continues to be negatively impacted by travel restrictions and lockdowns. For additional discussion on the risks relating to the pandemic, see Item 1A. – Risk Factors within this 2021 10-K Report.

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**Reportable Segments**

We operate in three reportable segments consisting of aviation, land, and marine, where we offer fuel and related products and services to customers in these transportation industries.

See Part I, Item 1. – Business and Note 13. Business Segments, Geographic Information and Major Customers for additional information about our business segments.

Aviation Segment

Our aviation segment has benefited from growth in our fuel and related services offerings, as well as our improving logistics capability and the geographic expansion of our aviation fueling operations into additional international airport locations. However, the global travel restrictions and sharp decrease in demand for air travel resulting from the COVID-19 pandemic significantly impacted the overall aviation market, and accordingly, our results of operations throughout 2020 and 2021. We have experienced improvements in demand and related volume increases in certain regions, principally North America, and are experiencing an accelerating recovery in Western Europe. The continued recovery in demand will be highly contingent on the timing and extent of governmental actions or restrictions globally in response to any increases in infection rates and the overall recovery of the global economy and passenger travel generally.

In addition, our aviation segment has historically benefited from significant sales to government customers, particularly the North Atlantic Treaty Organization ("NATO") in Afghanistan, which accounted for a material portion of our aviation segment's profitability in recent years. The level of troop deployments and military-related activities can cause our government customer sales to vary significantly and materially impact our operating results. Specifically, in 2020 the U.S. government and NATO began to significantly reduce the level of troops in Afghanistan and we experienced a corresponding material decline in demand as a result. The final withdrawal of troops in the area was completed during the third quarter of 2021.

Land Segment

We believe our land segment is well positioned to continue growing market share, both organically and through leveraging the capabilities of our acquisitions, serving to further enhance our commercial and industrial platforms to deliver value-added solutions to customers across the U.S. In addition, to participate in accelerating the energy transition, we continue to focus on the expansion of our sustainability offerings, which include consulting, renewable fuel products, and carbon management and renewable energy solutions through World Kinect, our global energy management brand. Our land segment can be impacted by market and weather conditions. In periods where we experience historically extreme or unseasonable weather conditions, demand for our products may be affected. In addition, our land segment also similarly benefited from sales to NATO in Afghanistan in recent years, however, such activity materially declined and ultimately concluded in 2021 in connection with the U.S. and NATO troop withdrawal.

In connection with our efforts to sharpen our portfolio of businesses and accelerate growth in our core business activities, we have divested of certain businesses and focused on investing in businesses that we believe will drive enhanced operating efficiencies and generate long-term shareholder value. For example, in the third quarter of 2020, we completed the sale of MSTS and in January 2022, we closed the acquisition of Flyers. We believe that the addition of Flyers' operations, which include transportation, commercial fleet fueling, lubricants distribution, and the supply of wholesale, branded and renewable fuels, will enable us to create an expanded national platform to deliver value-added solutions to commercial and industrial customers across the United States. See Note 3. Acquisitions and Divestitures for additional information. In addition to our acquisition and divestiture activities, we also heightened our focus in 2021 on restructuring our existing land business in North America, including reorganizing and relocating certain business activities, as well as implementing changes to the operational and management structure of the business to allow for greater scalability and quicker integration of new businesses to capture synergies. During the fourth quarter of 2021, we were able to complete all necessary activities and close the restructuring and expect the ultimate financial benefit to be realized as new businesses are acquired and integrated into our land segment. See Note 5. Restructuring for additional information.

Marine Segment

Through much of 2019 and into early 2020, we experienced improved profitability in our marine segment due to higher average fuel prices, combined with our heightened focus on cost management and the continued reshaping of our business portfolio. In particular, the IMO 2020 regulations resulted in certain supply imbalances and price volatility which positively impacted our operating results in those periods. However, beginning in the latter part of the first quarter of 2020 and continuing through 2021, we experienced a material decline in volume and related profitability primarily due to the impact of the COVID-19 pandemic on the marine transportation industry. While we

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have experienced some improvements in demand, we expect our marine segment’s operating performance to continue to be impacted by, among other things, uncertain demand from cruise lines and other sectors of the shipping industry, as well as competitive market conditions.

Consolidated Results of Operations

The following provides a summary of our consolidated results of operations for the periods indicated:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  |  | **Year Ended December 31,** | | | | |  |  |  |  |  |  |
|  | | |  | | |  |  |  |  | **2021** | | |  | | | **2020** | | |
| Revenue | | |  | | |  |  |  |  | $ | 31,337.0 |  |  | | | $ | 20,358.3 |  |
| Cost of revenue | | |  | | |  |  |  |  | 30,548.8 | |  |  | | | 19,506.5 | |  |
| Gross profit | | |  | | |  |  |  |  | 788.2 | |  |  | | | 851.8 | |  |
| Operating expenses: | | |  | | |  |  |  |  |  | | |  | | |  | | |
| Compensation and employee benefits | | |  | | |  |  |  |  | 386.7 | |  |  | | | 366.9 | |  |
| General and administrative | | |  | | |  |  |  |  | 247.6 | |  |  | | | 311.1 | |  |
| Asset impairments | | |  | | |  |  |  |  | 4.7 | |  |  | | | 25.6 | |  |
| Restructuring charges | | |  | | |  |  |  |  | 6.6 | |  |  | | | 10.3 | |  |
| Total operating expenses | | |  | | |  |  |  |  | 645.6 | |  |  | | | 714.0 | |  |
| Income from operations | | |  | | |  |  |  |  | 142.6 | |  |  | | | 137.9 | |  |
| Non-operating income (expenses), net: | | |  | | |  |  |  |  |  | | |  | | |  | | |
| Interest expense and other financing costs, net | | |  | | |  |  |  |  | (40.2) | |  |  | | | (44.9) | |  |
| Other income (expense), net | | |  | | |  |  |  |  | (2.3) | |  |  | | | 68.8 | |  |
| Total non-operating income (expense), net | | |  | | |  |  |  |  | (42.5) | |  |  | | | 23.9 | |  |
| Income (loss) before income taxes | | |  | | |  |  |  |  | 100.0 | |  |  | | | 161.7 | |  |
| Provision for income taxes | | |  | | |  |  |  |  | 25.8 | |  |  | | | 52.1 | |  |
| Net income (loss) including noncontrolling interest | | |  | | |  |  |  |  | 74.2 | |  |  | | | 109.6 | |  |
| Net income (loss) attributable to noncontrolling interest | | |  | | |  |  |  |  | 0.5 | |  |  | | | 0.1 | |  |
| Net income (loss) attributable to World Fuel | | |  | | |  |  |  |  | $ | 73.7 |  |  | | | $ | 109.6 |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |
| Basic earnings (loss) per common share | | |  | | |  |  |  |  | $ | 1.17 |  |  | | | $ | 1.72 |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |
| Diluted earnings (loss) per common share | | |  | | |  |  |  |  | $ | 1.16 |  |  | | | $ | 1.71 |  |

*Revenue.* Our consolidated revenue for the year ended December 31, 2021 was $31.3 billion, an increase of $11.0 billion, or 54%, compared to the year ended December 31, 2020, driven by increased revenue of $4.6 billion, $3.8 billion, and $2.6 billion in the aviation, land, and marine segments, respectively, as discussed further below.

*Gross profit.* Our consolidated gross profit for the year ended December 31, 2021 was $788.2 million, a decrease of $63.6 million, or 7%, compared to the year ended December 31, 2020, driven by decreased gross profit of $51.1 million and $46.5 million in the marine and land segments, respectively, partially offset by increased gross profit of $34.0 million in the aviation segment, as discussed further below.

*Operating Expenses.* Consolidated total operating expenses for the year ended December 31, 2021 were $645.6 million, a decrease of $68.3 million, or 10%, compared to the year ended December 31, 2020. The decrease in operating expenses was driven by a reduction in the provision for credit losses due to a stabilization of customer credit risk, the sale of MSTS, and the impairment charge recognized in 2020 as part of the global office footprint rationalization (the "2020 impairment"). These decreases were partially offset by an increase in employee compensation and benefit costs primarily related to increased incentive compensation to reward and retain key employees in a competitive job market.

*Non-Operating Income (Expenses), net.* For the year ended December 31, 2021, we had net non-operating expense of $42.5 million, compared to net non-operating income of $23.9 million for the year ended December 31, 2020. The decrease of $66.4 million was primarily attributable to the gain on the sale of MSTS in 2020, partially offset by a decrease in foreign currency losses and an increase in interest income in 2021.

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*Income Taxes*. For the year ended December 31, 2021, our income tax provision was $25.8 million and our effective income tax rate was 26%, as compared to an income tax provision of $52.1 million and an effective income tax rate of 32% for the year ended December 31, 2020. The decrease of $26.2 million was primarily attributable to the tax on the gain on the sale of MSTS in 2020, as well as a $3.2 million net discrete tax benefit for 2021 as compared to a $4.5 million net discrete tax expense for 2020. See Note 11. Income Taxes for additional information.

Aviation Segment Results of Operations

The following provides a summary of the aviation segment results of operations for the periods indicated:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  |  | **Year Ended December 31,** | | | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | |  |  |  |  | **2021** | | |  | | | **2020** | | |  | | | **Change** | | |
| Revenue | | |  | | |  |  |  |  | $ | 12,824.3 |  |  | | | $ | 8,179.6 |  |  | | | $ | 4,644.8 |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| Gross profit | | |  | | |  |  |  |  | $ | 386.9 |  |  | | | $ | 352.9 |  |  | | | $ | 34.0 |  |
| Operating expenses | | |  | | |  |  |  |  | 223.5 | |  |  | | | 268.4 | |  |  | | | (44.9) | |  |
| Income from operations | | |  | | |  |  |  |  | $ | 163.4 |  |  | | | $ | 84.5 |  |  | | | $ | 78.9 |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| *Operational metrics:* | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| Aviation segment volumes (gallons) | | |  | | |  |  |  |  | 5,857.5 | |  |  | | | 4,694.1 | |  |  | | | 1,163.3 | |  |
| Aviation segment average price per gallon | | |  | | |  |  |  |  | $ | 2.08 |  |  | | | $ | 1.46 |  |  | | | $ | 0.62 |  |

Revenues in our aviation segment were $12.8 billion for the year ended December 31, 2021, an increase of $4.6 billion, or 57%, compared to the year ended December 31, 2020. The increase in revenue was driven by higher average prices and increased volumes. Average jet fuel price per gallon sold increased by 43% in the year ended December 31, 2021 compared to the year ended December 31, 2020 as a result of the rise in global oil prices. Total aviation volumes increased by 1.2 billion, or 25%, to 5.9 billion gallons in the year ended December 31, 2021 compared to the year ended December 31, 2020 as travel restrictions eased, primarily in the North American market, and demand for passenger air travel continued to recover.

Our aviation segment gross profit for the year ended December 31, 2021 was $386.9 million, an increase of $34.0 million, or 10%, compared to the year ended December 31, 2020. The increase in gross profit was primarily due to the recovery in demand for passenger air travel, partially offset by a reduction in our government-related activity in Afghanistan and the sale of MSTS.

Our aviation segment income from operations for the year ended December 31, 2021 was $163.4 million, an increase of $78.9 million, or 93%, compared to the year ended December 31, 2020 due to a reduction in operating expenses combined with the increase in gross profit. Operating expenses for the year ended December 31, 2021 decreased $44.9 million primarily due to a $46.4 million reduction in the provision for credit losses driven by the stabilization of customer credit risk as the global aviation industry continues to recover and the 2020 impairment, partially offset by an increase in compensation and employee benefit costs as discussed above.

Land Segment Results of Operations

The following provides a summary of the land segment results of operations for the periods indicated:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  |  | **Year Ended December 31,** | | | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | |  |  |  |  | **2021** | | |  | | | **2020** | | |  | | | **Change** | | |  | | |  | | |
| Revenue | | |  | | |  |  |  |  | $ | 10,426.8 |  |  | | | $ | 6,663.1 |  |  | | | $ | 3,763.8 |  |  | | |  | | |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Gross profit | | |  | | |  |  |  |  | 301.1 | |  |  | | | 347.6 | |  |  | | | (46.5) | |  |  | | |  | | |
| Operating expenses | | |  | | |  |  |  |  | 256.4 | |  |  | | | 275.0 | |  |  | | | (18.6) | |  |  | | |  | | |
| Income from operations | | |  | | |  |  |  |  | $ | 44.6 |  |  | | | $ | 72.6 |  |  | | | $ | (27.9) |  |  | | |  | | |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| *Operational metrics:* | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Land segment volumes (gallons) | | |  | | |  |  |  |  | 5,254.1 | |  |  | | | 5,062.8 | |  |  | | | 191.3 | |  |  | | |  | | |
| Land segment average price per gallon | | |  | | |  |  |  |  | $ | 1.98 |  |  | | | $ | 1.30 |  |  | | | $ | 0.68 |  |  | | |  | | |

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Revenues in our land segment were $10.4 billion for the year ended December 31, 2021, an increase of $3.8 billion, or 56%, compared to the year ended December 31, 2020. The increase in revenue was primarily driven by a 52% increase in the average fuel price per gallon or gallon equivalent sold in the year ended December 31, 2021 compared to the year ended December 31, 2020 as a result of the rise in global oil prices. Total land volumes increased by 0.2 billion, or 4%, to 5.3 billion gallon or gallon equivalents in the year ended December 31, 2021 compared to the year ended December 31, 2020.

Our land segment gross profit for the year ended December 31, 2021 was $301.1 million, a decrease of $46.5 million, or 13%, compared to the year ended December 31, 2020. The decrease in gross profit was primarily attributable to the sale of MSTS, the reduction in our government-related activity in Afghanistan, and a decrease in demand in the U.K., partially offset by improved performance in our natural gas business in North America driven by extreme weather conditions in the first quarter of 2021.

Our land segment income from operations for the year ended December 31, 2021 was $44.6 million, a decrease of $27.9 million, or 38%, compared to the year ended December 31, 2020. In 2021, the decrease in gross profit was partially offset by the overall reduction in operating expenses, driven by the sale of MSTS in 2020, partially offset by increased compensation and employee benefit costs and restructuring expenses.

Marine Segment Results of Operations

The following provides a summary of the marine segment results of operations for the periods indicated:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  |  | **Year Ended December 31,** | | | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | |  |  |  |  | **2021** | | |  | | | **2020** | | |  | | | **Change** | | |
| Revenue | | |  | | |  |  |  |  | $ | 8,085.8 |  |  | | | $ | 5,515.7 |  |  | | | $ | 2,570.1 |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| Gross profit | | |  | | |  |  |  |  | 100.3 | |  |  | | | 151.4 | |  |  | | | (51.1) | |  |
| Operating expenses | | |  | | |  |  |  |  | 79.6 | |  |  | | | 92.8 | |  |  | | | (13.2) | |  |
| Income from operations | | |  | | |  |  |  |  | $ | 20.7 |  |  | | | $ | 58.5 |  |  | | | $ | (37.9) |  |
|  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| *Operational metrics:* | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |
| Marine segment volumes (metric tons) | | |  | | |  |  |  |  | 18.4 | |  |  | | | 17.5 | |  |  | | | 1.0 | |  |
| Marine segment average price per metric ton | | |  | | |  |  |  |  | $ | 438.31 |  |  | | | $ | 315.74 |  |  | | | $ | 122.57 |  |

Revenues in our marine segment were $8.1 billion for the year ended December 31, 2021, an increase of $2.6 billion, or 47%, compared to the year ended December 31, 2020. The increase in revenue was primarily driven by a 39% increase in the average price per metric ton of bunker fuel sold as a result of the rise in global oil prices. Total volumes increased by 1.0 million metric tons, or 6%, to 18.4 million metric tons in the year ended December 31, 2021 compared to the year ended December 31, 2020.

Our marine segment gross profit for the year ended December 31, 2021 was $100.3 million, a decrease of $51.1 million, or 34%, compared to the year ended December 31, 2020. The decrease in gross profit was primarily attributable to highly competitive market conditions in 2021, combined with a decline relative to the strong results in the first half of 2020, which benefited from the implementation of IMO 2020.

Our marine segment income from operations for the year ended December 31, 2021 was $20.7 million, a decrease of $37.9 million, or 65%, compared to the year ended December 31, 2020. The decrease in income from operations was primarily due to the $51.1 million decrease in gross profit, partially offset by a $13.2 million reduction in operating expenses. The decrease in operating expenses was driven by a lower provision for credit losses, together with the 2020 impairment and costs associated with the restructuring program recognized in 2020, partially offset by increased compensation and employee benefit costs.

**Liquidity and Capital Resources**

Liquidity to fund working capital, as well as make strategic investments to further our growth strategy, is a significant priority for us. Our views concerning liquidity are based on currently available information and if circumstances change significantly, whether as a result of the COVID-19 pandemic or otherwise, the future availability of trade credit or other sources of financing may be reduced, and our liquidity would be adversely affected accordingly.

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Sources of Liquidity and Factors Impacting Our Liquidity

Our liquidity, consisting principally of cash and availability under our Credit Facility, fluctuates based on a number of factors, including the timing of receipts from our customers and payments to our suppliers, changes in fuel prices, as well as our financial performance.

We rely on credit arrangements with banks, suppliers and other parties as an important source of liquidity for capital requirements not satisfied by our operating cash flow. Future market volatility, generally, and any persistent weakness in global energy markets may adversely affect our ability to access capital and credit markets or to obtain funds at reasonable interest rates or on other advantageous terms. In addition, since our business is impacted by the availability of trade credit to fund fuel purchases, an actual or perceived decline in our liquidity or business generally could cause our suppliers to reduce our credit lines, seek credit support in the form of additional collateral or otherwise materially modify our payment terms.

During times of high fuel prices, our customers may not be able to purchase as much fuel from us because of their credit limits with us and the resulting adverse impact on their business could cause them to be unable to make payments owed to us for fuel purchased on credit. Furthermore, when fuel prices increase our working capital requirements increase and our own credit limits could prevent us from purchasing enough fuel from our suppliers to meet our customers’ demands, or we could be required to prepay for fuel purchases, any of which would adversely impact our liquidity.

Conversely, extended periods of low fuel prices, particularly when coupled with low price volatility, can also have an adverse effect on our results of operations and overall profitability. This can occur due to many factors, such as reduced demand for our price risk management products and decreased sales to our customers involved in the oil exploration sector. Low fuel prices also facilitate increased competition by reducing financial barriers to entry and enabling existing, lower-capitalized competitors to conduct more business as a result of lower working capital requirements.

Based on the information currently available, we believe that our cash and cash equivalents as of December 31, 2021 and available funds from our Credit Facility, together with cash flows generated by operations, are sufficient to fund our working capital and capital expenditure requirements for at least the next twelve months.

*Credit Facility and Term Loans.* Our availability under our Credit Facility is limited by, among other things, our consolidated total leverage ratio, which is defined in the Credit Agreement and is based, in part, on our adjusted consolidated earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") for the four immediately preceding fiscal quarters. The Credit Agreement generally limits the total amount of indebtedness we may incur to not more than 3.75 to 1. In connection with the acquisition of Flyers in January 2022, the applicable leverage ratio is 4.5 to 1 until the end of 2022 pursuant to the terms of the Credit Facility.

As a result of the foregoing, as well as other covenants and restrictions contained in our Credit Facility, our availability under the Credit Facility may fluctuate from period to period. In addition, our failure to comply with the covenants contained in our Credit Facility and our Term Loans could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the Credit Facility and our Term Loans, trigger cross-defaults under certain other agreements to which we are a party and impair our ability to obtain working capital advances and issue letters of credit, which would have a material adverse effect on our business, financial condition, results of operations and cash flows. See Note 8. Debt, Interest Income, Expense and Other Finance Costs for additional information.

*Other Credit Lines.* Additionally, we have other uncommitted credit lines primarily for the issuance of letters of credit, bank guarantees and bankers’ acceptances. These credit lines are renewable on an annual basis and are subject to fees at market rates. As of December 31, 2021 and 2020, our outstanding letters of credit and bank guarantees under these credit lines totaled $404.0 million and $328.4 million, respectively.

*Receivables Purchase Agreements.* We also have accounts receivable programs under receivables purchase agreements ("RPAs") that allow us to sell a specified amount of qualifying accounts receivable and receive cash consideration equal to the total balance, less a discount margin, which varies based on the outstanding accounts receivable at any given time. The RPA agreements provide the constituent banks with the ability to add or remove customers from these programs in their discretion based on, among other things, the level of risk exposure the bank is willing to accept with respect to any particular customer. The fees the banks charge us to purchase the receivables from these customers can also be impacted for these reasons. See Note 2. Accounts Receivable for additional information.

See Item 1A. – Risk Factors in Part 1 within this 2021 10-K Report for additional information.

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Future Uses of Liquidity

Cash is primarily used to fund working capital to support our operations as well as for strategic acquisitions and investments, such as the acquisition of Flyers discussed below.

As of December 31, 2021, our contractual obligations were as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year 1** | | |  | | | **Years 2-3** | | |  | | | **Years 4-5** | | |  | | | **> 5 Years** | | |  | | | **Total** | | |
| Debt and interest obligations (1) | | | $ | 40.4 |  |  | | | $ | 486.2 |  |  | | | $ | 7.1 |  |  | | | $ | 3.0 |  |  | | | $ | 536.6 |  |
| Operating lease obligations (2) | | | 38.0 | |  |  | | | 59.7 | |  |  | | | 40.9 | |  |  | | | 59.2 | |  |  | | | 197.9 | |  |
| Finance lease obligations (2) | | | 5.3 | |  |  | | | 7.9 | |  |  | | | 6.6 | |  |  | | | 3.6 | |  |  | | | 23.5 | |  |
| Derivatives obligations (3) | | | 168.4 | |  |  | | | 66.6 | |  |  | | | — | |  |  | | | — | |  |  | | | 235.0 | |  |
| Purchase commitment obligations (4) | | | 52.0 | |  |  | | | 17.5 | |  |  | | | 15.4 | |  |  | | | 8.1 | |  |  | | | 93.0 | |  |
| Other obligations | | | 1.7 | |  |  | | | 2.6 | |  |  | | | 2.6 | |  |  | | | 1.2 | |  |  | | | 8.1 | |  |
| Total | | | $ | 305.8 |  |  | | | $ | 640.6 |  |  | | | $ | 72.6 |  |  | | | $ | 75.1 |  |  | | | $ | 1,094.0 |  |

(1)Debt and interest obligations include principal and interest payments on fixed-rate and variable-rate, fixed-term debt based on their maturity dates. See Note 8. Debt, Interest Income, Expense and Other Finance Costs for additional information.

(2)We enter into lease arrangements for the use of offices, operational facilities, vehicles, vessels, storage tanks and other assets for our operations around the world. See Note 15. Leases for additional information.

(3)As part of our risk management program, we enter into derivative instruments intended to mitigate risks associated with changes in commodity prices, foreign currency exchange rate, and interest rates. Our obligations associated with these derivative instruments fluctuate based on changes in the fair value of the derivatives. See Note 4. Derivative Instruments and Note 12. Fair Value Measurements for additional information.

(4)We have fixed purchase commitments associated with our risk management program, as well as a purchase contract, that runs through 2026, under which we agreed to purchase annually between 1.9 million barrels and 2.0 million barrels of aviation fuel at future market prices. See Note 9. Commitments and Contingencies for additional information.

Future material cash requirements and off-balance sheet arrangements, in addition to the contractual obligations in the table above, include the following:

*Acquisition of Flyers.* On January 3, 2022, we closed the acquisition of Flyers for total consideration of $792.7 million, subject to customary adjustments relating to net working capital, indebtedness and transaction expenses. At closing, $642.7 million was paid in cash, $50.0 million was satisfied through the delivery of the Company's common stock, and the remaining $100.0 million remains payable to the seller, with one-half to be released on each of the first and second anniversary of the closing of the acquisition. The consideration at closing was funded through approximately $326 million of cash on hand and incremental borrowings under our Credit Facility subsequent to December 31, 2021. See Note 3. Acquisitions and Divestitures for additional information.

*Capital Expenditures.* During the year ended December 31, 2021, we incurred capital expenditures in the ordinary course of business of approximately $39.2 million. In 2022, we expect our capital expenditures to continue to increase to levels more reflective of those experienced prior to the pandemic.

*Unrecognized Income Tax Liabilities.* As of December 31, 2021, we have recorded gross liabilities for unrecognized income tax benefits ("Unrecognized Tax Liabilities"), including penalties and interest, of $98.2 million. The timing of any settlement of our Unrecognized Tax Liabilities with the respective taxing authority cannot be reasonably estimated.

*Letters of Credit and Bank Guarantees.* In the normal course of business, we are required to provide letters of credit to certain suppliers. A majority of these letters of credit expire within one year from their issuance and expired letters of credit are renewed as needed. As of December 31, 2021, we had issued letters of credit and bank guarantees totaling $450.7 million under our Credit Facility and other uncommitted credit lines.

*Surety Bonds.* In the normal course of business, we are required to post bid, performance and other surety-related bonds. The majority of the surety bonds posted relate to our aviation and land segments. We had outstanding bonds that were executed in order to satisfy various security requirements of $54.9 million as of December 31, 2021.

