UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 3, 2022

WORLD FUEL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

Florida	**1-9533**	**59-2459427**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

9800 N.W. 41st Street, Miami, Florida	**33178**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (305) 428-8000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐Written communications pursuant to Rule 425 under Securities Act (17 CFR 230.425)
☐Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14-12)
☐Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	INT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☐

EXPLANATORY NOTE

As previously disclosed in a Current Report on Form 8-K filed by World Fuel Services Corporation (the "Company") on January 3, 2022 (the "Initial Filing"), World Fuel Services, Inc., a wholly-owned subsidiary of the Company, completed the acquisition of all of the outstanding equity interests in Flyers Energy Group, LLC ("Flyers Energy") on January 3, 2022 (the "Acquisition"). This Amendment No. 1 amends the Initial Filing to include the financial statements of Flyers Energy and the pro forma financial information required by Item 9.01 of Form 8-K that were previously omitted as permitted by that item. Except as described above, all other information in the Initial Filing remains unchanged.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements of Flyers Energy and accompanying notes as of December 31, 2020 and for the year ended December 31, 2020 are included as Exhibit 99.1 to this Current Report on Form 8-K/A.

The unaudited condensed consolidated financial statements of Flyers Energy as of September 30, 2021 and for the nine months ended September 30, 2021 and the related notes are included as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of the Company, giving effect to the acquisition of Flyers Energy, which includes the unaudited pro forma condensed combined balance sheet as of September 30, 2021, the unaudited pro forma combined statements of income for the year ended December 31, 2020 and for the nine months ended September 30, 2021 and the related notes are included as Exhibit 99.3 to this Current Report on Form 8-K/A.

(c) Exhibits

Exhibit No.	Description
23.1	Consent of Moss Adams LLP.
99.1	Audited consolidated financial statements of Flyers Energy and accompanying notes as of December 31, 2020 and for the year ended December 31, 2020.
99.2	Unaudited condensed consolidated financial statements of Flyers Energy as of September 30, 2021 and for the nine months ended September 30, 2021 and the related notes.
99.3	Unaudited pro forma condensed combined financial information of the Company, giving effect to the acquisition of Flyers Energy, which includes the unaudited pro forma condensed combined balance sheet as of September 30, 2021, the unaudited pro forma combined statements of income for the year ended December 31, 2020 and for the nine months ended September 30, 2021 and the related notes.
104	Cover Page Interactive Data File, formatted in inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 18, 2022	**World Fuel Services Corporation**
	/s/ Ira M. Birns
	Ira M. Birns
	Executive Vice President and Chief Financial Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-258638, No. 333-242250, No. 333-212927, No. 333-161099, No. 333-144379, No. 333-130528, and No. 333-68276) of World Fuel Services Corporation, of our report dated April 30, 2021 except for Note 15, for which the date is March 18, 2022, relating to the consolidated financial statements of Flyers Energy Group, LLC and Subsidiaries as of December 31, 2020 and for the year then ended, appearing in this Current Report on Form 8-K/A of World Fuel Services Corporation.

/s/ Moss Adams LLP

Sacramento, California
March 18, 2022

Flyers Energy Group, LLC and Subsidiaries

Consolidated Financial Statements (Audited)

For the year ended December 31, 2020

Report of Independent Auditors

To the Members
Flyers Energy Group, LLC and Subsidiaries

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Flyers Energy Group, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of income, comprehensive income, members' capital and accumulated other comprehensive loss, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Flyers Energy Group, LLC and Subsidiaries as of December 31, 2020 and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

/s/ Moss Adams LLP

Sacramento, California
April 30, 2021 except for Note 15, for which the date is March 18, 2022.

Flyers Energy Group, LLC and Subsidiaries

Consolidated Balance Sheet
December 31, 2020

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	2,374,890
Restricted cash		115,000
Accounts receivable, net of allowance for doubtful accounts of $1,202,432		75,625,706
Inventories		41,607,605
Current portion of environmental remediation reimbursements receivable		168,347
Current portion of notes receivable		42,948
Prepaid expenses and other current assets		1,911,892
Total current assets		121,846,388
Property, plant, and equipment, net		112,835,505
Intangible assets, net		22,935,632
Goodwill		41,818,729
Environmental remediation reimbursements receivable, net of current portion		300,000
Notes receivable, net of current portion		720,673
Brand receivables, net		323,596
Total assets	$	300,780,523

The accompanying notes are an integral part of the consolidated financial statements

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES		
Accounts payable	$	27,508,325
Accrued liabilities		38,650,925
Current portion of accrued environmental remediation costs		50,000
Current portion of line of credit and long-term debt, net of discount		8,770,937
Total current liabilities		74,980,187
Accrued environmental remediation costs, net of current portion		300,000
Line of credit and long-term debt, net of current portion and discount		58,640,751
Interest rate swap contracts		10,665,345
Other long-term liabilities		3,903,959
Total liabilities		148,490,242
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
MEMBERS' CAPITAL		
Capital accounts		152,290,281
Total members' capital		152,290,281
Total liabilities and members' capital	$	300,780,523

Consolidated Income Statement
Year Ended December 31, 2020

REVENUES		
Petroleum products	$	1,377,846,899
Oil and lubricants		151,963,780
Other		13,128,710
Total revenues		1,542,939,389
COST OF SALES		
Petroleum products		1,268,242,720
Oil and lubricants		137,407,135
Total cost of sales		1,405,649,855
Gross profit from operations (excluding depreciation and amortization)		137,289,534
OPERATING EXPENSES		
Selling, general, and administrative		80,914,473
Depreciation and amortization		15,034,612
Total operating expenses		95,949,085
NET GAIN ON SALE OF PROPERTY AND EQUIPMENT		152,312
Income from operations		41,492,761
OTHER INCOME (EXPENSE)		
Interest income		230,838
Interest expense		(2,832,141)
Change in fair value of nonhedged interest rate swap contracts		(4,967,153)
Total other expense, net		(7,568,456)
NET INCOME	$	33,924,305

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Comprehensive Income Statement
Year Ended December 31, 2020

NET INCOME	$ 33,924,305
OTHER COMPREHENSIVE INCOME	
Change in fair value of hedged interest rate swap contracts	6,290
COMPREHENSIVE INCOME	$ 33,930,595

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statement of Members' Capital and Accumulated Other Comprehensive Loss
Year Ended December 31, 2020

	Members' Capital	Accumulated Other Comprehensive Loss	Total
BALANCE, January 1, 2020	$ 198,198,843	$ (6,290)	$ 198,192,553
Net income	33,924,305	-	33,924,305
Other comprehensive income	-	6,290	6,290
Solar asset transfer to Flyers Sustainable, LLC	(74,605,354)		(74,605,354)
Distributions to members	(5,227,513)	-	(5,227,513)
BALANCE, December 31, 2020	$ 152,290,281	$ -	$ 152,290,281

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statement of Cash Flows
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 33,924,305
Adjustments to reconcile net income to cash from operating activities:	
Depreciation and amortization	15,034,612
Gain on sale of property, plant, and equipment	(152,312)
Change in asset retirement obligation	(1,125,000)
Change in fair value of nonhedged interest rate swaps	4,967,151
Change in operating assets and liabilities (net of effect of business combinations):	
Accounts receivable	2,224,263
Inventories	7,511,230
Environmental remediation reimbursements receivable	(94,214)
Prepaid expenses and other current assets	(96,479)
Brand receivables, net	532,474
Accounts payable	(14,481,347)
Accrued liabilities	(4,710,464)
Accrued environmental remediation costs	58,000
Other long-term liabilities	(41,685)
Net cash from operating activities	43,550,534
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of property, plant, and equipment	696,071
Purchases of property, plant, and equipment	(5,954,128)
Issuance of notes receivable to related parties	(1,665,784)
Business combinations	(36,731,000)
Proceeds from repayment on notes receivable from third-parties	84,857
Net cash from investing activities	(43,569,984)

Consolidated Statement of Cash Flows
Year Ended December 31, 2020

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term debt	11,451,271
Principal payments on long-term debt	(80,901,636)
Line of credit, advances	174,771,368
Line of credit, payments	(120,463,057)
Distributions to members	(5,227,513)
Net cash from financing activities	(20,369,567)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(20,389,017)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	22,878,907
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 2,489,890
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 2,832,141
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Solar asset transfer to Flyers Sustainable, LLC (See Note 13)	$ (74,605,355)
Change in fair value of hedged interest rate swaps	$ 6,290

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation – The accompanying consolidated financial statements have been prepared by consolidating the following legal entities, all of which are under common control of the four members: David Dwelle Family, LP; Eclipse Investments LP; Speedy Investments, LP; and TAD Family, LP (collectively referred to as the Members), each having equal ownership interests in:

- Flyers Energy Group, LLC, including its wholly-owned subsidiaries;
- Nella Properties, LLC;
- Flyers Energy, LLC;
- Flyers Transportation, LLC;
- Western Energetix, LLC;
- Caminol Management, LLC;
- Oly Services, LLC

The Members are owned by the family trusts of four individuals: David Dwelle, Stephen Dwelle, Walter Dwelle, and Thomas Dwelle (collectively referred to as the Principals).

The consolidation of the above entities is collectively referred to as "Flyers Energy Group, LLC" or the "Company." Intercompany accounts and transactions have been eliminated in consolidation.

Principles of consolidation and investments - The consolidated financial statements include the accounts of the Company and the accounts of subsidiaries under the Company's control. All significant intercompany balances and transactions have been eliminated in consolidation. In accordance with ASC 810, the Company has analyzed the other related entities that the Principals are members of and determined that none are required to be consolidated into the Company's year-end financial statements. 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 standards generally accepted in the United States of America ("GAAP").

Investments in other joint ventures and partnerships in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee but does not have control are accounted for using the equity method of accounting. Under the equity method, original investments are recorded at cost and adjusted by the Company's share of undistributed earnings or losses and distributions made. Investments in joint ventures and partnerships are stated at the lower of carrying value or fair value and are included in other long-term assets.

Nature of operations – The Company is engaged in the operation of automated fueling stations and cardlock stations in 23 states, and delivery of bulk fuel and lubricants throughout California, Nevada, and Arizona. The Company has dealership agreements with branded gas stations for the supply of fuel and also supplies fuel to other jobbers from their inventory held at terminals. The Company has a transportation division, which hauls most of the fuel for the Company's stations and dealers, as well as for third-parties.

Basis of accounting – The consolidated financial statements of the Company are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash, cash equivalents, and restricted cash – The Company considers all highly liquid instruments, with an original maturity of three months or less, to be cash equivalents. The Company had restricted cash of $115,000 which is included as funds in escrow for acquisitions as of December 31, 2020.

Concentration of credit risk – Financial instruments that potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company has deposits that at times exceed federally insured amounts.

The Company uses its revolving line of credit to fund operations, as needed. The line of credit is subject to periodic renewal and has historically been renewed.

Accounts receivable and allowance for doubtful accounts – Accounts receivable are recorded at the invoiced amount, less estimated returns, allowances, and discounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience. The Company reviews the allowance for doubtful accounts monthly and past due balances over 60 days are reviewed individually for collectability. Account balances are charged-off against the allowance when the Company believes it is probable the receivable will not be recovered. Bad debt expense was approximately $609,017 during 2020.

