

**WFS UK Holding Company III
Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 08913303

WFS UK Holding Company III Limited

Company Information

Director	Richard Donald McMichael
Company secretary	Reed Smith Corporate Services Limited
Registered number	08913303
Registered office	The Broadgate Tower, Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

WFS UK Holding Company III Limited

Contents

	Page
Strategic Report	1 - 2
Director's Report	3 - 5
Statement of Director's Responsibilities	6
Independent Auditor's Report	7 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 22

WFS UK Holding Company III Limited

Strategic Report For the Year Ended 31 December 2022

The director presents herewith the Strategic Report and Director's Report together with the audited financial statements of WFS UK Holding Company III Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The Company, incorporated in England and Wales in the United Kingdom, is a wholly-owned subsidiary of World Kinect Corporation (Formerly known as World Fuel Services Corporation) (the "Ultimate Parent Undertaking"), incorporated in the State of Florida, in the United States of America.

The Company's principal activity continues to be that of an investment holding company.

Business review and future outlook

The Company's profit after taxation for the financial year ended 31 December 2022 was \$574,304 (2021: loss after tax \$6,455,812). The Company's activities include acting as an investment holding company and any profits are limited to the receipt of dividend income, net of the Company's finance costs on its debts.

During the year ended 31 December 2022, the Company had net finance costs of \$3,269,304 (2021: \$6,441,622). This decrease was primarily driven by the Company paying \$88,734,957 on 28 March 2022 to settle, in its entirety, a loan payable owed to WFS US Holding Company VII, LLC. The settlement of this loan resulted in a decrease in interest expense incurred during the year. Additionally, effective 31 October 2022, WFL (UK) Limited (the Investee) declared a dividend to the Company whereby the Investee assigned \$3,860,040 of intercompany receivables to the Company that was recorded as dividend income.

The dividend income received from the distribution and the decrease in net finance costs incurred during the period were the primary drivers of the profit observed during 2022.

The Company had net assets of \$101,039,328 at 31 December 2022 (2021: \$15,183,469), with the increase mainly being a result of the issuance of share capital during the period at a premium totalling \$85,281,423 to the Company's parent, World Kinect Corporation.

The current director is satisfied with the results for the year. There are no significant changes planned in the Company's operations in the foreseeable future.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Kinect Corporation Group (the "Group") and are not managed separately. World Kinect Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Kinect Corporation are discussed from page 8 of the 2022 Annual Report on Form 10-K which does not form part of this report.

Key performance indicators ("KPIs")

The Company's director monitors progress and strategy by reference to the following KPIs:

	2022	2021	Change	Change
	\$	\$	\$	%
Net finance costs	3,269,304	6,441,622	(3,172,318)	(49.25)

Refer to the business review and future outlook above for details explaining the KPIs.

WFS UK Holding Company III Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Section 172(1) statement

The Company's stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking (note 12). The Company does not manage key stakeholder engagement separately. The Group regularly engages with key stakeholders to better understand their perspectives, including areas such as our business strategies, financial performance and matters of corporate governance. This dialogue has helped inform the Group's decision-making processes and ensures interests remain well-aligned with those of the key stakeholders. The key stakeholders relevant to the Company include other Group companies and regulators. The Company's key stakeholders are managed through the Group which maintains regular communication with the Company's stakeholders regarding the Company's activity.

In line with the director's duties, under section 172(1) of the Companies Act 2006, the director acts in a way that is considered in good faith and would most likely promote the success of the Company, for the benefit of its members, as a whole. In 2022, whilst fulfilling his duties to promote the success of the Company, the director considered the interests of key stakeholders, having regard, amongst other matters to:

- a) The likely consequences of any long-term decisions, including but not limited to, the maturity of group loan facilities and settlement options;
- b) The need to foster business relationships;
- c) The impact of the Company's operations on the community and the environment;
- d) The desirability of the Company to maintain a reputation for high standards of business conduct; and
- e) The need to act fairly between members of the Company.

The director discharges his section 172 duty by taking these and other relevant factors into consideration when making decisions. The director ensures key decisions are aligned with the strategy, vision and values of the Group (defined below), details of which can be found at: <https://ir.wfscorp.com/corporate-responsibility>.

The director's duties and decisions made on behalf of the Company, are supported by access to the Group and corporate governance policies and practices. Informed decisions have been made through engagement with key stakeholders to better understand their perspectives.