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Cash Flows

The following table reflects the major categories of cash flows for the years ended December 31, 2021, 2020 and 2019 (in millions). For additional details, please see the Consolidated Statements of Cash Flows.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Net cash provided by (used in) operating activities | | | $ | 173.2 |  |  | | | $ | 604.1 |  |  | | | $ | 228.8 |  |
| Net cash provided by (used in) investing activities | | | (58.3) | |  |  | | | 72.8 | |  |  | | | (50.5) | |  |
| Net cash provided by (used in) financing activities | | | (113.6) | |  |  | | | (213.0) | |  |  | | | (204.9) | |  |

*Operating Activities.* For the year ended December 31, 2021, net cash provided by operating activities was $173.2 million compared to net cash provided of $604.1 million for the year ended December 31, 2020. The $430.9 million decrease in operating cash flows was principally due to an increase in net working capital of $451.3 million due to a recovery in activity as compared to the pandemic-related impacts in 2020, as well as higher average fuel prices in 2021, partially offset by increased operating results of $19.5 million.

*Investing Activities.* For the year ended December 31, 2021, net cash used in investing activities was $58.3 million, compared to net cash provided of $72.8 million for the year ended December 31, 2020. The net cash used in investing activities for the year ended December 31, 2021 was primarily driven by $39.2 million in capital expenditures and $37.1 million for the acquisition of a business in the land segment in the fourth quarter of 2021, partially offset by net cash proceeds of $25.0 million from the collection of a note receivable related to the sale of MSTS. Net cash provided by investing activities for the year ended December 31, 2020 was primarily driven by net cash proceeds of $259.6 million received from the sale of MSTS, partially offset by cash paid for the acquisition of the UVair fuel business of $128.6 million, as discussed in Note 3. Acquisitions and Divestitures, and capital expenditures of $51.3 million.

*Financing Activities.* For the year ended December 31, 2021, net cash used in financing activities was $113.6 million, compared to net cash used of $213.0 million for the year ended December 31, 2020. Net cash used in financing activities for the year ended December 31, 2021 was primarily driven by repurchases of our common stock in the aggregate amount of $50.5 million, dividend payments on our common stock of $28.7 million, and net repayments of debt under our Credit Facility of $23.9 million. Net cash used in financing activities of $213.0 million for the year ended December 31, 2020 was primarily driven by net repayments of debt under our Credit Facility of $112.0 million, repurchases of our common stock in the aggregate amount of $68.3 million, and dividend payments on our common stock of $25.6 million.

**Critical Accounting Estimates**

Management's discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements included elsewhere in this 2021 10‑K Report, which has been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to unbilled revenue and associated costs of sales, allowance for credit losses, goodwill and identifiable intangible assets, certain accrued liabilities, and income taxes. We base our estimates on historical experience and on other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the areas described below as critical to our business operations and the understanding of our results of operations given the uncertainties associated with the assumptions underlying each estimate. For a detailed discussion on the application of these and other significant accounting policies, see Note 1. Basis of Presentation, New Accounting Standards and Significant Accounting Policies.

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| **Description** | | |  | | | **Judgments and Uncertainties** | | |  | | | **Effect if Actual Results Differ from Assumptions** | | |
| **Impairment Assessments of Goodwill, Long-Lived Assets, and Equity Investments** | | | | | | | | | | | | | | |
| *We evaluate goodwill for impairment at least annually, and whenever events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We periodically evaluate whether the carrying value of long-lived assets (property and equipment, identifiable intangible assets, and leases) and equity investments have been impaired when circumstances indicate the carrying value of those assets may not be recoverable.* | | |  | | | These assessments require us to make accounting estimates that require consideration of forecasted financial information. Significant judgment is involved in performing these estimates as they are developed based on forecasted assumptions. As of December 31, 2021, the assumptions used, particularly the expected growth rates, the profitability embedded in our projected cash flow, the discount rate and the market-based multiples, were defined in the context of current and future potential impacts of COVID-19 on our business and other business factors. Management also considered the volatility in the company's market capitalization since the beginning of the pandemic and evaluated the potential impact that this volatility may have had on the estimated fair value of our reporting units. | | |  | | | Based on the assessments performed, and supported by the available information as of December 31, 2021, we concluded that the carrying value of our long-lived assets and equity investments were recoverable and that the fair value of our land and aviation reporting units were not less than their respective carrying values. However, at this time, we are unable to predict with specificity the ultimate impact of the pandemic, as it will depend on the magnitude, severity and duration, as well as how quickly, and to what extent, normal economic and operating conditions resume on a sustainable basis globally. Accordingly, if the impact of the pandemic, and its associated reduction in business are more severe or longer in duration than we have assumed, such impact could potentially result in impairments. | | |
| **Accounts Receivable and Allowance for Credit Losses** | | | | | | | | | | | | | | |
| *We maintain a provision for estimated credit losses based upon our historical experience with our customers, any specific customer collection issues that we have identified from current financial information and business prospects, as well as forward-looking information from market sources.* | | |  | | | We consider historical payment trends of our customers together with internal and external information about the economic outlook, geopolitical risks and macroeconomic events, which may not fully capture the current or future creditworthiness of our customers, particularly in difficult economic periods. | | |  | | | As a result of the challenges inherent in estimating which customers are less likely to remit amounts owed to us, our provision for estimated credit losses may not always be sufficient. Any write-off of accounts receivable in excess of our provision for credit losses could adversely affect our results of operations and cash flow. | | |
| **Business Combinations** | | | | | | | | | | | | | | |
| *A business combination occurs when an entity obtains control of a "business." To conclude if the definition of a business is met, we need to conclude whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets which requires significant judgment to determine the fair value. The determination of whether the acquired activities and assets constitute a business is critical because the accounting for a business combination differs significantly from that of an asset acquisition. Business combinations are accounted for using a fair value model. In contrast, asset acquisitions are accounted for using a cost accumulation and allocation model.* | | |  | | | Significant judgment is involved in the determination of fair values in the context of acquisitions as fair values are generally developed based on forecasted assumptions. Other factors affecting the concluded fair value are assumptions and estimates regarding the industry and economic factors as well as expected growth, profitability and risks embedded in the new acquired activities. | | |  | | | If estimates or assumptions used to estimate fair values are materially incorrect, future earnings through depreciation and amortization expense could be impacted. In addition, if forecasts supporting the valuation of the long-lived assets, intangibles, or goodwill are not achieved, impairments could arise. | | |

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| **Description** | | |  | | | **Judgments and Uncertainties** | | |  | | | **Effect if Actual Results Differ from Assumptions** | | |
| **Revenue Recognition** | | | | | | | | | | | | | | |
| *The majority of our consolidated revenues are generated through the sale of fuel and fuel-related products. We generally recognize fuel sales on a gross basis as we have control of the products before they are delivered to our customers.* | | |  | | | In drawing this conclusion, we consider various factors, including inventory risk management, latitude in establishing the sales price, discretion in the supplier selection and that we are normally the primary obligor in our sales arrangements. | | |  | | | Our determination of whether to recognize revenue on a gross or net basis can materially impact the amount of revenue we report. | | |
| **Income Taxes** | | | | | | | | | | | | | | |
| *We estimate total income tax expense based on statutory tax rates and tax planning opportunities available to us in various jurisdictions in which we operate. Deferred income taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Valuation allowances are recorded when it is likely a tax benefit will not be realized for a deferred tax asset. We record unrecognized tax benefit liabilities for known or anticipated tax issues based on our analysis of whether, and the extent to which, additional taxes will be due.* | | |  | | | Changes in tax laws and rates, such as The Tax Cuts and Jobs Act (the "Tax Act") enacted on December 22, 2017, could affect recorded deferred tax assets and liabilities in the future. Changes in projected future earnings could affect the recorded valuation allowances in the future. Our calculations related to income taxes contain uncertainties due to judgment used to calculate tax liabilities in the application of complex tax regulations across the tax jurisdictions where we operate. Our analysis of unrecognized tax benefits contains uncertainties based on judgment used to apply the more likely than not recognition and measurement thresholds. | | |  | | | Due to the complexity of some of these uncertainties, the ultimate resolution of our tax related balances or valuation allowances may result in a payment that is materially different from the current estimate of the tax liabilities. To the extent we prevail in matters for which unrecognized tax benefit liabilities have been established, or are required to pay amounts in excess of our recorded unrecognized tax benefit liabilities, our effective tax rate in a given financial statement period could be materially affected. | | |
|  | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |
| **Derivatives** | | | | | | | | | | | | | | |
| *We enter into financial derivative contracts to mitigate our risk of fuel market price fluctuations in aviation, land and marine fuel as well as changes in interest and foreign currency exchange rates and also to offer our customers fuel pricing alternatives to meet their needs. These instruments may be designated as cash flow or fair value hedges, or accounted for as non-designated derivatives. All derivative instruments are measured and recorded at fair value.* | | |  | | | When available, quoted market prices or prices obtained through external sources are used to determine a contract's fair value. For contracts for which quoted market prices are not available, fair value is determined based on pricing models developed primarily from historical information and the expected relationship with quoted market prices. Measurement of the fair value of our derivatives also requires the assessment of certain risks related to non-performance, which requires a significant amount of judgment. | | |  | | | While we currently believe that our derivative contracts will be effective in mitigating the associated price risks, it is possible that our derivative instruments will be ineffective at mitigating material changes in prices, which could have an adverse impact on our financial position and results of operations. If our estimates of fair value are inaccurate, we may be exposed to losses or gains that could be material. See Item 7A. – Quantitative and Qualitative Disclosures About Market Risks for additional information. | | |

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

**Derivative and Financial Instruments Market Risk**

We use commodity-based derivative contracts and financial instruments, when we deem it appropriate, to manage the risks associated with changes in the prices of fuel and fuel-related products, fluctuations in foreign currency exchange rates and interest rates, or to capture market opportunities. We utilize hedge accounting and formally designate certain of our derivative instruments as either cash flow or fair value hedges. Derivative instruments that are not designated are considered non-designated hedges and are designed to achieve an economic offset of the underlying price risk exposure. Financial instruments and positions affecting our financial statements are described below and are held primarily for hedging purposes. As a result, any changes in income associated with our derivatives contracts are substantially offset by corresponding changes in the value of the underlying risk being mitigated.

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**Commodity Price Risk**

Our commercial business segments use derivative instruments, primarily futures, forward, swap, and options contracts, in various markets to manage price risk inherent in the purchase and sale of fuel. Certain of these derivative instruments are utilized to mitigate the risk of price volatility in forecasted transactions in a cash flow hedge relationship and to mitigate the risk of changes in the price of our inventory in a fair value hedge relationship. In addition, we use derivatives as economic hedges or to optimize the value of our fuel inventory to capitalize on anticipated market opportunities.

The notional and fair market values of our commodity-based derivative instrument positions were as follows (in millions, except weighted average contract price):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | |  | | |  | | |  | | |  | | |  | | | **As of December 31,** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Commodity Contracts (In millions of BBL)** | | | | | | | | | | | | | | |  | | | **2021** | | | | | | | | | | | | | | |  | | | **2020** | | | | | | | | | | | | | | |
| **Hedge Strategy** | | |  | | | **Derivative Instrument** | | |  | | | **Settlement  Period** | | |  | | | **Notional  Net  Long/ (Short)** | | |  | | | **Weighted  Average  Contract  Price** | | |  | | | **Fair  Value Amount** | | |  | | | **Notional  Net  Long/ (Short)** | | |  | | | **Weighted  Average  Contract  Price** | | |  | | | **Fair  Value Amount** | | |
| Designated hedge | | |  | | | Commodity contracts hedging inventory | | |  | | | 2021 | | |  | | | — | |  |  | | | $ | — |  |  | | | $ | — |  |  | | | (3.3) | |  |  | | | $ | 53.291 |  |  | | | $ | 2.9 |  |
|  | | |  | | |  | | |  | | | 2022 | | |  | | | (2.8) | |  |  | | | 92.257 | |  |  | | | (8.2) | |  |  | | | (0.1) | |  |  | | | 54.256 | |  |  | | | (0.4) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | | (8.2) | |  |  | | |  | | |  | | |  | | |  | | | 2.5 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Non-designated hedge | | |  | | | Commodity contracts | | |  | | | 2021 | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 13.9 | |  |  | | | 1.052 | |  |  | | | 24.3 | |  |
|  | | |  | | |  | | |  | | | 2022 | | |  | | | 4.6 | |  |  | | | 4.633 | |  |  | | | 10.1 | |  |  | | | 1.0 | |  |  | | | 1.067 | |  |  | | | 7.8 | |  |
|  | | |  | | |  | | |  | | | 2023 | | |  | | | 0.1 | |  |  | | | 14.199 | |  |  | | | 7.8 | |  |  | | | — | |  |  | | | 9.333 | |  |  | | | 4.3 | |  |
|  | | |  | | |  | | |  | | | 2024 | | |  | | | 0.1 | |  |  | | | 12.274 | |  |  | | | 6.5 | |  |  | | | 0.1 | |  |  | | | 10.118 | |  |  | | | 4.4 | |  |
|  | | |  | | |  | | |  | | | 2025 | | |  | | | — | |  |  | | | 12.354 | |  |  | | | 2.0 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | | Thereafter | | |  | | | (0.2) | |  |  | | | 12.497 | | |  | | | 1.4 | |  |  | | | — | |  |  | | | 10.745 | | |  | | | 1.7 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | | 27.8 | |  |  | | |  | | |  | | |  | | |  | | | 42.5 | |  |
| Total commodity derivative contracts | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | | $ | 19.6 |  |  | | |  | | |  | | |  | | |  | | | $ | 45.0 |  |

**Foreign Currency Exchange Risk**

We hedge our exposure to currency exchange rate changes, such as foreign-currency-denominated trade receivables, payables, or local currency tax payments. The foreign currency exchange rate risk results primarily from our international operations and is economically hedged using forward and swap contracts. The changes in the fair value of these foreign currency exchange derivatives are recorded in earnings. Since the gains or losses on the forward and swap contracts are substantially offset by the gains or losses from remeasuring the hedged foreign-currency-denominated exposure, we do not believe that a hypothetical 10% change in exchange rates at December 31, 2021 would have a material impact on our income from operations.

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As of December 31, 2021, the foreign currency denominated notional amounts and fair value in U.S. dollars of our exposures from our foreign currency exchange derivatives, were primarily related to the following (in millions, except weighted average contract price):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Settlement Period** | | |  | | | **Unit** | | |  | | | **Notional  Net Long/(Short)** | | |  | | | **Weighted Average Contract Price** | | |  | | | **Fair Value Amount** | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2022 | | |  | | | CAD | | |  | | | (22.3) | |  |  | | | 1.257 | |  |  | | | $ | (0.1) |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2022 | | |  | | | CLP | | |  | | | 15,459.0 | |  |  | | | 838.368 | |  |  | | | 0.1 | |  |
| 2022 | | |  | | | COP | | |  | | | (37,217.2) | |  |  | | | 3,828.634 | |  |  | | | 0.4 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2022 | | |  | | | DKK | | |  | | | 266.6 | |  |  | | | 6.152 | |  |  | | | (0.8) | |  |
| 2022 | | |  | | | EUR | | |  | | | (37.6) | |  |  | | | 1.154 | |  |  | | | 0.5 | |  |
| 2022 | | |  | | | GBP | | |  | | | 4.8 | |  |  | | | 1.358 | |  |  | | | (0.1) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2022 | | |  | | | KRW | | |  | | | (10,769.6) | |  |  | | | 1,196.713 | |  |  | | | (0.1) | |  |
| 2022 | | |  | | | MXN | | |  | | | (1,107.2) | |  |  | | | 21.151 | |  |  | | | (0.7) | |  |
| 2022 | | |  | | | NOK | | |  | | | (773.1) | |  |  | | | 8.481 | |  |  | | | 1.7 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
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| 2022 | | |  | | | SEK | | |  | | | 138.1 | |  |  | | | 8.201 | |  |  | | | (0.3) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2022 | | |  | | | ZAR | | |  | | | 158.0 | |  |  | | | 15.705 | |  |  | | | (0.2) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total foreign currency exchange derivative contracts | | | | | | | | | | | | | | | | | | | | |  | | | $ | 0.4 |  |

The total fair value our foreign currency exchange derivative contracts was an asset of $0.4 million and a liability of $12.3 million as of December 31, 2021 and 2020, respectively. The majority of foreign currency exchange derivatives are settled within one year. See Note 4. Derivative Instruments for additional information.

**Interest Rate Risk**

Borrowings under our Credit Facility and Term Loans related to base rate loans or Eurodollar rate loans bear floating interest rates plus applicable margins. As of December 31, 2021, the applicable margins for base rate loans and Eurodollar rate loans were 0.75% and 1.75%, respectively. As of December 31, 2021, we had no outstanding borrowings under our Credit Facility and $484.1 million in Term Loans. As of December 31, 2021, the aggregate outstanding balance of our finance lease obligations was $21.2 million, which bear interest at annual rates ranging from 1.0% to 5.9%. Our other remaining outstanding debt of $3.3 million, as of December 31, 2021, primarily relates to loans payable in varying amounts which bear interest at annual rates ranging from zero to 3.5%. The weighted average interest rate on our short-term debt was 2.0% as of December 31, 2021. A 1% fluctuation in the interest rate on our outstanding debt would result in a $4.8 million change in interest expense during the next twelve months.

In March 2020, we entered into a $300 million, one-month LIBOR, floating-for-fixed interest rate non-amortizing swap with a maturity date in March 2025 (the "Swap"). The Swap agreement effectively locks in the variable interest cash flows we will pay for a portion of our Eurodollar rate loans at 0.55%. The fair value of the interest rate swap contract was an asset of $5.1 million and a liability of $3.7 million as of December 31, 2021 and 2020, respectively.

The following table presents the contractual weighted average interest rates and expected cash flows by maturity dates (in millions, except weighted average interest rates):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Expected Maturities as of December 31, 2021** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Interest Rate Swap** | | |  | | | **2022** | | |  | | | **2023** | | |  | | | **2024** | | |  | | | **2025** | | |  | | | **Fair Value** | | |
| Notional Value: $300 | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | | $ | 5.1 |  |
| Variable to Fixed(1) | | |  | | | $ | (0.3) |  |  | | | $ | 2.0 |  |  | | | $ | 2.7 |  |  | | | $ | 0.7 |  |  | | |  | | |
| Average pay rate | | |  | | | 0.55 | | % |  | | | 0.55 | | % |  | | | 0.55 | | % |  | | | 0.55 | | % |  | | |  | | |
| Average receive rate | | |  | | | 0.45 | | % |  | | | 1.21 | | % |  | | | 1.46 | | % |  | | | 1.52 | | % |  | | |  | | |

(1)Represents discounted net cash flow receipts or (payments).

**Item 8. Financial Statements and Supplementary Data**

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 25, 2022, are set forth in Item 15 of this 2021 10‑K Report.

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**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Management’s Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this 10-K Report, we evaluated, under the supervision and with the participation of our CEO and CFO, the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2021.

**Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a‑15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and our directors; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2021 using the framework specified in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing herein.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended December 31, 2021.

**Effectiveness of Internal Control**

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only the reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

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**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

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**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

We have adopted a Code of Conduct that applies to all of our employees, officers (including our principal executive, financial and accounting officers) and directors. The Code of Conduct is located on our website at http://www.wfscorp.com under "Investor Relations – Corporate Governance – Code of Conduct." We intend to disclose any amendments to our Code of Conduct or waivers with respect to our Code of Conduct granted to our principal executive, financial and accounting officers on our website.

The remaining information regarding our directors, executive officers and corporate governance is incorporated herein by reference from our Definitive Proxy Statement for the 2022 Annual Meeting of Shareholders ("2022 Proxy") to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2021.

**Item 11. Executive Compensation**

Information on executive compensation is incorporated herein by reference from our 2022 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2021.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

Information on security ownership of certain beneficial owners and management and related shareholder matters is incorporated herein by reference from our 2022 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2021.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information on certain relationships and related transactions and director independence is incorporated herein by reference from our 2022 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2021.

**Item 14. Principal Accounting Fees and Services**

Information on principal accounting fees and services is incorporated herein by reference from our 2022 Proxy to be filed pursuant to Regulation 14A within 120 days after the close of the fiscal year ended December 31, 2021.

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**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

|  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |
| (a)(1) | | | The following Consolidated Financial Statements are filed as a part of this 2021 10‑K Report: | | | | | | | | |
|  | | |  | | |  | | |  | | |
|  | | | [(i)](#i68381fa45cae4740b6f591f7868cebdc_94) | | | [Report of Independent Registered Public Accounting Firm](#i68381fa45cae4740b6f591f7868cebdc_94) (PCAOB ID 238) | | | [40](#i68381fa45cae4740b6f591f7868cebdc_94) | | |
|  | | |  | | |  | | |  | | |
|  | | | [(ii)](#i68381fa45cae4740b6f591f7868cebdc_97) | | | [Consolidated Balance Sheets](#i68381fa45cae4740b6f591f7868cebdc_97) | | | [42](#i68381fa45cae4740b6f591f7868cebdc_97) | | |
|  | | |  | | |  | | |  | | |
|  | | | [(iii)](#i68381fa45cae4740b6f591f7868cebdc_100) | | | [Consolidated Statements of Income and Comprehensive Income](#i68381fa45cae4740b6f591f7868cebdc_100) | | | [43](#i68381fa45cae4740b6f591f7868cebdc_100) | | |
|  | | |  | | |  | | |  | | |
|  | | | [(iv)](#i68381fa45cae4740b6f591f7868cebdc_103) | | | [Consolidated Statements of Shareholders’ Equity](#i68381fa45cae4740b6f591f7868cebdc_103) | | | [44](#i68381fa45cae4740b6f591f7868cebdc_103) | | |
|  | | |  | | |  | | |  | | |
|  | | | [(v)](#i68381fa45cae4740b6f591f7868cebdc_106) | | | [Consolidated Statements of Cash Flows](#i68381fa45cae4740b6f591f7868cebdc_106) | | | [45](#i68381fa45cae4740b6f591f7868cebdc_106) | | |
|  | | |  | | |  | | |  | | |
|  | | | [(vi)](#i68381fa45cae4740b6f591f7868cebdc_109) | | | [Notes to the Consolidated Financial Statements](#i68381fa45cae4740b6f591f7868cebdc_109) | | | [47](#i68381fa45cae4740b6f591f7868cebdc_109) | | |
|  | | |  | | |  | | |  | | |
| (a)(2) | | | Consolidated Financial Statement schedules have been omitted either because the required information is set forth in the Consolidated Financial Statements or Notes thereto, or the information called for is not required. | | | | | | | | |
|  | | |  | | | | | | | | |
| (b) | | | The exhibits set forth in the following index of exhibits are filed or incorporated by reference as a part of this 2021 10‑K Report: | | | | | | | | |