Brand agreements – Brand agreements represent amounts received by the Company from major oil companies for the branding of customer dealer locations while the Company concurrently enters into an advance and supply agreement with the customer dealer, who receives the benefit of branding their location. Pursuant to the terms of the agreements, the Company initially records a brand receivable from the dealer for advancements and a brand liability to the major oil companies for receipts, representing amounts due or payable under default, which amortize concurrently over the terms of the agreements. On occasion, the Company will provide additional advancements as an incentive to the customer dealer. Since the Company is effectively acting as an agent of the branding amounts between the major oil company and the dealer, they present these agreements on a net basis on the consolidated balance sheets. As of December 31, 2020 brand receivables were $10,645,977 and brand liabilities were $10,322,381.

Inventories – Petroleum inventories are stated at the lower of cost or net realizable value, using the average cost method, which approximates the first-in, first-out method. Net realizable value is based upon the estimated sales value less cost of distribution and selling costs.

Property, plant, and equipment – Property, plant, and equipment purchased by the Company are stated at cost, net of accumulated depreciation and amortization. All costs associated with major improvements are capitalized, and repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which range from 20 to 40 years for buildings and 5 to 10 years for equipment. Buildings and improvements that are constructed on leased land and property are amortized using the straight-line method over the shorter of the expected lease terms or their estimated useful lives. The cost and accumulated depreciation and amortization of items sold or retired are removed from the account and any resulting gain or loss is reflected in operations for the current year.

Definite-lived intangible assets – Definite-lived intangible assets are stated at cost, net of accumulated amortization. Definite-lived intangible assets are amortized, using the straight-line method, over their estimated useful lives ranging up to 20 years. When intangible assets are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations for the year.

Long-lived assets – Long-lived assets consist primarily of buildings, equipment, and definite-lived intangible assets, which are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset (before interest). If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. Fair value is based on appraisals or other reasonable methods, such as discounted cash flows, to estimate fair value. Management of the Company believes that no impairment exists for long-lived assets at December 31, 2020.

Goodwill – Goodwill represents the difference between the purchase price of an acquired business and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is assessed for impairment annually, or sooner if events or circumstances change that would more likely than not reduce the fair value of the reporting unit below its’ carrying amount. The Company has one reporting unit. In testing goodwill for impairment, management has the option first to perform a qualitative assessment to determine whether it is more likely than not that goodwill is impaired. A goodwill impairment loss is recognized to the extent the carrying amount of the Company, including goodwill, exceeds its fair value. Management of the Company believes that no impairment exists for goodwill at December 31, 2020.

Environmental remediation costs and reimbursements – Liabilities are recorded for environmental remediation activities when clean-up is probable and the cost can be reasonably estimated based on information obtained by independent environmental consultants and internal environmental staff. Remediation reserves are recorded on an undiscounted basis, are adjusted periodically based on updated information, and are impacted by a number of factors, including changes in technology, government policy, soil formation, and other items. Accordingly, it is at least reasonably possible that a change in estimate could occur.

The receivable for remediation cost reimbursements represents amounts estimated to be recoverable from a state of California program to fund underground storage tank clean-up costs and are recorded at management’s estimate of the amount to be received on claims filed and to be filed. Such estimates could change based on the state’s review of claims filed or to be filed.

Legal costs – The Company accrues cost of settlement, damages, and, under certain conditions, the costs of defense when such costs are probable and estimable.

Comprehensive income (loss) – Comprehensive income (loss) includes net income plus other comprehensive income (loss), which consists of unrealized gain (loss) on hedged interest rate swap contracts.

Asset retirement obligations – The Company records the fair value of a legal liability for an asset retirement obligation (ARO) in the year in which it is incurred. The Company's legal liabilities include removal of gasoline storage tanks at the Company's cardlocks, and removal of solar panels installed at certain locations. When a new liability for AROs is recorded, the Company capitalizes the costs of the liability by increasing the carrying amount of the long-lived asset. The Company records AROs on a straight-line basis over the lease term under certain operating leases. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. At retirement, the Company settles the obligation for its recorded amount and may incur a gain or loss. As of December 31, 2020 asset retirement obligations were approximately $3,849,000 and are included in accrued liabilities and other long-term liabilities on the consolidated balance sheet.

Greenhouse gas emission program – The Company is required to report emissions and additional data based on volumes of different fuel products sold at terminals to calculate emissions allowance under a Cap-and-Trade program annually to the California Air Resources Board (CARB) under California Assembly Bill 32 (AB 32), whereby the Company is required to annually pay for allowances and offsets a minimum of 30% of the prior year's applicable emissions over a three-year period. The Company purchases carbon credits at CARB administered auctions or on the open market to cover their calculated obligations under AB 32. The Company records a net asset or liability for the difference between their allowance and obligation at year end. At December 31, 2020, the Company maintained a net liability of approximately $2,009,000 which is included as a component of accrued liabilities. During 2020, the Company incurred approximately $25,461,000 of costs, which are included in cost of sales in the consolidated income statement. During 2020, the Company purchased and submitted credits totaling approximately $31,023,000, respectively.

Low carbon fuel standard program – The Company is required to report quarterly progress reports and annual compliance reports related to the Low Carbon Fuel Standard (LCFS) program to CARB under AB 32. Compliance with the regulation is demonstrated when the Company has possessed and retired a number of credits equal to its annual compliance obligation. The Company's compliance obligation is determined when it supplies fuels or blend stocks with carbon intensity values above that of the program standard, effectively generating a deficit. These deficits represent the Company's compliance obligation which must be satisfied with corresponding credits. Credits are generated when the Company supplies fuels or blend stocks with carbon intensity values below that of the program standard. Regulated parties also have the option to purchase credits from other regulated parties through the LCFS Clearance Market. Once banked, credits may be retained indefinitely, retired to meet an AB 32 compliance obligation, or sold to other regulated parties. The Company has the option to carryback credits to meet the compliance of an immediate prior year.

The Company records a net asset or liability for the difference between their credits and deficits at year end. At December 31, 2020, the Company maintained a net liability of approximately $13,492,000 which is included as a component of accrued liabilities. During 2020, the Company incurred approximately $33,929,000 of costs, which are included in cost of sales in the consolidated income statement. During 2020, the Company purchased credits totaling approximately $29,596,000.

Excise taxes – Excise taxes assessed by governmental authorities and included as part of purchased inventory are presented on a gross basis. During 2020, the Company incurred approximately $134,000,000 of excise taxes, which are included in revenues and cost of sales in the consolidated income statement.

Sales taxes – Sales taxes are assessed by governmental authorities and excluded as part of purchased inventory. All sales taxes that remained unpaid as of year end are included within accrued liabilities in the consolidated balance sheet.

Income taxes – The Company is comprised of limited liability companies, and as such, is not subject to federal and state income taxes. The Members separately account for their pro-rata share of the Company's items of income, deductions, losses, and credits. Therefore, no provision is made in the accompanying consolidated financial statements for liabilities for federal, state, or local income taxes since such liabilities are the responsibility of the individual Members.

Accounting standards prescribe a recognition threshold and measurement process for accounting for uncertain tax positions and provide guidance on various related matters such as de-recognition, interest, penalties, and disclosures required. The Company does not have any entity level uncertain tax positions.

Derivative instruments – The Company maintains a strategy that incorporates the use of derivative instruments to minimize significant fluctuations in earnings that are caused by interest rate and fuel price volatility. Derivative instruments that are used by the Company include interest rate and gas price swap contracts and fuel futures, forward and option contracts.

The Company hedges certain fuel inventories and future delivery purchase contracts using gas price swap contracts and futures, and forward and option contracts to manage risk from market fluctuations and to reduce price volatility of fuel market prices. During 2020, the Company did not utilize fuel derivatives and did not have any fuel related derivatives outstanding.

Interest rate swap contracts are reported at fair value. The Company documents its risk management strategy and hedge effectiveness at the inception of and during the term of the hedge. For instruments that are designated and qualify as cash flow hedges, the gains and losses on the effective portion of the hedges are included as a component of other comprehensive income and are subsequently reclassified into earnings when interest on the related debt is paid. The Company's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable-rate debt to a fixed-rate. The change in fair value of interest rate swap contracts that do not qualify as cash flow hedges are recognized in other nonoperating income on the consolidated income statement.

Fair value of financial instruments – The Company applies the fair value measurement accounting standard whenever other accounting pronouncements require or permit fair value measurements. Fair value is defined in the accounting standard as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy under current accounting guidance prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, Level 2, and Level 3). Level 1 inputs are unadjusted quoted prices in active markets (as defined) for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability and reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) in a principal market.

The fair value of the interest rate swap contracts is estimated using a discounted cash flow analysis that considers the expected future cash flows of each interest rate swap, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of the interest rate swap contracts was determined using Level 2 inputs. The fair value of fuel futures is generally based on quoted prices using Level 1 inputs.

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, and accounts payable approximate fair value because of the short maturity or immaterial nature of those instruments. The fair value of the line of credit and long-term debt are estimated based on the current variable rate of debt or borrowing rates for similar issues, which approximates carrying amounts. It is not practical to estimate the fair value of notes receivable and payable with related parties.

Accounting estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of consolidated assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Recent accounting pronouncement – On February 25, 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of the given asset assumed under the lease. The standard will be effective for the calendar year ending December 31, 2022. The Company is currently evaluating this new standard and the impact it will have on its consolidated financial statements.

Revenue recognition – The Company principally generates all revenue from contracts with customers from sales and shipment of petroleum fuel products and oil and lubricants to the Company's customers. Revenue is recognized at a point in time when the Company satisfies a performance obligation by transferring control of the products to a customer. Transfer of control occurs upon the shipment of goods to a customer, at which point title to inventory passes to the customer. The Company does not have any significant financing components as payment is received at or shortly after the point of sale in accordance with customary payment terms.

The nature of the contracts with customers gives rise to certain types of variable consideration which principally includes returns for the purchase of oil and lubricants and volume discounts, for the supply of petroleum fuel products, of which can decrease the transaction price. However, returns are insignificant and volume discounts principally result in a decreased sales price on future purchases once purchasing commitment thresholds are met, as defined in the contracts. Consequently, volume discounts are appropriately accounted for as a component of the purchase price. Sales return amounts are generally credited to the customer. The Company estimates variable consideration as the most likely amount that the Company is entitled to from the sale.

Sales taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. However, excise taxes assessed by governmental authorities and imposed during the inventory procurement process are presented on a gross basis and are included in revenues and cost of sales.

Amounts billed to customers related to shipping and handling are classified as revenue, and the costs associated with outbound freight after control of a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of sales.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date, but before consolidated financial statements are available to be issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet, but arose after the consolidated balance sheet date and before consolidated financial statements were available to be issued. The Company has evaluated subsequent events through April 30, 2021, which is the date the consolidated financial statements were available to be issued as approved by management (See Note 14).

The Company has reevaluated subsequent events related to the reissuance of the December 31, 2020 consolidated financial statements related to the revisions to previously issued consolidated financial statements (see Note 15) through March 18, 2022, which is the date the consolidated financial statements were available to be reissued.

COVID-19 – On March 11, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The Company's operations are located throughout the United States, which most states have restricted gatherings of people due to the coronavirus outbreak. Given the dynamic nature of these circumstances and business disruption, the Company anticipates a short-term impact dependent on the duration of the outbreak. The Company will continue to monitor the situation closely, but given the uncertainty about the situation, an estimate of the impact to the consolidated financial statements cannot be made at this time.

