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ÅRSREDOVISNING

2021-09-07-2022-09-30

för

OW SWEDEN ACQUISITION AB 559333-7354

Årsredovisningen omfattar: **Sida**

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Om inte annat särskilt anges redovisas alla belopp I tusentals kronor.

FASTSTÄLLELSEINTYG

Undertecknad styrelseledamot intygar härmed, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 31 mars 2023

Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm den 31 mars 2023

WB

Mary Ann Sigler

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ÅRSREDOVISNING

Styrelsen och för OW Sweden Acquisition AB avger härmed årsredovisning för räkenskapsåret 2021-09-07-2022-09-30.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning

OW Sweden Acquisition AB ingår i Soleniskoncernen. Solenis är en global, marknadsledande koncern verksam inom specialkemikaliebranschen och tillhandahåller produkter, tjänster och lösningar som möter kunders behov i en mängd olika branscher. Koncernens verksamhet består av två affärsområden: Industrial Water Technologies och Pulp and Paper Industry. OW Sweden Acquisition AB innehar aktier i Solenis Sweden Holdings AB.

Ägarförhållanden

OW Sweden Acquisition AB (559333-7354) med säte I Stockholm, Sverige ägs till 100 % av Olympus Water UK Holding Limited, som i sin tur ägs av Olympus Water Holdings IV, L.P. säte i Caymanöarna.

Väsentliga händelser under räkenskapsåret

Räkenskapsåret 2021-09-07 - 2022-09-30 är bolagets första räkenskapsår.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2021/2022
Rörelseresultat	0
Resultat e. finansiella poster	-1,688
Totala tillgångar	33,110
Soliditet (1)	4,9%

(1) Justerat eget kapital / Balansomslutning. Med justerat eget kapital avses eget kapital + obeskattade reserver med avdrag för uppskjuten skatteskuld.

Väsentliga händelser efter räkenskapsårets utgång

Inga väsentliga händelser har skett under räkenskapsåret.

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	0
Årets resultat	-1,688,247
	-1,688,247

Styrelsen föreslår att

den ansamlade vinsten överförs i ny räkning.	-1,688,247
	-1,688,247

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RESULTATRÄKNING

(Tkr)

	Not	2022-09-30
Rörelseresultat		**0**
Resultat från finansiella investeringar		
Räntekostnader och liknande kostnader	4	-1,688
Resultat efter finansiella poster		**-1,688**
Resultat före skatt		**-1,688**
ÅRETS RESULTAT		**-1,688**

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BALANSRÄKNING

(Tkr)	Not	2022-09-30
TILLGÅNGAR		
Anläggningstillgångar		
Finansiella anläggningstillgångar		
Andelar i koncernföretag	2	33,085
		33,085
Summa anläggningstillgångar		**33,085**
Kortfristiga fordringar		
Kundfordringar		25
		25
Summa omsättningstillgångar		**25**
SUMMA TILLGÅNGAR		**33,110**

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BALANSRÄKNING

	Not	2022-09-30
(Tkr)		
EGET KAPITAL OCH SKULDER		
Eget kapital		
Bundet eget kapital		
Aktiekapital (25 001 aktier)		25
		25
Fritt eget kapital		
Reservfond - overkursfond		3,272
Balanserad resultat		0
Årets resultat		-1,688
		1,584
Summa eget kapital		**1,609**
Långfristiga skulder		
Långfristiga skulder	3	31,501
		31,501
SUMMA EGET KAPITAL OCH SKULDER		**33,110**

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RAPPORT ÖVER FÖRÄNDRING I EGET KAPITAL

(Tkr)

	Not	*Bundet eget kapital*	*Fritt eget kapital*			
		Aktie-kapital	Reservfond - overkursfond	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 07 September 2021		**0**	**0**	**0**	**0**	**0**
Disposition av föregående årsresultat		0	0	0	0	0
Disposition av årets resultat		0	0	0	-1,688	-1,688
Aktieägartillskott		0	3,272	0	0	3,297
Ingående balans per 30 September 2022		**25**	**3,272**	**0**	**-1,688**	**1,609**

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NOT

Not 1 Redovisnings- och värderingsprinciper

OW Sweden Acquisition AB:s årsredovisning och koncernredovisning har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Koncernredovisning
OW Sweden Acquisition AB med organisationsnummer 559333-7354 är ett aktiebolag registrerat i Sverige med säte i Stockholm.

OW Sweden Acquisition AB ägs till 100 % av Olympus Water UK Holding Limited, som i sin tur ägs av Olympus Water Holdings IV, L.P. säte i Caymanöarna.
Bolaget är moderbolag till Solenis Sweden Holdings AB (556969-7039). Ingen koncernredovisning upprättas med stöd av undantagsreglerna i Årsredovisningslagen 7:2§. Koncernredovisning för 2022 upprättas i moderbolaget till Olympus Water Holdings IV, L.P. säte i Caymanöarna. Koncernredovisningen upprättas enligt US GAAP och registreras i Companies House i Storbritannien.

Intäkter
Intäkter redovisas till det verkliga värdet av den ersättning som erhållits eller kommer att erhållas, med avdrag för mervärdeskatt, rabatter, returer och liknande avdrag.

Inkomstskatter
Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt
Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

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Not 2 Andelar koncernföretag

	2022
Ingående anskaffningsvärde	33,085
Utgående ackumulerat anskaffningsvärde	**33,085**
Utgående restvärde enligt plan	**33,085**

Koncernen	Org nr	Säte	Kapitalandel (%)
Solenis Sweden Holdings AB	556969-7039	Helsingborg	100

Moderbolaget	Kapitalandel %	Rösträttsandel	Antal aktier	Bokfört värde 30-09-2022
Solenis Sweden Holdings AB	100	100	50 000	33 085

Not 3 Långfristiga skulder

	2022
Olympus Water UK Holding Limited	
Ursprungliga skulden	29,927
Ackumulerad ränta	1,574
Summa	**31,501**

Hela den långfristiga skulden förfaller senare än 1 år efter bokslutsdagen.

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Not 4 Räntekostnader och liknande kostnader

	2022
Räntekostnader, koncernföretag	1,688
Summa	**1,688**

Stockholm den 29 mars 2023

WRB

Mary Ann Sigler

Fotokopians överensstämmelse
med originalet intygas:

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Olympus Water Holdings IV, L.P.

Consolidated Financial Statements
Successor Period from November 9, 2021 to September 30, 2022,
Predecessor Period from October 1, 2021 to November 8, 2021,
and Predecessor Period Years Ended September 30, 2021 and September 30, 2020

Olympus Water Holdings IV, L.P.

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Report of Independent Auditors

To the Management of Olympus Water Holdings IV, L.P.

Opinion

We have audited the accompanying consolidated financial statements of Olympus Water Holdings IV, L.P. and its subsidiaries (Successor) (the "Company"), which comprise the consolidated balance sheet as of September 30, 2022, and the related consolidated statements of operations, of comprehensive income (loss), of partner's equity and of cash flows for the period from November 9, 2021 to September 30, 2022, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022, and the results of its operations and its cash flows for the period from November 9, 2021 to September 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

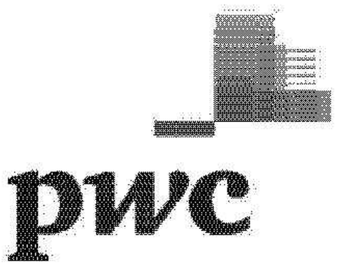
Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Philadelphia, Pennsylvania
January 6, 2023

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Report of Independent Auditors

To the Management of Olympus Water Holdings IV, L.P.

We have audited the accompanying consolidated financial statements of Solenis UK International Limited and its subsidiaries (Predecessor) (the "Company"), which comprise the consolidated balance sheet as of September 30, 2021, and the related consolidated statements of operations, of comprehensive income (loss), of changes in shareholders' (deficit) and of cash flows for the period from October 1, 2021 to November 8, 2021 and for the years ended September 30, 2021 and September 30, 2020.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solenis UK International Limited and its subsidiaries (Predecessor) as of September 30, 2021, and the results of their operations and their cash flows for the period from October 1, 2021 to November 8, 2021 and for the years ended September 30, 2021 and September 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
January 6, 2023

Olympus Water Holdings IV, L.P.
Consolidated Statements of Operations
(in thousands)

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Net sales	$ 3,912,702	$ 320,397	$ 2,991,610	$ 2,753,439
Cost of sales	3,020,373	243,236	2,120,242	1,939,448
Gross profit	**892,329**	**77,161**	**871,368**	**813,991**
Selling, general and administrative expense	611,179	69,929	521,302	537,006
Research and development expense	47,837	3,665	44,069	40,761
Amortization of intangibles	114,854	5,080	49,864	47,941
Impairment of goodwill	—	—	—	19,158
Restructuring and severance expenses	2,777	30	5,369	21,186
Acquisition and transaction-related expenses	51,067	57,722	19,906	2,233
Other operating expense, net	9,685	(359)	19,847	10,384
Total operating expenses	837,399	136,067	660,357	678,669
Total operating income (loss)	**54,930**	**(58,906)**	**211,011**	**135,322**
Non-operating (income) expense, net	(257,260)	46,309	(7,245)	87,091
Interest expense	201,468	16,553	165,236	182,948
Income (loss) before income taxes	110,722	(121,768)	53,020	(134,717)
Income tax provision (benefit)	66,420	(23,717)	25,469	6,763
Net income (loss)	**$ 44,302**	**$ (98,051)**	**$ 27,551**	**$ (141,480)**

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

Olympus Water Holdings IV, L.P.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Net income (loss)	$ 44,302	$ (98,051)	$ 27,551	$ (141,480)
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax of $13,984, $- , $201, $1,218, respectively	(338,115)	(12,735)	17,365	35,365
Prior service credit	—	—	651	299
Amortization of prior service (credit) cost	—	—	(84)	(44)
Actuarial gain (loss), net of tax of $(8,839), $- ,$(3,094) and $(2,671), respectively	20,871	—	8,066	9,577
Reclassification of foreign currency translation adjustments upon deconsolidation of foreign subsidiary	—	—	1,551	—
Gain (loss) on net investment hedge	—	(11,500)	10,414	—
Reclassification of other comprehensive income on interest rate swaps	—	9,220	17,997	12,582
Unrealized gain (loss) on interest rate swaps	—	—	(4,928)	(15,832)
Other comprehensive income (loss), net of tax	(317,244)	(15,015)	51,032	41,947
Total comprehensive (loss) income	**(272,942)**	**(113,066)**	**78,583**	**(99,533)**

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

Olympus Water Holdings IV, L.P.
Consolidated Balance Sheets
(in thousands)

	Successor	Predecessor
	September 30, 2022	**September 30, 2021**
Assets		
Current assets:		
Cash and cash equivalents	$ 348,906	$ 267,706
Accounts receivable, less allowance for doubtful accounts of $3,752 and $9,391, respectively	578,523	210,450
Sold receivables	89,880	200,905
Inventories	621,249	322,670
Prepaid expenses and other assets	143,624	105,754
Total current assets	1,782,182	1,107,485
Noncurrent assets:		
Property, plant and equipment, net	1,064,355	702,148
Investments in equity affiliates	1,492	4,224
Intangible assets, net	2,443,947	630,724
Goodwill	2,116,945	417,049
Deferred income taxes	132,908	104,015
Acquisition-related deposits	—	64,170
Operating lease ROU assets	84,946	91,831
Other assets	61,063	26,434
Total noncurrent assets	5,905,656	2,040,595
Total assets	$ 7,687,838	$ 3,148,080
Liabilities, Partner's Equity and Shareholders' (Deficit)		
Current liabilities:		
Current portion of long term debt and finance leases	$ 6,797	$ 22,432
Trade and other payables	502,425	328,462
Accrued expenses	238,768	209,289
Other liabilities	33,432	8,955
Total current liabilities	781,422	569,138
Noncurrent liabilities:		
Long term debt and finance leases	4,049,110	2,347,624
Employee benefit obligations	58,428	94,011
Deferred income taxes	465,992	101,117
Reverse supply agreement liabilities, net	38,381	30,998
Long-term portion of operating lease liabilities	77,003	63,726
Other liabilities	79,210	43,335
Total noncurrent liabilities	4,768,124	2,680,811
Total liabilities	$ 5,549,546	$ 3,249,949
Commitments and contingencies (Note 15)		
Partner's equity and shareholders' (deficit):		
Ordinary shares $1 par value, — and 81,809,818 shares issued and outstanding, respectively	—	81,810
Additional paid in capital ("APIC")	—	718,176
Treasury stock	—	(35,673)
Partner's equity	2,486,234	—
Accumulated deficit	(30,698)	(634,933)
Accumulated other comprehensive loss	(317,244)	(231,249)
Total partners' equity and shareholders' (deficit)	2,138,292	(101,869)
Total liabilities, partners' equity and shareholders' (deficit)	$ 7,687,838	$ 3,148,080

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

Olympus Water Holdings IV, L.P.
Consolidated Statements of Changes in Shareholders' (Deficit) (Predecessor)
(in thousands except share amounts)

Predecessor

	Ordinary Shares		APIC	Treasury Stock	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
September 30, 2020	82,059,238	$ 82,059	$ 712,383	$ (24,158)	$ (662,484)	$ (282,281)	$ (174,481)
Net income	—	—	—	—	27,551	—	27,551
Other comprehensive income	—	—	—	—	—	51,032	51,032
Share-based compensation	—	—	3,134	—	—	—	3,134
Shares granted	60,970	61	984	—	—	—	1,045
Repurchases of common stock	(630,578)	(631)	—	(11,515)	—	—	(12,145)
Exercise of stock options	320,189	320	1,675	—	—	—	1,995
September 30, 2021	81,809,819	$ 81,810	$ 718,176	$ (35,673)	$ (634,933)	$ (231,249)	$ (101,869)
Net loss	—		—	—	(98,051)	—	(98,051)
Other comprehensive (loss)	—		—	—	—	(15,015)	(15,015)
Share-based compensation	—	—	14,242	—	—	—	14,242
November 8, 2021	81,809,819	$ 81,810	$ 732,418	$ (35,673)	$ (732,984)	$ (246,264)	$ (200,693)

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

Olympus Water Holdings IV, L.P.
Consolidated Statements of Partner's Equity (Successor)
(in thousands except share amounts)

	Successor			
	Partner's Equity	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
November 9, 2021	$ —	$ (75,000)	$ —	$ (75,000)
Net income	—	44,302	—	44,302
Other comprehensive (loss)	—		(317,244)	(317,244)
Return of capital	(7,793)		—	(7,793)
Initial capital contribution	1,988,000		—	1,988,000
Capital contribution	6,027		—	6,027
Non cash capital contribution	500,000		—	500,000
September 30, 2022	$ 2,486,234	$ (30,698)	$ (317,244)	$ 2,138,292

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

Olympus Water Holdings IV, L.P. Consolidated Statements of Cash Flows (in thousands)

	Successor	Predecessor		
	Period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Operating activities				
Net income (loss)	$ 44,302	$ (98,051)	$ 27,551	$ (141,480)
Adjustments to reconcile to cash from operations:				
Depreciation and amortization	348,101	19,673	188,281	184,310
Amortization of deferred financing costs and original issue discount	19,068	1,069	14,851	14,961
Impairment of goodwill and intangible assets	—	—	—	19,158
Deferred income taxes	9,618	(30,310)	(5,576)	(13,298)
Loss upon deconsolidation of subsidiary	—	—	17,959	—
Share-based compensation	—	14,043	4,085	2,180
Fair value step up of acquired inventory sold	54,143	—	—	—
Provision to adjust Inventories to lower of cost, or net realizable value	1,455	—	—	(4,432)
Unrealized foreign exchange (gains) losses, net	(249,251)	2,021	(29,044)	87,919
Provision for bad debt expense, net of indemnification benefit	2,858	(2)	1,155	1,404
Loss on swaps	—	9,220	—	—
Loss from sale of property, plant and equipment, net	705	(27)	729	648
(Gain) from divestment of joint venture	(1,152)	—	—	—
Loss on extinguishment of debt	—	59,545	—	—
Equity income, net of distributions from affiliates	(151)	(37)	(427)	(112)
Remeasurement loss from operations in hyperinflationary economies	2,325	—	1,501	3,247
Change in operating assets and liabilities:				
Accounts receivable, net (reduced by beneficial interests received in exchange for accounts receivable sold of $679,931, $131,060, $1,427,097, and $1,378,520 for the Successor period ended September 30, 2022, Predecessor periods ended November 8, 2021, September 30, 2021 and September 30, 2020, respectively)	(791,751)	(244,335)	(1,463,303)	(1,317,589)
Inventories	(219,895)	19,344	(33,524)	32,979
Trade payables and accrued expenses	(3,712)	24,441	79,103	(9,987)
Income taxes	6,469	3,434	(1,568)	(6,136)
Other assets and liabilities	25,420	(34,636)	(16,287)	28,785
Net cash used in operating activities	**(751,448)**	**(254,608)**	**(1,214,514)**	**(1,117,443)**
Investing activities				
Cash paid for property, plant and equipment, net of disposals	(104,623)	(4,972)	(73,649)	(71,958)
Cash paid for other acquisitions, net of cash acquired	(335,796)		(35,534)	(26,565)
Cash paid for the Acquisition and Contribution, net of cash acquired	(4,871,439)	—	—	—
Incremental cash receipts for accounts receivable financing	679,931	131,060	1,427,097	1,378,520
Proceeds from sale of joint venture	3,500	—	—	—
Net cash (used in) provided by investing activities	**(4,628,427)**	**126,088**	**1,317,914**	**1,279,997**
Financing activities				
Proceeds from debt financing	4,397,563	—	—	283,085
Repayments of acquired indebtedness	(451,000)	—	—	—
Repayment of term loans	(9,825)	—	(33,412)	(19,848)
Cash paid for financing fees	(165,628)	—	(1,032)	(2,508)
Borrowings under asset based lending or revolving credit facilities	200,000	—	—	200,000
Repayments under asset based lending or revolving credit facilities	(200,000)	—	(34,230)	(457,770)
Repayments of equipment financing	(5,868)	(520)	(5,745)	(3,516)
Issuance of ordinary shares	6,027	—	1,045	435
Proceeds from exercise of options	—	—	1,995	1,328
Cash paid for treasury stock	—	—	(12,145)	(4,328)
Repayments of finance lease obligations	(7,901)	(672)	(8,538)	(6,281)
Equity contribution from partners	1,988,000	—	—	—
Return of capital	(7,793)	—	—	(29,939)
Net cash provided by (used in) financing activities	**5,743,575**	**(1,192)**	**(92,062)**	**(39,342)**
Change in cash, cash equivalents and restricted cash	363,700	(129,712)	11,338	123,212
Effect of currency rate changes on cash	(11,577)	572	2,656	(3,235)
Cash, cash equivalents, and restricted cash at the beginning of the period	—	269,495	255,501	135,524
Cash, cash equivalents, and restricted cash at the end of the period	**$ 352,123**	**$ 140,355**	**$ 269,495**	**$ 255,501**
Supplemental Disclosures of Cash Flow Information:				
Cash paid for income taxes	31,005	3,482	19,174	23,127
Cash paid for interest	148,498	9,600	160,458	167,976

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

Note 1 Business Background

General Description of the Business

Olympus Water Holdings IV, L.P. (hereafter "Olympus" or "the Company"), doing business as "Solenis" from November 9, 2021, is an exempted limited partnership registered and domiciled under the laws of the Cayman Islands. Olympus and several other holding companies and partnerships were formed by affiliates of Platinum Equity Advisors, LLC ("Platinum"), all of which are organized under Olympus Water Holdings I, L.P, a Cayman exempted limited partnership whose partners are certain investment vehicles advised by Platinum and members of the Solenis management team.

The Company was formed on June 29, 2021 and exists as the Successor entity for the specific purpose of consummating the purchase of the consolidated operations of Solenis UK International Limited (the "Acquisition" or the "Transaction"). The Solenis business was formerly owned by Clayton, Dubilier & Rice, LLC ("CD&R"), BASF SE, and management. The Company also exists as the Successor entity for the specific purpose of receiving the contribution of Innovative Water Global Corporation (doing business as "Sigura", i.e. the "Contribution"). The Sigura business was formerly 100% owned by affiliates of Platinum and was contributed to Olympus immediately subsequent to the Acquisition on November 9, 2021 and both qualified and were accounted for as Business Combinations under ASC 805.

Olympus was formed under a group of holding companies. Olympus Water Holdings I, L.P. holds effectively 100% of the partnership interest in Olympus Water Holdings II, L.P. a Cayman exempted limited partnership. Olympus Water Holdings II L.P. holds effectively 100% of the partnership interest in Olympus Water Holdings III, L.P. a Cayman exempted limited partnership. Olympus Water Holdings III holds effectively 100% of the partnership interest in Olympus. These holding companies and partnerships are collectively referred to as the "Holding Companies". The Holding Companies have no business operations or assets other than cash and cash equivalents, certain related party loans between and among the Holding Companies and Solenis, and investments in the ownership interests described above.