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| **Exhibit No.** | | |  | | | **Description** | | |
| [3.1](http://www.sec.gov/Archives/edgar/data/789460/000119312505018689/dex992.htm) | | |  | | | Restated Articles of Incorporation (incorporated by reference herein from Exhibit 99.2 to our Current Report on Form 8‑K filed on February 3, 2005). | | |
| [3.2](http://www.sec.gov/Archives/edgar/data/789460/000115752309008255/a6106663ex3_1.txt) | | |  | | | Articles of Amendment to Restated Articles of Incorporation (incorporated by reference herein from Exhibit 3.1 to our Current Report on Form 8‑K filed on November 23, 2009). | | |
| [3.3](http://www.sec.gov/Archives/edgar/data/789460/000115752311005202/a6842908_ex31.htm) | | |  | | | By‑Laws, amended and restated as of August 26, 2011 (incorporated by reference herein from Exhibit 3.1 to our Current Report on Form 8‑K filed on August 29, 2011). | | |
| [4.1](http://www.sec.gov/Archives/edgar/data/789460/000162828020002590/a2019q410kex41.htm) | | |  | | | Description of Capital Stock (incorporated by reference herein from Exhibit 4.1 to our 2019 10-K). | | |
| [10.1](http://www.sec.gov/Archives/edgar/data/789460/000119312508061911/dex102.htm) | | |  | | | Agreement between World Fuel Services Corporation and Michael J. Kasbar, dated March 14, 2008 (incorporated by reference herein from Exhibit 10.2 to our Current Report on Form 8‑K filed on March 20, 2008). \* | | |
| [10.2](http://www.sec.gov/Archives/edgar/data/789460/000115752311005202/a6842908_ex101.htm) | | |  | | | Amendment No. 1, dated August 26, 2011, to Agreement between World Fuel Services Corporation and Michael J. Kasbar (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8‑K filed on August 29, 2011). \* | | |
| [10.3](http://www.sec.gov/Archives/edgar/data/789460/000115752312001808/a50230904ex10_1.htm) | | |  | | | Amendment No. 2, dated April 9, 2012, to Agreement between World Fuel Services Corporation and Michael J. Kasbar (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8‑K filed on April 13, 2012). \* | | |
| [10.4](http://www.sec.gov/Archives/edgar/data/789460/000110465914027167/a14-10353_1ex10d2.htm) | | |  | | | Amendment No. 3, dated April 11, 2014, to Agreement between World Fuel Services Corporation and Michael J. Kasbar (incorporated by reference herein from Exhibit 10.2 to our Current Report on Form 8‑K filed on April 11, 2014). \* | | |
| [10.5](http://www.sec.gov/Archives/edgar/data/789460/000119312507081302/dex102.htm) | | |  | | | Executive Severance Agreement between World Fuel Services Corporation and Ira M. Birns, dated April 16, 2007 (incorporated by reference herein from Exhibit 10.2 to our Current Report on Form 8‑K filed on April 16, 2007). \* | | |
| [10.6](http://www.sec.gov/Archives/edgar/data/789460/000162828017007371/a2017q2ex101.htm) | | |  | | | World Fuel Services Corporation Executive Severance Policy, effective as of December 31, 2016 (incorporated by reference herein from Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 filed on July 28, 2017 ("2017 10-Q")). \* | | |
| [10.7](http://www.sec.gov/Archives/edgar/data/789460/000110465916125102/a16-12742_1ex10d1.htm) | | |  | | | 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on June 2, 2016). \* | | |
| [10.8](http://www.sec.gov/Archives/edgar/data/789460/000110465920066201/tm2020851d1_ex10-1.htm) | | |  | | | 2020 Omnibus Plan (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on May 27, 2020). \* | | |
| [10.9](http://www.sec.gov/Archives/edgar/data/789460/000162828021011056/a2021-omnibusplanexhibit101.htm) | | |  | | | 2021 Omnibus Plan (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on May 25, 2021). \* | | |
| [10.10](http://www.sec.gov/Archives/edgar/data/789460/000155837016003246/int-20151231ex1024bff55.htm) | | |  | | | Form of Non-Employee Director 2017 Restricted Stock Unit Grant Agreement under the 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.24 to our Annual Report on Form 10-K for the year ended December 31, 2015 filed on February 16, 2016). \* | | |
| [10.11](http://www.sec.gov/Archives/edgar/data/789460/000162828019002382/a2018q4ex1010.htm) | | |  | | | Form of Non-Employee Director Restricted Stock Unit Grant Agreement under the 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.10 to our 2019 10-K). \* | | |
| [10.12](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1010.htm) | | |  | | | Form of Named Executive Officer Restricted Stock Unit Grant Agreement under the 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.10 to our Annual Report on Form 10-K for the year ended December 31, 2017 filed on February 28, 2018 ("2017 10-K"). \* | | |
| [10.13](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1014.htm) | | |  | | | Form of Michael J. Kasbar Restricted Stock Unit Grant Agreement under the 2006 and 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.14 to our 2017 10-K). \* | | |
| [10.14](http://www.sec.gov/Archives/edgar/data/789460/000110465914054975/a14-13976_1ex10d1.htm) | | |  | | | Form of Michael J. Kasbar Stock-Settled Stock Appreciation Right Agreement under the 2006 Omnibus Plan (incorporated by reference herein from Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed on July 30, 2014 ("2014 10-Q"). \* | | |
| [10.15](http://www.sec.gov/Archives/edgar/data/789460/000162828017001482/a2016q4ex1015.htm) | | |  | | | Form of Michael J. Kasbar Stock-Settled Stock Appreciation Right Agreement (3-year Cliff Vesting) under the 2006 and 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.15 to our Annual Report on Form 10-K for the year ended December 31, 2016 filed on February 21, 2017 ("2016 10-K"). \* | | |
| [10.16](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1017.htm) | | |  | | | Form of Ira M. Birns Restricted Stock Unit Grant Agreement under the 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.17 to our 2017 10-K). \* | | |
| [10.17](http://www.sec.gov/Archives/edgar/data/789460/000110465914054975/a14-13976_1ex10d2.htm) | | |  | | | Form of Ira M. Birns Stock-Settled Stock Appreciation Right Agreement under the 2006 Omnibus Plan (incorporated by reference herein from Exhibit 10.2 to our 2014 10-Q). \* | | |
| [10.18](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1021.htm) | | |  | | | Form of Michael J. Crosby and John P. Rau 2016 Performance-Based Restricted Stock Unit Grant Agreement under the 2006 Omnibus Plan (incorporated by reference herein from Exhibit 10.21 to our 2017 10-K). \* | | |
| [10.19](http://www.sec.gov/Archives/edgar/data/789460/000162828017007371/a2017q2ex104.htm) | | |  | | | Form of Michael J. Crosby and John P. Rau Restricted Stock Grant Agreement under the 2006 Omnibus Plan (incorporated by reference herein from Exhibit 10.4 to our 2017 10-Q). \* | | |
| [10.20](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1024.htm) | | |  | | | Form of Michael J. Crosby and John P. Rau Restricted Stock Unit Grant Agreement under the 2006 Omnibus Plan (incorporated by reference herein from Exhibit 10.24 to our 2017 10-K). \* | | |
| [10.21](http://www.sec.gov/Archives/edgar/data/789460/000162828021003481/a202010kex1024.htm) | | |  | | | Form of Named Executive Officer Stock-Settled Stock Appreciation Right Agreement under the 2016 Omnibus Plan (incorporated by reference herein from Exhibit 10.24 to our 2020 10-K). \* | | |

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| **Exhibit No.** | | |  | | | **Description** | | |
| [10.22](http://www.sec.gov/Archives/edgar/data/789460/000110465913075419/a13-22173_1ex10d1.htm) | | |  | | | Fourth Amended and Restated Credit Agreement, dated as of October 10, 2013, among World Fuel Services Corporation, World Fuel Services Europe, Ltd. and World Fuel Services (Singapore) Pte Ltd, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on October 11, 2013).\* | | |
| [10.23](http://www.sec.gov/Archives/edgar/data/789460/000155837015000030/int-20150130ex10147ad65.htm) | | |  | | | Amendment No. 1 to the Fourth Amended and Restated Credit Agreement, and Joinder Agreement, dated as of January 30, 2015, among World Fuel Services Corporation, World Fuel Services Europe, Ltd. and World Fuel Services (Singapore) Pte Ltd, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on February 5, 2015). | | |
| [10.24](http://www.sec.gov/Archives/edgar/data/789460/000162828016020385/amendmentno2.htm) | | |  | | | Amendment No. 2 to the Fourth Amended and Restated Credit Agreement, and Joinder Agreement, dated as of October 26, 2016, among World Fuel Services Corporation, World Fuel Services Europe, Ltd. and World Fuel Services (Singapore) Pte Ltd, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on October 27, 2016). | | |
| [10.25](http://www.sec.gov/Archives/edgar/data/789460/000162828017007371/a2017q2ex102.htm) | | |  | | | Amendment No. 3 to the Fourth Amended and Restated Credit Agreement, dated as of May 12, 2017, among World Fuel Services Corporation, World Fuel Services Europe, Ltd. and World Fuel Services (Singapore) Pte Ltd, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated by reference herein from Exhibit 10.2 to our 2017 10-Q). | | |
| [10.26](http://www.sec.gov/Archives/edgar/data/789460/000162828018002457/a2017q4ex1030.htm) | | |  | | | Amendment No. 4 to the Fourth Amended and Restated Credit Agreement, dated as January 30, 2018, among World Fuel Services Corporation, World Fuel Services Europe, Ltd. and World Fuel Services (Singapore) Pte Ltd, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated by reference herein from Exhibit 10.30 to our 2017 10-K). | | |
| [10.27](http://www.sec.gov/Archives/edgar/data/789460/000162828019008923/annexitoamendmentno5.htm) | | |  | | | Amendment No. 5 to the Fourth Amended and Restated Credit Agreement, dated as of October 26, 2016, among World Fuel Services Corporation, World Fuel Services Europe, Ltd., World Fuel Services (Singapore) Pte Ltd, and certain other Subsidiaries, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (incorporated by reference herein from Exhibit 10.1 to our Current Report on Form 8-K filed on July 24, 2019). | | |
| [10.28](cfamend6boa.htm) | | |  | | | Amendment No. 6 to the Fourth Amended and Restated Credit Agreement, dated as of November 24, 2021, among World Fuel Services Corporation, World Fuel Services Europe, Ltd., World Fuel Services (Singapore) Pte Ltd, and certain other Subsidiaries, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders. | | |
| [10.29](ex1033_boacreditfacilityam.htm) | | |  | | | Amendment No. 7 to the Fourth Amended and Restated Credit Agreement, dated as of November 26, 2021, among World Fuel Services Corporation, World Fuel Services Europe, Ltd., World Fuel Services (Singapore) Pte Ltd, and certain other Subsidiaries, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders. | | |
| [10.30](projectskywalkermipaexecut.htm) | | |  | | | Purchase Agreement, dated as of October 28, 2021, by and among World Fuel Services, Inc., World Fuel Services Corporation, Flyers Energy Group, LLC, Speedy Investments, LP, Eclipse Investments, LP, TAD Family Limited Partnership, David Dwelle Family Limited Partnership, Thomas A. Dwelle, Stephen B. Dwelle, Walter A. Dwelle, David W. Dwelle, and Walter A. Dwelle in his capacity as the Seller Representative. | | |
| [21.1](a2021q410-kex211.htm) | | |  | | | Subsidiaries of the Registrant. | | |
| [23.1](a2021q410-kex231.htm) | | |  | | | Consent of Independent Registered Public Accounting Firm. | | |
| [31.1](a2021q4ex311.htm) | | |  | | | Certification of the Chief Executive Officer pursuant to Rule 13a‑14(a) or Rule 15d‑14(a). | | |
| [31.2](a2021q4ex312.htm) | | |  | | | Certification of the Chief Financial Officer pursuant to Rule 13a‑14(a) or Rule 15d‑14(a). | | |
| [32.1](a2021q4ex321.htm) | | |  | | | Statement of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes‑Oxley Act of 2002 (18 U.S.C. Section 1350). | | |
| 101 | | |  | | | The following materials from World Fuel Services Corporation’s Annual Report on Form 10-K for the year ended December 31, 2021, formatted in XBRL (Extensible Business Reporting Language); (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Shareholders’ Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements. | | |
| 104 | | |  | | | Cover page interactive file (formatted in Inline XBRL and contained in Exhibit 101). | | |

\*Management contracts and compensatory plans or arrangements required to be filed as exhibits to this form, pursuant to Item 15(b).

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of World Fuel Services Corporation

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of World Fuel Services Corporation and its subsidiaries (the "Company") as of December 31, 2021 and 2020 and the related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021 based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Goodwill Impairment Assessment – Aviation and Land Reporting Units*

As described in Notes 1 and 7 to the consolidated financial statements, the Company’s consolidated goodwill balance was $861.9 million as of December 31, 2021, which is allocated among the Aviation and Land reporting units. Management conducts an impairment assessment as of December 31 of each year, or more frequently if events or circumstances indicate that the carrying value of the goodwill may be impaired. To determine whether goodwill is impaired, management compares the fair value of the reporting units to which goodwill was assigned to their respective carrying values to measure if any amount of goodwill should be impaired. In calculating fair value, management uses a combination of both an income and market approach. As disclosed by management, under the income approach, management calculates the fair value of a reporting unit based on the present value of estimated future cash flows, which include assumptions related to expected growth rates, profitability, and a discount rate that corresponds to a weighted-average cost of capital. Under the market approach, management uses a selection of global companies that correspond to each reporting unit to derive a market-based multiple.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Aviation and Land reporting units is a critical audit matter are the significant judgment by management when developing the fair value of the reporting units, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to expected growth rates, profitability, and the discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s goodwill impairment assessment, including controls over the determination of the reporting units and significant assumptions used in the estimated future cash flows. These procedures also included, among others, testing management’s process for developing the fair value of the Aviation and Land reporting units, which included evaluating the appropriateness of the income and market approaches; testing the completeness and accuracy of underlying data used in the income and market approaches; and evaluating the reasonableness of significant assumptions related to expected growth rates, profitability, and the discount rates. Evaluating management’s assumptions related to expected growth rates and profitability involved evaluating whether the assumptions used were reasonable considering (i) the current and past performance of the reporting units; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the income and market approaches and evaluating the reasonableness of the discount rate assumptions.

/s/ PricewaterhouseCoopers LLP

Hallandale Beach, Florida

February 25, 2022

We have served as the Company’s auditor since 2002.

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**WORLD FUEL SERVICES CORPORATION**

**CONSOLIDATED BALANCE SHEETS**

(In millions, except per share data)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **December 31, 2021** | | |  | | | **December 31, 2020** | | |
| Assets: | | |  | | |  | | |  | | |
| Current assets: | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | $ | 652.2 |  |  | | | $ | 658.8 |  |
| Accounts receivable, net of allowance for credit losses of $26.1 million and $53.8 million as of December 31, 2021 and 2020, respectively | | | 2,355.3 | |  |  | | | 1,238.4 | |  |
| Inventories | | | 477.9 | |  |  | | | 344.3 | |  |
| Prepaid expenses | | | 59.2 | |  |  | | | 51.1 | |  |
| Short-term derivative assets, net | | | 169.2 | |  |  | | | 66.4 | |  |
| Other current assets | | | 305.9 | |  |  | | | 280.4 | |  |
| Total current assets | | | 4,019.7 | |  |  | | | 2,639.3 | |  |
| Property and equipment, net | | | 348.9 | |  |  | | | 342.6 | |  |
| Goodwill | | | 861.9 | |  |  | | | 858.6 | |  |
| Identifiable intangible and other non-current assets | | | 711.9 | |  |  | | | 659.8 | |  |
| Total assets | | | $ | 5,942.4 |  |  | | | $ | 4,500.3 |  |
| Liabilities: | | |  | | |  | | |  | | |
| Current liabilities: | | |  | | |  | | |  | | |
| Current maturities of long-term debt | | | $ | 30.6 |  |  | | | $ | 22.9 |  |
| Accounts payable | | | 2,399.6 | |  |  | | | 1,214.7 | |  |
| Short-term derivative liabilities, net | | | 168.4 | |  |  | | | 50.9 | |  |
| Customer deposits | | | 205.5 | |  |  | | | 155.8 | |  |
| Accrued expenses and other current liabilities | | | 292.7 | |  |  | | | 239.8 | |  |
| Total current liabilities | | | 3,096.7 | |  |  | | | 1,684.0 | |  |
| Long-term debt | | | 478.1 | |  |  | | | 501.8 | |  |
| Non-current income tax liabilities, net | | | 213.9 | |  |  | | | 215.5 | |  |
| Other long-term liabilities | | | 236.8 | |  |  | | | 186.1 | |  |
| Total liabilities | | | 4,025.6 | |  |  | | | 2,587.4 | |  |
| Commitments and contingencies | | |  | | |  | | |  | | |
| Equity: | | |  | | |  | | |  | | |
| World Fuel shareholders' equity: | | |  | | |  | | |  | | |
| Preferred stock, $1.00 par value; 0.1 shares authorized, none issued | | | — | |  |  | | | — | |  |
| Common stock, $0.01 par value; 100.0 shares authorized, 61.7 and 62.9 issued and outstanding as of December 31, 2021 and 2020, respectively | | | 0.6 | |  |  | | | 0.6 | |  |
| Capital in excess of par value | | | 168.1 | |  |  | | | 204.6 | |  |
| Retained earnings | | | 1,880.6 | |  |  | | | 1,836.7 | |  |
| Accumulated other comprehensive income (loss) | | | (136.7) | |  |  | | | (132.6) | |  |
| Total World Fuel shareholders' equity | | | 1,912.7 | |  |  | | | 1,909.3 | |  |
| Noncontrolling interest | | | 4.1 | |  |  | | | 3.6 | |  |
| Total equity | | | 1,916.8 | |  |  | | | 1,912.9 | |  |
| Total liabilities and equity | | | $ | 5,942.4 |  |  | | | $ | 4,500.3 |  |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**WORLD FUEL SERVICES CORPORATION**

**CONSOLIDATED STATEMENTS OF INCOME AND**

**COMPREHENSIVE INCOME**

(In millions, except earnings per share data)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Revenue | | | $ | 31,337.0 |  |  | | | $ | 20,358.3 |  |  | | | $ | 36,819.0 |  |
| Cost of revenue | | | 30,548.8 | |  |  | | | 19,506.5 | |  |  | | | 35,707.0 | |  |
| Gross profit | | | 788.2 | |  |  | | | 851.8 | |  |  | | | 1,112.0 | |  |
| Operating expenses: | | |  | | |  | | |  | | |  | | |  | | |
| Compensation and employee benefits | | | 386.7 | |  |  | | | 366.9 | |  |  | | | 470.4 | |  |
| General and administrative | | | 247.6 | |  |  | | | 311.1 | |  |  | | | 322.2 | |  |
| Asset impairments | | | 4.7 | |  |  | | | 25.6 | |  |  | | | — | |  |
| Restructuring charges | | | 6.6 | |  |  | | | 10.3 | |  |  | | | 19.7 | |  |
| Total operating expenses | | | 645.6 | |  |  | | | 714.0 | |  |  | | | 812.3 | |  |
| Income from operations | | | 142.6 | |  |  | | | 137.9 | |  |  | | | 299.7 | |  |
| Non-operating income (expenses), net: | | |  | | |  | | |  | | |  | | |  | | |
| Interest expense and other financing costs, net | | | (40.2) | |  |  | | | (44.9) | |  |  | | | (73.9) | |  |
| Other income (expense), net | | | (2.3) | |  |  | | | 68.8 | |  |  | | | 11.5 | |  |
| Total non-operating income (expense), net | | | (42.5) | |  |  | | | 23.9 | |  |  | | | (62.4) | |  |
| Income (loss) before income taxes | | | 100.0 | |  |  | | | 161.7 | |  |  | | | 237.3 | |  |
| Provision for income taxes | | | 25.8 | |  |  | | | 52.1 | |  |  | | | 56.2 | |  |
| Net income (loss) including noncontrolling interest | | | 74.2 | |  |  | | | 109.6 | |  |  | | | 181.1 | |  |
| Net income (loss) attributable to noncontrolling interest | | | 0.5 | |  |  | | | 0.1 | |  |  | | | 2.2 | |  |
| Net income (loss) attributable to World Fuel | | | $ | 73.7 |  |  | | | $ | 109.6 |  |  | | | $ | 178.9 |  |
| Basic earnings (loss) per common share | | | $ | 1.17 |  |  | | | $ | 1.72 |  |  | | | $ | 2.71 |  |
| Basic weighted average common shares | | | 62.9 | |  |  | | | 63.7 | |  |  | | | 66.1 | |  |
| Diluted earnings (loss) per common share | | | $ | 1.16 |  |  | | | $ | 1.71 |  |  | | | $ | 2.69 |  |
| Diluted weighted average common shares | | | 63.3 | |  |  | | | 64.0 | |  |  | | | 66.5 | |  |
| Comprehensive income: | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) including noncontrolling interest | | | $ | 74.2 |  |  | | | $ | 109.6 |  |  | | | $ | 181.1 |  |
| Other comprehensive income (loss): | | |  | | |  | | |  | | |  | | |  | | |
| Foreign currency translation adjustments | | | (13.7) | |  |  | | | 13.8 | |  |  | | | 8.2 | |  |
| Cash flow hedges, net of income tax expense (benefit) of $3.3, $0.0, and ($8.7) for 2021, 2020, and 2019, respectively | | | 9.6 | |  |  | | | (0.1) | |  |  | | | (25.5) | |  |
| Total other comprehensive income (loss) | | | (4.1) | |  |  | | | 13.7 | |  |  | | | (17.3) | |  |
| Comprehensive income (loss) including noncontrolling interest | | | 70.1 | |  |  | | | 123.3 | |  |  | | | 163.7 | |  |
| Comprehensive income (loss) attributable to noncontrolling interest | | | 0.5 | |  |  | | | — | |  |  | | | (2.7) | |  |
| Comprehensive income (loss) attributable to World Fuel | | | $ | 69.6 |  |  | | | $ | 123.3 |  |  | | | $ | 166.5 |  |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**WORLD FUEL SERVICES CORPORATION**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS’ EQUITY**

(In millions)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Common Stock** | | | | | | | | |  | | | **Capital in Excess of Par Value** | | |  | | | **Retained Earnings** | | |  | | | **Accumulated Other Comprehensive Income (Loss)** | | |  | | | **Total World Fuel Shareholders’ Equity** | | |  | | | **Noncontrolling Interest Equity** | | |  | | | **Total Equity** | | |
|  | | | **Shares** | | |  | | | **Amount** | | |  | | |  | | |  | | |  | | |
| Balance as of December 31, 2018 | | | 67.0 | |  |  | | | $ | 0.7 |  |  | | | $ | 340.4 |  |  | | | $ | 1,606.1 |  |  | | | $ | (131.7) |  |  | | | $ | 1,815.4 |  |  | | | $ | 16.1 |  |  | | | $ | 1,831.6 |  |
| Net income | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 178.9 | |  |  | | | — | |  |  | | | 178.9 | |  |  | | | 2.2 | |  |  | | | 181.1 | |  |
| Cash dividends declared | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (23.6) | |  |  | | | — | |  |  | | | (23.6) | |  |  | | | — | |  |  | | | (23.6) | |  |
| Amortization of share-based payment awards | | | — | |  |  | | | — | |  |  | | | 22.4 | |  |  | | | — | |  |  | | | — | |  |  | | | 22.4 | |  |  | | | — | |  |  | | | 22.4 | |  |
| Issuance (cancellation) of common stock related to share-based payment awards | | | 0.3 | |  |  | | | — | |  |  | | | 0.7 | |  |  | | | — | |  |  | | | — | |  |  | | | 0.7 | |  |  | | | — | |  |  | | | 0.7 | |  |
| Purchases of common stock tendered by employees to satisfy the required withholding taxes related to share-based payment awards | | | — | |  |  | | | — | |  |  | | | (2.8) | |  |  | | | — | |  |  | | | — | |  |  | | | (2.8) | |  |  | | | — | |  |  | | | (2.8) | |  |
| Purchases of common stock | | | (2.1) | |  |  | | | — | |  |  | | | (65.4) | |  |  | | | — | |  |  | | | — | |  |  | | | (65.4) | |  |  | | | — | |  |  | | | (65.4) | |  |
| Acquisition of remaining 49% equity interest | | | — | |  |  | | | — | |  |  | | | (20.6) | |  |  | | | — | |  |  | | | — | |  |  | | | (20.6) | |  |  | | | (12.1) | |  |  | | | (32.7) | |  |
| Other comprehensive income (loss) | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (14.6) | |  |  | | | (14.6) | |  |  | | | (2.7) | |  |  | | | (17.3) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Balance as of December 31, 2019 | | | 65.2 | |  |  | | | 0.7 | |  |  | | | 274.7 | |  |  | | | 1,761.3 | |  |  | | | (146.3) | |  |  | | | 1,890.4 | |  |  | | | 3.5 | |  |  | | | 1,893.9 | |  |
| Net income | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 109.6 | |  |  | | | — | |  |  | | | 109.6 | |  |  | | | 0.1 | |  |  | | | 109.6 | |  |
| Cumulative effect of change in accounting principle | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (11.1) | |  |  | | | — | |  |  | | | (11.1) | |  |  | | | — | |  |  | | | (11.1) | |  |
| Cash dividends declared | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (25.5) | |  |  | | | — | |  |  | | | (25.5) | |  |  | | | — | |  |  | | | (25.5) | |  |
| Amortization of share-based payment awards | | | — | |  |  | | | — | |  |  | | | (1.1) | |  |  | | | — | |  |  | | | — | |  |  | | | (1.1) | |  |  | | | — | |  |  | | | (1.1) | |  |
| Issuance (cancellation) of common stock related to share-based payment awards | | | 0.3 | |  |  | | | — | |  |  | | | 1.2 | |  |  | | | — | |  |  | | | — | |  |  | | | 1.2 | |  |  | | | — | |  |  | | | 1.2 | |  |
| Purchases of common stock tendered by employees to satisfy the required withholding taxes related to share-based payment awards | | | — | |  |  | | | — | |  |  | | | (3.1) | |  |  | | | — | |  |  | | | — | |  |  | | | (3.1) | |  |  | | | — | |  |  | | | (3.1) | |  |
| Purchases of common stock | | | (2.6) | |  |  | | | — | |  |  | | | (68.3) | |  |  | | | — | |  |  | | | — | |  |  | | | (68.3) | |  |  | | | — | |  |  | | | (68.3) | |  |
| Other comprehensive income (loss) | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 13.7 | |  |  | | | 13.7 | |  |  | | | — | |  |  | | | 13.7 | |  |
| Other | | | — | |  |  | | | — | |  |  | | | 1.2 | |  |  | | | 2.4 | |  |  | | | — | |  |  | | | 3.7 | |  |  | | | — | |  |  | | | 3.7 | |  |
| Balance as of December 31, 2020 | | | 62.9 | |  |  | | | 0.6 | |  |  | | | 204.6 | |  |  | | | 1,836.7 | |  |  | | | (132.6) | |  |  | | | 1,909.3 | |  |  | | | 3.6 | |  |  | | | 1,912.9 | |  |
| Net income (loss) | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 73.7 | |  |  | | | — | |  |  | | | 73.7 | |  |  | | | 0.5 | |  |  | | | 74.2 | |  |
| Cash dividends declared | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (30.0) | |  |  | | | — | |  |  | | | (30.0) | |  |  | | | — | |  |  | | | (30.0) | |  |
| Amortization of share-based payment awards | | | — | |  |  | | | — | |  |  | | | 19.6 | |  |  | | | — | |  |  | | | — | |  |  | | | 19.6 | |  |  | | | — | |  |  | | | 19.6 | |  |
| Issuance (cancellation) of common stock related to share-based payment awards | | | 0.4 | |  |  | | | — | |  |  | | | 0.2 | |  |  | | | — | |  |  | | | — | |  |  | | | 0.3 | |  |  | | | — | |  |  | | | 0.3 | |  |
| Purchases of common stock tendered by employees to satisfy the required withholding taxes related to share-based payment awards | | | — | |  |  | | | — | |  |  | | | (5.8) | |  |  | | | — | |  |  | | | — | |  |  | | | (5.8) | |  |  | | | — | |  |  | | | (5.8) | |  |
| Purchases of common stock | | | (1.7) | |  |  | | | — | |  |  | | | (50.5) | |  |  | | | — | |  |  | | | — | |  |  | | | (50.5) | |  |  | | | — | |  |  | | | (50.5) | |  |
| Other comprehensive income (loss) | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (4.1) | |  |  | | | (4.1) | |  |  | | | — | |  |  | | | (4.1) | |  |
| Other | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 0.2 | |  |  | | | — | |  |  | | | 0.2 | |  |  | | | — | |  |  | | | 0.2 | |  |
| Balance as of December 31, 2021 | | | 61.7 | |  |  | | | $ | 0.6 |  |  | | | $ | 168.1 |  |  | | | $ | 1,880.6 |  |  | | | $ | (136.7) |  |  | | | $ | 1,912.7 |  |  | | | $ | 4.1 |  |  | | | $ | 1,916.8 |  |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**WORLD FUEL SERVICES CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Cash flows from operating activities: | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) including noncontrolling interest | | | $ | 74.2 |  |  | | | $ | 109.6 |  |  | | | $ | 181.1 |  |
| Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities: | | |  | | |  | | |  | | |  | | |  | | |
| Depreciation and amortization | | | 81.0 | |  |  | | | 85.8 | |  |  | | | 87.4 | |  |
| Provision for credit losses | | | 6.3 | |  |  | | | 63.7 | |  |  | | | 25.9 | |  |
| Share-based payment award compensation costs | | | 19.6 | |  |  | | | (0.9) | |  |  | | | 23.6 | |  |
| Deferred income tax expense (benefit) | | | (7.6) | |  |  | | | (14.4) | |  |  | | | 3.3 | |  |
| Restructuring charges | | | (0.8) | |  |  | | | 0.3 | |  |  | | | 12.6 | |  |
| Foreign currency (gains) losses, net | | | (7.8) | |  |  | | | 0.6 | |  |  | | | 10.8 | |  |
| Loss (gain) on sale of business | | | 1.5 | |  |  | | | (80.0) | |  |  | | | (13.9) | |  |
| Other | | | 20.0 | |  |  | | | 1.9 | |  |  | | | (1.8) | |  |
| Changes in assets and liabilities, net of acquisitions and divestitures: | | |  | | |  | | |  | | |  | | |  | | |
| Accounts receivable, net | | | (1,132.6) | |  |  | | | 1,300.3 | |  |  | | | (164.1) | |  |
| Inventories | | | (135.2) | |  |  | | | 251.0 | |  |  | | | (61.3) | |  |
| Prepaid expenses | | | (10.5) | |  |  | | | 28.1 | |  |  | | | (17.8) | |  |
| Short-term derivative assets, net | | | (89.5) | |  |  | | | (6.9) | |  |  | | | 132.0 | |  |
| Other current assets | | | (32.1) | |  |  | | | 63.2 | |  |  | | | (52.8) | |  |
| Cash collateral with counterparties | | | 22.9 | |  |  | | | 44.2 | |  |  | | | (42.7) | |  |
| Other non-current assets | | | (89.9) | |  |  | | | (8.7) | |  |  | | | 33.6 | |  |
| Accounts payable | | | 1,143.8 | |  |  | | | (1,223.9) | |  |  | | | 143.7 | |  |
| Customer deposits | | | 52.0 | |  |  | | | 23.6 | |  |  | | | 8.1 | |  |
| Accrued expenses and other current liabilities | | | 179.0 | |  |  | | | (87.6) | |  |  | | | (91.9) | |  |
| Non-current income tax, net and other long-term liabilities | | | 79.0 | |  |  | | | 54.3 | |  |  | | | 12.8 | |  |
| Total adjustments | | | 99.0 | |  |  | | | 494.5 | |  |  | | | 47.7 | |  |
| Net cash provided by (used in) operating activities | | | 173.2 | |  |  | | | 604.1 | |  |  | | | 228.8 | |  |
| Cash flows from investing activities: | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Acquisition of business, net of cash acquired | | | (37.1) | |  |  | | | (128.6) | |  |  | | | — | |  |
| Proceeds from sale of business, net of divested cash | | | 25.0 | |  |  | | | 259.6 | |  |  | | | 30.8 | |  |
| Capital expenditures | | | (39.2) | |  |  | | | (51.3) | |  |  | | | (80.9) | |  |
| Other investing activities, net | | | (7.1) | |  |  | | | (6.9) | |  |  | | | (0.4) | |  |
| Net cash provided by (used in) investing activities | | | (58.3) | |  |  | | | 72.8 | |  |  | | | (50.5) | |  |
| Cash flows from financing activities: | | |  | | |  | | |  | | |  | | |  | | |
| Borrowings of debt | | | 0.3 | |  |  | | | 2,095.4 | |  |  | | | 5,001.7 | |  |
| Repayments of debt | | | (24.2) | |  |  | | | (2,207.4) | |  |  | | | (5,080.2) | |  |
| Dividends paid on common stock | | | (28.7) | |  |  | | | (25.6) | |  |  | | | (21.1) | |  |
| Repurchases of common stock | | | (50.5) | |  |  | | | (68.3) | |  |  | | | (65.4) | |  |
| Other financing activities, net (1) | | | (10.5) | |  |  | | | (7.1) | |  |  | | | (39.9) | |  |
| Net cash provided by (used in) financing activities | | | (113.6) | |  |  | | | (213.0) | |  |  | | | (204.9) | |  |
| Effect of exchange rate changes on cash and cash equivalents | | | (7.8) | |  |  | | | 8.8 | |  |  | | | 1.0 | |  |
| Net increase (decrease) in cash and cash equivalents | | | (6.6) | |  |  | | | 472.7 | |  |  | | | (25.6) | |  |
| Cash and cash equivalents, as of the beginning of the period | | | 658.8 | |  |  | | | 186.1 | |  |  | | | 211.7 | |  |
| Cash and cash equivalents, as of the end of the period | | | $ | 652.2 |  |  | | | $ | 658.8 |  |  | | | $ | 186.1 |  |

