



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	918 821 015
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	UNIVAR SOLUTIONS AS
Forretningsadresse:	Rosenholmveien 25 1414 TROLLÅSEN

### Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	John Bøg Larsen
Dato for fastsettelse av årsregnskapet:	06.07.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 27.07.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	102 871 394	73 889 837
<b>Sum inntekter</b>		<b>102 871 394</b>	<b>73 889 837</b>
<b>Kostnader</b>			
Lønnskostnad	3	29 906 048	27 462 737
Avskrivning på varige driftsmidler og immaterielle eiendeler	5,6	10 188 811	10 234 391
Annen driftskostnad	3.14	23 745 896	18 074 747
<b>Sum kostnader</b>		<b>63 840 755</b>	<b>55 771 875</b>
<b>Driftsresultat</b>		<b>39 030 639</b>	<b>18 117 962</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		1 840 978	1 273 962
Annen finansinntekt	4	1 457 564	2 102 296
<b>Sum finansinntekter</b>		<b>3 298 542</b>	<b>3 376 258</b>
Nedskrivning av finansielle eiendeler			5 796 869
Rentekostnad til foretak i samme konsern		100 116	89 292
Annen finanskostnad	4	2 008 856	1 361 137
<b>Sum finanskostnader</b>		<b>2 108 972</b>	<b>7 247 298</b>
<b>Netto finans</b>		<b>1 189 570</b>	<b>-3 871 040</b>
<b>Ordinært resultat før skattekostnad</b>		<b>40 220 209</b>	<b>14 246 922</b>
Skattekostnad på ordinært resultat	11	8 857 359	4 446 603
<b>Ordinært resultat etter skattekostnad</b>		<b>31 362 850</b>	<b>9 800 319</b>
<b>Årsresultat</b>		<b>31 362 850</b>	<b>9 800 319</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital	12	31 362 850	9 800 319
<b>Sum overføringer og disponeringer</b>		<b>31 362 850</b>	<b>9 800 319</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5	15 540 727	19 428 571
Goodwill		25 758 665	27 273 881
<b>Sum immaterielle eiendeler</b>		<b>41 299 392</b>	<b>46 702 452</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	6	39 130 947	38 259 205
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	6	4 420 519	3 833 974
<b>Sum varige driftsmidler</b>		<b>43 551 466</b>	<b>42 093 179</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	7	47 731 131	47 731 131
Andre fordringer	8	100 000	100 000
<b>Sum finansielle anleggsmidler</b>		<b>47 831 131</b>	<b>47 831 131</b>
<b>Sum anleggsmidler</b>		<b>132 681 989</b>	<b>136 626 762</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	10	14 695 009	11 572 300
Konsernfordringer	10	76 456 848	42 790 877
<b>Sum fordringer</b>		<b>91 151 857</b>	<b>54 363 177</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		876 264	1 583 045
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>876 264</b>	<b>1 583 045</b>
<b>Sum omløpsmidler</b>		<b>92 028 121</b>	<b>55 946 222</b>
<b>SUM EIENDELER</b>		<b>224 710 110</b>	<b>192 572 984</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	12,13	1 000 000	1 000 000
Overkurs	12	4 596 000	4 596 000
<b>Sum innskutt egenkapital</b>		<b>5 596 000</b>	<b>5 596 000</b>
<b>Opptjent egenkapital</b>			
Avsatt utbytte	12	131 806 572	100 443 722
<b>Sum opptjent egenkapital</b>		<b>131 806 572</b>	<b>100 443 722</b>
<b>Sum egenkapital</b>		<b>137 402 572</b>	<b>106 039 722</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	11	281 167	111 134
<b>Sum avsetninger for forpliktelser</b>		<b>281 167</b>	<b>111 134</b>
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld		2 159 433	1 514 337
<b>Sum annen langsiktig gjeld</b>		<b>2 159 433</b>	<b>1 514 337</b>
<b>Sum langsiktig gjeld</b>		<b>2 440 600</b>	<b>1 625 471</b>
<b>Kortsiktig gjeld</b>			
Kassekreditt		11 206 087	11 773 044
Leverandørgjeld		1 100 962	2 017 396
Betalbar skatt	11	8 687 325	4 059 794
Skyldige offentlige avgifter		2 331 808	2 105 323
Annen kortsiktig gjeld	10	61 540 756	64 952 234
<b>Sum kortsiktig gjeld</b>		<b>84 866 938</b>	<b>84 907 791</b>
<b>Sum gjeld</b>		<b>87 307 538</b>	<b>86 533 262</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>224 710 110</b>	<b>192 572 984</b>





## Our Purpose

We help keep  
our communities  
healthy, fed,  
clean and safe.





## To Our Shareholders,

2020 was an unprecedented year of both challenges and triumphs as Univar Solutions embraced its role as a valued company supplying important products during a critical time. From hand sanitizer to medical supplies, to cleaning products, food ingredients, medicines and so much more, we came together to provide our customers with the chemicals and ingredients needed to help them deliver those types of products through a supply chain that helped bring certainty during an uncertain time. Through an understanding that what we do really matters to our communities, I couldn't be prouder of Univar Solutions' employees who stepped up and fulfilled our purpose by helping to keep our communities healthy, fed, clean and safe, while taking full advantage of every opportunity.

Results were clear as the company executed its strategy and delivered solid margins and free cash flow in spite of a volatile global economy and an industrial slowdown that created softer demand for chemicals. Growth came from multiple sources as the company captured new business through salesforce effectiveness and invested in digital capabilities, creating an omni-channel selling approach designed to engage customers on their terms through digital content and commerce. With these efforts, I am pleased to report that our Adjusted EBITDA margin<sup>1</sup> expanded 10 basis points to 7.7 percent from the prior year.

Execution of the Nexeo Solutions integration continued, generating net cost synergies of \$46 million, while making significant progress with our remaining integration projects that include network optimization, shared services and ERP business system migration, which are all on track for completion during 2021. Introduction of the Streamline 2022 (S22) program brought additional transparency and clarity as we announced our targets to reduce leverage below 3.0x by the end of 2021, maximize our net free cash flow conversion and improve Adjusted EBITDA margins to 9 percent by the end of 2022. This scorecard will continue to drive our focus as we work toward bringing more agility throughout all facets of the company. This includes focusing on organizing our global market verticals and realigning our management teams to bring a consistent global approach for those customers and suppliers who operate in the Consumer Solutions and Industrial Solutions markets. Early in the COVID-19 pandemic, we created a global response team to help ensure employee safety, while supporting transitions to remote work settings and maintaining uninterrupted communications with customers and suppliers. Strengthening our global footprint, we acquired a business to distribute innovative specialty silicone solutions used primarily for the Coatings, Adhesives, Sealants & Elastomers (CASE) market from Zhuhai Tech Chem Silicone Industry Corporation (Tech Chem). We also completed the divestiture of the industrial spill and emergency response business in September and the Canadian Agriculture services business in November. This is in addition to exiting the Canadian Agriculture wholesale distribution business. Proceeds of these transactions went toward paying down debt.

<sup>1</sup>Non-GAAP financial measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of the Annual Report on Form 10-K for further discussion and reconciliation to the most comparable GAAP financial measure.



## Business Segments

The USA segment expanded Adjusted EBITDA margin<sup>1</sup> by 10 basis points to 7.9 percent primarily as a result of higher gross margin, partially offset by increased warehousing, selling and administrative expenses as a percentage of sales. Meanwhile, winning new supplier authorizations with, among others, Arylescence, Biosynthetic, Chemours, ComStar, Daubert, Dow, Emerald, EverGrain, Gelymar, Gett, Huntsman, Mosaic, PVS and Solvay helped advance our positions in key market verticals, bringing expanded offerings to customers operating within our Consumer Solutions and Industrial Solutions markets. We also joined forces with ExxonMobil to blend, package and deliver urgently needed products to a Transportation Security Administration (TSA) warehouse location for further distribution to domestic airports. This helped the TSA maintain workplace cleanliness in spite of COVID-19 related shortages of cleaning solvents.



Higher gross margins helped our Europe, Middle East and Africa segment expand Adjusted EBITDA margin<sup>1</sup> by 40 basis points to 8.4 percent. Partnering with companies like INEOS to help combat the hand sanitizer shortage from the pandemic, our teams mobilized in multiple ways to live our values and fulfill our purpose while doing our duty as a responsible company. We also built toward the future by strengthening our market coverage and expanding our geographic footprint through new supplier authorizations with Dow, EverGrain, Fluid Energy Group, Poth Hille and Valio, placing us in a favorable position for future growth.

Despite higher demand for our products in certain essential end markets, our Canada segment experienced a decline of Adjusted EBITDA margin<sup>1</sup> by 10 basis points to 8.1 percent. However, we saw continued strength in our market verticals aligned to essential end markets including Food Ingredients, Homecare & Industrial Cleaning, Pharmaceutical Ingredients and Water Treatment. We continued to carefully manage costs as well as working capital and expanded the NexusBioAg portfolio of crop biological and fertility products with three new Novozymes<sup>®</sup> BioAg inoculants—BioniQ<sup>®</sup>, TagTeam<sup>®</sup> BioniQ<sup>®</sup> and Optimize<sup>®</sup> LV—positioning us for growth as markets recover.

Our Latin America segment had a solid year, expanding Adjusted EBITDA margin<sup>1</sup> by 160 basis points to 9.5 percent. Furthermore, we increased our regional coverage through new supplier authorizations with Dow, DuPont, EverGrain, Huntsman and Vink, building a strong growth foundation for 2021 and beyond.

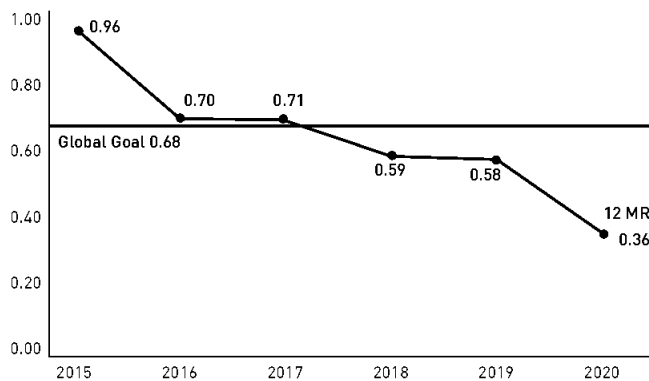
<sup>1</sup>Non-GAAP financial measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 7 of the Annual Report on Form 10-K for further discussion and reconciliation to the most comparable GAAP financial measure.



## Serious About Safety

At Univar Solutions, safety is both the starting point and the foundation of every facet of our global business operations. In 2020, our Total Case Incident Rate (TCIR) was 0.36, making it our safest year on record as shown in the following chart. I'd like to thank our many employees for living our Serious About Safety core value, while helping overcome the many challenges from the global pandemic. We're proud of what we've accomplished, but also recognize that there is more work to be done, as zero remains our ultimate target. We will continue to work toward enhancing our company-wide environmental, health and safety practices so safety remains paramount for everyone.

### TCIR History



In 2020, our Total Case Incident Rate (TCIR) was 0.36, making it our **safest year on record.**



## Global Sustainability Goals



### Safety

Continuously improve our proud safety record, protecting our workforce and demonstrating we are Serious About Safety.



### Equality, Diversity & Inclusion

Demonstrate our commitment to providing equal and equitable opportunities to all employees, through training, education and reporting.



### Energy & Emissions

Minimize our environmental impact by reducing energy usage and associated emissions.



### Resource Use

Embed the principles of advancing a circular economy into our practices globally.



### Responsible Handling

Protect our people, communities and environment by leading a zero-release culture to minimize major releases.



### Sustainable Supply Chain

Lead on transparency in the supply chain as we responsibly manage and influence the environmental and social impacts of our suppliers.

## Our Approach to Sustainability

Since we first set our global ambitions in 2017, we have focused on increasing our commitments and transparency around our approach to sustainability. Through this focus, we expect to accomplish our vision to deliver sustainable solutions for today's and tomorrow's global challenges that create value for our stakeholders, society and environment. Our approach is rooted in bringing this vision to life through our global sustainability goals to 2021, which serve as a key part of embedding accountability and transparency in our actions.



While 2020 was a more disruptive year than most may have forecasted, our sustainability highlights were built around learning new ways to work and bringing new solutions to problems as we reevaluated how we operate. Throughout the year, we continued to drive positive change across the business, including progressing our pledge to the Science Based Targets initiative (SBTi) Business Ambition for 1.5°C campaign supported by the United Nations Global Compact (UNGC), of which the company is a signatory member. The campaign's overall goal is to limit global temperature rise well below 2°C from pre-industrial levels, and in support of such a goal, we started developing targets and plans that are expected to help us achieve net-zero emissions by 2050.



We also improved our Environmental, Social and Governance (ESG) initiatives and disclosures throughout our business by incorporating ESG criteria into our business values and priorities of safety, sustainability and value creation. Highlights included emphasizing constant improvement by achieving our safest year on record, decreasing our environmental impact by reducing spills 23 percent below our 2016 baseline and demonstrating our ongoing commitment to ESG practices with 7 percent of our net sales related to Food Ingredients, 6 percent of net sales related to Homecare & Industrial Cleaning and 4 percent of net sales related to Industrial and Municipal Water Treatment. As we progress, we will work to further improve the value of our reporting to stakeholders, increasing transparency and comparability of our reporting in alignment with the Sustainability Accounting Standards Board (SASB) and United Nations Sustainable Development Goals (SDGs).

Through meaningful stakeholder engagements, we not only saw the positive impacts from these highlights, but also realized our purpose as the products we distribute continue to help maintain the essential infrastructure of society. This includes providing the essentials for clean drinking water, wastewater treatment, healthcare facility sanitization, food and pharmaceutical ingredients, as well as medical device manufacturing, utilities processing, oil and gas refining and in the production of other basic societal necessities. This purpose will help us as we work to further pursue our vision and become a world leader in sustainable chemical and ingredient distribution.



## Driving Advancements in Diversity, Equity and Inclusion

We are committed to providing equal and equitable opportunities to all employees through training, education and an inclusive culture. Throughout this tumultuous year, we have remained steadfastly committed to challenging ourselves with a relentless focus on advancing diversity and a culture of inclusion that empowers our people to do great things. Working together, we're focused on creating real opportunities throughout our entire employee life cycle, from recruitment to retirement, enabling employees from diverse backgrounds to contribute their unique perspectives to our business at all levels of the organization.

We expanded our existing three Employee Resource Networks (ERNs) and now have seven ERNs serving a wide cross section of our employees. Our ERNs include the Ability Network (focused on employees with visible and invisible disabilities), the Black | African American Leadership Network, the Canada Indigenous Network, the Hispanic or Latinx Network, the LGBT+ Network, the Veterans Network and the Women's Inclusion Network. In 2020, participation in these collective networks exceeded 1,300 employees globally, which demonstrates our collective commitments as our newly formed Office of Inclusion is made up of employee volunteers with interest and aptitude in advancing diversity, equity and inclusion. Additionally, in 2020, we launched our Global Inclusion Council, a cross section of business leaders and stakeholders, to direct global strategy and areas of focus. We also launched regional councils for the USA and Canada, with Latin America and Europe, Middle East and Africa versions to come in 2021. Together, the Office of Inclusion and our Inclusion Councils have over 80 business leaders, managers and employees participating in supporting and driving these initiatives.

We also became signatories of CEO Action for Diversity & Inclusion, the largest CEO-led coalition to advance diversity, equity and inclusion; publicly endorsed the Business Coalition for the Equality Act in the USA and increased our score on the Human Rights Campaign (HRC) Foundation's Corporate Equality Index (CEI) from 85 in 2019 to 100 in 2020. With a dedicated focus, we provided inclusive benefits and increased education throughout Mexico, which resulted in a score of 100 on the HRC Equidad MX index. These achievements established our organization as a Best Place to Work for LGBTQ Equality by the HRC.



With a relentless focus on continuous improvement, we partner with The Conference Board, participating on the Executive Committee of the Global Diversity, Equity and Inclusion Executives Council and have leveraged published expertise from Deloitte, McKinsey, Diversity Best Practices, PwC and other experts in the field of study around diversity, equity and inclusion to drive our strategy and programming.





## Growing Together

In closing, 2020 was a difficult year, but it brought its own rewards as we came together to help give our customers and suppliers what they needed. With a simple message of "we're here for you," we were a trusted chemical and ingredient supply partner that they could count on during this unique time. And as the COVID-19 pandemic continues, it's our people that make the difference, as our purpose drives us all to help keep our communities healthy, fed, clean and safe by being fast, responsive and built to serve through an agile business model with the scale to meet ongoing demand.

Through this sense of purpose, we directly responded to the challenges to our business as a result of the COVID-19 pandemic starting with a dedicated global response team that was laser focused on minimizing any disruptions, while helping to ensure the safety and well-being of our employees, customers, suppliers and the broader global community.

As we move into 2021, there are many reasons for optimism and I want to extend my sincerest thanks to everyone at Univar Solutions for their dedication and outstanding service as they persevered during a very challenging year. This same perseverance will continue as we strive to reach game-changing milestones and take the next step toward Growing Together.



Thank you,

David Jukes  
President and Chief Executive Officer

# Growing Together

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## Board of Directors

### **Christopher D. Pappas**

Chairman, Univar Solutions Inc. and Former President and Chief Executive Officer, Trinseo

### **David C. Jukes**

President and Chief Executive Officer, Univar Solutions Inc.

### **Joan A. Braca**

Chief Executive Officer, Johnson Matthey's Clean Air Sector

### **Mark J. Byrne**

Former President and Chief Executive Officer, Univar Basic Chemical Solutions

### **Daniel P. Doheny<sup>1</sup>**

Former Executive Chairman, Reyes Holdings LLC's Great Lakes Coca-Cola Distribution Business

### **Richard P. Fox**

Former Managing Partner, Ernst & Young LLP

### **Rhonda Germany<sup>2</sup>**

Former Corporate Vice President and Chief Strategy & Marketing Officer, Honeywell

### **Stephen D. Newlin**

Former Chairman, President and Chief Executive Officer, Univar Inc.

### **Kerry J. Preete**

Former Executive Vice President and Chief Strategy Officer, Monsanto Company

### **Robert L. Wood<sup>3</sup>**

Former Chairman, President, and Chief Executive Officer, Chemtura Corp.

## Leadership

### **David C. Jukes**

President and Chief Executive Officer

### **Nicholas W. Alexos**

Executive Vice President and Chief Financial Officer

### **Jorge C. Backup**

President, Latin America

### **James B. Holcomb**

Senior Vice President, President of North America Chemical Distribution

### **Patrick M. Jerding**

Senior Vice President and Chief Information Officer

### **Jennifer A. McIntyre**

Senior Vice President, Chief Streamline Officer, Head of North American Operations and Interim Chief People and Culture Officer

### **Noelle J. Perkins**

Senior Vice President, General Counsel, Secretary and Chief Risk Officer

### **Nicholas Powell**

Senior Vice President, President Specialty Chemicals & Ingredients and Regional President Europe, Middle East and Africa & Asia Pacific

<sup>1</sup> Audit Committee Chair

<sup>2</sup> Governance and Corporate Responsibility Committee Chair

<sup>3</sup> Compensation Committee Chair





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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2020**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-37443**

**Univar Solutions Inc.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of  
incorporation or organization)**

**26-1251958**  
**(I.R.S. Employer  
Identification No.)**

**3075 Highland Parkway, Suite 200 Downers Grove, Illinois 60515**  
**(Address of principal executive offices) (Zip Code)**

**Registrant's telephone number, including area code: (331) 777-6000**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock (\$0.01 par value)	UNVR	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

Warrants to acquire 0.1525 shares of common stock, \$0.01 par value per share, of Univar Solutions Inc. and \$1.51 in cash

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

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

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

Aggregate market value of common stock held by non-affiliates of registrant on June 30, 2020: \$2.8 billion (see Item 12, under Part III hereof), based on a closing price of registrant's Common Stock of \$16.86 per share.

At February 11, 2021, 169,388,143 shares of the registrant's common stock, \$0.01 par value, were outstanding.



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### **Documents Incorporated by Reference**

Certain portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held May 6, 2021 and to be filed within 120 days after the registrant's fiscal year ended December 31, 2020 (hereinafter referred to as "Proxy Statement") are incorporated by reference into Part III.



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### **Form 10-K**

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### SUPPLEMENTAL INFORMATION

*In this Annual Report on Form 10-K, "Univar Solutions," "Company," "we," "our" and "us" refer to Univar Solutions Inc., a Delaware corporation, and its subsidiaries included in the consolidated financial statements, except as otherwise indicated or as the context otherwise requires.*

*Our fiscal year ends on December 31, and references to "fiscal" when used in reference to any twelve month period ended December 31, refer to our fiscal years ended December 31.*

*The term "GAAP" refers to accounting principles generally accepted in the United States of America.*

#### **Forward-looking statements and information**

Certain parts of this annual report on Form 10-K contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally accompanied by words such as "believes," "expects," "may," "will," "should," "could," "seeks," "intends," "plans," "estimates," "anticipates" or other comparable terms. All forward-looking statements made in this Annual Report on Form 10-K are qualified by these cautionary statements.

Any forward-looking statements represent our views only as of the date of this report and should not be relied upon as representing our views as of any subsequent date, and we undertake no obligation, other than as may be required by law, to update any forward-looking statement. We caution you that forward-looking statements are not guarantees of future performance and that our actual performance may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. Forward-looking statements include, but are not limited to, statements about:

- the impact of the coronavirus (COVID-19) pandemic and economic conditions on our end markets, operations, financial condition and operating results;
- our expense control and cost reduction plans and other strategic plans and initiatives;
- our ability to solve customer technical challenges and accelerate product development cycles;
- demand for products, systems and services that meet growing customer sustainability standards, expectations and preferences and our ability to provide such products, systems and services to maintain our competitive position;
- our ability to sell specialty products at higher profit;
- our human capital management strategies;
- the continuation of the trend of outsourcing of chemical distribution by chemical manufacturers;
- significant factors that may adversely affect us and our industry;
- the outcome and effect of ongoing and future legal proceedings;
- market conditions and outlook;
- our liquidity outlook and the funding thereof, and cash requirements and adequacy of resources to fund them;
- future contributions to, and withdrawal liability in connection with, our pension plans and cash payments for postretirement benefits;
- future capital expenditures and investments; and
- the impact of ongoing tax guidance and interpretations.

Potential factors that could affect such forward-looking statements include, among others:

- general economic conditions, particularly fluctuations in industrial production and consumption and the timing and extent of economic downturns;
- the sustained geographic spread of the COVID-19 pandemic, the duration and severity of the COVID-19 pandemic, current and new actions that may be taken by governmental authorities to address or otherwise mitigate the impact of the COVID-19 pandemic, the potential negative impacts of COVID-19 on the global economy and our employees, customers, vendors and suppliers, and the overall impact of the COVID-19 pandemic on our business, results of operations and financial condition;
- significant changes in the business strategies of producers or in the operations of our customers;
- increased competitive pressures, including as a result of competitor consolidation;
- significant changes in the pricing, demand and availability of chemicals;
- our indebtedness, the restrictions imposed by, and costs associated with, our debt instruments, and our ability to obtain additional financing;
- the broad spectrum of laws and regulations that we are subject to, including extensive environmental, health and safety laws and regulations;
- potential business disruptions and security breaches, including cybersecurity incidents;
- an inability to generate sufficient working capital;



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- increases in transportation and fuel costs and changes in our relationship with third party providers;
- accidents, safety failures, environmental damage, product quality issues, delivery failures or hazards and risks related to our operations and the hazardous materials we handle;
- potential inability to obtain adequate insurance coverage;
- ongoing litigation, potential product liability claims and recalls, and other environmental, legal and regulatory risks;
- challenges associated with international operations;
- exposure to interest rate and currency fluctuations;
- risks associated with integration of legacy business systems;
- possible impairment of goodwill and intangible assets;
- an inability to integrate the business and systems of companies we acquire, including failure to realize the anticipated benefits of such acquisitions;
- negative developments affecting our pension plans and multi-employer pensions;
- labor disruptions associated with the unionized portion of our workforce; and
- the other factors described in “Risk Factors” in Item 1A of this Annual Report on Form 10-K.



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### PART I

#### ITEM 1. BUSINESS

##### General

We are a leading global chemical and ingredient distributor and provider of value-added services to customers across a wide range of diverse industries. We purchase chemicals and ingredients from thousands of chemical producers worldwide to warehouse, repackage, blend, dilute, transport and sell those chemicals to more than 100,000 customer locations across approximately 125 countries. We operate an extensive worldwide chemical and ingredient distribution network, comprised of more than 600 facilities and serviced by hundreds of tractors, railcars, tankers and trailers operating daily through our facilities.

Chemical and ingredient producers rely on us to warehouse, repackage, transport, and sell their products as a way to expand their market access, enhance their geographic reach, lower their cost to serve, and grow their business. Customers who purchase products and services from us benefit from a lower total cost of ownership, as they are able to simplify their chemical sourcing process by outsourcing functions to us such as “just-in-time delivery,” product availability and selection, packaging, mixing, blending and technical expertise. They also rely on us for safe and secure delivery and off-loading of chemicals compliant with increasing local and federal regulations.

Originally formed in 1924 as a brokerage business and through the continued expansion with various acquisitions, we were acquired in 2007 by investment funds advised by CVC Capital Partners Advisory (US), Inc. and in 2010 by investment funds controlled by Clayton, Dubilier & Rice, LLC. We closed our initial public offering on June 23, 2015. As of September 30, 2019, all of the foregoing investment funds had fully divested or reduced ownership in the Company and are no longer considered significant stockholders.

On February 28, 2019, we acquired Nexeo Solutions, Inc. (“Nexeo”), a leading global chemicals and plastics distributor. The acquisition expanded and strengthened our presence in North America and provides expanded opportunities to create the largest North American sales force in chemical and ingredients distribution coupled with a broad and deep product offering. See “Note 3: Business combinations” in Item 8 of this Annual Report on Form 10-K for additional information.

The effects of market conditions on our operations are discussed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

##### Recent Developments

On September 1, 2020, we sold our industrial spill and emergency response businesses to EnviroServe Inc. and on November 30, 2020, we sold our Canadian Agriculture services business.

On December 18, 2020, we acquired a business of Zhuhai Tech Chem Silicone Industry Corporation (“Tech Chem”), a leading distributor of specialty silicone solutions used primarily for the coatings, adhesives, sealants, and elastomers (CASE) market within the China marketplace.

At the beginning of the fourth quarter of 2020, the Company decided to wind down its Canadian Agriculture wholesale distribution business, which was operationally completed by December 31, 2020 when all of the inventory had been sold.

See “Note 3: Business combinations” and “Note 4: Discontinued operations and dispositions” in Item 8 of this Annual Report on Form 10-K for additional information.

##### Our Segments

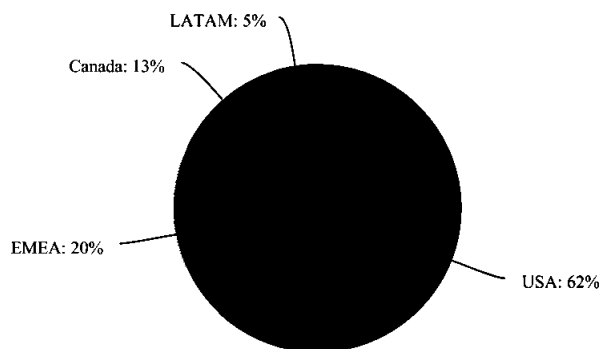
Our business is organized and managed in four geographical segments: Univar Solutions USA (“USA”), Univar Solutions Europe and the Middle East and Africa (“EMEA”), Univar Solutions Canada (“Canada”), and Univar Solutions Latin America (“LATAM”), which includes developing businesses in Latin America (including Brazil and Mexico) and the Asia-Pacific region. For additional information on our geographical segments, see “Note 23: Segments” in Item 8 of this Annual Report on Form 10-K.



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The following graph reflects the breakdown by segment of our 2020 consolidated net sales of \$8.3 billion.

Univar Solutions Consolidated 2020 Net Sales



### ***USA***

We are the largest distributor of commodity and specialty chemicals and ingredients with a centralized network in the US. With locations spanning the US, our personnel are strategically located where customers and suppliers need them and are ready to provide agile, reliable support for our customers' business needs. In addition to our broad chemical and ingredients offering, we offer specialized services to a wide range of end markets, touching a majority of the manufacturing and industrial production sectors in the US and all of the Company's end markets. Our Solution Centers provide value-added laboratory services and blending, mixing and packaging capabilities.

Our sales force is deployed through specialized account management across the US to serve our focused customer end markets and through a geographic sales district model to support the local and bulk chemical distribution and services end markets. We repackage and blend bulk chemicals for shipment by our transportation fleet as well as common carriers and utilize our network of terminal and supply locations to optimize bulk shipment deliveries. We believe our close proximity to customers, combined with our extensive product knowledge and end market expertise, serve as a competitive advantage.

### ***EMEA***

We maintain a strong presence in the United Kingdom and continental Europe with sales offices in 20 countries. We also have two sales offices in the Middle East and Africa and maintain Solution Centers throughout the EMEA region.

We execute primarily on a pan-European basis, leveraging centralized or shared information technology systems, raw materials procurement, logistics, route operations and the management of producer relationships where possible to benefit from economies of scale and improve cost efficiency. We have strong end market expertise and key account management capability across Europe to better support sales representatives in each country and for serving our key customer end markets, in industrial production, pharmaceutical ingredients, food ingredients, coating and adhesives and personal care.

### ***Canada***

Our Canadian operations are regionally focused through sales offices, Solution Centers and distribution sites with a sales force supplying a broad offering of commodity and specialty chemicals and services across a wide range of end markets. In Eastern Canada, we have deep product knowledge in end markets such as food ingredients, beauty and personal care, pharmaceutical ingredients, coatings and adhesives, and chemical manufacturing as well as homecare and industrial cleaning, energy and mining. In Western Canada, our deep end market expertise in forestry and energy (e.g., midstream gas pipeline, oil sands processing and oil refining) complements our offerings across other end markets. While we wound down our agriculture wholesale distribution business at the end of the 2020 season, we remain active in the agriculture end market developing biological crop nutrition solutions for Canadian growers via NexusBioAg.



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### **LATAM**

We offer generic and specialty chemicals and ingredients, as well as technical and market expertise, specialized services and key account management to a wide range of end markets including industrial production, personal care, coatings and adhesives, energy and agriculture through sales offices, Solution Centers and distribution sites in Mexico, Brazil, Colombia and to a lesser extent the Asia-Pacific region. With the acquisition of Tagma Brasil Ltda. in 2017, we started to provide formulation services for crop protection manufacturers in Brazil.

### **Product and End Markets**

We source and inventory chemicals and ingredients in large quantities such as barge loads, railcars or full truck loads from chemical and ingredient producers and break down the bulk quantities to repack, sell and distribute smaller quantities to our customers.

In addition to selling and distributing chemicals, we use our transportation and warehousing infrastructure, along with our broad knowledge of chemicals and hazardous materials handling to provide important distribution and specialized services for our producers and our customers.

We have state-of-the-art Solutions Centers at locations across the globe, consisting of formulation labs, development and research centers, and test kitchens, with specialized industry expertise and innovative technical capabilities to solve our customer's technical challenges and accelerate product development cycles.

In the first quarter of 2020, we organized our product portfolio offering into the following end markets: Industrial Solutions, Consumer Solutions, General Industrial, Refining & Chemical Processing and Services and Other Markets. A further description of these end markets is as follows:

#### *Industrial Solutions*

- *Coatings and Adhesives.* We sell resins, pigments, solvents, thickeners, dispersants and other additives used to make paints, inks, and coatings. Our product line includes epoxy resins, polyurethanes, titanium dioxide, fumed silica, esters, plasticizers, silicones and specialty amines.
- *Homecare & Industrial Cleaning.* We offer an extensive range of quality ingredients for cleaners, detergents, and disinfectant products. We distribute chemicals manufactured by many of the industry's leading producers of enzymes, surfactants, solvents, dispersants, thickeners, bleaching aides, builders, sealants, acids, alkalis and other chemicals that are used as ingredients and processing aids in the manufacturing of cleaning and sanitation products.
- *Metalworking & Lubricants.* Our broad and diverse range of products include base stocks, performance-enhancing additives for both lubricants and metalworking fluids.

#### *Consumer Solutions*

- *Pharmaceutical Ingredients and Finished Products.* Our portfolio includes products along the medicinal production chain, where we offer a broad portfolio of excipients, solvents, reactants, active pharmaceutical ingredients and intermediates to pharmaceutical ingredient producers.
- *Beauty and Personal Care.* We are a full-line distributor in the beauty and personal care industry, providing a wide variety of specialty and basic chemicals and ingredients used in skin and hair care products.
- *Food Ingredients and Products.* We distribute a diverse portfolio of commodity and specialty products that are sold into the food industry. The major food and beverage markets we serve are meat processing, baked goods, dairy, grain mill products, processed foods, carbonated soft drinks, fruit drinks and alcoholic beverages.

#### *General Industrial*

- *Chemical Manufacturing.* We distribute a full suite of chemical products in support of the chemical manufacturing industry (organic, inorganic and polymer chemistries).
- *Agricultural.* During 2020, in Canada we were a wholesale distributor of crop protection products to independent retailers and specialty applicators. In addition, we provided storage, packaging and logistics services for major crop protection companies. However, in the fourth quarter of 2020, we sold the Canadian Agriculture services business and shut down the Canadian Agriculture wholesale distribution business. This will allow us to focus our efforts in the Canadian agriculture end market on serving growers' crop nutrition needs with inoculants, micronutrients, nitrogen stabilizers and foliar products.
- *Industrial and Municipal Water Treatment.* We provide the chemistries and products used to sanitize, balance and supplement municipal and industrial water.



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- *Forestry, Lumber, Paper.* We serve the forest industry in the US and Canada, supplying a complete range of chemical products for use at all stages of production, from sap stain prevention to pulp and paper manufacturing.
- *Mining.* Within the mining industry in the US and Canada we provide the chemistries necessary to leach ore body as well as balance and manage tailing ponds and mining water sources.

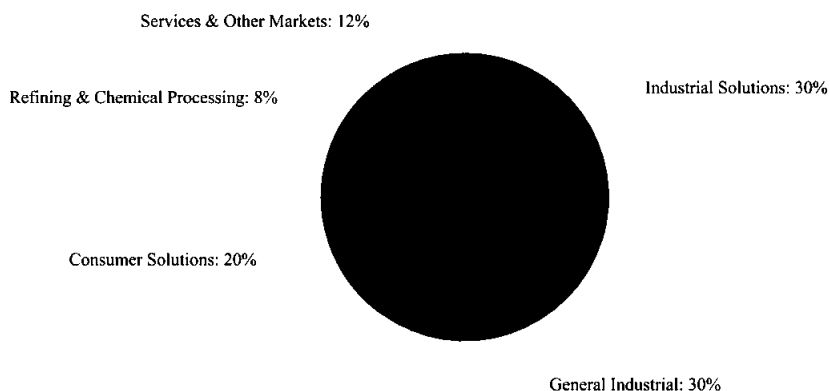
### *Refining & Chemical Processing*

- *Energy (up, mid and downstream).* We provide chemicals and service to offshore production, midstream pipeline and downstream refinery operators primarily in the US and Canada, including oil sands production. We also service the upstream US shale hydraulic-fracturing sector by providing bulk chemicals to drill sites.

### *Services & Other Markets*

- *Chemical Waste Removal.* Our ChemCare waste management business collects both hazardous and non-hazardous waste products at customer locations in the US and Canada, and then works with select vendors in the waste disposal business to safely transport these materials to licensed third party treatment, storage and disposal facilities.
- *Inventory Management.* We manage our inventory in order to meet customer demands on short notice whenever possible. Our value as a channel partner of chemical producers also enables us to obtain access to chemicals in times of short supply, when smaller chemical distributors may not be able to obtain or maintain stock. Further, our global distribution network permits us to stock products locally to enhance “just-in-time” delivery, providing outsourced inventory management to our customers in a variety of end markets.
- *Mixing, Blending and Repackaging.* We provide a full suite of blending and repackaging services for our customers across diverse industries. Additionally, we can fulfill small orders through our repackaging services, enabling customers to maintain smaller inventories.
- *Specialized Formulation and Blending.* Leveraging our technical expertise, we are able to utilize our blending and mixing capabilities to create specialty chemical formulations to meet specific customer performance demands for products.

### 2020 Consolidated Net Sales by End Market





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Commodity chemicals and ingredients represent the largest portion of our business by sales and volume. Our commodity portfolio includes acids and bases, surfactants, glycols, inorganic compounds, alcohols and general chemicals used extensively throughout most end markets. Our specialty chemicals and ingredient sales represent an important, high-value, higher-growth portion of the chemical distribution market. We typically sell specialty products in lower volumes, but at a higher profit than commodity products.

### **Suppliers**

We source materials from thousands of producers around the globe and we typically maintain relationships with multiple producers in order to protect against disruption in supply and distribution logistics, as well as to ensure competitive pricing of our supply. For the year ended December 31, 2020, our 10 largest producers accounted for approximately 32% of our total chemical purchases.

### **Distribution Channels**

We have multiple channels to market, including both warehouse delivery and direct-to-consumer delivery. The principal determinants of the way a customer is serviced include the size, scale and level of customization of a particular order, the nature of the product and the customer, and the location of the product inventories.

#### *Warehouse distribution*

Our warehouse distribution channel is the core of our operations and connects large producers with smaller volume customers whose consumption patterns tend to make them uneconomical to be served directly by producers. Thus, the core customer serviced via our warehouses is a small or medium-volume consumer of chemicals and ingredients. We purchase chemicals and ingredients in truck load or larger quantities from producers based on contracted demands of our customers and our estimates of anticipated customer purchases. Once received, products are stored in one or more of our distribution facilities for sale and distribution in smaller, less-than-truckload quantities to our customers. Our warehouses have various facilities for services such as repackaging, blending and mixing to create specialized solutions needed by our customers in ready-to-use formulations.

#### *Direct distribution*

In direct distribution, we sell and service large quantity purchases that are shipped directly from producers through our logistics infrastructure, which provides our customers with sourcing and logistics support services for inventory management and delivery.

### **Competition**

The chemical and ingredient distribution and sales markets are highly competitive. Most of the products that we distribute are made to standard specifications and are either produced by or available from multiple sources. We compete on the basis of service, on-time delivery, product breadth and availability, product and market knowledge and insights, safety and environmental compliance, global reach, product price, as well as our ability to provide certain additional value-added services.

Chemical and ingredient distribution itself is a fragmented market in which only a small number of competitors have substantial international operations. Our principal international competitor is Brenntag, which has a particularly strong position in Europe due to its strong market position in Germany.

Many other chemical distributors operate on a regional, national or local basis and may have a strong relationship with local producers and customers that may give them a competitive advantage in their local market, while others are niche players which focus on a specific end market, either industry or product-based. In addition to Brenntag, some of our regional competitors in North America include Helm America, Hydrite Chemical, Azelis, IMCD and Barentz and some of our regional competitors in Europe include Azelis, Helm, Barentz and IMCD.

Chemical and ingredient producers may also sell their products through a direct sales force, digital marketplace or multiple chemical distributors, limit their use of third party distributors, particularly with respect to higher margin products, or partner with other chemical and ingredient producers for distribution. Each of which could impact our competitive position.

### **Human Capital Management**

As of December 31, 2020, we had approximately 9,457 employees on a full-time equivalent basis worldwide, with 5,360 represented in the USA, 2,252 in EMEA, 678 in Canada and 1,167 in LATAM. We had 302 senior leaders, nine of which represent executive officers of the Company, and 1,595 people managers. Based on self-identification data, 34.8% of employees are female and 64.3% are male. Of our people managers, 32% are female and 67.5% are male. At the director and above level, 24.2% are female and 75.8% are male. In the US, 17.8% of our people managers are racially and ethnically diverse. Of our 10 members of the Board of Directors, 20% are female, 80% are male, 10% Black/African American and 90%



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White. As of December 31, 2020, approximately 24% of our labor force is covered by a collective bargaining agreement, including approximately 12%, 46% and 23% of our labor force in the US, Europe and Canada, respectively.

In our efforts to drive continued growth and increased profitability, we are intently focused on building a place that attracts top talent and develops the skills necessary to drive differentiation for our business. We have developed key recruitment and retention strategies that guide our human capital management approach as part of the overall management of our business. These strategies are advanced through a number of programs and initiatives as outlined below:

*Employee Hiring Practices.* We recruit the best people for the job regardless of race, color, nationality, gender, age, disability, sexual orientation or any other status protected by law and it is our policy to comply fully with all domestic, foreign and local laws relating to discrimination in the workplace.

*Employee Compensation.* Our compensation programs are designed to align the compensation of our employees with the Company's performance and to provide the proper incentives to attract, retain and motivate employees to achieve superior results. We engage nationally recognized outside compensation and benefits consulting firms to independently evaluate the effectiveness of our executive compensation and benefit programs and to provide benchmarking against our peers within the industry. The Company's executive compensation programs blend base salary, short-term cash incentives and long-term equity awards in a structure that encourages alignment with shareholder interests. We provide employee wages that are competitive and consistent with employee positions, skill levels, experience, knowledge and geographic location. Full-time US employees are eligible for health, dental and vision insurance, paid and unpaid leaves, 401(K) plan, life and disability/accident coverage. Employees outside of the US are eligible for a variety of supplemental benefits based on local markets practices and all employees worldwide are eligible for an Employee Assistance Program.

*Training and Development.* Employees have access to on-demand learning resources for their own professional development on a range of diverse topics such as digital transformation skills, professional effectiveness, diversity, equity and inclusion, business skills, productivity and collaboration tools to leadership development. Our internal programs range from multi-day, instructor-led trainings to short, on-demand eLearning programs. As appropriate, additional training hours are delivered and monitored locally, often focusing on material handling and safety for specific roles. We regularly conduct anonymous employee engagement surveys to gauge our progress and identify the areas where we excel and areas for improvement in the employee experience. The results of these engagement surveys are shared with individual managers, who are then tasked with taking action based on their employees' anonymous feedback.