NOTE 2 – BUSINESS COMBINATIONS

Marathon Petroleum Corporation (Firebird) – In December 2020, the Company purchased the assets of Marathon Petroleum Corporation ("Marathon"), an Ohio-based refinery company, for $36,731,000, for the purpose of expanding the Company's operations in the Southwest United States, which adds 2 new states to the Company's operating territory; Colorado and New Mexico. The purchase consisted of 54 third-party acceptor sites and 44 inventory sites which include real property, improvements and other equipment. The Company expensed transaction costs as incurred in the amount of $1,100,000. Goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company and Marathon. At the date of acquisition, the following represents the assets acquired:

Property, plant, and equipment	$ 21,457,000
Inventor	1,731,000
Customer relationships	4,090,000
Net assets	27,278,000
Goodwill	9,453,000
Total consideration	$ 36,731,000

This transaction was accounted for under the acquisition method of accounting, whereby the identifiable assets acquired, and liabilities assumed are recorded at fair value and the activities are included in the consolidated operations of the Company as of the acquisition date.

NOTE 3 – INVENTORIES

Inventories consist of the following at December 31:

Petroleum products	$ 19,177,547
Oil and lubricants	22,430,058
	$ 41,607,605

NOTE 4 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at December 31:

Land	$	28,390,855
Buildings		54,087,434
Equipment		100,000,272
Solar equipment		3,548,489
Long-lived asset - asset retirement obligation		3,225,000
		189,252,050
Less accumulated depreciation and amortization		(80,709,157)
		108,542,893
Construction in progress		4,292,612
Total property, plant, and equipment, net	$	112,835,505

Depreciation expense totaled $11,785,565 for 2020.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

Amortizable intangible assets		
Customer relationships	$	38,414,000
Branded agreement		2,300,000
Brand names		6,385,500
Other intangible assets		2,662,000
Total amortizable intangible assets		49,761,500
Less accumulated amortization		(26,825,868)
Total amortizable intangible assets	$	22,935,632

Amortization expense totaled $3,249,048 for 2020.

Estimated future amortization expense for intangible assets is as follows:

Years Ending December 31,		
2021	$	3,623,965
2022		2,971,298
2023		2,971,298
2024		2,936,854
2025		2,016,063
Thereafter		8,416,154
	$	22,935,632

NOTE 6 – GOODWILL

Goodwill consists of the following at December 31:

Balance, January 1, 2020	$	32,365,729
Goodwill acquired		9,453,000
Balance, December 31, 2020	$	41,818,729

NOTE 7 – ENVIRONMENTAL REMEDIATION

The state of California created the Underground Storage Tank Cleanup Fund (USTCF) to reimburse California businesses for clean-up of gasoline contamination of soil and groundwater caused by leaking underground storage tanks. The estimated future clean-up costs for gasoline stations currently owned by the Company were $350,000 at December 31, 2020. These costs have been accrued by the Company as a liability based on management's best estimate. At December 31, 2020 the related reimbursement receivable from the USTCF is estimated to be $468,347 and has been recorded based on reimbursable clean-up costs previously incurred and estimated future clean-up costs.

The Company expects to complete the remediation efforts and collect applicable reimbursements during 2021. Such estimates could change if actual costs for clean-up are different or if reimbursement is at a different proportion of claims filed and to be filed than the estimated reimbursement rate used by the Company.

NOTE 8 – ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31:

Sales and other taxes	$ 11,994,369
Payroll and related costs	3,991,628
CARB emissions liabilities	2,009,024
Workers' compensation reserve	2,088,291
Asset Retirement Obligation	383,554
Customer deposits and other	4,566,571
Brand conversion liabilities	125,000
LCFS program liability	13,492,488
	$ 38,650,925

NOTE 9 – REVOLVING LINE OF CREDIT AND LONG-TERM DEBT

Revolving line of credit and long-term debt consist of the following at December 31:

Line of credit, Wells Fargo Bank	$ 54,308,311
Long-term debt	
Equipment financings	5,672,106
Paycheck Protection Program (PPP) loans	7,431,271
	13,103,377
Total	67,411,688
Less current portion	(8,770,937)
Long-term portion	$ 58,640,751

Wells Fargo credit agreements – The Company maintains a credit agreement, as amended and restated in May 2020, with Wells Fargo Bank (the Wells Fargo Credit Agreement). The Wells Fargo Credit Agreement provides for a revolving line of credit (the Line) of up to $150,000,000.

The Company utilized funds from the line of credit to fully pay down the term loan and mortgage during the year.

The Line includes a provision with maximum borrowings being limited to a percentage of eligible accounts receivable and inventory. At December 31, 2020, the amount available on the Line was approximately $94,938,000. The Line bears interest at the daily Libor rate, plus 1.5%. The Company is required to pay a commitment fee of 0.25% on the unused amount of the Line. The Line has a maturity date in May 2024.

The line of credit is collateralized by substantially all the Company's assets and subject to cross-default provisions with all other outstanding debt. There are various restrictive covenants under the agreement, including quarterly calculations of total leverage, fixed charge coverage ratios, and limitations on capital expenditures, distributions, and incurring additional debt. The Company believes it was not in violation of any debt covenants for the year ended December 31, 2020.

Paycheck Protection Program loans – During 2020, the Company received SBA Paycheck Protection Program (PPP) loans across multiple entities for a total of $7,431,271. The funds were used to retain workers, maintain payroll, interest payments, lease payments, and utility payments due to current economic uncertainty from the COVID-19 pandemic. As of December 31, 2020, the total balance is included in long-term debt on the consolidated balance sheet. The loan bears interest at 1% fixed per annum. The loan is subject to partial or full forgiveness if the Company uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the rules, regulations, and guidance of the CARES Act. In June 2020, the PPP Flexibility Act was passed and extended loan maturities to five years. For partial forgiveness, monthly payments of principal and interest begin on the date the amount of forgiveness is remitted to the lender. The Company is not aware of any reasons full forgiveness would not be granted.

Equipment financings – The Company's equipment financings bear interest at rates ranging from 1.42% to 4.67%, with monthly principal payments ranging from $2,011 to $18,333 plus interest and maturing at dates from May 2021 to November 2024. The equipment financings are collateralized by certain equipment, as defined in the agreements, and guaranteed by the Company.

Future maturities of the Line and long-term debt are as follows as of December 31, 2020:

Years Ending December 31,	
2021	$ 8,770,937
2022	1,071,083
2023	870,274
2024	56,559,057
2025	140,337
	$ 67,411,688

NOTE 10 – INTEREST RATE SWAP CONTRACTS

At December 31, 2020, the Company is party to two interest rate swap contracts with Wells Fargo Bank that involve the exchange of fixed interest rate payments at rates of 2.46% and 2.87% on notional amounts totaling $76,040,170. The notional amounts are reduced periodically in exchange for floating interest rate payments that equal the interest due under the mortgage and equipment loan. The notional amounts on the interest rate swaps are reduced consistent with the amortization of the principal balances for the debt. The net payments or receipts under the agreements are recognized as an adjustment to interest expense. These contracts expire in October 2024 and April 2028, respectively. The interest rate swap contracts liability was $10,665,345 at December 31, 2020.

The Company elected not to apply hedge accounting on the two interest rate swap contracts that expire in October 2024 and April 2028. Accordingly, the unrealized change in fair value of $4,967,153 has been recorded as a component of other income (expense) on the consolidated income statement during 2020.

NOTE 11 – RETIREMENT PLAN

The Company has a profit-sharing retirement plan (the Retirement Plan) established under the provisions of Internal Revenue Service Code Section 401(k). Employees are eligible to make voluntary contributions to the Retirement Plan after qualifying service requirements are satisfied. Only those employees of Flyers Energy, LLC, Flyers Transportation, LLC, and Caminol Management, LLC are included in the Retirement Plan. There are no employees in Flyers Energy Group, LLC, Nella Properties, LLC, Western Energetix Terminals, LLC, and Oly Services, LLC. Matching contributions are at the discretion of the Company. The Company's matching contributions were $1,297,712 for 2020.

While the Company expects to continue the Retirement Plan, it has reserved the right to modify, amend, or terminate the Retirement Plan. In the event of termination, the entire trust fund balance must be disbursed to the participants or their beneficiaries.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Contingencies – The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

Leases – The Company has various leases for facilities, which are classified as operating leases. Future minimum lease payments are subject to rent and property tax escalation clauses. The Company records any difference between the straight-line rent amounts payable under the leases as deferred rent, which is classified in other long-term liabilities on the consolidated balance sheets. As of December 31, 2020 deferred rent was $438,597.

The noncancelable operating lease payments with initial or remaining terms of more than one year are as follows as of December 31, 2020:

Years Ending December 31,	
2021	$ 5,378,743
2022	4,225,664
2023	3,190,135
2024	1,658,968
2025	1,138,990
Thereafter	3,363,775
	$ 18,956,275

Subleases – The Company leases and subleases portions of several properties. Future minimum rentals to be received on noncancellable leases and subleases as of December 31, 2020 are as follows:

Years Ending December 31,		
2021	$	337,122
2022		237,742
2023		141,966
2024		105,543
2025		79,476
Thereafter		99,631
	$	1,001,480

Rent expense for 2020 totaled $5,691,883. Rent income from leases and subleases for 2020 totaled $766,136 which is included in other revenues on the consolidated income statement.

Unbranded fuel purchase agreements – The Company has several contracts with major fuel suppliers to purchase unbranded fuel. The purchase price of the unbranded fuel is determined monthly by the Oil Price Information Service pipeline average. None of the commitments bear financial penalties in case of default by the Company.

Lubricants distributor agreement – The Company has a lubricants distributor agreement (the Distribution Agreement) with ExxonMobil Oil Corporation (ExxonMobil) to service customers within Nevada and California expiring June 30, 2021. Under the Distribution Agreement, the Company manages the distribution of a line of branded products and technical services within an assigned territory. Purchases totaled $132,881,388 under the Distribution Agreement during 2020.

NOTE 13 – OPERATIONS OF SOLAR COMPANIES

Transfer of solar assets – In June 2020, the Company transferred $74,730,370 in assets, $125,015 in liabilities and $74,605,355 in equity to Flyers Sustainable Energy, LLC which is also owned by the same ownership as the Flyers Energy Group, LLC. This entity mostly holds assets in the area of "green" or renewable energy. This was part of an overall plan to group assets in a similar fashion as the solar assets were not part of the Company’s core business.

Power sales agreements – The Company had power sales agreements with independent third parties and utilities to sell electricity generated from the Company’s solar panels. During 2020, the Company had power sales under these long-term agreements totaling $3,247,715 which is included in other revenues on the consolidated income statements. These agreements were transferred to Flyers Sustainable, LLC per the transfer of solar assets described in the paragraph above.

NOTE 14 – SUBSEQUENT EVENTS

In February 2021, the Company acquired five cardlock sites in Ohio from Mansfield Oil Company of Gainesville, Inc., a division of Mansfield Energy Corp (“Mansfield”) for approximately $3,200,000, for the purpose of expanding the Company’s cardlock fueling stations in the Midwest. The Company is in process of assessing the accounting of this transaction.

NOTE 15 – REVISIONS TO PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

On January 3, 2022, the Company was acquired by World Fuel Services, Inc. These revised consolidated financial statements are prepared in order to meet the requirements prescribed in Regulation S-X (as a result of the acquisition), which specifies the form and content of the consolidated financial statements and related notes. These consolidated financial statements are intended to replace in their entirety, the original consolidated financial statements for the year ended December 31, 2020 that were available to be issued on April 30, 2021. Changes have been made to those previously issued financial statements for the year ended December 31, 2020 as detailed below.

The Company originally accounted for goodwill under the Private Company Council (PCC) alternative, which allowed for the Company to assess qualitatively if any indicators of impairment exist on an annual basis and amortize the amount ratably over a 10-year period. Gross goodwill of $41,818,729 was previously amortized. As a result, these consolidated financial statements have been updated to reflect the reversal of $3,330,348 of amortization expense for the year ended December 31, 2020, and the cumulative impact of the reversal of accumulated amortization to total members’ capital of $11,722,542 as of January 1, 2020. In addition, historical goodwill impairment testing was reperformed over goodwill under the new basis of accounting.