(1)2019 includes $32.7 million cash paid for the acquisition of 30% non-controlling interest of a consolidated subsidiary, Avinode Group AB.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**WORLD FUEL SERVICES CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS** **– (CONTINUED)**

(In millions)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| **Supplemental Disclosures of Cash Flow Information** | | |  | | |  | | |  | | |  | | |  | | |
| Cash paid during the year for: | | |  | | |  | | |  | | |  | | |  | | |
| Interest, net of capitalized interest | | | $ | 44.4 |  |  | | | $ | 45.1 |  |  | | | $ | 77.0 |  |
| Income taxes | | | $ | 39.0 |  |  | | | $ | 68.5 |  |  | | | $ | 82.9 |  |

**Supplemental Schedule of Noncash Investing and Financing Activities**

Cash dividends declared, but not yet paid, were $7.4 million, $6.3 million and $6.5 million as of December 31, 2021, 2020 and 2019 respectively.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**WORLD FUEL SERVICES CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation, New Accounting Standards and Significant Accounting Policies**

World Fuel Services Corporation (the "Company") was incorporated in Florida in July 1984 and along with its consolidated subsidiaries is referred to collectively in this Annual Report on Form 10‑K ("2021 10‑K Report") as "World Fuel," "we," "our" and "us."

We are a leading global fuel services company, principally engaged in the distribution of fuel and related products and services in the aviation, land and marine transportation industries. In recent years, we have expanded our land product and service offerings to include energy advisory services and supply fulfillment for natural gas and power to commercial, industrial and government customers. Our intention is to become a leading global energy management company offering a full suite of energy advisory, management and fulfillment services, technology solutions, payment management solutions, as well as sustainability products and services across the energy product spectrum. We will continue to focus on enhancing the portfolio of products and services we provide based on changes in customer demand, including increasing our sustainability offerings and renewable energy solutions in light of the continued global focus on climate change and the related impacts.

**COVID-19**

Throughout 2020 and 2021, the COVID-19 pandemic had a significant impact on the global economy as a whole, and the transportation industries in particular. Many of our customers in these industries, especially commercial airlines, have experienced a substantial decline in business activity arising from the various measures enacted by governments around the world to contain the spread of the virus. While travel and economic activity has begun to improve in certain regions, activity in many parts of the world continues to be negatively impacted by travel restrictions and lockdowns.

**A. Basis of Presentation**

The Consolidated Financial Statements and related Notes include our parent company and subsidiaries where we exercise control and include the operations of acquired businesses after the completion of their acquisition. The decision of whether or not to consolidate an entity requires consideration of majority voting interests, as well as effective economic or other control over the entity. The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our fiscal year-end is as of and for the year ended December 31 for each year presented. All intercompany transactions among our consolidated subsidiaries have been eliminated.

Certain amounts in the Consolidated Financial Statements and accompanying Notes may not add due to rounding. All percentages have been calculated using unrounded amounts. Certain prior period amounts have been reclassified to conform to the current presentation.

**B. New Accounting Standards**

Adoption of New Accounting Standards

Included below is a description of recent new accounting standards that had an impact on the Company’s Consolidated Financial Statements. New accounting standards or accounting standards updates not listed below were assessed and determined to be either not applicable or did not have a material impact on the Company’s Consolidated Financial Statements or processes.

*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting and Scope.* In March 2020 and January 2021, ASU 2020-04 and ASU 2021-01 were issued, respectively. The amendments provide temporary optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the financial reporting burden in accounting for (or recognizing the effects of) contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate ("LIBOR") or other interbank offered rates being discontinued under a phased approach because of reference rate reform. The Company adopted these updates in the fourth quarter of 2021 and applied the optional expedients and exceptions prospectively to all eligible contract modifications, hedging relationships and other transactions affected by the discontinuance of certain LIBORs on December 31, 2021 when certain criteria were met, which did not have a material impact on its consolidated financial statements or processes. The Company will continue to apply such optional expedients and exceptions for all eligible items of similar nature which modification occurs until December 31, 2022, but does not anticipate a material impact to its Consolidated Financial Statements for the related periods.

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Accounting Standards Issued But Not Yet Adopted

There are no recently issued accounting standards not yet adopted by us that, upon adoption, are expected to have a material impact on the Company’s Consolidated Financial Statements or processes.

**C. Estimates and Assumptions**

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could materially differ from estimated amounts. We evaluate our estimated assumptions based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

**D. Cash and Cash Equivalents**

Our cash equivalents consist principally of overnight investments, bank money market accounts and bank time deposits which have an original maturity date of less than 90 days. These securities are carried at cost, which approximates market value.

**E. Accounts Receivable and Allowance for Credit Losses**

The Company adopted ASU 2016-13, including the related codification amendments, in the first quarter of 2020 utilizing the modified retrospective transition method and applying the transition provisions at the effective date. The Company implemented changes to business processes and internal controls that support the new standard. As of the date of implementation on January 1, 2020, the Company recognized $11.1 million as a reduction to the opening retained earnings balance. The main drivers of the consolidated impact at transition were related to the inclusion of future economic conditions, the exclusion of freestanding credit enhancements when estimating the expected credit loss and estimating the lifetime credit losses of notes receivable.

Accounts receivable are measured at amortized cost. The health of our accounts receivable is continuously monitored using a risk-based model, taking into consideration both the timeliness and predictability of collections from our customers. We maintain a provision for estimated credit losses based upon our historical experience with our customers, along with any specific customer collection issues that we have identified from current financial information and business prospects, as well as any political or economic conditions or other market factors, including certain assumptions based on reasonable forward-looking information from market sources. Principally based on these credit risk factors, portfolio segments are defined and an internally derived risk-based credit loss reserve is established and applied to each portfolio segment. Customer account balances that are deemed to be at high risk of collectability are reserved at higher rates than customer account balances which we expect to collect without difficulty.

Individual receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and the amounts are deemed uncollectible. An accounts receivable written off may still be subject to enforcement activities under our recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized as income in the Consolidated Statements of Income and Comprehensive Income.

**F. Inventories**

Inventories are valued primarily using weighted average cost and first-in-first-out in certain limited locations. Inventory is stated at the lower of average cost or net realizable value. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Consolidated Statements of Income and Comprehensive Income in the period in which it occurs. We utilize a variety of fuel indices and other indicators to calculate the net realizable value. Components of inventory include fuel purchase costs, any related transportation or distribution costs and changes in the estimated fair market values for inventories included in a fair value hedge relationship.

**G. Business Combinations**

A business combination occurs when an entity obtains control of a business by acquiring its net assets, or some or all of its equity interests.

Before applying the acquisition method, we determine whether a transaction meets the definition of a business combination. For a transaction to be accounted for as a business combination, the entity or net assets acquired must meet the definition of a business as defined in ASC 805. Under the acquisition method, the purchase price is

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allocated to all identifiable assets acquired, all liabilities assumed and any noncontrolling interest at the fair value as of the acquisition date. Any residual difference with the consideration transferred is recognized as Goodwill. Goodwill arises because the purchase price paid reflects numerous factors, including the strategic value and expected synergies that the acquisition would bring to our existing operations. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

If the assets acquired do not meet the definition of a business, we account for the transaction as an asset acquisition in which goodwill is not recognized, but rather any residual difference with the consideration transferred is allocated on a relative fair value basis to all qualifying identifiable net assets acquired.

**H. Fair Value**

Fair value is the price to sell an asset or transfer a liability and therefore represents an exit price in the principal market (or in the absence of a principal market, the most advantageous market). It represents a market-based measurement that contemplates a hypothetical transaction between market participants at the measurement date.

Depending on the type of assets, we calculate the fair value using the income approach (e.g., based on the present value of estimated future cash flows), the market approach or a combination of both. The unique characteristics of an asset or liability and the availability of observable prices affect the number of valuation approaches and/or techniques used in a fair value analysis. We measure fair value using observable and unobservable inputs. We give the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

We apply the following fair value hierarchy:

•Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

•Level 2 – Quoted prices in non-active markets or in active markets for similar assets or liabilities, observable inputs other than quoted prices; and inputs that are not directly observable but are corroborated by observable market data.

•Level 3 – Inputs that are unobservable.

For additional information pertaining to our fair value measurements, see Note 12. Fair Value Measurements.

**I. Derivatives**

Our derivative contracts are recognized at their estimated fair market value. The fair value of our derivatives is derived using observable and certain unobservable inputs, such as basis differentials, which are based on the difference between the historical prices of our prior transactions and underlying observable data; and incorporates the effect of nonperformance risk.

If the derivative instrument is not designated as a hedge, changes in the estimated fair market value are recognized as a component of Revenue, Cost of revenue or Other income (expense), net (based on the underlying transaction type) in the Consolidated Statements of Income and Comprehensive Income. Derivatives that qualify for hedge accounting may be designated as either a fair value or cash flow hedge. At the inception, and on an ongoing basis, we assess the hedging relationship to determine its effectiveness in offsetting changes in cash flows or fair value attributable to the hedged risk. For our fair value hedges, changes in the estimated fair market value of the hedging instrument and the hedged item are recognized in the same line item as the underlying transaction type in the Consolidated Statements of Income and Comprehensive Income. For our cash flow hedges, the changes in the fair market value of the hedging instrument are initially recognized in other comprehensive income as a separate component of shareholders’ equity and subsequently reclassified into the same line item as the underlying forecasted transaction in the Consolidated Statements of Income and Comprehensive Income when both are settled or deemed probable of not occurring. Cash flows for our hedging instruments used in our hedges are classified in the same category as the cash flow from the hedged items. If for any reason hedge accounting is discontinued, then any cash flows subsequent to the date of discontinuance will be classified in a manner consistent with the nature of the instrument. For more information on our derivatives, see Note 4. Derivative Instruments.

**J. Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily by using the straight-line method over the estimated useful lives of the assets. Costs of major additions and improvements are capitalized while expenditures for maintenance and repairs, which do not extend the life of the asset, are expensed. Upon sale or disposition of property and equipment, the cost and related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Long-lived assets held and used by us (including property and equipment) are

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assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Purchases of computer software and external costs and certain internal costs directly associated with developing significant computer software applications for internal use are capitalized within property and equipment, which also includes hosting arrangements when we have the contractual right to take possession of the software at any time during the hosting period and it is feasible for us to either run the software in our own hardware or contract with another unrelated party to host the software. Amortization of such costs is calculated primarily by using the straight-line method over the estimated useful life of the software.

**K. Goodwill**

We conduct an impairment assessment as of December 31 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. This assessment is performed at the reporting unit level.

We have the option to perform a qualitative assessment of goodwill rather than completing the quantitative impairment test. Under this qualitative assessment, if we conclude it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, no further analysis is needed.

We also use the quantitative goodwill impairment test, to identify both the existence of impairment and the amount of impairment loss. To determine whether goodwill is impaired, we compare the fair value of the reporting units to which goodwill was assigned to their respective carrying values. In calculating the fair value, we use a combination of both an income and market approach as our primary indicator of fair value. Under the market approach, we use a selection of global companies that correspond to each reporting unit to derive a market-based multiple. Under the income approach, we calculate the fair value of each reporting unit based on the present value of estimated future cash flows. The estimated future cash flows are based on the best information available as of the testing date, including our annual operating plan that is approved by our Board of Directors. The estimated cash flows are discounted using rates that correspond to a weighted-average cost of capital consistent with those used internally for investment decisions. All our estimates are considered supportable assumptions that are based on a number of factors including industry experience, internal benchmarks and the economic environment. We believe these assumptions are reasonable and are consistent with those we believe a market participant would use.

**L. Identifiable Intangible Assets**

In connection with our acquisitions, we recognize identifiable intangible assets at fair value. After the initial recognition of the asset, the accounting treatment depends on the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the company. Identifiable intangible assets with finite useful lives are amortized over their estimated useful lives and are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Intangible assets with indefinite useful life are not subject to amortization but are tested for impairment at least annually during the fourth quarter. This analysis generally involves the use of qualitative and quantitative information to conclude whether the fair value is greater than or equal to the carrying value .

**M. Investments**

We hold investments which are primarily accounted for under the equity method as we have the ability to exercise significant influence over the operating and financial policies of the investee, but do not have control.

The carrying amount of an equity method investment is increased to reflect our share of income and is reduced to reflect our share of losses of the investee, dividends received and other-than-temporary impairments. Investments accounted for under the equity method are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable.

We assess our intent and/or ability to recover the carrying amount of the investment over a long period. However, if the fair value of the investment is less than its carrying amount, and the investment will not recover in the near term, then an other-than-temporary impairment is recognized. Impairments of equity method investments are classified as Asset impairments within the Consolidated Statements of Income and Comprehensive Income.

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**N. Revenue Recognition**

The majority of our consolidated revenues are generated through the sale of fuel and fuel-related products. We generally recognize fuel sales and services revenue on a gross basis as we have control of the products or services before they are delivered to our customers. In drawing this conclusion, we considered various factors, including inventory risk management, latitude in establishing the sales price, discretion in the supplier selection and that we are normally the primary obligor in our sales arrangements.

Revenue from the sale of fuel is recognized when our customers obtain control of the fuel, which is typically upon delivery of each promised gallon or barrel to an agreed-upon delivery point. Revenue from services, including energy procurement advisory services and international trip planning support, are recognized over the contract period when services have been performed and we have the right to invoice for those services.

Shipping and handling related fees incurred before control of the goods or services are transferred to the customer, are considered activities to fulfill the promise and not a separately promised service. When we coordinate shipping and handling activities after our customer obtains control of goods or services, we have elected to account for these shipping and handling costs as activities to fulfill the promise to transfer the goods.

We have elected not to adjust the contract consideration for the effect of a significant financing component for any contract in which the period between when the Company transfers the promises in the contract and when the customer pays is a year or less. In addition, we have elected to exclude from the transaction price the amount of certain taxes assessed by a government authority that we collect (or recover) from our customer and remit in connection with our sales transactions, such as certain sales or excise taxes.

We have elected to apply the optional exemption from estimating and disclosing the variable consideration from our remaining performance obligations when the transaction price is only estimated for disclosures purpose, including contracts in which the right to consideration corresponds directly with the value to the customer of the entity's performance to date. Also, we have elected to apply the exemption for contracts with fixed consideration an original expected duration of less than one year.

**O. Share-Based Payment Awards**

We account for share-based payment awards on a fair value basis of the equity instrument issued. Under fair value accounting, the grant-date fair value of the share-based payment award is amortized as compensation expense, on a straight-line basis, over the service period (generally, the vesting period) for both graded and cliff vesting awards. We have elected to account for forfeitures as they occur.

**P. Foreign Currency**

Generally, the functional currency of our subsidiaries is the U.S. dollar, except for certain foreign subsidiaries which utilize their respective local currency as their functional currency. Monetary assets and liabilities denominated in a currency that is different from the functional currency is remeasured from the applicable currency to the functional currency using month-end exchange rates. Foreign currency transaction gains and losses are included in other income (expense), net, in the accompanying Consolidated Statements of Income and Comprehensive Income in the period incurred.

Revenues and expenses of the subsidiaries that have a functional currency other than the U.S. dollar have been translated into U.S. dollars at average exchange rates prevailing during the period. The assets and liabilities of these subsidiaries have been translated at the rates of exchange on the balance sheet dates. The resulting translation gain and loss adjustments are recorded in Accumulated Other Comprehensive Income as a separate component of Shareholders’ Equity.

**Q. Income Taxes**

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and income tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recorded as a component of the income tax provision in the period that includes the enactment date.

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Regular assessments are made on the likelihood that our deferred tax assets will be recovered from our future taxable income. Our evaluation is based on estimates, assumptions, and includes an analysis of available positive and negative evidence, giving weight based on the evidence’s relative objectivity. Sources of positive evidence include estimates of future taxable income, future reversal of existing taxable temporary differences, taxable income in carryback years, and available tax planning strategies. Sources of negative evidence include current and cumulative losses in recent years, losses expected in early future years, any history of operating losses or tax credit carryforwards expiring unused, and unsettled circumstances that, if unfavorably resolved, would adversely affect future profit levels.

The remaining carrying value of our deferred tax assets, after recording the valuation allowance on our deferred tax assets, is based on our present belief that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions to utilize such deferred tax assets. The amount of the remaining deferred tax assets considered recoverable could be adjusted if our estimates of future taxable income during the carryforward period change favorably or unfavorably. To the extent we believe that it is more likely than not that some or all of the remaining deferred tax assets will not be realized, we must establish a valuation allowance against those deferred tax assets, resulting in additional income tax expense in the period such determination is made. To the extent a valuation allowance currently exists, we will continue to monitor all positive and negative evidence until we believe it is more likely than not that it is no longer necessary, resulting in an income tax benefit in the period such determination is made.

Significant judgment is required in evaluating our tax positions, and in determining our provisions for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We establish reserves when, despite our belief that the income tax return positions are fully supportable, certain positions are likely to be challenged and we may ultimately not prevail in defending those positions.

**R. Earnings per Common Share**

Basic earnings per common share is computed by dividing net income attributable to World Fuel and available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per common share is computed by dividing net income attributable to World Fuel and available to common shareholders by the sum of the weighted average number of shares of common stock outstanding for the period and the number of additional shares of common stock that would have been outstanding if our outstanding potentially dilutive securities had been issued. Potentially dilutive securities include awards of restricted stock subject to forfeitable dividends, non-vested restricted stock units ("RSUs"), performance stock units where the performance requirements have been met, and settled stock appreciation rights awards ("SSARs"). The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method, except if its impact is anti-dilutive. Under the treasury stock method, an increase in the fair market value of our common stock can result in a greater dilutive effect from potentially dilutive securities.

**S. Leases**

We adopted ASU 2016-02, including the related codification amendments, in the first quarter of 2019 utilizing the modified retrospective transition method and applying the transition provisions at the effective date.

We determine if an arrangement is a lease at inception. Determining whether a contract contains a lease includes judgment regarding whether the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration.

We account for our lease-related assets and liabilities based on their classification as operating leases or finance leases, following the relevant accounting guidance. For all the lessee arrangements, we have elected an accounting policy to combine non-lease components with the related-lease components and treat the combined items as a lease for accounting purposes. We measure lease related assets and liabilities based on the present value of lease payments, including in-substance fixed payments, variable payments that depend on an index or rate measured at the commencement date, and the amount we believe is probable we will pay the lessor under residual value guarantees when applicable. We discount lease payments based on our estimated incremental borrowing rate at lease commencement (or modification), which is primarily based on our estimated credit rating, the lease term at commencement, and the contract currency of the lease arrangement. We have elected to exclude short term leases (leases with an original lease term less than one year) from the measurement of lease-related assets and liabilities.

We test right-of-use assets at the asset group level whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

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**T. Loss Contingencies**

In determining whether an accrual for a loss contingency is required, we first assess the likelihood of occurrence of the future event or events that will confirm the loss. When a loss is probable (the future event or events are likely to occur) and the amount of the loss can be reasonably estimated, the estimated loss is accrued. If the reasonable estimate of the loss is a range and an amount within the range appears to be a better estimate than any other amount within the range, that amount is accrued. However, if no amount within the range is a better estimate, the minimum amount in the range should be accrued.

When a loss is reasonably possible (the chance of the future event or events occurring is more than remote but less than likely), no accrual is recognized.

**2. Accounts Receivable**

**Accounts receivable and allowance for credit losses**

When we extend credit on an unsecured basis, our exposure to credit losses depends on the financial condition of our customers and other macroeconomic factors beyond our control, such as global economic conditions or adverse impacts in the industries we serve, changes in oil prices and political instability.

We actively monitor and manage our credit exposure and work to respond to both changes in our customers' financial conditions or macroeconomic events. Based on the ongoing credit evaluations of our customers, we adjust credit limits based upon payment history and our customers' current creditworthiness. However, because we extend credit on an unsecured basis to most of our customers, there is a possibility that any accounts receivable not collected may ultimately need to be written off.