*Performance Management.* Career development planning resources are available to all employees. Our performance management process is designed to help ensure priorities are clear, provide a framework for ongoing feedback and coaching, document accountability, provide a focus on living our values, communicate the expectation of how we work together and identify opportunities for development to improve in an individual's current role and prepare for future roles.

*Health and Safety.* Our Company is serious about safety and this is embedded in our global operations. Specific initiatives include, among others, data driven and causality-based accident prevention work, improved process and facility controls, mandatory general education and role specific safety training, joint management-worker health and safety committees, safety audits, incident investigation and improvement measures. 2020 was our safest year on record with a Total Case Incident Rate, the rate of recordable injuries per 200,000 hours worked, of 0.36, significantly below our global target of 0.68.

Our efforts to ensure the safety of our employees during the COVID-19 pandemic included implementing contingency and continuity plans to help position the Company to respond effectively and efficiently to identified risks, safe work practices in accordance with the guidance provided by both the World Health Organization (WHO) and the US Centers for Disease Control and Prevention (CDC), and flexible working policies. In addition, we leveraged technology to enable approximately 5,000 employees to transition to remote working in a short time frame and enhanced sanitation and hygiene practices at our office and branch locations.

*Diversity, Equity & Inclusion (DEI).* The Company is committed to fostering a safe, collaborative, supporting and respectful environment that values diverse perspectives, mitigates unconscious bias and enables a culture where employees are able to bring their authentic self to work. In the past year we increased our score on the Human Rights Campaign Corporate Equality Index from 85 in 2019 to 100 in 2020.

In 2020, we launched an Office of Inclusion made up of employee volunteers with interest and aptitude in advancing DEI, a Global Inclusion Council made up of a cross section of business leaders and DEI stakeholders to direct global strategy and areas of focus, and regional Councils for the USA and Canada to help align focus and guide customized programming to meet local needs. In addition, we had a total of 7 Employee Resource Networks, including the Ability Network (focused on employees with visible and invisible disabilities), the Black African American Leadership Network, the Canada Indigenous Network, the Hispanic or Latinx Network, the LGBT+ Network, the Veterans Network and the Women's Inclusion Network. The employee participation in these collective networks exceeded 1,300 employees globally.



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### **Regulatory Matters**

We operate in a number of jurisdictions and are subject to numerous international, federal, state and local laws and regulations covering a wide variety of subject matters. We are subject to extensive environmental, health and safety laws and regulations in multiple jurisdictions because we blend, manage, handle, store, sell, transport and arrange for the disposal of chemicals, hazardous materials and hazardous waste. These include, without limitation, laws regulating discharges of hazardous substances into the soil, air and water, blending, managing, handling, storing, selling, transporting and disposing of hazardous substances, investigation and remediation of contaminated properties and protecting the safety of our employees and others. Some of these laws and regulations include the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund), the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), among others. Some of our operations are required to hold environmental permits and licenses to be compliant and certain of our services businesses are also impacted by these laws.

In addition to environmental laws and regulations, we are subject to various laws and regulations around the world. For example, our business is subject to competition laws in the various jurisdictions where we operate, including the Sherman Antitrust Act and related federal and state antitrust laws in the United States, as well as similar foreign laws and regulations. These laws and regulations generally prohibit competitors from fixing prices, boycotting competitors, or engaging in other conduct that unreasonably restrains competition, and such laws and regulations may impact potential business relationships or transactions with third parties in the future. The Company is also required to comply with increasingly complex and changing laws and regulations enacted to protect business and personal data in the United States and other jurisdictions regarding privacy, data protection and data security, including those related to the collection, storage, use, transmission and protection of personal information and other consumer, customer, vendor or employee data. Further, an increasing number of laws and regulations focused on hazardous products and substances could also impact our ability to distribute and sell certain products or require significant capital expenditures to meet regulatory requirements. With respect to the laws and regulations noted above, as well as other applicable laws and regulations, the Company's compliance programs may under certain circumstances involve material investments in the form of additional processes, training, personnel, information technology and capital.

Information related to government regulation applicable to our business is included in this Annual Report on Form 10-K, including: (i) Part I, Item 1A - Risk Factors; (ii) Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) "Note 2: Significant accounting policies" and "Note 21: Commitments and contingencies" in Item 8 of this Annual Report on Form 10-K.

### **Sustainability**

We expect that there will be a continued increase in demand for products, systems and services that meet growing customer sustainability standards, expectations and preferences. We recognize that our ability to continue to provide these products and services requires our business to further advance environmentally and socially responsible means of operating, reflecting the challenges and opportunities presented through increased legal requirements, climate parameters and market developments. We believe that use of the precautionary principle is a key directive of responsible environmental and social governance and is an important factor in the journey toward a more sustainable future.

We demonstrate our commitment through our global sustainability goals, which help us focus on reducing our contribution to global climate change while addressing remediation. In 2018, we became a signatory to the United Nations Global Compact, reaffirming our ongoing commitments to responsible business, and in 2019 adopted 'Advancing a Circular Economy' as a goal to 2021.

We continue to implement the principles set out in our Global Sustainability Policy, working together in the spirit of our guiding principles to minimize environmental impacts and promote resource conservation. To ensure that Univar Solutions maintains its course on the journey toward a more sustainable future, it is crucial that our efforts remain material and allow us to deliver value to all stakeholders.

We continue to improve Environmental, Social and Governance ("ESG") initiatives and disclosures throughout our business. In conjunction with support from management, we incorporate ESG initiatives into our business values and priorities of safety, sustainability and value creation. We emphasize constant improvement by continually striving to improve our industry leading safety record, reducing our environmental impact, and increasing transparency. In 2020, we demonstrated our ongoing commitment to ESG practices with 7% of net sales related to food ingredients and products, 6% of net sales related to homecare and industrial cleaning and 4% of net sales related to industrial and municipal water treatment.

### **Intellectual Property**

We consider intellectual property, particularly trade secrets and proprietary technology, as important to our success. We hold some patents and own numerous trademarks in multiple jurisdictions. Further, we have various patent and trademark applications pending in jurisdictions worldwide. Although we consider our patents, trademarks, copyrights and trade secrets to



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constitute valuable assets, we do not regard any of our businesses as being materially dependent upon an individual patent, trademark, copyright or trade secret.

### **Significant Customers**

No single customer accounted for more than 10% of net sales in any of the years presented.

### **Other**

No material part of our business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of any government.

### **Information about our Executive Officers**

See Part III, Item 10, Directors, Executive Officers and Corporate Governance.

### **Available Information**

We maintain a website at [www.univarsolutions.com](http://www.univarsolutions.com) and make available free of charge at this website our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. The information on our website is not, and will not be deemed to be, a part of this Annual Report on Form 10-K, or incorporated into any of our other filings with the SEC, except where we expressly incorporated such information. If you wish to receive a paper copy of any exhibit to our reports filed with or furnished to the SEC, the exhibit may be obtained by writing to: Corporate Secretary, Univar Solutions Inc., 3075 Highland Parkway Suite 200, Downers Grove, Illinois 60515.

### **Dissemination of Company Information**

We intend to make future announcements regarding Company developments and financial performance through our website, [www.univarsolutions.com](http://www.univarsolutions.com), as well as through press releases, filings with the Securities and Exchange Commission, conference calls and webcasts.

### **Item 1A. RISK FACTORS**

The following are certain risk factors that could affect our business, financial condition and results of operations. These risk factors should be considered along with the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause our actual results or financial condition to differ materially from those projected in forward-looking statements. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. The following discussion is not an all-inclusive listing of risks, although we believe these are the more material risks that we face. If any of the following occur, our business, financial condition and results of operations could be adversely affected.

#### **Business and Economic Risks**

*We are affected by general economic conditions, particularly fluctuations in industrial production and consumption, and an economic downturn could adversely affect business, financial condition and results of operations.*

We sell chemicals that are used in manufacturing processes and as components of or ingredients in other products. Our sales are correlated with and affected by fluctuations in the levels of industrial production, manufacturing output, and general economic activity. For example, demand for our oil, gas and mining products and services is affected by factors such as the level of exploration, drilling, development and production activity of, and the corresponding capital spending by, oil, gas and mining companies and oilfield service providers, and trends in oil, gas and mineral prices. Additionally, the increasing focus on the potential effects of climate change could result in the restriction, delay or cancellation of drilling programs or development or production activities by fossil-fuel providers, which would curtail the supply of various organic chemicals that we distribute to a broad array of end markets. Producers of commodity and specialty chemicals are likely to reduce their output in periods of significant contraction in industrial and consumer demand, while demand for the products we distribute depends largely on trends in demand in the end markets our customers serve. A majority of our sales are in North America and Europe and our business is therefore susceptible to downturns in those economies as well as, to a lesser extent, the economies in the rest of the world.

Our profit margins, as well as overall demand for our products and services, could decline as a result of a large number of factors outside our control, including the impact of the COVID-19 pandemic, economic recessions, reduced customer demand (whether due to changes in production processes, consumer preferences, the industries in which the customer operates, laws and regulations affecting the chemicals industry and the manner in which they are enforced, or other factors), inflation, fluctuations in interest and currency exchange rates, and changes in the fiscal or monetary policies of governments in the regions in which we operate. For example, the COVID-19 pandemic caused growth in certain of our end markets such as in Homecare and Industrial Cleaning and Pharmaceuticals, while other end markets such as the upstream refining market, remained depressed.



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General economic conditions and macroeconomic trends, as well as the creditworthiness of our customers, could affect overall demand for chemicals. Any overall decline in the demand for chemicals could significantly reduce our sales and profitability. If the creditworthiness of our customers declines, we would face increased credit risk. In addition, volatility and disruption in financial markets could adversely affect our sales and results of operations by limiting our customers' ability to obtain financing necessary to maintain or expand their own operations.

A historical feature of past economic weakness has been significant destocking of inventories, including inventories of chemicals used in industrial and manufacturing processes. It is possible that an improvement in our net sales in a particular period may be attributable in part to restocking of inventories by our customers and represent a level of sales or sales growth that will not be sustainable over the longer term. Further economic weakness could lead to insolvencies among our customers or producers, as well as among financial institutions that are counterparties on financial instruments or accounts that we hold. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

### ***The COVID-19 pandemic could adversely impact our business, financial condition and results of operations.***

The novel coronavirus identified in China in late 2019 has spread globally and has resulted in authorities implementing numerous measures to try to contain the virus, including travel restrictions, quarantines, shelter in place orders, and shutdowns. These measures have adversely impacted and may further adversely impact our workforce and operations and those of our customers, vendors and suppliers by, among other things, causing facility closures, production delays and capacity limitations; disrupting our supply chain and reducing the availability of products; straining our supply chain as a result of increased demand for certain of our products; reducing the demand for certain of our products; affecting the collectability of our accounts receivable; disrupting the transport of products from our supply chain to us and from us to our customers and causing delays; restricting our operations and sales, marketing and distribution efforts; and delaying the implementation of our strategic plans and initiatives. For additional disclosures on the effect of the pandemic on our business, see "Market Conditions and Outlook" in Item 7 of this Annual Report on Form 10-K. The COVID-19 pandemic has also caused disruption in the capital markets and could make financing more difficult and/or expensive to obtain in the short term. To the extent that the Company and its employees, customers, vendors and suppliers continue to be impacted by the COVID-19 pandemic, this could materially interrupt the Company's business operations and have a material adverse effect on our financial condition and results of operations.

In addition, the COVID-19 pandemic has caused us to modify our business practices (including restricting employee travel, changing employee work locations, and limiting the use of in-person meetings, events and conferences) and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, vendors and suppliers. Our operations and our ability to perform critical functions may be disrupted if a significant number of employees are ill, quarantined or otherwise limited in their ability to work remotely, such as in the event of a natural disaster, power outage, connectivity issue, or other event that impacts our employees' ability to work remotely. The increase in remote working may also result in increased cyber security and fraud risks, as well as a potential loss in productivity.

As permitted and where possible, we will endeavor to have our business-critical employees return to working from our offices and facilities, at least partially. This could result in an increased COVID-19 positivity rate amongst our employee population and could result in an increased volume of workers compensation claims. In addition, employee relations challenges may arise as we work to balance business needs with employee preferences on remote working arrangements.

The potential duration and impact of the pandemic on the global economy and on our business are difficult to predict and cannot be estimated with any degree of certainty, but the pandemic has significantly increased economic and demand uncertainty and caused significant disruptions to global financial markets. We might not be able to predict or respond to all impacts on a timely basis to prevent near- or long-term adverse impact to our results.

### ***Significant changes in the business strategies of producers or in the operations of our customers could adversely affect our business, financial condition and results of operations.***

Significant changes in the business strategies of producers could disrupt our supply. Large chemical manufacturers may elect to sell certain products (or products in certain regions) directly to customers or utilize digital marketplaces, bypassing distributors such as us. While we do not believe that our results depend materially on access to any individual producer's products, a reversal of the trend toward more active use of distributors would likely result in increasing margin pressure or products becoming unavailable to us.

In addition, unpredictable events may have a significant impact on the industries in which many of our customers operate, reducing demand for products that we normally distribute in significant volumes. Significant disruptions of supply and disruptions in customer industries could have a material adverse effect on our business, financial condition and results of operations.



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### ***The markets in which we operate are highly competitive and we may not be able to compete successfully.***

The chemical distribution market is highly competitive. Chemicals can be purchased from a variety of sources, including traders, brokers, wholesalers and other distributors, as well as directly from producers. Many of the products we distribute or finish are essentially fungible with products offered by our competition, including emerging competitors. The competitive pressure we face is particularly strong in sectors and markets where local competitors have strong positions or where new competitors can easily enter. Increased competition from distributors of products similar to or competitive with ours could result in price reductions, reduced margins and a loss of market share.

We expect to continue to experience significant and increasing levels of competition in the future. We must also compete with smaller companies that have been able to develop strong local or regional customer bases. In certain countries, some of our competitors are more established, benefit from greater name recognition and have greater resources within those countries than we do.

### ***Consolidation of our competitors in the markets in which we operate could place us at a competitive disadvantage and reduce our profitability.***

We operate in an industry, which is highly fragmented on a global scale, but in which there has been a trend toward consolidation in recent years. Consolidation of our competitors may also further enhance their financial position, provide them with the ability to offer more competitive prices to customers for whom we compete, and allow them to achieve increased efficiencies in their consolidated operations that enable them to more effectively compete for customers. This may jeopardize the strength of our positions in one or more of the markets in which we operate and any advantages we currently enjoy due to the comparative scale of our operations. Losing some of those advantages could adversely affect our business, financial condition and results of operations, as well as our growth potential.

### ***The prices and costs of the products we purchase may be subject to large and significant price increases. We might not be able to pass such cost increases through to our customers. We could experience financial losses if our inventories of one or more chemicals exceed our sales and the price of those chemicals decreases significantly while in our inventories or if our inventories fall short of our sales and the purchase price of those chemicals increases significantly.***

We purchase and sell a wide variety of chemicals, the price and availability of which may fluctuate, and may be subject to large and significant price increases. Many of our contracts with producers include chemical prices that are not fixed or are tied to an index, which allows our producers to change the prices of the chemicals we purchase as the price of the chemicals fluctuates in the market. Changes in chemical prices affect our net sales and cost of goods sold, as well as our working capital requirements, levels of debt and financing costs. We might not always be able to reflect increases in our chemical costs, transportation costs and other costs in our own pricing. Any inability to pass cost increases onto customers may adversely affect our business, financial condition and results of operations.

In order to meet customer demand, we typically maintain significant inventories, and we are therefore subject to a number of risks associated with our inventory levels, including the following:

- declines in the prices of chemicals that are held by us;
- the need to maintain a significant inventory of chemicals that may be in limited supply and therefore difficult to procure;
- buying chemicals in bulk for the best pricing and thereby holding excess inventory;
- responding to the fluctuating demand for chemicals;
- cancellation of customer orders; and
- responding to customer requests for rapid delivery.

In order to manage our inventories successfully, we must estimate demand from our customers and purchase chemicals that substantially correspond to that demand. If we overestimate demand and purchase too much of a particular chemical, we face a risk that the price of that chemical will fall, leaving us with inventory that we cannot sell profitably or have to write down such inventory from its recorded value. If we underestimate demand and purchase insufficient quantities of a particular chemical and prices of that chemical rise, we could be forced to purchase that chemical at a higher price and forego profitability in order to meet customer demand. Our business, financial condition and results of operations could suffer a material adverse effect if either or both of these situations occur frequently or in large volumes.

### ***We require significant working capital, and we expect our working capital needs to increase in the future, which could result in having lower cash available for, among other things, capital expenditures and acquisition financing.***

We require significant working capital to purchase chemicals from chemical producers and distributors and sell those chemicals efficiently and profitably to our customers. Our working capital needs may increase if the price of products we purchase and inventory increase. Our working capital needs also increase at certain times of the year, as our customers' requirements for chemicals increase. We need inventory on hand to have product available to ensure timely delivery to our



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customers. If our working capital requirements increase and we are unable to finance our working capital on terms and conditions acceptable to us, we may not be able to obtain chemicals to respond to customer demand, which could result in a loss of sales.

In addition, the amount of working capital we require to run our business is expected to increase in the future due to expansions in our business activities. If our working capital needs increase, the amount of free cash we have at our disposal to devote to other uses will decrease. A decrease in free cash could, among other things, limit our flexibility, including our ability to make capital expenditures and to acquire suitable acquisition targets that we have identified. If increases in our working capital occur and have the effect of decreasing our free cash, it could have a material adverse effect on our business, financial condition and results of operations.

***We depend on transportation assets, some of which we do not own, in order to deliver products to our customers.***

Although we maintain a significant portfolio of owned and leased transportation assets, including trucks, trailers and rail cars, we also rely on transportation and warehousing provided by third parties (including common carriers and rail companies) to deliver products to our customers. Our access to third party transportation is not guaranteed, and we may be unable to transport chemicals at economically attractive rates in certain circumstances, particularly in cases of adverse market conditions or disruptions to transportation infrastructure. We are also subject to increased costs that we may not always be able to recover from our customers, including fuel prices, as well as charges imposed by common carriers, leasing companies and other third parties involved in transportation.

***Accidents, safety failures, environmental damage, product quality issues, delivery failures or hazards and risks relate to our operations and the hazardous materials we blend, manage, handle, store, sell, transport or dispose of could damage our reputation and result in substantial damages or remedial obligations.***

Our business depends to a significant extent on our customers' and producers' trust in our reputation for reliability, quality, safety and environmental responsibility. Actual or alleged instances of safety deficiencies, mistaken or incorrect deliveries, inferior product quality, exposure to hazardous materials resulting in illness, injury or other harm to persons, property or natural resources, or of damage caused by us or our products, could damage our reputation and lead to customers and producers curtailing the volume of business they do with us. Also, there may be safety, personal injury or other environmental risks related to our products which are not known today. Any of these events, outcomes or allegations could also subject us to substantial legal claims, and we could incur substantial expenses, including legal fees and other costs, in defending such legal claims, which could materially impact our financial position and results of operations.

Actual or alleged accidents or other incidents at our facilities or that otherwise involve our personnel or operations could also subject us to claims for damages by third parties. Because many of the chemicals that we handle are dangerous, we are subject to the ongoing risk of hazards, including leaks, spills, releases, explosions and fires, which may cause property damage, illness, physical injury or death. We sell products used in hydraulic fracturing, a process that involves injecting water, sand and chemicals into subsurface rock formations to release and capture oil and natural gas. The use of such hydraulic fracturing fluids by our customers may result in releases that could impact the environment and third parties. Several of our distribution facilities are located near high-density population centers. If any such events occur, whether through our own fault, through preexisting conditions at our facilities, through the fault of a third party or through a natural disaster, terrorist incident or other event outside our control, our reputation could be damaged significantly. We could also become responsible, as a result of environmental or other laws or by court order, for substantial monetary damages or expensive investigative or remedial obligations related to such events, including but not limited to those resulting from third party lawsuits or environmental investigation and cleanup obligations on and off-site. The amount of any costs, including fines, damages and/or investigative and remedial obligations, that we may become obligated to pay under such circumstances could substantially exceed any insurance we have to cover such losses.

Any of these risks, if they materialize, could have a material adverse effect on our business, financial condition and results of operations.

***Our business exposes us to significant risks, not all of which are covered by insurance.***

Because we are engaged in the blending, managing, handling, storing, selling, transporting and disposing of chemicals, chemical waste products and other hazardous materials, product liability, health impacts, fire damage, safety, cyber security and environmental risks are significant concerns for us. We are also exposed to present and future chemical exposure claims by employees, contractors on our premises, other persons located nearby, as well as related workers' compensation claims. Although we carry insurance to protect us against many risks involved in the conduct of our business, we do not insure against all such risks and the insurance we carry is subject to limitations, including exclusions, deductibles and coverage limits. Due to the variable condition of the insurance market, we have experienced and may experience in the future, increased deductible retention levels and increased premiums. We also may be unable to obtain at commercially reasonable rates in the future adequate insurance coverage for the risks we currently insure against, and certain risks are or could become completely



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uninsurable or eligible for coverage only to a reduced extent. Increased insurance premiums or the occurrence of significant uncovered losses could have a material adverse effect on our business, financial condition and results of operations.

***Our balance sheet includes significant goodwill and intangible assets, the impairment of which could affect our future financial condition and results of operations.***

We carry significant goodwill and intangible assets on our balance sheet. As of December 31, 2020, our goodwill and intangible assets totaled approximately \$2.3 billion and \$0.3 billion, respectively. At least annually, the Company assesses goodwill for impairment. If testing indicates that goodwill is impaired, the carrying value is written down based on fair value with a charge against earnings. Where the Company utilizes a discounted cash flow methodology in determining fair value, weakened demand for a specific product line or business could result in an impairment. Intangible assets are amortized for book purposes over their respective useful lives and are tested for impairment if any event occurs or circumstances change that indicates that carrying value may not be recoverable. Accordingly, any determination requiring the write-off of a significant portion of goodwill or intangible assets could negatively impact the Company's financial condition and results of operations. See "Note 15: Goodwill and intangible assets" in Item 8 of this Annual Report on Form 10-K for a discussion of our 2020 impairment review.

***We have in the past and may in the future make acquisitions, ventures and strategic investments, some of which may be significant in size and scope, which have involved in the past and will likely involve in the future numerous risks. We may not be able to address these risks without substantial expense, delay or other operational or financial problems.***

Acquisitions or investments have involved in the past and will likely involve in the future various risks, such as:

- integrating the technologies, operations and personnel of any acquired business;
- the potential disruption of our ongoing business, including the diversion of management attention;
- the possible inability to obtain the desired financial and strategic benefits from the acquisition or investment;
- customer attrition arising from preferences to maintain redundant sources of supply;
- producer attrition arising from overlapping or competitive products;
- assumption of contingent or unanticipated liabilities or regulatory liabilities;
- dependence on the retention and performance of existing management and work force of acquired businesses for the future performance of these businesses;
- regulatory risks associated with acquired businesses (including the risk that we may be required for regulatory reasons to dispose of a portion of our existing or acquired businesses); and
- the risks inherent in entering geographic or product markets in which we have limited prior experience.

Future acquisitions and investments may need to be financed in part through additional financing from banks, through public offerings or private placements of debt or equity securities or through other arrangements, and could result in substantial cash expenditures. The necessary acquisition financing may not be available to us on acceptable terms if and when required, particularly if our debt leverage levels make it difficult or impossible for us to secure additional financing for acquisitions.

## Risks Related to Technology

***Our business could be seriously impacted by business disruptions and security breaches, including cybersecurity incidents.***

Business and/or supply chain disruptions, plant downtime, and/or power outages, and information technology system and/or network disruptions, regardless of cause, including acts of sabotage, employee error or other actions, geo-political activity, military actions, terrorism (including cyber-attacks), weather events, and natural disasters could seriously harm our operations as well as the operations of our customers and suppliers. Any such event could have a negative impact on our business, results of operations, financial condition, and cash flows.

Cyber-attacks or security breaches could compromise confidential, business critical information, cause a disruption in the Company's operations or harm the Company's reputation. Additionally, the increase in remote working as a result of the COVID-19 pandemic may also result in increased cyber-security and fraud risks. While the Company has a comprehensive cyber-security program that is continuously reviewed, maintained and upgraded, there can be no assurance that such procedures, controls, and intelligence will be sufficient to prevent security breaches from occurring. If any security breaches were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations or cash flows, and could result in claims being brought against us.

***The integration of our business systems may negatively impact our business, financial condition and results of operations.***

We are currently in the process of integrating our legacy business systems into the legacy Nexeo business systems (the "Systems Integration"). The Systems Integration is anticipated to be completed by year end of 2021. Since we will process and



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reconcile our information from multiple systems until the Systems Integration is complete, the chance of errors is greater. Inconsistencies in the information from multiple systems could adversely impact our ability to manage our business efficiently and may result in heightened risk to our ability to maintain our books and records and comply with regulatory requirements. Any disruptions, delays or deficiencies in the Systems Integration could adversely affect our ability to process orders, track inventory, ship products in a timely manner, prepare invoices to our customers, maintain regulatory compliance and otherwise carry on our business in the ordinary course. The Systems Integration involves numerous risks, including:

- diversion of management's attention away from normal daily business operations;
- loss of, or delays in accessing, data;
- increased demand on our operations support personnel;
- initial dependence on unfamiliar systems while training personnel to use new systems; and
- increased operating expenses resulting from training, conversion and transition support activities.

Any of the foregoing could result in a material increase in information technology compliance or other related costs, and could have a negative impact on our business, financial condition and results of operations.

## Risks Related to Our Indebtedness

*Our indebtedness may adversely affect our business, financial condition and results of operations.*

As of December 31, 2020, we had \$2,640.6 million of total debt. Our indebtedness may have material adverse effects on our business, financial condition and operating results. The amount of our debt, as well as any additional debt or other obligations that we may incur in the future, could have important consequences for holders of our common stock, including, but not limited to:

- our ability to satisfy obligations to lenders or note holders may be impaired, resulting in possible defaults on and acceleration of our indebtedness;
- our ability to obtain additional financing for refinancing of existing indebtedness, working capital, capital expenditures, product and service development, acquisitions, general corporate purposes and other purposes may be impaired;
- our assets that currently serve as collateral for our debt may be insufficient, or may not be available, to support future financings;
- a substantial portion of our cash flow from operations could be used to repay the principal and interest on our debt;
- we may be increasingly vulnerable to economic downturns and increases in interest rates;
- our flexibility in planning for and reacting to changes in our business and the markets in which we operate may be limited; and
- we may be placed at a competitive disadvantage relative to other companies in our industry with less debt or comparable debt at more favorable interest rates.

*The agreements governing our indebtedness contain operating covenants and restrictions that limit our operations and could lead to adverse consequences if we fail to comply with them.*

The agreements governing our indebtedness contain certain operating covenants and other restrictions relating to, among other things, limitations on indebtedness (including guarantees of additional indebtedness) and liens, mergers, consolidations and dissolutions, sales of assets, investments and acquisitions, dividends and other restricted payments, repurchase of shares of capital stock and options to purchase shares of capital stock and certain transactions with affiliates. In addition, our North American ABL Facility and Euro ABL Facility include certain financial covenants.

Failure to comply with these financial and operating covenants could result from, among other things, changes in our results of operations, the incurrence of additional indebtedness, the pricing of our products, our success at implementing cost reduction initiatives, our ability to successfully implement our overall business strategy or changes in general economic conditions, which may be beyond our control. The breach of any of these covenants or restrictions could result in a default under the agreements that govern these facilities that would permit the lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. If we are unable to repay such amounts, lenders having secured obligations could proceed against the collateral securing these obligations. This could have serious consequences on our financial condition and results of operations and could cause us to become bankrupt or otherwise insolvent. In addition, these covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our business and stockholders. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility.

*Increases in interest rates would increase the cost of servicing our debt and could reduce our profitability.*

Certain of our outstanding debt bears interest at variable rates. As a result, increases in interest rates would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. Approximately \$1.9 billion, or 72



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percent of our debt is indexed to LIBOR as a benchmark for establishing the rate and we may hold other operational contracts, including leases, that are also indexed to LIBOR. In July 2017, The U.K. Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out all LIBOR tenors by the end of 2021. However, in late 2020, the ICE Benchmark Administration announced that certain tenors of LIBOR may be extended until mid-2023. At this time, it is uncertain if applicable tenors of LIBOR will cease to exist after calendar year 2021, or whether additional reforms to LIBOR may be enacted, or whether alternative reference rates will gain market acceptance as a replacement for LIBOR. If LIBOR ceases to exist, we may need to amend our debt and other certain agreements that use LIBOR as a benchmark and we cannot predict what alternative index or other amendments may be negotiated with our counterparties. As a result, our interest or operating expense could increase and our available cash flow for general corporate requirements may be adversely affected. For additional information on our indebtedness, debt service obligations and sensitivity to interest rate fluctuations, see “Qualitative and Quantitative Disclosures About Market Risk” in Item 7A of this Annual Report on Form 10-K.

### ***We may have future capital needs and may not be able to obtain additional financing on acceptable terms, or at all.***

We have historically relied on debt financing to fund our operations, capital expenditures and expansion. The macroeconomic conditions that affect the markets in which we operate and our credit ratings could have a material adverse effect on our ability to secure financing on acceptable terms, if at all. In addition, the COVID-19 pandemic has caused disruption in the capital markets and could make financing more difficult and/or expensive to obtain in the short term. The terms of additional financing may limit our financial and operating flexibility, and if financing is not available when needed, or is not available on acceptable terms, we may be unable to take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new securities we issue could have rights, preferences and privileges senior to those of holders of our common stock.

### **Litigation, Environmental and Regulatory Risk**

***As a result of our current and past operations, we are subject to extensive environmental, health and safety laws and regulations, which expose us to risks that could have a material adverse effect on our business, financial condition and results of operations.***

We are subject to extensive environmental, health and safety laws and regulations in multiple jurisdictions because we blend, manage, handle, store, sell, transport and arrange for the disposal of chemicals, hazardous materials and hazardous waste. These include laws and regulations governing our management, storage, transportation and disposal of chemicals; product regulation; air, water and soil contamination; greenhouse gas emissions; and the investigation and cleanup of contaminated sites, including any spills or releases that may result from our management, handling, storage, sale, or transportation of chemicals and other products. Compliance with these laws and regulations, and with the permits and licenses we hold, requires that we expend significant amounts for ongoing compliance, investigation and remediation. If we fail to comply with such laws, regulations, permits or licenses, we may be subject to fines, damages and other civil, administrative or criminal sanctions and investigations, including the revocation of permits and licenses necessary to continue our business activities. In addition, future changes in laws and regulations, or the interpretation of existing laws and regulations, could have an adverse effect on us by adding restrictions, reducing our ability to do business, increasing our costs of doing business, reducing our profitability or reducing the demand for our products.

Previous operations, including those of acquired companies, have resulted in contamination at a number of current and former sites, which must be investigated and remediated. We have ongoing investigations and remediation activities, or are contributing to cleanup costs, at approximately 104 currently or formerly owned, operated or used sites or other sites impacted by our operations. We have spent substantial sums on such investigation and remediation and we expect to continue to incur such expenditures in the future. We may incur losses in connection with investigation and remediation obligations that exceed our environmental reserve. There is no guarantee that our estimates will be accurate, that new contamination will not be discovered or that new environmental laws or regulations will not require us to incur additional costs. Any such inaccuracies, discoveries or new laws or regulations, or the interpretation of existing laws and regulations, could have a material adverse effect on our business, financial condition and results of operations.

We could be held liable for the costs to investigate, remediate or otherwise address contamination at any real property we have ever owned, leased, operated or used or other sites impacted by our operations. Some environmental laws could impose on us the entire cost of cleanup of contamination present at a site even though we did not cause all of the contamination. These laws often identify parties who can be strictly and jointly and severally liable for remediation. The discovery of previously unknown contamination at current or former sites or the imposition of other environmental liabilities or obligations in the future, including additional investigation or remediation obligations with respect to contamination that has impacted other properties, could lead to additional costs or the need for additional reserves that have a material adverse effect on our business, financial condition and results of operations. In addition, we may be required to pay damages or civil judgments related to third



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party claims, including those relating to personal injury (including exposure to hazardous materials or chemicals we blend, handle, store, sell, transport or dispose of), product quality issues, property damage or contribution to remedial obligations. We have been identified as a potentially responsible party at certain third party sites at which we have arranged for the disposal of our hazardous wastes. We may be identified as a potentially responsible party at additional sites beyond those for which we currently have financial obligations. Such developments could have a material adverse effect on our business, financial condition and results of operations.

Societal concerns regarding the safety of chemicals in commerce and their potential impact on the environment have resulted in a growing trend towards increasing levels of product safety and environmental protection regulations. These concerns could influence public perceptions, impact the commercial viability of the products we sell and increase the costs to comply with increasingly complex regulations, which could have a negative impact on our business, financial condition and results of operations. Additional findings by government agencies that chemicals pose significant environmental, health or safety risks may lead to their prohibition in some or all of the jurisdictions in which we operate.

***Our business exposes us to potential product liability claims and recalls, which could adversely affect our business, financial condition and results of operations.***

The repackaging, blending, mixing, manufacture, sale and distribution of chemical products by us, including products used in hydraulic fracturing operations and products produced with food ingredients or with pharmaceutical and nutritional supplement applications, involve an inherent risk of exposure to product liability claims, product recalls, product seizures and related adverse publicity, including, without limitation, claims for exposure to our products, spills or releases of our products, personal injuries, food related claims and property damage or environmental claims. A product liability claim, judgment or recall against our customers could also result in substantial and unexpected expenditures for us, affect confidence in our products or services and divert management's attention from other responsibilities. Although we maintain product liability insurance, there can be no assurance that the type or level of coverage is adequate or that we will be able to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product recall or a partially or completely uninsured judgment against us could have a material adverse effect on our business, financial condition and results of operation.

Many of the products we sell have "long-tail" exposures, giving rise to liabilities many years after their sale and use. Insurance purchased at the time of sale may not be available when costs arise in the future and producers may no longer be available to provide indemnification.

## **International Market Risk**

***Our results of operations could suffer if we are unable to expand into new geographic markets or manage the various risks related to our international activities.***

Our profitability and longer-term success may be adversely affected if we fail to continue to expand our penetration in certain foreign markets and to enter new and emerging foreign markets. The profitability of our international operations will largely depend on our continued success in the following areas:

- securing key producer relationships to help establish our presence in international markets;
- hiring and training personnel capable of supporting producers and our customers and managing operations in foreign countries;
- localizing our business processes to meet the specific needs and preferences of foreign producers and customers;
- building our reputation and awareness of our services among foreign producers and customers; and
- implementing new financial, management information and operational systems, procedures and controls to monitor our operations in new markets effectively, without causing undue disruptions to our operations and customer and producer relationships.

In addition, we are subject to risks associated with operating in foreign countries, including:

- varying and often unclear legal and regulatory requirements that may be subject to inconsistent or disparate enforcement, particularly regarding environmental, health and safety issues and security or other certification requirements, as well as other laws and business practices that favor local competitors, such as exposure to possible expropriation, nationalization, restrictions on investments by foreign companies or other governmental actions;
- less stable supply sources;
- competition from existing market participants that may have a longer history in and greater familiarity with the foreign markets where we operate;
- tariffs, export duties, quotas and other barriers to trade; as well as possible limitations on the conversion of foreign currencies into US dollars or remittance of dividends and other payments by our foreign subsidiaries;
- divergent labor regulations and cultural expectations regarding employment and agency;



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- different cultural expectations regarding industrialization, international business and business relationships;
- foreign taxes and related regulations, including foreign taxes that we may not be able to offset against taxes imposed upon us in the US, and foreign tax and other laws limiting our ability to repatriate earnings to the US;
- extended payment terms and challenges in our ability to collect accounts receivable;
- changes in a specific country's or region's political or economic conditions;
- compliance with anti-bribery laws such as the US Foreign Corrupt Practices Act, the UK Bribery Act and similar anti-bribery laws in other jurisdictions, the violation of which could expose us to severe criminal or civil sanctions; and
- compliance with anti-boycott, privacy, economic sanctions, anti-dumping, antitrust, import and export laws and regulations by our employees or intermediaries acting on our behalf, the violation of which could expose us to significant fines, penalties or other sanctions.

### ***Fluctuations in currency exchange rates may adversely affect our results of operations.***

We have sizable sales and operations in Canada, Europe, Middle East, Africa, Asia, and Latin America. We report our consolidated results in US dollars and the results of operations and the financial position of our local operations are generally reported in the relevant local currencies and then translated into US dollars at the applicable exchange rates. As a result, our financial performance is impacted by currency fluctuations. For additional details on our currency exposure and risk management practices, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of this Annual Report on Form 10-K.

### **Employee and Benefit Plan Risk**

#### ***Negative developments affecting our pension and multi-employer pension plans in which we participate may occur.***

We operate a number of pension and post-retirement plans for our employees and have obligations with respect to several multi-employer pension plans sponsored by labor unions in the US. The terms of these plans vary from country to country. The recognition of costs and liabilities associated with the pension and postretirement plans is affected by assumptions made by management and used by actuaries engaged by us to calculate the benefit obligations and the expenses recognized for these plans. The inputs used in developing the required estimates are calculated using a number of assumptions, which represent management's best estimate of the future. The assumptions that have the most significant impact on costs and liabilities are the discount rate, the estimated long-term return on plan assets for the funded plans, retirement rates, and mortality rates. Changes to the funded status of our pension plans as a result of updates to actuarial assumptions and actual experience that differs from our estimates are recognized as gains or losses in the period incurred under our "mark to market" accounting policy, and could result in a requirement for additional funding.

As of December 31, 2020, our pension plans were underfunded by \$228.9 million and our unfunded postretirement plan liabilities were approximately \$1.6 million. In recent years, declining interest rates have negatively impacted the funded status of our pension and postretirement plans. If the interest rates continue to decline, funding requirements for our pension plans may become more significant. If our cash flows and capital resources are insufficient to fund our obligations under these pension and postretirement plans, we could be forced to reduce or delay investments and capital expenditures, seek additional capital, or incur indebtedness.

The union sponsored multi-employer pension plans in which we participate are also underfunded, including the substantially underfunded Central States, Southeast and Southwest Areas Pension Plan, which have liabilities that exceed its assets. Often, this requires us to make substantial withdrawal liability payments when we close a facility covered by one of these plans, which could hinder our ability to make otherwise appropriate management decisions to operate as efficiently as possible.

#### ***A portion of our workforce is unionized and labor disruptions could decrease our profitability.***

As of December 31, 2020, approximately 24% of our labor force is covered by a collective bargaining agreement, including approximately 12%, 46% and 23% of our labor force in the US, Europe and Canada, respectively. Approximately 4% of our labor force is covered by a collective bargaining agreement that will expire within one year. These arrangements grant certain protections to employees and subject us to employment terms that are similar to collective bargaining agreements. We cannot guarantee that we will be able to negotiate these or other collective bargaining agreements or arrangements with works councils on the same or more favorable terms as the current agreements or arrangements, or at all, and without interruptions, including labor stoppages at the facility or facilities subject to any particular agreement or arrangement. A prolonged labor dispute, which could include a work stoppage, could have a material adverse effect on our business, financial condition and results of operations.



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### **Risks Related to Our Common Stock**

*Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.*

Our Certificate of Incorporation and Bylaws include a number of provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. For example, our Certificate of Incorporation and By-laws currently:

- authorize the issuance of “blank check” preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- limit the ability of stockholders to remove directors; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt or before our Board becomes fully declassified, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. Our Certificate of Incorporation and By-laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

### **General Risk Factors**

*Our business is subject to additional general regulatory requirements, which increase our cost of doing business, could result in claims and enforcement actions, and could restrict our business in the future.*

Our general business operations are subject to a broad spectrum of international, federal, state, and local laws and regulations, including, without limitation, those relating to antitrust, environmental, food and drug, labor and human resources, tax, trade compliance, unclaimed property, transportation, anti-bribery, banking and treasury, privacy and data protection (including the European Union's General Data Protection Regulation), among others. These laws and regulations add cost to our conduct of business and could, in some instances, result in claims or enforcement actions or could reduce our ability to pursue business opportunities. Any changes in the laws and regulations applicable to us, the enactment of any additional laws or regulations, or the failure to comply with, or increased enforcement activity of, such laws and regulations, could significantly impact our products and services and have a material adverse effect on our business, financial condition and results of operations. Additionally, governmental agencies may refuse to grant or renew our operating licenses and permits.

*We are exposed to litigation and other legal and regulatory actions and risks in the ordinary course of our business, and we could incur significant liabilities and substantial legal fees.*

We are subject to the risk of litigation, other legal claims and proceedings, and regulatory enforcement actions in the ordinary course of our business. Also, there may be safety or personal injury risks related to our products which are not known today. The results of legal proceedings cannot be predicted with certainty. We cannot guarantee that the results of current or future legal proceedings will not materially harm our business, reputation or brand, nor can we guarantee that we will not incur losses in connection with current or future legal proceedings that exceed any provisions we may have set aside in respect of such proceedings or that exceed any applicable insurance coverage. The occurrence of any of these events could have a material adverse effect on our business, financial condition or results of operations.