The Company originally assessed related parties for variable interest entity consolidation and disclosure under the PCC alternative. As a result, the Company evaluated such parties under US GAAP. There was no change in the entities to be consolidated or disclosures.

The Company reclassified $3,465,362 of the asset retirement obligation from other accrued liabilities to other long-term liabilities on the consolidated balance sheet.

The Company reclassified the amounts for the line of credit to present the activity gross in financing activities on the consolidated statement of cash flows.

The policy disclosures reflected in Note 1 – Organization and Summary of Significant Accounting Policies, under the section Principles of Consolidation and Investments, and Goodwill, reflect these revised policies.

Exhibit 99.2

Flyers Energy Group, LLC and Subsidiaries

Condensed Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2021

Flyers Energy Group, LLC and Subsidiaries
Condensed Consolidated Balance Sheet
September 30, 2021
(Unaudited)

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	3,866,628
Accounts receivable, net of allowance for doubtful accounts of $1,388,891		121,313,306
Accounts receivable, related party		236,533
Inventories		51,000,908
Current portion of environmental remediation reimbursements receivable		204,385
Current portion of note receivable, related party		5,000,000
Current portion of notes receivable		42,948
Prepaid expenses and other current assets		1,260,832
Total current assets		182,925,540
Property, plant, and equipment, net		110,041,085
Intangible assets, net		20,346,600
Goodwill		41,818,729
Environmental remediation reimbursements receivable, net of current portion		300,000
Notes receivable, net of current portion		680,705
Brand receivables, net		460,163
Total assets	$	356,572,822

The accompanying notes are an integral part of the consolidated financial statements

Flyers Energy Group, LLC and Subsidiaries

Condensed Consolidated Balance Sheet
September 30, 2021
(Unaudited)

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES		
Accounts payable	$	51,425,564
Accrued liabilities		63,000,338
Current portion of accrued environmental remediation costs		50,000
Current portion of line of credit and long-term debt		1,339,662
Total current liabilities		115,815,564
Accrued environmental remediation costs, net of current portion		300,000
Line of credit and long-term debt, net of current portion		29,068,252
Interest rate swap contracts		7,167,486
Other long-term liabilities		3,864,166
Total liabilities		156,215,468
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
MEMBERS' CAPITAL		
Capital accounts		200,357,354
Total members' capital		200,357,354
Total liabilities and members' capital	$	356,572,822

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Flyers Energy Group, LLC and Subsidiaries

Condensed Consolidated Income Statement
Nine Months Ended September 30, 2021
(Unaudited)

REVENUES	
Petroleum products	$ 1,678,452,345
Oil and lubricants	116,166,940
Other	6,241,101
Total revenues	1,800,860,386
COST OF SALES	
Petroleum products	1,569,747,003
Oil and lubricants	102,928,359
Total cost of sales	1,672,675,362
Gross profit from operations (excluding depreciation and amortization)	128,185,024
OPERATING EXPENSES	
Selling, general, and administrative	65,849,166
Depreciation and amortization	10,751,723
Total operating expenses	76,600,889
NET GAIN ON SALE OF PROPERTY AND EQUIPMENT	269,478
Income from operations	51,853,613
OTHER INCOME (EXPENSE)	
Interest income	26,093
Loan forgiveness income - PPP loans	7,431,271
Interest expense	(2,265,727)
Change in fair value of nonhedged interest rate swap contracts	3,497,859
Total other income, net	8,689,496
NET INCOME	$ 60,543,109

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Condensed Consolidated Statement of Members' Capital
Nine Months Ended September 30, 2021
(Unaudited)

BALANCE, December 31, 2020	$ 152,290,281
Net income	60,543,109
Distribution of assets to Nella Holdings, LLC and Nella Invest, LLC	(3,214,302)
Distributions to members	(9,261,734)
BALANCE, September 30, 2021	$ 200,357,354

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Condensed Consolidated Statement of Cash Flows
Nine Months Ended September 30, 2021
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 60,543,109
Adjustments to reconcile net income to cash from operating activities:	
Depreciation and amortization	10,751,723
Loan forgiveness income - PPP loans	(7,431,271)
Gain on sale of property, plant, and equipment	(269,478)
Change in asset retirement obligation	75,000
Change in fair value of nonhedged interest rate swaps	(3,497,859)
Change in operating assets and liabilities:	
Accounts receivable, third party and related party	(45,924,133)
Inventories	(9,393,303)
Environmental remediation reimbursements receivable	(36,038)
Prepaid expenses and other current assets	651,060
Brand receivables, net	(136,567)
Accounts payable	23,917,239
Accrued liabilities	24,349,413
Other long-term liabilities	(39,793)
Net cash from operating activities	53,559,102
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of property, plant, and equipment	1,640,101
Additions to intangible assets	(128,941)
Purchases of property, plant, and equipment	(6,743,562)
Issuance of note receivable to a related party	(5,000,000)
Business combination	(3,155,692)
Proceeds from repayment on notes receivable from third-parties	39,968
Net cash from investing activities	(13,348,126)

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

Condensed Consolidated Statement of Cash Flows
Nine Months Ended September 30, 2021
(Unaudited)

CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	(1,072,135)
Line of credit, advances	29,896,216
Line of credit, payments	(58,396,585)
Distributions to members	(9,261,734)
Net cash from financing activities	(38,834,238)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,376,738
CASH AND CASH EQUIVALENTS, beginning of year	2,489,890
CASH AND CASH EQUIVALENTS, end of year	$ 3,866,628
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 2,265,727
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Asset transfer to Nella Holdings, LLC and Nella Invest, LLC (See Note 13)	$ (3,214,302)

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation – The accompanying condensed consolidated financial statements include Flyers Energy Group, LLC and its wholly-owned subsidiaries (the “Company”) as follows:

- Flyers Energy Group, LLC, including its wholly-owned subsidiaries;
- Nella Properties, LLC;
- Flyers Energy, LLC;
- Flyers Transportation, LLC;
- Western Energetix, LLC;
- Caminol Management, LLC;
- Oly Services, LLC

Flyers Energy Group, LLC is wholly owned by the four members: David Dwelle Family, LP, Eclipse Investments LP, Speedy Investments, LP and TAD Family, LP (collectively referred to as the Members), each having equal ownership interest. The Members are owned by the family trusts of four individuals: David Dwelle, Stephen Dwelle, Walter Dwelle, and Thomas Dwelle (collectively referred to as the Principals).

The consolidation of the above entities is collectively referred to as “Flyers Energy Group, LLC” or the “Company.” Intercompany accounts and transactions have been eliminated in consolidation.

Principles of consolidation and investments - The condensed consolidated financial statements include the accounts of the Company and the accounts of subsidiaries under the Company’s control. All significant intercompany balances and transactions have been eliminated in consolidation. In accordance with ASC 810, the Company has analyzed the other related entities that the Principals are members of and determined that none are required to be consolidated into the Company’s year-end condensed financial statements. 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 standards generally accepted in the United States of America(“GAAP”).

Nature of operations – The Company is engaged in the operation of automated fueling stations and cardlock stations in 23 states, and delivery of bulk fuel and lubricants throughout California, Nevada, and Arizona. The Company has dealership agreements with branded gas stations for the supply of fuel and also supplies fuel to other jobbers from their inventory held at terminals. The Company has a transportation division, which hauls most of the fuel for the Company’s stations and dealers, as well as for third-parties.

Basis of presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information. The unaudited interim condensed consolidated financial statements, which reflect all adjustments (consisting of normal recurring items or items discussed herein) that the Company believes necessary to fairly state results of its interim operations, should be read in conjunction with the notes to the consolidated financial statements included in the Company’s audited consolidated financial statements for the year ended December 31, 2020. Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be representative of those for the full year. All adjustments necessary for a fair statement of the condensed consolidated financial statements, which are normal and recurring in nature, have been made for the interim periods reported.

Cash, cash equivalents, and restricted cash – The Company considers all highly liquid instruments, with an original maturity of three months or less, to be cash equivalents. The Company had no restricted cash as of September 30, 2021.

Concentration of credit risk – Financial instruments that potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company has deposits that at times exceed federally insured amounts.

The Company uses its revolving line of credit to fund operations, as needed. The line of credit is subject to periodic renewal and has historically been renewed.

Accounts receivable and allowance for doubtful accounts – Accounts receivable are recorded at the invoiced amount, less estimated returns, allowances, and discounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience. The Company reviews the allowance for doubtful accounts monthly and past due balances over 60 days are reviewed individually for collectability. Account balances are charged-off against the allowance when the Company believes it is probable the receivable will not be recovered. Bad debt expense was approximately $432,000 during the nine months ended September 30, 2021.

Brand agreements – Brand agreements represent amounts received by the Company from major oil companies for the branding of customer dealer locations while the Company concurrently enters into an advance and supply agreement with the customer dealer, who receives the benefit of branding their location. Pursuant to the terms of the agreements, the Company initially records a brand receivable from the dealer for advancements and a brand liability to the major oil companies for receipts, representing amounts due or payable under default, which amortize concurrently over the terms of the agreements. On occasion, the Company will provide additional advancements as an incentive to the customer dealer. Since the Company is effectively acting as an agent of the branding amounts between the major oil company and the dealer, they present these agreements on a net basis on the consolidated balance sheets. As of September 30, 2021 brand receivables were $11,803,040 and brand liabilities were $11,342,877.

Inventories – Petroleum inventories are stated at the lower of cost or net realizable value, using the average cost method, which approximates the first-in, first-out method. Net realizable value is based upon the estimated sales value less cost of distribution and selling costs.

Property, plant, and equipment – Property, plant, and equipment purchased by the Company are stated at cost, net of accumulated depreciation and amortization. All costs associated with major improvements are capitalized, and repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which range from 20 to 40 years for buildings and 5 to 10 years for equipment. Buildings and improvements that are constructed on leased land and property are amortized using the straight-line method over the shorter of the expected lease terms or their estimated useful lives. The cost and accumulated depreciation and amortization of items sold or retired are removed from the account and any resulting gain or loss is reflected in operations for the current year.

Definite-lived intangible assets – Definite-lived intangible assets are stated at cost, net of accumulated amortization. Definite-lived intangible assets are amortized, using the straight-line method, over their estimated useful lives ranging up to 20 years. When intangible assets are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations for the year.

Long-lived assets – Long-lived assets consist primarily of buildings, equipment, and definite-lived intangible assets, which are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the future net undiscounted cash flows expected to be generated by the asset (before interest). If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. Fair value is based on appraisals or other reasonable methods, such as discounted cash flows, to estimate fair value. Management of the Company believes that no impairment exists for long-lived assets at September 30, 2021.

Goodwill – Goodwill represents the difference between the purchase price of an acquired business and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is assessed for impairment annually, or sooner if events or circumstances change that would more likely than not reduce the fair value of the reporting unit below its' carrying amount. The Company has one reporting unit. In testing goodwill for impairment, management has the option first to perform a qualitative assessment to determine whether it is more likely than not that goodwill is impaired. A goodwill impairment loss is recognized to the extent the carrying amount of the Company, including goodwill, exceeds its fair value. Management of the Company believes that no impairment exists for goodwill at September 30, 2021.

Environmental remediation costs and reimbursements – Liabilities are recorded for environmental remediation activities when clean-up is probable and the cost can be reasonably estimated based on information obtained by independent environmental consultants and internal environmental staff. Remediation reserves are recorded on an undiscounted basis, are adjusted periodically based on updated information, and are impacted by a number of factors, including changes in technology, government policy, soil formation, and other items. Accordingly, it is at least reasonably possible that a change in estimate could occur.