The Company acquired the consolidated operations of Solenis UK International Limited through a series of acquisition steps defined as the "Alternative Transaction Structure" (the "ATS") in the Securities Purchase Agreement ("SPA") effective November 9, 2021. The ATS resulted in the following legal ownership structure:

Olympus owns 100% of the shares of Olympus Water US Holding Corporation domiciled in the United States of America (the "US"), and 100% of the shares of Olympus Water UK Holding Limited domiciled in the United Kingdom of Great Britain and Northern Ireland (the "UK");

Olympus Water US Holding Corporation owns 100% of the equity interest of Solenis Holdings LLC domiciled in the US, and all of its wholly-owned direct subsidiaries;

Olympus Water UK Holdings Limited owns 100% of the shares (membership interest) of:

- Olympus Water Canada Acquisition ULC which was formed for the purpose of acquiring 100% of the equity interest in Solenis Canada ULC;
- Olympus Water France Acquisition SaS which was formed for the purpose of acquiring 100% of the shares of Solenis France;
- Olympus Water Germany Acquisition GmbH which was formed for the purposes of acquiring 100% of the membership interest of Solenis Germany Administrative GmbH and all of its wholly-owned direct and

indirect subsidiaries, as well as, 100% of the Limited Partner interest in Solenis Germany GmbH & Co KG and all of its wholly-owned direct and indirect subsidiaries;

- Olympus Water Italy Acquisition S.r.l which was formed for the purposes of acquiring 100% of the shares of Solenis Italia Holdings S.r.l and all of it's wholly-owned direct and indirect subsidiaries;
- Olympus Water Sweden Acquisition AB which was formed for the purposes of acquiring 100% of the shares of Solenis Sweden Holdings AB and all of it's wholly-owned direct and indirect subsidiaries;
- Olympus Water Spain Acquisition S.L. which was formed for the purposes of acquiring 100% of the shares of Solenis Hispania S.A. and all of its wholly owned direct and indirect subsidiaries;
- Olympus Water Dutch Acquisition B.V. which was formed for the purposes of acquiring 100% of the members interest in Solenis Holdings I Cooperatief U.A. and all its wholly-owned direct and indirect subsidiaries, as well, as 100% of the member interest of Solenis Holdings II Cooperatief and all of its wholly-owned direct and indirect subsidiaries, and;
- Solenis UK Industries Limited and all of its wholly-owned direct and indirect subsidiaries

Upon the execution of the acquisition steps, Platinum acquired all of the capital stock and equity interests of the entities comprising the legacy Solenis operations from Solenis UK Holdings Limited. Economic control and legal ownership of the Solenis UK Holdings Limited and Solenis UK International Limited legal entities were retained by CD&R and had no business operations or assets other than cash and cash equivalents prior to the Acquisition.

Immediately following the Acquisition, the Contribution which included all of Sigura's direct and indirect subsidiaries was contributed to Olympus Water Holdings I, LP, and ultimately to Olympus Water US Holding Corporation by affiliates of Platinum Equity. Accordingly, the conclusion of the Acquisition and Contribution results in the consolidation of the operations of the legacy Solenis and Sigura businesses (under the Solenis umbrella) from November 9, 2021 within these financial statements as presented under the "Successor" periods.

Prior to the formation of the Company, the business existed under the "Predecessor" entity known as Solenis UK International Limited (the "Legacy Topco") and was domiciled in the United Kingdom of Great Britain and Northern Ireland. The Legacy Topco was formed on August 31, 2018 for the specific purpose of consummating a Joint Venture (the "Joint Venture", "JV", or "JVFA") between BASF SE ("BASF") a German-based chemical manufacturer and distributor, and the Solenis business, which was 97% owned by CD&R and 3% owned by management immediately prior to the JV. The Predecessor entity has financial statements as of and for periods prior to the Acquisition.

The purchase price for the Acquisition was funded by (i) an equity contribution of $1.96 billion into the Holding Companies by entities affiliated with Platinum, (ii) an equity contribution of $24.8 million by certain members of management, (iii) gross proceeds from borrowings under Term Loan facilities of $1.69 billion, and (iv) gross proceeds from borrowings under the secured and unsecured bonds of $2.10 billion. Olympus Water US Holding Corporation is the legal borrower under the Secured and Unsecured Bonds and related Term Loan facilities. The Bonds and Term Loan facilities are fully described in Note 12.

Acquisition of Solenis and Contribution of Sigura

On November 9, 2021 the Company completed the purchase of the Solenis business pursuant to the terms of the SPA, dated July 3, 2021, between CD&R Seahawk Holdings, L.P. BASF Nederland B.V., and Solenis UK International Limited (the "Agreement"). The estimated purchase price was based on an enterprise value of $5.25 billion, less certain adjustments made pursuant to the Agreement, including retained finance leases, pension and other liabilities, tax adjustments and other fees, which includes the repayment of the Solenis Existing Indebtedness (other than the ING Receivables Purchasing agreement, which will remain in place following the consummation of the Acquisition), including any breakage fees associated therewith, at closing which resulted in

a net cash purchase price of $5.1 billion exclusive of any cash acquired. The purchase price was subject to post-closing adjustments for (i) differences between estimated and actual Net Working Capital at closing, (ii) differences between estimated and actual Net Indebtedness at closing and (iii) differences between the estimated and actual unfunded pension liabilities for certain pension obligations that the Company assumed.

Immediately following the acquisition of Solenis, the Contribution was effectuated for a value of $500.0 million. The contribution was made from Platinum Equity Fund IV ("Fund IV"; which had owned 100% of the Sigura business) to Platinum Equity Fund V ("Fund V"). In consideration of the Contribution, Fund IV obtained a minority equity position in the combined business controlled by Fund V (which controls Olympus Water Holdings IV, L.P.).

The Acquisition and Contribution were both separately determined to represent an accounting change of control and are accounted for as business combinations under ASC 805 using the acquisition method of accounting. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of which is expected to be deductible for tax purposes.

The following table summarizes the fair values of the net assets acquired as of the November 9, 2021 Acquisition and Contribution dates ($ in thousands):

Purchase Price Allocation - November 9, 2021		
Cash	$	192,418
Current assets		1,202,340
Property, plant & equipment		1,052,676
Intangible assets		2,690,880
Deferred tax assets		119,193
Goodwill		2,114,441
Restricted cash		1,791
Other assets		133,646
Total assets		7,507,385
Current liabilities		719,129
Deferred taxes		411,381
Employee benefit liabilities		100,575
Short term and long-term debt assumed		483,715
Other liabilities		226,937
Total liabilities		1,941,737
Net assets acquired		5,565,648
Less: cash, cash equivalents and restricted cash acquired via the acquisition and contribution		194,209
Less: Non-cash consideration via contribution		500,000
Total net cash conveyed at closing	$	4,871,439

The determination of Goodwill was recognized for the Acquisition and Contribution as the excess of the purchase price over the net assets recognized and represents the future economic benefits arising from other assets acquired for purposes of creating a standalone entity, which cannot be individually identified and separately recognized.

The fair values of intangible assets were estimated using an income approach, either the excess earnings method (customer relationships) or the relief from royalty method (technology, trademark and trade name, and process know how), multi-period excess earnings method (in process research and development), and with and without method (supply agreements). Under the excess earnings method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows attributable solely to the intangible asset over its remaining useful life. Under the relief from royalty method, fair value is measured by estimating future revenue associated with the intangible asset over its useful life and applying a royalty rate to the revenue estimate. Under the multi-period excess earnings method, fair value is measured by estimating future revenue associated with the intangible asset over its projected useful life. Under the with and without method, fair value is measured by estimating future earnings associated with the supply agreement over its projected useful life and comparing that value to an estimate of future earnings without the supply agreement. These intangible assets collectively enable us to manufacture and develop new products to meet the evolving business needs as well as competitively produce our existing products.

The fair value of real properties acquired was based on the consideration of their highest and best use in the market. The fair values of property, plant, and equipment, other than real properties, were based on the consideration that unless otherwise identified, they will continue to be used "as is" and as part of the ongoing business. In contemplation of the in-use premise and the nature of the assets, the fair value was developed primarily using a cost approach. The determination of the fair value of assets acquired and liabilities assumed involves assessing factors such as the expected future cash flows associated with individual assets and liabilities and appropriate discount rates at the date of the acquisition.

In connection with the Acquisition, the Company incurred expenses of $47.9 million during the Successor period ended September 30, 2022. These expenses are reflected in Acquisition and transaction related expenses within Operating expenses on the Consolidated Statement of Operations. Additionally, the Olympus entities incurred $75.0 million of pre-deal transaction expenses prior to September 30, 2021 which are reflected within beginning accumulated deficit. In addition to deal-related transaction costs which were expensed as incurred, the Company also incurred debt financing costs of $165.6 million and $4.2 million of original issue discount which were capitalized at closing and will be amortized on an effective interest method basis over the term of the related debt instruments.

In anticipation of the closing of the Acquisition, the Solenis business extinguished obligations of $65.6 million as part of its pre-closing settlements which included $46.7 million to settle remaining balances due under the MUFG Accounts Receivable Financing Facility, $13.7 million related to interest-rate swaps, and $5.2 million related to foreign exchange derivatives. Additionally, Solenis incurred Acquisition related expenses of $57.7 million and time and performance related share-based incentive compensation of $17.8 million which is inclusive of employer related taxes. These costs are reflected in the Predecessor period within Total operating expenses and Non operating income (expense), net on the Consolidated Statement of Operations.

As of September 30, 2022, the measurement period with respect to the Acquisition and Contribution has been closed.

Basis of Presentation

Olympus' consolidated financial statements include all wholly owned subsidiaries of Olympus, including all Holding Companies. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements have been presented on a comparative basis. For periods prior to the Acquisition, the Company is referred to as the Predecessor where as periods subsequent to the Acquisition are referred to as the Successor. Due to the Acquisition and the application of "push-down accounting", different bases of accounting

have been used to prepare the Predecessor and Successor financial statements. A "black-line" separates the Predecessor and Successor financial statements to highlight the lack of comparability between these periods.

Nature of Operations

Solenis is a leading supplier of specialty chemicals and services to the pulp and paper, mining, food and beverage, power generation, refining, chemical processing, general manufacturing, municipal and pools markets. It offers chemical and equipment technologies and services designed to help customers improve operational efficiencies, enhance product quality, protect plant assets and minimize environmental impact.

The accompanying consolidated financial statements reflect the assets, liabilities, revenues and expenses directly attributed to the Company and the historical operations of the business previously consolidated under Solenis UK International Limited (via Predecessor presentation).

To meet the diverse requirements of its customers, Solenis offers a range of services, including start-up and ongoing applications support, analytical and applications laboratories and customized program offerings.

Solenis' products include biocides, cleaners, coagulants and flocculants, converting additives, corrosion inhibitors, defoamers, deposit control agents, food and beverage processing aids, internal and surface size agents, membrane treatments, mining and mineral processing aids, monitoring and control systems, odor inhibitors and neutralizers, oxygen scavengers, polyacrylamides, pulp mill additives, retention, drainage and clarification aids, scale inhibitors, sludge dewatering polymers, surface treatments, tissue making additives, wet- and dry-strength additives, colorants, surface size, antiscalants for desalination, and wood adhesives.

Within the pools market (via the legacy Sigura business), Solenis is a leading supplier of sanitizers and other water treatment solutions featuring top consumer brands in residential and commercial pool and industrial water care markets.

Solenis has 49 manufacturing facilities in 19 countries. The Company markets and distributes its products and services directly and through third-party distributors in the Americas, Europe, the Middle East, Africa and Asia Pacific.

Solenis' business principally consists of three operating segments: (1) Consumer, (2) Industrial (which integrates Solenis's prior Industrial Water business and the operating results of it's Reverse Supply Agreements with BASF as well as Sigura's Industrial business) and (3) Pools. A brief description for each of these operating segments is as follows:

Consumer Solutions – The Consumer ("CS") business manufactures and sells a broad array of process chemistry for the pulp and paper industry including deposit and scale control agents, defoamers, biocides, retention aids and crepe and release additives. These products are designed to deliver benefits such as enhanced operational efficiencies, system cleanliness and superior performance in a wide variety of manufacturing operations globally. In addition, the Consumer business offers functional chemistry for packaging, tissue and towel, and printing and writing producers that impart specific properties such as wet or dry strength, colorants, surface size, liquid holdout and printing ability to the final paper or board. Products and technologies include internal and surface sizing agents and wet and dry strength additives.

Industrial Solutions – The Industrial Water ("IS") business offers specialized chemicals for the utility water treatment market including influent water, boiler water, cooling water and effluent water treatments. Products include scale and corrosion inhibitors, coagulants and flocculants, biocides, defoamers, anti-scaling for

desalination, membrane treatments and sludge dewatering. In addition, the Industrial Water business offers process additives such as frothers and collection aids, dust control additives, sterilization treatments, corn oil extraction and scale and corrosion inhibitors for mining and mineral processing, food processing, oil refining, chemicals processing and general manufacturing markets. The IS business includes the operating results of Solenis' Reverse Supply Agreements through which Solenis agreed via the JVFA to provide certain finished goods to BASF at below-market prices, consistent with BASF's historical cost and pricing structure. Such agreements are intended to allow BASF to uninterruptedly sustain the businesses that they've retained after the JV which were previously serviced by BASF Paper & Water.

Pools - The Pools Solutions ("PS") business offers water care products and value-added services offered for residential and commercial pools and spas in consumer channels such as Mass Retail, Professional Dealer and Commercial and services top consumer brands in pool care markets. Key brands include, but are not limited to HTH®, Poolife®, GLB®, Leisure Time®, Sirona Spa Care®, and HTH Spa®.

The Company also manufactures and supplies automated equipment, including performance-based feed and control systems, proprietary monitoring devices and remote system surveillance. The utility products, services and equipment offerings are designed to protect plant assets and optimize energy, water and operational costs at customers' facilities.

Solenis' results are affected by domestic and international economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, foreign exchange rates, and interest rates, can have a significant effect on operations. While Solenis maintains reserves for anticipated liabilities and carries various levels of insurance, Solenis could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings relating to environmental remediation or other matters.

Note 2 Significant Accounting Policies

Use of Estimates, Risks and Uncertainties

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include impairment of long-lived assets, including goodwill and indefinite-lived intangible assets, computation of income tax provision, and calculation of reserves, including those for environmental remediation. Although management bases its estimates on historical experience and other relevant assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from these estimates.

Russia and Ukraine Conflict

Geopolitical events such as the recent conflict between Russia, Ukraine and members of the "North Atlantic Treaty Organization, or "NATO" could have significant effects on the business which include restrictions on sales and distribution activities, supply chain disruptions, and limitation on the Company's ability to repatriate funds. Solenis conducts operations in jurisdictions that may be subject to trade or economic sanction regimes and such sanctions could be expanded. Should the Company fail to comply knowingly or unknowingly with sanction regimes or other similar laws or regulations, Solenis could be subject to fines and penalties, suspension of licenses, or a cessation of operations, as well as damage to the Company's image and reputation. There is no guarantee that the Company will be able to quickly and completely adapt it's business model to changes that could result from these recent events, and any such changes may have an adverse effect on our business, results of operations and financial condition.

As of September 30, 2022 and through the date these financial statements were available to be issued, the conflict has not materially impacted the Company's consolidated operations. Total Net sales of the Company's entities in Russia represent 2.6%, 2.0%, 2.4%, and 2.2%, of the Company's consolidated Net sales during the Successor period ended September 30, 2022, and the Predecessor periods ended November 8, 2021, September 30, 2021, and September 30, 2020, respectively. Total assets and Cash and cash equivalents held by the Company's entities in Russia represented 3.0% and 11.9%, and 2.0% and 5.0% of the Company's consolidated total assets and Cash and cash equivalents as of the Successor period ended September 30, 2022, and as of the Predecessor period ended September 30, 2021, respectively.

Principles of Consolidation and Combination

Solenis' Consolidated Financial Statements include all wholly owned subsidiaries of Solenis, including all Holding Companies for both the Predecessor and Successor periods as defined.

Investments in companies in which Solenis, directly or indirectly, owns up to 50% of the voting stock and has the ability to exercise significant influence over operating and financial policies of the investee are accounted for using the equity method of accounting. As a result, Solenis' share of the earnings or losses of such equity affiliates is included in the accompanying Consolidated Statements of Operations and Solenis' share of these companies' shareholders' equity is included in Investments in equity affiliates in the accompanying Consolidated Balance Sheets.

All intercompany accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

Successor

The Company was formed on June 29, 2021. The results of operations and cash flows of the Company for the period from June 29, 2021 until November 8, 2021 (period prior to the Acquisition date) consists of acquisition and start-up costs related to the Acquisition and Contribution. On November 9, 2021, the Company consummated the acquisition of the historical Solenis UK International Limited business and received the contributed legacy Sigura business from other Platinum affiliates. The accompanying consolidated balance sheets of Solenis as of September 30, 2022 and related consolidated statements of operations and consolidated statements of comprehensive income (loss) for the period through September 30, 2022 and consolidated statements of cash flows and of changes in partners' equity for the period through September 30, 2022 are labeled as "Successor." The Successor financial statements as of September 30, 2022 and for the period through September 30, 2022 reflect acquisition accounting and other transaction related adjustments resulting from the Acquisition and Contribution, as well as results of the consolidated legacy Solenis and legacy Sigura operations effective as of November 9, 2021.

Predecessor

The accompanying consolidated balance sheet of Solenis UK International Limited as of September 30, 2021, and the related consolidated statements of operations, comprehensive (loss) income and cash flows for the period from October, 1, 2021 through November 8, 2021 and the years ended September 30, 2021, September 30, 2020, include transactions directly attributable to the closing of the Acquisition and the repayment of certain financial obligations extinguished prior to closing and are labeled as "Predecessor". As a result of the application of acquisition accounting as of the closing date of the Acquisition, the financial statements for the Successor period and the Predecessor periods are presented on a different basis, and are therefore not comparable. The visible

"black-line" within these face financial statements and accompanying footnotes presents the demarcation of these different bases of presentation.

During the Predecessor periods, standalone financial statements were historically prepared for Solenis UK International Limited. The Predecessor financial statements include the historical operations, assets and liabilities of the legal entities that are considered to comprise the Solenis UK International business.

Foreign Currency Translation

For both the Predecessor and Successor periods, the reporting currency is the U.S. dollar. Operations outside the United States are generally measured using the local currency as the functional currency. Assets and liabilities of these operations are translated into U.S. dollars at end-of-period exchange rates; income and expenses are translated using the average exchange rates for the reporting period. Resulting cumulative translation adjustments are recorded as a component of Accumulated deficit in the Consolidated Balance Sheets in Accumulated other comprehensive loss.

In circumstances where the economy in which one of the Company's subsidiaries operates is determined to be highly inflationary, the functional currency for the entity is changed to the U.S. dollar on a prospective basis. Refer to Note 23 for discussion surrounding the Company's operations in economies which have been determined to be highly inflationary.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents represent cash deposits with financial institutions and highly liquid short-term investments with original maturities of three months or less. Cash which has a legal restriction regarding its use or withdrawal is classified as Restricted cash and is classified as Other assets on the Consolidated Balance Sheets.

The below table reconciles Cash and cash equivalents to Cash, cash equivalents, and restricted cash as of September 30, 2022 and 2021 (amounts in thousands):

	As of September 30,	
	2022	2021
	Successor	Predecessor
Cash and cash equivalents, as reported	$ 348,906	$ 267,706
Restricted cash, included in other assets	3,217	1,789
Cash, cash equivalents and restricted cash	$ 352,123	$ 269,495

Accounts Receivable and Allowance for Doubtful Accounts

Receivables are recognized net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects the Company's best estimate of losses inherent in the accounts receivable portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other available evidence. Accounts receivable are written down or off when a portion or all of such account receivable is determined to be uncollectible. Bad debt expense is recorded as a component of Selling, general and administration expense on the Consolidated Statements of Operations.

Additionally, Solenis maintains various global credit insurance policies which serve to partially indemnify the Company from the risk of loss related to uncollectible trade receivables. The allowance for doubtful accounts is recorded on a gross basis, independent of any considerations regarding potential indemnification assets resulting from successfully submitted claims under the Company's credit insurance policies. This indemnification asset is recorded as a component of Prepaid expenses and other assets on the Consolidated Balance Sheets. The related benefit available to the Company for successfully submitted claims is recorded as a contra-expense as a component of Selling, general and administrative expense on the Consolidated Statements of Operations.

Inventories, net

Inventory of the Successor acquired in the Acquisition and Contribution was recorded at fair value as of the acquisition date. Inventories on hand purchased subsequent to the Acquisition are valued the lower of cost and net realizable value, with cost being determined on the weighted average cost method. Inventories deemed to have costs greater than their respective market values are reduced to net realizable value as a loss in the period recognized. Inventories on hand are continually assessed to identify excess or obsolete inventory based on anticipated demand and a provision is recorded for any estimated loss.

Property, Plant and Equipment

Property, plant and equipment of the Successor acquired via the Acquisition and Contribution was recorded at fair value as of the acquisition date. Subsequent additions to property, plant & equipment are recorded at cost. Depreciation is calculated using the straight-line method over the asset's estimated useful life. Estimated useful lives by asset class are summarized below for both the Successor and Predecessor period:

Buildings and building improvements	5 to 30 years
Machinery and equipment	2 to 15 years
Software	2 to 5 years

The carrying value of property, plant and equipment is periodically reviewed for recoverability when impairment indicators are present. Such indicators include, among other factors, operating losses, unused capacity, market value declines, and technological obsolescence.