*We depend on a limited number of key personnel who would be difficult to replace. If we lose the services of these individuals, or are unable to attract new talent, our business will be adversely affected.*

We depend upon the ability and experience of a number of our executive management and other key personnel who have substantial experience with our operations, the chemicals and chemical distribution industries and the selected markets in which we operate. The loss of the services of one or a combination of our senior executives or key employees could have a material adverse effect on our results of operations. We also might suffer an additional impact on our business if one of our senior executives or key employees is hired by a competitor.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

### **ITEM 2. PROPERTIES**

Our principal executive office is located in Downers Grove, Illinois under a lease expiring in June 2024. As of December 31, 2020, we had 322 locations in the US in 47 states and 310 locations outside of the US in 30 countries. Our



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warehouse facilities are nearly equally comprised of owned, leased and third party warehouses and our office space is generally leased. Our facilities focus on the storing, repackaging and blending of chemicals and ingredients for distribution. Such facilities do not require substantial investments in equipment, can be opened fairly quickly and replaced with little disruption. As such, we believe that none of our facilities on an individual basis is material to the operation of our business.

### **ITEM 3. LEGAL PROCEEDINGS**

See “Note 21: Commitments and contingencies” in Item 8 of this Annual Report on Form 10-K for information regarding legal proceedings, the content of which is incorporated by reference to this Item 3.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.



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**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information for Common Stock**

Our common stock is listed on the New York Stock Exchange under the symbol UNVR.

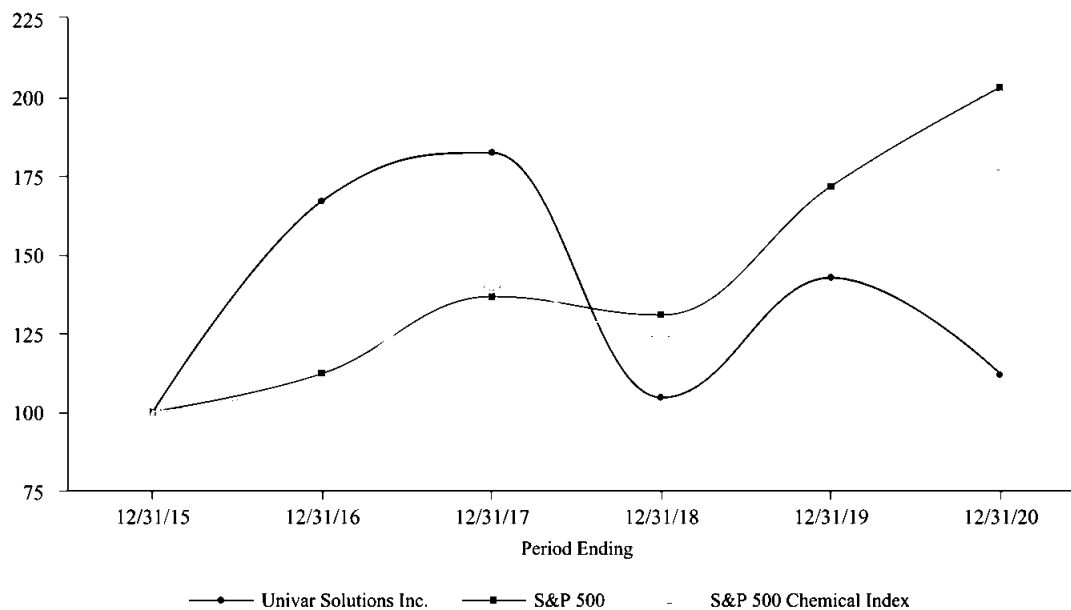
**Holders of Record**

As of December 31, 2020, there were 11 holders of our Common Stock, as determined by counting our record holders and the number of participants reflected in a security position listing provided to us by the Equiniti Trust Company (EQ). Because such EQ participants are brokers and other institutions holding shares of our Common Stock on behalf of their customers, we do not know the actual number of unique shareholders represented by these record holders.

**Stock Performance**

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend reinvested basis, for the Company, the S&P 500 and the S&P 500 Chemical Index from December 31, 2015 through December 31, 2020. The graph assumes \$100 was invested in each of the Company's common stock, the S&P 500 and S&P 500 Chemical Index as of the market close on December 31, 2015. Note that historic stock price performance is not necessarily indicative of future stock price performance.

**Comparison of Cumulative Return  
Assumes Initial Investment of \$100**



	December 31,					
	2015	2016	2017	2018	2019	2020
Univar Solutions Inc.	\$ 100	\$ 167	\$ 182	\$ 104	\$ 143	\$ 112
S&P 500	100	112	136	130	171	203
S&P 500 Chemical Index	100	110	140	123	150	178



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**Dividend Policy**

We have never declared or paid any cash dividend on our common stock. We currently intend to retain any future earnings and we have no current plans to pay dividends in the near future. In addition, our credit facilities contain limitations on our ability to pay dividends.

**ITEM 6. SELECTED FINANCIAL DATA**

This “Selected Financial Data” should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements and related notes included in Item 8 of this Annual Report on Form 10-K.

(in millions, except per share data)	Year ended December 31,				
	2020	2019 <sup>(1)</sup>	2018	2017	2016
<b>Consolidated Statements of Operations</b>					
Net sales	\$ 8,265.0	\$ 9,286.9	\$ 8,632.5	\$ 8,253.7	\$ 8,073.7
Operating income <sup>(2)</sup>	282.2	187.3	387.4	338.0	138.4
Net income (loss) from continuing operations	52.9	(105.6)	172.3	119.8	(68.4)
Net income (loss)	52.9	(100.2)	172.3	119.8	(68.4)
Income (loss) per common share from continuing operations – diluted	0.31	(0.64)	1.21	0.85	(0.50)
Income (loss) per common share – diluted	0.31	(0.61)	1.21	0.85	(0.50)
<b>Consolidated Balance Sheet</b>					
Cash and cash equivalents	\$ 386.6	\$ 330.3	\$ 121.6	\$ 467.0	\$ 336.4
Total assets	6,355.0	6,494.8	5,272.4	5,732.7	5,389.9
Long-term liabilities	3,155.7	3,312.6	2,746.1	3,223.2	3,240.5
Stockholders’ equity	1,792.3	1,732.8	1,191.7	1,090.1	809.9
<b>Other Financial Data</b>					
Cash provided by operating activities <sup>(3)</sup>	\$ 226.9	\$ 363.9	\$ 289.9	\$ 282.6	\$ 450.0
Cash used by investing activities	(41.3)	(433.1)	(99.0)	(79.1)	(136.0)
Cash (used) provided by financing activities <sup>(3)</sup>	(140.0)	295.2	(518.3)	(112.4)	(166.5)
Capital expenditures	111.3	122.5	94.6	82.7	90.1
Adjusted EBITDA <sup>(2)(4)</sup>	635.8	704.2	640.4	593.8	547.4
Adjusted EBITDA margin <sup>(2)(4)</sup>	7.7 %	7.6 %	7.4 %	7.2 %	6.8 %

- (1) Effective January 1, 2019, the Company adopted ASU 2016-02 “Leases” (Topic 842) by applying the new guidance to all leases existing at the date of initial application and not restating prior year amounts. On February 28, 2019, the Company completed the Nexeo acquisition. See “Note 3: Business combinations.”
- (2) Operating income, Adjusted EBITDA and Adjusted EBITDA margin were restated for 2017 and prior to reflect the adoption of ASU 2017-07 “Compensation - Retirement Benefits” (Topic 715) - “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” which the Company adopted on January 1, 2018.
- (3) Cash provided by operating activities and cash (used) provided by financing activities were restated for 2017 and prior to reflect the adoption of ASU 2016-15 “Statement of Cash Flows” (Topic 230) - “Classification of Certain Cash Receipts and Cash Payments,” which the Company adopted on January 1, 2018.
- (4) Non-GAAP financial measures. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this Annual Report on Form 10-K for further discussion and reconciliation to the most comparable GAAP financial measure. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales.

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is based on financial data derived from the financial statements prepared in accordance with the United States (“US”) generally accepted accounting principles (“GAAP”) and certain other financial data that is prepared using non-GAAP measures. For a reconciliation of each non-GAAP financial measure to its most comparable GAAP measure, see “Analysis of Segment Results” within this Item and “Note 23: Segments” to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K. Refer to “Non-GAAP Financial Measures” within this Item for more information about our use of Non-GAAP financial measures.*



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*Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flow. This section of this Annual Report on Form 10-K discusses year-to-year comparisons between 2020 and 2019. Discussions of year-to-year comparisons between 2019 and 2018 that are not included in this Annual Report on Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 25, 2020, which is incorporated herein by reference.*

### **Overview**

Univar Solutions Inc. is a leading global chemical and ingredient distributor and provider of value-added services to customers across a wide range of diverse industries. We purchase chemicals from thousands of chemical producers worldwide and warehouse, repackage, blend, dilute, transport and sell those chemicals to more than 100,000 customer locations across approximately 125 countries.

Our operations are structured into four reportable segments that represent the geographic areas under which we operate and manage our business. These segments are Univar Solutions USA ("USA"), Univar Solutions Canada ("Canada"), Univar Solutions Europe and the Middle East and Africa ("EMEA"), and Univar Solutions Latin America ("LATAM"), which includes developing businesses in Latin America (including Brazil and Mexico) and the Asia-Pacific region. Prior to its renaming in 2019, LATAM was previously referred to as "Rest of World."

### **Recent Developments and Items Impacting Comparability**

On February 28, 2019, we completed the acquisition of 100% of the equity interest of Nexeo, a leading global chemicals and plastics distributor. The acquisition expands and strengthens Univar Solutions' presence in North America and provides expanded opportunities to create the largest North American sales force in chemical and ingredients distribution and the broadest product offering. On March 29, 2019, the Company completed the sale of the Nexeo plastics distribution business which is presented as a discontinued operation in the Company's results of operations for the year ended December 31, 2019.

On December 31, 2019, we sold our Environmental Sciences business. The sale of the business did not meet the criteria to be classified as a discontinued operations in the Company's financial statements.

On September 1, 2020, we sold our industrial spill and emergency response businesses and on November 30, 2020, we sold our Canadian Agriculture services business. The sale of these businesses did not meet the criteria to be classified as discontinued operations in the Company's financial statements.

On December 18, 2020, we acquired a business of Tech Chem, a leading distributor of specialty silicone solutions used primarily for coatings, adhesives, sealants, and elastomers (CASE) market within the China marketplace.

At the beginning of the fourth quarter of 2020, the Company decided to wind down its Canadian Agriculture wholesale distribution business, which was operationally completed by December 31, 2020 when all of the inventory had been sold.

### **Market Conditions and Outlook**

We sell chemicals that are used in manufacturing processes and as components of or ingredients in other products. Our sales are correlated with and affected by fluctuations in the levels of industrial production, manufacturing output, and general economic activity. The level of industrial production, which tends to decline in the fourth quarter of each year, can impact our sales.

Certain of our end markets experience seasonal fluctuations, which also affect our net sales and results of operations. For example, our sales to the agricultural end market, particularly in Canada, tend to peak in the second quarter in each year, depending in part on weather-related variations in demand for agricultural chemicals. Sales to other end markets such as paints and coatings may also be affected by changing seasonal weather conditions, the construction industry and automotive production. Demand for our oil, gas and mining products and services is affected by factors such as the level of exploration, drilling, development and production activity of, and the corresponding capital spending by, oil, gas and mining companies and oilfield service providers, and trends in oil, gas and mineral prices.

### **COVID-19**

We continue to monitor the current and expected future impact of the COVID-19 pandemic on our global business. The full financial impact of the COVID-19 pandemic on global economic conditions, as well as our business, remains unknown at this time and will depend on the duration of government restrictions, including travel restrictions, quarantines, shelter in place orders and shutdowns, and the duration of the economic slowdown and nature and timing of a recovery. Our top priority is the safety and health of employees, customers, and suppliers. We activated a global, cross-functional response team, which is closely monitoring the situation and implementing additional safety measures to help ensure the well-being of the Company's employees, customers and suppliers, minimize disruptions and provide for the safe and reliable supply of chemicals and ingredients. The Company has implemented recommended policies and practices to help protect our workforce so they can



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safely and effectively carry out their essential work. As government restrictions are lifted or reinstated in the different jurisdictions where we operate, we are implementing agile worksite plans that can adapt to changing circumstances and help maximize the safety of our employees. As part of these plans, employees who are reasonably able to work remotely are increasingly utilizing a hybrid working model with some days being spent working from a Company office and other days being spent working from a remote location, which is often a person's home. The Company is following guidelines from global health experts and has taken additional precautionary steps to help protect our employees working in our distribution centers and other worksites.

As of the date of this filing, the Company's global distribution centers continue to be operational and supplying products that help preserve essential businesses and infrastructure. This includes providing products and services that are essential for maintaining clean drinking water, waste water treatment and home, industrial and health care facility sanitization and that are used in the manufacturing of food and pharmaceuticals.

We are actively monitoring key product availability, remaining up to date with the current status of our primary modes of transportation and staying up to date with current port operating statuses. We continue to stay connected with our customers to understand impacts on their operations, including whether operations remain open with no change or reduced operations or if operations have closed and whether closure is temporary or permanent. The primary impacts of the COVID-19 pandemic and the current economic events on our end markets are as follows:

*Industrial Solutions (30%)* – Full-year business impact was down high single digits due largely to the shutdown in automotive at the start of the COVID-19 pandemic. Business performance suffered as well in industrial coatings and related chemistries as capital investment was halted in key markets. Declines were partially offset by the sale of cleaning related agents for household cleaning and DIY products which provided a lift in the second half of the year with net growth in the fourth quarter.

*Consumer Solutions (20%)* – Performance for the year exceeded prior year by mid-single digits largely from pharmaceuticals. Demand for vitamins, supplements and general pharmaceuticals were supported by product-line expansion and by leveraging our unique position in selling key solvents within the industry. Personal care was impacted by retail closures in the second quarter, but saw double digit growth in the second half of the year. Similarly, food demand declined due to systemic shutdowns in the food services industry, with some offsets in the retail and prepared foods markets.

*General Industrial (30%)* – Business performance was down high single digits for the year, largely due to COVID-19 related shutdowns. First quarter and fourth quarter performance were flat to prior year, with the middle half of the year down double digits. Chemical manufacturing saw a return to activity in the third quarter while lumber, pulp & paper and transportation remained depressed. Water related chemistries performed well as we strengthened our position in the marketplace.

*Services and Other Markets (12%)* – The services business has exposure to the energy, automotive and aerospace industries. Second half of the year performance improved over the first half as industrial activity returned on a limited basis leaving performance down mid-single digits for the year.

*Refining & Chemical Processing (8%)* – Volume and profitability were down double digits for 2020, due to widespread reductions in oil and gas extraction and processing. The upstream business stabilized during the year but is down double digits for the year compared to prior year. Downstream and refining activity showed improvement over the second half of the year.

The Company took steps to maintain sufficient cash and additional credit availability in recognition of the increased risk and uncertainty related to the COVID-19 pandemic and challenging macroeconomic headwinds during 2020. See "Liquidity and Capital Resources" in Item 7 of this Annual Report on Form 10-K for a discussion on our liquidity. In anticipation of ongoing challenges, the Company carefully managed its working capital and realized cost reductions to maintain financial health while continuing to help serve supplier and customer needs. Cash outflows related to operating expenses decreased due to lower travel and event costs, overtime and temporary labor, as well as hiring freezes, elimination of certain workforce positions and delays of some discretionary annual merit increases, temporary furloughs to match changes in demand in certain locations and deferral of certain capital project spending. We will continue to monitor customer activity and match our workforce with demand to the extent possible, as we plan for these risks and uncertainties into the next year.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law and it provides for certain tax law changes. See "Results of Operations" within Item 7 of this Annual Report on Form 10-K for further information. See also, "Note 9: Income taxes" in Item 8 of this Annual Report on Form 10-K where the impact of the law change, a benefit of \$12.8 million, is included in the \$69.3 million benefit from "Change in valuation allowance, net."



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The current business environment and quickly evolving market conditions require significant management judgment to interpret and quantify the potential impact on our assumptions about future operating cash flows. To the extent changes in the current business environment impact our ability to achieve levels of forecasted operating results and cash flows, if our stock price were to trade below book value per share for an extended period of time and/or should other events occur indicating the carrying value of our assets might be impaired, we may be required to recognize impairment losses on goodwill, intangible and tangible assets.

See “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K for further information of the possible impact of the COVID-19 pandemic on our business.

### **Executive Summary**

Management is focused, in the near and long term, on the following priorities:

- growth by improving margins through value-based pricing, mix enrichment, divesting non-core chemical businesses and warehouse and logistics productivity;
- globalizing industrial and consumer solutions by delivering technical and application development excellence through our global network of Solutions Centers;
- growth by increasing share through sales force effectiveness while leveraging scale and improving customer satisfaction;
- investing in, and continued advancement, of our digital capabilities, bringing value to customers and suppliers as we work to attain our goal of being the easiest to do business with;
- growing the market through new product authorizations and strategic partners;
- network optimization, as we progress with the integration of Nexeo, continuing to realize synergy cost savings;
- continuing to successfully achieve important Systems Integration milestones;
- delivering on our commitment to focus on our core chemical and ingredient businesses through strategic divestitures and acquisitions globally; and
- advancing our Streamline 2022 (S22) goals to reduce leverage below 3.0x by the end of 2021 and improve Adjusted EBITDA Margins to 9% by the end of 2022.

### **Constant Currency**

Currency impacts on consolidated and segment results have been derived by translating current period financial results in local currency using the average exchange rate for the prior period to which the financial information is being compared. We believe providing constant currency information, which information is considered non-GAAP, provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency by applying the foreign currency exchange rate from the prior period to the local currency results for the current period.



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## Results of Operations

### Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

(in millions)	Year ended December 31,				Favorable (unfavorable)	% Change
	2020		2019			
Net sales	\$ 8,265.0	100.0 %	\$ 9,286.9	100.0 %	\$ (1,021.9)	(11.0)%
Cost of goods sold (exclusive of depreciation)	6,262.8	75.8 %	7,146.1	76.9 %	883.3	(12.4)%
Operating expenses:						
Outbound freight and handling	344.4	4.2 %	364.8	3.9 %	20.4	(5.6)%
Warehousing, selling and administrative	1,022.3	12.4 %	1,068.8	11.5 %	46.5	(4.4)%
Other operating expenses, net	90.2	1.1 %	298.2	3.2 %	208.0	(69.8)%
Depreciation	162.9	2.0 %	155.0	1.7 %	(7.9)	5.1 %
Amortization	60.0	0.7 %	59.7	0.6 %	(0.3)	0.5 %
Impairment charges	40.2	0.5 %	7.0	0.1 %	(33.2)	474.3 %
Total operating expenses	\$ 1,720.0	20.8 %	\$ 1,953.5	21.0 %	\$ 233.5	(12.0)%
Operating income	\$ 282.2	3.4 %	\$ 187.3	2.0 %	\$ 94.9	50.7 %
Other (expense) income:						
Interest income	2.1	— %	7.7	0.1 %	(5.6)	(72.7)%
Interest expense	(114.5)	(1.4)%	(147.2)	(1.6)%	32.7	(22.2)%
(Loss) gain on sale of business	(50.6)	(0.6)%	41.4	0.4 %	(92.0)	N/M
Loss on extinguishment of debt	(1.8)	— %	(19.8)	(0.2)%	18.0	(90.9)%
Other expense, net	(58.4)	(0.7)%	(70.5)	(0.8)%	12.1	(17.2)%
Total other expense	\$ (223.2)	(2.7)%	\$ (188.4)	(2.0)%	\$ (34.8)	18.5 %
Income (loss) from continuing operations before income taxes	59.0	0.7 %	(1.1)	— %	60.1	N/M
Income tax expense from continuing operations	6.1	0.1 %	104.5	1.1 %	98.4	(94.2)%
Net income (loss) from continuing operations	\$ 52.9	0.6 %	\$ (105.6)	(1.1)%	\$ 158.5	N/M
Net (loss) income from discontinued operations	—	— %	5.4	0.1 %	(5.4)	(100.0)%
Net income (loss)	\$ 52.9	0.6 %	\$ (100.2)	(1.1)%	\$ 153.1	N/M

#### *Net sales*

Net sales were \$8,265.0 million in the year ended December 31, 2020, a decrease of \$1,021.9 million, or 11.0%, from the year ended December 31, 2019. Net sales decreased due to lower demand in the global industrial end markets, the Environmental Sciences divestiture and price deflation. The decrease was partially offset by higher demand for our products in certain essential end markets and the February 2019 Nexeo acquisition in USA, Canada and LATAM segments. Refer to the “Analysis of Segment Results” for additional information.

#### *Gross profit (exclusive of depreciation)*

Gross profit (exclusive of depreciation) decreased \$138.6 million, or 6.5%, to \$2,002.2 million for the year ended December 31, 2020. The decrease in gross profit (exclusive of depreciation) was attributable to lower sales volumes in USA, Canada and EMEA segments due to soft demand across most industrial end markets and the Environmental Sciences divestiture. The decrease was partially offset by favorable changes in product mix from essential end markets. Gross margin increased from 23.1% for the year ended December 31, 2019 to 24.2% for the year ended December 31, 2020. Refer to the “Analysis of Segment Results” for additional information.

#### *Outbound freight and handling*

Outbound freight and handling expenses decreased \$20.4 million, or 5.6%, to \$344.4 million for the year ended December 31, 2020, primarily due to lower sales volumes. On a constant currency basis, outbound freight and handling expenses decreased \$19.5 million, or 5.3%. Refer to the “Analysis of Segment Results” for additional information.



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### *Warehousing, selling and administrative*

Warehousing, selling and administrative expenses decreased \$46.5 million, or 4.4%, to \$1,022.3 million for the year ended December 31, 2020. On a constant currency basis, the \$40.7 million decrease is primarily due to cost reduction measures across all of our segments. The decrease was partially offset by higher insurance and legal expenses and higher bad debt charges. Refer to the “Analysis of Segment Results” for additional information.

### *Other operating expenses, net*

Other operating expenses, net decreased \$208.0 million, or 69.8%, to \$90.2 million for the year ended December 31, 2020. The decrease was primarily due to lower acquisition and integration related expenses, the absence of the saccharin legal settlement, lower employee severance costs and stock-based compensation expense as well as the gain on sale of property, plant and equipment. Refer to “Note 6: Other operating expenses, net” in Item 8 of this Annual Report on Form 10-K for additional information.

### *Depreciation and amortization*

Depreciation expense increased \$7.9 million, or 5.1%, to \$162.9 million for the year ended December 31, 2020, primarily due to the February 2019 Nexeo acquisition.

Amortization expense increased \$0.3 million, or 0.5%, to \$60.0 million for the year ended December 31, 2020, primarily attributable to the February 2019 Nexeo acquisition.

### *Impairment charges*

Impairment charges of \$40.2 million were recorded in the year ended December 31, 2020 related to property, plant and equipment in connection with the Company's decision to cease further investment in, and seek to restructure or exit a contract related to, certain technology assets within the Other segment as well as intangibles and property, plant and equipment in connection with the sale of the industrial spill and emergency response businesses within the USA segment and the announced closure of certain production facilities. Refer to “Note 16: Impairment charges” in Item 8 of this Annual Report on Form 10-K for additional information.

### *Interest expense*

Interest expense decreased \$32.7 million, or 22.2%, to \$114.5 million for the year ended December 31, 2020, primarily due to lower average outstanding borrowings as well as lower interest rates. Refer to “Note 18: Debt” in Item 8 of this Annual Report on Form 10-K for additional information.

### *Loss (gain) on sale of business*

A loss of \$50.6 million was recorded in the year ended December 31, 2020 related to the sale of the industrial spill and emergency response businesses as well as the Canadian Agriculture services business which were completed during 2020. The loss also related to a working capital adjustment on the sale of the Environmental Sciences business, which was completed on December 31, 2019. A gain of \$41.4 million was recorded in the year ended December 31, 2019 related to the sale of the Environmental Sciences business. Refer to “Note 4: Discontinued operations and dispositions” in Item 8 of this Annual Report on Form 10-K for additional information.

### *Loss on extinguishment of debt*

Loss on extinguishment of debt of \$1.8 million for the year ended December 31, 2020 was driven by the partial prepayment of the Term B-3 Loan due 2024. The prior year period included a \$19.8 million loss which was due to the February and November 2019 debt refinancing and repayment activities.

### *Other expense, net*

Other expense, net decreased \$12.1 million, or 17.2%, to \$58.4 million for the year ended December 31, 2020. The change was primarily related to gains on undesignated foreign currency derivative instruments and foreign currency transactions as well as an increase in non-operating pension income. The change was partially offset by foreign currency denominated loans revaluation losses, losses on interest rate swaps and the increase in pension mark to market loss. Refer to “Note 8: Other expense, net” in Item 8 of this Annual Report on Form 10-K for additional information.

### *Income tax expense from continuing operations*

Income tax expense was \$6.1 million for the year ended December 31, 2020, resulting in an effective income tax rate of 10.3%, compared to the US federal statutory rate of 21.0%. The Company's effective income tax rate for the year ended December 31, 2020 was lower than the US federal statutory rate of 21.0%, primarily due to 2019 return to provision adjustments and the release of valuation allowances on previously non-deductible interest impacted by the CARES Act, offset by US income tax on foreign earnings.



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Income tax expense was \$104.5 million for the year ended December 31, 2019, resulting in an effective income tax rate of (9500.0)%. The Company's effective income tax rate for the year ended December 31, 2019 was higher than the US federal statutory rate of 21.0%, primarily due to increased international tax impacts, including those related to US tax reform and transactions with foreign subsidiaries, tax gain in excess of book gain on the sale of the Environmental Sciences business and nondeductible expenses, including the Saccharin legal settlement, the Nexeo shareholder settlement and state taxes. These increases to the effective income tax rate are partially offset by the release of valuation allowances on certain tax attributes.

*Net income from discontinued operations*

Net income from discontinued operations for 2019 represents one month of the Nexeo plastics distribution business. Refer to "Note 4: Discontinued operations and dispositions" in Item 8 of this Annual Report on Form 10-K for additional information.

**Results of Reportable Business Segments**

The Company's operations are structured into four reportable segments that represent the geographic areas under which we operate and manage our business. Management believes Adjusted EBITDA is an important measure of operating performance, which is used as the primary basis for the chief operating decision maker to evaluate the performance of each of our reportable segments. We believe certain other financial measures that are not calculated in accordance with US GAAP provide relevant and meaningful information concerning the ongoing operating results of the Company. These financial measures include gross profit (exclusive of depreciation), adjusted gross profit (exclusive of depreciation), gross margin and adjusted gross margin. Such non-GAAP financial measures are used from time to time herein but should not be viewed as a substitute for GAAP measures of performance. See "Note 23: Segments" in Item 8 of this Annual Report on Form 10-K and "Analysis of Segment Results" within this Item for additional information.

**Analysis of Segment Results**

*USA*

<i>(in millions)</i>	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Net sales:				
External customers	\$ 5,006.2	\$ 5,828.5	\$ (822.3)	(14.1)%
Inter-segment	81.2	100.2	(19.0)	(19.0)%
Total net sales	\$ 5,087.4	\$ 5,928.7	\$ (841.3)	(14.2)%
Cost of goods sold (exclusive of depreciation)	3,829.1	4,550.9	721.8	(15.9)%
Inventory step-up adjustment <sup>(1)</sup>	—	5.3	(5.3)	(100.0)%
Outbound freight and handling	239.3	254.6	15.3	(6.0)%
Warehousing, selling and administrative	625.8	673.8	48.0	(7.1)%
Adjusted EBITDA	\$ 393.2	\$ 454.7	\$ (61.5)	(13.5)%

<i>(in millions)</i>	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Gross profit (exclusive of depreciation):				
Net sales	\$ 5,087.4	\$ 5,928.7	\$ (841.3)	(14.2)%
Cost of goods sold (exclusive of depreciation)	3,829.1	4,550.9	721.8	(15.9)%
Gross profit (exclusive of depreciation)	\$ 1,258.3	\$ 1,377.8	\$ (119.5)	(8.7)%
Inventory step-up adjustment <sup>(1)</sup>	—	5.3	(5.3)	(100.0)%
Adjusted gross profit (exclusive of depreciation) <sup>(1)</sup>	\$ 1,258.3	\$ 1,383.1	\$ (124.8)	(9.0)%

(1) See definition of adjusted gross profit (exclusive of depreciation) at the end of this Item under "Non-GAAP Financial Measures." Adjusted gross profit (exclusive of depreciation) excludes the inventory fair value step-up adjustment resulting from our February 2019 Nexeo acquisition.

External sales in the USA segment were \$5,006.2 million, a decrease of \$822.3 million, or 14.1%, in the year ended December 31, 2020. The decrease in external net sales was primarily related to lower energy and industrial end market demand, the Environmental Sciences divestiture and price deflation on certain products partially offset by higher demand for our products in certain essential end markets and the February 2019 Nexeo acquisition.



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Gross profit (exclusive of depreciation) decreased \$119.5 million, or 8.7%, to \$1,258.3 million in the year ended December 31, 2020, primarily due to lower sales volumes due to soft demand across most industrial and energy end markets and the Environmental Sciences divestiture. Gross margin increased from 23.6% for the year ended December 31, 2019 to 25.1% for the year ended December 31, 2020. The increase was primarily related to favorable changes in product mix from essential end markets.

Outbound freight and handling expenses decreased \$15.3 million, or 6.0%, to \$239.3 million in the year ended December 31, 2020, primarily due to lower sales volumes.

Warehousing, selling and administrative expenses decreased \$48.0 million, or 7.1%, to \$625.8 million in the year ended December 31, 2020, primarily due to the Environmental Sciences divestiture and cost reduction measures partially offset by higher insurance and legal expenses. Warehousing, selling and administrative expenses as a percentage of external sales increased from 11.6% in the year ended December 31, 2019 to 12.5% in the year ended December 31, 2020.

Adjusted EBITDA decreased by \$61.5 million, or 13.5%, to \$393.2 million in the year ended December 31, 2020 primarily as a result of lower demand for chemicals in most industrial and energy end markets and the Environmental Sciences divestiture, partially offset by higher demand for our products in certain essential end markets. Adjusted EBITDA margin increased from 7.8% in the year ended December 31, 2019 to 7.9% in the year ended December 31, 2020 primarily as a result of higher gross margin, partially offset by increased warehousing, selling and administrative expenses as a percentage of sales.

### EMEA

<u>(in millions)</u>	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Net sales:				
External customers	\$ 1,697.1	\$ 1,785.5	\$ (88.4)	(5.0)%
Inter-segment	3.1	3.3	(0.2)	(6.1)%
Total net sales	\$ 1,700.2	\$ 1,788.8	\$ (88.6)	(5.0)%
Cost of goods sold (exclusive of depreciation)	1,274.4	1,363.9	89.5	(6.6)%
Outbound freight and handling	56.5	59.1	2.6	(4.4)%
Warehousing, selling and administrative	226.6	222.5	(4.1)	1.8 %
Adjusted EBITDA	\$ 142.7	\$ 143.3	\$ (0.6)	(0.4)%

<u>(in millions)</u>	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Gross profit (exclusive of depreciation):				
Net sales	\$ 1,700.2	\$ 1,788.8	\$ (88.6)	(5.0)%
Cost of goods sold (exclusive of depreciation)	1,274.4	1,363.9	89.5	(6.6)%
Gross profit (exclusive of depreciation)	\$ 425.8	\$ 424.9	\$ 0.9	0.2 %

External sales in the EMEA segment were \$1,697.1 million, a decrease of \$88.4 million, or 5.0%, in the year ended December 31, 2020. On a constant currency basis, external sales decreased \$99.8 million, or 5.6%, primarily due to lower sales volumes in most end markets, partially offset by strong demand for our products in certain essential end markets.

Gross profit (exclusive of depreciation) increased \$0.9 million, or 0.2%, to \$425.8 million in the year ended December 31, 2020. On a constant currency basis, gross profit (exclusive of depreciation) decreased \$3.1 million, or 0.7% primarily due to increased market pressures in the pharmaceutical finished goods product line and lower sales volumes. Gross margin increased from 23.8% in the year ended December 31, 2019 to 25.1% in the year ended December 31, 2020 primarily due to the favorable changes in product mix, including higher demand in certain essential end markets.

Outbound freight and handling expenses decreased \$2.6 million, or 4.4%, to \$56.5 million for the year ended December 31, 2020, driven by lower sales volumes.

Warehousing, selling and administrative expenses increased \$4.1 million, or 1.8%, to \$226.6 million in the year ended December 31, 2020. On a constant currency basis, warehousing, selling and administrative expenses increased \$1.1 million, or 0.5%, primarily due to higher variable compensation costs. As a percentage of external sales, warehousing, selling and administrative expenses increased from 12.5% in the year ended December 31, 2019 to 13.4% in the year ended December 31, 2020.



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Adjusted EBITDA decreased by \$0.6 million, or 0.4%, to \$142.7 million in the year ended December 31, 2020. On a constant currency basis, Adjusted EBITDA decreased \$0.6 million, or 0.4%, primarily due to increased market pressures in the pharmaceutical finished goods product line, partially offset by demand for our products in certain essential end markets. Adjusted EBITDA margin increased from 8.0% in the year ended December 31, 2019 to 8.4% in the year ended December 31, 2020 primarily as a result of higher gross margin.

### Canada

(in millions)	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Net sales:				
External customers	\$ 1,110.7	\$ 1,217.8	\$ (107.1)	(8.8)%
Inter-segment	2.5	6.2	(3.7)	(59.7)%
Total net sales	\$ 1,113.2	\$ 1,224.0	\$ (110.8)	(9.1)%
Cost of goods sold (exclusive of depreciation)	898.1	990.3	92.2	(9.3)%
Outbound freight and handling	38.9	41.9	3.0	(7.2)%
Warehousing, selling and administrative	86.5	91.6	5.1	(5.6)%
Adjusted EBITDA	\$ 89.7	\$ 100.2	\$ (10.5)	(10.5)%

(in millions)	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Gross profit (exclusive of depreciation):				
Net sales	\$ 1,113.2	\$ 1,224.0	\$ (110.8)	(9.1)%
Cost of goods sold (exclusive of depreciation)	898.1	990.3	92.2	(9.3)%
Gross profit (exclusive of depreciation)	\$ 215.1	\$ 233.7	\$ (18.6)	(8.0)%

External sales in the Canada segment were \$1,110.7 million, a decrease of \$107.1 million, or 8.8%, in the year ended December 31, 2020. On a constant currency basis, external sales decreased \$95.3 million, or 7.8%, primarily related to the Environmental Sciences divestiture, lower demand from Canada's energy sector and price deflation on certain products. The decrease was partially offset by higher demand for our products in certain essential end markets and the February 2019 Nexeo acquisition.

Gross profit (exclusive of depreciation) decreased \$18.6 million, or 8.0%, to \$215.1 million in the year ended December 31, 2020. On a constant currency basis, gross profit (exclusive of depreciation) decreased \$16.3 million, or 7.0%, primarily due to the Environmental Sciences divestiture, unfavorable changes in product mix resulting from the Canadian Agriculture wholesale distribution exit and lower demand from Canada's energy sector, partially offset by favorable changes in product mix from essential end markets. Gross margin increased from 19.2% in the year ended December 31, 2019 to 19.4% in the year ended December 31, 2020.

Outbound freight and handling expenses decreased \$3.0 million, or 7.2%, to \$38.9 million in the year ended December 31, 2020, primarily due to lower sales volumes.

Warehousing, selling and administrative expenses decreased by \$5.1 million, or 5.6%, to \$86.5 million in the year ended December 31, 2020. On a constant currency basis, warehousing, selling and administrative expenses decreased \$4.1 million, or 4.5%, primarily due to cost reduction measures. Warehousing, selling and administrative expenses as a percentage of external sales increased from 7.5% in the year ended December 31, 2019 to 7.8% in the year ended December 31, 2020.

Adjusted EBITDA decreased by \$10.5 million, or 10.5%, to \$89.7 million in the year ended December 31, 2020. On a constant currency basis, Adjusted EBITDA decreased \$9.6 million, or 9.6%, primarily as a result of unfavorable changes in product mix resulting from the Canadian Agriculture wholesale distribution exit, lower demand from Canada's energy sector and the Environmental Sciences divestiture, partially offset by favorable changes in product mix from essential end markets. Adjusted EBITDA margin decreased from 8.2% in the year ended December 31, 2019 to 8.1% in the year ended December 31, 2020.



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### LATAM

(in millions)	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Net sales:				
External customers	\$ 451.0	\$ 455.1	\$ (4.1)	(0.9)%
Total net sales <sup>(1)</sup>	\$ 451.0	\$ 455.1	\$ (4.1)	(0.9)%
Cost of goods sold (exclusive of depreciation)	348.0	350.7	2.7	(0.8)%
Outbound freight and handling	9.7	9.2	(0.5)	5.4%
Warehousing, selling and administrative	50.6	50.8	0.2	(0.4)%
Brazil VAT charge (recovery) <sup>(1)</sup>	0.3	(8.3)	(8.6)	(103.6)%
Adjusted EBITDA <sup>(1)</sup>	\$ 43.0	\$ 36.1	\$ 6.9	19.1%

(in millions)	Year ended December 31,		Favorable (unfavorable)	% Change
	2020	2019		
Gross profit (exclusive of depreciation):				
Net sales	\$ 451.0	\$ 455.1	\$ (4.1)	(0.9)%
Cost of goods sold (exclusive of depreciation)	348.0	350.7	2.7	(0.8)%
Gross profit (exclusive of depreciation) <sup>(1)</sup>	\$ 103.0	\$ 104.4	\$ (1.4)	(1.3)%
Brazil VAT charge (recovery) <sup>(1)</sup>	0.4	(9.7)	10.1	(104.1)%
Adjusted gross profit (exclusive of depreciation)	\$ 103.4	\$ 94.7	\$ 8.7	9.2%

(1) In 2020, net sales and gross profit (exclusive of depreciation) includes a \$0.4 million Brazil VAT charge. The charge of \$0.3 million, net of associated fees, is excluded from Adjusted EBITDA in 2020. In 2019, net sales and gross profit (exclusive of depreciation) include a \$9.7 million benefit related to a Brazil VAT recovery. The benefit of \$8.3 million, net of associated fees, is excluded from Adjusted EBITDA in 2019. See "Note 21: Commitments and contingencies" in Item 8 of this Annual Report on Form 10-K for further information regarding the Brazil VAT recovery for the year ended December 31, 2020.

External sales in the LATAM segment were \$451.0 million, a decrease of \$4.1 million, or 0.9%, in the year ended December 31, 2020. On a constant currency basis, external sales increased \$58.5 million, or 12.9%, primarily due to higher demand for our products in certain essential end markets, the February 2019 Nexeo acquisition and from contributions from the energy sector and Brazilian agriculture sector.

Gross profit (exclusive of depreciation) decreased \$1.4 million, or 1.3%, to \$103.0 million in the year ended December 31, 2020. On a constant currency basis, gross profit (exclusive of depreciation) increased \$16.4 million, or 15.7%, due to favorable changes in product and end market mix. Including the prior year Brazil VAT recovery, gross margin decreased from 22.9% for the year ended December 31, 2019 to 22.8% for the year ended December 31, 2020 and excluding the prior year Brazil VAT recovery, increased from 20.8% for the year ended December 31, 2019 to 22.9% for the year ended December 31, 2020.

Outbound freight and handling expenses increased \$0.5 million, or 5.4%, to \$9.7 million in the year ended December 31, 2020, primarily due to higher sales volumes.

Warehousing, selling and administrative expenses decreased \$0.2 million, or 0.4%, to \$50.6 million in the year ended December 31, 2020. On constant currency basis, warehousing, selling and administrative expenses increased \$7.7 million, or 15.2%, primarily due to higher variable compensation costs and higher bad debt charges. As a percentage of external sales, warehousing, selling and administrative expenses remained flat at 11.2%.

Adjusted EBITDA increased by \$6.9 million, or 19.1%, to \$43.0 million in the year ended December 31, 2020. On a constant currency basis, Adjusted EBITDA increased \$15.1 million, or 41.8%, primarily due to increased gross profit (exclusive of depreciation) due to higher demand for our products in certain essential end markets, the energy sector and the Brazilian agriculture sector. Adjusted EBITDA margin increased from 7.9% to 9.5% in the year ended December 31, 2019 when compared to December 31, 2020.

### Liquidity and Capital Resources

The Company's primary source of liquidity is cash generated from its operations and borrowings under our committed North American and European credit facilities ("facilities"). As of December 31, 2020, liquidity for the Company was approximately \$855.0 million, comprised of \$386.6 million of cash and cash equivalents and \$468.4 million available under our



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credit facilities. These facilities are guaranteed by certain significant subsidiaries and secured by such parties' eligible trade receivables and inventory with the maximum borrowing capacity under these credit facilities of \$1.5 billion and €200 million. Significant reductions in the Company's trade receivables and inventory would reduce our availability to access liquidity under these facilities. The Company has no active financial maintenance covenants in its credit agreements, however, there is a springing fixed charge coverage ratio ("FCCR") under the revolving credit facilities of 1.0x, applicable only if availability is less than or equal to 10% of the borrowing capacity. If the FCCR was applicable, the calculation would have been 4.5x as of December 31, 2020.

The Company's primary liquidity and capital resource needs are to service its debt and to finance operating expenses, working capital, capital expenditures, other liabilities, costs of integration and general corporate purposes. The majority of the Company's debt obligations mature in 2024 and beyond. Management continues to balance its focus on sales and earnings growth with continuing efforts in cost control and working capital management. In anticipation of ongoing, challenging macroeconomic headwinds, including the impact of the COVID-19 pandemic, the Company has been carefully managing its working capital and implementing operating cost reductions to maintain our financial health while continuing to help serve supplier and customer needs. The Company has significant working capital needs, although the Company has implemented several initiatives to improve its working capital and reduce the related financing requirements. The nature of the Company's business, however, requires the Company to maintain inventories that enable it to deliver products to fill customer orders. As of December 31, 2020, the Company maintained inventories of \$674.0 million, equivalent to approximately 38.3 days of sales.