The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, while delivering long-term value to stakeholders. Further, the Group collectively believes that successful stewardship of the environment and natural resources, as well as positive engagement with the communities in which the Group operates, will translate to long-term value for society and ultimately define the Company's success.

The principal decision made by the Director in the financial year included the following:

- The Director approved the issuance of 100 common shares with a nominal value of £1.00 each, translated into USD at the prevailing exchange rate of \$1.32/£1, at a premium of \$85,281,423.

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

- Our regulators and tax authorities: were considered to ensure compliance with relevant laws and regulations.

Principal risks and uncertainties that could impact the Company's long-term performance are integrated with the principal risks of the Group, which are discussed previously in the Strategic Report (page 1).

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



Richard Donald McMichael
Director

Date: 1 August 2023

WFS UK Holding Company III Limited

Director's Report For the Year Ended 31 December 2022

Director

The director who served during the year ended 31 December 2022 and up to the date of signing the financial statements is as follows:

Richard Donald McMichael

Director's indemnities

The Company provides an indemnity for the director, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. In addition, the Ultimate Parent Company maintains liability insurance for its directors and officers. The qualifying third party indemnity was in place during the year ended 31 December 2022 and as at the date of approval of the Annual Report.

Dividends

The Company paid no interim dividend for the year ended 31 December 2022 (2021: \$Nil). No final dividend was proposed for the year ended 31 December 2022 (2021: \$Nil).

Financial risk management

The financial risk management of the Company is handled by the ultimate parent undertaking as part of the operations of the World Kinect Corporation Group. The financial risk objectives, policies and exposures are described in the financial statements of the ultimate parent company from page 6 of the 2022 Annual Report on Form 10-K which does not form part of this report.

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

Currency risk

The Company's exposure to exchange rate changes results from certain legacy amounts due from related companies denominated in Sterling. The Company mitigates the exchange risk through participation in a foreign currency hedge entered into by a related company. The purpose of the hedge is to mitigate risk across a number of the World Kinect Corporation Group entities, the focus being on the foreign currency exposure of the Group as opposed to individual entities. The Company does not directly enter into hedging arrangements as this is performed by other group undertakings.

Price risk

The Company has no exposure to price risk given the activity of the Company.

Interest rate risk

The Company has exposure to interest rate risk given that certain long-term debt outstanding at 31 December 2022 bears interest at variable rates. Per note 9, this is limited to an outstanding debt amount of \$12,000,000 (2021: \$12,000,000) since this is based on three-month Libor+ 3.5%. In the prior year, the Company had exposure on additional outstanding short-term debt amount of \$85,281,555 since this was based on the Bank of America prime rate (3.25%) + 0.75%, however, this amount was repaid during the year. The other loans in place incur fixed rates of interest therefore interest rate risk is mitigated.

Credit risk

The Company has no exposure to credit risk since the Company does not trade with third parties, nor does it enter into credit agreements.

WFS UK Holding Company III Limited

Director's Report (continued) For the Year Ended 31 December 2022

Liquidity risk

The Company relies on unsecured credit and loans from related companies as a significant source of liquidity. Management believes that the Company can obtain financing from related companies with terms acceptable to the Company as the need arises.

Future developments

Refer to the Strategic Report (page 1) included previously in these financial statements for a description of future developments in the business.

Post Balance Sheet Events

On 10 March 2023, the Company renegotiated the extension of its loan with related company WFS UK Holding Company II Limited to further extend the term of the loan by two years from 7 March 2022 to 7 March 2024, with an effective date of 7 March 2022. The remaining terms of the loan remain the same.

On 16 March 2023, the Company incorporated a new subsidiary, World Kinect Colombia C.I. S.A.S., in which the Company owns 100% of the share capital. The Company contributed an aggregate amount of USD \$50,000 as part of the incorporation, which represents the cost of the Company's investment in the subsidiary. The principal activity of World Kinect Colombia C.I. S.A.S is to export aviation fuel products out of Colombia.