The receivable for remediation cost reimbursements represents amounts estimated to be recoverable from a state of California program to fund underground storage tank clean-up costs and are recorded at management's estimate of the amount to be received on claims filed and to be filed. Such estimates could change based on the state's review of claims filed or to be filed.

Legal costs – The Company accrues cost of settlement, damages, and, under certain conditions, the costs of defense when such costs are probable and estimable.

Asset retirement obligations – The Company records the fair value of a legal liability for an asset retirement obligation (ARO) in the year in which it is incurred. The Company's legal liabilities include removal of gasoline storage tanks at the Company's cardlocks, and removal of solar panels installed at certain locations. When a new liability for AROs is recorded, the Company capitalizes the costs of the liability by increasing the carrying amount of the long-lived asset. The Company records AROs on a straight-line basis over the lease term under certain operating leases. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. At retirement, the Company settles the obligation for its recorded amount and may incur a gain or loss. As of September 30, 2021, asset retirement obligations were approximately $3,854,000, primarily included in other long-term liabilities on the condensed consolidated balance sheet.

Greenhouse gas emission program – The Company is required to report emissions and additional data based on volumes of different fuel products sold at terminals to calculate emissions allowance under a Cap-and-Trade program annually to the California Air Resources Board (CARB) under California Assembly Bill 32 (AB 32), whereby the Company is required to annually pay for allowances and offsets a minimum of 30% of the prior year's applicable emissions over a three-year period. The Company purchases carbon credits at CARB administered auctions or on the open market to cover their calculated obligations under AB 32. The Company records a net asset or liability for the difference between their allowance and obligation at year end. At September 30, 2021, the Company maintained a net liability of $16,133,281 which is included as a component of accrued liabilities. For the nine months ended September 30, 2021, the Company incurred $24,930,657 of costs, which are included in cost of sales in the condensed consolidated income statement. For the nine months ended September 30, 2021, the Company purchased credits totaling $10,806,400.

Low carbon fuel standard program – The Company is required to report quarterly progress reports and annual compliance reports related to the Low Carbon Fuel Standard (LCFS) program to CARB under AB 32. Compliance with the regulation is demonstrated when the Company has possessed and retired a number of credits equal to its annual compliance obligation. The Company's compliance obligation is determined when it supplies fuels or blend stocks with carbon intensity values above that of the program standard, effectively generating a deficit. These deficits represent the Company's compliance obligation which must be satisfied with corresponding credits. Credits are generated when the Company supplies fuels or blend stocks with carbon intensity values below that of the program standard. Regulated parties also have the option to purchase credits from other regulated parties through the LCFS Clearance Market. Once banked, credits may be retained indefinitely, retired to meet an AB 32 compliance obligation, or sold to other regulated parties. The Company has the option to carryback credits to meet the compliance of an immediate prior year.

The Company records a net asset or liability for the difference between their credits and deficits at year end. At September 30, 2021, the Company maintained a net liability of $18,632,745 which is included as a component of accrued liabilities. For the nine months ended September 30, 2021, the Company incurred $28,785,300 of costs, which are included in cost of sales in the condensed consolidated income statement. For the nine months ended September 30, 2021, the Company purchased credits totaling $23,645,042.

Excise taxes – Excise taxes assessed by governmental authorities and included as part of purchased inventory are presented on a gross basis. During 2021, the Company incurred approximately $128,000,000 of excise taxes, which are included in revenues and cost of sales in the consolidated income statement.

Sales taxes – Sales taxes are assessed by governmental authorities and excluded as part of purchased inventory. All sales taxes that remained unpaid as of September 30, 2021 are included within accrued liabilities in the consolidated balance sheet.

Income taxes – The Company is comprised of limited liability companies, and as such, is not subject to federal and state income taxes. The Members separately account for their pro-rata share of the Company's items of income, deductions, losses, and credits. Therefore, no provision is made in the accompanying condensed consolidated financial statements for liabilities for federal, state, or local income taxes since such liabilities are the responsibility of the individual Members.

Accounting standards prescribe a recognition threshold and measurement process for accounting for uncertain tax positions and provide guidance on various related matters such as de-recognition, interest, penalties, and disclosures required. The Company does not have any entity level uncertain tax positions as of September 30, 2021.

Derivative instruments – The Company maintains a strategy that incorporates the use of derivative instruments to minimize significant fluctuations in earnings that are caused by interest rate and fuel price volatility. Derivative instruments that are used by the Company include interest rate and gas price swap contracts and fuel futures, forward and option contracts.

The Company hedges certain fuel inventories and future delivery purchase contracts using gas price swap contracts and futures, and forward and option contracts to manage risk from market fluctuations and to reduce price volatility of fuel market prices. During the nine months ended September 30, 2021, the Company did not utilize fuel derivatives and did not have any fuel related derivatives outstanding.

Interest rate swap contracts are reported at fair value. The Company documents its risk management strategy and hedge effectiveness at the inception of and during the term of the hedge. For instruments that are designated and qualify as cash flow hedges, the gains and losses on the effective portion of the hedges are included as a component of other comprehensive income and are subsequently reclassified into earnings when interest on the related debt is paid. At September 30, 2021, the Company did not have any interest rate swaps designated as cash flow hedges. The Company's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable-rate debt to a fixed-rate. The change in fair value of interest rate swap contracts that do not qualify as cash flow hedges are recognized in other nonoperating income on the consolidated income statement.

Fair value of financial instruments – The Company applies the fair value measurement accounting standard whenever other accounting pronouncements require or permit fair value measurements. Fair value is defined in the accounting standard as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy under current accounting guidance prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, Level 2, and Level 3). Level 1 inputs are unadjusted quoted prices in active markets (as defined) for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability and reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) in a principal market.

The fair value of the interest rate swap contracts is estimated using a discounted cash flow analysis that considers the expected future cash flows of each interest rate swap, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of the interest rate swap contracts was determined using Level 2 inputs. The fair value of fuel futures is generally based on quoted prices using Level 1 inputs.

The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, and accounts payable approximate fair value because of the short maturity or immaterial nature of those instruments. The fair value of the line of credit and long-term debt are estimated based on the current variable rate of debt or borrowing rates for similar issues, which approximates carrying amounts. It is not practical to estimate the fair value of the note receivable with a related party.

Accounting estimates – The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of consolidated assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Recent accounting pronouncements (Accounting standards issued but not yet adopted)

Leases (Topic 842) – In February 2016, Accounting Standards Update (ASU) 2016-02 was issued. The primary objective of the new standard, which amends the existing lease guidance and adds additional disclosures, is to increase transparency and comparability among organizations by recognizing all lease assets and lease liabilities on the balance sheet, including operating leases that under the current standard are off-balance sheet.

For non-public business entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Company will adopt ASU 2016-02 in 2022 utilizing the modified retrospective transition method and applying the transition provisions at the effective date. The Company is planning the implementation of the new standard using the package of practical expedients under the transition provision that allows the Company not to reassess whether a contract contains a lease, how the lease is classified and if initial direct costs can be capitalized. The Company does not plan to elect the practical expedient that allows using hindsight when determining the lease term. Also, from a lessee point of view, and for most of the new class of assets defined by the Company, the Company plans to elect an accounting policy that allows aggregation of non-lease components with the related lease components when evaluating accounting treatment. Lastly, the Company is planning to elect the accounting policy that permits to not recognize the lease asset and related lease liability for leases with a lease term of 12 months or leases since commencement date.

The main impact expected as of the effective date is the recognition of the right-of-use asset and the related liability in the financial statements for all those contracts that contain a lease. The Company is still in the process of assessing the lease contracts to determine the inputs that are a key element to measure the right to use asset and related liabilities. Subsequent to adoption, the Company does not anticipate the impact on its results and cash flows to be material.

Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. In June 2016, ASU 2016-13 was issued, which replaces the incurred loss impairment model in current GAAP with a model that reflects expected credit losses over the lifetime of the asset and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. For non-public business entities, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022 (including interim periods within those fiscal years) and early adoption is permitted. The Company will adopt ASU 2016-13, including the related codification amendments, as of January 1, 2023 utilizing the modified retrospective transition method. The Company is currently evaluating the impacts of this ASU, but it is not expected to have a material impact on the Company's condensed consolidated financial statements and disclosures.

Revenue recognition – The Company principally generates all revenue from contracts with customers from sales and shipment of petroleum fuel products and oil and lubricants to the Company's customers. Revenue is recognized at a point in time when the Company satisfies a performance obligation by transferring control of the products to a customer. Transfer of control occurs upon the shipment of goods to a customer, at which point title to inventory passes to the customer. The Company does not have any significant financing components as payment is received at or shortly after the point of sale in accordance with customary payment terms.

The nature of the contracts with customers gives rise to certain types of variable consideration which principally includes returns for the purchase of oil and lubricants and volume discounts, for the supply of petroleum fuel products, of which can decrease the transaction price. However, returns are insignificant and volume discounts principally result in a decreased sales price on future purchases once purchasing commitment thresholds are met, as defined in the contracts. Consequently, volume discounts are appropriately accounted for as a component of the purchase price. Sales return amounts are generally credited to the customer. The Company estimates variable consideration as the most likely amount that the Company is entitled to from the sale.

Sales taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. However, excise taxes assessed by governmental authorities and imposed during the inventory procurement process are presented on a gross basis and are included in revenues and cost of sales.

Amounts billed to customers related to shipping and handling are classified as revenue, and the costs associated with outbound freight after control of a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of sales.

Subsequent events – Subsequent events are events or transactions that occur after the condensed consolidated balance sheet date, but before condensed consolidated financial statements are available to be issued. The Company recognizes in the condensed consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the condensed consolidated balance sheet, including the estimates inherent in the process of preparing the condensed consolidated financial statements. The Company's condensed consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the condensed consolidated balance sheet, but arose after the condensed consolidated balance sheet date and before condensed consolidated financial statements were available to be issued. The Company has evaluated subsequent events through March 18, 2022, which is the date the condensed consolidated financial statements were available to be issued as approved by management (See Note 14).

COVID-19 – The ongoing coronavirus (COVID-19) pandemic and efforts to control its spread have resulted in reduced demand for fuel and other related products and services, negatively impacting the Company's results of operations beginning in 2020, which has improved significantly throughout 2021 and to the present. As of September 30, 2021, the Company's volume and operating results have improved to near pre Covid levels. The Company is continuing to assess the ongoing effects of the pandemic and its variants on operations, but given the uncertainty about the situation, an estimate of the impact to the condensed consolidated financial statements cannot be made at this time.

NOTE 2 – BUSINESS COMBINATION

Mansfield Energy Corporation (Mansfield) – In February 2021, the Company purchased five cardlock sites in Ohio from Mansfield for $3,155,692, for the purpose of expanding the Company's operations in the Midwest. The transaction costs were immaterial and were expensed.

This transaction was accounted for under the acquisition method of accounting, whereby the identifiable assets acquired, and liabilities assumed are recorded at fair value and the activities are included in the consolidated operations of the Company as of the acquisition date.