Total debt as of December 31, 2020 was \$2,642.7 million, consisting of senior term loans, senior unsecured notes, asset backed loans, finance lease obligations and short-term financing. The Company's access to debt capital markets has historically provided the Company with sources of liquidity. We do not anticipate having difficulty in obtaining financing from those markets in the future with our history of favorable results in the debt capital markets and strong relationships with global financial institutions. However, the COVID-19 pandemic has caused disruption in the capital markets and could make financing more difficult and/or expensive to obtain in the short term. Additionally, our ability to continue to access the debt capital markets with favorable interest rates and other terms will depend, to a significant degree, on maintaining our current ratings assigned by the credit rating agencies. The Company may from time to time repurchase its debt or take other steps to reduce its debt or interest cost. These actions may include open market repurchases, negotiated repurchases or opportunistic refinancing of debt. The amount of debt, if any, that may be repurchased or refinanced will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations. On January 7, 2020, using the proceeds from the sale of the Environmental Sciences business, the Company repaid \$174.0 million of the Term B-3 Loan due 2024. Refer to "Note 18: Debt" in Item 8 of this Annual Report on Form 10-K for further information.

The Company's defined benefit pension plans had an underfunded status of \$228.9 million and \$234.4 million as of December 31, 2020 and 2019, respectively. Based on current projections of minimum funding requirements, we expect to make cash contributions of \$19.1 million to our defined benefit pension plans in 2021. The timing for any such requirement in future years is uncertain given the implicit uncertainty regarding the future developments of the "Risk Factors" described in Item 1A of this Annual Report on Form 10-K.

We expect our 2021 capital expenditures for maintenance, safety and cost improvements and investments in our digital capabilities to be approximately \$120 million to \$130 million. Interest payments for 2021 are expected to be \$95 million to \$105 million. We expect to fund our capital expenditures and our interest payments with cash from operations or cash on hand.

We believe funds provided by our primary sources of liquidity will be adequate to meet our liquidity, debt repayment obligations and capital resource needs for at least the next 12 months under current operating conditions.

## **Cash Flows**

The following table presents a summary of our cash flow activity:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 226.9	\$ 363.9	\$ 289.9
Net cash used by investing activities	(41.3)	(433.1)	(99.0)
Net cash (used) provided by financing activities	(140.0)	295.2	(518.3)

## **Year Ended December 31, 2020 Compared to Year Ended December 31, 2019**

### *Cash Provided by Operating Activities*

Cash provided by operating activities decreased \$137.0 million to \$226.9 million for the year ended December 31, 2020 from \$363.9 million for the year ended December 31, 2019. The decrease is primarily due to changes in trade working capital and prepaid expenses and other current assets, partially offset by the change in net income, exclusive of non-cash items.



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The change in net income, exclusive of non-cash items, provided net cash inflows of \$186.8 million from \$336.8 million and \$150.0 million for the years ended December 31, 2020 and 2019.

The change in trade working capital, which includes trade accounts receivable, net, inventories, and trade accounts payable, provided net cash outflows of \$274.4 million when compared to the change in the prior year. Trade working capital provided cash outflows of \$79.3 million for the year ended December 31, 2020 compared to cash inflows of \$195.1 million for the year ended December 31, 2019. Cash outflows from trade accounts receivable, net is attributable to an unfavorable change in timing of customer payments. Inventory cash inflows on a year-over-year basis are primarily related to reductions in the USA segment inventories due to reduced sales volumes. The year-over-year cash outflows related to trade accounts payable are primarily attributable to decreased inventory purchases in the current year and the timing of vendor payments.

The change in prepaid expenses and other current assets provided cash outflows of \$53.1 million, primarily due to payment timing differences.

### Cash Used by Investing Activities

Cash used by investing activities decreased \$391.8 million to \$41.3 million for the year ended December 31, 2020 from \$433.1 million for the year ended December 31, 2019. The decrease is primarily related to the acquisition of the Nexeo business in 2019, net of the proceeds received for the sale and dispositions of Nexeo Plastics and the Environmental Sciences business. Refer to "Note 3: Business combinations" and "Note 4: Discontinued operations and dispositions" in Item 8 of this Annual Report on Form 10-K for additional information related to the Company's acquisitions and dispositions.

### Cash (Used) Provided by Financing Activities

Cash (used) provided by financing activities decreased \$435.2 million to cash used of \$140.0 million for the year ended December 31, 2020 from cash provided of \$295.2 million for the year ended December 31, 2019. The decrease in financing cash flows is primarily due to the prior year increase in debt used to finance the February 2019 Nexeo acquisition. The decrease was partially offset by cash inflows attributable to lower repayments of long-term debt during the year ended December 31, 2020 compared to the year ended December 31, 2019. Refer to "Note 18: Debt" in Item 8 of this Annual Report on Form 10-K for additional information related to the Company's debt.

## Contractual Obligations and Commitments

Our contractual obligations and commitments as of December 31, 2020 are as follows:

(in millions)	Payment Due by Period				
	Total	2021	2022 - 2023	2024 - 2025	Thereafter
Short-term financing <sup>(1)</sup>	\$ 2.1	\$ 2.1	\$ —	\$ —	\$ —
Finance leases <sup>(2)</sup>	109.8	28.8	41.4	24.5	15.1
Long-term debt, including current maturities <sup>(1)</sup>	2,559.1	137.5	8.0	1,537.6	876.0
Interest <sup>(3)</sup>	402.7	95.9	172.4	82.7	51.7
Minimum operating lease payments <sup>(2)</sup>	198.3	50.8	69.4	31.1	47.0
Estimated environmental liability payments <sup>(4)</sup>	79.6	26.5	22.7	13.8	16.6
Other <sup>(5)</sup>	16.3	16.3	—	—	—
Total <sup>(6)</sup>	\$ 3,367.9	\$ 357.9	\$ 313.9	\$ 1,689.7	\$ 1,006.4

- (1) See "Note 18: Debt" in Item 8 of this Annual Report on Form 10-K for additional information.
- (2) See "Note 22: Leasing" in Item 8 of this Annual Report on Form 10-K for additional information.
- (3) Interest payments on debt are calculated for future periods using interest rates in effect as of December 31, 2020 and obligations on that date. Projected interest payments include the related effects of interest rate swap agreements and cross currency swaps. Certain of these projected interest payments may differ in the future based on changes in floating interest rates, foreign currency fluctuations or other factors or events.
- (4) Included in the less than one year category is \$10.8 million related to environmental liabilities for which the timing is uncertain. The timing of payments is unknown and could differ based on future events. For more information, see "Note 21: Commitments and contingencies" in Item 8 of this Annual Report on Form 10-K.
- (5) Commitments related to an acquisition, dispositions and other contractual obligations.
- (6) This table excludes our pension and postretirement medical benefit obligations. Based on current projections of minimum funding requirements, we expect to make cash contributions of \$19.1 million to our defined benefit pension plans in the year ended December 31, 2021. The timing for any such requirement in future years is uncertain given the implicit uncertainty regarding the future developments of factors described in "Risk Factors" in Item 1A of this Annual Report on Form 10-K and "Note 11: Employee benefit plans" in Item 8 of this Annual Report on Form 10-K.

We expect that we will be able to fund our remaining obligations and commitments with cash flow from operations. To the extent we are unable to fund these obligations and commitments with cash flow from operations, we intend to fund these



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obligations and commitments with proceeds from available borrowing capacity under our ABL Facilities or under future financings.

### **Off-Balance Sheet Arrangements**

With the exception of letters of credit, we had no material off-balance sheet arrangements as of December 31, 2020.

### **Critical Accounting Estimates**

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in “Note 2: Significant accounting policies” in Item 8 of this Annual Report on Form 10-K. We consider an accounting estimate to be critical if that estimate requires that we make assumptions about matters that are highly uncertain at the time we make that estimate and if different estimates that we could reasonably have used or changes in accounting estimates that are reasonably likely to occur could materially affect our consolidated financial statements. Our critical accounting estimates are as follows:

#### *Goodwill*

We perform an annual impairment assessment of goodwill at the reporting unit level as of October 1 of each year, or more frequently if indicators of potential impairment exist. The analysis may include both qualitative and quantitative factors to assess the likelihood of an impairment. The reporting unit’s carrying value used in an impairment test represents the assignment of various assets and liabilities, excluding certain corporate assets and liabilities, such as cash, investments and debt.

Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting unit. Additionally, as part of this assessment, we may perform a quantitative analysis to support the qualitative factors above by applying sensitivities to assumptions and inputs used in measuring a reporting unit’s fair value.

Our quantitative impairment test considers both the income approach and the market approach to estimate a reporting unit’s fair value. Significant estimates include forecasted EBITDA, market segment growth rates, estimated costs, and discount rates based on a reporting unit’s weighted average cost of capital (“WACC”). The use of different assumptions, estimates or judgments could significantly impact the estimated fair value of a reporting unit and therefore, impact the excess fair value above carrying value of the reporting unit.

We test the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available market data. In the current year, the fair value of the Canada reporting unit exceeded the carrying value by 10.7 percent. Key assumptions in our goodwill impairment test include a 9.5 percent estimated WACC for the Canada business and a residual growth rate of 2.5 percent. A 100 basis point change in the discount rate would not have reduced the fair value of the Canada reporting unit below its carrying value. A quantitative assessment was also performed on the USA reporting unit due to the relative size of its carrying value and goodwill balance. The calculated fair value of the USA reporting unit exceeded its carrying value by a significant margin.

Through qualitative assessments performed on the EMEA, LATAM, and APAC reporting units, we concluded that it was more likely than not that each reporting unit’s fair value exceeded its carrying value. As such, quantitative assessments were not performed for these reporting units.

#### *Business Combinations*

We allocate the purchase price paid for assets acquired and liabilities assumed in connection with our acquisitions based on their estimated fair values at the time of acquisition. This allocation involves a number of assumptions, estimates, and judgments in determining the fair value, as of the acquisition date, of the following:

- intangible assets, including the valuation methodology, estimations of future cash flows, discount rates, recurring revenues attributed to customer relationships, and our assumed market segment share, as well as the estimated useful life of intangible assets;
- deferred tax assets and liabilities, uncertain tax positions, and tax-related valuation allowances;
- inventory; property, plant and equipment; pre-existing liabilities or legal claims; and
- goodwill as measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Our assumptions and estimates are based upon comparable market data and information obtained from our management and the management of the acquired companies. We allocate goodwill to the reporting units of the business that are expected to benefit from the business combination.



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### *Purchase Accounting for the Nexeo Solutions Acquisition*

We completed the acquisition of Nexeo Solutions in 2019 and finalized the purchase price allocation on March 30, 2020. See “Note 3: Business combinations” in Item 8 of this Annual Report on Form 10-K for additional information.

Determining the fair value of assets acquired and liabilities assumed requires management’s judgment, and we utilized an independent valuation expert in the valuation of the tangible and intangible assets. Critical estimates used in valuing tangible and intangible assets include, but are not limited to, future expected cash flows, discount rates, market prices and asset lives. The valuation of customer relationships utilized an income approach, using an excess earnings methodology. Additionally, the total recurring revenue attributable to the customer relationship was based upon the relative split between specialty and commodity chemicals. Key assumptions used in the business enterprise valuation include the forecasted cash flows discounted using the WACC, which reflects the macroeconomic, industry and geographic factors of the risk of achieving the forecasted cash flows, and ranged from 10.5 percent to 19.0 percent, depending on the country.

### *Environmental Liabilities*

We recognize environmental liabilities for probable and reasonably estimable losses associated with environmental remediation. The estimated environmental liability includes incremental direct costs of investigations, remediation efforts and post-remediation monitoring. The total environmental reserve at December 31, 2020 and 2019 was \$79.6 million and \$78.7 million, respectively. See “Note 21: Commitments and contingencies” in Item 8 of this Annual Report on Form 10-K.

Our environmental reserves are subject to numerous uncertainties that affect our ability to estimate our costs, or our share of costs if multiple parties are responsible. These uncertainties involve the legal, regulatory and enforcement parameters governing environmental assessment and remediation, the nature and extent of contamination at these sites, the extent and cost of assessment and remediation efforts required, our insurance coverage for these sites and, in the case of sites with multiple responsible parties, the number and financial strength of those parties. In addition, our determination as to whether a loss is probable may change, particularly as new facts emerge as to the causes of contamination. We evaluate each environmental site as new information and facts become available and make adjustments to reserves based upon our assessment of these factors, using technical experts, legal counsel and other specialists.

### *Defined Benefit Pension and Other Postretirement Obligations*

We sponsor defined benefit pension plans in the US and other countries. The accounting for these plans depends on assumptions made by management, which are used by actuaries we engage to calculate the projected and accumulated benefit obligations and the annual expense recognized for these plans. These assumptions include discount rates, expected return on assets, mortality and retirement rates and for certain plans, rates for compensation increases. Actual experience different from those estimated assumptions can result in the recognition of gains and losses in earnings as our accounting policy is to recognize changes in the fair value of plan assets and each plan’s projected benefit obligation in the fourth quarter of each year (the “mark to market” adjustment), unless an earlier remeasurement is required. For the year ended December 31, 2020 and 2019, we recorded a mark to market loss of \$52.6 million and \$50.9 million, respectively. See “Note 11: Employee benefit plans” in Item 8 of this Annual Report on Form 10-K for additional information.

Due to the phasing out of benefits under our postretirement plans, changes in assumptions have an immaterial effect on that obligation.

A change in the assumed discount rate and return on plan assets rate would have the following effects:

<u>(in millions)</u>	<u>Percentage Change</u>	<u>Increase (decrease) in</u>	
		<u>2021 Net Benefit Cost</u>	<u>2020 Pension Benefit Obligation</u>
Discount rate	25 bps decrease	\$ (2.4)	\$ 55.9
Discount rate	25 bps increase	2.2	(52.7)
Expected return on plan assets	100 bps decrease	10.8	N/A
Expected return on plan assets	100 bps increase	(10.8)	N/A

### *Income Taxes*

The Company is subject to income taxes in the jurisdictions in which it sells products and earn revenues. We record income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on the future tax consequences to temporary differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or paid. A reduction of the carrying values of deferred tax assets by a valuation allowance is required if, based on the available evidence, it is more likely than not that such



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assets will not be realized. In evaluating the Company's ability to realize its deferred tax assets, in full or in part, the Company considered all available positive and negative evidence, including its past operating results, forecasted and appropriate character of future taxable income, the duration of statutory carryforward periods, our experience with operating loss and tax credit carryforwards not expiring unused and feasible tax strategies. The Company has a valuation allowance on certain deferred tax assets, primarily related to foreign tax credits, net operating loss carry forwards and deferred interest.

### **Recently Issued Accounting Pronouncements**

See "Note 2: Significant accounting policies" in Item 8 of this Annual Report on Form 10-K.

### **Non-GAAP Financial Measures**

We monitor the results of our reportable segments separately for the purposes of making decisions about resource allocation and performance assessment. We evaluate performance using Adjusted EBITDA. We define Adjusted EBITDA as consolidated net income (loss), plus the sum of net income from discontinued operations, net interest expense, income tax expense, depreciation, amortization, impairment charges, loss on extinguishment of debt, other operating expenses, net, and other expense, net (see "Note 6: Other operating expenses, net" and "Note 8: Other expense, net" in Item 8 of this Annual Report on Form 10-K for additional information). Adjusted EBITDA also includes an adjustment to remove a Brazil VAT charge for 2020 and in 2019, inventory step-up adjustment and Brazil VAT recovery. For a reconciliation of the non-GAAP financial measures to its most comparable GAAP measure, see below and "Analysis of Segment Results" within this Item and for a reconciliation of net (loss) income to Adjusted EBITDA, the most comparable measure calculated in accordance with GAAP, see "Note 23: Segments" to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

We believe that other financial measures that do not comply with US GAAP provide relevant and meaningful information concerning the ongoing operating results of the Company. These financial measures include gross profit (exclusive of depreciation), adjusted gross profit (exclusive of depreciation), gross margin, adjusted gross margin and Adjusted EBITDA margin. We define these financial measures as follows:

- Gross profit (exclusive of depreciation): net sales less cost of goods sold (exclusive of depreciation);
- Adjusted gross profit (exclusive of depreciation): net sales less cost of goods sold (exclusive of depreciation) plus inventory step-up adjustment and Brazil VAT recovery;
- Gross margin: gross profit (exclusive of depreciation) divided by external sales on a segment level and by net sales on a consolidated level;
- Adjusted gross margin: adjusted gross profit (exclusive of depreciation) divided by external sales on a segment level and by net sales on a consolidated level; and
- Adjusted EBITDA margin: Adjusted EBITDA divided by external sales on a segment level and by net sales on a consolidated level.

Management believes Adjusted EBITDA, Adjusted EBITDA margin, gross profit (exclusive of depreciation), adjusted gross profit (exclusive of depreciation), gross margin and adjusted gross margin are important measures in assessing operating performance. The non-GAAP financial measures are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help investors' ability to analyze underlying trends in the Company's business, evaluate its performance relative to other companies in its industry and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company's core operating results. Additionally, the Company uses Adjusted EBITDA in setting performance incentive targets to align management compensation measurement with operational performance. Adjusted EBITDA, Adjusted EBITDA margin, gross profit (exclusive of depreciation), adjusted gross profit (exclusive of depreciation), gross margin and adjusted gross margin are not measures calculated in accordance with GAAP and should not be considered a substitute for net income or any other measure of financial performance presented in accordance with GAAP. Additionally, other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.



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The following is a quantitative reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial performance measure, which is net (loss) income:

(in millions)	Year ended December 31,				
	2020	2019	2018	2017	2016
<b>Net income (loss)</b>	<b>\$ 52.9</b>	<b>\$ (100.2)</b>	<b>\$ 172.3</b>	<b>\$ 119.8</b>	<b>\$ (68.4)</b>
Net income from discontinued operations	—	(5.4)	—	—	—
Depreciation and amortization	222.9	214.7	179.5	200.4	237.9
Interest expense, net	112.4	139.5	132.4	148.0	159.9
Income tax expense (benefit) from continuing operations	6.1	104.5	49.9	49.0	(11.2)
<b>EBITDA</b>	<b>\$ 394.3</b>	<b>\$ 353.1</b>	<b>\$ 534.1</b>	<b>\$ 517.2</b>	<b>\$ 318.2</b>
Acquisition and integration related expenses	62.4	152.1	22.0	3.1	5.5
Saccharin legal settlement	—	62.5	—	—	—
Loss (gain) on sale of business, property, plant and equipment and other assets <sup>(1)</sup>	26.9	(51.3)	2.0	(11.3)	(0.7)
Pension mark to market loss <sup>(2)</sup>	52.8	50.4	34.2	3.8	68.6
Pension curtailment and settlement gains <sup>(2)</sup>	(0.6)	(1.3)	—	(9.7)	(1.3)
Non-operating retirement benefits <sup>(2)</sup>	(8.5)	(2.2)	(11.0)	(9.9)	(15.3)
Restructuring, employee severance and other facility closure costs <sup>(3)</sup>	31.4	40.9	21.2	13.6	8.0
Stock-based compensation expense	14.5	25.1	20.7	19.7	10.4
Loss (gain) on undesignated derivative contracts <sup>(6)</sup>	4.8	26.7	(1.1)	1.9	(8.3)
Loss on extinguishment of debt and debt refinancing costs <sup>(4)</sup>	1.9	21.0	0.1	9.1	—
Brazil VAT charge (recovery)	0.3	(8.3)	—	—	—
Foreign currency losses (gains) <sup>(6)</sup>	6.8	(7.4)	7.5	22.5	14.3
Impairment charges <sup>(5)</sup>	40.2	7.0	—	—	133.9
Inventory step-up adjustment	—	5.3	—	—	—
Fair value adjustment for warrants	0.8	7.0	—	—	—
Other operating and non-operating expenses <sup>(3)(6)</sup>	7.8	23.6	10.7	10.4	8.7
Business transformation costs	—	—	—	23.4	5.4
<b>Adjusted EBITDA</b>	<b>\$ 635.8</b>	<b>\$ 704.2</b>	<b>\$ 640.4</b>	<b>\$ 593.8</b>	<b>\$ 547.4</b>

- (1) Refer to the consolidated statement of operations and "Note 6: Other operating expenses, net" in Item 8 of this Annual Report on Form 10-K for more information.
- (2) Represents charges or gains recorded for both the defined benefit pension and other postretirement benefit plans (the "Plans"). The Plans' mark to market loss is measured and recognized in its entirety within the statement of operations annually on December 31 and results from changes in actuarial assumptions and plan experience between the prior and current measurement dates, as well as the difference between the expected return on plan assets and the actual return on plan assets. For 2020, the pension mark to market loss of \$52.8 million reflects a measurement loss of \$139.7 million resulting from changes since the prior measurement date in actuarial assumptions and plan experience, offset by the difference between the expected and actual return on plan assets of \$86.9 million attributable to the performance of plan assets during 2020. See "Note 11: Employee benefit plans" in Item 8 of this Annual Report on Form 10-K for additional information on pension mark to market loss, pension curtailment and settlement gains and non-operating retirement benefits.
- (3) Refer to "Note 6: Other operating expenses, net" in Item 8 of this Annual Report on Form 10-K for more information.
- (4) Refer to the consolidated statement of operations and "Note 8: Other expense, net" in Item 8 of this Annual Report on Form 10-K for more information.
- (5) The 2016 impairment charges primarily related to the impairment of intangible assets and property, plant and equipment. See "Note 16: Impairment charges" in Item 8 of this Annual Report on Form 10-K for further information regarding the year ended December 31, 2020.
- (6) Refer to "Note 8: Other expense, net" in Item 8 of this Annual Report on Form 10-K for more information.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Financial Risk Management Objectives and Policies

The principal risks arising from our financial instruments are interest rate and foreign currency risk. We use derivative financial instruments to reduce exposure to fluctuations in foreign exchange rates and interest rates in certain limited circumstances described below. We follow a strict policy that prohibits trading in financial instruments other than to acquire and manage these hedging positions. We do not hold or issue derivative or other financial instruments for speculative purposes, or to hedge translation risk.



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### **Interest Rate Risk**

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt obligations. Under our hedging policy, we seek to maintain an appropriate amount of fixed-rate debt obligations, either directly or effectively through interest rate derivative contracts that fix the interest rate payable on all or a portion of our floating rate debt obligations. We assess the anticipated mix of the fixed versus floating amount of debt once a year, in connection with our annual budgeting process, with the purpose of hedging variability of interest expense and interest payments on our variable rate bank debt and maintaining a mix of both fixed and floating rate debt. As of December 31, 2020, approximately 84% of our debt was fixed rate after consideration of interest rate swap contracts. Refer to "Note 18: Debt" in Item 8 of this Annual Report on Form 10-K for additional information.

Below is a chart showing the sensitivity of both a 100 basis point and 200 basis point increase in interest rates (including the impact of derivatives), with other variables held constant on our earnings before tax.

<u>(in millions)</u>	<u>Year ended December 31, 2020</u>
100 basis point increase in variable interest rates	\$ 4.2
200 basis point increase in variable interest rates	8.3

### **Foreign Currency Risk**

Because we conduct our business on an international basis in multiple currencies, we may be adversely affected by foreign exchange rate fluctuations. Although we report financial results in US dollars, a substantial portion of our net sales and expenses are denominated in currencies other than the US dollar, particularly the euro, the Canadian dollar and European currencies other than the euro, including the British pound sterling. Fluctuations in exchange rates could therefore significantly affect our reported results from period to period as we translate results in local currencies into US dollars. We have not used derivative instruments to hedge the translation risk related to earnings of foreign subsidiaries.

Additionally, our investments in EMEA, Canada and LATAM are subject to foreign currency risk. Currency fluctuations result in non-cash gains and losses that do not impact income before income taxes, but instead are recorded as accumulated other comprehensive loss in equity in our consolidated balance sheet. We do not hedge our investment in non-US entities because those investments are viewed as long-term in nature.

The majority of our currency risk arising on cash, accounts receivable, accounts payable and loan balances denominated in currencies other than those which we record the financial results for a business operation stem from exposures to the US dollar, euro or British pound sterling. The following table illustrates the sensitivity of our 2020 consolidated earnings before income taxes (including the impact of foreign currency derivative instruments), to a 10% increase in the value of the US dollar, euro, and British pound sterling with all other variables held constant.

<u>(in millions)</u>	<u>Year ended December 31, 2020</u>
10% strengthening of US dollar	\$ 5.1
10% strengthening of euro	(1.0)
10% strengthening of British pound sterling	(0.1)



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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Univar Solutions Inc.

#### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Univar Solutions Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2021 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Environmental Liabilities***

##### *Description of the Matter*

At December 31, 2020, the Company's environmental liability balance was \$79.6 million. As discussed in Note 21 of the consolidated financial statements, the Company is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively "environmental remediation work") at approximately 125 locations. In determining the appropriate level of environmental reserves, the Company considers several factors such as information obtained from investigatory studies; required scope and estimated costs of remediation; the interpretation, application and enforcement of laws and regulations; the development of alternative cleanup technologies and methods; and the level of the Company's responsibility for remediating at various sites.

Auditing management's accrual for environmental liabilities was especially challenging because it involves judgmental underlying assumptions, including remediation methods, remediation time horizon and remediation cost estimates. These assumptions have a significant effect on the accrual for environmental liabilities.

##### *How we addressed the Matter in Our Audit*

We tested management's controls that address the risks of material misstatement relating to the measurement and valuation of the environmental liabilities. For example, we tested controls over management's review of the environmental liability calculations and the significant assumptions and data inputs used by management.



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To test the accrual for environmental liabilities, we involved our specialist to assist us in evaluating the reasonableness of the Company's calculation and underlying assumptions. We performed audit procedures that included, among others, assessing key methodologies and testing the significant assumptions and the underlying data used by management. For example, we tested the site's current remediation status and remediation strategy, which included an analysis of the site's remediation timeline, regulatory requirements, remediation actions and related technologies and eligibility for discounting. In addition, we performed a search of various data sources for any unidentified environmental liabilities for which the Company may be a potential responsible party.

### **Goodwill Impairment – Canada reporting unit**

#### *Description of the Matter*

At December 31, 2020, the Company's goodwill was \$2,270.4 million. As discussed in Note 2 to the consolidated financial statements, goodwill is tested for impairment annually on October 1, or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's reporting units are USA, Canada, EMEA, Latin America and Asia-Pacific. For each of the reporting units, the Company has the option to perform either the qualitative or quantitative test. In the event a reporting unit fails the qualitative assessment, it is required to perform the quantitative test. The Company's quantitative impairment test considers both the income approach and the market approach to estimate a reporting unit's fair value. Significant estimates include forecasted EBITDA, market segment growth rates, estimated costs and discount rates based on a reporting unit's weighted average cost of capital ("WACC").

Total goodwill allocated to the Canada reporting unit was \$428.1 million. Auditing management's annual goodwill impairment test for the Canada reporting unit was complex and highly judgmental due to the significant estimation required to determine the fair value of the Canada reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, discussed above, which are affected by expectations about future market or economic considerations.

#### *How we addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the annual goodwill impairment test for the Canada reporting unit, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Canada reporting unit, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to current industry and economic trends and evaluated whether changes to the Company's business model, customer base or product mix and other factors would affect the significant assumptions. With assistance of our specialists, we evaluated the valuation methodology and discount rate by testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the Canada reporting unit that would result from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

Chicago, Illinois

February 25, 2021



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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Univar Solutions Inc.

#### **Opinion on Internal Control over Financial Reporting**

We have audited Univar Solutions Inc. and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Univar Solutions Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2020 consolidated financial statements of the Company and our report dated February 25, 2021, expressed an unqualified opinion thereon.

#### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP  
Chicago, Illinois  
February 25, 2021



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**UNIVAR SOLUTIONS INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS**

<i>(in millions, except per share data)</i>	Note	Year ended December 31,		
		2020	2019	2018
Net sales		\$ 8,265.0	\$ 9,286.9	\$ 8,632.5
Cost of goods sold (exclusive of depreciation)		6,262.8	7,146.1	6,732.4
Operating expenses:				
Outbound freight and handling		344.4	364.8	328.3
Warehousing, selling and administrative		1,022.3	1,068.8	931.4
Other operating expenses, net	6	90.2	298.2	73.5
Depreciation		162.9	155.0	125.2
Amortization		60.0	59.7	54.3
Impairment charges	16	40.2	7.0	—
Total operating expenses		\$ 1,720.0	\$ 1,953.5	\$ 1,512.7
Operating income		\$ 282.2	\$ 187.3	\$ 387.4
Other (expense) income:				
Interest income		2.1	7.7	3.2
Interest expense		(114.5)	(147.2)	(135.6)
(Loss) gain on sale of business	4	(50.6)	41.4	—
Loss on extinguishment of debt	18	(1.8)	(19.8)	(0.1)
Other expense, net	8	(58.4)	(70.5)	(32.7)
Total other expense		\$ (223.2)	\$ (188.4)	\$ (165.2)
Income (loss) before income taxes		59.0	(1.1)	222.2
Income tax expense from continuing operations	9	6.1	104.5	49.9
Net income (loss) from continuing operations		\$ 52.9	\$ (105.6)	\$ 172.3
Net (loss) income from discontinued operations	4	\$ —	\$ 5.4	\$ —
Net income (loss)		\$ 52.9	\$ (100.2)	\$ 172.3
Income (loss) per common share:				
Basic from continuing operations	10	\$ 0.31	\$ (0.64)	\$ 1.22
Basic from discontinued operations	10	—	0.03	—
Basic income (loss) per common share		\$ 0.31	\$ (0.61)	\$ 1.22
Diluted from continuing operations	10	\$ 0.31	\$ (0.64)	\$ 1.21
Diluted from discontinued operations	10	—	0.03	—
Diluted income (loss) per common share		\$ 0.31	\$ (0.61)	\$ 1.21
Weighted average common shares outstanding:				
Basic	10	169.0	164.1	141.2
Diluted	10	169.8	164.1	142.2

The accompanying notes are an integral part of these consolidated financial statements.



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**UNIVAR SOLUTIONS INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

<u>(in millions)</u>	<u>Note</u>	<u>Year ended December 31,</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income (loss)		\$ 52.9	\$ (100.2)	\$ 172.3
Other comprehensive (loss) income, net of tax:				
Impact due to adoption of ASU 2018-02 <sup>(1)</sup>		—	(3.2)	—
Impact due to adoption of ASU 2017-12 <sup>(1)</sup>		—	—	0.5
Foreign currency translation	13	(10.7)	22.8	(97.0)
Pension and other postretirement benefits adjustment	13	20.2	0.1	0.1
Derivative financial instruments	13	(17.3)	(25.8)	1.7
Total other comprehensive loss, net of tax		\$ (7.8)	\$ (6.1)	\$ (94.7)
Comprehensive income (loss)		\$ 45.1	\$ (106.3)	\$ 77.6

(1) Adjusted due to the adoption of Accounting Standards Update ("ASU") 2018-02 "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" on January 1, 2019 and ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities" on January 1, 2018.

The accompanying notes are an integral part of these consolidated financial statements.



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UNIVAR SOLUTIONS INC.  
CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)	Note	December 31,	
		2020	2019
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 386.6	\$ 330.3
Trade accounts receivable, net of allowance for doubtful accounts of \$17.2 and \$12.9 at December 31, 2020 and 2019, respectively.		1,239.8	1,160.1
Inventories		674.0	796.0
Prepaid expenses and other current assets		151.5	167.2
<b>Total current assets</b>		<b>\$ 2,451.9</b>	<b>\$ 2,453.6</b>
Property, plant and equipment, net	14	1,065.7	1,152.4
Goodwill	15	2,270.4	2,280.8
Intangible assets, net	15	251.9	320.2
Deferred tax assets	9	29.6	21.3
Other assets		285.5	266.5
<b>Total assets</b>		<b>\$ 6,355.0</b>	<b>\$ 6,494.8</b>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Short-term financing	18	\$ 2.1	\$ 0.7
Trade accounts payable		765.1	895.0
Current portion of long-term debt	18	163.5	25.0
Accrued compensation		102.2	103.6
Other accrued expenses	17	374.1	425.1
<b>Total current liabilities</b>		<b>\$ 1,407.0</b>	<b>\$ 1,449.4</b>
Long-term debt	18	2,477.1	2,688.8
Pension and other postretirement benefit liabilities	11	308.8	295.6
Deferred tax liabilities	9	39.3	56.3
Other long-term liabilities		330.5	271.9
<b>Total liabilities</b>		<b>\$ 4,562.7</b>	<b>\$ 4,762.0</b>
Stockholders' equity:			
Preferred stock, 200.0 million shares authorized at \$0.01 par value with no shares issued or outstanding as of December 31, 2020 and 2019, respectively		\$ —	\$ —
Common stock, 2.0 billion shares authorized at \$0.01 par value with 169.3 million and 168.7 million shares issued and outstanding at December 31, 2020 and 2019, respectively		1.7	1.7
Additional paid-in capital		2,983.3	2,968.9
Accumulated deficit		(805.6)	(858.5)
Accumulated other comprehensive loss	13	(387.1)	(379.3)
<b>Total stockholders' equity</b>		<b>\$ 1,792.3</b>	<b>\$ 1,732.8</b>
<b>Total liabilities and stockholders' equity</b>		<b>\$ 6,355.0</b>	<b>\$ 6,494.8</b>

The accompanying notes are an integral part of these consolidated financial statements.



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### UNIVAR SOLUTIONS INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Note	Year ended December 31,		
		2020	2019	2018
<b>Operating activities:</b>				
Net income (loss)		\$ 52.9	\$ (100.2)	\$ 172.3
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization		222.9	214.7	179.5
Impairment charges	16	40.2	7.0	—
Amortization of deferred financing fees and debt discount		6.5	8.9	7.6
Amortization of pension cost (credits) from accumulated other comprehensive loss	13	(0.1)	0.1	2.7
Loss (gain) on sale of business	4	50.6	(41.4)	—
(Gain) loss on sale of property, plant and equipment and other assets		(23.7)	(9.9)	2.0
Loss on extinguishment of debt	18	1.8	13.1	0.1
Deferred income taxes	9	(32.4)	24.3	2.8
Stock-based compensation expense	12	14.5	25.1	20.7
Charge for inventory step-up of acquired inventory		—	5.3	—
Other		3.6	3.0	0.7
Changes in operating assets and liabilities:				
Trade accounts receivable, net		(66.0)	197.0	(62.1)
Inventories		126.0	69.0	14.4
Prepaid expenses and other current assets		1.2	54.3	(19.3)
Trade accounts payable		(139.3)	(70.9)	9.3
Pensions and other postretirement benefit liabilities		19.5	21.9	(15.4)
Other, net		(51.3)	(57.4)	(25.4)
Net cash provided by operating activities		\$ 226.9	\$ 363.9	\$ 289.9
<b>Investing activities:</b>				
Purchases of property, plant and equipment		\$ (111.3)	\$ (122.5)	\$ (94.6)
Purchases of businesses, net of cash acquired	3	(4.6)	(1,201.0)	(18.6)
Proceeds from sale of property, plant and equipment and other assets		46.5	54.8	14.5
Proceeds from sale of business	4	37.3	838.3	—
Other		(9.2)	(2.7)	(0.3)
Net cash used by investing activities		\$ (41.3)	\$ (433.1)	\$ (99.0)
<b>Financing activities:</b>				
Proceeds from the issuance of long-term debt	18	\$ —	\$ 1,845.8	\$ —
Payments on long-term debt and finance lease obligations	18	(205.3)	(1,545.9)	(561.9)
Net proceeds under revolving credit facilities	18	65.5	7.2	41.7
Short-term financing, net	18	0.1	(9.2)	0.5
Financing fees paid	18	—	(7.9)	(1.1)
Taxes paid related to net share settlements of stock-based compensation awards		(2.9)	(2.8)	(4.1)
Stock option exercises	12	1.1	6.6	5.9
Contingent consideration payments		—	—	(0.4)
Other		1.5	1.4	1.1
Net cash (used) provided by financing activities		\$ (140.0)	\$ 295.2	\$ (518.3)
Effect of exchange rate changes on cash and cash equivalents		\$ 10.7	\$ (17.3)	\$ (18.0)
Net increase (decrease) in cash and cash equivalents		56.3	208.7	(345.4)
Cash and cash equivalents at beginning of period		330.3	121.6	467.0
Cash and cash equivalents at end of period		\$ 386.6	\$ 330.3	\$ 121.6
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid during the period for:				
Income taxes		\$ 51.3	\$ 42.5	\$ 65.0
Interest, net of capitalized interest		104.7	146.1	128.2
Non-cash activities:				
Fair value of common stock issued for acquisition of business	3	\$ —	\$ 613.8	\$ —
Additions of property, plant and equipment included in trade accounts payable and other accrued expenses		5.5	9.8	14.6
Additions of property, plant and equipment under a finance lease obligation		61.4	23.3	23.6
Additions of assets under an operating lease obligation		62.1	25.5	—

The accompanying notes are an integral part of these consolidated financial statements.



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**UNIVAR SOLUTIONS INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

<b>(in millions, except per share data)</b>	<b>Common stock (shares)</b>	<b>Common stock</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Accumulated other comprehensive income (loss)</b>	<b>Total</b>
<b>Balance, January 1, 2018</b>	141.1	\$ 1.4	\$ 2,301.3	\$ (934.1)	\$ (278.5)	\$ 1,090.1
Impact due to adoption of ASU, net of tax \$(0.3) <sup>(1)</sup>	—	—	—	0.3	0.5	0.8
Net income	—	—	—	172.3	—	172.3
Foreign currency translation adjustment, net of tax \$2.4	—	—	—	—	(97.0)	(97.0)
Pension and other postretirement benefits adjustment, net of tax \$(0.1)	—	—	—	—	0.1	0.1
Derivative financial instruments, net of tax \$(0.4)	—	—	—	—	1.7	1.7
Restricted stock units vested	0.4	—	—	—	—	—
Tax withholdings related to net share settlements of stock-based compensation awards	(0.1)	—	(4.1)	—	—	(4.1)
Stock option exercises	0.3	—	5.9	—	—	5.9
Employee stock purchase plan	—	—	1.1	—	—	1.1
Stock-based compensation	—	—	20.7	—	—	20.7
Other	—	—	0.1	—	—	0.1
<b>Balance, December 31, 2018</b>	<b>141.7</b>	<b>\$ 1.4</b>	<b>\$ 2,325.0</b>	<b>\$ (761.5)</b>	<b>\$ (373.2)</b>	<b>\$ 1,191.7</b>
Impact due to adoption of ASU <sup>(2)</sup>	—	—	—	3.2	(3.2)	—
Net loss	—	—	—	(100.2)	—	(100.2)
Foreign currency translation adjustment, net of tax \$4.9	—	—	—	—	22.8	22.8
Pension and other postretirement benefits adjustment	—	—	—	—	0.1	0.1
Derivative financial instruments, net of tax \$7.0	—	—	—	—	(25.8)	(25.8)
Common stock issued for the Nexeo acquisition <sup>(3)</sup>	27.9	0.3	649.0	—	—	649.3
Shares canceled	(1.5)	—	(35.5)	—	—	(35.5)
Restricted stock units vested	0.4	—	—	—	—	—
Tax withholdings related to net share settlements of stock-based compensation awards	(0.2)	—	(2.8)	—	—	(2.8)
Stock option exercises	0.3	—	6.6	—	—	6.6
Employee stock purchase plan	0.1	—	1.4	—	—	1.4
Stock-based compensation	—	—	25.1	—	—	25.1
Other	—	—	0.1	—	—	0.1
<b>Balance, December 31, 2019</b>	<b>168.7</b>	<b>\$ 1.7</b>	<b>\$ 2,968.9</b>	<b>\$ (858.5)</b>	<b>\$ (379.3)</b>	<b>\$ 1,732.8</b>
Net Income	—	—	—	52.9	—	52.9
Foreign currency translation adjustment, net of tax \$(4.7)	—	—	—	—	(10.7)	(10.7)
Pension and other postretirement benefits adjustment, net of tax \$(4.7) <sup>(4)</sup>	—	—	—	—	20.2	20.2
Derivative financial instruments, net of tax \$7.9	—	—	—	—	(17.3)	(17.3)
Restricted stock units vested	0.6	—	—	—	—	—
Tax withholdings related to net share settlements of stock-based compensation awards	(0.2)	—	(2.9)	—	—	(2.9)
Stock option exercises	0.1	—	1.1	—	—	1.1
Employee stock purchase plan	0.1	—	1.5	—	—	1.5
Stock-based compensation	—	—	14.5	—	—	14.5
Other	—	—	0.2	—	—	0.2
<b>Balance, December 31, 2020</b>	<b>169.3</b>	<b>\$ 1.7</b>	<b>\$ 2,983.3</b>	<b>\$ (805.6)</b>	<b>\$ (387.1)</b>	<b>\$ 1,792.3</b>

(1) Adjusted due to the adoption of ASU 2014-09 "Revenue from Contracts with Customers" on January 1, 2018.

(2) Adjusted due to the adoption of ASU 2018-02 "Income Statement - Reporting Comprehensive Income" on January 1, 2019.

(3) Refer to "Note 3: Business combinations" for more information.

(4) Includes \$25.0 million pre-tax adjustment related to plan amendment on the United Kingdom (UK) pension plan.

The accompanying notes are an integral part of these consolidated financial statements.



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### UNIVAR SOLUTIONS INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019 AND FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

#### 1. Nature of operations

Headquartered in Downers Grove, Illinois, Univar Solutions Inc. ("Univar Solutions," "Company," "we," "our" and "us") is a leading global chemical and ingredient distributor and provider of value-added services to customers across a wide range of industries. The Company's operations are structured into four reportable segments that represent the geographic areas under which the Company manages its business:

- Univar Solutions USA ("USA")
- Univar Solutions Europe, the Middle East and Africa ("EMEA")
- Univar Solutions Canada ("Canada")
- Univar Solutions Latin America ("LATAM")

LATAM includes certain developing businesses in Latin America (including Brazil and Mexico) and the Asia-Pacific region.