We had accounts receivable of $2.4 billion and $1.2 billion and an allowance for expected credit losses, primarily related to accounts receivable, of $29.8 million and $57.3 million, as of December 31, 2021 and 2020, respectively. Changes to the expected credit loss provision during the year ended December 31, 2021 include global economic outlook considerations as a result of the Company's assessment of reasonable and supportable forward-looking information, including the expected overall impact of the ongoing pandemic and global recovery, primarily in the aviation segment. Write-offs of uncollectible receivables during the year ended December 31, 2021 resulted from negative impacts of the pandemic combined with pre-existing financial difficulties experienced by certain customers. Based on an aging analysis as of December 31, 2021, 90% of our accounts receivable were outstanding less than 60 days.

The following table sets forth activities in our allowance for expected credit losses (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Balance as of January 1, (1) | | | $ | 57.3 |  |  | | | $ | 46.6 |  |  | | | $ | 39.4 |  |
| Charges to allowance for credit losses | | | 6.3 | |  |  | | | 63.7 | |  |  | | | 25.9 | |  |
| Write-off of uncollectible receivables | | | (35.3) | |  |  | | | (53.7) | |  |  | | | (32.2) | |  |
| Recoveries of credit losses | | | 1.4 | |  |  | | | 1.0 | |  |  | | | 2.4 | |  |
| Translation adjustments | | | 0.1 | |  |  | | | (0.3) | |  |  | | | — | |  |
| Balance as of December 31, | | | $ | 29.8 |  |  | | | $ | 57.3 |  |  | | | $ | 35.5 |  |

(1)For 2020, the balance as of the beginning of the period includes the $11.1 million cumulative transition adjustment related to the implementation of ASU 2016-13.

**Receivable sale programs**

We have receivable purchase agreements ("RPAs") that allow for the sale of our qualifying accounts receivable in exchange for cash consideration equal to the total balance, less a discount margin, depending on the outstanding accounts receivable at any given time. During 2020 and 2021, we amended our RPAs to, among other things, extend the renewal option term of the RPA through 2024 and increase the aggregate purchase limit as well as the individual customer limits.

Accounts receivable sold under the RPAs are accounted for as sales and excluded from Accounts receivable, net of allowance for credit losses on the accompanying Consolidated Balance Sheets. Fees paid under the RPAs are recorded within Interest expense and other financing costs, net on the Consolidated Statements of Income and Comprehensive Income.

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During the years ended December 31, 2021, 2020, and 2019, we sold receivables under the RPAs with an aggregate face value of $9.2 billion, $4.3 billion, and $8.2 billion, respectively, and paid fees of $20.2 million, $11.8 million, and $25.9 million, respectively.

**3. Acquisitions and Divestitures**

**2022 Acquisitions**

On October 28, 2021, we entered into a definitive agreement (the "Purchase Agreement") to acquire all of the outstanding equity interest in Flyers Energy Group, LLC ("Flyers"). Flyers' operations include transportation, commercial fleet fueling, lubricants distribution, and the supply of wholesale, branded and renewable fuels.

The acquisition closed on January 3, 2022 for total consideration of $792.7 million, subject to customary adjustments relating to net working capital, indebtedness and transaction expenses. At closing, $642.7 million, inclusive of $19.7 million for estimated net working capital adjustments, was paid in cash and, at the election of the Company, $50.0 million was satisfied through the delivery of 1,768,034 shares of the Company's common stock at a price of $28.28 per share. The remaining $100.0 million was held back to satisfy potential indemnification and other obligations of the seller, with one-half to be released on the first and second anniversary of the closing of the acquisition, in each case subject to reduction in respect to amounts claimed under the Purchase Agreement.

The acquisition will be accounted for as a business combination and will be reported in the land segment. We are in the process of obtaining information to identify and measure all assets acquired and liabilities assumed, and therefore, the initial accounting for the business combination is not complete. Based on information obtained to date, we have identified intangible assets, primarily consisting of customer relationships and trade names, and have preliminarily concluded that there will likely be a material portion of the purchase price allocated to goodwill. Certain disclosures have been omitted as they are not practicable to provide given the timing and the preliminary nature of the accounting for the transaction.

**2021 Acquisitions**

On October 1, 2021, we completed the acquisition of a liquid fuel business which services business and residential customers for a total purchase price of $41.4 million. The transaction was accounted for as a business combination and is reported in our land segment.

**2020 Divestiture**

On September 30, 2020, we completed the sale of our Multi Service payment solutions business ("MSTS") pursuant to the definitive agreement signed on July 30, 2020, for gross cash proceeds at closing of $303.5 million, subject to working capital adjustments, and a deferred payment of $75.0 million, of which $50.0 million is conditioned on MSTS's achievement of certain financial targets in 2021 and 2022. The contingent consideration was measured at fair value as of the closing date. The sale resulted in a pre-tax gain of $80.0 million, net of costs to sell, recognized during the year ended December 31, 2020. The gain is reported in Other income (expense), net within our Consolidated Statements of Income and Comprehensive Income. Prior to the sale, MSTS was a reporting unit principally reported within the land segment. The sale did not meet the criteria to be reported as a discontinued operation.

During the third quarter of 2021, we collected $25.0 million of the deferred payment related to the Note Receivable originally due in 2026. The fair value of the contingent consideration related to 2021 was deemed to be nominal, and based on available information, no additional collection on the 2021 portion is expected.

**2020 Acquisitions**

On March 4, 2020, we completed the acquisition of the aviation fuel business from Universal Weather and Aviation, Inc. ("UVair fuel business"), which serves business and general aviation customers worldwide. The acquisition was accounted for as a business combination.

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The purchase price allocation was finalized in the third quarter of 2020. The following table summarizes the final aggregate consideration, updated for certain working capital items, and the final fair value of the assets acquired and liabilities assumed. The total consideration includes a deferred payment that is outstanding as of December 31, 2021.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| *(In millions)* | | |  | | | **Total** | | |
| Cash paid for acquisition of business | | |  | | | $ | 129.0 |  |
| Amounts due to sellers | | |  | | | 30.0 | |  |
| Purchase price | | |  | | | $ | 159.0 |  |
|  | | |  | | |  | | |
| **Assets acquired:** | | |  | | |  | | |
| Accounts receivable | | |  | | | $ | 42.8 |  |
| Goodwill and identifiable intangible assets | | |  | | | 123.3 | |  |
| Other current and long-term assets | | |  | | | 3.8 | |  |
|  | | |  | | |  | | |
| **Liabilities assumed:** | | |  | | |  | | |
| Accounts payable | | |  | | | (9.9) | |  |
| Other current and long-term liabilities | | |  | | | (1.0) | |  |
| **Purchase price** | | |  | | | $ | 159.0 |  |

Goodwill in the amount of $79.1 million was recorded, $70.2 million of which was determined to be deductible for tax purposes. The goodwill was assigned to the aviation segment and is attributable primarily to the expected synergies and other benefits that we believe will result from combining the acquired operations with the operations of our aviation segment. The identifiable intangible assets were $44.3 million and primarily consisted of customer relationships and other identifiable assets.

The financial position, results of operations and cash flows of these acquisitions have been included in our Consolidated Financial Statements since their acquisition dates and did not have a material impact on our consolidated revenue and net income for the year ended December 31, 2020; accordingly, pro forma information for these acquisitions have not been provided.

**4. Derivative Instruments**

We are exposed to a variety of risks including but not limited to, changes in the prices of commodities that we buy or sell, changes in foreign currency exchange rates, changes in interest rates, and the creditworthiness of each of our counterparties. While we attempt to mitigate these fluctuations through hedging, such hedges may not be fully effective.

Our risk management program includes the following types of derivative instruments:

*Fair Value Hedges.* Derivative contracts we hold to hedge the risk of changes in the price of our inventory.

*Cash Flow Hedges.* Derivative contracts we execute to mitigate the risk of price and interest rate volatility in forecasted transactions.

*Non-designated Derivatives.* Includes derivatives we primarily transact to mitigate the risk of market price fluctuations in swaps or futures contracts, as well as certain forward fixed price purchase and sale contracts to hedge the risk of currency rate fluctuations and for portfolio optimization.

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With the exception of the interest rate swap agreement, which matures in March 2025, the majority of our derivative contracts are expected to settle within the next year. The following table summarizes the gross notional values of our derivative contracts used for risk management purposes (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Unit** | | |  | | | **December 31, 2021** | | |
| **Commodity contracts:** | | |  | | |  | | |  | | |  | | |
| Long | | |  | | | BBL | | |  | | | 59.4 | |  |
| Short | | |  | | | BBL | | |  | | | (57.6) | |  |
|  | | |  | | |  | | |  | | |  | | |
| **Foreign currency exchange contracts:** | | |  | | |  | | |  | | |  | | |
| Sell U.S. dollar, buy other currencies | | |  | | | USD | | |  | | | (190.2) | |  |
| Buy U.S. dollar, sell other currencies | | |  | | | USD | | |  | | | 337.4 | |  |
|  | | |  | | |  | | |  | | |  | | |
| **Interest rate contract:** | | |  | | |  | | |  | | |  | | |
| Interest rate swap | | |  | | | USD | | |  | | | 300.0 | |  |

**Assets and Liabilities**

The following table presents the gross fair value of our derivative instruments and their locations on the Consolidated Balance Sheets (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | | **Gross Derivative Assets** | | | | | | | | |  | | | **Gross Derivative Liabilities** | | | | | | | | |
|  | | |  | | |  | | |  | | | **As of December 31,** | | | | | | | | |  | | | **As of December 31,** | | | | | | | | |
| **Derivative Instruments** | | |  | | | **Consolidated Balance Sheets location** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Derivatives designated as hedging instruments** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodity contracts | | |  | | | Short-term derivative assets, net | | |  | | | $ | 1.8 |  |  | | | $ | 124.9 |  |  | | | $ | 9.7 |  |  | | | $ | 120.7 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | Short-term derivative liabilities, net | | |  | | | 0.1 | |  |  | | | 1.0 | |  |  | | | 0.4 | |  |  | | | 2.3 | |  |
|  | | |  | | | Other long-term liabilities | | |  | | | — | |  |  | | | 0.1 | |  |  | | | — | |  |  | | | 0.5 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest rate contract | | |  | | | Identifiable intangible and other non-current assets | | |  | | | 5.4 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
|  | | |  | | | Short-term derivative liabilities, net | | |  | | | — | |  |  | | | — | |  |  | | | 0.3 | |  |  | | | 1.3 | |  |
|  | | |  | | | Other long-term liabilities | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 2.4 | |  |
| **Total derivatives designated as hedging instruments** | | | | | | | | |  | | | 7.3 | |  |  | | | 126.0 | |  |  | | | 10.4 | |  |  | | | 127.2 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Derivatives not designated as hedging instruments** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodity contracts | | | | | | Short-term derivative assets, net | | |  | | | 516.3 | |  |  | | | 164.9 | |  |  | | | 337.5 | |  |  | | | 102.7 | |  |
|  | | |  | | | Identifiable intangible and other non-current assets | | |  | | | 112.2 | |  |  | | | 32.1 | |  |  | | | 27.6 | |  |  | | | 7.9 | |  |
|  | | |  | | | Short-term derivative liabilities, net | | |  | | | 117.6 | |  |  | | | 30.5 | |  |  | | | 286.6 | |  |  | | | 68.4 | |  |
|  | | |  | | | Other long-term liabilities | | |  | | | 15.5 | |  |  | | | 17.5 | |  |  | | | 82.1 | |  |  | | | 23.5 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Foreign currency contracts | | | | | | Short-term derivative assets, net | | |  | | | 3.8 | |  |  | | | — | |  |  | | | 1.7 | |  |  | | | — | |  |
|  | | |  | | | Identifiable intangible and other non-current assets | | |  | | | 0.1 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
|  | | |  | | | Short-term derivative liabilities, net | | |  | | | 0.8 | |  |  | | | 7.5 | |  |  | | | 2.6 | |  |  | | | 19.6 | |  |
|  | | |  | | | Other long-term liabilities | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 0.2 | |  |
| **Total derivatives not designated as hedging instruments** | | | | | | | | |  | | | 766.3 | |  |  | | | 252.5 | |  |  | | | 738.1 | |  |  | | | 222.3 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Total derivatives** | | |  | | |  | | |  | | | $ | 773.6 |  |  | | | $ | 378.5 |  |  | | | $ | 748.5 |  |  | | | $ | 349.5 |  |

For information regarding our derivative instruments measured at fair value after netting and collateral see Note 12. Fair Value Measurements.

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The following amounts were recorded within our Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Line Item in the Consolidated Balance Sheets in Which the Hedged Item is Included** | | |  | | | **Carrying Amount of Hedged Asset/(Liabilities)** | | | | | | | | |  | | | **Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Asset/(Liabilities)** | | | | | | | | |
|  | | |  | | | **As of December 31,** | | | | | | | | |  | | | **As of December 31,** | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Inventory | | |  | | | $ | 59.3 |  |  | | | $ | 44.5 |  |  | | | $ | 0.6 |  |  | | | $ | 4.9 |  |

**Earnings and Other Comprehensive Income (Loss)**

Derivatives Designated as Hedging Instruments

The following table presents, on a pre-tax basis, the location and amount of gains (losses) on fair value and cash flow hedges recognized in income in our Consolidated Statements of Income and Comprehensive Income (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | **2021** | | | | | | | | | | | | | | |  | | | **2020** | | | | | | | | | | | | | | |  | | | **2019** | | | | | | | | |
|  | | | **Revenue** | | |  | | | **Cost of revenue** | | |  | | | **Interest expense and other financing costs, net** | | |  | | | **Revenue** | | |  | | | **Cost of revenue** | | |  | | | **Interest expense and other financing costs, net** | | |  | | | **Revenue** | | |  | | | **Cost of revenue** | | |
| Total amounts of income and expense line items in which the effects of fair value or cash flow hedged are recorded | | | $ | 31,337.0 |  |  | | | $ | 30,548.8 |  |  | | | $ | 40.2 |  |  | | | $ | 20,358.3 |  |  | | | $ | 19,506.5 |  |  | | | $ | 48.6 |  |  | | | $ | 36,819.0 |  |  | | | $ | 35,707.0 |  |
| Gains (losses) on fair value hedge relationships: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodity contracts: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Hedged item | | | — | |  |  | | | 22.1 | |  |  | | | — | |  |  | | | — | |  |  | | | (8.2) | |  |  | | | — | |  |  | | | — | |  |  | | | 18.1 | |  |
| Derivatives designated as hedging instruments | | | — | |  |  | | | (24.3) | |  |  | | | — | |  |  | | | — | |  |  | | | 9.4 | |  |  | | | — | |  |  | | | — | |  |  | | | (16.1) | |  |
| Gains (losses) on cash flow hedge relationships: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodity contracts: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amount of gains (losses) reclassified from Accumulated other comprehensive income (loss) into Net income (loss) | | | (56.7) | |  |  | | | 319.0 | |  |  | | | — | |  |  | | | 31.3 | |  |  | | | (181.1) | |  |  | | | — | |  |  | | | (8.5) | |  |  | | | 36.6 | |  |
| Interest rate contract: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amount of gains (losses) reclassified from Accumulated other comprehensive income (loss) into Net income (loss) | | | — | |  |  | | | — | |  |  | | | (1.4) | |  |  | | | — | |  |  | | | — | |  |  | | | (0.5) | |  |  | | | — | |  |  | | | — | |  |
| Total amount of income and expense line items excluding the impact of hedges | | | $ | 31,393.6 |  |  | | | $ | 30,865.6 |  |  | | | $ | 38.8 |  |  | | | $ | 20,327.0 |  |  | | | $ | 19,326.6 |  |  | | | 48.1 | |  |  | | | 36,827.5 | |  |  | | | 35,745.6 | |  |

The following table presents, on a pre-tax basis, the amounts not recorded in Accumulated other comprehensive income (loss) due to intra-period settlement but recognized in Revenue and Cost of revenue in our Consolidated Statements of Income and Comprehensive Income (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Gain (loss) not recorded in Accumulated other comprehensive income (loss) due to intra-period settlement** | | |  | | |  | | |  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **Location** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Commodity contracts | | |  | | | Revenue | | |  | | | $ | (369.4) |  |  | | | $ | 505.6 |  |  | | | $ | (51.5) |  |
| Commodity contracts | | |  | | | Cost of revenue | | |  | | | $ | 11.0 |  |  | | | $ | (181.6) |  |  | | | $ | (7.1) |  |

For the years ended December 31, 2021, 2020 and 2019, there were no gains or losses recognized in earnings related to our fair value or cash flow hedges that were excluded from the assessment of hedge effectiveness.

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As of December 31, 2021, on a pre-tax basis, $9.2 million is scheduled to be reclassified from Accumulated other comprehensive loss over the next twelve months as a decrease to Revenue related to designated commodity cash flow hedges that will mature within the next twelve months.

The following tables present the effect and financial statement location of our derivative instruments in cash flow hedging relationships on Accumulated other comprehensive income (loss) and in our Consolidated Statements of Income and Comprehensive Income (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Amount of gain (loss) recognized in Accumulated other comprehensive income (loss), net of income tax (expense) benefit** | | |  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Commodity contracts (Revenue) | | |  | | | $ | 31.6 |  |  | | | $ | (20.8) |  |  | | | $ | (157.9) |  |
| Commodity contracts (Cost of revenue) | | |  | | | 166.1 | |  |  | | | (126.4) | |  |  | | | 160.6 | |  |
| Interest rate contracts | | |  | | | 5.5 | |  |  | | | (3.2) | |  |  | | | — | |  |
| Total gain (loss) | | |  | | | $ | 203.2 |  |  | | | $ | (150.4) |  |  | | | $ | 2.7 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Amount of gain (loss) reclassified from Accumulated other comprehensive income (loss) into Net income, net of income tax (expense) benefit** | | |  | | |  | | |  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **Location** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Commodity contracts | | |  | | | Revenue | | |  | | | $ | (43.0) |  |  | | | $ | 31.3 |  |  | | | $ | (8.5) |  |
| Commodity contracts | | |  | | | Cost of revenue | | |  | | | 237.7 | |  |  | | | (181.1) | |  |  | | | 36.6 | |  |
| Interest rate contracts | | |  | | | Interest expense and other financing costs, net | | |  | | | (1.0) | |  |  | | | (0.5) | |  |  | | | — | |  |
| Total gain (loss) | | |  | | |  | | |  | | | $ | 193.6 |  |  | | | $ | (150.3) |  |  | | | $ | 28.1 |  |

Derivatives Not Designated as Hedging Instruments

The following table presents the amount and financial statement location in our Consolidated Statements of Income and Comprehensive Income of realized and unrealized gains (losses) recognized on derivative instruments not designated as hedging instruments (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Derivative Instruments -  Non-designated** | | |  | | | **Location** | | |  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Commodity contracts | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | Revenue | | |  | | | $ | 88.4 |  |  | | | $ | 235.2 |  |  | | | $ | 269.5 |  |
|  | | |  | | | Cost of revenue | | |  | | | (14.2) | |  |  | | | (121.1) | |  |  | | | (221.8) | |  |
|  | | |  | | |  | | |  | | | 74.2 | |  |  | | | 114.1 | |  |  | | | 47.7 | |  |
| Foreign currency contracts | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | Revenue | | |  | | | 1.1 | |  |  | | | (3.2) | |  |  | | | (0.3) | |  |
|  | | |  | | | Other income (expense), net | | |  | | | 1.6 | |  |  | | | (13.4) | |  |  | | | (0.5) | |  |
|  | | |  | | |  | | |  | | | 2.7 | |  |  | | | (16.6) | |  |  | | | (0.7) | |  |
| Total gains (losses) | | |  | | |  | | |  | | | $ | 76.9 |  |  | | | $ | 97.5 |  |  | | | $ | 46.9 |  |

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**Credit-Risk-Related Contingent Features**

We enter into derivative contracts which may require us to post collateral periodically. Certain of these derivative contracts contain credit-risk-related contingent clauses which are triggered by credit events. These credit events may include the requirement to post additional collateral or the immediate settlement of the derivative instruments upon the occurrence of a credit downgrade or if certain defined financial ratios fall below an established threshold. The following table presents the potential collateral requirements for derivative liabilities with credit-risk-contingent features (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |
| Net derivative liability positions with credit contingent features | | |  | | | $ | 3.3 |  |  | | | $ | 20.0 |  |
| Collateral posted and held by our counterparties | | |  | | | — | |  |  | | | — | |  |
| Maximum additional potential collateral requirements | | |  | | | $ | 3.3 |  |  | | | $ | 20.0 |  |

At December 31, 2021 and 2020, there was no collateral held by our counterparties on these derivative contracts with credit-risk-contingent features.

**5. Restructuring**

**Restructuring Program**

As a result of the review of our land business and changes in the overall economic landscape for all our reportable segments due to the COVID-19 pandemic, in the first quarter of 2020, we implemented a restructuring initiative focused on streamlining our operations and rationalizing our deployment and allocation of resources. While we took several actions during the year ended December 31, 2020, our focus was primarily on cost-reduction initiatives in response to the pandemic. In 2021, we heightened our focus on restructuring our land business in North America, which has included reorganizing and relocating certain business activities, as well as implementing changes to the operational and management structure of the business. While we initially expected to finalize the overall restructuring plan by the end of the second quarter of 2021, we elected to extend it to the end of first quarter of 2022 to expand the plan in order to finalize the alignment of processes and platforms within the land segment. During the fourth quarter of 2021, we were able to complete all necessary activities and the restructuring program is now closed.

During the year ended December 31, 2021, we incurred incremental charges of $6.6 million, comprised principally of external consulting fees supporting the land restructuring and related severance costs. These costs are included in Restructuring charges in our Consolidated Statements of Income and Comprehensive Income. Our accrued restructuring charges as of December 31, 2021 are included in Accrued expenses and other current liabilities on our Consolidated Balance Sheets.

The following table provides a summary of our restructuring activities (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Aviation** | | |  | | | **Land** | | |  | | | **Marine** | | |  | | | **Corporate** | | |  | | | **Consolidated** | | |
| Accrued charges as of December 31, 2019 | | | $ | 0.5 |  |  | | | $ | 7.5 |  |  | | | $ | 1.3 |  |  | | | $ | 0.2 |  |  | | | $ | 9.5 |  |
| Restructuring charges | | | 3.3 | |  |  | | | 3.9 | |  |  | | | 1.9 | |  |  | | | 1.2 | |  |  | | | 10.3 | |  |
| Paid during the period | | | (3.0) | |  |  | | | (6.7) | |  |  | | | (2.3) | |  |  | | | (1.4) | |  |  | | | (13.3) | |  |
| Accrued charges as of December 31, 2020 | | | 0.9 | |  |  | | | 4.6 | |  |  | | | 0.9 | |  |  | | | 0.1 | |  |  | | | 6.6 | |  |
| Restructuring charges | | | 0.7 | |  |  | | | 6.3 | |  |  | | | (0.5) | |  |  | | | — | |  |  | | | 6.6 | |  |
| Paid during the period | | | (0.8) | |  |  | | | (10.8) | |  |  | | | (0.4) | |  |  | | | (0.1) | |  |  | | | (12.2) | |  |
| Accrued charges as of December 31, 2021 | | | $ | 0.8 |  |  | | | $ | 0.1 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | 1.0 |  |

**2020 Global Office Rationalization**

During the second quarter of 2020, we completed a cost reduction initiative to rationalize our global office footprint and approved the abandonment of certain office leases, including the transition of select offices to smaller or more cost-effective locations. These asset groups, consisting mainly of right-of-use assets and leasehold improvements, were tested for impairment. We concluded that the carrying amounts of these asset groups were not recoverable and the fair value determined was concluded to be nominal based on a discounted cash flow model. As a result, an $18.6 million impairment charge was recorded during the second quarter of 2020 and included within Asset impairments on our Consolidated Statements of Income and Comprehensive Income.

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The following table provides a summary of this impairment by reportable business segment for the year ended December 31, 2020 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Aviation** | | |  | | | **Land** | | |  | | | **Marine** | | |  | | | **Corporate** | | |  | | | **Consolidated** | | |
| Asset impairment | | | $ | 6.9 |  |  | | | $ | 5.9 |  |  | | | $ | 4.0 |  |  | | | $ | 1.8 |  |  | | | $ | 18.6 |  |

**6. Property and Equipment**

The amount of property and equipment and their respective estimated useful lives are as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |  | | | **Estimated** | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **Useful Lives** | | |
| Land | | |  | | | $ | 19.9 |  |  | | | $ | 19.1 |  |  | | | Indefinite | | |
| Buildings and leasehold improvements | | |  | | | 77.4 | |  |  | | | 74.5 | |  |  | | | 3 - 40 years | | |
| Office equipment, furniture and fixtures | | |  | | | 14.7 | |  |  | | | 15.3 | |  |  | | | 3 -  7  years | | |
| Computer equipment and software costs | | |  | | | 258.4 | |  |  | | | 275.8 | |  |  | | | 3 -  9  years | | |
| Machinery, equipment and vehicles (1) | | |  | | | 316.9 | |  |  | | | 267.7 | |  |  | | | 3 - 40 years | | |
| Total property, plant, and equipment | | |  | | | 687.3 | |  |  | | | 652.3 | |  |  | | |  | | |
| Less: Accumulated depreciation and amortization (1) | | |  | | | 338.4 | |  |  | | | 309.7 | |  |  | | |  | | |
| Total property, plant, and equipment, net | | |  | | | $ | 348.9 |  |  | | | $ | 342.6 |  |  | | |  | | |

(1)Includes right of use assets associated with finance leases. See Note 15. Leases for additional information.