Recorded values of property, plant and equipment that are not expected to be recovered through undiscounted future net cash flows are written down to current fair value, which generally is determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale). There were no impairment charges for property, plant & equipment during the Successor period or either of the Predecessor periods.

Depreciation expense is presented as a component of Cost of sales or Selling, general and administrative expense on the Consolidated Statements of Operations, depending upon the use of the underlying asset.

Revenue Recognition

For the Successor period ending September 30, 2022, the Predecessor period from October 1, 2021 through November 8, 2021 and the Predecessor period ending September 30, 2021, revenues are recognized in accordance with ASC 606. For the Predecessor period ending September 30, 2020, revenues were recognized in accordance with ASC 605. As the Company did not record an adjustment through retained earnings in transition, there are no quantifiable variances in revenue recognition between standards or periods.

Refer to Note 3 for a detailed discussion of the Company's contracts, performance obligations, and revenue recognition patterns.

Expense Recognition

Cost of sales includes material and production costs, as well as the costs of inbound and outbound freight, purchasing and receiving, inspection, warehousing, internal transfers, and all other distribution network costs. Selling, general and administrative expense includes sales and marketing costs, advertising, customer support, environmental remediation and administrative costs.

The Company does not sell products with warranties. Accordingly, there are no liabilities for product warranties.

Advertising costs are expensed as incurred and are reported as a component of Selling, general and administrative expenses. Advertising expenses were $17.3 million for the Successor period ended September 30, 2022, $0.1 million, $1.3 million and $1.7 million for the Predecessor periods ended November 8, 2021, September 30, 2021 and September 30, 2020, respectively.

Research and Development

Research and development costs incurred during the normal course of business are expensed as incurred. In-process research development projects acquired in a business combination are recorded as intangible assets at their fair value as of the acquisition date. Subsequent costs related to acquire in-process research and development assets are expensed as incurred.

Litigation

The Company accrues for liabilities related to litigation matters when available information indicates that the liability is probable and the amount can be reasonably estimated. Legal costs such as outside counsel fees and expenses are charged to expense in the period incurred.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets are also recognized for operating losses and tax credit carry forwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates applicable in the years in which they are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax law is recognized in income in the period that includes the enactment date.

Where the Company does not intend to indefinitely reinvest earnings of its foreign subsidiaries, the Company provides for income taxes and foreign withholding taxes, where applicable, on undistributed earnings.

The Company recognizes the benefit of an income tax position only if it is "more likely than not" that the tax position will be sustained. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized. Additionally, the Company accrues for estimated interest and penalties related to unrecognized tax benefits as a component of provision for income taxes. The current portion of unrecognized tax benefits is included within Trade and other payables and the long-term portion is included within Other non-current liabilities in the Consolidated Balance Sheets.

Value Added Taxes ("VAT")

Solenis is subject to VAT in the various jurisdictions in which it operates. The Company's collective global VAT positions do not have a right of offset and are netted by jurisdiction for financial statement presentation purposes. The Company provides for gross asset, and gross liability positions within Prepaid expenses and other assets, and within Accrued expenses, respectively, on the Consolidated Balance Sheets. Within the Consolidated Statement of Cash Flows, the Company presents the net change in its global VAT positions within Other assets and liabilities.

Accounting for Business Combinations

The Company accounts for business combinations under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets and assumed liabilities at the acquisition date fair values. As applicable, any excess purchase price over the fair value of the acquired net assets is recorded as Goodwill.

The determination of the fair value of assets acquired and liabilities assumed, involves an assessment of the factors including, but not limited to the expected future cash flows associated with individual assets and liabilities and an appropriate discount rate at the closing date of an acquisition. For non-observable market values, the Company determines fair value using acceptable valuation principles.

Goodwill and Intangible Assets

In accordance with ASC 350, impairment tests are performed for goodwill and in-process research and development assets annually as of July 1 and whenever events or circumstances make it more likely than not that impairment may have occurred. Goodwill is reviewed for impairment at the reporting unit level.

The Company assigns goodwill to individual reporting units at the date of acquisition based on the reporting units that are expected to benefit from the synergies of the related business combination. This assessment is based solely on the pre-acquisition expectation of revenue and free cash flow by reporting unit.

When conducting its annual impairment test, the Company first assesses qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that the asset is impaired. If, after assessing the totality of events and circumstances, it is not more likely than not that the fair value of a reporting unit (or asset, specific to any in-process research and development assets) is less than its carrying amount, then performing the quantitative impairment test is unnecessary.

When determined necessary under the qualitative assessment, Goodwill is tested for impairment by comparing the carrying value of the reporting unit to its estimated fair value. The latter is determined using a combination of discounted cash flow models and valuations based on earnings multiples. Significant assumptions inherent in the valuation methodologies for goodwill are employed and include, but are not limited to, projected business results and future industry direction, long-term growth factors and the weighted-average cost of capital for a market participant.

The Successor holds certain intangible in process research and development assets classified as indefinite until the abandonment or completion of the associated research and development efforts. If abandoned, these assets will be impaired. If the activities are completed, the useful life of the assets will be determined and amortized prospectively.

Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Estimated useful lives and asset classes are as follows for the Successor Period and Predecessor Period, respectively:

	Successor
Customer relationships	12 to 15 years
Trademarks and trade names	10 to 15 years
Proprietary process know how	10 to 15 years
Intellectual property	10 years
Supply and reverse supply agreements	3 to 8 years

	Predecessor
Customer relationships	5 to 20 years
Trademarks and trade names	3 to 20 years
Proprietary process know how	8 to 15 years
Intellectual property	3 to 15 years
Supply and reverse supply agreements	3 to 8 years
Other intangibles	3 years

The reasonableness of the useful lives of these assets is regularly evaluated. Once these assets are fully amortized, they are removed from the Consolidated Balance Sheets.

Impairment of Long-Lived Assets

The carrying value of long-lived assets, including property, plant and equipment and definite-lived intangibles, to be held and used is evaluated when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of a long-lived asset is considered impaired when the total projected undiscounted cash flows from the asset are less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. The fair value methodology used is an estimate of fair market value and is based on prices of similar assets or other valuation methodologies including present value techniques.

Commitments, Contingencies and Environmental Costs

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

Accruals for environmental remediation are recognized when it is probable, when a liability has been incurred and the amount of that liability can be reasonably estimated. Liabilities are recorded at estimated present values based on experience, assessments and current technology, without regard to any third-party recoveries (which are recorded as assets) and are regularly adjusted as environmental assessments and remediation efforts advance.

Retirement Plans and Other Post-Retirement Benefits

The Company has certain defined benefit and defined contribution plan obligations for current and former employees of non-US subsidiaries.

Defined benefit plans specify an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation. The net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior periods. These benefits are then discounted to determine the present value of the obligations and are then adjusted for the impact of any unamortized prior service costs. The net obligation is then determined with reference to the fair value of the plan assets (if any). The discount rate used to determine the present value of existing obligations is typically the yield on bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the term of the obligations.

Share-based Compensation

The Company recognizes share-based compensation expense for all options and other arrangements within the scope of Accounting Standards Codification ("ASC") 718. Awards are classified as equity if such options are settled in shares and classified as liabilities if they are settled in cash. Share-based compensation expense for equity-classified awards is measured at the date of grant, based on the fair value of the award, and is recognized using the "straight-line attribution method" over the employee's requisite service period for service awards and on a tranche-by-tranche basis for awards with performance or market driven vesting conditions. Awards classified as liabilities are measured for fair value at each reporting date on a "mark to market" basis, with any changes to fair value recognized currently in earnings based on the extent of the requisite service period elapsed. The fair value of awards classified as liabilities are presented as a component of Accrued expenses on the Consolidated Balance Sheets.

For additional information on the Company`s share-based compensation arrangements, refer to Note 17.

Fair Value Measurements

U.S. GAAP defines a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following valuation techniques are used to measure fair value for assets and liabilities:

Level 1- Quoted market prices in active markets for identical assets or liabilities;

Level 2- Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

Level 3- Unobservable inputs for the assets or liabilities which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability; and

Net Asset Value ("NAV")- The Company invests in funds which are not quoted on an active market. These funds are valued based on the underlying fair value of the funds investments less the funds liabilities or net asset value.

Derivatives

The Company is exposed to the effects of changes in interest rates, foreign currency rates, changes in commodity prices and credit risk. In the Predecessor periods, the Company utilized interest rate swap agreements to hedge a portion of its exposure to fluctuating interest rates on its long term debt and net investment hedging to mitigate foreign exchange risk associated with its Euro denominated net assets and third-party debt. Refer to specific discussion of these arrangements within Note 14. Cash flows from derivatives are recognized in the Consolidated Statements of Cash Flows as part of Cash Flows from Operations in the Predecessor period only.

Sale of Accounts Receivable

The Company accounts for sales of trade receivables when control is relinquished. Whether control has been relinquished requires among other considerations, an evaluation of the relevant legal constructs and an assessment of the nature and extent of the Company's continuing involvement with the receivables transferred. Assets obtained and liabilities incurred in connection with the transfers reported as sales are initially recognized in the Consolidated Balance Sheets at fair value.

Accounts receivable sold are deemed transferred to a counterparty in accordance with the prevailing purchase agreement applicable to the relevant jurisdiction. In situations where cash is immediately received from the counterparty upon sale of the receivable, such cash is classified as cash received from operating activities. In situations where cash is not received immediately from the counterparty upon sale of the receivable, the transfer is deemed to represent a non-cash investing activity whereby the receivable is sold for a subordinated interest in future cash collections. Ultimate collections of cash on the subordinated interest in future cash collections are treated as cash flows from investing activities.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB announced new lease accounting guidance in ASU 2016-02, *"Leases"* ("ASC 842"). Under the new guidance, lessees are required to measure and capitalize future payment obligations greater than one year as a lease liability, while recognizing the offsetting ability to use, or control a specified leased asset during the lease term as a right-of-use ("ROU") asset. The adoption timeline of the new standard has been amended and deferred though the current required adoption date for private issuers is for fiscal years beginning after December 15, 2021. Given the significant investment in new controls, procedures and documentation requirements, the Company had previously planned to meet an earlier adoption timeline prior to the one-year deferral noted in ASU 2020-05 and as such, adopted ASC 842 on October 1, 2020 utilizing a modified retrospective approach and elected the package of practical expedients at the transition date.

The adoption of ASC 842 resulted in a material change to the Consolidated Balance Sheets to reflect the gross-up of operating lease liabilities and the related ROU assets, though the other related face statements are not significantly impacted. The adoption of ASC 842 required adjustments to record the initial lease liabilities and ROU assets on the Consolidated Balance Sheets. Despite the use of the modified retrospective approach, the impact of adoption on the Consolidated Statements of Operations was deemed to be immaterial especially as leases previously recognized as capital leases under ASC 840 are recognized as finance leases in transition and as such, no changes were recorded to the Company's Accumulated deficit as of October 1, 2020.

On October 1, 2020, the Company adopted ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", using the modified retrospective adoption method. This standard attempts to align the revenue recognition frameworks put forth by the FASB and IASB and eliminate some of the industry specific guidance that has led to revenue recognition discrepancies in practice for economically similar transactions. In substance, the standard speaks to a principles driven approach through which an entity will recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. ASC 606 supersedes nearly all existing revenue recognition guidance previously codified under ASC 605, though the principles described within ASC 605 remain largely unchanged in the revised standard. The adoption of the standard results in incremental disclosure requirements regarding the disaggregation of revenue, discussion of the allocation of consideration to the Company's performance obligations and the pattern of recognition associated with those obligations.

Despite the transition, no adjustments to retained earnings on a cumulative basis or other adjustments to the Consolidated Balance Sheets were deemed necessary. In general, there is no quantitative impact associated with the Company's adoption of the standard given the limited complexity of the Company's business model. Using the practical expedients provided for under the modified retrospective adoption method, ASC 606 was applied through the specific lens of the Company's existing contracts as of October 1, 2020, and those which were entered into subsequent to the adoption date. Comparative financial information has not been evaluated and continues to be presented under ASC 605. Refer to Note 3 for discussion.

In August 2018, the FASB issued ASU 2018-13, "*Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*". The update removed the disclosure requirements from Topic 820 for the valuation process for Level 3 fair value measurements. Adoption of this standard is required for fiscal years beginning after December 15, 2019. Early adoption is permitted upon issuance of the update. Retrospective application is required upon adoption. Solenis adopted the standard during the year ended September 30, 2021.

Announced Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *"Measurement of Credit Losses on Financial Instruments."* The guidance requires immediate recognition of estimated credit losses that are expected to occur over the remaining life of many financial assets. This new guidance is effective for private companies for fiscal years beginning after December 15, 2022, but early adoption is permitted. Management is evaluating the impact this standard would have on the Company's financial condition, results of operations and cash flows; the most notable impact of this ASU will relate to the Company's processes around the assessment of the adequacy of the allowance for doubtful accounts on trade receivables.

In October 2021, the FASB issued ASU 2021-07, *"Compensation - Stock Compensation - Determining the Current Price of an Underlying Share"*. The guidance allows a nonpublic entity to determine the current price input of equity-classified share-based awards issued to both employees and non-employees using the reasonable application of a reasonable valuation method. The guidance is effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of adopting this standard.

In November 2021, the FASB issued ASU 2021-09, *"Discount Rate for Lessees That Are Not Public Business Entities"*. Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which

asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted. Management is currently evaluating the impact of adopting this standard.

In September 2022, the FASB issued ASU 2022-04, *"Disclosure of Supplier Finance Program Obligations"*. The purpose of this ASU is to provide transparency around supplier related financing given the lack of current explicit disclosure requirements. The amendments are effective for fiscal years beginning after December 15, 2022. Management is currently evaluating impact of adopting this standard.

Note 3 Revenue Recognition

Solenis provides specialty chemical solutions designed to help improve operational efficiencies, enhance product quality, protect existing assets, and mitigate environmental impact. The Company has a broad product portfolio across its three segments with a large customer and end-market footprint. In addition to its product portfolio, Solenis also provides support services via its service engineers and application experts and provides access to chemical feed equipment as needed.

The Company recognizes revenue when performance obligations are fulfilled which is when control of the product or service is transferred to the customer. For contracts with multiple performance obligations, Solenis allocates the overall contractual consideration to each performance obligation using stand-alone selling prices when available, or will allocate consideration in the absence of stand-alone selling prices by estimating the cost of fulfilling a performance obligation and applying a markup based upon market-participant expectations. Based on the nature of the Company's operations and the structure of its customer contracts, performance obligations are typically fulfilled commensurate with the delivery of product.

Arrangements with customers vary based upon customer needs and requirements and as such, long-term written contracts that provide for a measurable transaction price at commencement are an exception. In certain instances, terms and conditions between the Company and its customers are reflected in master service agreements ("MSAs"). When relevant, Solenis considers MSAs to provide customers with options to purchase goods and services through which no material rights are conveyed. Accordingly, the Company typically considers accepted purchase orders to represent customer contracts through which legal rights and obligations are formalized and a transaction price becomes measurable. In normal course, Solenis invoices the customer when title to and risk of loss of the product have been transferred. Payment terms vary by geography but are typically between 30 and 90 days subsequent to the fulfillment of a product specific performance obligation. Given the limited duration of payment terms, the Company does not have significant financing components.

Solenis' limited number of existing long-term contracts, reliance on accepted purchase orders to determine transaction price, and terms and conditions which require payment upon the fulfillment of product specific performance obligations, limits the potential for material contract assets and liabilities. As of the Successor period ended September 30, 2022 and the Predecessor period ended September 30, 2021 the Company has recorded contract assets and liabilities of $0.

Solenis elected the practical expedient to treat shipping and handling activities as fulfillment activities, as such amounts billed for shipping and handling fees are recognized within Net sales, and costs incurred for shipping and handling are recorded as Cost of sales. Amount billed for sales and use taxes, value added taxes and other

transactions taxes are presented on a net basis and excluded from the presentation of Net sales on the Consolidated Statements of Operations.

The nature of the Company's business gives rise to variable consideration, including discounts, customer rebates and rights of return on product sales that decrease the transaction price and reduces revenue. These amounts are estimated based upon the most likely amount of consideration to which the customer will be entitled. All estimates are based on historical experience, anticipated performance, and the Company's best judgment at the time to the extent it is probable, that a significant reversal of revenue recognized will not occur. All estimates for variable consideration are reassessed periodically.

Based on the structure of compensation arrangements with sales employees and the period of performance for contracts being less than one year, costs incurred to obtain contracts with customers are expensed as incurred.

For the Successor period and Predecessor periods, Net sales disaggregated by region are presented below (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30, 2022	For the period from October 1 to November 8, 2021	For the year ended September 30, 2021	For the year ended September 30, 2020
North America	$ 1,718,315	$ 123,533	$ 1,084,638	$ 1,004,937
Latin America	378,643	32,381	278,492	262,877
Americas	2,096,958	155,914	1,363,130	1,267,814
Europe, Middle East, & Africa	1,375,716	119,784	1,182,417	1,074,538
Asia Pacific	440,028	44,699	446,063	411,087
Eurasia	1,815,744	164,483	1,628,480	1,485,625
Total consolidated Net sales	**$ 3,912,702**	**$ 320,397**	**$ 2,991,610**	**$ 2,753,439**

Note 4 Business Combinations and Long-Lived Asset Acquisitions

Successor

Acquisition of Clearon Corporation ("Clearon")

On September 9, 2022, Innovative Water Care Global Corporation (a consolidated subsidiary of the Company) acquired 100% of the outstanding shares of Clearon Corporation, an American producer and distributor of pool treatment chemicals serving primarily the North American market. The purpose of the acquisition was to in-source domestic production of specific intermediate materials critical to the development of the Company's existing Pools business. Residual goodwill recorded is specific to non-market participant synergies which the Company expects to realize driven by post-acquisition actions to be consummated during the year ended September 30, 2023. Total transaction costs incurred were approximately $2 million, all of which are expensed as incurred during the Successor period ended September 30, 2022 and presented via Acquisition and transaction related expenses within Operating expenses on the Consolidated Statement of Operations. Total consideration transferred at closing was $287.2 million, net of cash and restricted cash acquired, which includes $50 million

paid into escrow for contingent consideration to be earned by the sellers based on specific manufacturing volume targets during the calendar year ending December 31, 2023. Based upon an assessment of the facts and circumstances, an assessment of the likelihood of achievement and present value considerations, the estimated fair value of the expected cash to be returned from escrow to Solenis at the end of the earnout period is $25.8 million as of the date these financial statements are available to be issued. This $25.8 million has been recorded as a contingent non-current asset and is presented within Other assets (long-term) on the Consolidated Balance Sheet as of September 30, 2022. As of September 30, 2022, the measurement period remains open.

The following table summarizes the fair values of the net assets acquired as of the September 9, 2022 acquisition date (in thousands):

Purchase Price Allocation - Clearon		
Cash and cash equivalents	$	12,683
Accounts receivable		18,246
Inventory		34,233
Other current assets		9,223
Fixed assets		102,223
Goodwill		85,087
Intangibles		73,000
Restricted cash		1,707
Other long term assets		4,732
Total assets		341,134
Accounts payable		14,925
Accrued expenses		6,338
Current portion of finance leases		507
Income tax liabilities		795
Long term portion of finance leases		4,614
Deferred tax liabilities		35,534
Pension obligations		2,659
Total liabilities		65,372
Total net assets acquired		275,762
Less: cash, cash equivalents and restricted cash acquired		14,390
Plus: contingent consideration receivable in escrow from sellers		25,800
Net cash conveyed at closing	$	287,172

Acquisition of Neu Kimya Anonim Şirketi ("Neu Kimya")

On May 26, 2022, Solenis Switzerland GmbH (a consolidated subsidiary of the Company) acquired 100% of the outstanding shares of Neu Kimya, a Turkish producer and distributor of water treatment chemicals primarily serving Oil and Gas customers in Turkey and throughout the Middle East. Total net consideration transferred was $25.6 million which was ascribed to the net assets acquired in accordance with ASC 805. In addition to the consideration transferred at closing, the former owners are entitled to incremental compensation based on the post-closing financial performance of Neu Kimya during a three year earnout period commencing on June 1, 2022 with an estimated range between $0 and $8.7 million. As the sellers have remained employees of the Company and are required to render service to Solenis during the earnout period, any incremental compensation due to the former employee-owners will be accounted for when incurred as compensation cost. As of September 30, 2022,

the measurement period with respect to the purchase accounting for Neu Kimya has been closed. Total transaction costs were approximately $0.5 million, all of which are expensed as incurred during the Successor period ended September 30, 2022 and presented via Acquisition and transaction related expenses within Operating expenses on the Consolidated Statement of Operations.