Going concern

The profit after tax for the year was \$574,304 (2021: loss after tax \$6,455,812) and net assets as at 31 December 2022 were \$101,039,328 (2021: \$15,183,469). World Kinect Corporation (Formerly known as World Fuel Services Corporation), the Ultimate Parent Undertaking of WFS UK Holding Company III Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2022, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2022, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements. As a result of the support from the Ultimate Parent Undertaking, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

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

Disclosure of information to auditor

Each of the persons who is a director at the time when this Director's Report is approved has confirmed that:

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

Auditor

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

WFS UK Holding Company III Limited

Director's Report (continued)
For the Year Ended 31 December 2022

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions relating to small companies subject to the small companies regime within part 15 of the Companies Act 2006 'The Small companies and Groups (Accounts and Directors Report) Regulations 2008'.

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



Richard Donald McMichael
Director

Date: 1 August 2023

WFS UK Holding Company III Limited

Statement of Director's Responsibilities For the Year Ended 31 December 2022

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

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

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

WFS UK Holding Company III Limited

Independent Auditor's Report to the Members of WFS UK Holding Company III Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of WFS UK Holding Company III Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The Director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

WFS UK Holding Company III Limited

Independent Auditor's Report to the Members of WFS UK Holding Company III Limited

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report.

Responsibilities of Director

As explained more fully in the Statement of Director's Responsibilities, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

WFS UK Holding Company III Limited

Independent Auditor's Report to the Members of WFS UK Holding Company III Limited

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

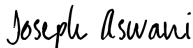
- We obtained an understanding of the legal and regulatory frameworks applicable to the entity and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 101, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with those legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures, corroborating our enquiries through our review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations; and
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management from various parts of the business to understand where it is considered there was a susceptibility to fraud. We also considered the process controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those process controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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

Date: 02 August 2023

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

WFS UK Holding Company III Limited

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Administrative expenses		(16,432)	(14,190)
Operating loss	4	(16,432)	(14,190)
Dividend income from fixed asset investments		3,860,040	-
Finance costs	6	(3,269,304)	(6,441,622)
Profit/(loss) for the financial year before taxation		574,304	(6,455,812)
Income tax expense	7	-	-
Profit/(loss) for the financial year after taxation and total comprehensive profit/(loss) for the financial year		574,304	(6,455,812)

All amounts relate to continuing activities.

There was no other comprehensive income or loss during the year ended 31 December 2022, or the year ended 31 December 2021.

The notes on pages 13 to 22 form part of these financial statements.

WFS UK Holding Company III Limited

Registered Company Number: 08913303
Balance Sheet
As at 31 December 2022

	Note	2022 \$	2021 \$
Non-current assets			
Investments	8	222,866,825	222,866,826
		222,866,825	222,866,826
Current assets			
Cash at bank		1,598	-
Total assets		222,868,423	222,866,826
Non-current liabilities			
Borrowings	9	24,147,856	14,672,720
Current liabilities			
Borrowings	9	68,526,082	139,432,475
Trade and other payables	10	29,155,157	53,578,162
Total current liabilities		97,681,239	193,010,637
Total liabilities		121,829,095	207,683,357
Net assets		101,039,328	15,183,469
Equity			
Share capital	11	600	468
Share premium		155,281,288	69,999,865
Retained earnings		(54,242,560)	(54,816,864)
Total shareholder's funds		101,039,328	15,183,469

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



Richard Donald McMichael
Director

Date: 1 August 2023

The notes on pages 13 to 22 form part of these financial statements.

WFS UK Holding Company III Limited

Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital \$	Share premium \$	Retained earnings \$	Total shareholder's funds \$
Balance at 1 January 2021	468	69,999,865	(48,361,052)	21,639,281
Loss for the financial year and total comprehensive loss for the year	-	-	(6,455,812)	(6,455,812)
Balance at 31 December 2021	468	69,999,865	(54,816,864)	15,183,469
Issuance of shares (see note 11)	132	85,281,423	-	85,281,555
Profit for the financial year and total comprehensive profit for the year	-	-	574,304	574,304
Balance at 31 December 2022	600	155,281,288	(54,242,560)	101,039,328

The notes on pages 13 to 22 form part of these financial statements.

WFS UK Holding Company III Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

WFS UK Holding Company III Limited ("the Company") is a private company limited by share capital incorporated and domiciled in England and Wales in the United Kingdom ("UK"). The ultimate holding company is World Kinect Corporation (Formerly known as World Fuel Services Corporation) incorporated in the State of Florida, the United States of America.