For 2021, 2020 and 2019, we recorded depreciation expense of $50.8 million, $52.7 million and $54.5 million, respectively.

The amount of computer software costs, including capitalized internally developed software costs and certain hosting arrangement costs, included in property, plant, and equipment are as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Computer software costs | | | $ | 217.9 |  |  | | | $ | 191.7 |  |
| Less: Accumulated amortization | | | 131.1 | |  |  | | | 116.1 | |  |
| Computer software costs, net | | | $ | 86.8 |  |  | | | $ | 75.6 |  |

Included in capitalized computer software costs are costs incurred in connection with software development in progress of $5.2 million and $13.7 million as of December 31, 2021 and 2020, respectively. For 2021, 2020 and 2019, we recorded amortization expense related to computer software costs of $17.6 million, $18.5 million and $17.8 million, respectively.

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**7. Goodwill and Identifiable Intangible Assets**

**Goodwill**

The following table provides information regarding changes in goodwill (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Aviation Segment** | | |  | | | **Land Segment** | | |  | | |  | **Total** | | |
| As of December 31, 2019 | | | $ | 323.6 |  |  | | | $ | 520.1 |  |  | | |  | $ | 843.7 |  |
| 2020 acquisitions (1) | | | 79.1 | |  |  | | | — | |  |  | | |  | 79.1 | |  |
| Adjustment for sale of business (1) | | | (7.0) | |  |  | | | (64.6) | |  |  | | |  | (71.6) | |  |
| Foreign currency translation of non-USD functional currency subsidiary goodwill | | | 3.2 | |  |  | | | 4.3 | |  |  | | |  | 7.4 | |  |
| As of December 31, 2020 | | | 398.8 | |  |  | | | 459.7 | |  |  | | |  | 858.6 | |  |
| 2021 acquisition (1) | | | — | |  |  | | | 7.5 | |  |  | | |  | 7.5 | |  |
| Foreign currency translation of non-USD functional currency subsidiary goodwill | | | 1.3 | |  |  | | | (5.5) | |  |  | | |  | (4.2) | |  |
| As of December 31, 2021 | | | $ | 400.1 |  |  | | | $ | 461.8 |  |  | | |  | $ | 861.9 |  |

(1)See Note 3. Acquisitions and Divestitures for additional information.

**Identifiable Intangible Assets**

The following table provides information about our identifiable intangible assets (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31, 2021** | | | | | | | | | | | | | | |  | | | **As of December 31, 2020** | | | | | | | | | | | | | | |
|  | | | **Gross Carrying Amount** | | |  | | | **Accumulated Amortization (1)** | | |  | | | **Net** | | |  | | | **Gross Carrying Amount** | | |  | | | **Accumulated Amortization (1)** | | |  | | | **Net** | | |
| Intangible assets subject to amortization: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Customer relationships | | | $ | 406.5 |  |  | | | $ | 261.9 |  |  | | | $ | 144.6 |  |  | | | $ | 392.1 |  |  | | | $ | 236.5 |  |  | | | $ | 155.6 |  |
| Supplier agreements | | | 31.9 | |  |  | | | 19.5 | |  |  | | | 12.4 | |  |  | | | 31.9 | |  |  | | | 18.0 | |  |  | | | 13.9 | |  |
| Others | | | 37.2 | |  |  | | | 30.4 | |  |  | | | 6.8 | |  |  | | | 37.5 | |  |  | | | 28.6 | |  |  | | | 8.8 | |  |
| Total intangible assets subject to amortization | | | 475.6 | |  |  | | | 311.8 | |  |  | | | 163.8 | |  |  | | | 461.5 | |  |  | | | 283.2 | |  |  | | | 178.3 | |  |
| Intangible assets not subject to amortization: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Trademark / trade name rights | | | 25.3 | |  |  | | | — | |  |  | | | 25.3 | |  |  | | | 24.5 | |  |  | | | — | |  |  | | | 24.5 | |  |
| Total intangible assets | | | $ | 500.9 |  |  | | | $ | 311.8 |  |  | | | $ | 189.1 |  |  | | | $ | 486.0 |  |  | | | $ | 283.2 |  |  | | | $ | 202.8 |  |

(1)Includes the impact of foreign exchange.

Intangible amortization expense for 2021, 2020 and 2019 was $30.1 million, $33.1 million and $32.9 million, respectively.

The future estimated amortization of our identifiable intangible assets is as follows (in millions):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **Year Ended December 31,** | | | | | |
| 2022 | | | $ | 29.0 |  |
| 2023 | | | 21.5 | |  |
| 2024 | | | 20.1 | |  |
| 2025 | | | 18.9 | |  |
| 2026 | | | 13.7 | |  |
| Thereafter | | | 60.5 | |  |
| Total | | | $ | 163.8 |  |

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**8. Debt, Interest Income, Expense and Other Finance Costs**

As of December 31, 2021 and 2020, our debt consisted of the following (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Credit Facility | | | $ | — |  |  | | | $ | — |  |
| Term Loans | | | 484.1 | |  |  | | | 503.2 | |  |
| Finance leases (1) | | | 21.2 | |  |  | | | 18.2 | |  |
| Other | | | 3.3 | |  |  | | | 3.3 | |  |
| Total debt | | | 508.7 | |  |  | | | 524.7 | |  |
| Less: Current maturities of long-term debt and finance leases | | | 30.6 | |  |  | | | 22.9 | |  |
| Long-term debt | | | $ | 478.1 |  |  | | | $ | 501.8 |  |

(1)See Note 15. Leases for additional information.

**Credit Agreement**

Our Credit Agreement matures in July 2024 and consists of a revolving loan (the "Credit Facility") and Term Loan borrowings. Under the Credit Facility, up to $1.3 billion aggregate principal amount may be borrowed, repaid and redrawn, based upon specific financial ratios and subject to the satisfaction of other customary conditions to borrowing. Our Credit Facility includes a sublimit of $400.0 million for the issuance of letters of credit and bankers' acceptances, and we have the right to request increases in available borrowings up to an additional $200.0 million, subject to the satisfaction of certain conditions.

We had no outstanding borrowings under our Credit Facility at December 31, 2021 and 2020. As of December 31, 2021 and 2020, respectively, we have issued letters of credit under the Credit Facility totaling $46.6 million and $3.4 million and had $484.1 million and $503.2 million in Term Loans outstanding. As of December 31, 2021 and 2020, the unused portion of our Credit Facility was $1.2 billion and $1.3 billion, respectively. The unused portion of our Credit Facility is limited by, among other things, our financial leverage ratio, which limits the total amount of indebtedness we may incur, and may, therefore, fluctuate from period to period.

Borrowings under our Credit Facility and Term Loans related to base rate loans or Eurodollar rate loans bear floating interest rates plus applicable margins. As of December 31, 2021, the applicable margins for base rate loans and Eurodollar rate loans were 0.75% and 1.75%, respectively.

Our Credit Facility and Term Loans contain certain financial and other covenants with which we are required to comply. As of December 31, 2021, we were in compliance with all financial covenants contained in our Credit Facility and our Term Loans.

**Other Credit Lines**

Outside of our Credit Facility, we have other uncommitted credit lines primarily for the issuance of letters of credit, bank guarantees and bankers’ acceptances. These credit lines are renewable on an annual basis and are subject to fees at market rates. As of December 31, 2021 and 2020, our outstanding letters of credit and bank guarantees under these credit lines totaled $404.0 million and $328.4 million, respectively. Substantially all of the letters of credit and bank guarantees issued under our Credit Facility and the uncommitted credit lines were provided to suppliers in the normal course of business and generally expire within one year of issuance. Expired letters of credit and bank guarantees are renewed as needed.

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**Annual Maturities**

As of December 31, 2021, the aggregate annual maturities of debt are as follows (in millions):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **Year Ended December 31,** | | | | | |
| 2022 | | | $ | 30.6 |  |
| 2023 | | | 32.4 | |  |
| 2024 | | | 436.2 | |  |
| 2025 | | | 3.4 | |  |
| 2026 | | | 3.3 | |  |
| Thereafter | | | 2.9 | |  |
| Total | | | $ | 508.7 |  |

The following table provides additional information about our interest income, interest expense and other financing costs, net (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Interest income | | | $ | 7.0 |  |  | | | $ | 3.6 |  |  | | | $ | 6.2 |  |
| Interest expense and other financing costs | | | (47.2) | |  |  | | | (48.6) | |  |  | | | (80.0) | |  |
| Interest expense and other financing costs, net | | | $ | (40.2) |  |  | | | $ | (44.9) |  |  | | | $ | (73.9) |  |

The weighted average interest rate on our short-term debt was 2.0% and 3.4% as of December 31, 2021 and 2020, respectively.

**9. Commitments and Contingencies**

**Surety Bonds**

In the normal course of business, we are required to post bid, performance and other surety-related bonds. The majority of the surety bonds posted relate to our aviation and land segments. We had outstanding bonds that were executed in order to satisfy various security requirements of $54.9 million and $50.6 million as of December 31, 2021 and 2020, respectively.

**Sales and Purchase Commitments**

As of December 31, 2021, the notional value associated with fixed sales and purchase commitments under our derivative programs amounted to $518.0 million and $93.0 million, respectively, with delivery dates from 2022 through 2028. Additionally, we have a fixed purchase contract that extends through 2026, under which we agreed to purchase annually between 1.9 million barrels and 2.0 million barrels of aviation fuel at future market prices.

**Deferred Compensation Plans**

We maintain a 401(k) defined contribution plan which covers all U.S. employees who meet minimum requirements and elect to participate. We are currently making a match contribution of 50% for each 1% of the participants' contributions up to 6% of the participants' contributions. Annual contributions by us are made at our sole discretion, as approved by the Compensation Committee. Additionally, certain of our foreign subsidiaries have defined contribution plans, which allow for voluntary contributions by the employees. In some cases, we make employer contributions on behalf of the employees. The expenses for our contributions under these plans were not material during each of the years presented on the Consolidated Statements of Income and Comprehensive Income.

We offer a non-qualified deferred compensation ("NQDC") plan to certain eligible employees, whereby the participants may defer a portion of their compensation. We do not match any participant deferrals under the NQDC plan. Participants can elect from a variety of investment choices for their deferred compensation and gains and losses on these investments are credited to their respective accounts. The deferred compensation payable amount under this NQDC plan is subject to the claims of our general creditors and was $16.7 million and $14.5 million as of December 31, 2021 and 2020, respectively, which was included in Other long-term liabilities within our Consolidated Balance Sheets.

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**Environmental and Other Liabilities; Uninsured Risks**

Our business is subject to numerous federal, state, local and foreign environmental laws and regulations, including those relating to fuel storage and distribution, terminals, underground storage tanks, the release or discharge of regulated materials into the air, water and soil, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the exposure of persons to regulated materials. A violation of, liability under, or noncompliance with these laws and regulations, or any future environmental law or regulation, could result in material liabilities, including administrative, civil or criminal penalties, remediation costs as well as third-party damages. From time to time, we may be responsible for remediating contamination at properties we own or lease and can be entitled to reimbursement for certain of these costs from state trust funds, as well as various third-party contractual indemnities and insurance policies, subject to eligibility requirements, deductibles, and aggregate caps. Although we continuously review the adequacy of our insurance coverage, we may lack adequate coverage for various risks, including environmental claims. If we are uninsured or under‑insured for a claim or claims of sufficient magnitude arising out of our activities, it will have a material adverse effect on our financial position, results of operations and cash flows.

We accrue for environmental assessment and remediation expenses when the future costs are probable and reasonably estimable. At December 31, 2021 and 2020, accrued liabilities for remediation were not material. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed.

**Tax Matters**

From time to time, we are under review by various domestic and foreign tax authorities with regard to indirect tax matters and are involved in various challenges and litigation in a number of countries, including, in particular, Brazil and South Korea, where the amounts under controversy may be material. We believe that these assessments are without merit and are currently appealing the actions.

During the quarter ended December 31, 2016, the Korean branch of one of our subsidiaries received assessments of approximately $9.9 million (KRW 11.7 billion) and during the quarter ended June 30, 2017, an assessment for an additional $16.9 million (KRW 20.1 billion) from the regional tax authorities of Seoul, South Korea. The assessments primarily consist of fines and penalties for allegedly failing to issue Value Added Tax ("VAT") invoices and report certain transactions during the period 2011-2014. These assessments do not involve failure to pay or collect VAT. We believe that these assessments are without merit and are currently appealing the actions.

We are also involved in a number of tax disputes with federal, state and municipal tax authorities in Brazil, relating primarily to a VAT tax known as ICMS. These disputes are at various stages of the legal process, including the administrative review phase and the collection action phase, and include assessments of fixed amounts of principal and penalties, plus interest. One of our Brazilian subsidiaries is currently appealing an assessment of approximately $10.5 million (BRL 58.8 million) from the Brazilian tax authorities relating to the ICMS rate used for certain transactions. The assessment primarily consists of interest and penalties. We believe that the assessment is without merit and are pursuing our remedies in the judicial court system.

When we deem it appropriate and the amounts are reasonably estimable, we establish reserves for potential adjustments to our provision for the accrual of indirect taxes that may result from examinations or other actions by tax authorities. If events occur which indicate payment of these amounts is unnecessary, the reversal of the liabilities will result in the recognition of benefits in the period we determine the liabilities are no longer necessary. If our estimates of any of our federal, state, and foreign indirect tax liabilities are less than the ultimate assessment, it could result in a further charge to expense. Except with respect to the matters described above, we believe that the final outcome of any pending examinations, agreements, administrative or judicial proceedings will not have a material effect on our results of operations or cash flows.

**Other Matters**

We are a party to various claims, complaints and proceedings arising in the ordinary course of our business including, but not limited to, environmental claims, commercial and governmental contract claims, such as property damage, demurrage, personal injury, billing and fuel quality claims, as well as bankruptcy preference claims and tax and administrative claims. In addition, we may be involved in disputes arising out of arrangements between our counterparties and other third parties. For example, in December 2021, a judgment was entered against one of our subsidiaries in the Singapore High Court in respect of an action filed by a financing bank of two of our subsidiary’s suppliers. The claims arose out of a financing arrangement between the suppliers and the bank and the resulting judgments, including principal and interest, are in the aggregate amount of approximately $33 million. We believe the claims are without merit, have appealed the judgments and are vigorously defending against the claims.

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We have established loss provisions for the foregoing claims as well as other matters in which losses are probable and can be reasonably estimated. As of December 31, 2021, these reserves were not material. For those matters where a reserve has not been established and for which we believe a loss is reasonably possible, we believe that such losses will not have a material adverse effect on our Consolidated Financial Statements. However, any adverse resolution of one or more such claims, complaints or proceedings during a particular period could have a material adverse effect on our Consolidated Financial Statements or disclosures for that period.

Our estimates regarding potential losses and materiality are based on our judgment and assessment of the claims utilizing currently available information. Although we will continue to reassess our reserves and estimates based on future developments, our objective assessment of the legal merits of such claims may not always be predictive of the outcome and actual results may vary from our current estimates.

**10. Shareholders' Equity**

**Cash Dividends**

During the years ended December 31, 2021, 2020 and 2019, the Company's Board of Directors declared aggregate cash dividends of $0.48, $0.40, and $0.36 per common share, representing $30.0 million, $25.5 million, and $23.6 million in total dividends, respectively. Our Credit Facility and Term Loans have restrictions regarding the maximum amount of cash dividends allowed to be paid. The payments associated with the above referenced cash dividends were in compliance with our Credit Facility and Term Loans.

**Stock Repurchase Programs**

In October 2017, our Board of Directors (the "Board") approved a new common stock repurchase program (the "October 2017 Repurchase Program"), which replaced the program in place at that time, authorizing $100.0 million in common stock repurchases. In May 2019, the Board authorized an increase to the October 2017 Repurchase Program authorization by $100.0 million, bringing the authorized repurchases at that time to $200.0 million. In March 2020, the Board approved a new stock repurchase program authorizing $200.0 million in common stock repurchases (the "2020 Repurchase Program") to begin upon the completion of the October 2017 Repurchase Program. Our repurchase programs do not require a minimum number of shares of common stock to be purchased, have no expiration date and may be suspended or discontinued at any time. As of December 31, 2021, the October 2017 Repurchase Program was completed and approximately $195.8 million remains available for purchase under the 2020 Repurchase Program. The timing and amount of shares of common stock to be repurchased under the 2020 Repurchase Program will depend on market conditions, share price, securities law and other legal requirements and factors.

In 2021, 2020, and 2019, we repurchased 1.7 million, 2.6 million, and 2.1 million shares of common stock for an aggregate value of $50.5 million, $68.3 million, and $65.4 million, respectively.

**Share-Based Payment Plans**

Plan Summary and Description

In May 2021, our shareholders approved the 2021 Omnibus Plan (the "2021 Plan"), which replaced our previously adopted 2020 Omnibus Plan (the "2020 Plan"). The 2021 Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The purpose of the 2021 Plan is to (i) attract and retain persons eligible to participate in the 2021 Plan; (ii) motivate participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align participants’ interests with those of our other shareholders through compensation that is based on the value of our common stock. The goal is to promote the long-term financial interest of World Fuel and its subsidiaries, including the growth in value of our equity and enhancement of long-term shareholder return. The persons eligible to receive awards under the 2021 Plan are our employees, officers, and members of the Board of Directors, or any consultant or other person who performs services for us.

The provisions of the 2021 Plan authorize the grant of stock options which can be "qualified" or "nonqualified" under the Internal Revenue Code of 1986, as amended, restricted stock, RSUs, SSAR Awards, performance shares and performance units and other share-based awards. The 2021 Plan is unlimited in duration and, in the event of its termination, the 2021 Plan will remain in effect as long as any awards granted under it remain outstanding. No awards may be granted under the 2021 Plan after May 2031. The term and vesting period of awards granted under the 2021 Plan are established on a per grant basis, but options and SSAR Awards may not remain exercisable after the seven-year anniversary of the date of grant.

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Under the 2021 Plan, 2.9 million shares of common stock are authorized for issuance in addition to any shares of common stock with respect to awards that were granted under the prior plans (2020, 2016, and 2006) but are forfeited or canceled (e.g., due to the recipient's failure to satisfy applicable service or performance conditions) after May 2021. As of December 31, 2021, approximately 3.0 million shares of common stock were subject to outstanding awards under the 2021, 2020, 2016, and 2006 Plans (assuming maximum achievement of performance goals for restricted stock and target achievement of performance goals for RSUs, where applicable).

The following table summarizes the outstanding awards issued pursuant to the plans described above as of December 31, 2021 and the remaining shares of common stock available for future issuance (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Plan name** | | | **Restricted Stock** | | |  | | | **RSUs** | | |  | | | **SSAR Awards** | | |  | | | **Remaining Shares of Common Stock Available for Future Issuance** | | |
| 2021 Plan (1) | | | — | |  |  | | | 0.1 | |  |  | | | — | |  |  | | | 4.0 | |  |
| 2020 Plan (2) | | | — | |  |  | | | 0.7 | |  |  | | | — | |  |  | | | — | |  |
| 2016 Plan (3) | | | — | |  |  | | | 1.0 | |  |  | | | 1.3 | |  |  | | | — | |  |
| 2006 Plan (4) | | | — | |  |  | | | 0.1 | |  |  | | | — | |  |  | | | — | |  |

(1)As of December 31, 2021, unvested RSUs will vest between May 2022 and November 2024.

(2)As of December 31, 2021, unvested RSUs will vest between March 2022 and May 2024.

(3)As of December 31, 2021, unvested RSUs will vest between February 2022 and August 2023 and the outstanding SSAR Awards will expire between March 2022 and March 2023.

(4)RSUs granted to non‑employee directors under the 2006 Plan prior to 2011 remain outstanding until the date the non‑employee director ceases, for any reason, to be a member of the Board of Directors.

Restricted Stock Awards

The following table summarizes the status of our unvested restricted stock outstanding and related transactions for each of the following years (in millions, except weighted average grant-date fair value price and weighted average remaining vesting term data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Unvested Restricted Stock** | | |  | | | **Weighted Average Grant Date Fair Value Price** | | |  | | | **Aggregate Intrinsic Value** | | |  | | | **Weighted Average Remaining Vesting Term (in Years)** | | |
| As of December 31, 2018 | | | 0.1 | | |  | | | $ | 43.63 |  |  | | | $ | 1.4 |  |  | | | 1.0 | | |
| Granted | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |
| Vested | | | — | | |  | | | 45.35 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | — | | |  | | | 51.47 | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2019 | | | — | | |  | | | 41.56 | |  |  | | | 1.3 | |  |  | | | 0.7 | | |
| Granted | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |
| Vested | | | — | | |  | | | 47.36 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2020 | | | — | | |  | | | 36.50 | |  |  | | | 0.5 | |  |  | | | 0.1 | | |
| Granted | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |
| Vested | | | — | | |  | | | 36.50 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2021 | | | — | | |  | | | $ | — |  |  | | | $ | — |  |  | | | 0.0 | | |

The aggregate intrinsic value of restricted stock which vested during 2021, 2020 and 2019 was $0.6 million, $0.4 million and $1.0 million, respectively, based on the average high and low market price of our common stock at the vesting date. As of December 31, 2021, there were no unvested restricted stock awards outstanding.

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RSU Awards

The following table summarizes the status of our RSUs and related transactions for each of the following years (in millions, except for weighted average grant‑date fair value data and weighted average remaining contractual life):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **RSUs** | | |  | | | **Weighted Average Grant Date Fair Value Price** | | |  | | | **Aggregate Intrinsic Value** | | |  | | | **Weighted Average Remaining Contractual Life (in Years)** | | |
| As of December 31, 2018 | | | 1.3 | | |  | | | $ | 37.17 |  |  | | | $ | 28.3 |  |  | | | 1.0 | | |
| Granted | | | 0.3 | | |  | | | 29.69 | |  |  | | |  | | |  | | |  | | |
| Vested | | | (0.4) | | |  | | | 37.34 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | (0.1) | | |  | | | 39.86 | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2019 | | | 1.2 | | |  | | | 32.50 | |  |  | | | 53.2 | |  |  | | | 0.9 | | |
| Granted | | | 1.2 | | |  | | | 23.30 | |  |  | | |  | | |  | | |  | | |
| Vested | | | (0.4) | | |  | | | 36.12 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | (0.2) | | |  | | | 32.56 | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2020 | | | 1.8 | | |  | | | 25.17 | |  |  | | | 57.1 | |  |  | | | 1.3 | | |
| Granted | | | 0.7 | | |  | | | 33.08 | |  |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Vested | | | (0.5) | | |  | | | 27.34 | |  |  | | |  | | |  | | |  | | |
| Forfeited | | | (0.3) | | |  | | | 28.55 | |  |  | | |  | | |  | | |  | | |
| As of December 31, 2021 | | | 1.7 | | |  | | | $ | 27.30 |  |  | | | $ | 46.3 |  |  | | | 1.2 | | |

The aggregate intrinsic value of RSUs vested during 2021, 2020 and 2019 was $18.1 million, $10.8 million and $10.4 million, respectively.

SSAR Awards

The following table summarizes the status of our outstanding and exercisable SSAR Awards and related transactions for each of the following years (in millions, except weighted average exercise price and weighted average remaining contractual life data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **SSAR Awards Outstanding** | | | | | | | | | | | | | | | | | | | | |  | | | **SSAR Awards Exercisable** | | | | | | | | | | | | | | | | | | | | |
|  | | | **SSAR Awards** | | |  | | | **Weighted Average Exercise Price** | | |  | | | **Aggregate Intrinsic Value** | | |  | | | **Weighted Average Remaining Contractual Life (in Years)** | | |  | | | **SSAR Awards** | | |  | | | **Weighted Average Exercise Price** | | |  | | | **Aggregate Intrinsic Value** | | |  | | | **Weighted Average Remaining Contractual Life (in Years)** | | |
| As of December 31, 2018 | | | 1.5 | | |  | | | $ | 29.75 |  |  | | | $ | — |  |  | | | 4.0 | | |  | | | — | | |  | | | $ | 57.48 |  |  | | | $ | — |  |  | | | 1.2 | | |
| Granted | | | 0.7 | | |  | | | 29.68 | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Exercised (1) | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Forfeited | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| As of December 31, 2019 | | | 2.2 | | |  | | | 29.72 | |  |  | | | 31.3 | |  |  | | | 3.4 | | |  | | | 0.1 | | |  | | | 50.12 | |  |  | | | — | |  |  | | | 1.1 | | |
| Granted | | | 0.1 | | |  | | | 23.39 | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Exercised (1) | | | — | | |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Forfeited | | | — | | |  | | | 57.48 | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| As of December 31, 2020 | | | 2.3 | | |  | | | 29.08 | |  |  | | | 7.3 | |  |  | | | 2.5 | | |  | | | 0.2 | | |  | | | 41.85 | |  |  | | | — | |  |  | | | 0.8 | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Exercised (1) | | | (0.1) | | |  | | | 24.89 | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Forfeited | | | (1.0) | | |  | | | 29.91 | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| As of December 31, 2021 | | | 1.3 | | |  | | | $ | 28.78 |  |  | | | $ | 0.6 |  |  | | | 1.9 | | |  | | | 0.4 | | |  | | | $ | 29.18 |  |  | | | $ | 0.2 |  |  | | | 1.0 | | |

(1)The aggregate intrinsic value of SSAR Awards exercised during 2021 was $0.9 million and zero for 2020, and 2019, respectively.