NOTE 3 – INVENTORIES

Inventories consist of the following at September 30, 2021:

Petroleum products	$ 30,787,238
Oil and lubricants	20,213,670
	$ 51,000,908

NOTE 4 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consists of the following at September 30, 2021:

Land	$ 29,014,444
Buildings	52,008,826
Equipment	102,306,525
Solar equipment	3,548,489
Long-lived asset - asset retirement obligation	3,150,000
	190,028,284
Less accumulated depreciation and amortization	(86,788,339)
	103,239,945
Construction in progress	6,801,140
Total property, plant, and equipment, net	$ 110,041,085

Depreciation expense totaled $8,033,750 for the nine months ended September 30, 2021.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following at September 30, 2021:

Amortizable intangible assets	
Customer relationships	$ 38,542,942
Branded agreement	2,300,000
Brand names	6,385,500
Other intangible assets	3,135,547
Total amortizable intangible assets	50,363,989
Less accumulated amortization	(30,017,389)
Total amortizable intangible assets	$ 20,346,600

Amortization expense totaled $2,717,973 for the nine months ended September 30, 2021.

Estimated future amortization expense for intangible assets is as follows:

Years Ending December 31,		
2021 (remaining three months)	$	905,991
2022		2,984,192
2023		2,984,192
2024		2,949,748
2025		2,028,957
Thereafter		8,493,520
	$	20,346,600

NOTE 6 – GOODWILL

Goodwill consists of the following at September 30,2021:

Balance, December 31, 2020	$	41,818,729
Current Activity		-
Balance, September 30, 2021	$	41,818,729

NOTE 7 – ENVIRONMENTAL REMEDIATION

The state of California created the Underground Storage Tank Cleanup Fund (USTCF) to reimburse California businesses for clean-up of gasoline contamination of soil and groundwater caused by leaking underground storage tanks. The estimated future clean-up costs for gasoline stations currently owned by the Company was $350,000 at September 30, 2021. These costs have been accrued by the Company as a liability based on management's best estimate. At September 30, 2021, the related reimbursement receivable from the USTCF is estimated to be $504,385 and has been recorded based on reimbursable clean-up costs previously incurred and estimated future clean-up costs.

The Company expects to complete the remediation efforts and collect applicable reimbursements during 2022. Such estimates could change if actual costs for clean-up are different or if reimbursement is at a different proportion of claims filed and to be filed than the estimated reimbursement rate used by the Company.

NOTE 8 – ACCRUED LIABILITIES

Accrued liabilities consist of the following at September 30:

Sales and other taxes	$	15,547,971
Payroll and related costs		3,524,964
CARB emissions liabilities		16,133,281
Workers' compensation reserve		1,769,551
Asset retirement obligation, current portion		351,621
Customer deposits and other		6,915,205
Brand conversion liabilities		125,000
LCFS program liability		18,632,745
	$	63,000,338

NOTE 9 – REVOLVING LINE OF CREDIT AND LONG-TERM DEBT

Revolving line of credit and long-term debt consist of the following at September 30:

Line of credit, Wells Fargo Bank	$	25,807,942
Long-term debt		
Equipment financings		4,599,972
Total		30,407,914
Less current portion		(1,339,662)
Long-term portion	$	29,068,252

Wells Fargo credit agreements – The Company maintains a credit agreement, as amended and restated in May 2020, with Wells Fargo Bank (the Wells Fargo Credit Agreement). The Wells Fargo Credit Agreement provides for a revolving line of credit (the Line) of up to $150,000,000.

The Line includes a provision with maximum borrowings being limited to a percentage of eligible accounts receivable and inventory. At September 30, 2021, the amount available on the Line was approximately $124,192,000. The Line bears interest at the daily Libor rate, plus 1.5%. The Company is required to pay a commitment fee of 0.25% on the unused amount of the Line. The Line has a maturity date in May 2024. On January 3, 2022, the line of credit was paid off. (See Note 14).

The line of credit is collateralized by substantially all the Company's assets and subject to cross-default provisions with all other outstanding debt. There are various restrictive covenants under the agreement, including quarterly calculations of total leverage, fixed charge coverage ratios, and limitations on capital expenditures, distributions, and incurring additional debt. The Company believes it was not in violation of any debt covenants for the period ended September 30, 2021.

Paycheck Protection Program loans – During 2020, the Company received SBA Paycheck Protection Program (PPP) loans across multiple entities for a total of $7,431,271. The funds were used to retain workers, maintain payroll, interest payments, lease payments, and utility payments due to current economic uncertainty from the COVID-19 pandemic. As of September 30, 2021, the loans were forgiven in full and the debt forgiveness was recognized as other income.

Equipment financings – The Company's equipment financings bear interest at rates ranging from 1.42% to 4.67%, with monthly principal payments ranging from $2,011 to $18,333 plus interest and maturing at dates from December 2021 to September 2025. The equipment financings are collateralized by certain equipment, as defined in the agreements, and guaranteed by the Company. In December of 2021, all of the equipment financing debt was paid off. (See Note 14).

Future maturities of the Line and long-term debt are as follows as of September 30, 2021:

Years Ending December 31,	
2021 (remaining three months)	$ 304,195
2022	1,071,083
2023	870,274
2024	28,058,688
2025	103,674
	$ 30,407,914

NOTE 10 – INTEREST RATE SWAP CONTRACTS

At September 30, 2021, the Company is party to two interest rate swap contracts with Wells Fargo Bank that involve the exchange of fixed interest rate payments at rates of 2.46% and 2.87% on notional amounts totaling $75,000,000. The notional amounts are reduced periodically in exchange for floating interest rate payments that equal the interest due under the mortgage and equipment loan. The notional amounts on the interest rate swaps are reduced consistent with the amortization of the principal balances for the debt. The net payments or receipts under the agreements are recognized as an adjustment to interest expense. These contracts expire in October 2024 and April 2028, respectively. The interest rate swap contracts liability was $7,167,486 at September 30, 2021.

The Company elected not to apply hedge accounting on the two interest rate swap contracts that expire in October 2024 and April 2028. Accordingly, the unrealized change in fair value of $3,497,859 has been recorded as a component of other income (expense) on the condensed consolidated income statement during 2021. The swap contracts were transferred to a related party in January of 2022. (See Note 14).

NOTE 11 – RETIREMENT PLAN

The Company has a profit-sharing retirement plan (the Retirement Plan) established under the provisions of Internal Revenue Service Code Section 401(k). Employees are eligible to make voluntary contributions to the Retirement Plan after qualifying service requirements are satisfied. Only those employees of Flyers Energy, LLC, Flyers Transportation, LLC, and Caminol Management, LLC are included in the Retirement Plan. There are no employees in Flyers Energy Group, LLC, Nella Properties, LLC, Western Energetix Terminals, LLC, and Oly Services, LLC. Matching contributions are at the discretion of the Company. The Company's matching contributions were $1,319,850 for the nine months ended September 30, 2021.

While the Company expects to continue the Retirement Plan, it has reserved the right to modify, amend, or terminate the Retirement Plan. In the event of termination, the entire trust fund balance must be disbursed to the participants or their beneficiaries.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Contingencies – The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

Leases – The Company has various leases for facilities, which are classified as operating leases. Future minimum lease payments are subject to rent and property tax escalation clauses. The Company records any difference between the straight-line rent amounts payable under the leases as deferred rent, which is classified in other long-term liabilities on the consolidated balance sheets. As of September 30, 2021, deferred rent was $337,122.

The noncancelable operating lease payments with initial or remaining terms of more than one year are as follows as of September 30, 2021:

Years Ending December 31,	
2021 (remaining three months)	$ 1,475,038
2022	5,355,295
2023	4,216,700
2024	2,639,564
2025	2,128,552
Thereafter	4,463,635
	$ 20,278,784

Subleases – The Company leases and subleases portions of several properties. Future minimum rentals to be received on noncancellable leases and subleases as of September 30, 2021 are as follows:

Years Ending December 31,		
2021 (remaining three months)	$	187,645
2022		619,929
2023		370,171
2024		330,178
2025		281,209
Thereafter		1,001,780
	$	2,790,912

Rent expense for the nine months ended September 30, 2021 totaled $4,583,867. Rent income from leases and subleases for the nine months ended September 30, 2021 totaled $669,605, which is included in other revenues on the condensed consolidated income statement.

Unbranded fuel purchase agreements – The Company has several contracts with major fuel suppliers to purchase unbranded fuel. The purchase price of the unbranded fuel is determined monthly by the Oil Price Information Service pipeline average. None of the commitments bear financial penalties in case of default by the Company.

Lubricants distributor agreement – The Company has a lubricants distributor agreement (the Distribution Agreement) with ExxonMobil Oil Corporation (ExxonMobil) to service customers within Nevada and California expiring June 30, 2029. Under the Distribution Agreement, the Company manages the distribution of a line of branded products and technical services within an assigned territory. Purchases totaled $100,711,971 for the nine months ended September 30, 2021.

NOTE 13 – RELATED PARTY TRANSACTIONS

Related parties include entities which have common ownership with the Company, including but not limited to Nella Holdings, LLC, Flyers Sustainable Energy, LLC, and Nella Invest, LLC.

The Company has an agreement with several related party entities in which certain advances are made to the related parties. These advances include expenses, dues and subscriptions, payroll and other administrative expenses. During the nine months ended September 30, 2021, the expenses advanced to related parties totaled $432,427. As of September 30, 2021, the Company has a receivable balance from the related parties of $236,533. This amount was paid off in December 2021. (See Note 14)

The Company has an agreement with Nella Invest, LLC whereby the Company makes certain advances in exchange for a note receivable. During the nine months ended September 30, 2021, the Company advanced $5,000,000 to Nella Invest, LLC which is shown on the balance sheet as a current note receivable at September 30, 2021. The note was paid in full in December 2021 (See Note 14).

Certain property and equipment totaling $3,214,302 was transferred by the Company to related parties at net book value in the nine months ended September 30,2021. These amounts are recorded as a capital distribution in the condensed consolidated statement of members' capital.

The Company purchased LCFS credits from related parties totaling $21,365,042 during the nine months ended September 30, 2021.

NOTE 14 – SUBSEQUENT EVENTS

Advances made to Nella Invest, LLC after September 30, 2021 totaled $18,056,530.

On October 28, 2021, the Company entered into an agreement to sell all of the outstanding membership interests in the Company to World Fuels Services, Inc (Buyer). The sale closed on January 3, 2022 for a total estimated 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 Buyer, $50 million was paid through the delivery of 1,768,034 shares of the Buyer's parent company's common stock at a price of $28.28 per share. The remaining $100 million was held back to satisfy potential indemnification and other obligations of the Company, with one-half to be released on the first and second anniversary of the closing of the sale, in each case subject to reduction in respect to amounts claimed under the purchase agreement.

In accordance with the WFS agreement, the following transactions were completed prior to or as a part of the close on January 3, 2022:

Collection of notes receivable from Nella Invest, LLC	$	23,056,530
Collection of related party accounts receivable	$	337,170
Transfer of property, plant and equipment to Nella Invest, LLC	$	3,111,458
Transfer of property, plant and equipment to Flyers Sustainable Energy, LLC	$	2,676,191
Transfer of note payable to Flyers Sustainable Energy, LLC	$	2,324,662
Novation of interest rate swaps to Nella Holdings, LLC, notional amount of $75,000,000		
Repayment of line of credit	$	39,309,228
Repayment of equipment financing	$	2,151,317
Transfer of workers compensation liability to Nella Holdings, LLC	$	1,698,061
Transfer of accounts receivable - sales tax refunds to Nella Holdings, LLC	$	3,138,122
Transfer of members' interest in Caminol Management, LLC to Nella Holdings, LLC with approximately $100 of assets and $102 of liabilities		

WORLD FUEL SERVICES CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 28, 2021, World Fuel Services Corporation ("WFS," the "Company." "we," "us" or "our") entered into a purchase agreement (the "Purchase Agreement") with World Fuel Services, Inc., a wholly-owned subsidiary of the Company ("Buyer"), Flyers Energy Group, LLC ("Flyers Energy"), the direct equity holders of Flyers Energy and certain indirect equity holders of Flyers Energy, pursuant to which Buyer agreed to acquire all of the outstanding equity interests in Flyers Energy (the "Acquisition").