#### 2. Significant accounting policies

##### **Basis of consolidation and presentation**

The consolidated financial statements include the financial statements of the Company and its majority-owned subsidiaries. Subsidiaries are consolidated if the Company has a controlling financial interest, which may exist based on ownership of a majority of the voting interest, or based on the Company's determination that it is the primary beneficiary of a variable interest entity ("VIE"). The Company does not have any material interests in VIEs. All intercompany balances and transactions are eliminated in consolidation. Unless otherwise indicated, all financial data presented in these consolidated financial statements are expressed in US dollars.

On our consolidated statements of cash flows for 2018, the amounts included in "net proceeds under revolving credit facilities," which were previously included in "proceeds from the issuance of long-term debt," are now presented separately to conform to the current year presentation.

##### **Use of estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions affecting the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ materially from these estimates.

##### **Recently issued and adopted accounting pronouncements**

On January 1, 2020, the Company adopted ASU 2016-13 "Financial Instruments - Credit Losses" (Topic 326), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The transition to the new methodology did not have a significant financial impact and the Company did not recognize a cumulative-effect adjustment to the opening balance of accumulated deficit.

On January 1, 2020, the Company adopted ASU 2018-13 "Fair Value Measurement" (Topic 820), which modifies the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures.

On January 1, 2020, the Company adopted ASU 2018-15 "Intangibles - Goodwill and Other - Internal-Use Software" (Subtopic 350-40), which aligns the requirements for capitalizing implementation costs incurred in a service contract hosting arrangement with those for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted this guidance on a prospective basis.

On December 31, 2020, the Company adopted ASU 2018-14 "Compensation - Retirement Benefits - Defined Benefit Plans - General" (Subtopic 715-20), which amends the disclosure requirements related to defined benefit pension and other postretirement plans. The adoption did not have a significant impact upon the Company's financial statements and disclosures.

##### **Accounting pronouncements issued but not yet adopted**

In December 2019, the FASB issued ASU 2019-12 "Income Taxes" (Topic 740) – "Simplifying the Accounting for Income Taxes." The ASU clarifies and simplifies the accounting for income taxes by eliminating certain exceptions for intra-period tax allocation principles, updating the methodology for calculating income tax rates in an interim period and aligning the recognition of deferred taxes for outside basis differences in an investment, among other updates. The Company will adopt this



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guidance effective January 1, 2021 and does not expect it to have a material impact on our consolidated financial statements and disclosures.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform" (Topic 848) – "Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides optional expedients and exceptions for applying US GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform from currently referenced rates, such as LIBOR, to alternative rates. The ASU is effective beginning March 12, 2020 and the Company may elect to apply the amendments prospectively through December 31, 2022. The Company has established a project team to evaluate contract exposure and optional practical expedients provided by the standard. The Company is currently determining the impacts of the guidance on our consolidated financial statements.

### **Cash and cash equivalents**

Cash and cash equivalents include highly-liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

### **Trade accounts receivable, net and allowance for doubtful accounts**

Trade accounts receivable are stated at the invoiced amount, net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects the Company's current estimate of credit losses expected to be incurred over the life of the trade accounts receivable. Collectability of the trade accounts receivable balance is assessed on an ongoing basis and determined based on the delinquency of customer accounts, the financial condition of individual customers, past collections experience and future economic expectations.

Changes in the allowance for doubtful accounts are as follows:

<u>(in millions)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance as of January 1	\$ 12.9	\$ 11.2	\$ 13.0
Provision for credit losses	9.3	5.1	4.7
Write-offs	(4.4)	(3.4)	(4.9)
Recoveries	0.1	0.4	—
Dispositions	(0.5)	—	—
Other adjustments	—	—	(0.4)
Foreign exchange	(0.2)	(0.4)	(1.2)
Balance as of December 31	<u>\$ 17.2</u>	<u>\$ 12.9</u>	<u>\$ 11.2</u>

### **Inventories**

Inventories consist primarily of products purchased for resale and are stated at the lower of cost or net realizable value. Inventory cost is determined based on the weighted average cost method and includes purchase price from producers net of rebates received, inbound freight and handling, and direct labor and other costs incurred to blend and repackage product, but excludes depreciation expense.

### **Property, plant and equipment, net**

Property, plant and equipment are carried at historical cost, net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of each asset as follows:

Buildings	10-50 years
Main components of tank farms	5-40 years
Containers	2-15 years
Machinery and equipment	5-20 years
Furniture, fixtures and others	5-20 years
Information technology	3-10 years

The Company evaluates the useful life and carrying value of property, plant and equipment for impairment if an event occurs or circumstances change that would indicate the carrying value may not be recoverable. If the carrying amount of the asset group is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the asset group's carrying amount exceeds its estimated fair value.



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### **Goodwill and intangible assets**

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in business combinations. Goodwill is tested for impairment annually on October 1, or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's reporting units are USA, EMEA, Canada, Latin America and Asia-Pacific.

For each of the reporting units, the Company has the option to perform either the qualitative or the quantitative test. In the event a reporting unit fails the qualitative assessment, it is required to perform the quantitative test. The quantitative impairment test considers both the income approach and the market approach to estimate a reporting unit's fair value. Significant estimates include forecasted EBITDA, market segment growth rates, estimated costs, and discount rates based on a reporting unit's weighted average cost of capital.

If the fair value of the reporting unit is less than its carrying value, the reporting unit will recognize an impairment for the lesser of either the amount by which the reporting unit's carrying amount exceeds the fair value of the reporting unit or the reporting unit's goodwill carrying value.

The Company's intangible assets have finite lives and are amortized over their respective useful lives of 2 to 20 years. Intangible assets are tested for impairment if an event occurs or circumstances change that indicates the carrying value may not be recoverable.

### **Short-term financing**

Short-term financing includes bank overdrafts and short-term lines of credit.

### **Income taxes**

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the revised tax rate is enacted.

The Company records valuation allowances to reduce deferred tax assets to the extent it believes it is more likely than not that such assets will not be realized. In making such determinations, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, forecasted and appropriate character of future taxable income, tax planning strategies, our experience with operating loss and tax credit carryforwards not expiring unused, tax planning strategies and the ability to carry back losses to prior years.

The Company is subject to the global intangible low tax income ("GILTI"), which is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Company treats taxes due on future US inclusions in taxable income related to GILTI as a current-period expense when incurred.

The Company recognizes interest and penalties related to unrecognized tax benefits within interest expense and warehousing, selling and administrative, respectively, in the accompanying consolidated statements of operations. Accrued interest and penalties are included in other accrued expenses and other long-term liabilities in the consolidated balance sheets.

### **Defined benefit plans**

The Company sponsors several defined benefit plans and recognizes actuarial gains or losses, known as "mark to market" adjustments, at the December 31 measurement date. The mark to market adjustments primarily include gains and losses resulting from changes in discount rates and the difference between the expected and actual rate of return on plan assets. Settlement gains and losses are recognized in the period in which the settlement occurs.

The fair value of plan assets is used to calculate the expected return on assets component of the net periodic benefit cost.

### **Leases**

At the commencement date of a lease, the Company recognizes a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The lease liability is measured at the present value of lease payments over the lease term, including variable fees that are known or subject to a minimum floor. The lease liability includes lease component fees, while non-lease component fees are expensed as incurred for all asset classes. When a contract excludes an implicit rate, the Company utilizes an incremental borrowing rate based on information available at the lease commencement date including, lease term and geographic region. The initial valuation of the right-of-use ("ROU") asset includes the initial measurement of the lease liability, lease payments made in advance of the lease commencement date and initial direct costs incurred by the Company and excludes lease incentives.



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Leases with an initial term of 12 months or less are classified as short-term leases and are not recorded on the consolidated balance sheets. The lease expense for short-term leases is recognized on a straight-line basis over the lease term.

### **Legal costs**

We expense legal costs as incurred.

### **Environmental liabilities**

Environmental liabilities are recognized for probable and reasonably estimable losses associated with environmental remediation. Incremental direct costs of the investigation, remediation effort and post-remediation monitoring are included in the estimated environmental liabilities. The Company discounts environmental liabilities if the liability and the respective payments streams are fixed or reliably determinable. Expected cash outflows related to environmental remediation for the next 12 months and amounts for which the timing is uncertain are reported as current within other accrued expenses in the consolidated balance sheets. The long-term portion of environmental liabilities is reported within other long-term liabilities in the consolidated balance sheets. Environmental remediation expenses are included within warehousing, selling and administrative expenses in the consolidated statements of operations, unless associated with disposed operations, in which case such expenses are included in other operating expenses, net.

### **Revenue recognition**

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring a good or providing a service. Since the term between invoicing and payment is less than a year, the Company has not recognized a significant financing component. Revenue for bill-and-hold arrangements is recognized if the Company has a substantive customer request, the materials are properly segregated and designated as belonging to the customer, materials are ready to be transferred to the customer and the Company is unable to direct the materials to service another customer.

#### *Chemical Distribution*

Revenue is recognized when performance obligations under the terms of the contract are satisfied, which generally occurs when goods are transferred to a customer under the terms of the sale. Net sales include product sales and billings for freight and handling charges, net of discounts, expected returns, customer price and volume incentives and sales or other revenue-based taxes. The Company estimates customer price and volume incentives and expected customer returns based on historical experience.

#### *Crop Sciences*

The Company generates revenue when control for products is transferred to customers. The amount of consideration recorded varies due to price movements and rights granted to customers to return product. Customer payment terms often extend through a growing season, which may be up to six months.

Transaction prices may move during an agricultural growing season and are affected by special offers or volume discounts, which affect the amount of consideration the Company will receive. The Company estimates the expected returns and changes in the transaction price based on the combination of historical experience and the impact of weather on the current agriculture season. The adjustments to the transaction price and estimate of returns impacts revenues recognized.

#### *Services*

The Company generates revenue from services as they are performed and economic value is transferred to customers. Services provided to customers are primarily related to waste management services and warehousing services.

### **Foreign currency translation**

Assets and liabilities of foreign subsidiaries are translated into US dollars at period-end exchange rates. Income and expense accounts of foreign subsidiaries are translated into US dollars at the average exchange rates for the period. The net exchange gains and losses arising on this translation are reflected as a component of currency translation within AOCI.

Transaction gains and losses are recognized in other expense, net in the consolidated statements of operations. Transaction gains and losses relating to intercompany borrowings that are an investment in a foreign subsidiary are reflected as a component of currency translation within AOCI in stockholders' equity.

### **Stock-based compensation plans**

The Company measures the total amount of employee stock-based compensation expense based on the grant date fair value of each award. Expense is recognized for each separately vesting tranche on a straight-line basis over the requisite service period, which is the shorter of the service period of the award or the period until the employees' retirement eligibility date. The Company recognizes forfeitures when incurred.



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### **Fair value**

Certain assets and liabilities are required to be recorded at fair value. The estimated fair values of those assets and liabilities have been determined using market information and valuation methodologies. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. There are three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices for <i>identical</i> instruments in active markets.
Level 2	Quoted prices for <i>similar</i> instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuation in which all significant inputs and significant value drivers are observable in active markets.
Level 3	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are <i>unobservable</i> .

### **Derivatives**

The Company uses derivative financial instruments to manage risks associated with foreign currency and interest rate fluctuations. We do not use derivative instruments for speculative trading purposes. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by estimating the net present value of amounts to be paid under the agreement offset by the net present value of the expected cash inflows based on market rates and associated yield curves. For derivative contracts with the same counterparty where the Company has a master netting arrangement with the counterparty, the fair value of the asset/liability is presented on a net basis within the consolidated balance sheets. Changes in the fair value of derivative financial instruments are recognized in the consolidated statements of operations within interest expense or other expense, net, unless specific hedge accounting criteria are met. Cash flows associated with derivative financial instruments are recognized in the operating section of the consolidated statements of cash flows.

For derivatives designated as cash flow hedges, changes in the fair value of the derivative are recorded to AOCI and are reclassified to earnings when the underlying forecasted transaction affects earnings. For contracts designated as cash flow hedges, we reassess the probability of the underlying forecasted transactions occurring on a quarterly basis. For derivatives not designated as hedging instruments, all changes in fair value are recorded to earnings in the current period.

### **Earnings per share**

Basic earnings per share is based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding during each period. The Company reflects common share equivalents relating to stock options, non-vested restricted stock and non-vested restricted stock units in its computation of diluted weighted average shares outstanding, unless the effect of inclusion is anti-dilutive. The effect of dilutive securities is calculated using the treasury stock method.

We consider restricted stock awards to be participating securities, since holders of such shares have non-forfeitable dividend rights in the event the Company declares a common stock dividend.

### **3. Business combinations**

#### **Year ended December 31, 2020**

##### *Acquisition of Zhuhai Tech Chem Silicone Industry Corporation*

On December 18, 2020, the Company completed an acquisition of the specialty silicone solutions business of Zhuhai Tech Chem Silicone Industry Corporation ("Tech Chem"), a leading distributor of specialty silicone solutions used primarily for the coatings, adhesives, sealants, and elastomers (CASE) market within the China marketplace. The addition of Tech Chem will allow the Company to bring differential value to customers and suppliers within the CASE market.

The purchase price of this acquisition was \$6.8 million, composed of \$4.6 million cash paid and a \$2.2 million contingent consideration component. Refer to "Note 19: Fair value measurements" for further information on the contingent consideration liability. The purchase price allocation includes goodwill of \$3.5 million, intangibles of \$2.7 million, inventory of \$1.0 million and other current assets and deferred tax liabilities of \$(0.4) million. The goodwill is included in the LATAM segment and is primarily attributable to expected synergies. The Company does not expect the goodwill to be deductible for income tax purposes. The identified intangible assets relate to customer relationships which have a remaining weighted-average amortization period of eight years. The operating results subsequent to the acquisition date did not have a significant impact on the consolidated financial statements of the Company. The initial accounting for this acquisition has only been preliminarily determined, and is subject to valuations of intangible assets and inventory.



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### **Year ended December 31, 2019**

#### *Acquisition of Nexeo Solutions*

On February 28, 2019, the Company completed an acquisition of 100% of the equity interest of Nexeo Solutions, Inc., a leading global chemicals and plastics distributor. The acquisition expanded and strengthened Univar Solutions' presence in North America and provides expanded opportunities to create the largest North American sales force in chemical and ingredients distribution and the broadest product offering.

The total purchase price of the acquisition was \$1,814.8 million, composed of \$1,201.0 million of cash paid (net of cash acquired of \$46.8 million) and \$613.8 million of newly issued shares of Univar Solutions common stock, which represented approximately 26.4 million shares, based on Univar Solutions' closing stock price of \$23.29 on February 27, 2019. The final 26.4 million shares issued include the cancellation of 1.5 million shares in connection with the appraisal litigation settlement, see "Note 21: Commitments and contingencies" for more information.

The cash portion of the purchase price, acquisition related costs and repayment of approximately \$936.3 million of Nexeo's debt and other long-term liabilities were funded using the proceeds from the issuance of Term B Loans, borrowings under the New Senior ABL Facility and the ABL Term Loan issued on February 28, 2019. Refer to "Note 18: Debt" for more information.

As of March 31, 2020, the Company updated the purchase price allocation to reflect final deferred income tax adjustments, resulting in a \$7.0 million increase to goodwill. The accounting for this acquisition was complete as of March 31, 2020.

The final purchase price allocation is shown below:

<u>(in millions)</u>	<u>As of December 31, 2019</u>	<u>Measurement Period Adjustments</u>	<u>Final March 31, 2020</u>
Trade accounts receivable, net	\$ 296.3	\$ —	\$ 296.3
Inventories	150.2	—	150.2
Prepaid expenses and other current assets	65.4	(1.2)	64.2
Assets held for sale	888.2	—	888.2
Property, plant and equipment, net	262.3	—	262.3
Goodwill	555.7	7.0	562.7
Intangible assets, net	138.7	—	138.7
Other assets	37.4	(0.4)	37.0
Trade accounts payable	(137.7)	—	(137.7)
Other accrued expenses	(145.8)	1.3	(144.5)
Liabilities held for sale	(221.5)	—	(221.5)
Deferred tax liabilities	(4.2)	(6.7)	(10.9)
Other long-term liabilities	(70.2)	—	(70.2)
Purchase consideration, net of cash	<u>\$ 1,814.8</u>	<u>\$ —</u>	<u>\$ 1,814.8</u>

Assets and liabilities held for sale are related to the Nexeo plastics distribution business. Nexeo Plastics was not aligned with the Company's strategic objectives and on March 29, 2019, the business was sold for total proceeds of \$664.3 million, net of cash disposed. Refer to "Note 4: Discontinued operations and dispositions" for further information.

The Company recorded \$562.7 million of goodwill, consisting of \$547.1 million in the USA segment, \$3.8 million in Canada and \$11.8 million in LATAM. The goodwill is primarily attributable to expected synergies from combining operations. The Company expects approximately \$76.0 million of goodwill to be deductible for income tax purposes.

The identified intangible assets were related to customer relationships which have a weighted-average amortization period of ten years.

The Company assumed 50.0 million warrants, equivalent to 25.0 million Nexeo shares, with an estimated aggregate fair value of \$26.0 million at the February 28, 2019 closing date. The warrants were converted into the right to receive, upon exercise, the merger consideration consisting of approximately 7.6 million shares of Univar Solutions common stock plus cash. The warrants have an exercise price of \$27.80 and will expire on June 9, 2021. The warrants are recorded as other accrued expenses within the consolidated balance sheets. Refer to "Note 19: Fair value measurements" for more information.



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The amounts of net sales and net income from continuing operations related to the Nexeo chemical distribution business, included in the Company's consolidated statements of operations from March 1, 2019 to December 31, 2019 are as follows:

(in millions)

Net sales	\$	1,489.3
Net loss from continuing operations		(12.1)

The following unaudited pro forma financial information combines the unaudited results of operations as if the acquisition of Nexeo had occurred at the beginning of the periods presented below and exclude the results of operations related to Nexeo Plastics, as this divestiture was reflected as discontinued operations. Refer to "Note 4: Discontinued operations and dispositions" for additional information.

<u>(in millions)</u>	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Net sales	\$ 2,155.0	\$ 2,437.4	\$ 9,612.9	\$ 10,685.5
Net (loss) income from continuing operations	(54.8)	(72.9)	(94.3)	154.8

The pro forma financial information is for comparative purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place on January 1, 2018.

The unaudited pro forma information is based upon accounting estimates and judgments the Company believes are reasonable and reflects adjustments directly attributed to the business combination including amortization on acquired intangible assets, interest expense, transaction and acquisition related costs, depreciation related to purchase accounting fair value adjustments and the related tax effects.

#### **4. Discontinued operations and dispositions**

##### **Discontinued operations**

On March 29, 2019, the Company completed the sale of the Nexeo Plastics to an affiliate of One Rock Capital Partners, LLC ("Buyer") for total proceeds of \$664.3 million (net of cash disposed of \$2.4 million), including \$26.7 million for a working capital adjustment. The Nexeo preliminary purchase price allocation is inclusive of these working capital adjustments. Refer to "Note 3: Business combinations" for more information.

In connection with the transaction, the Company entered into a Transition Services Agreement, a Warehouse Service Agreement and Real Property Agreements with the Buyer which are designed to ensure and facilitate an orderly transfer of business operations and will terminate at various times, between six and twenty-four months and can be renewed with a maximum of two twelve-month periods. The income and expense for the services will be reported as other operating expenses, net in the consolidated statements of operations. The Real Property Agreements will have a maximum tenure of 3 years. These arrangements do not constitute significant continuing involvement in the plastics distribution business.

The following table summarizes the operating results of the Company's discontinued operations related to the sale described above for the year ended December 31, 2019, as presented in "Net income from discontinued operations" on the consolidated statements of operations.

<u>(in millions)</u>	<u>Year ended December 31, 2019</u>
External sales	\$ 156.9
Cost of goods sold (exclusive of depreciation)	136.7
Outbound freight and handling	3.5
Warehousing, selling and administrative	7.9
Other expenses	1.4
Income from discontinued operations before income taxes	\$ 7.4
Income tax expense from discontinued operations	2.0
Net income from discontinued operations	\$ 5.4

There were no significant non-cash operating activities from the Company's discontinued operations related to the plastics distribution business.



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### **Dispositions**

On November 30, 2020, the Company completed the sale of its Canadian Agriculture services business for total net cash proceeds of \$39.3 million after transaction-related expenses settled at closing, and subject to a final working capital adjustment. The Company recorded a \$31.5 million pre-tax loss on sale of business in the condensed consolidated statements of operations. The sale of this business did not meet the criteria to be classified as a discontinued operation in the Company's financial statements because the disposition did not represent a strategic shift that had, or will have, a major effect on the Company's operations and financial results.

The following summarizes the income before income taxes attributable to this business through the date of the disposition:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
Income before income taxes	\$ 2.8	\$ 3.0	\$ 4.4

On September 1, 2020, the Company completed the sale of its industrial spill and emergency response businesses to EnviroServe Inc. for total net cash proceeds of \$6.2 million after transaction-related expenses and recorded a \$9.3 million pre-tax loss on sale of business in the condensed consolidated statements of operations. In the fourth quarter of 2020, we recorded an estimated net working capital adjustment of \$1.2 million, increasing the loss on sale recorded in the third quarter of 2020. The sale of these businesses did not meet the criteria to be classified as a discontinued operation in the Company's financial statements because the dispositions did not represent a strategic shift that had, or will have, a major effect on the Company's operations and financial results.

The following summarizes the loss before income taxes attributable to these businesses through the date of the disposition:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
Loss before income taxes	\$ (26.9)	\$ (7.2)	\$ (9.5)

On December 31, 2019, the Company completed the sale of the Environmental Sciences business to AEA Investors LP for total cash proceeds of \$174.0 million (net of cash disposed of \$0.7 million and \$5.9 million of transaction expenses) plus a \$5.0 million (\$2.4 million present value) subordinated note receivable and recorded a pre-tax gain on sale of \$41.4 million. In the first quarter of 2020, we recorded a net working capital adjustment of \$8.2 million, reducing the proceeds and the gain on sale recorded in the fourth quarter of 2019. The sale of the business did not meet the criteria to be classified as a discontinued operation in the Company's financial statements because the disposition did not represent a strategic shift, that has, or will have, a major effect on the Company's operations and financial results.

The following summarizes the income before income taxes attributable to the Environmental Sciences business:

<u>(in millions)</u>	Year ended December 31,	
	2019	2018
Income before income taxes	\$ 28.6	\$ 28.2

### **5. Revenue**

The Company disaggregates revenues from contracts with customers by both geographic segments and revenue contract types. Geographic reportable segmentation is pertinent to understanding the Company's revenues, as it aligns to how the Company reviews the financial performance of its operations. Revenue contract types are differentiated by the type of good or service the Company offers customers, since the contractual terms necessary for revenue recognition are unique to each of the identified revenue contract types.

The following tables disaggregate external customer net sales by major stream:



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	USA	EMEA	Canada	LATAM	Consolidated
<b>(in millions)</b>	<b>Year ended December 31, 2020</b>				
Chemical Distribution	\$ 4,698.1	\$ 1,695.8	\$ 749.7	\$ 441.5	\$ 7,585.1
Crop Sciences	—	—	315.1	—	315.1
Services	308.1	1.3	45.9	9.5	364.8
Total external customer net sales	<u>\$ 5,006.2</u>	<u>\$ 1,697.1</u>	<u>\$ 1,110.7</u>	<u>\$ 451.0</u>	<u>\$ 8,265.0</u>
<b>(in millions)</b>	<b>Year ended December 31, 2019</b>				
Chemical Distribution	\$ 5,507.2	\$ 1,784.2	\$ 852.8	\$ 443.7	\$ 8,587.9
Crop Sciences	—	—	318.0	—	318.0
Services	321.3	1.3	47.0	11.4	381.0
Total external customer net sales	<u>\$ 5,828.5</u>	<u>\$ 1,785.5</u>	<u>\$ 1,217.8</u>	<u>\$ 455.1</u>	<u>\$ 9,286.9</u>
<b>(in millions)</b>	<b>Year ended December 31, 2018</b>				
Chemical Distribution	\$ 4,775.2	\$ 1,974.4	\$ 877.6	\$ 383.8	\$ 8,011.0
Crop Sciences	—	—	381.6	—	381.6
Services	185.8	1.3	43.1	9.7	239.9
Total external customer net sales	<u>\$ 4,961.0</u>	<u>\$ 1,975.7</u>	<u>\$ 1,302.3</u>	<u>\$ 393.5</u>	<u>\$ 8,632.5</u>

## Deferred revenue

Deferred revenues are recognized as a contract liability when customers provide the Company with consideration prior to the Company satisfying a performance obligation and are recognized in revenue when the performance obligations are met. Deferred revenues relate to revenues that are expected to be recognized within one year and are recorded within the other accrued expenses line item of the consolidated balance sheet. Deferred revenues as of December 31, 2020 and 2019 were \$5.8 million and \$65.5 million, respectively. The decrease in deferred revenues is primarily related to the wind down of the Canadian Agriculture wholesale distribution business.

Revenue recognized for the years ended December 31, 2020 and 2019 from amounts included in contract liabilities at the beginning of the period were \$65.0 million and \$44.5 million, respectively.

## 6. Other operating expenses, net

Other operating expenses, net consisted of the following items:

<b>(in millions)</b>	<b>Year ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Acquisition and integration related expenses	\$ 62.4	\$ 152.1	\$ 22.0
Stock-based compensation expense	14.5	25.1	20.7
Restructuring charges	13.9	2.6	4.8
Other employee severance costs	14.8	31.2	16.4
Other facility closure costs <sup>(1)</sup>	2.7	7.1	—
Fair value adjustment for warrants	0.8	7.0	—
(Gain) loss on sale of property, plant and equipment and other assets	(23.7)	(9.9)	2.0
Saccharin legal settlement	—	62.5	—
Other	4.8	20.5	7.6
Total other operating expenses, net	<u>\$ 90.2</u>	<u>\$ 298.2</u>	<u>\$ 73.5</u>

(1) In 2019, other facility closure costs includes \$3.6 million recorded as an estimated withdrawal liability associated with a multi-employer pension plan related to an announced facility closure.



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### 7. Restructuring charges

Restructuring charges relate to the implementation of several regional strategic initiatives aimed at streamlining the Company's cost structure and improving its operations. These actions primarily resulted in workforce reductions and other facility rationalization costs. Restructuring charges are recorded in other operating expenses, net in the consolidated statement of operations.

#### 2020 Restructuring

During the first quarter of 2020, management approved a plan to implement a new structure designed to streamline and accelerate the opportunities between Canada and USA operations resulting in a condensed and realigned reporting structure for the commercial, operating, human resources and finance functions. This change did not impact the Company's reportable segments. All restructuring actions under this program were complete as of June 30, 2020, except for final cash payments that will be made in the future. During the third and fourth quarters of 2020, the Company increased its previously disclosed estimate and recorded additional charges to earnings of \$0.2 million and \$0.1 million, respectively, within employee termination costs.

During the second quarter of 2020, the Company initiated workforce reductions spanning across many job functions and locations in the USA and Other in order to align the Company's workforce with its anticipated business needs. All restructuring actions under this program were complete as of December 31, 2020, except for final cash payments that will be made in the future.

As a result of both of these plans, we recorded the following charges:

<u>(in millions)</u>	<u>Year ended December 31, 2020</u>	<u>Cumulative Costs</u>	<u>Anticipated total costs</u>
<b>USA:</b>			
Employee termination costs	\$ 6.4	\$ 6.4	\$ 6.4
<b>Canada:</b>			
Employee termination costs	\$ 3.4	\$ 3.4	\$ 3.4
<b>Other:</b>			
Employee termination costs	\$ 0.8	\$ 0.8	\$ 0.8
<b>Total</b>	<u>\$ 10.6</u>	<u>\$ 10.6</u>	<u>\$ 10.6</u>

During the fourth quarter of 2020, the Company approved a plan to wind down its Canadian Agriculture wholesale distribution business as part of an in-depth review of the changing dynamics of the agriculture industry. The actions associated with this program were substantially complete as of December 31, 2020.

As a result of this plan, we recorded the following charges:

<u>(in millions)</u>	<u>Year ended December 31, 2020</u>	<u>Cumulative Costs</u>	<u>Anticipated total costs</u>
<b>Canada:</b>			
Employee termination costs	\$ 1.7	\$ 1.7	\$ 1.8
Other exit costs	2.2	2.2	2.2
<b>Total</b>	<u>\$ 3.9</u>	<u>\$ 3.9</u>	<u>\$ 4.0</u>



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### 2018 Restructuring

During 2018, management approved a plan to consolidate departments. The actions associated with this program were substantially complete as of March 31, 2020, although cash payments will be made into the future. During 2020, the Company reduced its estimate, which was previously recorded as a charge to earnings, in the amount of \$0.6 million within employee termination costs as a result of changes in organizational structure. The following table presents a summary of the financial impacts of that plan:

<u>(in millions)</u>	<u>Year ended December 31, 2020</u>	<u>Cumulative costs</u>	<u>Anticipated total costs</u>
<b>USA:</b>			
Employee termination costs	\$ (0.4)	\$ 5.1	\$ 5.1
Other exit costs	—	0.1	0.1
<b>Total</b>	<b>\$ (0.4)</b>	<b>\$ 5.2</b>	<b>\$ 5.2</b>
<b>Other:</b>			
Employee termination costs	\$ (0.2)	\$ 1.0	\$ 1.0
<b>Total:</b>			
Employee termination costs	\$ (0.6)	\$ 6.1	\$ 6.1
Other exit costs	—	0.1	0.1
<b>Total</b>	<b>\$ (0.6)</b>	<b>\$ 6.2</b>	<b>\$ 6.2</b>

The following table summarizes activity related to accrued liabilities associated with restructuring:

<u>(in millions)</u>	<u>January 1, 2020</u>	<u>Charge to earnings</u>	<u>Cash paid</u>	<u>Non-cash and other</u>	<u>December 31, 2020</u>
Employee termination costs	\$ 3.7	\$ 11.7	\$ (12.4)	\$ 0.2	\$ 3.2
Facility exit costs	1.9	—	(0.5)	—	1.4
Other exit costs	0.2	2.2	—	0.1	2.5
<b>Total</b>	<b>\$ 5.8</b>	<b>\$ 13.9</b>	<b>\$ (12.9)</b>	<b>\$ 0.3</b>	<b>\$ 7.1</b>

<u>(in millions)</u>	<u>January 1, 2019</u>	<u>Charge to earnings</u>	<u>Cash paid</u>	<u>December 31, 2019</u>
Employee termination costs	\$ 4.2	\$ 2.5	\$ (3.0)	\$ 3.7
Facility exit costs	5.0	0.1	(3.2)	1.9
Other exit costs	0.2	—	—	0.2
<b>Total</b>	<b>\$ 9.4</b>	<b>\$ 2.6</b>	<b>\$ (6.2)</b>	<b>\$ 5.8</b>

Restructuring liabilities of \$6.6 million and \$5.3 million were classified as current in other accrued expenses in the consolidated balance sheets as of December 31, 2020 and 2019, respectively. The long-term portion of restructuring liabilities of \$0.5 million were recorded in other long-term liabilities in the consolidated balance sheets as of December 31, 2020 and 2019, and primarily consists of facility exit costs that are expected to be paid within the next five years.

The cost information above does not contain any estimates for programs that may be developed and implemented in future periods. While the Company believes the recorded restructuring liabilities are adequate, revisions to current estimates may be recorded in future periods based on new information as it becomes available.



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**8. Other expense, net**

Other expense, net consisted of the following (losses) gains:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
Pension mark to market loss <sup>(1)(2)</sup>	\$ (52.8)	\$ (50.4)	\$ (34.2)
Pension curtailment and settlement gains <sup>(1)</sup>	0.6	1.3	—
Non-operating retirement benefits <sup>(1)(2)</sup>	8.5	2.2	11.0
Foreign currency transactions	(6.9)	(10.1)	(6.7)
Foreign currency denominated loans revaluation	0.1	17.5	(0.8)
Undesignated foreign currency derivative instruments <sup>(3)</sup>	3.2	(23.7)	1.1
Undesignated swap contracts <sup>(3)</sup>	(8.0)	(3.0)	—
Debt refinancing costs <sup>(4)</sup>	(0.1)	(1.2)	—
Other	(3.0)	(3.1)	(3.1)
<b>Total other expense, net</b>	<b>\$ (58.4)</b>	<b>\$ (70.5)</b>	<b>\$ (32.7)</b>

(1) Refer to "Note 11: Employee benefit plans" for more information.

(2) Represents mark to market loss and non-operating retirement benefits for both the defined benefit pension and other postretirement benefit plans.

(3) Refer to "Note 20: Derivatives" for more information.

(4) Refer to "Note 18: Debt" for more information.

**9. Income taxes**

For financial reporting purposes, income (loss) before income taxes includes the following components:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
(Loss) income before income taxes			
US	\$ (47.7)	\$ (194.5)	\$ 36.6
Foreign	106.7	193.4	185.6
<b>Total income (loss) before income taxes</b>	<b>\$ 59.0</b>	<b>\$ (1.1)</b>	<b>\$ 222.2</b>

The expense for income taxes is summarized as follows:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
Current:			
Federal	\$ (3.4)	\$ 33.9	\$ 13.8
State	(1.5)	7.1	2.1
Foreign	43.4	39.2	31.2
<b>Total current</b>	<b>\$ 38.5</b>	<b>\$ 80.2</b>	<b>\$ 47.1</b>
Deferred:			
Federal	\$ (20.2)	\$ 12.2	\$ 6.5
State	(2.7)	3.4	(0.5)
Foreign	(9.5)	8.7	(3.2)
<b>Total deferred</b>	<b>\$ (32.4)</b>	<b>\$ 24.3</b>	<b>\$ 2.8</b>
<b>Total income tax expense from continuing operations</b>	<b>\$ 6.1</b>	<b>\$ 104.5</b>	<b>\$ 49.9</b>



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For our continuing operations, differences between actual provisions for income taxes and provisions for income taxes at the US federal statutory rate (21.0%) were as follows:

<u>(in millions)</u>	Year ended December 31,		
	2020	2019	2018
US federal statutory income tax expense (benefit) applied to (loss) income before income taxes	\$ 12.5	\$ (0.2)	\$ 46.7
State income taxes, net of federal benefit	(4.6)	10.7	1.1
Foreign tax rate differential	5.7	8.7	8.1
Effect of flow-through entities	—	30.6	(0.6)
Distributions from foreign subsidiaries	(9.9)	31.9	9.0
Global intangible low-taxed income	12.9	22.8	19.9
(Loss) gain on disposal	(5.0)	12.9	—
Change in valuation allowance, net	(69.3)	(18.8)	(11.6)
Foreign tax credit	58.8	(13.5)	(38.3)
Non-deductible expenses	2.6	16.5	4.8
Withholding and other taxes based on income	0.1	1.7	0.5
Warrants	0.2	1.5	—
Change in statutory income tax rates	1.5	(1.1)	—
Unrecognized tax benefits	0.5	(0.3)	(2.7)
2017 US repatriation tax	—	—	13.0
Non-taxable interest income	—	—	(0.7)
Other	0.1	1.1	0.7
Total income tax expense from continuing operations	\$ 6.1	\$ 104.5	\$ 49.9
Effective income tax rate	10.3 %	(9,500.0)%	22.5 %

The consolidated deferred tax assets and liabilities are detailed as follows:

<u>(in millions)</u>	December 31,	
	2020	2019
<b>Deferred tax assets:</b>		
Net operating loss carryforwards (“NOLs”)	\$ 34.3	\$ 39.1
Environmental reserves	22.0	20.9
Interest	16.2	17.3
Tax credit and capital loss carryforwards	6.2	60.1
Pension	64.1	69.5
Compensation	17.2	16.0
Inventory	6.0	5.4
Other temporary differences	21.0	20.9
Gross deferred tax assets	\$ 187.0	\$ 249.2
Valuation allowance	(19.9)	(87.5)
Deferred tax assets, net of valuation allowance	\$ 167.1	\$ 161.7
<b>Deferred tax liabilities:</b>		
Property, plant and equipment, net	\$ (98.1)	\$ (110.5)
Intangible assets	(75.3)	(78.3)
Other temporary differences	(3.4)	(7.9)
Deferred tax liabilities	\$ (176.8)	\$ (196.7)
Net deferred tax liability	\$ (9.7)	\$ (35.0)



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As of December 31, 2020, the Company has approximately \$34.3 million (tax effected) of NOLs. Approximately \$1.5 million of NOLs will expire in the period 2021 through 2027. The remaining \$32.8 million has no expiration. Additionally, the Company has approximately \$6.2 million of foreign tax credits and capital loss carryforwards. The Company does not expect future earnings of the appropriate character of taxable income which would allow it to utilize certain of these tax attributes in future tax years. Therefore, the Company will maintain a valuation allowance of \$1.9 million on these amounts.

### **Foreign Tax Effects**

The Company earns a significant amount of its operating income outside of the US. As of December 31, 2020, the Company is indefinitely reinvested with respect to its US directly-owned subsidiary earnings. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries. The Company is subject to US income tax on substantially all foreign earnings under the GILTI provisions of the 2017 Tax Cut and Jobs Act, while a significant portion of remaining foreign earnings are eligible for the new dividends received deduction. As a result, a portion of any future repatriation of \$391.2 million of undistributed earnings may be subject to US income tax, as well as state and local income taxes, and currency translation gains or losses. It is impracticable to calculate the exact amount. Additionally, gains and losses on any future taxable dispositions of US-owned foreign affiliates continue to be subject to US income tax.

### **Tax Contingencies**

The changes in unrecognized tax benefits included in other long-term liabilities, excluding interest and penalties, are as follows:

<u>(in millions)</u>	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance as of January 1	\$ 1.1	\$ 0.4
Increase for tax positions of current year	16.4	—
Increase for tax positions of prior years	17.8	—
Increase for tax positions of prior years related to acquired business	—	1.3
Reductions due to the statute of limitations expiration	(0.3)	(0.1)
Foreign exchange	—	(0.5)
Balance as of December 31	<u>\$ 35.0</u>	<u>\$ 1.1</u>

There were \$35.0 million and \$1.1 million of unrecognized tax benefits that if recognized would affect the annual effective tax rate at December 31, 2020 and 2019, respectively. The Company files income tax returns in the US and various state and foreign jurisdictions. Generally, tax years are open for review by taxing authorities for a period of three years. As of December 31, 2020, the Company has limited audit activity for tax years back to 2007 and 2008, as well as for the periods 2012 through 2019. The Company continues to believe its positions are supportable; however, due to uncertainties in any tax audit outcome, the Company's estimates of the ultimate settlement of uncertain tax positions may change and the actual tax benefits may differ from the estimates.

The Company recognized \$0.6 million, \$0.5 million and \$0.1 million of interest and/or penalties related to income tax matters in interest expense related to unrecognized tax benefits in the consolidated statements of operations for the years ended December 31, 2020, 2019 and 2018, respectively. The Company had \$1.9 million and \$1.3 million of interest and penalties reflected within other long-term liabilities on the consolidated balance sheets as of December 31, 2020 and 2019, respectively.



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## 10. Earnings per share

The following table presents the basic and diluted earnings per share computations:

<u>(in millions, except per share data)</u>	Year ended December 31,		
	2020	2019	2018
<b>Numerator:</b>			
Net income (loss) from continuing operations	\$ 52.9	\$ (105.6)	\$ 172.3
Net income from discontinued operations	—	5.4	—
Net income (loss)	\$ 52.9	\$ (100.2)	\$ 172.3
Less: earnings allocated to participating securities	—	—	0.3
Earnings (loss) allocated to common shares outstanding	\$ 52.9	\$ (100.2)	\$ 172.0
<b>Denominator:</b>			
Weighted average common shares outstanding – basic	169.0	164.1	141.2
Effect of dilutive securities: stock compensation plans	0.8	—	1.0
Weighted average common shares outstanding – diluted	169.8	164.1	142.2
<b>Basic:</b>			
Basic income (loss) per common share from continuing operations	\$ 0.31	\$ (0.64)	\$ 1.22
Basic income per common share from discontinued operations	—	0.03	—
Basic income (loss) per common share	\$ 0.31	\$ (0.61)	\$ 1.22
<b>Diluted:</b>			
Diluted income (loss) per common share from continuing operations	\$ 0.31	\$ (0.64)	\$ 1.21
Diluted income per common share from discontinued operations	—	0.03	—
Diluted income (loss) per common share	\$ 0.31	\$ (0.61)	\$ 1.21

The shares that were not included in the computation of diluted earnings per share for those periods because their inclusion would be anti-dilutive were as follows:

<u>(in millions, common shares)</u>	Year ended December 31,		
	2020	2019	2018
Stock options	4.3	3.0	1.6
Restricted Stock	0.1	0.8	—
Warrants	7.6	6.4	—

## 11. Employee benefit plans

### Defined benefit pension plans

The Company sponsors defined benefit plans that provide pension benefits for employees upon retirement in certain jurisdictions including the US, Canada, United Kingdom and several other European countries. The US, Canada and United Kingdom defined benefit pension plans are closed to new entrants.