We use the Black Scholes option pricing model to estimate the fair value of SSAR Awards granted to employees. No SSAR Awards were granted in 2021. In 2020, the weighted average fair value of the SSAR Awards was $6.88 and the assumptions used to determine such fair value were as follows: expected term of 4.5 years, volatility of

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38.6%, dividend yields of 1.2% and risk-free interest rates of 0.7%. The weighted average fair value of the SSAR Awards for 2019 was $9.15 and the assumptions used to determine such fair value were as follows: expected term of 4.5 years, volatility of 36.1%, dividend yields of 0.9% and risk-free interest rates of 2.4%.

Unrecognized Compensation Cost

As of December 31, 2021, there was $29.9 million of total unrecognized compensation cost related to unvested share-based payment awards, which is included as Capital in excess of par value within our Consolidated Balance Sheets. The unrecognized compensation cost as of December 31, 2021 is expected to be recognized as compensation expense over a weighted average period of 1.0 years as follows (in millions):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| Year Ended December 31, | | | | | |
| 2022 | | | $ | 17.5 |  |
| 2023 | | | 10.0 | |  |
| 2024 | | | 2.5 | |  |
|  | | |  | | |
|  | | |  | | |
| Total | | | $ | 29.9 |  |

**Other Comprehensive Loss and Accumulated Other Comprehensive Loss**

Our other comprehensive loss, consisting of foreign currency translation adjustments related to our subsidiaries that have a functional currency other than the U.S. dollar and cash flow hedges, was as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Foreign Currency Translation Adjustments** | | |  | | | **Cash Flow Hedges** | | |  | | | **Accumulated Other Comprehensive Loss** | | |
| Balance as of December 31, 2019 | | | $ | (134.1) |  |  | | | $ | (12.2) |  |  | | | $ | (146.3) |  |
| Other comprehensive income (loss) before reclassifications | | | 13.8 | |  |  | | | (150.4) | |  |  | | | (136.6) | |  |
| Amounts reclassified from accumulated other comprehensive income (loss) | | | — | |  |  | | | 150.3 | |  |  | | | 150.3 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Balance as of December 31, 2020 | | | (120.3) | |  |  | | | (12.3) | |  |  | | | (132.6) | |  |
| Other comprehensive income (loss) before reclassifications | | | (13.7) | |  |  | | | 203.2 | |  |  | | | 189.6 | |  |
| Amounts reclassified from accumulated other comprehensive income (loss) | | | — | |  |  | | | (193.6) | |  |  | | | (193.6) | |  |
| Less: Net other comprehensive (income) loss attributable to noncontrolling interest | | | — | |  |  | | | — | |  |  | | | — | |  |
| Balance as of December 31, 2021 | | | $ | (134.0) |  |  | | | $ | (2.7) |  |  | | | $ | (136.7) |  |

The foreign currency translation adjustment loss for 2021 was primarily due to the effect of a stronger U.S. dollar compared to most foreign currencies, including the British Pound. The foreign currency translation adjustment gain for 2020 was primarily due to the effect of a weaker U.S. dollar compared to most foreign currencies, including the British Pound.

**11. Income Taxes**

U.S. and foreign income before income taxes consist of the following (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| United States | | | $ | (47.7) |  |  | | | $ | 51.2 |  |  | | | $ | (59.1) |  |
| Foreign | | | 147.8 | |  |  | | | 110.5 | |  |  | | | 296.4 | |  |
| Income (loss) before income taxes | | | $ | 100.0 |  |  | | | $ | 161.7 |  |  | | | $ | 237.3 |  |

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The income tax provision (benefit) related to income before income taxes consists of the following components (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Current: | | |  | | |  | | |  | | |  | | |  | | |
| U.S. federal statutory tax | | | $ | 4.4 |  |  | | | $ | 10.1 |  |  | | | $ | (4.0) |  |
| State | | | 1.4 | |  |  | | | 2.6 | |  |  | | | 1.6 | |  |
| Foreign | | | 22.4 | |  |  | | | 42.9 | |  |  | | | 35.9 | |  |
|  | | | 28.2 | |  |  | | | 55.6 | |  |  | | | 33.5 | |  |
| Deferred: | | |  | | |  | | |  | | |  | | |  | | |
| U.S. federal statutory tax | | | 2.2 | |  |  | | | — | |  |  | | | 11.0 | |  |
| State | | | 2.7 | |  |  | | | — | |  |  | | | 4.6 | |  |
| Foreign | | | (12.5) | |  |  | | | (14.4) | |  |  | | | (12.2) | |  |
|  | | | (7.6) | |  |  | | | (14.4) | |  |  | | | 3.4 | |  |
| Non-current tax expense (income) | | | 5.3 | |  |  | | | 10.9 | |  |  | | | 19.3 | |  |
|  | | | $ | 25.8 |  |  | | | $ | 52.1 |  |  | | | $ | 56.2 |  |

Non-current tax expense (income) is primarily related to income tax associated with the reserve for uncertain tax positions, including associated interest and penalties.

A reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| U.S. federal statutory tax rate | | | 21.0 | | % |  | | | 21.0 | | % |  | | | 21.0 | | % |
| Foreign earnings, net of foreign taxes | | | (10.3) | |  |  | | | (13.3) | |  |  | | | (13.8) | |  |
| State income taxes, net of U.S. federal income tax benefit | | | 3.2 | |  |  | | | 1.3 | |  |  | | | 2.2 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Tax Reform - GILTI | | | 8.8 | |  |  | | | 0.5 | |  |  | | | 6.0 | |  |
| Tax Reform - BEAT | | | 1.7 | |  |  | | | 1.4 | |  |  | | | 0.1 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Uncertain tax positions | | | 5.3 | |  |  | | | 6.8 | |  |  | | | 8.2 | |  |
| Foreign currency adjustments | | | 9.6 | |  |  | | | (2.1) | |  |  | | | (6.1) | |  |
| Intercompany interest transfer pricing adjustment | | | 1.4 | |  |  | | | 2.0 | |  |  | | | 1.4 | |  |
| Nontaxable interest income | | | (4.7) | |  |  | | | (3.0) | |  |  | | | (2.3) | |  |
| Nondeductible interest expense | | | 1.2 | |  |  | | | 1.9 | |  |  | | | 1.8 | |  |
| Valuation allowance | | | (8.0) | |  |  | | | 10.6 | |  |  | | | 1.2 | |  |
| Sale of Company | | | — | |  |  | | | 3.0 | |  |  | | | — | |  |
| Non-deductible Officer Compensation | | | 1.5 | |  |  | | | 1.2 | |  |  | | | 0.5 | |  |
| Statutory Adjustments | | | (3.2) | |  |  | | | 0.1 | |  |  | | | 0.2 | |  |
| UK Tax Rate Change | | | (5.9) | |  |  | | | — | |  |  | | | — | |  |
| Other permanent differences | | | 4.1 | |  |  | | | 0.8 | |  |  | | | 3.3 | |  |
| Effective income tax rate | | | 25.8 | | % |  | | | 32.2 | | % |  | | | 23.7 | | % |

For the year ended December 31, 2021, our effective income tax rate was 25.8%, and our income tax provision was $25.8 million, as compared to an effective income tax rate of 32.2% and an income tax provision of $52.1 million for 2020. The lower effective income tax rate for 2021, as compared to 2020, resulted primarily from the impact of the change in the UK tax rate, benefits resulting from tax return filings in various foreign jurisdictions, adjustments to valuation allowances against our deferred tax assets in various foreign jurisdictions, and the differences in the results of our subsidiaries in tax jurisdictions with different tax rates.

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For the year ended December 31, 2020, our effective income tax rate was 32.2%, for an income tax provision of $52.1 million, as compared to an effective income tax rate of 23.7% and an income tax provision of $56.2 million for 2019. The tax provision includes a tax expense of $12.9 million for the tax on the gain on the sale of MSTS recorded during the third quarter of 2020. The higher effective income tax rate for 2020, as compared to 2019, resulted primarily from the impact of recording valuation allowances against our deferred tax assets in various foreign jurisdictions, and the differences in the results of our subsidiaries in tax jurisdictions with different tax rates.

For the year ended December 31, 2019, our effective income tax rate was 23.7%, for an income tax provision of $56.2 million, as compared to an effective income tax rate of 30.2% and an income tax provision of $55.9 million for 2018. The lower effective income tax rate for 2019 resulted principally from the benefits of differences in the results of our subsidiaries in tax jurisdictions with different income tax rates, the impacts of BEAT and GILTI, other permanent tax differences, and one-time return-to-provision foreign exchange statutory adjustments. These benefits were reduced by increases in uncertain tax positions and the effect of state income taxes. Several final and proposed regulations were issued for U.S. federal income tax purposes during 2019 regarding BEAT, foreign tax credits, and GILTI, among other areas. The Treasury Department and IRS released final and proposed regulations regarding BEAT on December 2, 2019 and provided an election to waive deductions for purposes of determining base erosion payments which we elected to apply to both 2018 and 2019. Our 2019 effective income tax rate and income tax expense reflect the results of this election for 2019 and the one-time benefit for 2018.

We have analyzed our global working capital and cash requirements and the potential tax liabilities attributable to repatriation and have determined that we intend to continue our assertion that the earnings of certain of our non-U.S. subsidiaries are indefinitely reinvested. At December 31, 2021, $976.5 million of our foreign earnings were permanently reinvested in non-US business operations. For these investments, if not reinvested indefinitely, we could potentially owe approximately $214.8 million in foreign withholding tax. For the remaining $1.5 billion accumulated foreign earnings that are actually or deemed repatriated, we have made an estimate of the associated foreign withholding and state income tax effects of $10.6 million for 2021.

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The temporary differences which comprise our net deferred tax liabilities are as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| **Gross Deferred Tax Assets:** | | |  | | |  | | |  | | |
| Bad debt reserve | | | $ | 9.5 |  |  | | | $ | 15.2 |  |
| Net operating loss | | | 45.9 | |  |  | | | 57.4 | |  |
| Accrued and other share-based compensation | | | 16.6 | |  |  | | | 14.7 | |  |
| Leases | | | 1.5 | |  |  | | | 2.5 | |  |
| Accrued expenses | | | 10.6 | |  |  | | | 3.9 | |  |
| U.S. foreign income tax credits | | | 1.2 | |  |  | | | 1.2 | |  |
| Other income tax credits | | | 0.2 | |  |  | | | 0.2 | |  |
| Customer deposits | | | 1.8 | |  |  | | | 1.2 | |  |
| Investments | | | 1.9 | |  |  | | | 1.9 | |  |
| Unrealized foreign exchange | | | 8.5 | |  |  | | | 16.4 | |  |
| Unrealized Derivatives | | | 1.2 | |  |  | | | — | |  |
| Cash flow hedges | | | 1.1 | |  |  | | | 2.9 | |  |
| Interest Limitation | | | 26.2 | |  |  | | | 10.7 | |  |
|  | | |  | | |  | | |  | | |
| Total gross deferred tax assets | | | 126.2 | |  |  | | | 128.2 | |  |
| Less: Valuation allowance | | | 39.7 | |  |  | | | 48.0 | |  |
| Gross deferred tax assets, net of valuation allowance | | | 86.5 | |  |  | | | 80.2 | |  |
| **Deferred Tax Liabilities:** | | |  | | |  | | |  | | |
| Depreciation | | | (23.9) | |  |  | | | (23.2) | |  |
| Goodwill and intangible assets | | | (55.9) | |  |  | | | (54.8) | |  |
| Prepaid expenses, deductible for tax purposes | | | (4.3) | |  |  | | | (3.3) | |  |
| Deferred tax costs on foreign unrepatriated earnings | | | (10.6) | |  |  | | | (10.4) | |  |
| Unrealized derivatives | | | — | |  |  | | | (6.4) | |  |
| Other | | | (7.4) | |  |  | | | (2.3) | |  |
| Total gross deferred tax liabilities | | | (102.0) | |  |  | | | (100.4) | |  |
| Net deferred tax liability | | | $ | 15.5 |  |  | | | $ | 20.2 |  |
| Net deferred tax asset | | | — | |  |  | | | — | |  |
| **Reported on the Consolidated Balance Sheets as:** | | |  | | |  | | |  | | |
| Identifiable intangible and other non-current assets for deferred tax assets, non-current | | | $ | 44.8 |  |  | | | $ | 33.7 |  |
|  | | |  | | |  | | |  | | |
| Non-current income tax liabilities, net of deferred tax liabilities, non-current | | | $ | 60.3 |  |  | | | $ | 53.6 |  |

As of December 31, 2021 and 2020, we had gross net operating losses ("NOLs") of approximately $402.5 million and $418.2 million, respectively. The NOLs as of December 31, 2021 originated in various U.S. states and non-U.S. countries. We have recorded a deferred tax asset of $45.9 million reflecting the benefit of the NOL carryforward as of December 31, 2021. This deferred tax asset expires as follows (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Net Operating Loss** | | | **Expiration Date** | | | **Deferred Tax Asset** | | |
| US States | | | 2022-2041 | | | $ | 8.4 |  |
| US States | | | Indefinite | | | $ | 4.0 |  |
| Foreign | | | 2022-2041 | | | $ | 5.1 |  |
| Foreign | | | Indefinite | | | $ | 28.3 |  |
| Total | | |  | | | $ | 45.9 |  |

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We assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, as of December 31, 2021, a valuation allowance of $39.7 million has been recorded to recognize only the portion of the deferred tax assets that are more likely than not to be realized, $35.7 million of which relates to the deferred tax asset for NOLs. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward period change or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as growth projections.

We operate under a special income tax concession in Singapore which began January 1, 2008 and is subject to renewal. Our current five-year income tax concession period began on January 1, 2018 and is conditional upon our meeting certain employment and investment thresholds which, if not met in accordance with our agreement, may eliminate the benefit beginning with the first year in which the conditions are not satisfied. The income tax concession reduces the income tax rate on qualified sales and derivative gains and losses.

The increase (decrease) to our foreign income taxes from the Singapore tax concession was as follows (in millions, except per share amounts):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Singapore tax concession impact on foreign income tax | | | $ | (1.1) |  |  | | | $ | (2.4) |  |  | | | $ | (4.3) |  |
| Impact on basic earnings per share | | | $ | (0.02) |  |  | | | $ | (0.04) |  |  | | | $ | (0.07) |  |
| Impact on diluted earnings per share | | | $ | (0.02) |  |  | | | $ | (0.04) |  |  | | | $ | (0.06) |  |

**Income Tax Contingencies**

We recorded a net decrease of $3.1 million of liabilities related to Unrecognized Tax Liabilities and a net decrease of $1.6 million in assets related to Unrecognized Tax Assets during 2021. In addition, during 2021, we recorded a decrease of $3.8 million to our Unrecognized Tax Liabilities related to a foreign currency translation gain, which is included in Other income (expense), net, in the accompanying Consolidated Statements of Income and Comprehensive Income. As of December 31, 2021, our Unrecognized Tax Liabilities, including penalties and interest, were $98.2 million and our Unrecognized Tax Assets were $23.9 million.

During 2020, we recorded a net increase of $12.2 million of liabilities related to Unrecognized Tax Liabilities and no change in assets related to Unrecognized Tax Assets. In addition, during 2020, we recorded an increase of $4.0 million to our Unrecognized Tax Liabilities related to a foreign currency translation loss, which is included in Other income (expense), net, in the accompanying Consolidated Statements of Income and Comprehensive Income. As of December 31, 2020, our Unrecognized Tax Liabilities, including penalties and interest, were $99.0 million and our Unrecognized Tax Assets were $25.4 million.

The following is a tabular reconciliation of the total amounts of gross Unrecognized Tax Liabilities for the year (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Gross Unrecognized Tax Liabilities – opening balance | | | $ | 78.2 |  |  | | | $ | 66.5 |  |  | | | $ | 57.0 |  |
| Gross increases – tax positions in prior period | | | 2.4 | |  |  | | | 4.8 | |  |  | | | 12.2 | |  |
| Gross decreases – tax positions in prior period | | | (6.1) | |  |  | | | (0.5) | |  |  | | | (13.5) | |  |
| Gross increases – tax positions in current period | | | 3.5 | |  |  | | | 12.3 | |  |  | | | 14.9 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Settlements | | | — | |  |  | | | (0.1) | |  |  | | | (1.4) | |  |
| Lapse of statute of limitations | | | (2.9) | |  |  | | | (4.8) | |  |  | | | (2.7) | |  |
| Gross Unrecognized Tax Liabilities – ending balance | | | $ | 75.1 |  |  | | | $ | 78.2 |  |  | | | $ | 66.5 |  |

If our gross Unrecognized Tax Liabilities, net of our Unrecognized Tax Assets of $23.9 million, as of December 31, 2021, are settled by the taxing authorities in our favor or otherwise resolved, our income tax expense would be reduced by $51.2 million (exclusive of interest and penalties) in the period the matter is considered settled or resolved in accordance with ASC 740. This would have the impact of reducing our 2021 effective income tax rate by 51.2%. As of December 31, 2021, it is possible that approximately $4.2 million of our unrecognized income tax liabilities may decrease within the next twelve months.

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We record accrued interest and penalties related to unrecognized income tax benefits as income tax expense. Related to the uncertain income tax benefits noted above, for interest we recorded expense of $2.6 million, $3.1 million and $4.6 million during the years ended December 31, 2021, 2020, and 2019, respectively. For penalties, we recorded income of $0.3 million, expense of $0.2 million and income of $0.2 million during the years ended December 31, 2021, 2020, and 2019, respectively. As of December 31, 2021 and 2020, we had recognized liabilities of $18.8 million and $16.2 million for interest and $4.3 million and $4.6 million for penalties, respectively.

We have various tax returns under examination both in the U.S. and foreign jurisdictions. The most material of these are in Denmark for the 2013 - 2019 tax years, South Korea for the 2011 - 2014 tax years, and the U.S. for 2017 - 2019 tax years. One of our subsidiaries in Denmark has been under audit for its 2013 - 2015 tax years since 2018 and was notified in March 2021 that its 2016 - 2019 tax years were also under examination. In January 2021, we received final tax assessments for the 2013 and 2014 tax years of approximately $0.6 million (DKK 3.7 million) and $0.8 million (DKK 4.9 million), respectively. In April 2021, we received a proposed tax assessment for the 2015 tax year of approximately $14.7 million (DKK 96.1 million). We believe these assessments are without merit. We are in the process of responding to the proposed assessments and the 2016 - 2019 information requests. We have not yet received any proposed assessments related to the 2016 - 2019 tax years, which could be materially larger than the previous assessments if a similar methodology is applied.

In 2017, the Korean branch of one of our subsidiaries received income tax assessment notices aggregating $9.5 million (KRW 11.3 billion) from the South Korea tax authorities relating to the 2011 - 2014 tax years. In May and August 2021, we received revised income tax assessments for these years reducing the aggregate assessments to $9.0 million (KRW 10.6 billion). We believe that these assessments are without merit and are currently appealing the actions.

In January of 2020, we received a notice of examination from the U.S. IRS for the 2017 - 2018 tax years. In June 2021, we received a notice of proposed adjustment for certain immaterial items for the 2017 and 2018 tax years which we accepted and agreed to in August 2021. In December 2021 we received an additional notice of proposed adjustment for certain immaterial items for the 2017 and 2018 tax years which we are reviewing. In addition, in February 2022 we received a notice of examination from the U.S. IRS for the 2019 tax year.

An unfavorable resolution of one or more of the above matters could have a material adverse effect on our operating results or cash flows in the quarter or year in which the adjustments are recorded, or the tax is due or paid. As examinations are still in process or have not yet reached the final stages of the appeals process, the timing of the ultimate resolution or payments that may be required cannot be determined at this time.

In many cases, our uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. The following table summarizes these open tax years by jurisdiction with material uncertain tax positions:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Open Tax Year** | | | | | | | | |
| **Jurisdiction** | | | **Examination in progress** | | |  | | | **Examination not yet initiated** | | |
| Denmark | | | 2013 - 2019 | | |  | | | 2020 - 2021 | | |
| South Korea | | | 2011 - 2014 | | |  | | | 2015 - 2021 | | |
| Greece | | | None | | |  | | | 2016 - 2021 | | |
| Other non-U.S. | | | None | | |  | | | 2014 - 2021 | | |

**12. Fair Value Measurements**

The carrying amounts of cash and cash equivalents, net accounts receivable, accounts payable and accrued expenses and other current liabilities approximate fair value based on their short-term maturities. The carrying values of our debt and notes receivable approximate fair value as these instruments bear interest either at variable rates or fixed rates, which are not significantly different from market rates. The fair value measurements for our debt and notes receivable are considered to be Level 2 measurements based on the fair value hierarchy.

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**Recurring Fair Value Measurements**

The following tables present information about our gross assets and liabilities that are measured at fair value on a recurring basis (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Fair Value Measurements as of December 31, 2021** | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | | **Level 1 Inputs** | | |  | | | **Level 2 Inputs** | | |  | | | **Level 3 Inputs** | | |  | | | **Total Fair Value** | | |
| **Assets:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 513.3 |  |  | | | $ | 247.6 |  |  | | | $ | 2.6 |  |  | | | $ | 763.5 |  |
| Interest rate contract | | |  | | | — | |  |  | | | 5.4 | |  |  | | | — | |  |  | | | 5.4 | |  |
| Foreign currency contracts | | |  | | | — | |  |  | | | 4.7 | |  |  | | | — | |  |  | | | 4.7 | |  |
| Cash surrender value of life insurance | | |  | | | — | |  |  | | | 14.6 | |  |  | | | — | |  |  | | | 14.6 | |  |
| Total assets at fair value | | |  | | | $ | 513.3 |  |  | | | $ | 272.3 |  |  | | | $ | 2.6 |  |  | | | $ | 788.3 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Liabilities:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 361.5 |  |  | | | $ | 378.6 |  |  | | | $ | 3.8 |  |  | | | $ | 743.9 |  |
| Interest rate contract | | |  | | | — | |  |  | | | 0.3 | |  |  | | | — | |  |  | | | 0.3 | |  |
| Foreign currency contracts | | |  | | | — | |  |  | | | 4.3 | |  |  | | | — | |  |  | | | 4.3 | |  |
| Total liabilities at fair value | | |  | | | $ | 361.5 |  |  | | | $ | 383.2 |  |  | | | $ | 3.8 |  |  | | | $ | 748.5 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Fair Value Measurements as of December 31, 2020** | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | | **Level 1 Inputs** | | |  | | | **Level 2 Inputs** | | |  | | | **Level 3 Inputs** | | |  | | | **Total Fair Value** | | |
| **Assets:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 233.5 |  |  | | | $ | 127.9 |  |  | | | $ | 9.5 |  |  | | | $ | 371.0 |  |
| Foreign currency contracts | | |  | | | — | |  |  | | | 7.5 | |  |  | | | — | |  |  | | | 7.5 | |  |
| Cash surrender value of life insurance | | |  | | | — | |  |  | | | 11.4 | |  |  | | | — | |  |  | | | 11.4 | |  |
| Total assets at fair value | | |  | | | $ | 233.5 |  |  | | | $ | 146.8 |  |  | | | $ | 9.5 |  |  | | | $ | 389.9 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Liabilities:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 223.0 |  |  | | | $ | 96.8 |  |  | | | $ | 6.3 |  |  | | | $ | 326.0 |  |
| Interest rate contract | | |  | | | — | |  |  | | | 3.7 | |  |  | | | — | |  |  | | | 3.7 | |  |
| Foreign currency contracts | | |  | | | — | |  |  | | | 19.8 | |  |  | | | — | |  |  | | | 19.8 | |  |
| Total liabilities at fair value | | |  | | | $ | 223.0 |  |  | | | $ | 120.2 |  |  | | | $ | 6.3 |  |  | | | $ | 349.5 |  |

For our derivative contracts, we may enter into master netting, collateral and offset agreements with counterparties. These agreements provide us the ability to offset a counterparty’s rights and obligations, request additional collateral when necessary or liquidate the collateral in the event of counterparty default. We net the fair value of cash collateral paid or received against fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting or offset agreement.