The following table summarizes the fair values of the net assets acquired as of the May 26, 2022 acquisition date (in thousands):

Purchase Price Allocation - Neu Kimya		
Cash and cash equivalents	$	443
Accounts receivable		4,063
Other current assets		123
Inventories		3,629
Other long-term assets		11
Property plant and equipment		291
Intangible assets		20,545
Goodwill		5,835
Total assets		34,940
Accounts payable		2,978
Accrued expenses		385
Current debt		806
Deferred tax liability		4,725
Total liabilities		8,894
Total net assets acquired		26,046
Less: cash and cash equivalents acquired		443
Net cash conveyed at closing	$	25,603

Acquisition of SCL GmbH ("SCL")

On January 18, 2022, Solenis Germany GmbH & Co. KG (a German distributor and consolidated subsidiary of the Company) completed the purchase of 100% of the outstanding shares of SCL for an enterprise value of 19.8M EUR subject to closing adjustments for working capital and net indebtedness. Prior to the transaction, SCL sold DMA3 (a raw material critical to polyacrylamide production) to a limited number of customers which included Solenis. In addition to retaining other third party customer relationships, Solenis plans to utilize the additional DMA3 production capacity as an insourcing synergy to further expand into the polyacrylamide market. Despite SCL's prior relationship as a Solenis vendor, there were no outstanding payables or receivables due between the parties at closing. In addition to the purchase price conveyed in cash, the Company has recorded a payable at closing representing a purchase price adjustment due to the sellers of $0.1 million and capitalized total transaction costs of $1.0 million to facilitate the acquisition.

SCL controls no inventory, has no legal ownership of any tangible assets or intellectual property and has no employees other than its owners. However, SCL is party to a supply agreement through which it obtains access to DMA3 at cost for which the underlying contract represents an intangible and right-of-use asset. In accordance

with ASC 805 and ASC 350, this transaction represents an asset acquisition outside the scope of the business combinations guidance and is accounted for accordingly. As of September 30, 2022, the measurement period with respect to the purchase accounting for SCL has been closed.

The following table summarizes the fair values of the net assets acquired as of the January 18, 2022 acquisition date (in thousands):

Purchase Price Allocation - SCL		
Cash and cash equivalents	$	6,268
Accounts receivable		723
Other assets		437
Finance right of use asset		3,020
Intangible assets		34,917
Total assets		45,365
Current liabilities		1,824
Finance lease liability		3,020
Deferred tax liabilities		11,232
Total liabilities		16,076
Total net assets acquired		29,289
Less: cash and cash equivalents acquired		6,268
Net cash conveyed at closing		23,021
Working capital adjustment payable		51
Total purchase price net of cash acquired	$	23,072

Predecessor

Asset acquisition via MFG Chemical

On April 19, 2021, Solenis LLC, a US subsidiary of the Company, agreed to acquire a manufacturing facility and other net assets associated with the production of Anhydrides from MFG Chemical, LLC, a US-based manufacturer of specialty chemicals ("MFG"). Historically, MFG has acted as a toller of certain chemistries for the Company and its competitors. The total purchase price is $31.3 million subject to finalized working capital considerations and other contingencies. The transaction was accounted for as an asset acquisition, with cash consideration allocated to the assets acquired based on their relative fair values.

As of September 30, 2021, the measurement period with respect to the purchase accounting for MFG has been closed. The table below presents a summary of the net assets acquired (in thousands):

Accounts receivables	$	3,094
Other current assets		925
Property, plant and equipment		28,277
Identifiable intangible assets		423
Trade payables and accrued expenses		(1,164)
Other net liabilities		(262)
Total consideration conveyed	$	31,293

Conversion of Nanjing Option to Long-Term Supply Agreement

On April 30, 2021, Solenis Shanghai Chemicals Company Limited (a consolidated subsidiary of the Company, i.e. "Solenis Shanghai") and BASF Specialty Chemicals Nanjing Company Limited ("BASF Nanjing") agreed to convert the Company's $59.9 million deposit with BASF to a long-term supply agreement (the "LTSA"). The LTSA will provide Solenis Shanghai with an uninterrupted, eight year supply of finished goods required to serve former BASF customers acquired via Solenis' acquisition of the BASF Paper and Water business in January 2019. The $59.9 million deposit was originally conveyed via Solenis Holdings Top I B.V. (a consolidated Dutch subsidiary of Solenis) to BASF Nederland B.V. ("BASF NL") in January 2019, representing the estimated residual fair value of BASF Nanjing's manufacturing facility in Nanjing, China. The deposit was conveyed with the intention between the parties of transferring asset titles and operating permits from BASF to Solenis on, or prior to, January 31, 2022, upon which the existing three-year supply agreement between BASF Nanjing and Solenis Shanghai is scheduled to expire. The deposit was originally conveyed while the parties sought to perfect their intentions of transferring legal ownership on the basis that three years would be sufficient to achieve their original intentions. Despite the intent of both parties, the possibility of permit transfer appears to be remote and as such, the parties agreed to utilize the option consideration to create a new eight year supply agreement that will supersede the existing three year agreement. In consideration of the new LTSA, BASF NL returned the $59.9 million deposit to Solenis Holding Top I B.V. who in-turn provided funds to Solenis Shanghai such that funds could be conveyed locally to BASF Nanjing in China. In addition to $59.9 million of the initial deposit, Solenis Shanghai conveyed an incremental $5.0 million of cash representing embedded realized foreign exchange losses from the initial transaction and local transfer taxes. As of October 1, 2021 and in consideration of the cash paid by Solenis Shanghai, the LTSA is effective and a corresponding reclassification from Acquisition-related deposits to an embedded lease right-of-use asset, and an intangible asset (amortizable over the term of the eight-year agreement) was recorded on the Consolidated Balance Sheets.

Note 5 Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at amounts that approximate fair value. The following table represents accounts receivable, net of allowances (in thousands):

	September 30, 2022	September 30, 2021
	Successor	Predecessor
Gross Accounts receivable	$ 582,275	$ 219,841
Less: allowance for doubtful accounts	(3,752)	(9,391)
Total	$ 578,523	$ 210,450

Generally, the Company sells products to select, pre-approved customers whose businesses may be affected by changes in economic and market conditions.

Solenis considers these factors and the unique financial conditions of each customer when establishing an allowance for losses from doubtful accounts (in thousands).

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Bad debt expenses	$ 3,752	$ (2)	$ 1,245	$ 2,101

During the year ended September 30, 2020, the Predecessor company entered into various global credit insurance policies to partially mitigate the risk of loss of trade receivables. As such and on a recurring basis, Solenis performs an analysis of its bad debt positions to determine potential indemnification under these policies. For the Successor period as of September 30, 2022 and Predecessor Period as of September 30, 2021, the Company recorded indemnification assets of $1.6 million and $0.8 million, respectively, reflected within Prepaid expenses and other assets on the Consolidated Balance Sheets. For the Successor period ended September 30, 2022 and the Predecessor periods ended November 8, 2021, September 30, 2021 and September 30, 2020, Solenis recorded benefits of $0.9 million, less than $0.1 million, $0.1 million and $0.7 million respectively, as a reduction to Selling, general and administrative expense on the Consolidated Statements of Operations.

Note 6 Sale of Trade Receivables

On March 26, 2018, the Company sold certain accounts receivable under the terms of a Receivables Purchase Agreement ("RPA" or "Accounts Receivable Financing") with ING Luxembourg ("ING"). The RPA carried a maximum capacity of $120.0 million and was scheduled to expire on September 30, 2020.

On March 20, 2020, the Company entered into an amended agreement with ING and a new agreement with MUFG Bank, Ltd ("MUFG"), through which ING will continue to service non-US markets with a maximum funding capacity of €110 million and further sell its interest in US markets to MUFG. The maximum funding capacity carried by MUFG to serve the US market is $75 million.

In connection with the Acquisition, Solenis fully repaid its outstanding obligations to MUFG of $46.7 million, inclusive of accrued interest through November 8, 2021 of $0.1 million. The reduction of Solenis' principal obligations was recognized as a net increase to Accounts Receivable and Sold Receivables on the Consolidated Balance Sheet of $46.6 million, while the $0.1 million of interest expense was recognized via Interest expense on the Consolidated Statement of Operations for the Predecessor period ended November 8, 2021. As of November 9, 2021, Olympus remains party to the ING RPA and will continue to sell receivables in certain European markets and Canada.

On March 21, 2022, the Company executed an extension of the existing RPA with ING. While no other material terms have been revised, the expiration of the RPA was amended to January 31, 2024.

Through the Accounts Receivable Financing facilities, the Company sells eligible short-term trade receivables on the initial transfer date in exchange for consideration inclusive of cash conveyed to Solenis (referred to as the Initial Purchase Price, or "IPP") and a beneficial interest in the receivables collected by ING (referred to as the Deferred Purchase Price, or "DPP"). The Company continues to service the receivables sold in connection with the arrangement. The RPA requires Solenis to pledge its cash collection accounts for the underlying receivables to ING whereby neither the receivables sold to ING nor the future cash collections on the sold receivables are assets of Solenis post-transfer.

Through maturity, ING purchases new receivables from Solenis on a daily, weekly, or monthly basis, depending on the jurisdiction, in exchange for incremental DPP. These amounts are settled monthly against sold receivables which were previously collected.

The DPP is carried at fair value, which is remeasured weekly to take into account activity during the period (the Company's interest in the newly-transferred receivables and collections on previously transferred receivables attributable to the DPP), as well as changes in estimates of future interest rates and anticipated credit losses. Refer to Note 14 for additional discussion surrounding the fair value of the DPP.

Receivables are sold to ING with the condition that Solenis indemnify ING in the event of non-collection. Consequently, non-collections on sold receivables could expose the Company to losses. The maximum potential loss surrounding this transaction is equal to the face amount of receivables sold. The Company has evaluated the probability of loss, concluding the risk of material losses associated with this sale is remote. Credit losses and delinquencies with respect to receivables sold during the Successor period ended September 30, 2022 were $0.7 million, while losses were less than $0.1 million, $1.7 million and $0.9 million during the Predecessor periods ended November 8, 2021, and for the years ended September 30, 2021 and September 30, 2020, respectively.

The following table summarizes the outstanding principal of receivables sold and the DPP classified within Sold receivables for both the Predecessor (which includes MUFG) and the Successor periods (in thousands):

	September 30, 2022	September 30, 2021
	Successor	Predecessor
Outstanding Principal Amount of receivables sold	$ 178,459	$ 339,034
Carrying amount of related DPP receivable classified within Sold receivables	89,880	200,905

Initial cash received as part of the Accounts Receivable Financing is included as part of Cash flows from operating activities on the Consolidated Statements of Cash Flows; specifically under Change in operating assets and liabilities as part of Accounts receivable, net. Subsequent sales of receivables under the Accounts Receivable Financing are deemed to be exchanged for financial instruments. Due to this dichotomy in cash flows, each

receivable sale is deemed to be a non-cash investing activity to acquire a financial instrument or beneficial interest.

The following table summarizes the sale of accounts receivable and cash inflows on the sale of accounts receivable (in thousands):

	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	Successor	Predecessor		
	2022	2021	2021	2020
Sale of Accounts Receivable	$ 759,308	$ 145,647	$ 1,530,589	$ 1,444,674
Return of capital on DPP	679,931	131,060	1,427,097	1,378,520

Note 7 Inventories, net

Inventories consisted of the following (in thousands):

	September 30, 2022	September 30, 2021
	Successor	Predecessor
Finished products	$ 379,128	$ 225,947
Raw materials, supplies and work in process	242,121	96,723
Total	$ 621,249	$ 322,670

Inventories are valued using the weighted-average cost method and valued at the lower of cost and net realizable value. Inventory reserves were $1.4 million and $9.5 million as of the Successor period ended September 30, 2022 and the Predecessor period ended September 30, 2021, respectively.

Note 8 Goodwill, Intangible Assets and Reverse Supply Agreements

The following table summarizes changes to the carrying amount of Goodwill (in thousands):

	Gross Goodwill	Accumulated Impairment	Goodwill, net
Predecessor:			
Balance as of September 30, 2020	$ 519,453	$ (95,636)	$ 423,817
Loss upon deconsolidation of subsidiary	(12,757)	—	(12,757)
Foreign currency translation	7,884	(1,895)	5,989
Balance as of September 30, 2021	514,580	(97,531)	417,049
Foreign currency translation	2,146		2,146
Balance as of November 8, 2021	516,726	(97,531)	419,195
Successor:			
Balance as of November 9, 2021	$ —	$ —	$ —
Acquisition and contribution	2,114,441	—	2,114,441
Other acquisitions	90,922	—	90,922
Foreign currency translation	(88,418)	—	(88,418)
Balance as of September 30, 2022	$ 2,116,945	$ —	$ 2,116,945

Successor:

As discussed within Note 1, the Acquisition and Contribution resulted in the recognition of residual Goodwill of $2.1 billion. Subsequent to the opening balance sheet date for Olympus, the Company closed three additional acquisitions, two of which were accounted for within the scope of ASC 805, resulting in the recognition of incremental goodwill. These transactions include:

On September 9, 2022, the company acquired Clearon Corporation, an American producer and distributor of pool treatment chemicals. Total net consideration transferred was $261.3 million which was ascribed to the net assets acquired in accordance with ASC 805. Residual goodwill ascribed to this acquisition was $85.1 million, of which $0 is deductible for tax purposes.

Additionally, on May 6, 2022, the Company acquired Neu Kimya, a Turkish producer and distributor of water treatment chemicals primarily serving Oil and Gas customers in Turkey and throughout the Middle East. Total net consideration transferred was $25.6 million which was ascribed to the net assets acquired in accordance with ASC 805. Residual goodwill ascribed to this acquisition was $5.8 million, of which of which $0 is deductible for tax purposes.

Predecessor:

During the year ended September 30, 2021, Solenis deconsolidated the net assets of Solenis Trinidad and Tobago Limited ("Solenis Trinidad") resulting from a loss of control in anticipation of a full liquidation of the net assets of the entity. As a result of the deconsolidation, the Company recognized a loss of $18.0 million reflected within Non-operating (income) expense, equal to the difference between the fair value of Solenis' residual non-controlling interest and the previously consolidated net assets of Solenis Trinidad. As a component of the overall loss recorded, Solenis wrote-off $12.8 million of Goodwill. Refer to Note 24 for additional details.

Definite-Lived Intangible Assets (and IPR&D)

The following table summarizes the gross carrying amounts and accumulated amortization of identifiable intangible assets by major class (in thousands):

	Weighted average amortization period in years	September 30, 2022 Successor			September 30, 2021 Predecessor		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	14.6	$ 1,542,065	$ (92,963)	$ 1,449,102	$ 559,116	$ (211,486)	$ 347,630
Supply agreements	5.9	350,015	(60,241)	289,774	119,465	(49,965)	69,500
Trademark and trade names	12.9	246,210	(19,522)	226,688	136,955	(47,241)	89,714
Proprietary process know how	10.9	115,848	(8,756)	107,092	137,940	(106,170)	31,770
Intellectual property	10.0	341,182	(31,275)	309,907	127,443	(53,740)	73,703
In process R&D	—	47,237	—	47,237	—	—	—
Land use rights	49.0	14,504	(357)	14,147	20,294	(1,887)	18,407
Total intangible assets		$ 2,657,061	$ (213,114)	$ 2,443,947	$ 1,101,213	$ (470,489)	$ 630,724

The following table summarizes amortization expense (in thousands):

	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	Successor	Predecessor		
	2022	2021	2021	2020
Amortization expense	$ 205,957	$ 10,409	$ 96,244	$ 100,152
Amortization expense classified within Cost of Sales	91,103	5,329	46,380	52,211

All remaining amortization expense is classified within operating expenses on the Consolidated Statements of Operations.

Unfavorable Supply Agreements

Certain Supply agreements acquired in the acquisition of BASF Paper & Water were determined to be unfavorable to the Company. As of the JV acquisition date, the fair value of these liabilities were $2.5 million. As of November 9, 2021, the estimated fair value associated with these obligations is $0.

The following table summarizes the gross carrying amounts and accumulated amortization of Unfavorable supply agreements on the Consolidated Balance Sheets, as included in Other non-current liabilities (in thousands):

	September 30, 2022			September 30, 2021		
	Successor			Predecessor		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unfavorable supply agreements	$ —	$ —	$ —	$ 1,767	$ (1,365)	$ 402

The following table summarizes accretion of unfavorable supply agreements that are included as a reduction of Cost of sales on the Consolidated Statements of Operations (in thousands):

	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	Successor	Predecessor		
	2022	2021	2021	2020
Accretion expense	$ —	$ 42	$ 394	$ 580

Reverse Supply Agreements

Reverse supply agreements are valued based upon the difference between the contractually agreed-upon price for the specified product and the observable market price over the duration of the agreement, discounted to present value.

The following table summarizes the gross carrying amounts and accumulated amortization of Reverse supply agreement liabilities on the Consolidated Balance Sheets (in thousands):

	September 30, 2022			September 30, 2021		
	Successor			Predecessor		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Reverse supply agreements	$ 46,500	$ (8,119)	$ 38,381	$ 46,497	$ (15,499)	$ 30,998

The following table summarizes the amortization of Reverse supply agreements that are included as part of Net sales on the Consolidated Statements of Operations (in thousands):

	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	Successor	Predecessor		
	2022	2021	2021	2020
Revenue from Reverse supply agreements	$ 8,699	$ 486	$ 5,992	$ 5,490

The estimated amortization expense related to the fair value of acquired definite-lived intangible assets for each of the succeeding five years and thereafter is (in thousands):

2023	$ 239,805
2024	239,805
2025	239,805
2026	205,605
2027	194,205
Thereafter	1,277,485
Total future amortization	$ 2,396,710

The estimated Net sales to be recognized related to the amortization of Reverse supply agreement liabilities for each of the succeeding five years and thereafter is (in thousands):

2023	$ 8,857
2024	8,857
2025	8,857
2026	8,857
2027	2,953
Thereafter	—
Total future amortization	$ 38,381

Note 9 Property, Plant and Equipment, net

Property, plant and equipment, net consisted of the following (in thousands):

	Successor	Predecessor
	September 30, 2022	September 30, 2021
Machinery and equipment	$ 778,264	$ 724,525
Land and land improvements	78,573	85,648
Plants and buildings	177,610	139,344
Construction in progress	141,159	74,963
Software	32,552	73,295
Total	1,208,158	1,097,775
Less: Accumulated depreciation	(143,803)	(395,627)
Property, plant and equipment, net	$ 1,064,355	$ 702,148

The following table represents a summary of depreciation expenses (in thousands):

	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	Successor	Predecessor		
	2022	2021	2021	2020
Depreciation expense	$ 150,843	$ 9,792	$ 90,111	$ 90,228
Depreciation expense classified within Cost of sales	128,071	7,328	71,439	70,618

Property, plant and equipment, net includes the historical cost less accumulated depreciation related to finance lease assets. These assets include leased automobiles and information technology assets as of both the Successor period ended September 30, 2022 and the Predecessor period ended September 30, 2021. Certain supply agreements which were historically accounted for as operating lease ROU assets were extended at or around the closing date for the Acquisition and Contribution and were modified to become finance leases ROU assets. Depreciation expenses specific to these assets is included within Cost of sales for the Successor period ended September 30, 2022.

A summary of the historical cost and accumulated depreciation of finance lease assets is as follows (in thousands):

	September 30, 2022	September 30, 2021
	Successor	Predecessor
Historical cost	$ 91,732	$ 25,676
Less: Accumulated depreciation	(19,799)	(7,888)
Net book value	$ 71,933	$ 17,788

Note 10 Other Non-Current Assets and Liabilities

Other non-current assets consisted of the following (in thousands):

	Successor	Predecessor
	September 30, 2022	September 30, 2021
Contingent consideration receivable in escrow	$ 25,800	$ —
Non-current prepaid expenses and deposit	8,748	8,702
Judicial deposits	5,181	1,265
Deferred financing fees on credit facilities	4,625	1,503
Non-current pension asset	4,660	6,001
Capitalized chemical registration costs	2,322	2,233
Restricted cash	3,217	1,789
Environmental indemnity receivable	1,050	1,041
Deferred financing fees on sale of accounts receivable	204	229
Other	5,256	3,671
Total other non-current assets	$ 61,063	$ 26,434

Other non-current liabilities consisted of the following (in thousands):

	Successor	Predecessor
	September 30, 2022	September 30, 2021
Other tax liabilities	$ 66,819	$ 29,488
Employee compensation reserves	3,150	8,762
Asset retirement obligations	2,213	2,352
Environmental liabilities subject to indemnification	1,050	1,041
Other environmental remediation liabilities	596	750
Contingent consideration liability	—	332
Tax liabilities subject to indemnification	—	25
Unfavorable supply agreement liabilities, net	—	402
Non-current vendor payables	4,487	—
Other	895	183
Total other non-current liabilities	$ 79,210	$ 43,335

Note 11 Leases

The Company leases office and lab spaces, warehouses, fleet vehicles, IT equipment and certain equipment for use in plant locations. Solenis' lease portfolio primarily includes non-cancellable agreements which contain automatic extensions, escalating or inflation-linked adjustments to base rental payments, implied or explicit references to non-lease components, and lessor incentives where relevant particularly with respect to large office locations in the United States and Europe. As discussed in Note 2, the Company adopted ASC 842 as of October 1, 2020 which requires the capitalization of all fixed future payment obligations greater than one year as lease liabilities, while recognizing the offsetting ability to use or control a specified asset during the lease term as an

ROU asset. Through September 30, 2020, the Company accounted for leases under ASC 840, which required only the capitalization of capital (now known as "finance") leases. Under ASC 840, assets controlled under capital leases agreements were reflected within Property, plant and equipment on the Consolidated Balance Sheets while expenses incurred were recognized as either Depreciation expense or Interest expense on the Consolidated Statements of Operations. Dissimilar to finance leases, operating leases were not previously recognized as obligations on the Consolidated Balance Sheets though expenses incurred were reflected in either Cost of sales, or Selling, general and administrative expense depending upon the nature of the cost incurred.