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The following summarizes the Company's defined benefit pension plans' projected benefit obligations, plan assets and funded status:

(in millions)	Domestic		Foreign		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2020	2019	2020	2019	2020	2019
<b>Change in projected benefit obligations:</b>						
Actuarial present value of benefit obligations at beginning of year	\$ 722.4	\$ 625.7	\$ 614.0	\$ 537.5	\$ 1,336.4	\$ 1,163.2
Service cost	—	—	1.9	2.4	1.9	2.4
Interest cost	23.2	27.2	11.7	15.6	34.9	42.8
Benefits paid	(34.9)	(33.5)	(49.5)	(28.4)	(84.4)	(61.9)
Plan amendments	—	—	(25.0)	—	(25.0)	—
Curtailment	—	—	—	(1.3)	—	(1.3)
Actuarial loss <sup>(1)</sup>	64.2	103.0	74.8	66.6	139.0	169.6
Foreign exchange and other	—	—	21.9	21.6	21.9	21.6
Actuarial present value of benefit obligations at end of year	\$ 774.9	\$ 722.4	\$ 649.8	\$ 614.0	\$ 1,424.7	\$ 1,336.4
<b>Change in the fair value of plan assets:</b>						
Plan assets at beginning of year	\$ 495.2	\$ 428.6	\$ 606.8	\$ 522.2	\$ 1,102.0	\$ 950.8
Actual return on plan assets	63.9	86.6	66.4	77.3	130.3	163.9
Contributions by employer	17.6	13.5	8.5	13.8	26.1	27.3
Benefits paid	(34.9)	(33.5)	(49.5)	(28.4)	(84.4)	(61.9)
Foreign exchange and other	—	—	21.8	21.9	21.8	21.9
Plan assets at end of year	\$ 541.8	\$ 495.2	\$ 654.0	\$ 606.8	\$ 1,195.8	\$ 1,102.0
Funded status at end of year	\$ (233.1)	\$ (227.2)	\$ 4.2	\$ (7.2)	\$ (228.9)	\$ (234.4)

(1) The actuarial loss (gain) for the years ended 2020 and 2019 were primarily due to a change in the discount rate assumption utilized in measuring plan obligations.

Net amounts related to the Company's defined benefit pension plans recognized in the consolidated balance sheets consist of:

(in millions)	Domestic		Foreign		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Overfunded net benefit obligation in other assets	\$ —	\$ —	\$ 84.0	\$ 65.4	\$ 84.0	\$ 65.4
Current portion of net benefit obligation in other accrued expenses	(3.5)	(3.5)	(2.1)	(2.1)	(5.6)	(5.6)
Long-term portion of net benefit obligation in pension and other postretirement benefit liabilities	(229.6)	(223.7)	(77.7)	(70.5)	(307.3)	(294.2)
Net liability recognized at end of year	\$ (233.1)	\$ (227.2)	\$ 4.2	\$ (7.2)	\$ (228.9)	\$ (234.4)

The following table summarizes defined benefit pension plans with accumulated benefit obligations in excess of plan assets:

(in millions)	Domestic		Foreign		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Accumulated benefit obligation	\$ 774.9	\$ 722.4	\$ 215.8	\$ 202.0	\$ 990.7	\$ 924.4
Fair value of plan assets	541.8	495.2	162.6	155.0	704.4	650.2



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The following table summarizes defined benefit pension plans with projected benefit obligations in excess of plan assets:

(in millions)	Domestic		Foreign		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Projected benefit obligation	\$ 774.9	\$ 722.4	\$ 242.4	\$ 227.7	\$ 1,017.3	\$ 950.1
Fair value of plan assets	541.8	495.2	162.6	155.0	704.4	650.2

The following table summarizes the components of net periodic benefit cost (income) recognized in the consolidated statements of operations related to defined benefit pension plans:

(in millions)	Domestic			Foreign			Total		
	Year ended December 31,			Year ended December 31,			Year ended December 31,		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Service cost <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ 1.9	\$ 2.4	\$ 2.7	\$ 1.9	\$ 2.4	\$ 2.7
Interest cost <sup>(2)</sup>	23.2	27.2	27.3	11.7	15.6	15.4	34.9	42.8	42.7
Expected return on plan assets <sup>(2)</sup>	(28.5)	(25.1)	(31.3)	(14.8)	(20.1)	(25.1)	(43.3)	(45.2)	(56.4)
Amortization of unrecognized prior service cost (credits) <sup>(2)</sup>	—	—	—	(0.1)	0.1	2.7	(0.1)	0.1	2.7
Settlement <sup>(3)</sup>	—	—	—	(0.6)	—	—	(0.6)	—	—
Curtailment <sup>(3)</sup>	—	—	—	—	(1.3)	—	—	(1.3)	—
Actuarial loss <sup>(4)</sup>	28.9	41.5	23.7	23.7	9.4	11.2	52.6	50.9	34.9
Net periodic benefit cost	\$ 23.6	\$ 43.6	\$ 19.7	\$ 21.8	\$ 6.1	\$ 6.9	\$ 45.4	\$ 49.7	\$ 26.6

(1) Service cost is included in warehouse, selling and administrative expenses.

(2) These amounts are included in other expense, net, and represent non-operating retirement benefits.

(3) Settlements and curtailments are included in other expense, net.

(4) Actuarial loss, or mark to market, includes measurement gains and losses resulting from changes since the prior measurement date in assumptions and plan experience as well as the difference between the expected and actual return on plan assets. These amounts are recorded in other expense, net.

The following summarizes pre-tax amounts included in AOCI at December 31, 2020 related to pension plan amendments:

(in millions)	Defined benefit pension plans
Net prior service credit	\$ 23.8

### Other postretirement benefit plan

The Company previously maintained a health care plan for retired employees in the US. The obligation associated with this plan as of December 31, 2020 and 2019 was \$1.6 million and \$1.4 million, respectively.

### Actuarial assumptions

#### Defined benefit pension plans

The significant weighted average actuarial assumptions used in determining the benefit obligations and net periodic benefit cost (income) for the Company's defined benefit plans are as follows:

Actuarial assumptions used to determine benefit obligations at end of period:	Domestic		Foreign	
	December 31,		December 31,	
	2020	2019	2020	2019
Discount rate	2.55 %	3.28 %	1.55 %	2.14 %
Expected annual rate of compensation increase	N/A	N/A	2.91 %	2.85 %



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	Domestic			Foreign		
	Year ended December 31,			Year ended December 31,		
	2020	2019	2018	2020	2019	2018
Actuarial assumptions used to determine net periodic benefit cost (income) for the						
Discount rate	3.28 %	4.47 %	3.87 %	2.14 %	2.92 %	2.61 %
Expected rate of return on plan assets	6.50 %	6.75 %	6.75 %	2.75 %	3.83 %	4.43 %
Expected annual rate of compensation increase	N/A	N/A	N/A	2.85 %	2.85 %	2.87 %

Discount rates are used to measure benefit obligations and the interest cost component of net periodic benefit cost (income). The Company selects its discount rates based on the consideration of equivalent yields on high-quality fixed income investments at each measurement date. Discount rates are based on a benefit cash flow-matching approach and represent the rates at which the Company's benefit obligations could effectively be settled as of the measurement date.

For domestic defined benefit plans, the discount rates are based on a hypothetical bond portfolio approach. The hypothetical bond portfolio is constructed to comprise AA-rated corporate bonds whose cash flow from coupons and maturities match the expected future plan benefit payments.

The discount rate for the foreign defined benefit plans are based on a yield curve approach. For plans in countries with a sufficient corporate bond market, the expected future benefit payments are matched with a yield curve derived from AA-rated corporate bonds, subject to minimum amounts outstanding and meeting other selection criteria. For plans in countries without a sufficient corporate bond market, the yield curve is constructed based on prevailing government yields and an estimated credit spread to reflect a corporate risk premium.

The expected long-term rate of return on plan assets reflects management's expectations on long-term average rates of return on funds invested to provide for benefits included in the benefit obligations. The long-term rate of return assumptions are based on the outlook for equity and fixed income returns, with consideration of historical returns, asset allocations, investment strategies and premiums for active management when appropriate. Assumptions reflect the expected rates of return at the beginning of the year.

### **Plan assets**

Plan assets for defined benefit plans are invested in global equity and debt securities through professional investment managers with the objective to achieve targeted risk adjusted returns and to maintain liquidity sufficient to fund current benefit payments. Each funded defined benefit plan has an investment policy that is administered by plan trustees with the objective of meeting targeted asset allocations based on the circumstances of that particular plan. The investment strategy followed by the Company varies by country depending on the circumstances of the underlying plan. Less mature plan benefit obligations are funded by using more equity securities as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using a higher allocation of fixed income securities as they are expected to produce current income with limited volatility. The Company has adopted a dynamic investment strategy whereby as the plan funded status improves, the investment strategy is migrated to more liability matching assets, and return seeking assets are reduced. Risk management practices include the use of multiple asset classes for diversification purposes. Specific guidelines for each asset class and investment manager are implemented and monitored.

The weighted average target asset allocation for defined benefit pension plans in the year ended December 31, 2020 is as follows:

	Domestic	Foreign
Asset category:		
Equity securities	50.0 %	15.0 %
Debt securities	45.0 %	79.2 %
Other	5.0 %	5.8 %
Total	100.0 %	100.0 %



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Plan asset valuation methodologies are described below:

<u>Fair value methodology</u>	<u>Description</u>
Cash	This represents cash at banks at fair value.
Investment funds	Values are based on the net asset value of the units held at year end. The net asset values are based on the fair value of the underlying assets of the funds, minus their liabilities, and then divided by the number of units outstanding at the valuation date. The funds are traded on private markets that are not active; however, the unit price is based primarily on observable market data of the fund's underlying assets.
Insurance contracts	The fair value is based on the present value of the accrued benefit.

### Domestic defined benefit plan assets

The following summarizes the fair value of domestic plan assets by asset category and level within the fair value hierarchy:

<u>(in millions)</u>	December 31, 2020			December 31, 2019		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash	\$ 2.7	\$ 2.7	\$ —	\$ 2.5	\$ 2.5	\$ —
Investments funds <sup>(1)</sup>	539.1	—	539.1	492.7	—	492.7
<b>Total</b>	<b>\$ 541.8</b>	<b>\$ 2.7</b>	<b>\$ 539.1</b>	<b>\$ 495.2</b>	<b>\$ 2.5</b>	<b>\$ 492.7</b>

(1) This category includes investments in 26.1% and 30.2% in US equities, 25.5% and 19.7% in non-US equities, 43.3% and 45.0% in US corporate bonds and 5.1% and 5.1% in other investments as of December 31, 2020 and 2019, respectively.

### Foreign defined benefit plan assets

The following summarizes the fair value of foreign plan assets by asset category and level within the fair value hierarchy:

<u>(in millions)</u>	December 31, 2020				December 31, 2019			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Cash	\$ 3.7	\$ 3.7	\$ —	\$ —	\$ 3.4	\$ 3.4	\$ —	\$ —
Investments:								
Investment funds <sup>(1)</sup>	623.7	—	623.7	—	581.2	—	581.2	—
Insurance contracts	26.6	—	—	26.6	22.2	—	—	22.2
<b>Total investments</b>	<b>\$ 650.3</b>	<b>\$ —</b>	<b>\$ 623.7</b>	<b>\$ 26.6</b>	<b>\$ 603.4</b>	<b>\$ —</b>	<b>\$ 581.2</b>	<b>\$ 22.2</b>
<b>Total</b>	<b>\$ 654.0</b>	<b>\$ 3.7</b>	<b>\$ 623.7</b>	<b>\$ 26.6</b>	<b>\$ 606.8</b>	<b>\$ 3.4</b>	<b>\$ 581.2</b>	<b>\$ 22.2</b>

(1) This category includes investments in 3.8% and 2.1% in US equities, 11.4% and 14.1% in non-US equities, 12.9% and 13.5% in non-US corporate bonds, 70.4% and 68.6% in non-US government bonds and 1.5% and 1.7% in other investments as of December 31, 2020 and 2019, respectively.

Changes in the foreign plan assets valued using significant unobservable inputs (Level 3):

<u>(in millions)</u>	Insurance contracts	
	2020	2019
Balance as of January 1	\$ 22.2	\$ 18.5
Actual return to plan assets:		
Related to assets still held at year end	2.4	3.6
Purchases, sales and settlements, net	(0.2)	0.5
Foreign exchange	2.2	(0.4)
Balance as of December 31	<b>\$ 26.6</b>	<b>\$ 22.2</b>

### Contributions

The Company expects to contribute approximately \$15.4 million and \$3.7 million to its domestic and foreign defined benefit pension plan funds in 2021, respectively, including direct payments to plan participants in unfunded plans.



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### **Benefit payments**

Benefit payments that are projected to be paid from plan assets:

<u>(in millions)</u>	<b>Defined benefit pension plans</b>		
	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
2021	\$ 37.4	\$ 18.1	\$ 55.5
2022	38.2	19.3	57.5
2023	39.1	19.2	58.3
2024	39.7	21.0	60.7
2025	40.5	21.4	61.9
2026 through 2030	206.3	116.0	322.3

### **Defined contribution plans**

The Company provides defined contribution plans and had contribution expense of \$26.2 million, \$29.9 million and \$32.0 million in the years ended December 31, 2020, 2019 and 2018, respectively.

### **Multi-employer plans**

The Company contributes to several multi-employer pension plans based on obligations arising from collective bargaining agreements. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by the Company may be used to provide benefits to employees of other participating employers.
- If the Company stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Similarly, the Company could be liable for underfunded obligations of other, departed employers.
- If the Company chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. A withdrawal liability will be recorded when it is probable that a liability exists and can be reasonably estimated.

The Company's participation in these plans for the annual period ended December 31, 2020 is outlined in the table below. The Pension Protection Act (PPA) zone status is the most recently available and is certified by the plan's actuary. Among other factors, plans in the "red zone" are less than 65 percent funded, plans in the "yellow zone" are less than 80 percent funded and plans in the "green zone" are at least 80 percent funded. The "FIP/RP status pending/implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. In addition to regular plan contributions, the Company may be subject to a surcharge if the plan is in the red zone. The "Surcharge imposed" column indicates whether a surcharge has been imposed on contributions to the plan. The last column lists the expiration date(s) of the collective bargaining agreement(s) (CBA) to which the plans are subject. There are no minimum contributions required for future periods by the collective-bargaining agreements, statutory obligations or other contractual obligations.



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If the Company were to cease making contributions to these plans at one or more or all locations, it could trigger a withdrawal liability that could be material to the Company's results of operations and cash flows. Calculating any such withdrawal liability depends on a number of factors that are out of the Company's control and subject to change. Withdrawal liability represents an employer's proportional share of the multi-employer plan's unfunded vested benefits ("UVBs"). UVBs equal the value of non-forfeitable benefits owed by the plan, less the value of the plan's assets. The value of assets and liabilities are determined using actuarial assumptions that reflect the actuary's best estimate of anticipated UVBs for that employer. A significant portion of our exposure resides with our eight facilities in the Central States Pension Fund. Based on the most recent available information, Company estimates suggest that under certain circumstances the Company's withdrawal liability in relation to the Central States multi-employer pension plan could be between \$30 million to \$60 million. Other estimates of possible outcomes incorporating additional external factors could result in materially higher withdrawal liabilities, though the Company believes that those outcomes are unlikely to occur based on available information. A withdrawal liability would generally be paid over a 20 year period. Over time, as additional information becomes available, the Company expects to make adjustments to these estimates as appropriate.

(in millions)	EIN/Pension plan number	PPA zone status		FIP/RP status pending/implemented	Contributions <sup>(a)</sup>			Surcharge imposed	Number of and expiration dates of collective bargaining agreement(s)
		2020	2019		Year ended December				
					2020	2019	2018		
Western Conference of Teamsters Pension Plan	91-6145047/001	Green as of January 1, 2020	Green as of January 1, 2018	No	\$ 1.5	\$ 1.5	\$ 1.5	No	(7) April 22, 2021 to July 31, 2023
Central States, Southeast and Southwest Areas Pension Plan	36-6044243/001	Red as of January 1, 2019	Red as of January 1, 2018	Implemented	1.1	1.1	1.0	No	(8) January 15, 2021 to March 31, 2023
New England Teamsters and Trucking Industry	04-6372430/001	Red as of October 1, 2018	Red as of October 1, 2017	Implemented	—	0.1	0.2	No	(b)
Total contributions					\$ 2.6	\$ 2.7	\$ 2.7		

- (a) Plan contributions by the Company did not represent more than five percent of total contributions to the plans as indicated in the plans' most recently available annual report.
- (b) The Company terminated the CBA covered by this fund. As a result, the Company has withdrawn from the fund and recognized expense for its estimated withdrawal liability.

**12. Stock-based compensation**

In May 2020, the Company replaced and succeeded the Univar Inc. 2017 Omnibus Equity Incentive Plan (the "2017 Plan") with the Univar Solutions Inc. 2020 Omnibus Incentive Plan (the "2020 Plan"). The 2017 Plan had no further awards granted and any available reserves under the 2017 Plan were terminated and not transferred to the 2020 Plan. There were no changes to the outstanding awards related to the 2017 Plan, the Univar Inc. 2015 Stock Incentive Plan and Univar Inc. 2011 Stock Incentive Plan (together with the 2017 Plan and the 2020 Plan, the "Plans").

The 2020 Plan allows the Company to issue awards to employees, consultants, and directors of the Company and its subsidiaries. Awards may be made in the form of stock options, stock purchase rights, restricted stock, restricted stock units, performance shares, performance units, stock appreciation rights, dividend equivalents, deferred share units or other stock-based awards. As of December 31, 2020, there were 12.4 million shares authorized under the Plans.

For the years ended December 31, 2020, 2019 and 2018, the Company recognized total stock-based compensation expense within other operating expenses, net of \$14.5 million, \$25.1 million and \$20.7 million, and a net tax (benefit) expense relating to stock-based compensation expense of \$(2.0) million, \$(2.4) million and \$(2.6) million, respectively.

**Stock options**

Stock options expire ten years after the grant date and generally become exercisable over a four-year period or less, based on continued employment, with annual vesting. The exercise price of a stock option is determined based upon the fair value of the common stock at the time of each grant. Participants have no stockholder rights until the time of exercise. The Company will issue new shares upon exercise of stock options granted under the Plans.



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The following reflects stock option activity under the Plans:

	Number of stock options	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2020	3,690,625	\$ 23.77		
Granted	1,344,130	22.94		
Exercised	(63,353)	17.62		
Forfeited	(716,749)	22.63		
Outstanding at December 31, 2020	4,254,653	\$ 23.79		
Exercisable at December 31, 2020	2,223,545	\$ 24.51	4.1	\$ 0.4
Expected to vest after December 31, 2020	2,031,108	\$ 23.01	8.6	\$ (8.1)

As of December 31, 2020, the Company has unrecognized stock-based compensation expense related to non-vested stock options of approximately \$3.9 million, which will be recognized over a weighted-average period of 0.9 years.

(in millions)	Year ended December 31,		
	2020	2019	2018
Total intrinsic value of stock options exercised	\$ 0.3	\$ 0.9	\$ 2.4
Fair value of stock options vested	7.2	7.9	8.1

## Restricted stock

Non-vested restricted stock primarily relates to awards for members of the Company's Board of Directors which vest over 12 months. The grant date fair value of restricted stock is based on the market price of the common stock on that date. Non-vested shares of restricted stock may not be sold or transferred and are subject to forfeiture until vesting. Both vested and non-vested shares of restricted stock are included in the Company's shares outstanding. Dividend equivalents are available for non-vested shares of restricted stock if dividends are declared by the Company during the vesting period.

The following table reflects restricted stock activity under the Plans:

	Number of restricted stock	Weighted average grant-date fair value
Non-vested at January 1, 2020	28,120	\$ 21.34
Granted	43,135	13.91
Vested	(28,120)	21.34
Forfeited	—	—
Non-vested at December 31, 2020	43,135	\$ 13.91

As of December 31, 2020, the Company has unrecognized stock-based compensation expense related to non-vested restricted stock awards of approximately \$0.2 million, which will be recognized over a weighted-average period of 0.4 years.

The weighted-average grant-date fair value of restricted stock was \$21.34 and \$28.50 in 2019 and 2018, respectively.

## Restricted stock units (RSUs)

RSUs awarded to employees generally vest in three or four equal annual installments, subject to continued employment. Each RSU converts into one share of Univar Solutions common stock on the applicable vesting date. RSUs may not be sold, pledged or otherwise transferred until they vest and are subject to forfeiture. The grant date fair value is based on the market price of Univar Solutions stock on that date.



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The following table reflects RSUs activity under the Plans:

	<u>Number of Restricted Stock Unit</u>	<u>Weighted-average grant-date fair value</u>
Non-vested at January 1, 2020	1,089,418	\$ 23.67
Granted	600,217	21.29
Vested	(405,588)	24.15
Forfeited	(256,899)	23.21
Non-vested at December 31, 2020	<u>1,027,148</u>	<u>\$ 22.22</u>

As of December 31, 2020, the Company has unrecognized stock-based compensation expense related to non-vested RSUs awards of approximately \$7.6 million, which will be recognized over a weighted-average period of 1.0 years.

### **Performance-based restricted stock units (PRsUs)**

The Company awards performance based shares to certain employees. These awards vest upon the passage of time and the achievement of performance criteria. For grants with Company based performance criteria, the vesting period is over three years with some shares vesting over each annual period. We review progress toward the attainment of the performance criteria each quarter during the vesting period. When it is probable the minimum performance criteria for the award will be achieved, we begin recognizing the expense equal to the proportionate share of the total fair value. The total expense recognized over the duration of performance awards will equal the date of grant multiplied by the number of shares ultimately awarded based on the level of attainment of the performance criteria. For grants with market performance criteria, the fair value is determined on the grant date and is calculated using the same inputs for expected volatility, and risk-free rate as stock options, with a duration of two years. The total expense recognized over the duration of the award will equal the fair value, regardless if the market performance criteria is met.

The following table reflects PRsUs activity under the Plans:

	<u>Number of Performance-Based Restricted Stock Unit</u>	<u>Weighted-average grant-date fair value</u>
Non-vested at January 1, 2020	519,828	\$ 24.77
Granted	251,195	23.41
Vested	(103,836)	27.10
Forfeited	(134,305)	24.81
Non-vested at December 31, 2020	<u>532,882</u>	<u>\$ 23.66</u>

As of December 31, 2020, the Company has unrecognized stock-based compensation expense related to non-vested PRsUs awards of approximately \$1.4 million, which will be recognized over a weighted-average period of 1.8 years.

### **Fair value**

<u>(in millions)</u>	<u>Year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fair value of restricted stock, RSUs and PRsUs vested	\$ 9.2	\$ 8.6	\$ 11.8

### **Employee stock purchase plan**

The Univar Solutions Inc. Employee Stock Purchase Plan, or ESPP, authorizing the issuances of up to 2.0 million shares of the Company's common stock allows qualified participants to purchase the Company's common stock at 95% of its market price during the last day of two offering periods in each calendar year. The first offering period is January through June, and the second from July through December. As of December 31, 2020, the total number of shares issued under the plan for the two offering periods in 2020 was 88,623 shares.

### **Stock-based compensation fair value assumptions**

The fair value of the Company's stock that is factored into the fair value of stock options and utilized for restricted stock, RSUs and PRsUs with internally developed performance conditions is based on the grant date closing price on the New York Stock Exchange.



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The Black-Scholes-Merton option valuation model was used to calculate the fair value of stock options. The weighted average grant-date fair value of stock options was \$6.17, \$6.31 and \$8.69 for the years ended December 31, 2020, 2019 and 2018, respectively. The weighted-average assumptions used under the Black-Scholes-Merton option valuation model were as follows:

	Year ended December 31,		
	2020	2019	2018
Risk-free interest rate <sup>(1)</sup>	1.4 %	2.6 %	2.7 %
Expected dividend yield	—	—	—
Expected volatility <sup>(2)</sup>	24.4 %	23.7 %	23.2 %
Expected term (years) <sup>(3)</sup>	6.0	6.0	6.0

- (1) The risk-free interest rate is based on the US Treasury yield for a term consistent with the expected term of the stock options at the time of grant.
- (2) As the Company does not have sufficient historical volatility data, the expected volatility is based on the average historical data of a peer group of public companies over a period equal to the expected term of the stock options.
- (3) As the Company does not have sufficient historical exercise data under the Plans, the expected term is based on the average of the vesting period of each tranche and the original contract term of 10 years.

**13. Accumulated other comprehensive loss**

The following table presents the changes in accumulated other comprehensive loss by component, net of tax.

(in millions)	Cash flow hedges	Defined benefit pension	Currency translation	Total AOCI
Balance as of January 1, 2018	\$ 6.7	\$ (1.2)	\$ (284.0)	\$ (278.5)
Impact due to adoption of ASU 2017-12 <sup>(1)</sup>	0.5	—	—	0.5
Other comprehensive income (loss) before reclassifications	8.3	(2.0)	(97.0)	(90.7)
Amounts reclassified from accumulated other comprehensive loss	(6.6)	2.1	—	(4.5)
Net current period other comprehensive income (loss)	\$ 2.2	\$ 0.1	\$ (97.0)	\$ (94.7)
Balance as of December 31, 2018	\$ 8.9	\$ (1.1)	\$ (381.0)	\$ (373.2)
Impact due to adoption of ASU 2018-02 <sup>(2)</sup>	1.5	—	(4.7)	(3.2)
Other comprehensive (loss) income before reclassifications	(23.6)	—	22.8	(0.8)
Amounts reclassified from accumulated other comprehensive loss	(2.2)	0.1	—	(2.1)
Net current period other comprehensive (loss) income	\$ (24.3)	\$ 0.1	\$ 18.1	\$ (6.1)
Balance as of December 31, 2019	\$ (15.4)	\$ (1.0)	\$ (362.9)	\$ (379.3)
Other comprehensive (loss) income before reclassifications <sup>(3)</sup>	(45.6)	20.3	(10.7)	(36.0)
Amounts reclassified from accumulated other comprehensive loss	28.3	(0.1)	—	28.2
Net current period other comprehensive (loss) income	\$ (17.3)	\$ 20.2	\$ (10.7)	\$ (7.8)
Balance as of December 31, 2020	\$ (32.7)	\$ 19.2	\$ (373.6)	\$ (387.1)

- (1) Adjusted due to the adoption of ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities" on January 1, 2018.
- (2) Adjusted due to the adoption of ASU 2018-02 "Income Statement - Reporting Comprehensive Income" on January 1, 2019.
- (3) Defined benefit pension includes \$25.0 million pre-tax adjustment related to plan amendment on the UK pension plan.



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The following is a summary of the amounts reclassified from accumulated other comprehensive loss to net (loss) income.

(in millions)	Year ended December 31,			Statement of Operations Classification
	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>	
Amortization of defined benefit pension items:				
Prior service cost (credits)	\$ (0.1)	\$ 0.1	\$ 2.7	Other expense, net
Tax benefit	—	—	(0.6)	Income tax expense
Net of tax	\$ (0.1)	\$ 0.1	\$ 2.1	
Cash flow hedges:				
Interest rate swap contracts	\$ 12.9	\$ (8.0)	\$ (8.1)	Interest expense
Cross-currency swap contracts	28.3	5.2	—	Interest expense and other expense, net
Tax (benefit) expense	(12.9)	0.6	1.5	Income tax expense
Net of tax	\$ 28.3	\$ (2.2)	\$ (6.6)	
Total reclassifications for the period	\$ 28.2	\$ (2.1)	\$ (4.5)	

(1) Amounts in parentheses indicate credits to net income in the consolidated statement of operations.

Refer to “Note 11: Employee benefit plans” for additional information regarding the amortization of defined benefit pension items, “Note 20: Derivatives” for cash flow hedging activity.

## 14. Property, plant and equipment, net

Property, plant and equipment, net consisted of the following:

(in millions)	December 31,	
	2020	2019
Land and buildings	\$ 827.9	\$ 875.9
Tank farms	315.4	283.9
Machinery, equipment and other	1,007.7	983.8
Less: Accumulated depreciation	(1,150.7)	(1,037.9)
Subtotal	\$ 1,000.3	\$ 1,105.7
Work in progress	65.4	46.7
Property, plant and equipment, net	\$ 1,065.7	\$ 1,152.4

## 15. Goodwill and intangible assets

### Goodwill

The following is a summary of the activity in goodwill by segment.

(in millions)	USA	EMEA	Canada	LATAM	Total
Balance, January 1, 2019	\$ 1,325.2	\$ 8.3	\$ 429.9	\$ 17.3	\$ 1,780.7
Additions	540.1	—	3.8	11.8	555.7
Other adjustments	(63.0)	—	(14.2)	—	(77.2)
Foreign exchange	—	0.1	21.6	(0.1)	21.6
Balance, December 31, 2019	\$ 1,802.3	\$ 8.4	\$ 441.1	\$ 29.0	\$ 2,280.8
Additions	—	—	—	3.5	3.5
Purchase price adjustments	7.0	—	—	—	7.0
Other adjustments	(4.3)	—	(21.4)	(0.4)	(26.1)
Foreign exchange	—	0.3	8.4	(3.5)	5.2
Balance, December 31, 2020	\$ 1,805.0	\$ 8.7	\$ 428.1	\$ 28.6	\$ 2,270.4



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Additions to goodwill in 2020 related to the acquisition of Tech Chem. Additions to goodwill in 2019 related to the acquisition of Nexeo. Purchase price adjustments in 2020 related to the Nexeo acquisition. Refer to “Note 3: Business combinations” for further information. Other adjustments to goodwill in 2020 primarily related to the dispositions of the industrial spill and emergency response businesses and Canadian Agriculture services business. Other adjustments to goodwill in 2019 related to the disposition of the Environmental Sciences business. Refer to “Note 4: Discontinued operations and dispositions” for further information. Accumulated impairment losses on goodwill were \$263.4 million, \$253.9 million and \$255.6 million at December 31, 2020, December 31, 2019 and January 1, 2019, respectively.

As of October 1, 2020, the Company performed its annual impairment review and concluded the fair value exceeded the carrying value for all reporting units. There were no events or circumstances from the date of the assessment through December 31, 2020 that would affect this conclusion.

### **Intangible assets, net**

The gross carrying amounts and accumulated amortization of the Company’s intangible assets were as follows:

<u>(in millions)</u>	December 31, 2020			December 31, 2019		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Customer relationships	\$ 936.9	\$ (691.3)	\$ 245.6	\$ 986.4	\$ (680.8)	\$ 305.6
Other	177.4	(171.1)	6.3	182.0	(167.4)	14.6
<b>Total intangible assets</b>	<b>\$ 1,114.3</b>	<b>\$ (862.4)</b>	<b>\$ 251.9</b>	<b>\$ 1,168.4</b>	<b>\$ (848.2)</b>	<b>\$ 320.2</b>

Other intangible assets consist of intellectual property trademarks, trade names, producer relationships and contracts, non-compete agreements and exclusive distribution rights.

The estimated annual amortization expense in each of the next five years is as follows:

<u>(in millions)</u>		
2021	\$	49.9
2022		43.7
2023		38.2
2024		32.4
2025		22.5

## **16. Impairment charges**

### **Year ended December 31, 2020**

During the second quarter of 2020, the Company determined there was a more likely than not expectation that the industrial spill and emergency response businesses within the USA segment would be sold. The Company determined this to be an impairment triggering event, requiring the assessment of the recoverability of these long-lived asset groups. The Company tested the recoverability and determined the assets to be impaired. As a result, the Company recorded a non-cash, pretax impairment charge of \$15.5 million, consisting of \$12.8 million of intangible assets, net and \$2.7 million of property, plant and equipment, net within the consolidated statement of operations during the year ended December 31, 2020.

During the third quarter of 2020, the Company decided to cease further investment in, and seek to restructure or exit a contract related to, certain technology assets, consisting of capitalized software and hardware components. This event represented an impairment triggering event requiring an impairment analysis within the Other segment. As a result of the analysis, the Company recorded a non-cash, pretax impairment charge of \$19.7 million relating to property, plant and equipment, net within the consolidated statement of operations. During the fourth quarter of 2020, the Company incurred incremental costs under the terms of the contract that were not deemed recoverable and recorded an additional impairment charge of \$2.0 million relating to property, plant and equipment within the consolidated statement of operations. No additional costs will be incurred under the contract as the Company finalized the terms of the exit in January 2021.

Additionally, the Company recorded charges during 2020 in connection with the announced closure of certain production facilities in the USA segment and the wind down of its Canadian Agriculture wholesale distribution business. The events resulted in impairment charges related to property, plant and equipment, net of \$3.0 million within the consolidated statement of operations during the year ended December 31, 2020.



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### **Year ended December 31, 2019**

During the third quarter of 2019, the Company announced closure of certain production facilities in USA. The Company determined that these decisions indicated a triggering event, requiring the assessment of recoverability of these long-lived assets. Testing the assets for recoverability involves developing estimates of future cash flows directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of the assets. As the inputs for testing recoverability are largely based on management's judgments and are not generally observable in active markets, the Company considers such measurements to be Level 3 measurements in the fair value hierarchy.

The Company tested the recoverability of its long-lived assets and determined the carrying amount of the assets exceeded the sum of the expected undiscounted future cash flows. As a result, the Company recorded a non-cash, pretax impairment charge of \$7.0 million related to property, plant and equipment within its consolidated statements of operations during the year ended December 31, 2019.

### **17. Other accrued expenses**

As of December 31, 2020, other accrued expenses that were greater than five percent of total current liabilities consisted of current tax liabilities of \$73.4 million, comprised of income, VAT and local indirect taxes payable. As of December 31, 2019, other accrued expenses that were greater than five percent of total current liabilities consisted of current tax liabilities of \$87.1 million, comprised of income, VAT and local indirect taxes payable and customer prepayments and deposits of \$81.5 million.

### **18. Debt**

#### **Short-term financing**

Short-term financing consisted of the following:

<u>(in millions)</u>	December 31,	
	2020	2019
Amounts drawn under credit facilities	\$ —	\$ 0.5
Bank overdrafts	2.1	0.2
Total	<u>\$ 2.1</u>	<u>\$ 0.7</u>

The weighted average interest rate on short-term financing was 3.6% and 3.8% as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the Company had \$196.0 million and \$158.5 million, respectively, in outstanding letters of credit.



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### Long-term debt

Long-term debt consisted of the following:

<u>(in millions)</u>	December 31,	
	2020	2019
Senior Term Loan Facilities:		
Term B-3 Loan due 2024, variable interest rate of 2.40% and 4.05% at December 31, 2020 and 2019, respectively	\$ 1,264.1	\$ 1,438.0
Term B-5 Loan due 2026, variable interest rate of 2.15% and 3.80% at December 31, 2020 and 2019, respectively	396.0	400.0
Asset Backed Loan (ABL) Facilities:		
North American ABL Facility due 2024, variable interest rate of 1.71% and 5.25% at December 31, 2020 and 2019, respectively	265.5	200.0
Canadian ABL Term Loan due 2022, variable interest rate of 2.71% and 4.31% at December 31, 2020 and 2019, respectively	133.5	130.9
Senior Unsecured Notes:		
Senior Unsecured Notes due 2027, fixed interest rate of 5.13% at December 31, 2020 and 2019	500.0	500.0
Finance lease obligations	101.6	71.2
Total long-term debt before discount	\$ 2,660.7	\$ 2,740.1
Less: unamortized debt issuance costs and discount on debt	(20.1)	(26.3)
Total long-term debt	\$ 2,640.6	\$ 2,713.8
Less: current maturities	(163.5)	(25.0)
Total long-term debt, excluding current maturities	\$ 2,477.1	\$ 2,688.8

The weighted average interest rate on long-term debt was 3.73% and 4.25% as of December 31, 2020 and 2019, respectively.

As of December 31, 2020, future contractual maturities of long-term debt, excluding finance lease obligations, are as follows:

<u>(in millions)</u>	
2021	\$ 137.5
2022	4.0
2023	4.0
2024	1,533.6
2025	4.0
Thereafter	876.0
Total	\$ 2,559.1

Refer to "Note 22: Leasing" for additional information regarding finance lease obligations.

### Senior Term Loan Facilities

In the first quarter of 2019 to finance the acquisition of Nexeo, the Company entered into the Fourth Amendment to its credit agreement, dated July 1, 2015, which provided a new Term B-4 Loan facility in an aggregate principal amount of \$300.0 million ("Term B-4 Loan") and a new Euro Term B-2 Loan facility in an aggregate principal amount of €425.0 million ("EUR Term B-2 Loan"). In the second quarter of 2019, using the proceeds from the sale of Nexeo Plastics, the Company repaid a portion of its outstanding EUR Term B-2, Term B-3 and Term B-4 Loans. As a result of the prepayment, no mandatory principal payments are required until 2024 for the Term B-3 Loan.

In the fourth quarter of 2019, the Company repaid in full the remaining Term B-4 Loan and entered into the Fifth Amendment which provided a new Term B-5 Loan facility in an aggregate principal amount of \$400.0 million that matures on July 1, 2026 ("Term B-5 Loan"). The proceeds from the new Term B-5 loan were used to repay in full the remaining EUR Term B-2 Loan. The Term B-5 Loan is payable in quarterly installments of 0.25% of the aggregate initial principal amount. The interest rate applicable to the Term Loan B-5 is based on, at the borrower's option, (i) a fluctuating rate of interest determined



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by reference to a base rate plus an applicable margin equal to 1.00% or (ii) a Eurocurrency rate plus an applicable margin equal to 2.00%. The Company can repay the Term B-5 Loan in whole or part without penalty.

As a result of the Fifth Amendment of the Term B-5 Loan and the repayment of the Term B-4 Loan, the Company recognized a loss on extinguishment of debt of \$9.4 million during the year ended December 31, 2019.

In the first quarter of 2020, using the proceeds from the sale of the Environmental Sciences business, the Company repaid \$174.0 million of the Term B-3 Loan. As a result of the prepayment, the Company recognized a loss on extinguishment of debt of \$1.8 million during the year ended December 31, 2020.

### **ABL Facilities**

In 2019, the Company amended and restated its July 28, 2015 ABL credit facility. The 2019 amendment, which matures on February 28, 2024, provides a five year senior secured ABL credit facility in an aggregate amount of \$1.2 billion and \$325.0 million, for the US and Canadian revolving commitments ("North American ABL Facility"), respectively, and a three year \$175.0 million aggregate secured Canadian dollar ABL term loan facility ("ABL Term Loan") (collectively, the "New Senior ABL Facility"). Borrowing availability is determined by a borrowing base consisting of eligible inventory and eligible accounts receivable.

The interest rate on the ABL Term Loan is on a quarterly adjusted rate of interest determined by reference to either a prime or BA rate, at our option, plus an applicable margin. For the US and Canadian revolving loans, the adjusted interest rate is a base or eurocurrency rate plus an applicable margin. The ABL Term Loan is payable in quarterly installments beginning June 30, 2020 with a final maturity on February 28, 2022. However, due to an optional prepayment in 2019, the loan is expected to be fully paid by December 31, 2021.

As a result of the 2019 amendment related to the New Senior ABL Facility, the Company recognized a loss on extinguishment of debt of \$0.7 million during the year ended December 31, 2019.

### **Senior Unsecured Notes**

During 2019, the Company issued \$500.0 million in Senior Unsecured Notes, due December 1, 2027 ("2027 Senior Notes"), with a fixed interest rate of 5.125%. The net proceeds were used to repay all \$399.5 million principal outstanding under the 6.75% Notes due 2023 and a portion of the debt outstanding under the North American ABL Facility. The Company can prepay the 2027 Senior Notes in whole or part at a premium on or after December 1, 2022 and without a premium on or after December 1, 2024.

As a result of this transaction, we recorded a loss on extinguishment of debt of \$9.7 million during the year ended December 31, 2019.

### **Borrowing availability and assets pledged as collateral**

Availability of our credit facilities is determined based upon available qualifying collateral, as defined in the North American ABL Facility and Euro ABL Facility credit agreement.

Unused line fees are as follows:

	December 31,	
	2020	2019
\$1.525 billion North American ABL Facility	0.300 %	0.300 %
€200 million Euro ABL Facility	0.375 %	0.375 %

The North American ABL Facility is secured by a first priority lien of accounts receivable and inventories of our US and Canadian operating subsidiaries. In addition, 65% of the shares of certain foreign subsidiaries have been pledged as security.

The Senior Term Loan Facilities are secured by substantially all of the assets of the US operating and management subsidiaries and are secured by a second priority lien on such accounts receivable and inventory.

The Euro ABL Facility is primarily secured by accounts receivable and inventories of the Company's subsidiaries in Belgium, France, the Netherlands, and United Kingdom.



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Assets pledged are as follows:

(in millions)	December 31,	
	2020	2019
Cash	\$ 91.5	\$ 230.8
Trade accounts receivable, net	1,069.8	981.4
Inventories	547.4	668.8
Prepaid expenses and other current assets	222.9	206.3
Property, plant and equipment, net	864.3	956.1
Total	\$ 2,795.9	\$ 3,043.4

## Debt covenants

The Company is in compliance with all debt covenants. The North American ABL Facility and ABL Term Loan are subject to comply with a minimum fixed charge coverage ratio. As of December 31, 2020 and 2019, we exceeded the minimum ratio and therefore the financial covenant remains inapplicable.

## Other Information

The fair values of debt were based on current market quotes for similar borrowings and credit risk adjusted for liquidity, margins, and amortization, as necessary and are classified as level 2 in the fair value hierarchy.

(in millions)	December 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair value of debt	\$ 2,640.6	\$ 2,687.4	\$ 2,713.8	\$ 2,770.7

The Company is exposed to credit loss and loss of liquidity availability if the financial institutions or counterparties issuing its debt securities fail to perform. We minimize exposure to these credit risks by dealing with a diversified group of investment grade financial institutions. We manage credit risk by monitoring the credit ratings and market indicators of credit risk of our lending counterparties. We do not anticipate any non-performance by any of the counterparties.

## 19. Fair value measurements

The Company classifies its financial instruments according to the fair value hierarchy described in "Note 2: Significant accounting policies."