The Acquisition closed on January 3, 2022 for total estimated 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 sellers, 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 consideration at closing was funded through approximately $326 million of cash on hand and incremental borrowings under our senior credit facility.

The following unaudited pro forma condensed combined financial statements (which we refer to as the "Pro Forma Financial Statements") have been prepared from the respective historical consolidated financial statements of WFS and Flyers Energy, adjusted to give effect to the Acquisition and related financing transactions (together, the "Transactions"). The Pro Forma Financial Statements contain certain reclassifications to conform the historical Flyers Energy financial statement presentation to WFS's accounting policies. The unaudited pro forma condensed combined balance sheet as of September 30, 2021 includes the historical consolidated balance sheets of WFS and Flyers Energy on a pro forma basis as if the Transactions had been consummated on September 30, 2021. The unaudited pro forma condensed combined statements of income for the nine months ended September 30, 2021 and the year ended December 31, 2020 include the historical consolidated income statements of WFS and Flyers Energy on a pro forma basis as if the Transactions had been consummated on January 1, 2020.

The Pro Forma Financial Statements were prepared in accordance with Article 11 of Securities Exchange Commission ("SEC") Regulation S-X, Pro Forma Financial Information, as amended by Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses," and are presented to reflect the impact of the Transactions.

The Pro Forma Financial Statements are provided for illustrative purposes and do not necessarily represent what the Company's financial position or results of operations would have been had the Transactions occurred on the dates noted above, nor do they project the financial position or results of operations of the combined company following the Acquisition. The pro forma adjustments are based on available information and assumptions that management believes are factually supportable and directly attributable to the Transactions. In the opinion of management, all adjustments necessary to present fairly the Pro Forma Financial Statements have been made. The pro forma adjustments are based on assumptions and information available at the time of the filing of this Form 8-K/A and may vary from the final purchase price allocation. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities of Flyers Energy was based on preliminary estimates of fair value. The assumptions and estimates used to determine the preliminary purchase price allocation and fair value adjustments are described in the notes accompanying the Pro Forma Financial Statements. The Pro Forma Financial Statements do not give effect to any cost savings, operating synergies or revenue synergies that may result from the Transactions, or the integration costs to achieve any such synergies.

The preparation of the Pro Forma Financial Statements and related adjustments required management to make certain assumptions and estimates. The Pro Forma Financial Statements should be read together with:

- The accompanying notes to the Pro Forma Financial Statements;
- The unaudited historical condensed consolidated financial statements of WFS and accompanying notes as of and for the quarter ended September 30, 2021 included in the Company's Form 10-Q filed with the SEC on October 29, 2021;

- The audited historical consolidated financial statements of WFS and accompanying notes as of and for the year ended December 31, 2020 and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Company's Form 10-K filed with the SEC on March 1, 2021;
- The unaudited historical condensed consolidated financial statements of Flyers Energy and accompanying notes as of September 30, 2021 and for the nine months ended September 30, 2021, included as exhibit 99.2 hereto;
- The audited historical consolidated financial statements of Flyers Energy and accompanying notes as of December 31, 2020 and for the year ended December 31, 2020, which are included as exhibit 99.1 hereto.

WORLD FUEL SERVICES CORPORATION
PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2021
(In millions, except per share data)
(Unaudited)

	Historical		Transaction Accounting Adjustments		
	WFS	Flyers Energy	Reclass (a)	Pro Forma	Pro Forma WFS
Assets:					
Current assets:					
Cash and cash equivalents	$ 796.0	$ 3.9	$ —	$ (325.7) (c)	$ 474.1
Accounts receivable, net of allowance for credit losses	2,032.5	121.8	—	(3.1) (b)	2,151.1
Inventories	439.3	51.0	—	—	490.3
Prepaid expenses	76.1	—	0.9	(0.3) (b)	76.7
Short-term derivative assets, net	121.8	—	—	—	121.8
Other current assets	227.6	6.3	(0.9)	(0.9) (b)	232.1
Total current assets	3,693.2	182.9	—	(330.1)	3,546.1
Property and equipment, net	334.3	110.0	—	24.0 (b)	468.3
Goodwill	854.7	41.8	—	371.6 (b)	1,268.1
Identifiable intangible and other non-current assets	662.1	21.8	—	207.4 (b)	891.3
Total assets	$ 5,544.3	$ 356.6	$ —	$ 272.9	$ 6,173.8
Liabilities:					
Current liabilities:					
Current maturities of long-term debt	$ 30.1	$ 1.3	$ —	$ (1.3) (b)	$ 30.1
Accounts payable	2,024.3	51.4	4.9	—	2,080.6
Short-term derivative liabilities, net	211.1	—	—	—	211.1
Customer deposits	163.3	—	1.9	—	165.2
Accrued expenses and other current liabilities	267.6	63.1	(6.7)	55.7 (b), (c), (d)	379.7
Total current liabilities	2,696.5	115.8	—	54.4	2,866.7
Long-term debt	484.2	29.1	—	287.9 (b), (c)	801.2
Non-current income tax liabilities, net	208.2	—	—	—	208.2
Other long-term liabilities	231.7	11.3	—	84.3 (b), (c)	327.3
Total liabilities	3,620.5	156.2	—	426.6	4,203.4
Equity:					
World Fuel shareholders' equity:					
Preferred stock, $1.00 par value	—	—	—	—	—
Common stock, $0.01 par value	0.6	—	—	— (c)	0.6
Capital in excess of par value	190.2	—	—	50.0 (c)	240.2
Retained earnings	1,872.6	—	—	(3.4) (d)	1,869.2
Flyers Energy capital accounts	—	200.4	—	(200.4) (b)	—
Accumulated other comprehensive income (loss)	(143.6)	—	—	—	(143.6)
Total World Fuel shareholders' equity	1,919.7	200.4	—	(153.7)	1,966.3
Noncontrolling interest	4.1	—	—	—	4.1
Total equity	1,923.8	200.4	—	(153.7)	1,970.4
Total liabilities and equity	$ 5,544.3	$ 356.6	$ —	$ 272.9	$ 6,173.8

WORLD FUEL SERVICES CORPORATION
PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the nine months ended September 30, 2021
(In millions, except earnings per share data)
(Unaudited)

	Historical		Transaction Accounting Adjustments			
	WFS	**Flyers Energy**	**Reclass (a)**	**Pro Forma**		**Pro Forma WFS**
Revenue	$ 21,394.2	$ 1,800.9	$ 17.8	$ —		$ 23,212.9
Cost of revenue	20,821.3	1,672.7	40.5	(0.3)	(g)	22,534.2
Gross profit	573.0	128.2	(22.7)	0.3		678.7
Operating expenses:						
Compensation and employee benefits	273.9	—	24.2	—		298.0
General and administrative	177.4	65.8	(35.2)	8.2	(g), (h)	216.2
Depreciation and amortization	—	10.8	(10.8)	—		—
Asset impairments	4.7	—	—	—		4.7
Restructuring charges	6.8	—	—	—		6.8
Total operating expenses	462.7	76.6	(21.8)	8.2		525.7
Net gain on sale of property and equipment	—	0.3	(0.3)	—		—
Income from operations	110.2	51.9	(1.1)	(8.0)		153.0
Non-operating income (expenses), net:						
Interest expense and other financing costs, net	(29.2)	(2.2)	4.4	(6.0)	(e), (f)	(33.0)
Change in fair value of nonhedged interest rate swap contracts	—	3.5	(3.5)	—		—
Other income (expense), net	(1.6)	7.4	0.3	—		6.2
Total non-operating income (expense), net	(30.7)	8.7	1.1	(6.0)		(26.9)
Income (loss) before income taxes	79.5	60.5	—	(14.0)		126.1
Provision for income taxes	20.8	—	—	12.1	(i)	32.9
Net income (loss) including noncontrolling interest	58.7	60.5	—	(26.1)		93.2
Net income (loss) attributable to noncontrolling interest	0.5	—	—	—		0.5
Net income (loss) attributable to World Fuel	$ 58.2	$ 60.5	$ —	$ (26.1)		$ 92.7
Basic earnings (loss) per common share	$ 0.92					$ 1.43
Basic weighted average common shares	63.1		—	1.8	(j)	64.9
Diluted earnings (loss) per common share	$ 0.92					$ 1.42
Diluted weighted average common shares	63.6		—	1.8	(j)	65.3

WORLD FUEL SERVICES CORPORATION
PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the year ended December 31, 2020
(In millions, except earnings per share data)
(Unaudited)

	Historical		Transaction Accounting Adjustments			
	WFS	Flyers Energy	Reclass (a)	Pro Forma		Pro Forma WFS
Revenue	$ 20,358.3	$ 1,542.9	$ 7.1	$ —		$ 21,908.3
Cost of revenue	19,506.5	1,405.6	35.7	(1.4)	(g)	20,946.4
Gross profit	851.8	137.3	(28.6)	1.4		961.9
Operating expenses:						
Compensation and employee benefits	366.9	—	32.2	—		399.2
General and administrative	311.1	80.9	(44.8)	14.3	(d), (g), (h)	361.6
Depreciation and amortization	—	15.0	(15.0)	—		—
Asset impairments	25.6	—	—	—		25.6
Restructuring charges	10.3	—	—	—		10.3
Total operating expenses	714.0	95.9	(27.6)	14.3		796.7
Net gain on sale of property and equipment	—	0.2	(0.2)	—		—
Income from operations	137.9	41.5	(1.2)	(12.9)		165.2
Non-operating income (expenses), net:						
Interest expense and other financing costs, net	(44.9)	(2.6)	(3.9)	1.4	(e), (f)	(50.0)
Change in fair value of nonhedged interest rate swap contracts	—	(5.0)	5.0	—		—
Other income (expense), net	68.8	—	0.2	—		68.9
Total non-operating income (expense), net	23.9	(7.6)	1.2	1.4		18.9
Income (loss) before income taxes	161.7	33.9	—	(11.5)		184.2
Provision for income taxes	52.1	—	—	5.8	(i)	57.9
Net income (loss) including noncontrolling interest	109.6	33.9	—	(17.3)		126.3
Net income (loss) attributable to noncontrolling interest	0.1	—	—	—		0.1
Net income (loss) attributable to World Fuel	$ 109.6	$ 33.9	$ —	$ (17.3)		$ 126.2
Basic earnings (loss) per common share	$ 1.72					$ 1.93
Basic weighted average common shares	63.7		—	1.8	(j)	65.5
Diluted earnings (loss) per common share	$ 1.71					$ 1.92
Diluted weighted average common shares	64.0		—	1.8	(j)	65.8

WORLD FUEL SERVICES CORPORATION
NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The following Pro Forma Financial Statements have been prepared from the respective historical consolidated financial statements of WFS and Flyers Energy, adjusted to give effect to the Transactions. The unaudited pro forma condensed combined balance sheet as of September 30, 2021 has been prepared as if the Transactions had been consummated on September 30, 2021. The unaudited pro forma condensed combined statements of income for the nine months ended September 30, 2021 and the year ended December 31, 2020 were prepared as if the Transactions had been consummated on January 1, 2020.