In adopting ASC 842, the Company elected the package of practical expedients in transition which allow primarily for prior conclusions under ASC 840 such as whether non-cancellable agreements contain leases and whether the classification of a given lease is either operating or finance to be carried forward. In determining the opening balance of operating and finance lease liabilities and ROU assets at the transition date, the Company first determined all future fixed payments associated with lease components as well as any unamortized deferred rent or lease incentives; capitalized values were then determined by applying a discount rate equal to the Company's incremental borrowing rate based consistently upon the remaining lease periods and any inflation-linked indexes known at the transition date.

For new leases, at contract inception, Solenis reviews the facts and circumstances of an arrangement to determine if the contract is a lease under ASC 842. Primarily, the Company follows the guidance codified in ASC 842-10-15 and considers the following criteria: (1) Whether the contract identified a specific asset for use either explicitly or implicitly and if substitution rights exist, (2) If the Company has the right to obtain substantially all of the economic benefits from the asset, and (3) If the Company has the right to direct the use of the underlying asset. If determined to contain a lease, the Company proceeds to determine whether the lease is classified as either an operating or finance lease based on an underlying assessment of the substance of ownership and control similar to the finance lease assessment previously completed under ASC 840. Once classification has been determined, the Company will assess the lease term equal to the non-cancellable period of the agreement, together with all of the periods covered by options which are reasonably certain to be exercised. Once classification and term have been identified, total future fixed minimum payments are assessed based on explicitly noted payments inclusive of known escalations, discounts and payment holidays. These future payment streams are then allocated to lease and non-lease components based on the relative standalone price of each.

To determine the present value of the future payments assessed as lease components, the Company discounts future fixed payments based upon the rate implicit in the lease agreement or based on the incremental borrowing rate at the lease commencement date. When determining the incremental borrowing rate, the Company considers the credit profile of the stand-alone legal entity party to the agreement, the impact of any centralized treasury activities, yields on government or corporate bonds of similar duration as the lease term, as well as any country or currency specific risk premiums. The present value of these obligations is then carried as a lease liability offset by an ROU asset. Minimum lease payments under operating leases are expensed on a straight-line basis over the lease term where as finance lease ROU assets are amortized on a straight-line basis and the related interest expense is recognized on an effective interest method basis. Payments associated with fixed minimum non-lease components are primarily recognized on a straight-line basis while variable payments are expensed as incurred.

Most leases within the Company's portfolio are classified as operating leases under ASC 842. These leases primarily include agreements for offices, labs and internally managed warehouses. The current portion of Solenis' operating lease liabilities are included within Accrued expenses, while the long-term portion of the Company's operating lease liabilities, and all of its operating lease ROU assets are presented as stand-alone items on the Consolidated Balance Sheets. Finance leases primarily include fleet vehicles, IT equipment, and embedded lease ROU assets for which the useful life of the related asset is primarily consumed during the lease term. Finance lease liabilities are presented within Current portion of long-term debt and finance leases, and Long term debt and

finance leases, on the Consolidated Balance Sheets. The current portion of the Company's long-term leasing obligations is based on the total value of undiscounted payments due within the successive 12 months. Dissimilar to operating lease ROU assets, finance lease ROU assets are included within Property, plant and equipment, net, on the Consolidated Balance Sheets consistent with the presentation under ASC 840.

Supplemental balance sheet information related to the Company's leasing portfolio is provided below (in thousands):

		Successor	Predecessor
Assets	**Classification**	**September 30, 2022**	**September 30, 2021**
Operating lease ROU assets	Operating lease ROU assets	$ 84,946	$ 91,831
Finance lease ROU assets	Property, plant and equipment, net	71,933	17,788
Total lease ROU assets		$ 156,879	$ 109,619

		Successor	Predecessor
Liabilities	**Classification**	**September 30, 2022**	**September 30, 2021**
Current			
Operating lease liabilities	Accrued expenses	$ 20,136	$ 8,888
Finance lease liabilities	Current portion of long-term debt and finance leases	8,018	8,458
Total current lease liabilities		$ 28,154	$ 17,346
Noncurrent			
Operating lease liabilities	Long-term portion of operating lease liabilities	$ 77,003	$ 63,726
Finance lease liabilities	Long-term debt and finance leases	15,524	9,151
Total noncurrent lease liabilities		92,527	72,877
Total lease liabilities		$ 120,681	$ 90,223

Components of lease expenses under ASC 842 are summarized below (in thousands):

	Successor	Predecessor	
	For the period from November 9, 2021 to September 30,	**For the period from October 1 to November 8,**	**For the year ended September 30,**
	2022	**2021**	**2021**
Operating lease expense	$ 22,315	$ 1,047	$ 21,459
Finance lease expense			
Amortization of ROU assets	13,386	698	8,533
Interest on lease liabilities	567	64	895
Total Finance lease expense	13,953	762	9,428
Variable and short-term lease expenses	10,425	975	5,095
Total lease expenses	$ 46,693	$ 2,784	$ 35,982

Supplemental cash flow information related to the Company's leasing obligations is as follows (in thousands):

	Successor	Predecessor	
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,
	2022	2021	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows via operating leases	$ 23,425	$ 1,148	$ 12,412
Operating cash outflows via finance leases	567	64	895
Financing cash outflows via finance leases	7,901	672	8,538
ROU assets obtained in exchange for lease obligations:			
Operating leases	882	—	3,093
Finance leases	14,399	—	8,697

Lease term and discount rate information is summarized below as of the Successor Period September 30, 2022 and Predecessor Period September 30, 2021.

	Successor	Predecessor
	September 30, 2022	September 30, 2021
Weighted-average remaining lease term (years)		
Operating leases	23.1	29.1
Finance leases	3.9	2.4
Weighted-average discount rate		
Operating leases	4.7 %	5.6 %
Finance leases	3.7 %	4.3 %

Minimum lease payments due as of the Successor Period September 30, 2022 under ASC 842 (in thousands):

	Operating leases	Finance leases
2023	$ 23,615	$ 8,628
2024	20,728	6,569
2025	9,516	5,294
2026	6,304	2,848
2027	5,988	1,539
Thereafter	67,834	928
Total undiscounted payments	133,985	25,806
Less: Total forecasted interest expense	(36,846)	(2,264)
Present value of lease liabilities	$ 97,139	$ 23,542

Note 12 Debt and Finance Lease Obligations

In connection with the Acquisition on November 9, 2021, Olympus fully repaid the gross obligations of the Predecessor company's outstanding First Lien Dollar, First Lien Euro, and Second Lien Credit Facility which totaled $2.4 billion as of November 8, 2021. Cash proceeds to extinguish the Predecessor's external debt were made available via Olympus' new term debt and bond offerings which totaled $3.78 billion exclusive of deferred financing costs and original issue discount. As the Predecessor's external debt was paid by Olympus at closing and the debt was not assumed by the buyer, the cash proceeds utilized to extinguish the debt are considered to be a component of the purchase price transferred by Olympus at closing and are presented within Investing activities on the Consolidated Statement of Cash Flows.

In connection with the extinguishment of the Predecessor's third party debt, unamortized deferred financing fees and original issue discount of $59.5 million were written off and recognized as a loss in the Predecessor period within Non operating (income) expense, net on the Consolidated Statements of Operations. In addition, realized foreign exchange losses of $17.3 million and previously unsettled accrued interest through November 8, 2021 were expensed in the Predecessor period within Other operating income (expense) and Interest expense, respectively, on the Consolidated Statements of Operations. In connection with the Contribution, Olympus assumed Sigura's $451.0 million of gross external debt. Immediately subsequent to the contribution, Olympus utilized $451.0 million of its term debt and bond proceeds to extinguish the external debt assumed via the Contribution of Sigura.

On April 6, 2022, Olympus Water US Holding Corporation (a consolidated subsidiary of the Company) obtained an incremental $300 million tranche (the "Incremental Term Loan USD") to its existing USD denominated term loans ("Term Loan USD"). Total net proceeds of the incremental tranche were $291.6 million which is inclusive of a $6.0 million original issue discount and deferred financing costs of $2.4 million. The sources of the Incremental Tranche were used to pay down $200 million of ABL revolver borrowings that were outstanding as of April 5, 2022. Obligations under the Incremental Term Loan USD accrue interest and are payable quarterly at a rate equal to three-month SOFR plus a spread of 4.6%. Principal payments of $0.75 million are due quarterly, beginning with the quarter ended June 30, 2022. The Incremental Tranche matures on November 8, 2028 consistent with the Company's other existing term loans.

On August 30, 2022, Olympus Water US Holding Corporation (a consolidated subsidiary of the Company) obtained an incremental $325 million secured USD denominated note (the "Incremental Secured Notes USD"). Total net proceeds from the offering were $309.1 million, inclusive of $12.6 million of deferred financing costs and an original issue discount of $1.3 million. The Incremental Secured Notes USD mature on October 1, 2027 and incur fixed interest of 7.125% per annum, payable semi-annually on April 1 and October 1. Net proceeds from the Incremental Secured Notes USD were utilized to acquire Clearon on September 9, 2022. Refer to further discussion within Note 4.

Successor

As of September 30, 2022 the Company's outstanding external debt and finance lease obligations consisted of the following (in thousands):

	Successor	
	September 30, 2022	
Credit Facilities:	Amount	Interest Rate
ABL Revolver	—	— %
Term Loan USD	1,101,675	6.06 %
Incremental Term Loan USD	298,500	6.65 %
Term Loan EUR	488,802	4.00 %
Secured Notes USD	815,000	4.25 %
Secured Notes EUR	488,802	3.88 %
Incremental Secured Notes USD	325,000	7.13 %
Unsecured Notes USD	400,000	6.25 %
Unsecured Notes EUR	259,065	5.38 %
Unamortized original issue discount	(12,388)	
Unamortized deferred financing costs	(140,424)	
Equipment financing	8,333	10.66 %
Finance lease obligations	23,542	
Total debt and finance lease obligations	$ 4,055,907	
Add: current portion of unamortized original issue discount	1,867	
Add: current portion of unamortized deferred financing costs	20,523	
Less: current portion of term debt	(14,100)	
Less: current portion of equipment financing	(7,069)	
Less: current portion of finance lease obligations	(8,018)	
Long-term debt and finance lease obligations	$ 4,049,110	

On October 1, 2021, Olympus entered into a Term Loan Agreement ("Term Loan"), comprised of a $1,110 million loan ("Term Loan USD"), and a €500 million loan "Term Loan EUR"). On the same day, Olympus entered into a Secured Note Loan Agreement comprised of an $815 million loan ("Secured Notes USD"), a €500 million loan ("Secured Notes EUR"), as well as an Unsecured Notes Loan Agreement comprised of a $400 million ("Unsecured Notes USD") loan, and a €265 million ("Unsecured Notes EUR") loan. In addition, the Company also entered into a revolving credit facility for which available capacity is variable and dependent upon the Company's available collateral (the "ABL"). The ABL provides secured, asset-based, multi-currency revolving loans, swing line loans and letter of credit availability in an aggregate principal amount of up to $500 million, subject to borrowing base capacity.

ABL Revolving Credit Facility

Obligations under the ABL (availability until November 2026) provide for senior secured asset-based, multi-currency revolving loans, swingline loans and letter of credit availability in an aggregate principal amount of up to $500 million, subject to borrowing base capacity. Letters of credit will be limited to the lesser of (a) $75 million

or (b) the aggregate unused amount of commitments under the ABL then in effect, subject to borrowing base capacity.

Borrowings under the ABL are limited by borrowing base calculations based on the sum of specified percentages of eligible accounts receivable, eligible inventory and unrestricted cash, minus the amount of any applicable reserves. Borrowings bear interest at a floating rate, which can be either an adjusted Eurodollar rate plus an applicable margin or, at the Company's option, a base rate plus an applicable margin. The Company may only borrow on the ABL only up to the lesser of (i) the level of our then-current borrowing base and (ii) our committed maximum borrowing capacity of $500 million. Subject to certain conditions, the ABL may be expanded by up to the greater of (a) the greater of (i) $250 million and (ii) a percentage of Consolidated EBITDA.

The following fees are applicable under the ABL: (a) an unused line fee of (i) 0.375% per annum of the unused portion of our New ABL Revolving Credit Facility (excluding any swingline loans) when the average daily unused portion of such facility is less than 50% of the aggregate commitments under the ABL or (ii) 0.250% per annum of the unused portion of the ABL when the average daily unused portion of such facility (excluding any swingline loans) is equal to or greater than 50% of the aggregate commitments under the ABL, (b) letter of credit fees of (i) a participation fee equal to the applicable margin for adjusted Eurodollar rate loans, as applicable, in each case, on the undrawn amount of all outstanding letters of credit under the ABL and (ii) a fronting fee equal to 0.125% on the average daily amount of undrawn and unreimbursed letters of credit per annum and (c) certain other customary fees and expenses of the lenders, letter of credit issuers and agents thereunder. Subject to customary provisions for discretionary and protective overadvances, the Company will be required to make prepayments under the ABL at any time when, and to the extent that, the aggregate amount of the outstanding loans and letters of credit under the ABL exceeds the then applicable borrowing base.

The ABL contains customary covenants, including, but not limited to, restrictions on the Company's ability and that of our restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay or modify terms of certain junior indebtedness, enter into transactions with affiliates or certain burdensome agreements, modify governing documents or certain junior debt documents or change our line of business.

The ABL requires the maintenance of a minimum Fixed Charge Coverage Ratio of 1.00 to 1.00 (tested for the four fiscal quarter period ending on the last day of the most recently ended fiscal quarter for which financials have been delivered, and at the end of each succeeding fiscal quarter thereafter) during any period commencing on the date when Adjusted Availability is less than the greater of (a) 10% of the Line Cap and (b) $25 million and ending on the date on which Adjusted Availability has exceeded the greater of 10% of the Line Cap and (b) $25 million for at least 30 consecutive calendar days. The ABL provides that, upon the occurrence of certain events of default, obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, pension-plan events reasonably likely to have a material adverse effect, certain change of control events and other customary events of default, subject to certain materiality levels, default triggers, cure and grace periods and/or baskets.

The Company incurred $7.5 million of Deferred Financing fees in connection with the ABL. Deferred financing fees for the ABL are classified on the Consolidated Balance Sheet within Other Non-Current Assets.

As of the Successor Period September 30, 2022 the Company's borrowing capacity under the ABL was $376.4 million, with no borrowings outstanding.

Term Loan Agreement and Incremental Term Loans USD

Obligations under the Term Loans due November 2028 will be guaranteed by the Parent and its direct and indirect wholly owned U.S. subsidiaries (subject to certain customary exceptions, including exceptions based on immateriality thresholds of aggregate assets and revenues of excluded U.S. subsidiaries). The Term Loan is secured by a lien on substantially all of issuer's and each of the Term Loan guarantors' current and fixed assets (subject to certain exceptions), and the Term Loan has a first-priority lien on the Fixed Asset Collateral and certain material real property and a second-priority lien on the Current Asset Collateral (second in priority to the liens under the ABL) in each case, subject to other permitted liens.

Obligations under the Term Loan USD and Incremental Term Loans USD have mandatory prepayments in equal quarterly installments in an amount equal to 1.00% per annum of the principal amount. Interest rates on all term loans are variable. The Term Loan USD carries an interest rate of 3.75%, plus the current USD London Interbank Offered Rate ("LIBOR") subject to a floor of 0.50%. The Term Loan EUR carries an interest rate of 4.00%, plus the current EURIBOR rate subject to a floor of 0%. The Incremental Term Loans USD carry an interest rate equal to three month SOFR plus a spread of 4.6%. Interest elections are made two business day prior to the third month of every quarter and are effective for three months.

The Company may voluntarily prepay loans under the Term Loans and Incremental Term Loans USD, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty (other than, subject to certain exclusions, a 1.00% premium on any prepayment in connection with a repricing transaction prior to the date that is six months after November 9, 2021. The Company is required to prepay it's term loans with the net cash proceeds of certain asset sales and casualty events relating to our assets (other than Current Asset Collateral), the incurrence or issuance of specified refinancing indebtedness or any indebtedness not permitted under the Term Loan and 50% of excess cash flow, in each case, subject to certain reinvestment rights, thresholds, step-downs and other exceptions.

The term loans contains customary negative covenants generally consistent with those applicable to the Notes, including, but not limited to, restrictions on the Company's ability and that of it's restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends or other restricted payments, make investments, sell or otherwise transfer assets, optionally prepay or modify terms of certain junior indebtedness, enter into transactions with affiliates or certain burdensome agreements, modify governing documents or certain junior debt documents or change it's line of business.

The term loans provides that, upon the occurrence of certain events of default, obligations thereunder may be accelerated. Such events of default will include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, unpaid material money judgments, pension-plan events reasonably likely to have a material adverse effect, change of control and other customary events of default subject to certain materiality levels, default triggers, cure and grace periods and or baskets.

Secured Notes and Incremental Secured Notes USD

Obligations under the Secured Notes are due in 2028 for both in USD and EUR tranches while obligations under the Secured Notes USD are due in 2027. Interest on the Secured Note USD accrues at the rate of 4.250% per annum, on the Secured Note EUR at the rate of 3.875% per annum, and on the Incremental Secured Notes USD at the rate of 7.125% per annum. Interest is payable semi-annually on April 1 and October 1 of each year (each such date, an "interest payment date"), commencing on April 1, 2022, to holders of record as of the close of business

on March 15 or September 15 (whether or not a business day) immediately preceding each interest payment date. There are no required prepayments.

Unsecured Notes

Obligations under the Unsecured Notes are due in 2029 for both in USD and EUR. Interest on the Unsecured Note USD accrue at the rate of 6.250% and on the Unsecured Note EUR accrue at the rate of 5.375% per annum. Interest is payable semi-annually on April 1 and October 1 of each year (each such date, an "interest payment date"), commencing on April 1, 2022, to holders of record as of the close of business on March 15 or September 15 (whether or not a business day) immediately preceding each interest payment date. There are no required prepayments. The Unsecured Notes are junior to the Term Loan and Secured Notes.

Equipment Financing

On December 31, 2019, the Company entered into a $25.0 million equipment financing (leaseback) arrangement with a third party maturing on December 31, 2023. In accordance with ASC 840-40-25-4 (superseded by ASC 842-10-65-1 in transition), *"Sale-Leaseback Transactions"*, the transaction was accounted for as a financing arrangement and is reflected as debt on the Consolidated Balance Sheets as of both September 30, 2022, and September 30, 2021. Solenis did not account for this transaction as a "sale" as the Company retains the risks and benefits of ownership during the term of the arrangement and has a bargain-purchase option at maturity to re-acquire legal title to the collateralized assets. In connection with the transaction, the Company paid $0.5 million in deferred financing fees which were capitalized at the transaction date and will be amortized over the term of the arrangement.

Deferred Financing Costs and Original Issue Discount

The composition of Deferred Financing Costs and the Original Issue Discount which remain capitalized as of September 30, 2022 are derived from a variety of sources. Specifically, those sources are as follows:

- Financing costs and original issue discount incurred directly with the Term Loan Agreement, Incremental Term Loan USD, and ABL in addition to the Secured, Incremental Secured, and Unsecured bond offerings completed on October 1, 2021, November 9, 2021, April 6, 2022, and August 30, 2022, respectively;

- Financing fees paid in connection with December 31, 2019 Equipment Financing.