The Company's principal activities include being an investment holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Company's accounting policies (note 3).

The following principal accounting policies have been applied in all periods presented:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

FRS 101 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with. A qualifying entity is defined as a member a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of World Kinect Corporation, which are publicly available (note 12). The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'.
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement'.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements'.
- the requirements of IAS 7 'Statement of Cash Flows'.
- the requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- the requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.

2.3 Consolidated financial statements

The financial statements contain information about WFS UK Holding Company III Limited as an individual company and do not contain consolidated financial information as the parent of the Group. The Company has taken the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated statements of its ultimate parent undertaking, World Kinect Corporation, a company incorporated in the United States of America, and whose financial statements are publicly available.

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.4 Investments in subsidiaries

Investments in subsidiaries are recorded at cost less accumulated impairment losses.

2.5 Impairment of non-financial assets

For non-financial assets such as investments in subsidiaries, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.6 Going concern

The profit after tax for the year was \$574,304 (2021: loss after tax \$6,455,812) and net assets as at 31 December 2022 were \$101,039,328 (2021: \$15,183,469).

World Kinect Corporation (Formerly known as World Fuel Services Corporation), the Ultimate Parent Undertaking of WFS UK Holding Company III Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2022, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2022, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the period presented within these financial statements. As a result of the support from the Ultimate Parent Undertaking, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

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

2.7 Finance income

Finance income on borrowings is recognised during the period in which the Company has legal claim over the finance income, with this being recognised in the period to which it relates. Net realised and unrealised foreign exchange gains on foreign currency transactions are also presented within finance income.

2.8 Finance costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred. Net realised and unrealised foreign exchange losses on foreign currency transactions are also presented within finance costs.

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.9 Current and deferred income tax

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

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

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

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

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

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate during the period that the transaction occurs.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within financing costs.

2.11 Trade and other payables

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

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 Borrowings

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

2.13 Financial assets

Classification

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets from related and non-related parties with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the Balance Sheet date which are classified as non-current assets. The Company's typical loans and receivables comprise "trade and other receivables" in the Balance Sheet, however as at the date of these financial statements, the Company does not have any loans and receivables in either period presented.

Recognition and measurement

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Impairment of financial assets carried at amortised cost

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimate.

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.14 Share capital

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

2.15 Dividend distribution

Dividend distributions to the Company's shareholder are recognised in the period in which the dividends are approved by the Company's shareholder.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Judgement in applying accounting policies

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

Intercompany transactions

The Company determines whether transactions with other subsidiary undertakings of the Group have been conducted on an arms' length basis. These decisions involve the input of internal and external tax advisors to the Company, including analysis of comparable companies and groups who operate in similar markets to World Kinect Corporation.

Intercompany payables

The Company has intercompany payables, which it expects will be settled without a reduction to the principal amount owed to the fellow Group undertaking. In assessing the Company's ability to repay these amounts to the fellow Group undertakings when called for, Management considers factors including current market and industry conditions, as well as historical experience of the Group's financing arrangements.

Key sources of estimation uncertainty

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

Impairment of investments in subsidiaries

The Company considers indicators of impairments annually. If indicators are present, Management makes an estimate of the recoverable value of investments in subsidiaries. When assessing impairment of investments in subsidiaries, Management considers factors including current market and industry conditions and historical experience.

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Loan with related party

The Company has entered into a loan agreement with a related party during the year. The Company considers a number of estimates when entering into these loan agreements to ensure that they are conducted on arms' length basis with interest being charged in line with relevant Market conditions. When assessing whether borrowings with other group companies have been conducted on an arms' length basis, the directors note that these decisions involve the input of internal and external tax advisers to the Company, including an analysis of comparable basic financial instruments between companies and groups who operate in similar markets to worldwide Group.

4. Operating loss

Operating loss is stated after charging:

	2022	2021
	\$	\$
Auditor's remuneration		
- for the audit of the Company's annual financial statements	<u>15,418</u>	<u>12,500</u>

Fees payable to the Company's auditor were settled by a group company.

5. Employee costs and director's remuneration

The Company had no employees during the years ended 31 December 2022 and 31 December 2021.

The Company's director received no remuneration during the years ended 31 December 2022 and 31 December 2021 in connection with their services to the Company.