The "transaction accounting adjustments" included in the Pro Forma Financial Statements reflect the application of required accounting principles under US GAAP to the Transactions being incorporated to our historical financial information. Certain of Flyers Energy's historical amounts have been reclassified to conform to the WFS financial statement presentation, as discussed further in Note 3 - *Transaction Accounting Adjustments*. The Transactions and related adjustments are described in the accompanying notes to the Pro Forma Financial Statements. In the opinion of WFS management, all material adjustments have been made that are necessary to present the Pro Forma Financial Statements fairly, in accordance with Article 11 of Regulation S-X of the SEC. Certain amounts in the Pro Forma Financial Statements and accompanying notes may not add due to rounding.

In accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*, the Acquisition will be accounted for as a business combination. Under the acquisition method, the purchase price is allocated to all identifiable assets acquired and all liabilities assumed at the fair value as of the acquisition date. Any residual value is recognized as Goodwill. Acquisition-related costs incurred in connection with the Acquisition are expensed as incurred.

The Pro Forma Financial Statements do not purport to be indicative of the financial position or results of operations of the combined company that would have occurred if the Transactions had occurred on the dates indicated, nor are they indicative of WFS's future financial position or results of operations.

2. ACQUISITION CONSIDERATION AND PRELIMINARY PURCHASE PRICE ALLOCATION

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 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 million was held back to satisfy potential indemnification and other obligations of the sellers, 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 consideration at closing was funded through approximately $326 million of cash on hand and incremental borrowing under our senior credit facility.

The allocation of the preliminary estimated purchase price with respect to the Acquisition is based upon the Company’s estimates of, and assumptions related to, the fair value of assets acquired and liabilities assumed. We are in the process of obtaining information to identify and measure all assets acquired and liabilities assumed therefore, the estimated fair values used in the accompanying Pro Forma Financial Statements are preliminary and represent our current best estimate of fair value as of the date of filing but are subject to revision as valuations and assumptions are finalized. Because the Pro Forma Financial Statements have been prepared based on these preliminary estimates, the final purchase price allocation and the resulting effect on the financial position and results of operations of the combined companies may be materially different from the pro forma amounts included herein. In addition, the notes herein contain certain assumptions that could have a material impact on the accompanying Pro Forma Financial Statements.

The purchase price allocation will be finalized within the measurement period, which is up to one year from the closing date of the Acquisition.

The following table summarizes the estimated fair value of the aggregate consideration, and the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed as if the Acquisition had closed on September 30, 2021:

(In millions)		Total
Consideration:		
Cash paid	$	642.7
Common stock issued to sellers		50.0
Amount due to sellers		100.0
Total fair value of consideration	$	792.7
Assets acquired and liabilities assumed:		
Cash	$	3.9
Accounts receivable		118.6
Inventory		51.0
Property, plant and equipment		134.0
Identifiable intangible assets		192.2
Accounts payable		(56.3)
Other assets and liabilities, net		(64.1)
Net identifiable assets acquired		379.3
Goodwill		413.4
Net assets acquired	$	792.7

Goodwill 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 land segment. We anticipate that all of the goodwill assigned to the land segment will be deductible for tax purposes.

3. TRANSACTION ACCOUNTING ADJUSTMENTS

The Pro Forma Financial Statements have been adjusted to reflect reclassifications of Flyers Energy's financial statements to conform to WFS's financial statement presentation, adjustments to historical book values of Flyers Energy to their preliminary estimated fair values, the purchase consideration paid by WFS and related financing transactions, estimated direct transaction costs, and the estimated tax impact of pro forma adjustments. These adjustments include the following:

(a) During the preparation of the Pro Forma Financial Statements, we performed a preliminary review of Flyers Energy's accounting policies and determined that certain adjustments, as described below, are necessary to conform Flyers Energy's historical financial statements to WFS's accounting policies and financial statement presentation in the Pro Forma Financial Statements. The accounting policies used in the preparation of the Pro Forma Financial Statements are those set out in WFS's consolidated financial statements as of and for the year ended December 31, 2020. As we finalize our review of Flyers Energy's accounting policies, we may identify differences that, when adjusted or reclassified, could have a material impact on the Pro Forma Financial Statements. The following reclassifications were made to conform Flyers Energy's historical financial statements to the WFS presentation within the Pro Forma Financial Statements.

On the pro forma balance sheet as of September 30, 2021, we reclassified the following:

- $0.9 million from Other current assets to Prepaid expenses.
- $1.9 million from Accrued expenses and other current liabilities to Customer deposits.
- $4.9 million from Accrued expenses and other current liabilities to Accounts payable.

On the pro forma statements of income for the nine months ended September 30, 2021, we reclassified the following:

- $4.8 million from Depreciation and amortization to General and administrative.
- $6.0 million from Depreciation and amortization to Cost of revenue.
- $0.3 million from Net gain on sale of property and equipment to Other income (expense), net.

- $0.9 million from Revenue to Interest expense and other financing costs, net.
- $18.7 million from Cost of revenue to Revenue.
- $15.9 million from General and administrative to Cost of revenue.
- $24.2 million from General and administrative to Compensation and employee benefits.
- $3.5 million from Change in fair value of nonhedged interest rate swap contracts to Interest expense and other financing costs, net.

On the pro forma statement of income for the year ended December 31, 2020, we reclassified the following:

- $6.3 million from Depreciation and amortization to General and administrative.
- $8.7 million from Depreciation and amortization to Cost of revenue.
- $0.2 million from Net gain on sale of property and equipment to Other income (expense), net.
- $1.1 million from Revenue to Interest expense and other financing costs, net.
- $8.1 million from Cost of revenue to Revenue.
- $18.8 million from General and administrative to Cost of revenue.
- $32.2 million from General and administrative to Compensation and employee benefits.
- $5.0 million from Change in fair value of nonhedged interest rate swap contracts to Interest expense and other financing costs, net.

(b) These adjustments reflect the preliminary purchase price allocation outlined in Note 2 - *Acquisition Consideration and Preliminary Purchase Price Allocation* and associated adjustments to record the assets acquired and liabilities assumed at their respective measurement date fair values, including:

- Decrease in Accounts receivable, net of $3.1 million from the elimination of receivables not acquired by WFS.
- Decrease in Prepaid expenses of $0.3 million from the elimination of prepaid expenses not acquired by WFS.
- Decrease in Other current assets of $0.9 million from the elimination of a $5.0 million note receivable not acquired by WFS and the recognition of $4.1 million for the current portion of operating right of use assets recognized as part of the purchase price allocation to reflect the adoption of *Leases (Topic 842)*, which Flyers Energy was not required to adopt prior to the Acquisition.
- Increase in Property, plant and equipment of $24.0 million; including $18.6 million associated with the step up in the book value of the property, plant and equipment to the estimated fair value net of assets not acquired by WFS, as well as the recognition of $5.4 million of right of use assets associated with financing leases pursuant to ASC 842 as discussed above.
- Increase in Goodwill of $371.6 million to recognize the estimated goodwill of $413.4 million based on the preliminary allocation of the purchase price of Flyers Energy and the elimination of historical goodwill at Flyers Energy of $41.8 million.
- Increase in Identifiable intangible and other non-current assets of $207.4 million from the recognition of the estimated fair value of identifiable intangible assets of $192.2 million and right of use assets associated with operating leases of $35.5 million, as well as the elimination of historical intangible assets at Flyers Energy of $20.3 million.
- Decrease of $1.3 million in the Current maturities of long-term debt from the elimination of debt not assumed by WFS.
- Increase in Accrued expenses and other current liabilities of $2.3 million from the recognition of $4.1 million for the current portion of lease obligations in accordance with ASC 842, as discussed above, and the elimination of accrued expenses of $1.8 million not assumed by WFS.
- Decrease of $29.1 million in Long-term debt from the elimination of debt not assumed by WFS.
- Increase in Other long-term liabilities of $34.3 million from the recognition of $41.5 million of long-term lease obligations in accordance with ASC 842, as discuss above, and the elimination of a liability of $7.2 million associated with an interest rate swap not assumed by WFS.
- Elimination of Flyers Energy historical Capital accounts of $200.4 million.

(c) Reflects the payment of the total purchase consideration outlined in Note 2 - *Acquisition Consideration and Preliminary Purchase Price Allocation*, including $325.7 million consideration funded by cash on hand and $317 million of incremental borrowings under our revolving credit facility, the issuance of 1,768,034 shares of our common stock, par value $0.01 per share, valued at $50 million or $28.28 per share, and a $100 million liability associated with the portion of consideration held back at closing.

(d) Reflects the accrual of estimated non-recurring costs of $3.4 million related to the Acquisition including, among others, fees paid for financial advisors, legal services, and professional accounting services. These costs are included in Accrued expenses and other current liabilities on the pro forma balance sheet as of September 30, 2021 and in General and administrative expense on the pro forma statement of income for the year ended December 31, 2020.

(e) Reflects the elimination of costs associated with Flyers Energy historical debt and interest rate swap contracts that were not assumed by WFS pursuant to the Purchase Agreement, including:

- Elimination of interest expense of $2.3 million and $2.8 million for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively.
- Elimination of the gain (loss) on the change in fair value of the nonhedged interest rate swap contracts of $3.5 million and $(5.0) million for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively.

(f) Reflects the costs associated with the $317 million of incremental borrowings under our revolving credit facility. Borrowings under our revolving credit facility related to base rate loans or Eurodollar rate loans bear floating interest rates plus applicable margins. The Company is also required to pay a commitment fee on the unused commitments under the revolving credit facility. The pro forma statements of income include adjustments to record additional interest expense of $4.8 million and $6.4 million for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively, calculated using the current committed market rates, reflective of the increased leverage resulting from the incremental borrowings, less the commitment fee previously paid on the unused commitment, resulting in an incremental borrowing rate of 2.0%.

A 1/8% change in the interest rates would increase or decrease interest expense on the pro forma statements of income by approximately $0.3 million and $0.4 million for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively. The interest rates assumed for the Pro Forma Financial Statements could be significantly different than actual interest rates on any debt issued to finance the Acquisition based on market rates and other factors at that time.

(g) Reflects the adjustment to depreciation expense resulting from the change in the basis of property and equipment, net of the assets not acquired by WFS, including decreased depreciation of $0.3 million to Cost of revenue and $0.1 million to General and administrative expense for the nine months ended September 30, 2021 and decreased depreciation of $1.4 million to Cost of revenue and $0.5 million to General and administrative expense for the year ended December 31, 2020. The property, plant and equipment acquired have estimated useful lives ranging from 3 to 32 years.

(h) Reflects the elimination of Flyers Energy's historical amortization associated with identifiable intangible assets of $2.7 million and the adjustment to reflect amortization expense of $11.0 million for the nine months ended September 30, 2021 and the elimination of Flyers Energy's historical amortization associated with identifiable intangible assets of $3.2 million and the adjustment to reflect amortization expense of $14.7 million the year ended December 31, 2020, respectively, associated with identified intangible assets acquired based on the preliminary purchase price allocation. The identified intangible assets acquired are expected to be amortized over a weighted-average useful life of approximately 10 years. These preliminary estimates of fair value and estimated useful lives may change once the purchase price allocation is finalized during the measurement period following the closing of the Acquisition.

(i) Reflects the tax effect of the adjustments above at the blended federal and state statutory tax rate of 26.0%, as well as a expense adjustments of $15.7 million and $8.8 million for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively, to recognize income taxes associated with Flyers Energy's historical financial statements, as Flyers Energy was comprised of limited liability companies not subject to federal and state income taxes prior to the Acquisition.

(j) Reflects the impact of the 1,768,034 shares of WFS common stock issued as consideration for the Acquisition and the related impact on the pro forma basic and diluted weighted-average common shares outstanding and the pro forma basic and diluted earnings per share assuming the shares were issued on January 1, 2020.