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We have elected to offset the recognized fair value amounts for multiple derivative instruments executed with the same counterparty in our financial statements when a legal right of offset exists. The following tables summarize those derivative balances subject to the right of offset as presented on our Consolidated Balance Sheets (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Fair Value as of December 31, 2021** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | | **Gross Amounts Recognized** | | |  | | | **Gross Amounts Offset** | | |  | | | **Net Amounts Presented** | | |  | | | **Cash Collateral** | | |  | | | **Gross Amounts Without Right of Offset** | | |  | | | **Net Amounts** | | |
| **Assets:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 763.5 |  |  | | | $ | 513.1 |  |  | | | $ | 250.4 |  |  | | | $ | 7.6 |  |  | | | $ | — |  |  | | | $ | 242.8 |  |
| Interest rate contract | | |  | | | 5.4 | |  |  | | | — | |  |  | | | 5.4 | |  |  | | | — | |  |  | | | — | |  |  | | | 5.4 | |  |
| Foreign currency contracts | | |  | | | 4.7 | |  |  | | | 2.6 | |  |  | | | 2.1 | |  |  | | | — | |  |  | | | — | |  |  | | | 2.1 | |  |
| Total assets at fair value | | |  | | | $ | 773.6 |  |  | | | $ | 515.6 |  |  | | | $ | 258.0 |  |  | | | $ | 7.6 |  |  | | | $ | — |  |  | | | $ | 250.4 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Liabilities:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 743.9 |  |  | | | $ | 513.1 |  |  | | | $ | 230.8 |  |  | | | $ | 3.2 |  |  | | | $ | — |  |  | | | $ | 227.7 |  |
| Interest rate contract | | |  | | | 0.3 | |  |  | | | — | |  |  | | | 0.3 | |  |  | | | — | |  |  | | | — | |  |  | | | 0.3 | |  |
| Foreign currency contracts | | |  | | | 4.3 | |  |  | | | 2.6 | |  |  | | | 1.7 | |  |  | | | — | |  |  | | | — | |  |  | | | 1.7 | |  |
| Total liabilities at fair value | | |  | | | $ | 748.5 |  |  | | | $ | 515.6 |  |  | | | $ | 232.8 |  |  | | | $ | 3.2 |  |  | | | $ | — |  |  | | | $ | 229.7 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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|  | | |  | | | **Fair Value as of December 31, 2020** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | | **Gross Amounts Recognized** | | |  | | | **Gross Amounts Offset** | | |  | | | **Net Amounts Presented** | | |  | | | **Cash Collateral** | | |  | | | **Gross Amounts Without Right of Offset** | | |  | | | **Net Amounts** | | |
| **Assets:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 371.0 |  |  | | | $ | 287.1 |  |  | | | $ | 83.9 |  |  | | | $ | 1.2 |  |  | | | $ | — |  |  | | | $ | 82.7 |  |
| Foreign currency contracts | | |  | | | 7.5 | |  |  | | | 7.5 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Total assets at fair value | | |  | | | $ | 378.5 |  |  | | | $ | 294.6 |  |  | | | $ | 83.9 |  |  | | | $ | 1.2 |  |  | | | $ | — |  |  | | | $ | 82.7 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Liabilities:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Commodities contracts | | |  | | | $ | 326.0 |  |  | | | $ | 287.1 |  |  | | | $ | 38.9 |  |  | | | $ | 2.3 |  |  | | | $ | — |  |  | | | $ | 36.6 |  |
| Interest rate contract | | |  | | | 3.7 | |  |  | | | — | |  |  | | | 3.7 | |  |  | | | — | |  |  | | | — | |  |  | | | 3.7 | |  |
| Foreign currency contracts | | |  | | | 19.8 | |  |  | | | 7.5 | |  |  | | | 12.3 | |  |  | | | — | |  |  | | | — | |  |  | | | 12.3 | |  |
| Total liabilities at fair value | | |  | | | $ | 349.5 |  |  | | | $ | 294.6 |  |  | | | $ | 54.9 |  |  | | | $ | 2.3 |  |  | | | $ | — |  |  | | | $ | 52.6 |  |

At December 31, 2021 and 2020, we did not present any amounts gross on our Consolidated Balance Sheets where we had the right to offset.

**Concentration of Credit Risk**

The individual over-the-counter ("OTC") counterparty exposure is managed within predetermined credit limits. It includes the use of cash-call margins when appropriate, thereby reducing the risk of significant nonperformance. At December 31, 2021, two of our OTC counterparties represented over 10% of our total credit exposure to OTC derivative counterparties.

**Nonrecurring Fair Value Measurements**

During the second quarter of 2021, we identified an impairment indicator with respect to certain long-lived assets within the land segment. We determined that the carrying amount of the asset group was not recoverable and recognized an asset impairment of $4.7 million during the year ended December 31, 2021. The fair value of the asset group was measured using an income approach based on estimated future cash flows as of the measurement date. Due to the significance of unobservable inputs, the measurement is categorized as Level 3.

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During the fourth quarter of 2020, we measured and recorded at fair value an equity method investment as a result of an other-than-temporary impairment. In calculating fair value, we used a combination of an income and market approach. Under the market approach, we used a selection of global companies that compares with the investment. Under the income approach, we used estimated future cash flows based on information available to us. Due to the significance of unobservable inputs, the measurement is categorized in Level 3.

The fair values of nonrecurring assets or liabilities measured using Level 3 inputs were not material at December 31, 2021 and 2020, respectively.

**13. Business Segments, Geographic Information and Major Customers**

**Business Segments**

We operate in three reportable segments consisting of aviation, land, and marine. Corporate expenses are allocated to the segments based on usage, where possible, or on other factors according to the nature of the activity. Our operating segments are determined based on the different markets in which we provide products and services, which are defined primarily by the customers (businesses and governmental) and the products and services provided to those customers. We use Income from operations as our primary measure of profit as we believe it is the most meaningful measure to allocate resources and assess the performance or our segments.

In our aviation segment, we offer fuel and related products and services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, airports, fixed based operators, corporate fleets, charter and fractional operators, and private aircraft. In addition, we supply fuel and services to U.S. and foreign government, intergovernmental and military customers, such as the U.S. Defense Logistics Agency and the North Atlantic Treaty Organization ("NATO").

In our land segment, we offer fuel, lubricants, further complemented by our expansion into energy advisory, brokerage and fulfillment solutions with respect to power, natural gas and other energy products. We also offer sustainability consulting, renewable fuel products, carbon management and renewable energy solutions through World Kinect, our global energy management brand. Our customers include petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial, residential and government customers.

Our marine segment product and service offerings include fuel, lubricants and related products and services to a broad base of customers, including international container and tanker fleets, commercial cruise lines, yachts and time charter operators, offshore rig owners and operators, the U.S. and foreign governments as well as other fuel suppliers.

Within each of our segments, we may enter into derivative contracts to mitigate the risk of market price fluctuations and also to offer our customers fuel pricing alternatives to meet their needs.

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Information concerning our revenue, gross profit and income from operations by segment is as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Revenue: | | |  | | |  | | |  | | |  | | |  | | |
| Aviation segment | | | $ | 12,824.3 |  |  | | | $ | 8,179.6 |  |  | | | $ | 18,479.5 |  |
| Land segment | | | 10,426.8 | |  |  | | | 6,663.1 | |  |  | | | 10,280.9 | |  |
| Marine segment | | | 8,085.8 | |  |  | | | 5,515.7 | |  |  | | | 8,058.5 | |  |
| Total revenue | | | $ | 31,337.0 |  |  | | | $ | 20,358.3 |  |  | | | $ | 36,819.0 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
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| Income from operations:(1) | | |  | | |  | | |  | | |  | | |  | | |
| Aviation segment | | | $ | 163.4 |  |  | | | $ | 84.5 |  |  | | | $ | 283.9 |  |
| Land segment | | | 44.6 | |  |  | | | 72.6 | |  |  | | | 55.0 | |  |
| Marine segment | | | 20.7 | |  |  | | | 58.5 | |  |  | | | 67.1 | |  |
| Corporate overhead - unallocated | | | (86.1) | |  |  | | | (77.8) | |  |  | | | (106.4) | |  |
| Total income from operations | | | $ | 142.6 |  |  | | | $ | 137.9 |  |  | | | $ | 299.7 |  |
| Depreciation and amortization: | | |  | | |  | | |  | | |  | | |  | | |
| Aviation segment | | | $ | 32.7 |  |  | | | $ | 31.5 |  |  | | | $ | 28.5 |  |
| Land segment | | | 39.0 | |  |  | | | 45.3 | |  |  | | | 48.0 | |  |
| Marine segment | | | 3.5 | |  |  | | | 3.8 | |  |  | | | 4.5 | |  |
| Corporate segment | | | 5.8 | |  |  | | | 5.2 | |  |  | | | 6.4 | |  |
| Total depreciation and amortization | | | $ | 81.0 |  |  | | | $ | 85.8 |  |  | | | $ | 87.4 |  |
| Capital expenditures: | | |  | | |  | | |  | | |  | | |  | | |
| Aviation segment | | | $ | 18.8 |  |  | | | $ | 17.6 |  |  | | | $ | 23.0 |  |
| Land segment | | | 17.4 | |  |  | | | 12.5 | |  |  | | | 26.9 | |  |
| Marine segment | | | 2.7 | |  |  | | | 0.8 | |  |  | | | 28.3 | |  |
| Corporate | | | 0.1 | |  |  | | | 20.4 | |  |  | | | 2.7 | |  |
| Total capital expenditures | | | $ | 39.2 |  |  | | | $ | 51.3 |  |  | | | $ | 80.9 |  |

(1)Includes $6.6 million, $10.3 million and $19.7 million of restructuring charges for the years ended December 31, 2021, 2020 and 2019, respectively.

Information concerning our accounts receivable, net, and total assets by segment is as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Accounts receivable, net: | | |  | | |  | | |  | | |
| Aviation segment, net of allowance for credit losses of $18.4 and $41.2 as of December 31, 2021 and 2020, respectively | | | $ | 972.9 |  |  | | | $ | 464.7 |  |
| Land segment, net of allowance for credit losses of $3.8 and $5.0 as of December 31, 2021 and 2020, respectively | | | 664.7 | |  |  | | | 394.5 | |  |
| Marine segment, net of allowance for credit losses of $3.9 and $7.6 as of December 31, 2021 and 2020, respectively | | | 717.7 | |  |  | | | 379.2 | |  |
| Total accounts receivable, net | | | $ | 2,355.3 |  |  | | | $ | 1,238.4 |  |
|  | | |  | | |  | | |  | | |
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| Total assets: | | |  | | |  | | |  | | |
| Aviation segment | | | $ | 2,305.6 |  |  | | | $ | 1,789.5 |  |
| Land segment | | | 2,106.1 | |  |  | | | 1,459.5 | |  |
| Marine segment | | | 1,022.7 | |  |  | | | 667.6 | |  |
| Corporate | | | 507.9 | |  |  | | | 583.7 | |  |
| Total assets | | | $ | 5,942.4 |  |  | | | $ | 4,500.3 |  |

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**Geographic Information**

Information concerning our revenue and property and equipment, net, as segregated between the Americas, EMEA (Europe, Middle East and Africa) and the Asia Pacific regions, is presented as follows, based on the country of incorporation of the relevant subsidiary (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Revenue: | | |  | | |  | | |  | | |  | | |  | | |
| United States | | | $ | 16,696.2 |  |  | | | $ | 10,365.2 |  |  | | | $ | 19,365.2 |  |
| EMEA (1) | | | 6,735.7 | |  |  | | | 4,961.0 | |  |  | | | 9,235.1 | |  |
| Asia Pacific (2) | | | 4,620.0 | |  |  | | | 3,035.6 | |  |  | | | 4,581.1 | |  |
| Americas, excluding United States | | | 3,285.1 | |  |  | | | 1,996.6 | |  |  | | | 3,637.6 | |  |
| Total (3) | | | $ | 31,337.0 |  |  | | | $ | 20,358.3 |  |  | | | $ | 36,819.0 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
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|  | | | **As of December 31,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
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|  | | |  | | |  | | |  | | |
| Property and equipment, net: | | |  | | |  | | |  | | |
| United States | | | $ | 183.9 |  |  | | | $ | 177.6 |  |
| EMEA | | | 145.7 | |  |  | | | 144.1 | |  |
| Asia Pacific | | | 8.3 | |  |  | | | 7.9 | |  |
| Americas, excluding United States | | | 11.1 | |  |  | | | 13.1 | |  |
| Total | | | $ | 348.9 |  |  | | | $ | 342.6 |  |

(1)Includes revenue related to the U.K. of $4.2 billion, $3.1 billion and $5.5 billion for 2021, 2020 and 2019, respectively.

(2)Includes revenue related to Singapore of $4.6 billion, $3.0 billion and $4.5 billion for 2021, 2020 and 2019, respectively.

(3)Geographic revenue information in this table includes impacts from derivatives and hedging activities, which are excluded from that geographic revenue information presented at Note 14. Revenue from Contracts with Customers.

**Major Customers**

For the years ended December 31, 2021, 2020, and 2019, none of our customers accounted for more than 10% of total consolidated revenue. Sales to government customers, which principally consist of sales to NATO in support of military operations in Afghanistan, have accounted for a material portion of our profitability in recent years. The profitability associated with our government business can be significantly impacted by supply disruptions, border closures, road blockages, hostility-related product losses, inventory shortages and other logistical difficulties that can arise when sourcing and delivering fuel in areas that are actively engaged in war or other military conflicts. Our sales to government customers may fluctuate significantly from time to time as a result of the foregoing factors, as well as the level of troop deployments and related activity in a particular region or area or the commencement, extension, renewal or completion of existing and new government contracts. In 2020 the U.S. government and NATO began to significantly reduce the level of troops in Afghanistan. The final withdrawal of troops in the area was completed during the third quarter of 2021.

**14. Revenue from Contracts with Customers**

The majority of our consolidated revenues are generated through the sale of fuel and fuel-related products. Our contracts with customers, which are primarily master sales agreements in combination with different types of nominations or standalone agreements, generally require us to deliver fuel and fuel-related products, while other arrangements require us to complete agreed-upon services. As our contracts go through a formal credit approval process, we only enter into contracts when we determine the amount we expect to be entitled to is probable of collection. Our billing and payment terms generally include monthly invoicing with average payment terms of one to three months.

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We have concluded that each gallon or barrel represents a separate performance obligation, and revenue is recognized at the point in time when control of each gallon or barrel transfers to our customer. We may incur costs for the transportation of products to the delivery points. Reimbursements of such costs are normally included in the transaction price.

Our contracts may contain fixed pricing, variable pricing, or a combination. The pricing structures of our fuel sales that involve variable prices, such as market or index-based pricing or reimbursements of costs, typically correspond to our efforts to transfer the promised fuel, and we recognize revenue based on those variable prices for the related gallons or barrels that we have delivered.

Our contracts with customers may include multi-year sales contracts, which are priced at market-based indices and require minimum volume purchase commitments from our customers. The consideration expected from these contracts is considered variable due to the market-based pricing and the variability is not resolved until delivery is made to our customers. We also have fixed price fuel and fuel-related product sale contracts with a contract term of less than one year (typically one month).

We also earn an immaterial amount of revenue from contracts to provide services, including energy procurement advisory services, international trip planning support, and transaction and payment management processing, which typically represent a single performance obligation for the series of daily services.

**Disaggregated revenue**

The following table presents our revenues from contracts with customers disaggregated by major geographic areas in which we conduct business (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Aviation | | |  | | | $ | 682.8 |  |  | | | $ | 542.1 |  |  | | | $ | 1,410.2 |  |
| Land | | |  | | | 36.8 | |  |  | | | 10.6 | |  |  | | | 18.2 | |  |
| Marine | | |  | | | 3,419.5 | |  |  | | | 2,436.8 | |  |  | | | 2,929.2 | |  |
| Asia Pacific | | |  | | | 4,139.2 | |  |  | | | 2,989.4 | |  |  | | | 4,357.7 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Aviation | | |  | | | 1,903.1 | |  |  | | | 1,403.4 | |  |  | | | 3,824.3 | |  |
| Land | | |  | | | 2,491.8 | |  |  | | | 1,744.5 | |  |  | | | 2,425.4 | |  |
| Marine | | |  | | | 2,364.6 | |  |  | | | 1,630.8 | |  |  | | | 2,739.1 | |  |
| EMEA | | |  | | | 6,759.5 | |  |  | | | 4,778.7 | |  |  | | | 8,988.9 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Aviation | | |  | | | 2,092.4 | |  |  | | | 1,069.9 | |  |  | | | 2,347.1 | |  |
| Land | | |  | | | 590.6 | |  |  | | | 440.1 | |  |  | | | 612.4 | |  |
| Marine | | |  | | | 621.3 | |  |  | | | 483.5 | |  |  | | | 678.1 | |  |
| LATAM | | |  | | | 3,304.3 | |  |  | | | 1,993.5 | |  |  | | | 3,637.7 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Aviation | | |  | | | 8,533.1 | |  |  | | | 4,618.4 | |  |  | | | 10,933.0 | |  |
| Land | | |  | | | 7,251.5 | |  |  | | | 4,359.6 | |  |  | | | 7,017.0 | |  |
| Marine | | |  | | | 1,220.0 | |  |  | | | 851.6 | |  |  | | | 1,415.2 | |  |
| North America | | |  | | | 17,004.7 | |  |  | | | 9,829.6 | |  |  | | | 19,365.1 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other revenues (excluded from ASC 606) (1) | | |  | | | 129.2 | |  |  | | | 767.1 | |  |  | | | 469.6 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total revenue | | |  | | | $ | 31,337.0 |  |  | | | $ | 20,358.3 |  |  | | | $ | 36,819.0 |  |

(1)Includes revenue from derivatives, leases, and other transactions that we account for under separate guidance.

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**Accounts receivable, contract assets and contract liabilities**

The nature of the receivables related to revenue from contracts with customers and other revenue, are substantially similar, given that they are generated from transactions with the same type of counterparties (e.g., separate fuel sales and storage lease with the same counterparty) and are entered into considering the same credit approval and monitoring procedures for all customers. As such, we believe the risk associated with the cash flows from the different types of receivables is not meaningful to separately disaggregate the Accounts receivable balance presented on our Consolidated Balance Sheet. As of December 31, 2021 and 2020, the contract assets and contracts liabilities recognized by the Company were not material.

**15. Leases**

We enter into lease arrangements for the use of offices, operational facilities, vehicles, vessels, storage tanks and other assets for our operations around the world. Some of these leases are embedded within other arrangements. Some of these arrangements are for periods of twelve months or less, while others are for longer periods, and may include optional renewals, terminations or purchase options, which are considered in our assessments when they are reasonably certain to occur. In addition, certain of these arrangements contain payments based on an index, market-based escalation or volume which may impact future payments. Most of our leases typically contain general covenants, restrictions or requirements such as maintaining minimum insurance coverage.

We recognized the following total lease cost related to our lease arrangements (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Finance lease cost: | | |  | | |  | | |  | | |  | | |  | | |
| Amortization of right-of-use assets | | | $ | 4.6 |  |  | | | $ | 3.1 |  |  | | | $ | 4.2 |  |
| Interest on lease liabilities | | | 0.7 | |  |  | | | 0.6 | |  |  | | | 0.5 | |  |
| Operating lease cost | | | 41.4 | |  |  | | | 45.6 | |  |  | | | 53.2 | |  |
| Short-term lease cost | | | 24.6 | |  |  | | | 25.5 | |  |  | | | 18.3 | |  |
| Variable lease cost | | | 6.8 | |  |  | | | 6.4 | |  |  | | | 5.0 | |  |
| Sublease income | | | (4.8) | |  |  | | | (4.4) | |  |  | | | (11.4) | |  |
| Total lease cost | | | $ | 73.3 |  |  | | | $ | 76.8 |  |  | | | $ | 69.6 |  |

As of December 31, 2021, our remaining lease payments were as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  | | |  | | |
|  | | | **Operating Leases** | | |  | | | **Finance Leases** | | |  |  |  |  |  |  |
| 2022 | | | $ | 38.0 |  |  | | | $ | 5.3 |  |  | | |  | | |
| 2023 | | | 32.6 | |  |  | | | 4.6 | |  |  | | |  | | |
| 2024 | | | 27.1 | |  |  | | | 3.4 | |  |  | | |  | | |
| 2025 | | | 23.1 | |  |  | | | 3.4 | |  |  | | |  | | |
| 2026 | | | 17.9 | |  |  | | | 3.3 | |  |  | | |  | | |
| Thereafter | | | 59.2 | |  |  | | | 3.6 | |  |  | | |  | | |
| Total remaining lease payments (undiscounted) | | | 197.9 | |  |  | | | 23.5 | |  |  | | |  | | |
| Less: imputed interest | | | 33.0 | |  |  | | | 2.2 | |  |  | | |  | | |
| Present value of lease liabilities | | | $ | 164.9 |  |  | | | $ | 21.2 |  |  | | |  | | |

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Supplemental balance sheet information related to leases (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | | **December 31,** | | | | | | | | |  |  |
|  | | | **Classification** | | |  | | | **2021** | | |  | | | **2020** | | |  |  |
| Assets: | | |  | | |  | | |  | | |  | | |  | | |  |  |
| Operating lease assets | | | Identifiable intangible and other non-current assets | | |  | | | $ | 150.6 |  |  | | | $ | 140.8 |  |  |  |
| Finance lease assets | | | Property and equipment, net | | |  | | | $ | 20.2 |  |  | | | $ | 17.4 |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  |  |
| Liabilities: | | |  | | |  | | |  | | |  | | |  | | |  |  |
| Operating lease liability - current | | | Accrued expenses and other current liabilities | | |  | | | $ | 31.1 |  |  | | | $ | 33.2 |  |  |  |
| Operating lease liability - long-term | | | Other long-term liabilities | | |  | | | $ | 133.8 |  |  | | | $ | 124.3 |  |  |  |
| Finance lease liability - current | | | Current maturities of long-term debt | | |  | | | $ | 4.6 |  |  | | | $ | 3.8 |  |  |  |
| Finance lease liability - long-term | | | Long-term debt | | |  | | | $ | 16.6 |  |  | | | $ | 14.4 |  |  |  |

Other information related to leases:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **December 31,** | | | | | | | | |  |  |
|  | | | **2021** | | |  | | | **2020** | | |  |  |
| Weighted average remaining lease term of finance leases (in years) | | | 5.6 | | |  | | | 5.6 | | |  |  |
| Weighted average remaining lease term of operating leases (in years) | | | 6.9 | | |  | | | 6.6 | | |  |  |
| Weighted average discount rate of finance leases | | | 3.4% | | |  | | | 3.3% | | |  |  |
| Weighted average discount rate of operating leases | | | 5.2% | | |  | | | 5.6% | | |  |  |
| Cash paid for amounts included in the measurement of lease liabilities (in millions): | | |  | | |  | | |  | | |  |  |
| Operating cash flows from finance leases | | | $ | 0.7 | |  | | | $ | 0.6 | |  |  |
| Operating cash flows from operating leases | | | $ | 44.8 | |  | | | $ | 49.9 | |  |  |
| Financing cash flows from finance leases | | | $ | 4.5 | |  | | | $ | 4.3 | |  |  |
| Noncash investing and financing lease activities (in millions): | | |  | | |  | | |  | | |  |  |
| Right of use assets obtained in exchange for new operating lease liability | | | $ | 45.9 | |  | | | $ | 38.9 | |  |  |
| Right of use assets obtained in exchange for new finance lease liability | | | $ | 6.8 | |  | | | $ | 4.1 | |  |  |

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**16. Earnings per Common Share**

The following table sets forth the computation of basic and diluted earnings per common share (in millions, except per share amounts):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Year Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2019** | | |
| Numerator: | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) attributable to World Fuel | | | $ | 73.7 |  |  | | | $ | 109.6 |  |  | | | $ | 178.9 |  |
| Denominator: | | |  | | |  | | |  | | |  | | |  | | |
| Weighted average common shares for basic earnings per common share(1) | | | 62.9 | |  |  | | | 63.7 | |  |  | | | 66.1 | |  |
| Effect of dilutive securities | | | 0.4 | |  |  | | | 0.3 | |  |  | | | 0.4 | |  |
| Weighted average common shares for diluted earnings per common share | | | 63.3 | |  |  | | | 64.0 | |  |  | | | 66.5 | |  |
| Basic earnings (loss) per common share | | | $ | 1.17 |  |  | | | $ | 1.72 |  |  | | | $ | 2.71 |  |
| Diluted earnings (loss) per common share | | | $ | 1.16 |  |  | | | $ | 1.71 |  |  | | | $ | 2.69 |  |
| Weighted average securities which are not included in the calculation of diluted earnings per common share because their impact is anti-dilutive or their performance conditions have not been met | | | 1.5 | |  |  | | | 3.0 | |  |  | | | 1.4 | |  |

**(1)**On January 3, 2022, an additional 1.8 million shares of common stock were issued as part of the total consideration transferred for the acquisition of Flyers. See Note 3. Acquisitions and Divestitures for additional information.

**Item 16. Form 10-K Summary**

None.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10‑K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 25, 2022.

WORLD FUEL SERVICES CORPORATION

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| /s/ MICHAEL J. KASBAR | | |  | | |
| Michael J. Kasbar   Chairman, President and Chief Executive Officer | | | | | |
|  | | |  | | |
| /s/ IRA M. BIRNS | | |  | | |
| Ira M. Birns   Executive Vice President and Chief Financial Officer | | | | | |

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10‑K has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2022.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Signature** | | |  | | | **Title** | | |
| /s/ MICHAEL J. KASBAR | | |  | | | Chairman, President and Chief Executive Officer | | |
| Michael J. Kasbar | | |  | | | (Principal Executive Officer) | | |
|  | | |  | | |  | | |
| /s/ IRA M. BIRNS | | |  | | | Executive Vice President and Chief Financial Officer | | |
| Ira M. Birns | | |  | | | (Principal Financial Officer) | | |
|  | | |  | | |  | | |
| /s/ JOSE-MIGUEL TEJADA | | |  | | | Senior Vice President and Chief Accounting Officer | | |
| Jose-Miguel Tejada | | |  | | | (Principal Accounting Officer) | | |
|  | | |  | | |  | | |
| /s/ KEN BAKSHI | | |  | | | Director | | |
| Ken Bakshi | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ JORGE L. BENITEZ | | |  | | | Director | | |
| Jorge L. Benitez | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ SHARDA CHERWOO | | |  | | | Director | | |
| Sharda Cherwoo | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ RICHARD A. KASSAR | | |  | | | Director | | |
| Richard A. Kassar | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ JOHN L. MANLEY | | |  | | | Director | | |
| John L. Manley | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ STEPHEN K. RODDENBERRY | | |  | | | Director | | |
| Stephen K. Roddenberry | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ JILL B. SMART | | |  | | | Director | | |
| Jill B. Smart | | |  | | |  | | |
|  | | |  | | |  | | |
| /s/ PAUL H. STEBBINS | | |  | | | Director | | |
| Paul H. Stebbins | | |  | | |  | | |

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