As of September 30, 2022, unamortized deferred financing costs relative to the Company's outstanding debt consisted of the following (in thousands):

	Successor	
	September 30, 2022	
	Unamortized Deferred Financing Costs	
	Total	Current Portion
Term loan USD	$ 31,019	$ 5,062
Term loan EUR	13,512	1,959
Secured loan USD	31,226	4,578
Secured loan EUR	18,696	2,769
Incremental term loan USD	2,236	312
Incremental secured notes USD	12,434	2,093
Unsecured loan USD	18,912	2,162
Unsecured loan EUR	12,203	1,437
Equipment financing	186	151
Total	$ 140,424	$ 20,523

The following table presents the amortization of deferred financing costs for the Successor period ended September 30, 2022, (in thousands):

	Successor
	For the period from November 9, 2021 to September 30, 2022
Term loan USD	$ 3,878
Incremental term loan USD	147
Term loan EUR	1,837
Secured loan USD	4,355
Secured loan EUR	2,929
Unsecured loan USD	2,013
Unsecured loan EUR	1,495
Incremental Secured Notes USD	167
Total	$ 16,821

The unamortized original issue discount as of September 30, 2022 was as follows (in thousands):

	Successor	
	September 30, 2022	
	Unamortized Original Issue Discount	
	Total	Current Portion
Term loan USD	$ 2,467	$ 383
Incremental term loan USD	5,626	787
Incremental Secured Notes USD	3,207	540
Term loan EUR	1,088	157
Total	$ 12,388	$ 1,867

Accretion of the original issue discount was as follows for period ended September 30, 2022, (in thousands):

	Successor
	For the year ended September 30,
	2022
Term Loan USD	$ 308
Incremental Term Loan USD	374
Term Loan EUR	148
Incremental Secured Notes USD	43
Total	$ 873

Future Repayments

Minimum scheduled principal repayments of the Term Loan, Unsecured and Secured Notes, Incremental Term Loan, Incremental Secured Notes and the Equipment Financing are as follows (in thousands):

	Successor
	As of September 30, 2022
2023	$ 21,169
2024	15,365
2025	14,100
2026	14,100
2027	14,100
Thereafter	4,106,343
Total	$ 4,185,177

Predecessor

As of September 30, 2021, the Company's outstanding external debt and finance lease obligations consisted of the following (in thousands):

	Predecessor	
	September 30, 2021	
Credit Facilities:	Amount	Interest Rate
Revolving credit facility	$ —	— %
First lien dollar loan	1,094,519	4.08 %
First lien euro loan	899,807	4.00 %
Second lien credit agreement	400,000	8.58 %
Unamortized original issue discount	(20,784)	
Unamortized deferred financing costs	(35,798)	
Equipment financing	14,703	10.66 %
Finance lease obligations	17,609	
Total debt and finance lease obligations	$ 2,370,056	
Add: current portion of unamortized original issue discount	4,452	
Add: current portion of unamortized deferred financing costs	8,683	
Less: current portion of term debt	(20,738)	
Less: current portion of equipment financing	(6,371)	
Less: current portion of finance lease obligations	(8,458)	
Long-term debt and finance lease obligations	$ 2,347,624	

On July 31, 2014, International and Solenis Holdings 3 LLC, then a subsidiary of International, entered into a First Lien Credit Agreement ("First Lien Credit Agreement due 2021"), comprised of a $630.0 million loan ("First Lien Dollar Loan due 2021"), a €230.0 million loan ("First Lien Euro Loan due 2021"), and a $200.0 million Revolving Credit Facility ("Revolving Credit Facility due 2019"). On that same day, International and Solenis Holdings 3 LLC entered into a Second Lien Credit Agreement comprising a $470.0 million loan (the "Second Lien Credit Agreement due 2022"). Subsequent to these transactions, the Company entered into two additional term loans under the First Lien Credit Agreement due 2021: one for €85 million during the second quarter of 2015 and one for €100 million during the third quarter of 2016. These agreements are collectively referred to as the "Old Debt".

On June 26, 2018, Solenis Holdings LLC, a wholly-owned subsidiary of the Company, entered into the First Lien Credit Agreement (the "First Lien Credit Agreement") which includes a $200 million Revolving Credit Facility (the "Revolving Credit Facility"), and a Second Lien Credit Agreement through which the Company borrowed aggregate principal amount of $1.8 billion, with original maturity dates of December 2023, and June 2024 for the First Lien Credit Agreement, and Second Lien Credit Agreement, respectively. The First and Second Lien Credit Agreements were consummated to provide net proceeds which facilitated the Joint Venture between Solenis and BASF and allow for an extension of the terms of each of the credit agreements and the Revolving Credit Facility. These agreements are collectively referred to as the "New Debt". The proceeds from each of these borrowings were used in combination with one another to repay the remaining principal balance on the Company's Old Debt. As part of the closing of the Joint Venture on January 31, 2019, the Company borrowed an incremental $170 million and €330 million under the First Lien Credit Agreement, and increased the borrowing capacity of the Revolving Credit Facility from $200 million to $375 million, at which time the Company borrowed an incremental $124 million on the Revolving Credit Facility. The closing of the Joint Venture also extended the maturity date of all term loans under the First Lien Credit Agreement (except for the Revolving Credit Facility) by

18 months, from December 26, 2023 to June 26, 2025, and extended the maturity date of the Second Lien Credit Agreement by 24 months, from June 25, 2024 to June 26, 2026.

For both the June 26, 2018 refinancing and the incremental borrowing on January 31, 2019 the Company applied the guidance prescribed by Accounting Standards Codification ("ASC") 470-50, *Modifications and Extinguishments*, to determine the appropriate accounting treatment regarding unamortized deferred financing costs and original issue discounts related to the original borrowing. All deferred financing costs and original issue discount associated with portions of the debt determined to be modified were allocated to the First Lien Credit Agreement due 2025 and Second Lien Credit Agreement due 2026 to be amortized over the life of the associated agreements.

On February 5, 2020, the Company entered into an agreement to supplement its First Lien Credit Agreement which resulted in incremental gross proceeds of $150 million and €100 million. The Company used the proceeds to pay down outstanding borrowings on its Revolving Credit facility by the same amount as the incremental proceeds. An incremental debt discount of $1.3 million and incremental deferred financing costs of $1.6 million were capitalized consistent with the guidance prescribed above within ASC 470-50, *Modifications and Extinguishments*. All other terms of the First Lien Credit Agreement remained consistent, including but not limited to, the outstanding indebtedness thereunder being due June 26, 2025.

On March 1, 2021, the Company and its syndicate of lenders agreed to reduce the fixed component of Solenis' debt service costs by 0.25% with respect to the First Lien Euro Loan while replacing the variable rate floor of 0.5% with zero (the "Repricing"). As the Euro London Interbank Offered Rate ("EURIBOR") remains negative as of September 30, 2021, this agreement reduced the Company's debt service costs on its First Lien Euro Loan by 0.75%. The transaction is accounted for as a modification. As such, the Company capitalized incremental deferred financing costs of $1.0 million related to lender fees paid in connection with the transaction.

First Lien Credit Agreement

Obligations under the First Lien Credit Agreement are guaranteed by the Company's wholly-owned UK subsidiaries, subject to certain exceptions (collectively, the "Subsidiary Guarantors"), and, solely by recourse to the equity of the Company, by Solenis UK Industries Limited, a wholly-owned subsidiary of the Company, and Solenis Holdings Sub II B.V. (collectively, the "Holdings Guarantors"). The First Lien Credit Agreement is collateralized by substantially all of the assets of the Company and the Subsidiary Guarantors, subject to certain exceptions, as well as the equity of the Company held by the Holdings Guarantors. Principal is paid on the last day of each quarter in an amount equal to $2.8 million and €2.0 million for the First Lien Dollar Loan and First Lien Euro Loan, respectively.

Interest rates on all term loans under the First Lien Credit Agreement are variable. The First Lien Dollar Loan carries an interest rate of 4.00%, plus the greater of the USD London Interbank Offered Rate ("LIBOR") or 0%. Beginning on March 1, 2021 in connection with the Repricing, The First Lien Euro Loan carries an interest rate of 4.00% plus the greater of the EURIBOR or 0%. Interest elections are made on the last day of the second month of every quarter and are effective for three months.

Term loans under the First Lien Credit Agreement mature on June 26, 2025. The Company is permitted to prepay all term loans under the First Lien Credit Agreement at any time. The First Lien Loans are subject to mandatory prepayments equal to 50% of the Company's Excess Cash Flow, as defined in the First Lien Credit Agreement, subject to certain conditions, beginning in the fiscal year ended September 30, 2019. During the three months ended December 31, 2021, the Company made a mandatory principal prepayment of $12.4 million based on the calculation of 50% of the Company's Excess Cash Flow during the year ended September 30, 2020.

The obligations under the First Lien Credit Agreement are effectively senior to all of the Company's Second Lien Debt and unsecured debt, in each case to the extent of the value of the collateral securing such obligations.

The Revolving Credit Facility allowed maximum borrowings of $375.0 million and would have matured on June 26, 2023. The interest rate on the Revolving Credit Facility was at the election of the Borrower, ABR plus 2.5% per annum or LIBOR plus 3.5% per annum.

Second Lien Credit Agreement

The Second Lien Credit Agreement carries the same guaranty and security package as the First Lien Credit Agreement. No principal payments are due in connection with the Second Lien Credit Agreement until maturity. The Second Lien Credit Agreement matures on June 26, 2026.

The Company is permitted to prepay the Second Lien Credit Agreement at any time. Prepayments made prior to June 26, 2020 would have incurred a 2% penalty of the principal balance prepaid. Prepayments made after June 26, 2020 but prior to June 26, 2021 would have incurred a 1% penalty on the principal balance prepaid. Prepayments made after June 26, 2021 are free of penalty. The prepayment penalty is assessed regardless of whether or not the prepayment was mandatory or voluntary. Through November 8, 2021, the Company had not made any prepayments relative to the Second Lien Credit Agreement.

The interest rate on the Second Lien Credit Agreement is 8.5% plus the greater of LIBOR or 0%. Interest elections are made on the last day of the second month of every quarter and are effective for three months. The Second Lien Credit Agreement is junior in priority to the First Lien Credit Agreement and senior to all other unsecured debt.

The Second Lien Credit Agreement includes customary negative and affirmative covenants including, among others, limitations on the Company's ability to: (i) incur additional debt; (ii) create liens; (iii) make certain investments, loans and advances; (iv) sell assets; (v) pay dividends or make distributions or other restricted payments; (vi) engage in mergers or consolidations; or (vii) change the nature of our business.

Deferred Financing Costs and Original Issue Discount

The composition of Deferred Financing Costs and the Original Issue Discount which remain capitalized as of September 30, 2021 are derived from a variety of sources. Specifically, those sources are as follows:

- Financing costs and original issue discount incurred directly with the First and Second Lien Credit agreements, as part of the borrowings completed on June 26, 2018, January 31, 2019, February 5, 2020 and with respect to the Repricing as of March 1, 2021;

- Financing costs and original issue discount carried over from the Old Debt related to portions which were determined to be modified. These amounts generally relate to portions of the debt held by lenders who participated in both syndicates comprising the Old Debt and the June 26, 2018 borrowing;

- Financing fees paid in connection with December 31, 2019 Equipment Financing.

As of September 30, 2021, unamortized deferred financing costs relative to the Company's outstanding debt consisted of the following (in thousands):

	Predecessor	
	September 30, 2021	
	Unamortized Deferred Financing Costs	
	Total	Current Portion
First lien dollar loan	$ 15,714	$ 3,994
First lien euro loan	13,658	3,477
Second lien loans	6,088	1,062
Revolving credit facility	3,508	2,004
Equipment financing	338	150
Total	$ 39,306	$ 10,687

The following table presents the amortization of deferred financing costs for the period ended November 8, 2021 and the years ended September 30, 2021, and 2020 (in thousands):

	Period from October 1 to November 8,	For the years ended September 30,	
	2021	2021	2020
First lien dollar loan	$ 292	$ 3,855	$ 3,650
First lien euro loan	247	3,254	3,039
Second lien loans	73	960	795
Revolving credit facility	152	2,004	2,004
Equipment financing	11	150	112
Total	$ 775	$ 10,223	$ 9,600

As of September 30, 2021, the unamortized original issue discount relative to the Company's outstanding debt consisted of the following (in thousands):

	Predecessor	
	September 30, 2021	
	Unamortized Original Issue Discount	
	Total	Current Portion
First lien dollar loan	$ 6,538	$ 1,662
First lien euro loan	3,822	973
Second lien credit agreement	10,424	1,817
Total	$ 20,784	$ 4,452

Accretion of the original issue discount was as follows for the period ended November 8, 2021 and the years ended September 30, 2021, and 2020 (in thousands):

	Period from October 1 to November 8,	For the years ended September 30,	
	2021	2021	2020
First lien dollar loan	$ 113	$ 1,604	$ 1,501
First lien euro loan	66	938	893
Second lien credit agreement	115	1,643	1,362
Total	$ 294	$ 4,185	$ 3,756

Note 13 Employee Benefit Plans

Pension Plans

In connection with the Acquisition and Contribution as well as through the acquisition of Clearon, the Company assumed various defined benefit plan obligations for both current and former employees of certain subsidiaries. Qualifying employees participate in specific defined-benefit pension plans, which typically provide pension payments based on an employee's length of service and compensation during the years immediately preceding retirement or have a cash balance design.

Additionally, the Company also assumed various long-term employee health care and life insurance benefits for certain eligible employees in connection with the Acquisition and Contribution. These programs are noncontributory and other programs share the cost with retirees through payment of premiums, deductibles and coinsurance provisions.

Pension and Post-Retirement Plans

Components of net periodic benefit costs

The following table summarizes the components of pension and other post-retirement benefit costs and the assumptions used to determine net periodic benefit costs for the plans (in thousands).

	Pension benefits				Other postretirement benefits			
	Successor	Predecessor			Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020	2022	2021	2021	2020
Net periodic benefit costs								
Service cost	$ 4,258	$ 386	$ 5,410	$ 5,968	$ 9	$ —	$ 7	$ 18
Interest cost	2,936	258	2,834	2,787	56	2	19	28
Curtailment	42	—	—	(19)	—	—	—	—
Expected return on plan assets	(1,801)	(153)	(1,695)	(2,516)	—	—	—	—
Amortization of prior service (credit) cost	(21)	(12)	(84)	(44)	—	—	—	—
Settlement loss (gain)	(308)	—	(195)	180	—	—	—	—
Amortization of net (gain) loss	—	6	706	1,607	—	—	—	26
Special termination benefit recognized	—	—	13	141	—	—	—	—
Total	$ 5,106	$ 485	$ 6,989	$ 8,104	$ 65	$ 2	$ 26	$ 72
Weighted-average plan assumptions								
Discount rate	2.3 %	2.0 %	1.7 %	1.6 %	8.4 %	3.6 %	2.9 %	3.1 %
Rate of compensation increase	3.0 %	2.6 %	3.0 %	3.0 %				
Expected long-term rate of return on plan assets	3.1 %	3.0 %	2.4 %	3.6 %				

The following table shows changes in plan assets and benefit obligations recognized in accumulated other comprehensive (income), before tax (in thousands):

	Pension benefits		Other postretirement benefits	
	Successor	Predecessor	Successor	Predecessor
	For the period from November 9, 2021 to September 30,	For the year ended September 30,	For the period from November 9, 2021 to September 30,	For the year ended September 30,
	2022	2021	2022	2021
Prior service credit	$ (47)	$ (651)	$ —	$ —
Amortization of prior service cost	—	84	—	—
Recognition of settlement loss (gain)	308	(511)	—	—
Net actuarial (gain) loss	(29,800)	(10,571)	(171)	(78)
Total	$ (29,539)	$ (11,649)	$ (171)	$ (78)

As of the Successor period ended September 30, 2022 and the Predecessor period ended September 30, 2021 the amounts recognized in accumulated other comprehensive (income) loss, before tax, are shown in the following table.

	Pension benefits		Other postretirement benefits	
	Successor	Predecessor	Successor	Predecessor
	For the period from November 9, 2021 to September 30,	For the year ended September 30,	For the period from November 9, 2021 to September 30,	For the year ended September 30,
	2022	2021	2022	2021
Prior service credit	$ (47)	$ 1,189	$ —	$ —
Recognition of settlement/other gain	308	(195)	—	—
Net actuarial (gain) loss	(29,800)	(8,489)	171	37
Total	$ (29,539)	$ (7,495)	$ 171	$ 37

Obligations and funded status

Actuarial valuations are performed for the pension plans to determine the obligation for each plan. In accordance with U.S. GAAP, the Company recognizes the unfunded status of the plans as a liability. Summaries of the change in benefit obligations, plan assets, funded status of the plans, amounts recognized in the Consolidated Balance Sheets, and assumptions used to determine the benefit obligations for the plans included within the consolidated financial statements are as follows (in thousands):

	Pension benefits		Other postretirement benefits	
	Successor	Predecessor	Successor	Predecessor
	For the period from November 9, 2021 to September 30,	For the year ended September 30,	For the period from November 9, 2021 to September 30,	For the year ended September 30,
	2022	2021	2022	2021
Change in benefit obligations				
Beginning of the period balance	$ —	$ 171,751	$ 601	$ 625
Service cost	4,251	5,410	9	7
Interest cost	2,933	2,834	56	19
Participant contributions	129	308	—	—
Benefits paid	(3,368)	(2,917)	(26)	(6)
Actuarial loss (gain)	(44,466)	(11,322)	(184)	(80)
Plan amendment	(66)	(651)	—	—
Plan curtailments	43	—	—	—
Plan settlements	(3,425)	(7,922)	—	—
Special termination benefits	—	13	—	—
Foreign currency exchange rate changes	(18,018)	1,548	(91)	36
Acquired benefit obligation	186,491	—	965	—
Other	(244)	(237)	—	—
End of the period balance	$ 124,260	$ 158,815	$ 1,330	$ 601
Change in plan assets				
Beginning of the period balance	$ —	$ 72,473	$ —	$ —
Actual return on plan assets	(10,039)	1,139	—	—
Employer contributions	4,088	5,005	26	6
Participant contributions	129	308	—	—
Benefits paid	(3,350)	(2,917)	(26)	(6)
Foreign currency exchange rate changes	(6,869)	2,520	—	—
Acquired plan assets	89,785	(7,922)	—	—
Plan settlements	(3,425)	—	—	—
Other	(244)	(237)	—	—
End of the period balance	70,075	70,369	—	—
Underfunded status of the plans	$ (54,185)	$ (88,446)	$ (730)	$ (601)
Amounts recognized in the Consolidated Balance Sheets				
Noncurrent assets	$ 4,660	$ 6,001	$ —	$ —
Current benefit liabilities	(1,115)	(1,030)	(31)	(7)
Noncurrent benefit liabilities	(57,730)	(93,417)	(698)	(594)
Net amount recognized	$ (54,185)	$ (88,446)	$ (729)	$ (601)
Weighted-average plan assumptions				
Discount rate	4.4 %	2.0 %	8.0 %	3.6 %
Rate of compensation increase	3.1 %	3.0 %		

The accumulated benefit obligation for the pension plans was $115.7 million as of September 30, 2022 and $143.8 million as of September 30, 2021. Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows (in thousands):

	Successor As of September 30, 2022			Predecessor As of September 30, 2021		
	Qualified plans	Non-qualified plans	Total	Qualified plans	Non-qualified plans	Total
Projected benefit obligation	$ 84,672	$ 810	$ 85,482	$ 106,645	$ 1,078	$ 107,723
Accumulated benefit obligation	77,533	810	78,343	94,144	1,078	95,223
Fair value of plan assets	26,876	—	26,876	13,766	—	13,766

Plan assets

The weighted average expected long-term rate of return on the pension plan assets was 3.1% and 2.4% as of September 30, 2022 and September 30, 2021, respectively. The basis for determining the expected long-term rate of return is a combination of future return assumptions for various asset classes in our investment portfolio, historical analysis of previous returns, market indices and a projection of inflation.

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy as of the Successor period ended September 30, 2022, and the Predecessor period ended September 30, 2021 (in thousands):

		Fair Value Measurements Using		
	September 30, 2022	Quoted prices in active markets for identical assets	Significant other observable inputs	
	Total Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,918	$ 768	$ 1,151	$ —
Corporate debt instruments	126	—	126	—
Mutual funds	10,537	10,537	—	—
Insurance contracts	16,277	—	—	16,277
Other assets	2,527	—	2,524	3
Total assets at fair value	31,385	$ 11,305	$ 3,801	$ 16,280
Investments measured at net asset value [(1)]	38,690			
Total pension plan assets	$ 70,075			

		Fair Value Measurements Using		
	September 30, 2021	Quoted prices in active markets for identical assets	Significant other observable inputs	
	Total Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,967	$ —	$ 2,967	$ —
Corporate debt instruments				
Insurance contracts	20,086	—	—	20,086
Other assets	2,372	—	2,372	—
Total assets at fair value	$ 25,425			$ 20,086
Investments measured at net asset value [(1)]	44,944			
Total pension plan assets	$ 70,369			

[(1)] Certain investments that were measured at net asset value per share have not been classified in the fair value hierarchy. These amounts are presented to reconcile to total pension plan assets.

The Company's Level 3 insurance contracts as of September 30, 2022 and September 30, 2021 are financial instruments for which the fair value is derived through valuations that utilize yield curve estimates and interest factors to determine the discounted future cash flows of the contracts, which are unobservable.

A summary of the changes in the fair value measurements that used significant unobservable inputs (Level 3) from September 30, 2020 through September 30, 2022 is as follows (in thousands):

Predecessor:		
Balance at September 30, 2020	$	20,300
Net purchases, sales, and issuances		58
Unrealized gain (loss)		(272)
Balance at September 30, 2021	$	20,086
Net purchases, sales, and issuances		—
Unrealized gain (loss)		—
Balance at Balance at November 8, 2021	$	20,086
Successor:		
Net purchases, sales, and issuances		253
Unrealized gain (loss)		(4,059)
Balance at September 30, 2022	$	16,280

Investment Strategy

In developing an investment strategy for its defined benefit plans, the Company considered the following factors: the nature of the plans' liabilities, the allocation of liabilities between active, deferred and retired members, the funded status of the plans, the applicable investment horizon, the respective size of the plans and historical and expected capital market returns. Pension plan assets are managed by outside investment managers, which are monitored against investment return benchmarks and our established investment strategy. Investment managers are selected based on an analysis of, among other things, their investment process, historical investment results, and frequency of management turnover, cost structure and assets under management. Assets are periodically reallocated between investment managers to maintain an appropriate asset mix and diversification of investments and to optimize returns.

Plan assets include both fixed income and traditional equity securities that are allocated across both domestic and international markets. Additionally, certain pension plan assets are dictated by applicable regulations within the respective country.