### Items measured at fair value on a recurring basis

The following table is a reconciliation of the fair value measurements that use significant unobservable inputs (Level 3), which consists of the warrant liability related to the Nexeo acquisition and contingent consideration liabilities (i.e. earn-outs) related to the Tech Chem acquisition:

(in millions)	Warrant Liability		Contingent Consideration
	2020	2019	2020
Fair value as of January 1	\$ 33.0	\$ —	\$ —
Additions	—	26.0	2.2
Fair value adjustments	0.8	7.0	—
Fair value as of December 31	\$ 33.8	\$ 33.0	\$ 2.2

The fair value of the contingent consideration is based on a real options approach, which takes into account management's best estimate of the acquired business performance, as well as achievement risk and is recorded in other accrued expenses within the consolidated balance sheets. The assumptions used in the Black-Scholes-Merton valuation model to measure the fair values of the warrants are:

Unobservable Inputs	Range	Weighted Average	
		Amount	Method
Warrant life	N/A	2 years	Expected term
Expected volatility	27.95% to 65.29%	43.80%	Industry peer group
Risk-free interest rate	N/A	0.13%	US Treasury rates



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Fair value adjustments are recorded within other operating expenses, net in the consolidated statement of operations. Changes in the fair value of contingent consideration are recorded in the other, net line item of the operating activities within the consolidated statements of cash flows. Cash payments up to the amount of the original acquisition value are recorded within financing activities of the consolidated statement of cash flows. The portion of contingent consideration cash payments in excess of the original acquisition value are recorded within operating activities of the consolidated statement of cash flows.

## **20. Derivatives**

### **Foreign currency derivatives**

The Company uses forward currency contracts to hedge earnings from the effects of foreign exchange relating to certain of the Company's intercompany and third-party receivables and payables denominated in a foreign currency. These derivative instruments are not formally designated as hedges by the Company and the terms of these instruments range from one to three months.

### **Interest rate swaps**

The objective of the designated interest rate swap contracts is to offset the variability of cash flows in LIBOR indexed debt interest payments attributable to changes in the aforementioned benchmark interest rate related to the Term B-3 Loan and a portion of debt outstanding under the North American ABL Facility. The swaps have maturities at various dates through June 2024.

On December 17, 2019, the Company terminated \$750.0 million of the 2017 swaps resulting in a \$1.1 million gain. As the hedge was considered to be effective and the forecasted transaction was considered probable of occurring, part of the gain remained in accumulated other comprehensive loss and will be amortized as a reduction to interest expense over the term of the forecasted Term B Loan. On March 17, 2020, the Company executed \$250.0 million of interest rate swap contracts effective June 30, 2020 to replace swaps with maturities on June 30, 2020.

### **Cross currency swap contracts**

Cross currency swap contracts are used to effectively convert the Term B-5 Loan's principal amount of floating rate US dollar denominated debt of \$400.0 million, including interest payments, to fixed-rate Euro denominated debt maturing in November 2024. As of December 31, 2020, approximately 95% of the cross currency swaps are designated as a cash flow hedge.

The Company uses both undesignated interest rate swap contracts and cross currency swaps to manage interest rate variability and mitigate foreign exchange exposure.

### **Notional amounts and fair value of derivative instruments**

The following table presents the notional amounts of the Company's outstanding derivative instruments by type:

<u>(in millions)</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>Designated Derivatives:</b>		
Interest rate swap contracts	\$ 1,050.0	\$ 1,050.0
Cross currency swap contracts	381.0	381.0
<b>Undesignated Derivatives:</b>		
Interest rate swap contracts	\$ 200.0	\$ 200.0
Foreign currency derivatives	77.2	141.4
Cross currency swap contracts	19.0	19.0



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The following are the pre-tax effects of derivative instruments on the consolidated statements of operations and the consolidated statements of comprehensive income for the years ended December 31, 2020, 2019 and 2018:

(in millions)	Statement of Operations Classification	Amount of gain (loss) reclassified from other comprehensive loss into income			Amount of gain (loss) to be reclassified to consolidated statement of operations within the next 12 months
		Year ended December 31,			
		2020	2019	2018	
<b>Derivatives in cash flow hedging relationships:</b>					
Interest rate swap contracts	Interest expense	\$ (12.9)	\$ 8.0	\$ 8.1	\$ (17.9)
Cross currency swap contracts	Interest expense	3.5	0.7	—	1.0
Cross currency swap contracts	Other expense, net	(31.8)	(5.9)	—	—

Refer to “Note 8: Other expense, net” for the gains and losses related to derivatives not designated as hedging instruments.

The following table presents the Company’s gross assets and liabilities measured on a recurring basis and classified as level 2 within the fair value hierarchy:

(in millions)	Balance Sheet Classification	Derivative Assets		Derivative Liabilities	
		December 31,		December 31,	
		2020	2019	2020	2019
<b>Designated Derivatives:</b>					
Cross currency swap contracts	Prepaid expenses and other current assets	\$ 1.0	\$ 7.2	Other long-term liabilities	\$ 47.4 \$ 12.1
Interest rate swap contracts	Prepaid expenses and other current assets	—	—	Other accrued expenses	17.9 6.4
Interest rate swap contracts	Other assets	—	—	Other long-term liabilities	20.7 14.0
Total designated derivatives		<u>\$ 1.0</u>	<u>\$ 7.2</u>		<u>\$ 86.0</u> <u>\$ 32.5</u>
<b>Undesignated Derivatives:</b>					
Foreign currency contracts	Prepaid expenses and other current assets	\$ 0.2	\$ 0.5	Other accrued expenses	\$ 0.4 \$ 1.0
Cross currency swap contracts	Prepaid expenses and other current assets	0.1	0.4	Other long-term liabilities	2.4 0.6
Interest rate swap contracts	Prepaid expenses and other current assets	—	—	Other accrued expenses	2.6 1.0
Interest rate swap contracts	Other assets	—	—	Other long-term liabilities	4.0 1.9
Total undesignated derivatives		<u>\$ 0.3</u>	<u>\$ 0.9</u>		<u>\$ 9.4</u> <u>\$ 4.5</u>
Total derivatives		<u>\$ 1.3</u>	<u>\$ 8.1</u>		<u>\$ 95.4</u> <u>\$ 37.0</u>

The net amounts by legal entity related to foreign currency contracts included in prepaid and other current assets were \$0.1 million and \$0.2 million as of December 31, 2020 and 2019, respectively. The net amounts related to foreign currency contracts included in other accrued expenses were \$0.3 million and \$0.7 million as of December 31, 2020 and 2019, respectively.

## 21. Commitments and contingencies

### Litigation

In the ordinary course of business the Company is subject to pending or threatened claims, lawsuits, regulatory matters and administrative proceedings from time to time. Where appropriate the Company has recorded provisions in the consolidated financial statements for these matters. The liabilities for injuries to persons or property are in some instances covered by liability insurance, subject to various deductibles and self-insured retentions.



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The Company is not aware of any claims, lawsuits, regulatory matters or administrative proceedings, pending or threatened, that are likely to have a material effect on its overall financial position, results of operations, or cash flows. However, the Company cannot predict the outcome of any present or future claims or litigation or the potential for future claims or litigation and adverse developments could negatively impact earnings or cash flows in a particular future period.

The Company is subject to liabilities from claims alleging personal injury from exposure to asbestos. The claims result primarily from an indemnification obligation related to Univar Solutions USA Inc.'s ("Univar") 1986 purchase of McKesson Chemical Company from McKesson Corporation ("McKesson"). Once certain conditions have been met, Univar will have the ability to pursue insurance coverage, if any, that may be available under McKesson's historical insurance coverage to offset the impact of any fees, settlements, or judgments that Univar is obligated to pay because of its obligation to defend and indemnify McKesson. As of December 31, 2020, there were approximately 190 asbestos-related cases for which Univar has the obligation to defend and indemnify; however, this number tends to fluctuate up and down over time. Historically, the vast majority of these asbestos cases have been dismissed without payment or with a nominal payment. While the Company is unable to predict the outcome of these matters, it does not believe, based upon currently available facts, that the ultimate resolution of any of these matters will have a material effect on its overall financial position, results of operations, or cash flows.

### *Unclaimed Property Audit*

The Company and its subsidiaries are the subject of an unclaimed property audit request issued by the State of Delaware. The State of Delaware retained a contingent-fee private audit firm to conduct the audit. In October 2018, the State of Delaware issued a subpoena to the Company requesting a broad swath of records and information purportedly necessary to perform the audit (the "Subpoena"). After receiving the Subpoena, the Company objected and also initiated a lawsuit in the Federal District Court for the District of Delaware challenging the constitutionality of the Subpoena and other provisions of Delaware's escheats law, which case is ongoing (the "Lawsuit"). In response to the Lawsuit, the State of Delaware filed a competing enforcement action in the Delaware Court of Chancery in order to compel the Company to comply with the Subpoena. The Lawsuit has been stayed pending the resolution of the enforcement action. In October 2020, the Delaware Court of Chancery deemed the Subpoena enforceable, subject to some limitations, but stayed enforcement of the Subpoena until the Company's claims in the Lawsuit are resolved by the District Court. The Company intends to vigorously defend itself and believes it has strong defenses. The timing and outcome of these proceedings or any unclaimed property audits that may be subsequently conducted as a result of the outcome of the proceedings cannot be predicted with certainty at this time.

### **Environmental**

The Company is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively "environmental remediation work") and from time to time becomes aware of compliance matters regarding possible or alleged violations of these laws or regulations. For example, over the years, the Company has been identified as a "potentially responsible party" ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act and/or similar state laws that impose liability for costs relating to environmental remediation work at various sites. As a PRP, the Company may be required to pay a share of the costs of investigation and cleanup of certain sites. The Company is currently engaged in environmental remediation work at approximately 125 locations, some that are now or were previously Company-owned/occupied and some that were never Company-owned/occupied ("non-owned sites").

The Company's environmental remediation work at some sites is being conducted pursuant to governmental proceedings or investigations. At other sites, the Company, with appropriate state or federal agency oversight and approval, is conducting the environmental remediation work voluntarily. The Company is currently undergoing remediation efforts or is in the process of active review of the need for potential remediation efforts at approximately 104 current or formerly Company-owned/occupied sites. In addition, the Company may be liable as a PRP for a share of the clean-up of approximately 21 non-owned sites. These non-owned sites are typically (a) locations of independent waste disposal or recycling operations with alleged or confirmed contaminated soil and/or groundwater to which the Company may have shipped waste products or drums for re-conditioning, or (b) contaminated non-owned sites near historical sites owned or operated by the Company or its predecessors from which contamination is alleged to have arisen.

In determining the appropriate level of environmental reserves, the Company considers several factors such as information obtained from investigatory studies; changes in the scope of remediation; the interpretation, application and enforcement of laws and regulations; changes in the costs of remediation programs; the development of alternative cleanup technologies and methods; and the relative level of the Company's involvement at various sites for which the Company is allegedly associated. The level of annual expenditures for remedial, monitoring and investigatory activities will change in the future as major components of planned remediation activities are completed and the scope, timing and costs of existing activities are changed. Project lives, and therefore cash flows, range from 2 to 30 years, depending on the specific site and type of remediation project.



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Although the Company believes that its reserves are adequate for environmental contingencies, it is possible, due to the uncertainties noted above; that additional reserves could be required in the future that could have a material effect on the overall financial position, results of operations, or cash flows in a particular period.

Changes in total environmental liabilities are as follows:

<u>(in millions)</u>	2020	2019
Environmental liabilities as of January 1	\$ 78.7	\$ 83.5
Revised obligation estimates	16.7	13.3
Environmental payments	(16.1)	(18.0)
Foreign exchange	0.3	(0.1)
Environmental liabilities as of December 31	<u>\$ 79.6</u>	<u>\$ 78.7</u>

<u>(in millions)</u>	<u>Balance Sheet Classification</u>	<u>December 31,</u>	
		2020	2019
Current environmental liabilities	Other accrued expenses	\$ 26.5	\$ 25.0
Long-term environmental liabilities	Other long-term liabilities	53.1	53.7

As of December 31, 2020, the total discount on environmental liabilities was nil. As of December 31, 2019, the total discount on environmental liabilities was \$5.5 million and the discount rate used in the present value calculation was 1.9%, which represents the risk-free rate.

The Company manages estimated cash flows by project. These estimates are subject to change if there are modifications to the scope of the remediation plan or if other factors, both external and internal, change the timing of the remediation activities. The Company periodically reviews the status of all existing or potential environmental liabilities and adjusts its accruals based on all available, relevant information. Based on current estimates, the expected payments for environmental remediation for the next five years and thereafter at December 31, 2020 are as follows, with projects for which timing is uncertain estimated at \$10.8 million included within the 2021 estimated amount below:

<u>(in millions)</u>	
2021	\$ 26.5
2022	13.5
2023	9.2
2024	7.5
2025	6.3
Thereafter	16.6
Total	<u>\$ 79.6</u>

## **Tax Matters**

During 2017, the Brazilian Federal Supreme Court (the "Court") ruled that the inclusion of the state VAT tax collected by a taxpayer in the taxpayer's federal social contribution calculation base is unconstitutional. In 2019, the Court ruled in the Company's favor allowing the recoverability of amounts previously paid, plus interest. As a result, the Company recorded a benefit of \$10.9 million in net sales, of which \$9.7 million related to prior years, and \$4.6 million in interest income in the consolidated statements of operations for the year ended December 31, 2019. During the second quarter of 2020, the Company reduced its benefit from the prior year and recorded a charge of \$0.4 million in net sales and \$0.3 million in interest income in the consolidated statements of operations for the year ended December 31, 2020.



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### 22. Leasing

The Company leases certain warehouses and distribution centers, office space, transportation equipment and other machinery and equipment.

#### Leases

<u>(in millions)</u>	Balance Sheet Classification	December 31,	
		2020	2019
<b>Assets</b>			
Operating lease assets	Other assets	\$ 161.0	\$ 157.3
Finance lease assets	Property, plant and equipment, net <sup>(1)</sup>	100.3	69.5
Total lease assets		<u>\$ 261.3</u>	<u>\$ 226.8</u>
<b>Liabilities</b>			
Current liabilities:			
Current portion of operating lease liabilities	Other accrued expenses	\$ 44.9	\$ 47.4
Current portion of finance lease liabilities	Current portion of long-term debt	26.0	20.9
Noncurrent liabilities:			
Operating lease liabilities	Other long-term liabilities	125.3	114.5
Finance lease liabilities	Long-term debt	75.6	50.3
Total lease liabilities		<u>\$ 271.8</u>	<u>\$ 233.1</u>

(1) Finance lease right-of-use assets are recorded net of accumulated amortization of \$61.2 million and \$52.1 million as of December 31, 2020 and 2019, respectively.

#### Lease cost

<u>(in millions)</u>	Year ended December 31, 2020			Year ended December 31, 2019		
	Operating Leases	Finance Leases	Total	Operating Leases	Finance Leases	Total
Cost of goods sold (exclusive of depreciation)	\$ 18.8	\$ —	\$ 18.8	\$ 16.9	\$ —	\$ 16.9
Outbound freight and handling	6.1	—	6.1	7.8	—	7.8
Warehousing, selling and administrative	32.7	—	32.7	34.2	—	34.2
Depreciation	—	24.9	24.9	—	20.0	20.0
Interest expense	—	3.4	3.4	—	2.8	2.8
Total gross lease component cost	<u>\$ 57.6</u>	<u>\$ 28.3</u>	<u>\$ 85.9</u>	<u>\$ 58.9</u>	<u>\$ 22.8</u>	<u>\$ 81.7</u>
Variable lease costs			0.9			1.1
Short-term lease costs			25.7			23.7
Total gross lease costs			<u>\$ 112.5</u>			<u>\$ 106.5</u>
Sublease income			2.5			2.8
Total net lease cost			<u>\$ 110.0</u>			<u>\$ 103.7</u>

#### Lease term and discount rate

<u>(in millions)</u>	December 31,	
	2020	2019
Weighted-average remaining lease term (years)		
Operating leases	6.0	5.0
Finance leases	6.3	4.0
Weighted-average discount rate		
Operating leases	4.68 %	4.95 %
Finance leases	3.83 %	4.33 %



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### Other information

<u>(in millions)</u>	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 57.1	\$ 59.2
Operating cash flows from finance leases	3.4	2.7
Financing cash flows from finance leases	24.3	20.7

### Maturity of lease liabilities

<u>(in millions)</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2021	\$ 50.8	\$ 28.8	\$ 79.6
2022	40.2	25.2	65.4
2023	29.2	16.2	45.4
2024	19.2	12.9	32.1
2025	11.9	11.6	23.5
2026 and After	47.0	15.1	62.1
Total lease payments	\$ 198.3	\$ 109.8	\$ 308.1
Less: interest	28.1	9.3	
Present value of lease liabilities, excluding guaranteed residual values <sup>(1)</sup>	\$ 170.2	\$ 100.5	
Plus: present value of guaranteed residual values <sup>(1)</sup>	—	1.1	
Present value of lease liabilities	\$ 170.2	\$ 101.6	

(1) The Company is not expected to have cash outflows related to the present value of guaranteed residual values. The Company's current present value of lease liabilities includes guaranteed residual values related to leases in effect prior to the adoption of ASC 842. The gross value of the guaranteed residual values for finance leases was \$1.2 million as of December 31, 2020.

### Sale-leaseback transaction

On December 10, 2020, the Company recognized a net gain of \$14.4 million associated with a sale-leaseback agreement related to a real estate property. The Company intends to lease the property for a period of 15 years and has classified the agreement as an operating lease.

### 23. Segments

Management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Management evaluates performance on the basis of Adjusted EBITDA. Adjusted EBITDA is defined as consolidated net (loss) income, plus the sum of: interest expense, net of interest income; income tax expense (benefit); depreciation; amortization; other operating expenses, net (see "Note 6: Other operating expenses, net" for more information); impairment charges; loss on extinguishment of debt; and other expense, net (see "Note 8: Other expense, net" for more information). For 2020, Adjusted EBITDA also includes an adjustment to remove a Brazil VAT charge. For 2019, Adjusted EBITDA also includes an adjustment to remove the charge of the inventory fair value step-up recorded in connection with the Nexeo purchase price allocation and to remove the benefit related to a Brazil VAT recovery.

Transfer prices between reportable segments are set on an arms-length basis in a similar manner to transactions with third parties. Corporate operating expenses that directly benefit segments have been allocated to the reportable segments. Allocable operating expenses are identified through a review process by management. These costs are allocated to the reportable segments on a basis that reasonably approximates the use of services. This is typically measured on a weighted distribution of margin, asset, headcount or time spent.



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Financial information for the Company's reportable segments is as follows:

	USA	EMEA	Canada	LATAM	Other/ Eliminations <sup>(1)</sup>	Consolidated
<b>(in millions)</b>	<b>Year ended December 31, 2020</b>					
External customers	\$ 5,006.2	\$ 1,697.1	\$ 1,110.7	\$ 451.0	\$ —	\$ 8,265.0
Inter-segment	81.2	3.1	2.5	—	(86.8)	—
<b>Total net sales</b>	<b>\$ 5,087.4</b>	<b>\$ 1,700.2</b>	<b>\$ 1,113.2</b>	<b>\$ 451.0</b>	<b>\$ (86.8)</b>	<b>\$ 8,265.0</b>
Adjusted EBITDA	\$ 393.2	\$ 142.7	\$ 89.7	\$ 43.0	\$ (32.8)	\$ 635.8
Long-lived assets <sup>(2)</sup>	\$ 815.6	\$ 202.0	\$ 148.0	\$ 38.0	\$ 23.1	\$ 1,226.7
<b>(in millions)</b>	<b>Year ended December 31, 2019</b>					
External customers	\$ 5,828.5	\$ 1,785.5	\$ 1,217.8	\$ 455.1	\$ —	\$ 9,286.9
Inter-segment	100.2	3.3	6.2	—	(109.7)	—
<b>Total net sales</b>	<b>\$ 5,928.7</b>	<b>\$ 1,788.8</b>	<b>\$ 1,224.0</b>	<b>\$ 455.1</b>	<b>\$ (109.7)</b>	<b>\$ 9,286.9</b>
Adjusted EBITDA	\$ 454.7	\$ 143.3	\$ 100.2	\$ 36.1	\$ (30.1)	\$ 704.2
Long-lived assets <sup>(2)</sup>	\$ 853.6	\$ 185.4	\$ 197.3	\$ 34.7	\$ 38.7	\$ 1,309.7
<b>(in millions)</b>	<b>Year ended December 31, 2018</b>					
External customers	\$ 4,961.0	\$ 1,975.7	\$ 1,302.3	\$ 393.5	\$ —	\$ 8,632.5
Inter-segment	126.6	4.0	9.3	0.2	(140.1)	—
<b>Total net sales</b>	<b>\$ 5,087.6</b>	<b>\$ 1,979.7</b>	<b>\$ 1,311.6</b>	<b>\$ 393.7</b>	<b>\$ (140.1)</b>	<b>\$ 8,632.5</b>
Adjusted EBITDA	\$ 376.4	\$ 151.2	\$ 104.7	\$ 33.3	\$ (25.2)	\$ 640.4
Long-lived assets <sup>(2)</sup>	\$ 597.6	\$ 156.7	\$ 141.3	\$ 30.2	\$ 30.0	\$ 955.8

(1) Other/Eliminations represents the elimination of intersegment transactions as well as unallocated corporate costs consisting of costs specifically related to parent company operations that do not directly benefit segments, either individually or collectively.

(2) Long-lived assets consist of property, plant and equipment, net and operating lease assets in 2020 and 2019. Operating lease assets are excluded from 2018 as the new leasing standard was adopted in 2019 using the modified retrospective method.



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The following is a reconciliation of net income (loss) to Adjusted EBITDA for the years ended December 31, 2020, 2019 and 2018:

<u>(in millions)</u>	<u>Year ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income (loss)	\$ 52.9	\$ (100.2)	\$ 172.3
Net income from discontinued operations	—	(5.4)	—
Depreciation	162.9	155.0	125.2
Amortization	60.0	59.7	54.3
Interest expense, net	112.4	139.5	132.4
Income tax expense	6.1	104.5	49.9
Other operating expenses, net	90.2	298.2	73.5
Other expense, net	58.4	70.5	32.7
Impairment charges	40.2	7.0	—
Loss (gain) on sale of business	50.6	(41.4)	—
Loss on extinguishment of debt	1.8	19.8	0.1
Brazil VAT charge (recovery)	0.3	(8.3)	—
Inventory step-up adjustment	—	5.3	—
Adjusted EBITDA	<u>\$ 635.8</u>	<u>\$ 704.2</u>	<u>\$ 640.4</u>

### **Business line information**

The Company's net sales from external customers primarily relates to its chemical distribution business. Commodity chemicals and ingredients represent the largest portion of our business by sales and volume. Other sales to external customers primarily relate to services for collecting and arranging for the transportation of hazardous and non-hazardous waste.

### **Risks and Concentrations**

No single customer accounted for more than 10% of net sales in any of the years presented.

The Company has portions of its labor force that are a part of collective bargaining agreements. A work stoppage or other limitation on operations could occur as a result of disputes under existing collective bargaining agreements with labor unions or government based work counsels or in connection with negotiations of new collective bargaining agreements. As of December 31, 2020, approximately 24% of the Company's labor force is covered by a collective bargaining agreement. As of December 31, 2020, approximately 4% of the Company's labor force is covered by a collective bargaining agreement that will expire within one year.

### **Other segment information**

Information on segment assets is not disclosed, as our chief operating decision maker does not evaluate reportable segments using asset information.



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### 24. Quarterly financial information (unaudited)

The following tables contain selected unaudited statement of operations information for each quarter of the year ended December 31, 2020 and 2019. The tables include all adjustments, consisting only of normal recurring adjustments, that are necessary for fair presentation of the consolidated financial position and operating results for the quarters presented. Our business is affected by seasonality, which historically has resulted in higher sales volume during our second and third quarter.

#### 2020

(in millions, except per share data)	Quarter ended			
	March 31	June 30	September 30	December 31 <sup>(1)</sup>
Net sales	\$ 2,211.2	\$ 2,009.2	\$ 2,009.2	\$ 2,035.4
Operating income	100.0	47.2	66.2	68.8
Net income (loss)	55.9	1.8	28.9	(33.7)
Income (loss) per common share:				
Basic and diluted	\$ 0.33	\$ 0.01	\$ 0.17	\$ (0.20)
Shares used in computation of income (loss) per share:				
Basic	168.8	168.9	169.0	169.1
Diluted	169.7	169.6	169.8	169.1

(1) Included in the fourth quarter of 2020 was a loss of \$52.8 million relating to the annual mark to market adjustment on the defined benefit pension and postretirement plans and a loss of \$31.5 million relating to the disposition of the Canadian Agriculture services business. Refer to "Note 11: Employee benefit plans and "Note 4: Discontinued operations and dispositions" for further information.

#### 2019

(in millions, except per share data)	Quarter ended			
	March 31	June 30	September 30	December 31 <sup>(1)</sup>
Net sales	\$ 2,160.0	\$ 2,584.6	\$ 2,387.3	\$ 2,155.0
Operating (loss) income	(52.3)	79.0	88.0	72.6
Net (loss) income from continuing operations	(70.0)	17.0	2.5	(55.1)
Net income (loss) from discontinued operations	6.1	(0.7)	—	—
Net (loss) income	(63.9)	16.3	2.5	(55.1)
(Loss) income per common share:				
Basic and diluted from continuing operations <sup>(2)</sup>	\$ (0.47)	\$ 0.10	\$ 0.01	\$ (0.33)
Basic and diluted from discontinued operations <sup>(2)</sup>	0.04	—	—	—
Basic and diluted (loss) income per common share <sup>(2)</sup>	\$ (0.43)	\$ 0.10	\$ 0.01	\$ (0.33)
Shares used in computation of (loss) income per share:				
Basic	149.2	169.8	168.6	168.6
Diluted	149.2	170.7	169.5	168.6

(1) Included in the fourth quarter of 2019 was a loss of \$50.4 million relating to the annual mark to market adjustment on the defined benefit pension and postretirement plans and a gain of \$41.4 million relating to the disposition of the Environmental Sciences business. Refer to "Note 11: Employee benefit plans" and "Note 4: Discontinued operations and dispositions" for further information.

(2) As a result of changes in the number of shares outstanding during the year and rounding, the sum of the quarters' earnings per share may not equal the earnings per share for any year-to-date period.



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**25. Subsequent events**

On January 22, 2021, the Company entered into an agreement to sell its Distrupol business within the EMEA segment. The Company expects to recognize a pre-tax gain upon the sale of approximately \$80 million within the consolidated statements of operations upon closing. The completion of the sale is subject to customary closing conditions and is expected to close in the first quarter of 2021.

Subsequent to December 31, 2020, the Company expects to recognize a partial withdrawal liability of approximately \$19.2 million for four locations that have or will soon exit the Central States multi-employer pension plan. The withdrawal liability represents the Company's best estimate based on the most recent available information, and does not reflect an assessment from the fund. The Company expects to pay this withdrawal liability over a 20-year period and to record any further adjustments that may be necessary in the period during which the withdrawal liability is confirmed or as additional information becomes available.

**Schedule II - Valuation and qualifying accounts**

<u>(in millions)</u>	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and other expenses	Charged to other accounts		
Year ended December 31, 2020					
Income tax valuation allowance	\$ 87.5	\$ 3.0	\$ 1.0	\$ (71.6)	\$ 19.9
Year ended December 31, 2019					
Income tax valuation allowance	\$ 106.3	\$ 4.9	\$ 0.1	\$ (23.8)	\$ 87.5
Year ended December 31, 2018					
Income tax valuation allowance	\$ 117.2	\$ 21.4	\$ (1.5)	\$ (30.8)	\$ 106.3

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

As of December 31, 2020, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) of the Exchange Act during the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use, or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.



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Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the Company's assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2020 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on the Company's internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

## **ITEM 9B. OTHER INFORMATION**

None.



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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

All information required by this Item will be included in our Proxy Statement relating to our 2021 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2020 (“2021 Proxy Statement”) and is incorporated herein by reference.\*

**ITEM 11. EXECUTIVE COMPENSATION**

All information required by this Item will be included in our 2021 Proxy Statement and is incorporated herein by reference.\*

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

All information required by this Item will be included in our 2021 Proxy Statement and is incorporated herein by reference.\*

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

All information required by this Item will be included in our 2021 Proxy Statement and is incorporated herein by reference.\*

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

All information required by this Item will be included in our 2021 Proxy Statement and is incorporated herein by reference.\*

*\*Except for information or data specifically incorporated herein by reference under Items 10 through 14, other information and data appearing in our 2021 Proxy Statement are not deemed to be a part of this Annual Report on Form 10-K or deemed to be filed with the SEC as part of this report.*

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a)(1)(2) Financial Statements and Financial Statement Schedules**

Reference is made to the information set forth in Part II, Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.



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### **(a)(3) Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
<u>2.1</u>	Agreement and Plan of Merger, dated September 17, 2018, by and among Nexeo, Univar, Pilates Merger Sub I Corp and Pilates Merger Sub II LLC, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of the Company, filed on September 18, 2018.
<u>2.2</u>	Purchase and Sale Agreement, by and among Nexeo Solutions, Inc., Neon Holdings, Inc. and Univar Inc., dated as of February 8, 2019, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of the Company filed on March 1, 2019.
<u>3.1</u>	Third Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-8 of the Company, filed on June 23, 2015.
<u>3.2</u>	Certificate of Amendment of Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of the Company, filed on August 23, 2018.
<u>3.3</u>	Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of the Company, filed on August 22, 2019.
<u>3.4</u>	Third Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of the Company, filed on August 22, 2019.
<u>4.1</u>	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 of the Company, filed on June 8, 2015.
<u>4.2</u>	Description of Univar Solutions Inc. Securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, incorporated by reference to Exhibit 4.2 to the Form 10-K of the Company, filed on February 25, 2020.
<u>4.3</u>	Fourth Amended and Restated Stockholders' Agreement, incorporated by reference to Exhibit 4.2 to the Form 10-K of the Company, filed on March 3, 2016.
<u>4.4</u>	Indenture, dated as of November 22, 2019, between Univar Solutions USA Inc., Univar Solutions Inc., the guarantors listed on the signature pages thereto and U.S. Bank National Association, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of the Company filed on November 22, 2019.
<u>4.5</u>	First Supplemental Indenture, dated as of November 22, 2019, between Univar Solutions USA Inc., Univar Solutions Inc., the guarantors listed on the signature pages thereto and U.S. Bank National Association, incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of the Company filed on November 22, 2019.
<u>4.6</u>	Form of 5.125% Senior Notes due 2027 (included in Exhibit 4.4 hereto), incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of the Company filed on November 22, 2019.
<u>10.1</u>	European ABL Facility Agreement, dated as of March 24, 2014, as amended and restated on December 19, 2018, by and among Univar B.V., the other borrowers from time to time party thereto, Univar Inc., as guarantor, JPMorgan Chase Bank, N.A., as sole lead arranger and joint bookrunner, Bank of America, N.A., as joint bookrunner and syndication agent, and J.P. Morgan Europe Limited, as administrative agent and collateral agent, incorporated by reference to Exhibit 10.1 to the Form 10-K of the Company, filed on February 21, 2019.
<u>10.2</u>	Credit Agreement, dated as of July 1, 2015 between Univar USA Inc., Univar Inc., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed on July 7, 2015.
<u>10.3</u>	First Amendment to Credit Agreement and Amended Credit Agreement, dated as of January 19, 2017 between Univar USA Inc., Univar Inc., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed on January 20, 2017.
<u>10.4</u>	Second Amendment to Credit Agreement, dated as of November 28, 2017 between Univar USA Inc., Univar Inc., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed November 29, 2017.
<u>10.5</u>	Third Amendment, dated as of February 23, 2019, to Credit Agreement between Univar USA Inc., Univar Inc., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.5 to the Form 10-K of the Company, filed on February 25, 2020.



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<u>10.6</u>	Fourth Amendment and the Amended Credit Agreement, dated as of February 28, 2019 between Univar USA Inc., Univar Inc., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed on March 1, 2019.
<u>10.7</u>	Fifth Amendment, dated November 22, 2019, among Univar Solutions USA Inc., Univar Solutions Inc., Univar Netherlands Holding B.V, the several banks and financial institutions from time to time party thereto, Goldman Sachs Bank USA and Bank of America, N.A., to the Credit Agreement dated July 1, 2015, between Univar Solutions USA Inc., Univar Solutions Inc., Univar Netherlands Holding B.V., the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed on November 22, 2019.
<u>10.8</u>	Term Loan Guarantee and Collateral Agreement, dated as of July 1, 2015, made by Univar Inc., Univar USA Inc. and the guarantors listed on the signature pages thereto in favor of Bank of America, N.A, as collateral agent for the banks and other financial institutions that are parties to the Credit Agreement, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed on July 7, 2015.
<u>10.9</u>	Amendment No. 1 to Term Loan Guarantee and Collateral Agreement, dated as of November 22, 2019, made by Univar Solutions Inc., Univar Solutions USA Inc. and the guarantors listed on the signature pages thereto in favor of Bank of America, N.A, as collateral agent, incorporated by reference to Exhibit 10.9 to the Form 10-K of the Company, filed on February 25, 2020.
<u>10.10</u>	Amended and Restated ABL Credit Agreement, dated as of February 28, 2019 between Univar Inc. and certain of its subsidiaries, the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed on March 1, 2019.
<u>10.11</u>	First Amendment dated November 22, 2019, among Univar Solutions Inc. and certain of its subsidiaries, the several banks and financial institutions from time to time party thereto and Bank of America, N.A., to the Amended and Restated ABL Credit Agreement, dated as of February 28, 2019, between Univar Solutions Inc. and certain of its subsidiaries, the several banks and financial institutions from time to time party thereto and Bank of America, N.A., incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed on November 22, 2019.
<u>10.12</u>	Amended and Restated ABL Guarantee and Collateral Agreement, dated as of February 28, 2019, made by the Company and certain of its Domestic Subsidiaries in favor of Bank of America, N.A, as collateral agent, incorporated by reference to Exhibit 10.12 to the Form 10-K of the Company, filed on February 25, 2020.
<u>10.13†</u>	Form of Director Indemnification Agreement, incorporated by reference to Exhibit 10.56 to the Registration Statement on Form S-1 of the Company, filed on June 8, 2015.
<u>10.14†</u>	Form of Employee Stock Option Agreement, incorporated by reference to Exhibit 10.34 to the Registration Statement on Form S-1 of the Company, filed on August 14, 2014.
<u>10.15†</u>	2014 Form of Employee Stock Option Agreement, incorporated by reference to Exhibit 10.62 to the Registration Statement on Form S-1 of the Company, filed on May 26, 2015.
<u>10.16†</u>	Form of Employee Stock Option Agreement for awards granted between June 23, 2015 and February 1, 2017, 2015 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-8 of the Company, filed June 23, 2015.
<u>10.17†</u>	Form of Employee Stock Option Agreement for awards granted after February 1, 2017, 2015 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.67 to the Form 10-K of the Company filed on February 28, 2017.
<u>10.18†</u>	Form of Employee Stock Option Agreement for awards granted after April 13, 2017, 2015 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Form 10-Q of the Company filed on May 5, 2017.
<u>10.19†</u>	Form of Employee Stock Option Agreement, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Form 10-Q of the Company filed on May 5, 2017.
<u>10.20†</u>	Form of Employee Stock Option Agreement for awards granted on or after February 7, 2018, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Form 10-Q of the Company, filed on May 10, 2018.



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<a href="#"><u>10.21†</u></a>	Stock Option Agreement, dated as of February 7, 2018, by and between Univar Inc. and Stephen D. Newlin. 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Form 10-Q of the Company, filed on May 10, 2018.
<a href="#"><u>10.22†</u></a>	Form of Employee Stock Option Agreement for awards granted on or after February 6, 2019, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.4 to the Form 10-Q of the Company, filed on May 9, 2019.
<a href="#"><u>10.23†</u></a>	Form of Employee Stock Option Agreement for awards granted on or after February 21, 2020, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.23 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.24†</u></a>	Form of Employee Stock Option Agreement for awards granted on or after June 26, 2020, 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.1 to the Form 10-Q of the Company, filed on August 7, 2020.
<a href="#"><u>10.25†</u></a>	Univar Solutions Supplemental Savings Plan (previously named Univar USA Inc. Supplemental Valued Investment Plan), effective June 1, 2017, incorporated by reference to Exhibit 10.32 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.26†</u></a>	First Amendment to the Univar Solutions Supplemental Savings Plan, dated October 9, 2018, incorporated by reference to Exhibit 10.33 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.27†</u></a>	Second Amendment to the Univar Solutions Supplemental Savings Plan, dated December 30, 2019, incorporated by reference to Exhibit 10.34 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.28†</u></a>	Univar USA Inc. Supplemental Benefits Retirement Plan, dated as of July 1, 2004, incorporated by reference to Exhibit 10.45 to the Registration Statement on Form S-1 of the Company, filed on August 14, 2014.
<a href="#"><u>10.29†</u></a>	First Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of May 17, 2005, incorporated by reference to Exhibit 10.30 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.30†</u></a>	Second Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of August 24, 2006, incorporated by reference to Exhibit 10.31 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.31†</u></a>	Third Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of June 11, 2007, incorporated by reference to Exhibit 10.32 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.32†</u></a>	Fourth Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of December 6, 2007, incorporated by reference to Exhibit 10.46 to the Registration Statement on Form S-1 of the Company, filed on August 14, 2014.
<a href="#"><u>10.33†</u></a>	Fifth Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of December 6, 2007, incorporated by reference to Exhibit 10.34 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.34†</u></a>	Sixth Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of December 19, 2007, incorporated by reference to Exhibit 10.35 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.35†</u></a>	Seventh Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of June 19, 2008, incorporated by reference to Exhibit 10.36 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.36†</u></a>	Eighth Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of December 23, 2008, incorporated by reference to Exhibit 10.37 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.37†</u></a>	Ninth Amendment to the Univar USA Inc. Supplemental Retirement Plan, dated as of December 21, 2009, incorporated by reference to Exhibit 10.38 to the Form 10-K of the Company, filed on March 3, 2016.
<a href="#"><u>10.38†</u></a>	Univar Inc. 2011 Stock Incentive Plan, effective as of March 28, 2011, incorporated by reference to Exhibit 10.32 to the Registration Statement on Form S-1 of the Company, filed on August 14, 2014.



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<u>10.39†</u>	Amendment No. 1 to the Univar Inc. 2011 Stock Incentive Plan, dated as of November 30, 2012, incorporated by reference to Exhibit 10.33 to the Registration Statement on Form S-1 of the Company, filed on August 14, 2014.
<u>10.40†</u>	Univar Inc. 2015 Omnibus Equity Incentive Plan is incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-8 of the Company, filed June 23, 2015.
<u>10.41†</u>	Univar Inc. 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.6 to the Form 10-Q of the Company filed on May 5, 2017.
<u>10.42†</u>	First Amendment to Univar Inc. 2017 Omnibus Equity Incentive Plan dated as of December 6, 2019, incorporated by reference to Exhibit 10.50 to the Form 10-K of the Company, filed on February 25, 2020.
<u>10.43†</u>	Univar Solutions Inc. 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-8 of the Company, filed on May 7, 2020.
<u>10.44†</u>	Letter Agreement, by and between Nick Powell and Univar Inc., dated as of February 27, 2019, incorporated by reference to Exhibit 5.1 to the Current Report on Form 8-K of the Company filed on March 1, 2019.
<u>10.45†</u>	Form of Severance and Change in Control Agreement by and Between Univar Inc. and Certain Executives, incorporated by reference to Exhibit 10.3 to the Form 10-Q of the Company, filed on November 6, 2018.
<u>10.46†</u>	Severance and Change of Control Agreement, dated as of January 6, 2020, between the Company and Nicholas W. Alexos, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company filed on December 16, 2019.
<u>10.47†</u>	Form of Severance and Change in Control Agreement by and Between Univar Solutions Inc. and Certain Executives, incorporated by reference to Exhibit 10.1 to the Form 10-Q of the Company, filed on November 5, 2020.
<u>10.48†</u>	Form of Indemnification Agreement by and Between Univar Solutions Inc. and Certain Executives, incorporated by reference to Exhibit 10.2 to the Form 10-Q of the Company, filed on November 5, 2020.
<u>10.49†</u>	Alternative Release and Amendment to Severance and Change in Control Agreement, dated as of August 5, 2020, by and between the Company and Mark Fisher, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Univar Solutions Inc., filed on August 6, 2020.
<u>10.50*†</u>	Letter Agreement between the Company and Mike Hildebrand dated as of January 27, 2020.
<u>10.51*†</u>	Amended and Restated Univar Solutions Inc. Employee Stock Purchase Plan.
<u>10.52†</u>	First Amendment to Univar Solutions Inc. Employee Stock Purchase Plan dated as of December 6, 2019, incorporated by reference to Exhibit 10.56 to the Form 10-K of the Company, filed on February 25, 2020.
<u>10.53*†</u>	Second Amendment to Univar Solutions Inc. Employee Stock Purchase Plan executed as of October 28, 2020.
<u>10.54†</u>	Form of Employee Performance Based Restricted Stock Unit Agreement for awards granted on or after February 6, 2019, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.6 to the Form 10-Q of the Company, filed on May 9, 2019.
<u>10.55†</u>	Form of Amended and Restated Employee Performance-Based Restricted Stock Unit Agreement for awards granted on or after February 6, 2019, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Form 10-Q of the Company, filed on November 5, 2019.
<u>10.56†</u>	Form of Employee Performance Based Restricted Stock Unit Agreement for awards granted on or after February 21, 2020, incorporated by reference to Exhibit 10.7 to the Form 10-Q of the Company, filed on August 7, 2020.
<u>10.57†</u>	Form of Director Deferred Share Unit Agreement for awards granted on or after February 7, 2018, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.8 to the Form 10-Q of the Company, filed on May 10, 2018.