6. Finance costs

	2022	2021
	\$	\$
Interest on loans payable to related companies	3,186,484	6,441,507
Foreign exchange loss	<u>82,820</u>	<u>115</u>
	<u><u>3,269,304</u></u>	<u><u>6,441,622</u></u>

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

7. Taxation

	2022	2021
	\$	\$
Current tax		
Current tax on losses for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Originating and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax expense for the year	<u>-</u>	<u>-</u>

The tax expense differs (2021: differs) from the standard UK Corporation tax of 19% (2021: 19%) due to certain factors. The factors affecting the tax charge are reconciled below.

	2022	2021
	\$	\$
Profit/(loss) on ordinary activities before tax	574,304	(6,455,812)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	109,118	(1,226,604)
Effects of:		
Group relief surrendered for nil consideration	486,189	571,149
Permanent Differences	(595,307)	655,455
Total tax expense for the year	<u>-</u>	<u>-</u>

On 3 March 2021, the Chancellor of the Exchequer announced that from 1 April 2023, there is no longer a single Corporation Tax rate for non-ring fence profits. From 1 April 2023, the Corporation Tax main rate for non-ring fence profits will increase to 25% for profits above £250,000. For profits of £50,000 or less, a small profits rate of 19% will be applicable. A marginal relief scheme with a gradual increase in the effective Corporation Tax rate for profits in between these amounts will also be applicable.

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

8. Investments

	Shares in subsidiary undertakings \$
Cost and net book value as at 1 January 2022	222,866,826
Liquidation of subsidiary	(1)
Cost and net book value as at 31 December 2022	<u>222,866,825</u>

The director believes that the carrying values of the investments are supported by the underlying net asset and the trade of the subsidiaries.

On 13 December 2022, the Company's dormant subsidiary WFL (UK) II Limited was liquidated. This has been reflected in the movement table above.

The following entities are wholly owned subsidiary undertakings of the Company as at 31 December 2022:

Subsidiary	Principal business activity	Address	Percentage of ownership
WFL (UK) Limited	Distribution of fuel and lubricants	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	100%

All shares in subsidiary undertakings disclosed in the above table relate to ordinary shares.

9. Borrowings

	Current \$'000	Non-current \$'000
Balance at 1 January 2022	139,432,475	14,672,720
Additions in the year	3,500,000	24,147,856
Interest expense	3,186,484	-
Repayments in year	(92,265,597)	-
Transfer to short term	14,672,720	(14,672,720)
Balance at 31 December 2022	<u>68,526,082</u>	<u>24,147,856</u>

Amounts due within one year (current)

On 7 March 2014, the Company issued loan notes totalling \$44,292,358 to a related Company, WFS UK Holding Company II Limited. The loan initially had a maturity term of three years with the full balance due to be repaid on 7 March 2017. On this date, the loan was extended for a further 5 years with a new maturity date of 7 March 2022. The loan note bears interest of 4% per annum, which was initially payable annually in arrears. As part of the extension, the interest rate remains the same and is payable at the termination date of the extension agreement. Total interest expense incurred on the loan during the year was \$1,796,301. Total outstanding interest payable on the loan as at 31 December 2022 is \$9,025,547 (2021: \$7,244,181). Total outstanding payable as at 31 December 2022 is \$53,317,905 (2021: \$51,536,539).

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

9. Borrowings (continued)

Amounts due within one year (current) (continued)

On 29 December 2015 the Company issued a loan note totalling \$12,000,000, to a related Company, World Fuel Services Europe, Ltd. which was initially repayable on 29 December 2020. On this date, the loan was extended for a further 3 years with a new maturity date of 29 December 2023. The loan carries interest at a rate of three-month Libor +3.5%. Total interest expense incurred on the loan during the year was \$453,466. Total outstanding interest payable on the loan as at 31 December 2022 is \$3,208,177 (2021: \$2,672,720). Total outstanding payable as at 31 December 2022 is \$15,208,177 (2021: \$14,672,720 – non-current).

On 31 March 2021 the Company borrowed \$85,281,555 from WFS US Holding Company VII, LLC, maturing on 31 December 2021. The loan was further extended on 1 December 2021 maturing on 30 March 2022. Interest was to be accrued on the basis of the actual number of days elapsed and a year of 360 days at the Bank of America prime rate (3.25%) plus 0.75%. Total interest expense incurred on the loan during the year was \$852,516. On 28 March 2022, the Company paid \$88,734,957 to settle the entirety of the loan payable, consisting of a principal \$85,281,555 and accrued interest of \$3,453,402.