The weighted-average asset allocations by asset category are as follows:

	Actual			
	As of September 30,			
	2022 Target	2022	2021 Target	2021
Plan assets allocation				
Equity securities	10%-20%	12%	10%-20%	13%
Debt securities	40%-60%	50%	40%-60%	51%
Other	30%-40%	38%	30%-40%	36%
Total		100%		100%

Cash flows

Expected Company contributions to the pension plans over the next twelve months are estimated to be $4.0 million. The following reflects the total benefit payments expected to be paid through September 30 for the fiscal years then ended (in thousands):

	Pension benefits	Other postretirement benefits
2023	$ 5,396	$ 31
2024	6,158	35
2025	6,248	38
2026	6,872	42
2027	8,442	46
Thereafter	45,721	269

Other Plans

The Company sponsors defined contribution plans in both its US and non-US subsidiaries, under which salaried and certain hourly employees may defer a portion of their compensation. Eligible participants may contribute to the plan up to the allowable amount as determined by the plan of their regular compensation before taxes. All contributions and Company matches are invested at the direction of the employee. Contributions to these plans were $12.3 million, $1.2 million, $14.0 million, and $14.8 million, respectively during the Successor period ended September 30, 2022 and Predecessor period ended November 8, 2021, Predecessor years ended September 30, 2021, and September 30, 2020. Additionally, the Company sponsors various other defined contribution plans, some of which are required by law or statute in certain international jurisdictions.

Note 14 Financial Instruments and Fair Value Measurements

Primary Debt Instruments

The following table presents the carrying amounts and estimated fair values of the Company's primary debt instruments as of September 30, 2022 and September 30, 2021 (in thousands):

	Successor		Predecessor	
	September 30, 2022		September 30, 2021	
	Principal Outstanding	Fair Value	Principal Outstanding	Fair Value
ABL Revolver	$ —	$ —	$ —	$ —
Term loan USD	1,101,675	1,002,524	—	—
Incremental term loan USD	298,500	285,814		
Term loan EUR	488,802	435,669	—	—
Secured loan USD	815,000	616,385	—	—
Incremental secured loan USD	325,000	293,313		
Secured loan EUR	488,802	367,823	—	—
Unsecured loan USD	400,000	272,000	—	—
Unsecured loan EUR	259,065	186,527	—	—
First lien dollar loan	—	—	1,094,519	1,093,835
First lien euro loan	—	—	899,807	899,807
Second lien credit agreement	—	—	400,000	400,000
Equipment financing	8,333	8,333	14,703	14,703
Total	$ 4,185,177	$ 3,468,388	$ 2,409,029	$ 2,408,345

The fair values of Solenis' primary term debt instruments are based on estimates using quoted market prices and pricing models that take into account the present value of future cash flows as of the respective balance sheets date. The Company believes that these instruments qualify as Level 2 measurements. The carrying amounts of the remainder of Solenis' debt and finance lease obligations approximate fair value due to their primarily short-term nature.

Derivatives and Hedging Activities

Successor

Olympus is not party to any plain vanilla derivatives or hedging activities. The Company maintains a variety of long-term supply agreements with BASF, it's legacy JV partner during the Predecessor period. Certain of these supply agreements were extended at or around the closing of the the Acquisition and Contribution, and are accounted for as embedded finance leases as of, and during the Successor period ended September 30, 2022. Refer to Notes 11 and 15 for further discussion.

Predecessor

In order to reduce the Company's exposure to fluctuations in the cash flows associated with changes in interest rates, Solenis may create offsetting positions through the use of derivative financial instruments. The Company does not enter into derivative financial instruments for trading or speculative purposes.

During the first quarter of 2019, the Company entered into three interest rate swap arrangements to hedge the variable interest rate risk exposure specific to the Company's First Lien US Dollar-denominated debt. The aggregate notional value for the three interest rate swap agreements is $600.0 million. As a result of these arrangements, the Company collectively converted $600.0 million of its US Dollar-denominated debt from a floating three-month LIBOR interest rate to fixed rates of 3.26%, 3.12%, and 3.13%, respectively for the 36-month period from May 31, 2019 through May 31, 2022.

These contracts have been designated and qualify as cash flow hedges. On both a retrospective and prospective basis, the Company measures hedge effectiveness by formally assessing, at least quarterly, the probable high correlation of the expected future cash flows of the hedged item and the derivative hedging instrument. The effective portion of the gain or loss on the derivative instrument is deferred as a component of other comprehensive loss or income until the settlement of the related business transaction at which time the accumulated gain or loss from the contracts will be reclassified into earnings. There was no ineffective portion of the gain or loss on the derivative instrument recognized during the predecessor period.

For the Predecessor period ending November 8, 2021 Solenis reclassified expense of $9.2 million from Accumulated other comprehensive loss through Non operating (income) expense, net on the Consolidated Statements of Operations. For the Predecessor period ending September 30, 2021 and Predecessor period ended September 30, 2020 Solenis reclassified expense of $18.0 million and $12.6 million, respectively from Accumulated other comprehensive loss through Interest expense on the Consolidated Statements of Operations based on the paid and accrued interest recognized on the Company's interest rate swap liability.

In connection with the Acquisition, the indebtedness held by the Predecessor company was fully repaid and as a result the interest rate swaps were effectively settled. Solenis repaid $11.1 million of interest rate swap liabilities and reclassified expense of $9.2 million from Accumulated other comprehensive loss through Interest expense on the Consolidated Statements of Operations in the Predecessor period.

The following table presents the location and fair values using Level 2 inputs of derivative instruments in the Consolidated Balance Sheets (in thousands):

	September 30, 2021
	Predecessor
Accrued expenses:	$ 13,839
Total liabilities	$ 13,839

While Solenis partially mitigated the market driven interest rate risk on its term debt through the use of interest rate swaps, the Company has historically experienced significant foreign exchange risk on its First Lien Euro Loans. As of September 30, 2021, the Company had First Lien Euro Loans of $899.8 million (EUR 777.2 million). To mitigate the foreign exchange risk associated with these loans on a go-forward basis, management determined to pursue solutions without incurring the cost or underlying risks associated with derivative financial instruments.

Effective April 1, 2021, the Company determined to utilize an intercompany Euro denominated note between two downstream consolidated subsidiaries to act as a hedging instrument in response to the foreign exchange risk associated with the Company's consolidated EUR net asset exposure (i.e. the "hedged item"). The intercompany note will act as a "net investment hedge" through which changes in the USD equivalent of the intercompany note will be recognized in Other comprehensive income (loss) rather than through the Consolidated Statements of Operations as is common for foreign currency denominated monetary instruments. The use of an intercompany note is permissible under *ASC 815-20, Derivatives*, only to the extent that the intercompany note reflects the consolidated foreign exchange risk of the consolidated company, and the entity party to the third-party debt instrument is the counterparty to the intercompany note designated as a hedging instrument. As of April 1, 2021 and through November 8, 2021, Solenis meets both of these criteria required to assume a net investment hedge.

Each month, Solenis redesignates a specific amount of Euro denominated intercompany notes as a hedging instrument to mitigate foreign exchange risk associated with its Euro net assets. The Company's designation is limited to the lowest value in the subset of data points among: 1) The total Euro value of the intercompany note outstanding, 2) The total Euro value of Solenis' consolidated First Lien Euro Loans, and 3) The total Euro value of Solenis' net assets in consolidated subsidiaries that utilize a Euro functional currency. As of September 30, 2021, the Company had designated EUR 777.2 million of its intercompany Euro notes as a hedging instrument to mitigate the foreign currency risk associated with the Company's $816.1 million of consolidated Euro net assets (relative to total First Lien Euro Loans of EUR 777.2 million). During the year ended September 30, 2021, Solenis recognized Other comprehensive income of $10.4 million as a result of its net investment hedge, effectively representing deferrals of foreign exchange gains and losses associated with the Company's First Lien Euro Loans. No reclassifications of Other comprehensive income (loss) specific to the net investment hedge are expected to be reclassified to the Consolidated Statements of Operations during the next 12 months.

During the Predecessor period November 8, 2021, the Company deferred incremental unrealized gains on its EUR term loans of $1.1 million to Other Comprehensive Income. In connection with the settlement of its existing debt for the Olympus closing which removes the underlying hedged item critical to ensure the effectiveness of the Net Investment Hedge, the Company reclassified the $10.4 million and $1.1 million of unrealized gains deferred in the collective Predecessor periods (total of $11.5 million) to realized gains within Non operating expense (income), net, on the Consolidated Statement of Operations for the Predecessor period ending November 8, 2021.

Assets and Liabilities Measured Using Level 3 Inputs

The following table presents activity of assets and liabilities valued using Level 3 inputs by line item in the Consolidated Balance Sheets from September 30, 2020 to September 30, 2022 (in thousands):

	Deferred Purchase Price on Accounts Receivable Financing	Contingent Consideration Assets (Liabilities)
Predecessor:		
Balance as of September 30, 2020	$ 164,482	$ (638)
Activity, net	37,060	—
Foreign currency translation	(637)	(74)
Balance as of September 30, 2021	$ 200,905	$ (712)
Activity, net	(80,104)	—
Impact of MUFG payoff	(51,893)	—
Foreign currency translation	446	—
Balance as of November 8, 2021	$ 69,354	(712)
Successor:		
Balance as of November 8, 2021	69,354	(712)
Activity, net	41,431	25,088
Foreign currency translation	(20,905)	—
Balance as of September 30, 2022	$ 89,880	$ 24,376

Deferred Purchase Price on Accounts Receivable Financing

On March 26, 2018, the Company entered into an arrangement to sell accounts receivable under the terms of a RPA with ING, covering trade receivables in various EMEA jurisdictions, Canada, and the United States.

On March 20, 2020, the Company entered into an amended agreement with ING and a new agreement with MUFG Bank, Ltd ("MUFG"), through which ING agreed to continue serving non-US markets for a maximum capacity of €110 million and further sell its interest in US markets to MUFG. The maximum RPA capacity carried by MUFG is $75 million to serve the US market. The RPA agreement with MUFG was scheduled to expire in March of 2022.

In connection with the Acquisition, Solenis fully repaid its outstanding obligations to MUFG of $46.7 million, inclusive of accrued interest through November 8, 2021 of $0.1 million. The reduction of Solenis' principal obligations was recognized as a net increase to Accounts Receivable and Sold Receivables on the Consolidated Balance Sheet of $46.6 million, while the $0.1 million of interest expense was recognized via Interest expense on the Consolidated Statement of Operations for the Predecessor period ended November 8, 2021. As of November 9, 2021, Olympus remains party to the ING RPA and will continue to sell receivables in certain European markets and Canada. Various amended RPAs with ING have been executed since March 20, 2020, with a current expiration date of January 31, 2024. Refer to Note 6 for additional details.

Initial consideration received through the Accounts Receivable Financing included a subordinated interest in transferred receivables collected, referred to as the Deferred Purchase Price. The DPP is carried at fair value and is remeasured weekly to reflect activity during the period (i.e. the Company's interest in subsequently-transferred receivables and collections on receivables previously sold to ING or MUFG) as well as changes in estimates of

future interest rates and anticipated credit losses. The fair value of the DPP is predicated upon the underlying receivables which have been transferred to ING or MUFG. As the underlying receivables represent the Company's customers with the highest credit quality and are generally collectible within 90 days, the Company expects the fair value of the DPP to be equal to its face value.

Receivables under the Accounts Receivable Financing are transferred to ING or MUFG daily, weekly, or monthly in accordance with the prevailing agreement for each jurisdiction. The consideration for the transfer of these receivables is incremental DPP to be settled at each settlement date, as defined in the RPAs.

As the receivables transferred to ING and MUFG do not have an active market for equivalent or similar assets, the Company's fair value assessment is predicated upon its own history of collection surrounding the specific customers' receivables which have been transferred. Accordingly, such inputs qualify as Level 3 inputs. Due to the high credit quality and the relatively short-term nature of the underlying receivables, fluctuations in credit quality are expected to have an immaterial effect on the fair value of the DPP.

Note 15 Commitments, Contingencies and Litigation

Unconditional Purchase Obligations and Commitments

In connection with the consummation of the Joint Venture with BASF on January 31, 2019, the Company entered into a number of "take or pay" contracts (the "Supply Agreements") through which BASF will make certain materials required to service acquired BASF legacy customers available to Solenis based upon a combination of legacy BASF volumes for these materials and available manufacturing capacity. The term of these agreements is either three (the "Medium Term"), or eight years (the "Long Term"). Upon maturity, each of the Medium Term agreements will automatically extend for 12 months on a revolving basis unless either party provides 24 months notice of their intention to exit the agreement. There is no penalty for either party to exit provided the 24 month notice period is met. Upon maturity, each of the Long Term agreements will expire immediately unless otherwise mutually agreed to by Solenis and BASF.

Given the substantial capital and working capital requirements necessary to maintain available capacity and meet Solenis' purchasing requirements, the Company is required to remit minimum monthly payments (the "Fixed Manufacturing Costs") designed to cover BASF's plant overhead costs specific to the impacted production lines. The monthly payments are fixed and determinable, based on allocations of BASF's heritage costing structure relative to expected production and volumes and vary only based upon annual changes in inflation rates observable in the public domain.

During the Successor period ended September 30, 2022, Predecessor period ended November 8, 2021, and the Predecessor periods ended September 30, 2021 and September 30, 2020, total Fixed Manufacturing Costs incurred were $62.9 million, $6.6 million, $75.2 million and $72.0 million respectively.

Future minimum Fixed Manufacturing Costs as of the Successor Period September 30, 2022 are as follows (in thousands):

	Future Minimum Commitment Payments	
2023	$	69,453
2024		69,453
2025		69,453
2026		69,453
2027		49,769
Thereafter		72,366
Total	$	399,947

Due to the nature of Solenis' business, the Company is subject to various laws and regulations pertaining to the environment, manufacturing, sale, transportation and disposal of hazardous products. These laws pertain to, among other things, air and water, management of solid and hazardous wastes, transportation, and human health and safety. The total reserves for environmental remediation reflect estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries.

Environmental remediation reserves are subject to numerous inherent uncertainties that affect our ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology, and the number and financial strength of other potentially responsible parties at multi-party sites.

In connection with the JV, BASF transferred various production facilities to Solenis. During the diligence process related to the acquisition, Solenis performed diligence related to potential environmental or other contingent liabilities. As no probable or estimable exposure existed at the acquisition date, Solenis is not indemnified with respect to any environmental or other contingent matters. As of both the Successor period ended September 30, 2022 and Predecessor period September 30, 2021, the Company does not have material contingent obligations which are both probable and estimable related to these production facilities, transferred employees, or other real property acquired from BASF.

As of both the Successor Period September 30, 2022 and Predecessor Period September 30, 2021, the Company has recorded environmental remediation reserves of $1.8 million, related to two ongoing and probable environmental remediation proceedings. These reserves are included as part of other non-current liabilities on the Consolidated Balance Sheets. Given the limited time frame over which remediation activities are expected to be performed, the Company has not discounted any projected future cash outflows in determining these reserves as of September 30, 2022.

Of the $1.8 million reserved, $1.0 million relates to potential exposure surrounding groundwater and soil contamination associated with a plant in Araraquara, Brazil. The remaining $0.8 million relates to management's best estimate for potential exposure related to ground contamination at the Company's Milwaukee, Wisconsin plant as well as a reserve for a potential Environmental Protection Agency matter. The amount reserved for both matters represents management's best estimate of total expenses to be incurred, made with the assistance of a third-party specialist.

Indemnification assets associated with environmental remediation claims are recorded on the Consolidated Balance Sheets as part of Other assets in the amount of $1.0 million as of both Successor Period September 30, 2022 and Predecessor Period September 30, 2021, respectively.

Other Legal Proceedings

In addition to the matters described above, there are various claims, lawsuits and administrative proceedings that are pending or threatened. Such actions seek remedies or damages, some of which are for substantial amounts.

The Company has accrued for legal reserves of $2.8 million and $2.3 million as of the Successor Period September 30, 2022 and the Predecessor Period September 30, 2021, respectively. While Solenis cannot predict with certainty the outcome of such actions, the Company believes that adequate reserves have been recorded and losses already recognized with respect to such actions.

Insurance

Solenis maintains deductibles for general liability, business interruption and property damage to owned, leased and rented property. These deductibles could be material to our earnings, but they are not material to our overall financial position. The Company carries substantial excess general liability, property and business interruption insurance above our deductibles. In addition, Solenis meets all statutory requirements for automobile liability and workers' compensation.

Note 16 Partners' Equity and Shareholders' (Deficit)

Successor

The share-based plan of Olympus Water Holdings IV, L.P. is held at Olympus Water Holdings I, L.P. which is a holding company above the consolidation of Olympus Water Holdings, IV, L.P. The presentation of share-based equity awards is represented in the caption, Partners' Equity, on the Consolidated Balance Sheet as of September 30, 2022. Refer to Note 17 for the reconciliation of outstanding awards under the Equity Incentive Plan as well as details related to share-based compensation.

Contribution of Equity

From time to time certain directors, officers and management are invited to purchase shares of Olympus Water Holdings I, L.P. Given Olympus Water Holdings I, L.P. is above the consolidation for the Company, the equity activity is accounted for as a contribution of equity.

Return of Capital

Olympus Water Holdings I, L.P. repurchases shares from directors, officers and management who leave the Company. Given Olympus Water Holdings I, L.P. is above the consolidation, the Company accounts for the repurchase as a return of capital from Partners' equity.

Predecessor

Class A, Class B, and Ordinary Shares

On July 31, 2014, CD&R contributed $405.0 million of cash to the Holding Companies in exchange for 40,500,000 of Class A shares of Common stock in Solenis Holdings Top II B.V. No additional Class A shares were purchased or sold prior to the closing of the Joint Venture.

Between July 31, 2014 and the closing of the Joint Venture, members of Management purchased Class B shares of Common stock in Solenis Holdings Top II B.V. As of the date of the Joint Venture, 1,261,829 Class B shares were outstanding.

On December 27, 2017, Solenis I Coopertief U.A. issued a return of capital in kind to CD&R totaling $400.0 million. The return of capital was issued in the form of a note payable. On April 4, 2018, the Board of Directors of Solenis Holdings I Coopertief U.A. passed a resolution to recapitalize $405.1 million representing the initial note payable and related interest accrued. On May 1, 2018 Solenis Holdings Top I B.V. issued a return on capital of $400.0 million in the form of a note payable maturing on April 30, 2020 to CD&R.

On January 31, 2019, CD&R exchanged their 40,500,000 shares of Class A Common stock in exchange for 35,624,716 Ordinary shares of Solenis UK International Limited. Additionally, CD&R received $303.0 million in cash which represented a partial repayment of the $400.0 million on the note payable due from Solenis Holding Top I B.V. The $303.0 million in cash paid constitutes $293.4 million in partial repayment of principal and $9.6 million of accrued interest. CD&R exchanged the remaining balance of $106.6 million principal outstanding on the note payable for 6,137,113 Ordinary shares in Solenis. This transaction was financed using proceeds from the Incremental Borrowings.

On January 31, 2019, Management exchanged their 1,261,829 shares of Class B Common stock in exchange for 1,261,829 Ordinary shares of Solenis and $9.4 million of cash. In order to avoid a dilutive adjustment in accordance with the provision of the Plan, management shareholders received a $4.4 million incremental return of capital during the year ended September 30, 2019.

On January 31, 2019, as part of consideration transferred to acquire BASF Paper & Water, Solenis issued 40,113,302 Ordinary shares and $203.8 million in cash to BASF. The fair value of the Ordinary shares conveyed, based upon the total equity value of the combined business, exclusive of expected synergies, was $677.8 million.

Treasury Stock

The Company repurchases shares from directors and officers who leave the Company within three months of their departure and from persons who exercise options one year after the exercise date. Treasury stock is accounted under the cost method.

As of September 30, 2021, the Predecessor company had repurchased 802,281 of Class B Shares and 946,446 Ordinary shares from former management shareholders.

Note 17 Share-based Compensation

Successor

Stock Incentive Plan

Effective November 9, 2021, the Company's board of directors adopted the Olympus Water Holdings I, L.P. Equity Incentive Plan (the "Plan") pursuant to which the Company's board of directors shall select officers and key employees and directors to participate in the plan and grant stock options and offer opportunities to purchase shares. The plan allows for the issuance of up to 13,229,989 common units under the plan (for all share-based compensation and share purchases). All stock options granted have a term not greater than ten years. Stock options vest and become exercisable, in whole or in part, with vesting conditions set by the Company's Board of Directors. As of September 30, 2022, 1,701,462 options were available for grant.

The options are provided in two separate grants which for accounting purposes have one vesting condition. Service Options vest in four equal annual installments, coinciding with the first anniversary date of the grant date and each successive anniversary thereafter. Performance Options vest only upon the occurrence of a Change in Control or Public Offering if after giving effect to such Change in Control or Public Offering the Investors realize a pre-tax, cash-on-cash return equal to a multiple of its invested capital with respect to the Company of at least 2.0x (the "MOIC Hurdle"), subject to the Employee's continued employment through the date of such Change in Control or Public Offering. The vesting Service and Performance Options are contingent upon continuous employment through the respective measurement dates.

Stock Options

The Stock incentive plan allows stock option grants for shares at a price based on the most recent valuation of the Company's ordinary shares at the time of the grant and may be subject to anti-dilution. Stock options under the plan aren't exercisable unless a change of control event. Every option equals one share. Our policy is to recognize compensation expense on a straight-line basis over the requisite period for the entire award. Forfeitures are recognized as they occur.

Due to the market condition criteria that exists for employees to exercise service and performance based options Share-based compensation expense is not recognized under the Plan until an event occurs that would trigger a Change in Control or Public Offering.