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<a href="#"><u>10.58†</u></a>	Form of Director Deferred Share Unit Agreement for awards granted on or after February 7, 2019, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.7 to the Form 10-Q of the Company, filed on May 9, 2019.
<a href="#"><u>10.59†</u></a>	Form of Director Deferred Share Unit Agreement for cash retainer granted on or after February 21, 2020, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.64 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.60†</u></a>	Form of Director Deferred Share Unit Agreement for equity awards granted on or after February 21, 2020, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.65 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.61†</u></a>	Form of Director Deferred Share Unit Agreement for cash retainer granted on or after June 26, 2020, 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.3 to the Form 10-Q of the Company, filed on August 7, 2020.
<a href="#"><u>10.62†</u></a>	Form of Director Deferred Share Unit Agreement for equity awards granted on or after June 26, 2020, 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.4 to the Form 10-Q of the Company, filed on August 7, 2020.
<a href="#"><u>10.63†</u></a>	Form of Director Restricted Stock Agreement for awards granted on or after February 7, 2019, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.9 to the Form 10-Q of the Company, filed on May 9, 2019.
<a href="#"><u>10.64†</u></a>	Form of Director Restricted Stock Agreement for awards granted on or after February 21, 2020, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.67 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.65†</u></a>	Form of Director Restricted Stock Agreement for awards granted on or after June 26, 2020, 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.5 to the Form 10-Q of the Company, filed on August 7, 2020.
<a href="#"><u>10.66†</u></a>	Form of Director Restricted Stock Unit Agreement for awards granted on or after February 21, 2020, 2017 Omnibus Equity Incentive Plan, incorporated by reference to Exhibit 10.68 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>10.67†</u></a>	Form of Director Restricted Stock Unit Agreement for awards granted on or after June 26, 2020, 2020 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.6 to the Form 10-Q of the Company, filed on August 7, 2020.
<a href="#"><u>10.68†</u></a>	Univar Inc. Omnibus Waiver regarding Whistleblower Protections, dated as of May 3, 2017, incorporated by reference to Exhibit 10.8 to the Form 10-Q of the Company filed on May 5, 2017.
<a href="#"><u>14.1</u></a>	Code Handbook, incorporated by reference to Exhibit 14.1 to the Form 10-K of the Company, filed on February 25, 2020.
<a href="#"><u>21.1*</u></a>	List of Subsidiaries
<a href="#"><u>23.1*</u></a>	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
<a href="#"><u>31.1*</u></a>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>31.2*</u></a>	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>32.1**</u></a>	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>32.2**</u></a>	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>101.INS</u></a>	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
<a href="#"><u>101.SCH</u></a>	Inline XBRL Taxonomy Extension Schema Document
<a href="#"><u>101.CAL</u></a>	Inline XBRL Taxonomy Extension Calculation Linkbase Document
<a href="#"><u>101.DEF</u></a>	Inline XBRL Taxonomy Extension Definition Linkbase Document
<a href="#"><u>101.LAB</u></a>	Inline XBRL Taxonomy Extension Label Linkbase Document
<a href="#"><u>101.PRE</u></a>	Inline XBRL Taxonomy Extension Presentation Linkbase Document



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104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Identifies each management compensation plan or arrangement.

\* Filed herewith.

\*\* Furnished herewith.

**ITEM 16. FORM 10-K SUMMARY**

None.



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**Signatures**

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

**Univar Solutions Inc.**

By: /s/ NICHOLAS W. ALEXOS

Nicholas W. Alexos, *Executive Vice President and Chief Financial Officer*

Dated February 25, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

By: /s/ DAVID C. JUKES

David C. Jukes, *President and Chief Executive Officer*  
(*Principal Executive Officer*)

By: /s/ NICHOLAS W. ALEXOS

Nicholas W. Alexos, *Executive Vice President and Chief Financial Officer*  
(*Principal Financial Officer*)

By: /s/ KELLY A. O'HANLON

Kelly A. O'Hanlon, *Vice President and Principal Accounting Officer*  
(*Principal Accounting Officer*)

By: /s/ CHRISTOPHER D. PAPPAS

Christopher D. Pappas, *Chairman of the Board*

By: /s/ JOAN BRACA

Joan Braca, *Director*

By: /s/ MARK J. BYRNE

Mark J. Byrne, *Director*

By: /s/ DANIEL P. DOHENY

Daniel P. Doheny, *Director*

By: /s/ RICHARD P. FOX

Richard P. Fox, *Director*

By: /s/ RHONDA GERMANY

Rhonda Germany, *Director*

By: /s/ STEPHEN D. NEWLIN

Stephen D. Newlin, *Director*

By: /s/ KERRY PREETE

Kerry Preete, *Director*

By: /s/ ROBERT L. WOOD

Robert L. Wood, *Director*



## Annual Meeting

The Annual Meeting of Stockholders (the "Annual Meeting") of Univar Solutions Inc. ("Univar Solutions" or the "Company") will be held on Thursday, May 6, 2021, at 8:30 a.m. Central Time, in a virtual-only format. Notice of the annual meeting and availability of proxy materials is mailed to stockholders in March, along with instructions for viewing proxy materials online. Stockholders may also request printed copies of the proxy statement and annual report by following the instructions included in the proxy notice.

## Common Stock

Univar Solutions common stock is listed on the New York Stock Exchange (NYSE) under the ticker symbol: UNVR.

### Corporate Headquarters

Univar Solutions Inc.  
3075 Highland Parkway  
Suite 200  
Downers Grove, IL 60515-5560  
T: +1 331-777-6000

## Investor Inquiries and Financial Information

Copies of Univar Solutions' Form 10-K, 10-Q and 8-K reports, amendments to those reports, as well as any beneficial ownership reports of officers and directors filed on Forms 3, 4 and 5 with the U.S. Securities and Exchange Commission, are available at [www.univarsolutions.com/investors](http://www.univarsolutions.com/investors). Requests for paper copies at no charge and other stockholder and security analyst inquiries should be directed to:

Univar Solutions Inc.  
Attn: Heather Kos, Investor Relations  
3075 Highland Parkway  
Suite 200  
Downers Grove, IL 60515-5560  
Tel: +1 844-632-1060  
Email: [ir@univarsolutions.com](mailto:ir@univarsolutions.com)

### Transfer Agent and Registrar

Questions regarding common shares and stockholder accounts should be directed to Univar Solutions' transfer agent and registrar, EQ Shareowner Services. If your Univar Solutions stock is held in a bank or brokerage account, please contact your bank or broker for assistance.

### Mailing addresses:

EQ Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874

or

EQ Shareowner Services  
1110 Centre Pointe Curve  
Suite 101  
Mendota Heights, MN 55120-4100

### Website:

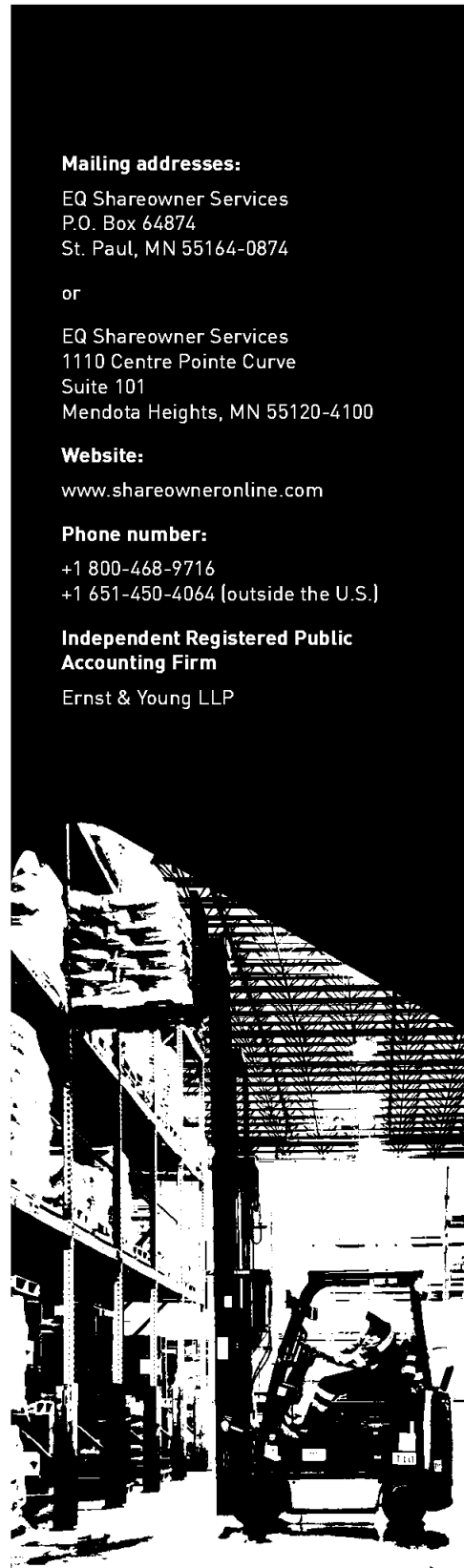
[www.shareowneronline.com](http://www.shareowneronline.com)

### Phone number:

+1 800-468-9716  
+1 651-450-4064 (outside the U.S.)

### Independent Registered Public Accounting Firm

Ernst & Young LLP





*Growing Together*

**UnivarSolutions.com**

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working world

Statsautoriserte revisorer  
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo  
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske revisorforening

## UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Univar Solutions AS

### Uttalelse om revisjonen av årsregnskapet

#### Konklusjon

Vi har revidert årsregnskapet for Univar Solutions AS som består av balanse per 31. desember 2020, resultatregnskap for regnskapsåret avsluttet per denne datoen og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2020 og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

#### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

#### Ledelsens ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvike selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

#### Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg

- ▶ identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- ▶ opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;



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- ▶ vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- ▶ konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- ▶ vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

## Uttalelse om øvrige lovmessige krav

### Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 6. juli 2021  
ERNST & YOUNG AS

*Revisjonsberetningen er signert elektronisk*

Håvard Norstrøm  
statsautorisert revisor

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## Håvard Norstrøm

Statsautorisert revisor

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Univar Solutions AS  
Org.nr 918821015

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## **Årsrapport for 2020**

### **Årsberetning**

#### **Årsregnskap**

- Resultatregnskap
- Balanse
- Kontantstrømoppstilling
- Noter

### **Revisjonsberetning**



## Årsberetning 2020

### Virksomhet

Univar Solutions AS er et heleid datterselskap av UVX Scandinavia AB som eies av Univar Netherlands Holdings BV med hovedkontor i Rotterdam, Nederland. Det ultimate morselskapet er Univar Solutions Inc. som er basert i Delaware i United States of America.

Selskapets hovedkontor ligger på Trollåsen i Oppegård, og er i hovedsak et salgskontor. Selskapet holder lagervirksomhet for Univar Solution B.V.s produkter på Fagerstrand og i Fredrikstad.

Salg og distribusjon av smøremidler er vår kjernevirksomhet i Norge, etterfulgt av generelle kjemikalier og deretter de næringene som er definert i vår "Organise to Win" strategi; FOOD, CASE (coatings, adhesives, sealants and elastimers), PCARE (personal care) og OGM (oil, gas and mining).

### Viktige hendelser under året

Kemetyl-oppkjøpet fra 2018 er nå fullstendig integrert i vår eksisterende virksomhet og fortsetter å levere en god omsetningsvekst. Vi har også sett synergier i transport og lagerutgifter i forbindelse med de nye Fredrikstad lokalene (tidligere Kemetyl) både når det gjelder inn- og utgående frakt samt reduserte driftskostnader totalt. COVID19 har generelt hatt en positiv innvirkning for på vår kjernevirksomhet i 2020 på grunn av økt etterspørsel av etanol og IPA (Isopropanol Alkohol). Dette spilte til våre styrker på gode leverandørforhold, effektiv logistikk og godt administrert lagerbeholdning og betydde at vi kunne oppfylle en kraftig økning i etterspørselen. De negative konsekvensene av COVID19 ble sett på tvers av våre smøremidler og fokuserte industrisegmenter da områder av økonomien ble kraftig redusert og stengt. Effekten av svekket valuta NOK mot € nådde en topp i mars og krevde at vi umiddelbart gikk ut på markedet med prisøkninger for å beskytte marginene. Vi hadde en vellykket implementasjon av denne strategien, og da NOK begynte å styrke seg igjen mot €, opprettholdt vi sunne marginer. Ved utgangen av året ble det bestemt at vi skal selge Fagerstrand anlegget og konsolidere virksomheten til vårt Fredrikstad anlegg. Dette vil føre til fordeler i forbindelse med reduserte driftsutgifter og andre besparelser som en konsekvens av å forbedret driftseffektivitet ved bare å bruke en terminal.

COVID-19 har fortsatt å ha en netto positiv effekt på forretningsresultatet i 2021. Den mulige fremtidige utviklingen og effektene på selskapets økonomiske stilling er vanskelig å vurdere, men dette observeres kontinuerlig av ledelsen i Univar Solutions AS. Eventuelle negative effekter anses for tiden å være begrenset.

### Fortsatt drift

Forutsetningen om fortsatt drift er lagt til grunn ved avleggelsen av årsregnskapet. Styret bekrefter at denne forutsetningen er til stede.

### Redegjørelse for årsregnskapet

Selskapets omsetning ble på NOK 102,9 mill i 2020 sammenlignet med NOK 73,9 mill i 2019.

Samlet kontantstrøm fra operasjonelle aktiviteter i selskapet var på kr 6,1 mill i 2020. Driftsresultatet for selskapet endte på kr 39,0 mill.

De samlede investeringene i selskapet i 2020 var på kr 6,3 mill. Selskapets likviditetsbeholdning var kr 0.9 mill per 31.12.2020 sammenlignet med kr 1,6 mill i 2019. Selskapets evne til egenfinansiering av investeringer er god.

Totalkapitalen var ved utgangen av året kr 224,7 mill, sammenlignet med kr 192,6 mill året før. Vær oppmerksom på at det har vært en endring i oppstillingen av balansekontoen siden 2019. Vi har flyttet konsernkontoordningen fra annen kortsiktig gjeld til kortsiktige fordringer siden kontoen er i overskudd. Denne endringen har medført at fordringer for 2019 har økt med kr 42.8 mill og at annen kortsiktig gjeld har økt tilsvarende. Selskapets egenkapital utgjorde kr 137,4 mill per 31.12.2020.

Egenkapitalandelen pr. 31.12.2020 var 61,1%, sammenlignet med 55,06% per 31.12.2019. Etter styrets oppfatning er selskapets finansielle stilling god.

Styret mener at årsregnskapet gir et rettviseende bilde av Univar Solutions AS eiendeler og gjeld, finansielle stilling og resultat.

### Finansiell risiko

Selskapet er ikke eksponert for markeds-, kreditt- og likviditetsrisiko ut over det som følger av den ordinære forretningsdriften.

### Miljø



Selskapets funksjon som handelsforetak forbraker energi i form av elektrisk kraft og en del papirprodukter. Helse, miljø og sikkerhet er høyt prioritert. Dette viser vi gjennom våre styringssystemer, kjemikaliehåndtering, arbeidsmiljø og opplæring.

## **Styringssystemer**

Univar Solutions AS er sertifisert i henhold til ISO-standardene ISO 9001 og ISO 14001. Dette innebærer klart kommuniserte retningslinjer, robuste skriftlige prosedyrer, regelmessige interne revisjoner, formelle ledelsesrapporteringsmøter, rapportering om manglende samsvar, kravbehandling, opplæring osv. Vi fokuserer på mål som redusere antall kredittnotater, OTIF (one time in full), reduserer antall hendelser, ulykker og ukontrollerte utslipp, redusert energiforbruket og kundeklager.

Våre miljøforskrifter bygger på følgende hovedpunkter:

- Regelmessig og systematisk kartlegging av miljørisiko
- Substitusjon
- Miljøhensyn i viktige beslutninger
- Personlig ansvar i daglig virke
- Informasjon om vårt miljøarbeid

## **Miljømål og fokusområder**

- Miljømål produkter – vi skal i økende grad tilby kundene alternativer til de produkter som har størst helse- og miljøfare.
- Miljømål leverandør – leverandørens miljøstatus skal inngå i evalueringen av leverandører for på den måten å redusere produktenes miljøpåvirkning.
- Miljømål avfall - vi skal arbeide aktivt for å redusere avfallet.
- Miljømål transporter – vi skal arbeide aktivt for å redusere miljøpåvirkningen når produktene transporteres.
- Eliminering av ukontrollerte utslipp i miljøet er et globalt mål

Internrevisorer gjennomfører løpende revisjoner og utfører jevnlig intern opplæring i kvalitetssystemene.

## **Lagring av kjemikalier**

Vi lagrer i dag Univar Solutions B.V.s kjemikalier på vårt lager på Fagerstrand og Fredrikstad. Begge stedene har kapasitet for tanklagring samt emballerte produkter i trommer, kanner og IBC-er.

I vår interne og ISO 9001/14001 har vi retningslinjer for forsvarlig lagring med hensyn til helse, miljø og sikkerhet. Når plassering vurderes tar vi hensyn til miljøfarlige egenskaper når det gjelder ytre miljø, kjemikalier som kan reagere med hverandre etc. I tillegg har tillatelsen til lagring av brennbare varer fra DSB (Direktoratet for Samfunnssikkerhet og Beredskap) sine egne kriterier for lagring. Spesifikk produktkunnskap er tilgjengelig via en kjemisk database som plasseres i hvert lager. Dette er en sammenstilling av sikkerhetsdatablad av alle stoffene vi håndterer på vegne av Univar Solutions BV.

## **Transport**

Transport av Univar Solutions B.V.s kjemikalier inn til lager foregår med tankbil og båt. Fra lager til kunde er det bil og tankbil som benyttes. Vi bruker sertifiserte transportører med kompetanse for å utføre denne typen transport. En stor del av produktene er klassifisert som farlig gods og krever ADR- kompetanse av sjåfører og vårt eget lagerpersonale.

Univar Solutions B.V. er ansvarlig for alle transportdokumenter som avsender og har derfor egen sikkerhetsrådgiver i henhold til ADR-regelverket.

## **Arbeidsmiljø**

Det er et AMU (Arbeidsmiljøutvalg) på hvert av våre lagre som har jevnlig møter og utfører vernerunder for å fange opp uregelmessigheter og sette i verk forebyggende tiltak. Dette er et besluttede organ.

Verneombud er valgt. Verneutstyr er tildelt alle operatører og er pålagt å bruke for å utøve de ulike arbeidsoppgaver trygt.

Verneombud er også valgt på kontorsiden.

Arbeidsmiljøet i selskapet anses tilfredsstillende.

## **Sykefravær**



Sykefraværet var i 2020 på 11 dager som utgjør 0.14% av total arbeidstid. Det har ikke inntruffet ulykker eller skader på personell i løpet av året. Det var 31 ansatte i selskapet ved utgangen av året.

#### **Opplæring**

Univar Solutions AS mener at det er viktig å holde kunnskapen på et høyt nivå, og vi gir kontinuerlig opplæring. Temaer for opplæring er blant annet brennbare stoffer, ADR-regelverket, klassifisering og merking i henhold til CLP osv. Vi benytter eksterne og interne foredragsholdere og er opptatt av våre operatører har et kunnskapsnivå som står i forhold til det arbeid som utføres.

#### **Likestilling**

Selskapet har som mål å være en arbeidsplass der det råder full likestilling mellom kvinner og menn. Selskapet har i sine regler innarbeidet forholdet rundt likestilling, som tar sikte på at det ikke forekommer forskjellsbehandling grunnet i kjønn i saker som for eksempel lønn, avansement og rekruttering.

#### **Resultatdisponering**

Årets overskudd på NOK 31.362.850 foreslås overført til annen egenkapital.



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John Kailesøe Bøg Larsen  
styremedlem/daglig leder

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Sabine Duyfjes  
styreleder



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Paul Bryant  
styremedlem



## Resultatregnskap

		2020 NOK	2019 NOK
<b>Driftsinntekter</b>	<b>Note</b>		
Salgsinntekt	2	102,871,394	73,889,837
<b>Driftskostnader</b>			
Lønnskostnad	3	29,906,048	27,462,737
Avskrivning	5,6	10,188,811	10,234,391
Annen driftskostnad	3,14	23,745,896	18,074,747
Sum driftskostnader		<u>63,840,755</u>	<u>55,771,875</u>
Driftsresultat		<u>39,030,639</u>	<u>18,117,961</u>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		1,840,978	1,273,962
Annen finansinntekt	4	1,457,564	2,102,296
Nedskrivning av finansielle eiendeler	7	0	5,796,869
Rentekostnad til foretak i samme konsern		100,116	89,292
Annen finanskostnad	4	2,008,856	1,361,137
Netto finansposter		<u>1,189,570</u>	<u>-3,871,040</u>
Ordinært resultat før skattekostnad		<u>40,220,209</u>	<u>14,246,922</u>
Skattekostnad på ordinært resultat	11	8,857,359	4,446,603
<b>Årsresultat</b>		<u>31,362,850</u>	<u>9,800,319</u>
<b>Overføringer og disponeringer</b>			
Overføringer annen egenkapital	12	<u>31,362,850</u>	<u>9,800,319</u>




## Balanse pr 31 Desember

		2020 NOK	2019 NOK
<b>Anleggsmidler</b>	<b>Note</b>		
<i>Immaterielle eiendeler</i>			
Konsesjoner, patenter, lisenser, varemerker	5	15,540,727	19,428,571
Goodwill		25,758,665	27,273,881
Sum immaterielle eiendeler		<u>41,299,392</u>	<u>46,702,452</u>
<i>Varige driftsmidler</i>			
Tomter, bygninger og annen fast eiendom	6	39,130,947	38,259,205
Driftsløsøre, inventar, verktøy, kontormaskiner ol	6	4,420,519	3,833,974
Sum varige driftsmidler		<u>43,551,466</u>	<u>42,093,179</u>
<i>Finansielle anleggsmidler</i>			
Investeringer i datterselskap	7	47,731,131	47,731,131
Andre fordringer (Finansielle)	8	100,000	100,000
Sum finansielle anleggsmidler		<u>47,831,131</u>	<u>47,831,131</u>
Sum anleggsmidler		<u>132,681,989</u>	<u>136,626,762</u>
<b>Omløpsmidler</b>			
<i>Fordringer</i>			
Konsernkontoordning	10	76,456,848	42,790,877
Andre fordringer	10	14,695,009	11,572,300
Sum fordringer		<u>91,151,857</u>	<u>54,363,177</u>
Bankinnskudd, kontanter og lignende		876,264	1,583,045
Sum omløpsmidler		<u>92,028,122</u>	<u>55,946,222</u>
Sum eiendeler		<u>224,710,110</u>	<u>192,572,984</u>



## Balanse pr 31 Desember

		2020 NOK	2019 NOK
<b>Egenkapital</b>	<b>Note</b>		
<i>Innskutt egenkapital</i>			
Aksjekapital	12, 13	1,000,000	1,000,000
Overkurs	12	4,596,000	4,596,000
Sum innskutt egenkapital		<u>5,596,000</u>	<u>5,596,000</u>
<i>Opptjent egenkapital</i>			
Annen egenkapital	12	<u>131,806,572</u>	<u>100,443,722</u>
Sum opptjent egenkapital		<u>131,806,572</u>	<u>100,443,722</u>
Sum egenkapital		<u>137,402,572</u>	<u>106,039,722</u>
<b>Gjeld</b>			
Utsatt skatt	11	281,167	111,134
Annen langsiktig gjeld		2,159,433	1,514,337
<i>Kortsiktig gjeld</i>			
Leverandørgjeld		1,100,962	2,017,396
Betalbar skatt	11	8,687,325	4,059,794
Skyldige offentlige avgifter		2,331,808	2,106,323
Kassekreditt		11,206,087	11,773,044
Annen kortsiktig gjeld	10	<u>61,540,757</u>	<u>64,952,235</u>
Sum kortsiktig gjeld		<u>84,866,939</u>	<u>84,907,791</u>
Sum gjeld		<u>87,307,538</u>	<u>86,533,262</u>
Sum egenkapital og gjeld		<u>224,710,110</u>	<u>192,572,984</u>



John Kallesøe Bøg Larsen  
styremedlem/daglig leder



Sabine Duyfjes  
styreleder



Paul Brynt  
styremedlem



## Kontantstrømoppstilling

	2020 NOK	2019 NOK
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>		
Resultat før skattekostnad	40,220,209	14,246,922
Betalte skatter	-4,059,794	-2,084,358
Ordinære avskrivninger	10,188,811	10,234,391
Tap ved avgang driftsmidler	-2,704	222,763
Endring i varelager, kundefordringer og Leverandørgjeld	-916,434	482,916
Endring i andre tidsavgrensningsposter	-39,287,896	-18,423,171
Netto kontantstrøm fra operasjonelle aktiviteter	<u>6,142,191</u>	<u>4,679,463</u>
<b>Kontantstrømmer fra investeringsaktiviteter</b>		
Utbetalinger ved kjøp av varige driftsmidler	-6,282,016	-5,884,396
Netto kontantstrøm fra investeringsaktiviteter	<u>-6,282,016</u>	<u>-5,884,396</u>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>		
Utbetalinger ved opptak av ny langsiktig gjeld	0	0
Innbetalinger ved økt kassekreditt	-566,956	832,609
Inn-/utbetalinger av konsernbidrag	0	0
Netto kontantstrøm fra finansieringsaktiviteter	<u>-566,956</u>	<u>832,609</u>
Netto endring i likvider i året	-706,781	-372,324
Kontanter og bankinnskudd per 01.01	<u>1,583,045</u>	<u>1,955,369</u>
Kontanter og bankinnskudd per. 31.12	<u>876,264</u>	<u>1,583,045</u>



## Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

### *Konsernregnskap*

Selskapet er et morselskap. Men utarbeider ikke konsolidert regnskap med henvisning til unntaksregelen i regnskapsloven §3-7 første ledd om unntak for morselskap i underkonsern.

Univar Solutions AS er en del av et konsern der Univar Netherlands Holdings BV er morselskapet med hovedkontor i Rotterdam, det ultimate morselskapet som utarbeider konsernregnskap er Univar Solutions Inc. basert i United States of America (reg nr 26-125958). Konsernregnskap blir også utarbeidet av det nærmeste morselskapet UVX Skandinavia AB og er tilgjengelig fra Bolagsverket.

### *Salgsinntekter*

Tjenester inntektsføres etter hvert som tjenestene leveres/utføres.

### *Klassifisering og vurdering av balanseposter*

Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

### *Fordringer*

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene.

### *Valuta*

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Ikke-pengeposter som måles til historisk kurs uttrykt i utenlandsk valuta, omregnes til norske kroner ved å benytte valutakursen på transaksjonstidspunktet. Ikke-pengeposter som måles til virkelig verdi uttrykt i utenlandsk valuta, omregnes til valutakursen fastsatt på balansetidspunktet. Valutakursendringer resultatføres løpende i regnskapsperioden.

### *Varige driftsmidler og Immaterielle eiendeler*

Varige driftsmidler og immaterielle eiendeler balanseføres og avskrives over driftsmidlets forventede økonomiske levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmiddelet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen vil generere.

### *Leasing / leieavtaler*

Driftsmidler som leies på betingelser som i det vesentlige overfører økonomisk risiko og kontroll til selskapet (finansiell leasing), balanseføres under varige driftsmidler og tilhørende leieforpliktelse medtas som forpliktelse under rentebærende kortsiktig og langsiktig gjeld til nåverdien av leiebetalingene. Driftsmiddelet avskrives planmessig, og forpliktelsen reduseres med betalt leie etter fradrag for beregnet rentekostnad.

Selskapet har også operasjonelle leiekontrakter som kostnadsføres løpende.

### *Goodwill*



Ved kjøp av selskap/virksomhet blir forskjellen mellom kostpris og netto bokført verdi på kjøpstidspunktet av eiendeler tillagt de eiendeler merverdien knytter seg til. Den del av kostpris som ikke kan tillegges spesifikke eiendeler representerer goodwill. Goodwill avskrives lineært over antatt økonomisk levetid. Dersom virkelig verdi av goodwill er lavere enn balanseført verdi og verdifallet ikke forventes å være forbigående foretas nedskrivning til virkelig verdi.

#### *Pensjoner*

Selskapet har en innskuddsbasert pensjonsordning, dvs. at selskapet ikke har ytterligere betalingsforpliktelser etter at innskuddene er betalt. Innskuddene regnskapsføres som lønnskostnad når de forfaller. Forskuddsbetalte innskudd bokføres som eiendel i den grad innskuddet kan refunderes eller redusere fremtidige innbetalinger.

#### *Skatter*

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttegjørt.

#### *Kontantstrømoppstilling*

Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.



## Noter til regnskapet for 2020

### Note 2 - Salgsinntekter

	2020 NOK	2019 NOK
<i>Pr. virksomhetsområde</i>		
Business development service fee*	<u>102,871,394</u>	<u>73,889,837</u>
	<u>102,871,394</u>	<u>73,889,837</u>

\*I bytte for salgsutviklingsfunksjonen som utføres av Univar Solutions AS på Univar Solutions B.Vs regning, betaler Univar Solutions B.V. en Business development service fee. Denne beregnes preliminært og betales hver måned. Beregningen er basert på Univar Solutions B.Vs salgsinntekter og kostnader, og står i forhold til den virksomhet som drives, risiko forutsetninger og utnyttede tilganger av Univar Solutions B.V. og Univar Solutions AS. Business development service fee tar også hensyn de allerede innbyrdes fakturerte kostnadene for tankanlegg (inkludert avskrivninger), lagerhold, transporter og andre kostnader på solgte varer.

### Note 3 - Lønnskostnader, antall ansatte og godtgjørelse til revisor

	2020 NOK	2019 NOK
<i>Lønnskostnader</i>		
Lønninger	24,009,578	21,251,736
Sluttvederlag	0	0
Arbeidsgiveravgift	3,548,857	3,696,827
Pensjonskostnader	1,441,617	1,103,296
Andre ytelser	<u>905,996</u>	<u>1,410,879</u>
Sum	<u>29,906,048</u>	<u>27,462,737</u>

Gjennomsnittlig antall årsverk	32.4	31.1
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Daglig leder er ansatt i Univar Solutions Denmark A/S og mottar ingen godtgjørelse fra selskapet. Det er ikke utbetalt honorar til styret.

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov. Selskapet har en innskuddsbasert pensjonsordning hvor samtlige ansatte inngår.

### Godtgjørelse til revisor er fordelt på følgende:

	2020 NOK	2019 NOK
Lovpålagt revisjon	196,924	260,000
Andre tjenester utenfor revisjon	<u>0</u>	<u>0</u>
Sum	<u>196,924</u>	<u>260,000</u>

Merverdiavgift er ikke inkludert i revisjonshonoraret.



## Noter til regnskapet for 2020

### Note 4 - Resultatførte valutagevinster og valutatap

	2020 NOK	2019 NOK
Valutagevinst (agio)	1,454,679	2,092,196
Valutatap (disagio)	-1,672,657	-983,067
Sum	<u>-217,978</u>	<u>1,109,109</u>

### Note 5 - Immaterielle eiendeler

	Goodwill NOK	Lisenser/rettigheter /patenter NOK	Sum NOK
Anskaffelseskost pr 01.01.	43,064,312	30,011,333	73,075,645
Tilgang immaterielle eiendeler	0	0	0
Anskaffelseskost 31.12.	<u>43,064,312</u>	<u>30,011,333</u>	<u>73,075,645</u>
Akk.avskrivninger 31.12.	-17,305,647	-14,470,606	-31,776,253
Balanseført verdi pr.31.12.	<u>25,758,665</u>	<u>15,540,727</u>	<u>41,299,392</u>
Årets avskrivninger	1,515,216	3,887,845	
Avskrivningsplan	4-20 år Lineær	2-7 år Lineær	

Goodwill avskrives over 20 år basert på vurdering av den økonomiske levetiden. Levetiden begrunnes basert på fremtidig inntjening knyttet til goodwill posten.

### Note 6 - Varige driftsmidler

	Tomt NOK	Bygninger og annen fast eiendom NOK	Tankanlegg og maskiner NOK	Driftsløse, kontor- og lagerinventar NOK	Anlegg Under Utførelse NOK	Sum NOK
Anskaffelseskostnad 01.01.	1,190,000	32,679,211	27,270,159	12,519,782	1,585,000	75,244,152
Tilgang kjøpte driftsmidler	0	844,046	4,301,278	2,609,312	0	7,754,636
Overføring av tilgang	0	112,380	0	0	-1,585,000	-1,472,620
Avgang driftsmidler	0	0	0	-1,391,113	0	-1,391,113
Anskaffelseskost 31.12.	<u>1,190,000</u>	<u>33,635,637</u>	<u>31,571,437</u>	<u>13,737,981</u>	<u>0</u>	<u>80,135,055</u>
Akk.avskrivning 31.12.	0	-11,135,404	-16,130,723	-9,317,463	0	-36,583,590
Balanseført verdi pr. 31.12.	<u>1,190,000</u>	<u>22,500,233</u>	<u>15,440,714</u>	<u>4,420,518</u>	<u>0</u>	<u>43,551,465</u>
Årets avskrivninger	0	1,687,607	1,113,355	1,984,788	0	4,785,751
Økonomisk levetid	Ingen avskrivning	25 år	20 år	3-10 år		
Avskrivningsplan		Lineær	Lineær	Lineær		
Balanseførte leieavtaler inkl. i anskaffelseskost.	-	-	-	6,652,901		
Årlig leie av ikke balanseførte driftsmidler	-	6,291,131	-	121,701		

### Note 7 - Datterselskap, tilknyttet selskap m.v.

Firma	Ansk.-tidspunkt	Konsolidert (ja/nei)	Foretnings- kontor	Stemme-andel	Eier- andel
Kemetyl Norge Industri AS	02.01.18	nei	Trollåsen, Opppegård	100%	100%

Kemetyl Norge Industri AS hadde et tap på 75.332 kr etter skatt i 2020 og en egenkapital på 47,8 millioner



## Noter til regnskapet for 2020

### Note 8 - Fordringer og gjeld

	<b>2020</b> <b>NOK</b>	<b>2019</b> <b>NOK</b>
<i>Fordringer med forfall senere enn ett år</i>		
Depositum ved leie av eiendom (Fredrikstad)	<u>100,000</u>	<u>100,000</u>

### Note 9 - Pant og garantier

	<b>2020</b> <b>NOK</b>	<b>2019</b> <b>NOK</b>
<i>Garantiansvar</i>		
Bundne bankmidler (Skattetrekk)	<u>2,300,000</u>	<u>2,300,000</u>

Garantiforpliktelser gjelder ansattes skattetrekk.

### Note 10 - Mellomværende med selskap i samme konsern og tilknyttet selskap

<b>Fordringer</b>	<b>2020</b> <b>NOK</b>	<b>2019</b> <b>NOK</b>
Andre kortsiktige fordringer	12,246,518	9,204,081
konsernkontoordning (cash pool)	<u>76,456,848</u>	<u>42,790,877</u>
Sum	<u>88,703,366</u>	<u>51,994,957</u>

<b>Gjeld</b>	<b>2020</b> <b>NOK</b>	<b>2019</b> <b>NOK</b>
Annen kortsiktig gjeld	<u>-55,546,583</u>	<u>-59,237,230</u>



## Noter til regnskapet for 2020

### Note 11 - Skatt

#### Årets skattekostnad fordeler seg på:

	2020 NOK	2019 NOK
Betalbar skatt	8,687,326	4,059,793
Endring utsatt skatt	170,033	386,809
Korreksjon fra i fjor	0	0
Årets totale skattekostnad	<u>8,857,359</u>	<u>4,446,602</u>

#### Beregning av årets skattegrunnlag:

	2020	2019
Ordinært resultat før skattekostnad	40,220,209	14,246,922
Permanente forskjeller	40,514	5,964,907
Endring i midlertidige forskjeller	-772,879	-1,758,223
	<u>39,487,845</u>	<u>18,453,606</u>

Underskudd til fremføring	0	0
Mottatt konsernbidrag	0	0
Årets skattegrunnlag	<u>39,487,845</u>	<u>18,453,606</u>

#### Oversikt over midlertidige forskjeller

	2020	2019
Driftsmidler inkl goodwill	1,278,031	505,155
Utestående fordringer	0	0
Sum	<u>1,278,031</u>	<u>505,155</u>
Akkumulert fremførbart underskudd	0	0
Netto midlertidige forskjeller pr 31.12	<u>1,278,031</u>	<u>505,155</u>

22 % Utsatt skatt/ (Utsatt skattefordel)	281,167	111,134
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#### Oversikt over permanente forskjeller

	2020	2019
Ikke fradragsberettigede representasjonskostnader	-74,708	52,405
Rentekostnad på utlignet skatt	0	0
Andre ikke fradragsberettigede kostnader	115,222	5,912,502
Renteinntekt på tilbakebetalt skatt	0	0
Andre skattefrie inntekter	0	0
Sum permanente forskjeller	<u>40,514</u>	<u>5,964,907</u>

#### Oversikt over endringer i midlertidige forskjeller som påvirker skattbart resultat

	2020	2019
Driftsmidler inkl goodwill	-1,758,223	-1,758,223
Utestående fordringer	0	0
Sum endring i midl. forskjeller som påvirker skattegrunnlaget	<u>-1,758,223</u>	<u>-1,758,223</u>

#### Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt

	2019	2019
22% skatt av resultat før skatt	8,848,446	3,134,323
Effekt av endret skattesats	0	0
Korreksjon fra i fjor	0	0
Permanente forskjeller (22%)	8,913	1,312,280
Beregnet skattekostnad	<u>8,857,359</u>	<u>4,446,602</u>

Effektiv skattesats *)	22%	31%
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\*) Skattekostnad i forhold til resultat før skatt

I september 2014 varslet Skatteverket om en revisjon av Univar Solutions AS, spesielt knyttet til overgangen til CP&S driftsmodell.

Det er vår vurdering at eventuelle netto skattejusteringer som dekker perioden 2012-2017 ville være uvesentlige.

I februar 2018 sendte PWC Norway på selskapets anmodning et tilbud til skatteverket om en potensiell løsning for å konkludere spørsmålet; Tilbudet ble imidlertid avslått 7. mars 2018.

Saken ble anket til skatteretten 6. april 2018

Det var ingen videre kommunikasjon fra de norske skattemyndighetene i 2019 and 2020.

Skatteetaten kontaktet oss i mars 2021 for å få mer informasjon. Dette var fra Skatteklagenemndas sekretariat og derfor en ny person (en saksbehandler) som ba om ytterligere opplysninger i forbindelse med anken. Vi svarte på disse spørsmålene i mai 2021 og foreslo at et virtuelt møte ville være en god vei fremover.



## Noter til regnskapet for 2020

### Note 12 - Egenkapital

	Aksjekapital	Overkurs	Annen egenkapital	Sum
	NOK	NOK	NOK	NOK
Egenkapital 01.01.	-1,000,000	-4,596,000	-100,443,722	-106,039,722
Årsresultat			-31,362,850	-31,362,850
Egenkapital 31.12.	-1,000,000	-4,596,000	-131,806,573	-137,402,573

### Note 13 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	Pålydende	Balanseført
Ordinære aksjer	10,000	100 kr	1,000,000 kr

Aksjekapitalen i Univar Solutions AS består av 10 000 aksjer hver pålydende kr 100.

Alle aksjene eies av UVX Scandinavia AB. Morselskapet utarbeider konsernregnskap hvor Univar Solutions AS inngår i konsolideringen. Konsernregnskap utleveres hos Univar Solutions AB, Kungsgatan 6, Box 4072, SE-211 49 Malmö, Sverige.

### Note 14 - Transaksjoner med nærstående parter

Selskapet er kontrollert av UVX Scandinavia AB som eier 100% av selskapets aksjer.

Univar Solutions Inc er kontrollerende eier i UVX Scandinavia AB.

Ytelsler til ledende ansatte er omtalt i note 3, og mellomværende med konsernselskaper er omtalt i note 10.

#### Selskapets transaksjoner med nærstående parter:

2020  
NOK

##### a) Salg av varer og tjenester

Salg av varer:

- Tilknyttede selskaper

- Morselskap

Salg av tjenester:

- Tilknyttede selskaper

139,493,713

- Morselskap

- Nære familiemedlemmer av Univar Inc kontrollerende eier

**Sum salg av varer og tjenester**

**139,493,713**

Salg av tjenester til nærstående parter er for ny tildeling av økonomi og andre tjenester som påløper i ett selskap men fakturert til en annen. Disse er ikke relatert til selve inntekter opptjent av Univar AS.

##### b) Kjøp av varer og tjenester

Kjøp av varer:

- Tilknyttede selskaper

692

- Morselskap

Kjøp av tjenester:

- Tilknyttede selskaper

41,536,944

- Foretak kontrollert av ledende ansatt

- Morselskap (administrative tjenester)

548,013

**Sum kjøp av varer og tjenester**

**42,085,649**

### Note 15 - Covid 19

Covid-19 hadde totalt en positiv innvirkning på virksomheten i 2021. Samlet hadde Covid-19 et positivt resultat på virksomheten på grunn av høy etterspørsel og høye prisene på etanolprodukter, spesielt for håndrensere. Denne fordelten ble delvis oppveid av nedgangstider i smøremiddelvirksomheten, som særlig hadde problemer i marin- og transportforhandlersegmentet da økonomiene ble svakere og til slutt stengt. Terminalen vår holdt seg i drift gjennom COVID-restriksjoner med salgskontoret stengt i henhold til lokale myndigheters retningslinjer. Det var en sømløs overgang til hjemmearbeid for våre salgs- og produktadministrasjonsfunksjoner. Etter hvert som restriksjonene løsnest, oppfordret vi aktivt kolleger til å komme tilbake i tråd med interne og eksterne sikkerhetsretningslinjer og med tilbud om et fleksibelt arbeidsmiljø etter individuelle behov.

COVID-19 har fortsatt å ha en netto positiv effekt på driftsresultatet i 2021. Den mulige fremtidige utviklingen og effektene på selskapets økonomiske stilling er vanskelig å vurdere, men dette observeres kontinuerlig av ledelsen i Univar Solutions AS. Eventuelle negative effekter anses for tiden å være begrenset.