On 28 March 2022 the Company borrowed \$3,500,000 from WFL (UK) Limited, maturing on 27 March 2023. The loan was terminated on 15 October 2022 when WFL (UK) Limited issued a dividend to the Company for \$3,860,040, the dividend income was used to settle the loan. Interest was to be accrued on the basis of the actual number of days elapsed and a year of 360 days at the Bank of America prime rate (3.25%) plus 0.75%. Total interest expense incurred on the loan during the year was \$84,201.

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

On 15 December 2022, as the effective date, the Company entered into an intercompany lending agreement with a related company, WFS UK Finance Limited (“UK FINCO”), ending on 30 June 2025. This agreement allows the Company to lend funds through deposits, or, alternatively, borrow funds from UK FINCO with a maximum borrowing by the Company of \$30,000,000 of which, either position must be maintained net as either debtor or creditor with UK FINCO at the end of each period.

The net deposit position with UK FINCO bears interest at a rate determined based on the interest received for outstanding time deposits by UK Monetary Financial Institutions as published by The Bank of England, and, for any borrowing position, the applicable interest rate will be this rate plus 0.25%. No interest has been applied, due or payable by either party on any balance position of either the Company or UK FINCO, during the transitional period which begins on the effective date and ends on June 30, 2023.

The Company has outstanding borrowings with UK FINCO of \$24,147,856 at 31 December 2022 (2021: Nil), and recognised zero interest expense/income on its net borrowings position during the year ended 31 December 2022. The repayable term as stipulated by the agreement is June 30, 2025 and as such this payable balance has been presented as non-current within these financial statements. This balance was transferred from another group entity and was presented as amounts due owed to group undertakings, current in 2021 (note 10).

10. Trade and other payables

	2022	2021
	\$	\$
Amounts owed to group undertakings	29,137,075	53,536,555
Other creditors	18,082	41,607
	<u>29,155,157</u>	<u>53,578,162</u>

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

WFS UK Holding Company III Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

11. Share capital and reserves

	2022	2021
	\$	\$
Authorised, allotted, called up and fully paid		
400 (2021: 300) ordinary shares of £1 each	<u>600</u>	<u>468</u>

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account represents the amount subscribed for share capital in excess of the nominal value.
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

On 26 February 2014 (incorporation) the Company issued 200 shares with a nominal value of £1.00 translated into USD at the prevailing exchange rate of \$1.67/£1. The Company recorded share premium on issuance of \$40,000,000.

On 29 December 2020 the Company issued 100 shares with a nominal value of £1.00 translated into USD at the prevailing exchange rate of \$1.35/£1, at a premium of \$29,999,865, for cash consideration of \$30,000,000 paid up by World Kinect Corporation (Formerly known as World Fuel Services Corporation).

On 28 March 2022, the Company issued 100 common shares with a nominal value of £1.00 each, translated into USD at the prevailing exchange rate of \$1.32/£1, at a premium of \$85,281,423, for cash consideration of \$85,281,555 paid up by World Kinect Corporation.

12. Controlling party

The immediate parent undertaking and ultimate parent undertaking and controlling party is World Kinect Corporation (Formerly known as World Fuel Services Corporation), a company incorporated in the United States of America. World Kinect Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of World Kinect Corporation may be obtained from World Kinect Corporation, 9800 NW 41st Street, Suite 400, Miami, Florida USA 33178.

13. Post Balance Sheet Events

On 10 March 2023, the Company renegotiated the extension of its loan with related company WFS UK Holding Company II Limited to further extend the term of the loan by two years from 7 March 2022 to 7 March 2024, with an effective date of 7 March 2022. The remaining terms of the loan remain the same.

On 16 March 2023, the Company incorporated a new subsidiary, World Kinect Colombia C.I. S.A.S., in which the Company owns 100% of the share capital. The Company contributed an aggregate amount of \$50,000 as part of the incorporation, which represents the cost of the Company's investment in the subsidiary. The principal activity of World Kinect Colombia C.I. S.A.S is to export aviation fuel products out of Colombia.