The fair value assumptions used to arrive at this fair value for Time Based options using Black-Scholes inputs are as follows:

	September 30, 2022
	Service-Based options
Weighted average expected dividends	—%
Weighted average expected volatility	48.00%
Weighted average risk free rate	1.00
Weighted average expected life (in years)	6.25

The per-option weighted average grant-date fair value of Service options granted during the year ended September 30, 2022 is $3.54.

To estimate the expected life for stock option term, the Company used the simplified method as the awards were granted at fair value and Solenis, a privately-held company, has limited exercise history. The risk-free rates for periods within the expected life of the awards are based on the U.S. Treasury yield curve in effect at the time of grant.

The board of directors does not anticipate paying cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero. Volatility is based upon peer groups as the Company is privately-held. As Solenis is not publicly traded, the market value of the stock is estimated based upon third-party valuations.

Based upon the vesting conditions of the Performance options the Company is required to value these awards in accordance with the Market Condition definition in ASC 718-10-20. The per-option weighted average grant-date fair value of performance options granted during the period ended September 30, 2022 is $2.06.

Stock option activity for Service and Performance Options from November 9, 2021 through September 30, 2022 is as follows (dollar amounts in thousands except for per option data):

	Service Options				Performance Options			
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of November 9, 2021	—	$ —	—	$ —	—	$ —	—	$ —
Granted	5,060,902	15.00	9.32	—	5,060,902	15.00	9.57	—
Exercised	—	—	—	—	—	—	—	—
Forfeited	(72,000)	—	—	—	(72,000)	—	—	—
Outstanding as of September 30, 2022	4,988,902	$ 15.00	9.11	$ —	4,988,902	$ 15.00	9.11	$ —
Exercisable as of September 30, 2022	—	$ —	—	$ —	—	$ —	—	$ —

For the Successor period ended September 30, 2022 there were no exercises and therefore, no cash received for the exercise of stock options.

Stock Appreciation Rights

Certain employees were granted Stock Appreciation Rights ("SARs"), representing stock awards to be settled in cash. The Company recognized these as liability-classified awards in accordance with ASC 718. Consistent with our equity based awards, the Company has SARs which vest in accordance with service ("Service SARs") and performance ("Performance SARs") conditions. SAR based compensation is included as a part of Selling, general, and administrative expenses.

Stock appreciation rights issued under the plan are remeasured to fair value at each reporting date using Black-Scholes inputs applicable at the reporting date for the service component and using a Monte Carlo simulation for the performance SARs based on their market condition vesting.

As of September 30, 2022, the fair value of SARs outstanding was $0. There were no outstanding SARs which were exercisable as of September 30, 2022,

Unrecognized Share-based Compensation Expense:

The below table represents a summary of unrecognized compensation cost related to non-vested share-based compensation arrangements as of September 30, 2022 (in thousands):

	Service-Based		Performance-Based	
	Options	*SARs*	*Options*	*SARs*
Unrecognized share-based compensation expense	$ 17,697	$ 157	$ 10,235	$ 157
Weighted average remaining vesting period (years)	4.86	4.86	1.55	1.55

Predecessor

Stock Incentive Plan

Effective July 8, 2014, the Company's board of directors adopted the Solenis Holdings Top II B.V. Stock Incentive Plan pursuant to which the Company's board of directors shall select officers and key employees and directors to participate in the plan and grant stock options and offer opportunities to purchase shares. The plan allows for the issuance of up to 6,500,000 Class B shares under the plan (for all share-based compensation and share purchases). All stock options granted have a term not greater than ten years. Stock options vest and become exercisable, in whole or in part, with vesting conditions set by the Company's Board of Directors.

The options are provided in two separate grants which have differing vesting conditions. Service Options vest in four equal annual installments, coinciding with the first anniversary date of the grant date and each successive anniversary thereafter. Performance Options vest upon the conclusion of each of the four fiscal years subsequent to the grant date based on the achievement of specified "EBITDA" (earnings before interest, taxes, depreciation and amortization; subject to management adjustments) targets during the fiscal year in which they vest. The extent of vesting is based on the Company's financial performance relative to EBITDA targets stipulated by the Board of Directors. The vesting of both Service and Performance Options are contingent upon continuous employment through the respective measurement dates.

On January 31, 2019, the Solenis Holdings Top II B.V. Stock Incentive Plan was superseded by the Solenis UK International Limited Stock Incentive Plan ("the Plan") as part of the closing of the Joint Venture. All outstanding Service Options to purchase shares in Solenis Holdings Top II B.V. were converted to options to purchase ordinary shares in the Company. Service Options which were vested were exchanged for fully vested options. Unvested Service Options were exchanged for Service Options with identical vesting periods to the canceled awards.

In connection with the JV, all holders of Class A and B shares were provided with a return of capital conveyed in cash to facilitate the required equity holdings amongst the JV participants (CD&R, BASF and management shareholders). In addition, and to uphold the anti-dilutive provision of the Plan, the intrinsic value of all Class B options was kept constant through a reduction of option exercise prices equal to the per-share value of the return of capital conveyed to all Class A and B equity holders. In circumstances where this was not possible due to limitations under Section 409(a) of the Internal Revenue Code, the Company compensated option holders in cash totaling $4.4 million. This cash is considered to be a return of capital and presented as a reduction to Additional paid-in capital on the Consolidated Balance Sheets.

The Company applied the guidance prescribed by ASC 718, *Compensation - Stock Compensation*, to determine the appropriate accounting treatment regarding the cancellation of the old awards and simultaneous grant of new awards. Based on the prescribed guidance, the Company determined that the two transactions, in combination, represent a modification of the original award. Subsequent accounting for modifications is predicated upon the fair value of the original award immediately before and the new award immediately after the modification. Management's analysis concluded that the fair value of the new award did not exceed the fair value of the old award on the modification date. Therefore, the Company will continue to ratably recognize the unrecognized stock-based compensation expense for the original awards based on the fair value of the awards as of the original grant date over the remaining vesting period.

In connection with the Acquisition all unvested Stock Options, Stock Appreciation Rights and Restricted Stock Units issued under the Predecessor Stock Plan immediately vested in accordance with the Change in Control provisions within the Solenis UK International Limited Stock Incentive Plan. All Stock Options and SARs were immediately canceled on November 9, 2021 in exchange for cash pursuant to each option holders's intrinsic value on the Acquisition. All unvested Restricted Stock Units were immediately canceled exchanged for cash. All payments were made net of applicable employee taxes and withholdings.

Solenis recognized $14.2 million of compensation expense in the Predecessor period ending November 8, 2021 related to Stock Options, RSUs and SARs. The Change in Control did not create a stock modification event, therefore, there was no incremental expense, other than the unrecognized compensation as of September 30, 2021, for stock options and the immediate vesting of the RSU's.

Stock Options

Stock incentive plan allows stock option grants for shares at a price based on the most recent valuation of the Company's ordinary shares at the time of the grant and may be subject to anti-dilution. Stock options under the plan become exercisable over four equal annual installments. Every option equals one share. Our policy is to recognize compensation expense on a straight-line basis over the requisite period for the entire award. Forfeitures are recognized as they occur.

Share-based compensation expense is recognized as a component of Selling, general, and administrative expense. The Company records compensation expense related to all stock awards based on the grant date fair value of the awards. Compensation expense for Service Options is recognized over the requisite service period, while expense for Performance Options is recognized over the performance period based on successful achievement of performance-based conditions or targets.

Stock option activity for Service and Performance Options from September 30, 2020 through November 8, 2021 is as follows (dollar amounts in thousands except for per option data):

	Service Options				Performance Options			
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of September 30, 2020	2,126,895	$ 7.21	5.00	$ 17,511	824,913	$ 19.83	8.34	$ —
Granted	146,590	17.06	9.23	2,074	425,228	19.66	8.87	—
Exercised	(292,799)	4.96	3.28	(7,686)	(27,390)	19.83	8.39	(312)
Forfeited	(15,285)	14.72	8.23	(252)	(39,187)	19.61	8.58	(663)
Canceled	—	—	—	—	—	—	—	—
Outstanding as of September 30, 2021	1,965,401	$ 8.21	4.45	$ 45,131	1,183,564	$ 19.74	8.56	$ 13,574
Granted	—	—	—	—	—	—	—	—
Exercised	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—
Canceled	—	—	—	—	—	—	—	—
Outstanding as of November 8, 2021	1,965,401	$ 8.21	4.45	$ 45,131	1,183,564	$ 19.74	8.56	$ 13,574
Exercisable as of November 8, 2021	1,633,495	$ 6.42	3.68	$ 43,057	$ 1,183,564	$ 19.74	8.56	$ 13,574

The per-option weighted average grant-date fair value of Service options granted during the three months ended September 30, 2021 $5.74.

There were no performance options granted during the three months ended September 30, 2021.

The fair value assumptions used to arrive at this fair value using Black-Scholes inputs are as follows:

	September 30, 2021	
	Service-Based options	Performance-Based options
Weighted average expected dividends	—%	—%
Weighted average expected volatility	33%	33%
Weighted average risk free rate	0.7%	0.6%
Weighted average expected life (in years)	6.3	4.8

To estimate the expected life for stock option term, the Company used the simplified method as the awards were granted at fair value and Solenis, a privately-held company, has limited exercise history. The risk-free rates for periods within the expected life of the awards are based on the U.S. Treasury yield curve in effect at the time of grant.

The board of directors does not anticipate paying cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero. Volatility is based upon peer groups as the Company is privately-held. As Solenis is not publicly traded, the market value of the stock is estimated based upon third-party valuations.

There were no stock options exercised in the period ending November 8, 2021 and therefore, there was no cash received.

Stock Appreciation Rights

Certain employees were granted Stock Appreciation Rights ("SARs"), representing stock awards to be settled in cash. The Company recognized these as liability-classified awards in accordance with ASC 718. Consistent with our equity based awards, the Company has SARs which vest in accordance with service ("Service SARs") and performance ("Performance SARs") conditions. SAR based compensation is included as a part of Selling, general, and administrative expenses.

Like the Service Options, Service SARs originally issued as part of the Plan which participated in the appreciation of the price of Class B Shares were converted to rights to participate in share price appreciation of the Company's Ordinary shares. Strike prices were revised in accordance with the Plan's anti-dilution provision.

No Performance SARs have been granted during period ending November 8, 2021.

Stock appreciation rights issued under the plan are remeasured to fair value at each reporting date using Black-Scholes inputs applicable at the reporting date. Differences in fair value between reporting dates are recognized in earnings as part of Selling, general, and administrative expense to the extent that awards have vested or are expected to vest.

Restricted Stock Units

In February 2020, certain members of the management team were granted a total of 1.1 million Restricted Stock Units ("2020 RSU") with a term of seven years and vesting contingent upon a combination of a liquidation event (Performance Obligation), the implied per-share equity value of the liquidation event at a pre-defined minimum threshold amount (Market Condition), and that a grantee continues to render service until the date of the liquidation event (Service Condition).

Vesting of the RSU's range between 70% - 100%, where 70% is at minimum pre-defined exit price per share and 100% is at maximum pre-defined exit price per share.

In the event of vesting, grantees shall receive cash proceeds within 75 days of the liquidity event. Although, at the discretion of the Board of Directors, the cash proceeds may be required for an equity contribution back to the Company. Grantees that leave the Company either voluntarily or involuntarily prior to vesting conditions are met will forfeit their respective grants.

Based upon the vesting conditions of the 2020 RSU awards Solenis was required to value these awards using a valuation method in accordance with the Market Condition definition in ASC 718-10-20. The grant date fair value of the 2020 RSU's was $8.82 per unit. Solenis recognized $9.1 million in stock compensation expense in connection with the vesting of these awards.

In March 2021, certain members of the management team were granted a total of 0.5 million RSU's (2021 RSU's) with a term of seven years and vesting contingent upon the Company achieving certain EBITDA targets. Based

upon the vesting conditions of the 2021 RSU awards Solenis was required to value these awards using the Black-Scholes simulation in accordance with the Performance Condition definition in ASC 718-10-20. The grant date fair value of the 2020 RSU's was $5.64 per unit. Solenis recognized $2.6 million in stock compensation expense in connection with the vesting of these awards.

In accordance with ASC 718, *Stock Compensation*, vesting of these awards is contingent upon performance obligations and market conditions which are outside of management's control and such conditions cannot be assumed or estimated based on lack of history and potential outcomes. As the likelihood of achievement of the Performance condition cannot be assessed as "probable", no compensation expense will be recognized until the performance condition is achieved.

Note 18 Restructuring and Severance Activities

The Company's strategic growth objectives either through acquisition or organic opportunities are partially driven by cost synergies which reduce the long-term costs required to serve Solenis' customers. These long-term cost synergies are often actioned through specific reductions in force. As a result of these programs, Solenis incurred severance charges of $3.4 million during the Successor period ended September 30, 2022 as well as less than $0.1 million, $5.5 million and $21.3 million during the Predecessor period ended November 8, 2021 and the Predecessor periods ended September 30, 2021 and September 30, 2020, respectively. Of the total severance charges incurred, the amounts reflected within Cost of sales in the Consolidated Statements of Operations were $0.6 million during the Successor period ended September 30, 2022 and less than $0.1 million in each of the other three Predecessor periods.

Severance reserves are included in Accrued expenses on the Consolidated Balance Sheets. The following table details the amount and activity of severance reserves related to these programs (in thousands):

	Severance Reserves
Predecessor:	
Balance as of September 30, 2020	$ 16,237
Severance charges	5,498
Utilization (cash paid or otherwise settled)	(18,758)
Currency translation	(59)
Balance as of September 30, 2021	$ 2,918
Severance charges	30
Utilization (cash paid or otherwise settled)	(51)
Currency translation	(4)
Balance as of November 8, 2021	$ 2,893
Successor:	
Severance charges	3,388
Utilization (cash paid or otherwise settled)	(5,048)
Currency translation	(212)
Balance as of September 30, 2022	$ 1,021

Severance activities during the Successor period ended September 30, 2022 and the Predecessor period ended November 8, 2021, were primarily related to related to cost rationalization projects in connection with the planned

synergy objections related to the Acquisition and Contribution, offset by adjustment to prior period accruals related to previous contemplated planned reductions in force.

Severance activities during the years ended September 30, 2021 and September 30, 2020 were primarily related to cost rationalization projects in response to COVID-19 and planned reductions in force in connection with the synergy objectives for the JV.

Note 19 Other operating expense (income), net

Other operating expense (income), net for the Successor period ended September 30, 2022 and the Predecessor periods ended November 8, 2021, September 30, 2021 and September 30, 2020 were as follows (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Realized foreign exchange losses (gains), net	$ 6,489	$ (482)	$ 17,434	$ 7,887
Bank fees and other financial costs	2,291	167	2,094	1,417
Loss on abandonment or sale of property, plant and equipment	705	(27)	729	648
Provisions for indirect tax contingencies	—	—	(470)	—
Other, net	200	(17)	60	432
Total other operating expense, net	$ 9,685	$ (359)	$ 19,847	$ 10,384

Other operating expense (income), net, is primarily driven by the settlement of third-party and intercompany monetary positions denominated in currencies other than the Company's respective jurisdictional specific functional currencies (i.e. EUR denominated payables held by a legal entity with a USD functional currency) in addition to bank fees incurred in normal course related to the Company's global bank accounts.

Note 20 Non-operating (income) expense, net

Non-operating (income) expense, net represents other expenses incurred or income earned which does not occur within the scope of the Company's principal operations. Such items which comprise Non-operating expense (income), net are summarized in the table below (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Loss on deconsolidation of subsidiary	$ —	$ —	$ 17,959	$ —
Loss on extinguishment of debt	—	59,545	—	—
Realized loss on FX hedge	—	5,207	13,679	—
Realized loss on settlement of interest rate swaps	—	11,055	—	—
Realized (gains) resulting from settlement of long-term intercompany relationships	—	(13,946)	—	—
Net periodic benefit costs, exclusive of service cost	904	101	1,597	2,203
Reversal of unrealized FX on net investment hedge	—	(11,507)	—	—
Recognition of foreign social security tax credits	(1,941)	—	(6,278)	—
Realized gain on extinguishment of debt	—	(17,313)	—	—
Royalty income	(452)	120	(933)	(1,224)
Equity income	(385)	(37)	(606)	(349)
Interest income	(3,440)	(92)	(2,695)	(1,019)
Unrealized foreign exchange (gain) losses, net	(249,252)	13,532	(29,044)	87,919
Gain on sale of joint venture	(1,152)	—	—	—
Other, net	(1,542)	(356)	(924)	(439)
Total non-operating (income) expenses, net	$ (257,260)	$ 46,309	$ (7,245)	$ 87,091

During the Successor period ended September 30, 2022, the Company recognized unrealized foreign exchange gains of $249.3 million which are primarily driven by the impact of fluctuations of foreign currency exchange rates specific to the Company's EUR denominated term loans, secured and unsecured notes.

During the Predecessor period ended November 8, 2021, the Company extinguished Solenis' legacy external debt and recognized a non-cash loss of $59.5 million equal to the remaining unamortized net book value of Solenis' legacy deferred financing costs and original issue discount. In addition, the extinguishment of Solenis' legacy external debt led to the settlement of previously unrealized foreign exchange gains on its EUR denominated First Lien Loans ($17.3 million), the settlement of previously unrealized losses on speculative EUR/USD forward

contracts ($5.2 million), the settlement of unrealized losses on interest rate swaps previously deferred to equity ($11.1 million), as well as the settlement of previously unrealized foreign exchange gains specific to legacy Solenis' net investment hedge which was deferred to equity during the Predecessor period year ended September 30, 2021 and through the Predecessor period ended November 8, 2021 ($11.5 million).

During the Predecessor period ended November 8, 2021, and the years ended September 30, 2021, and 2020, the Company recognized unrealized foreign exchange losses of $13.5 million, gains of $29.0 million, and losses of $87.9 million, respectively, which are primarily driven by the impact of fluctuations of foreign currency exchange rates specific to Solenis' legacy First Lien EUR Loans in addition to the reversal of unrealized losses specific to the settlement of legacy intercompany positions settled as a result of the Acquisition and Contribution. In addition, the Company recognized a loss of $18.0 million during the Predecessor period ended September 30, 2021 related to the determination to liquidate and deconsolidate it's subsidiary in Trinidad and Tobago.

Note 21 Related Parties

Successor

Relationship with Platinum

On November 9, 2021, Olympus, entered into a management and consulting agreement with Platinum pursuant to which Platinum provides, on a nonexclusive basis, management, consulting and advisory services to the Company. Under the agreement, the Company is required to pay an annual advisory fee in the amount of $15.0 million for services provided (the "Advisory Fee"). Under the terms of the agreement, the Company is also required to reimburse Platinum for its out-of-pocket expenses.

Advisory fees incurred during the Successor period ended September 30, 2022 were $13.8 million. These fees are included as a component of Selling, general and administrative expense for all reporting periods presented.

Transactions with Platinum or any of its affiliate companies are conducted on terms similar to those of third party transactions. For the Successor period ended September 30, 2022, purchases of goods and services from Platinum or its affiliates amounted to $0.3 million. Sales of goods and services to Platinum or its affiliates amounted to $2.5 million.

As of September 30, 2022, unsettled purchases of goods and services from Platinum or its affiliates amounted to less than $0.1 million. As of September 30, 2022, unsettled sales of goods and services to Platinum or its affiliates amounted to $0.3 million.

Exclusive of these agreements, the Company is not aware of any material transactions with Platinum or any of its affiliate companies which were not conducted on terms similar to those conducted with third-parties.

Predecessor

Since January 31, 2019, and as of November 8, 2021 and September 30, 2021, voting control in Solenis is held collectively by CD&R which owns 49.5% of all outstanding shares, and management which owns 1.5% of the outstanding shares. Management has legally assigned their voting rights to CD&R, allowing CD&R to 51% control of outstanding voting rights. As a result of the JV, BASF owns 49% of the outstanding shares of Solenis.

Relationship with CD&R

On July 31, 2014, International, through its subsidiary, Solenis Switzerland Holdings GmbH, entered into a management and consulting agreement with CD&R pursuant to which CD&R provides, on a nonexclusive basis, management, consulting and advisory services to Solenis Switzerland Holdings GmbH and certain of its divisions and subsidiaries. Under the agreement, the Company is required to pay an annual advisory fee in the amount of $3.5 million plus 1% of the transaction value of any acquisitions, dispositions, or financing transactions incurred during the year for services provided (the "Advisory Fee"). Under the terms of the agreement, the Company is also required to reimburse CD&R for its out-of-pocket expenses.

Advisory fees incurred were $0.3 million, $3.5 million and $3.6 million for the Predecessor period October 1 to November 8, 2021, Predecessor year ended September 30, 2021 and Predecessor year ended September 30, 2020, respectively. These fees are included as a component of Selling, general and administrative expense on the Consolidated Statements of Operations.

Transactions with CD&R or any of its affiliate companies are conducted on terms similar to those of third party transactions. For the period ended November 8, 2021 and six months ended March 31, 2021, there was no purchase of goods and services from CD&R or its affiliates or sales of goods and services to CD&R or its affiliates. The Company had no total payables due to or receivables due from affiliates of CD&R as of both November 8, 2021 and September 30, 2021.

As of both November 8, 2021 and September 30, 2021, a wholly-owned subsidiary of CD&R held $100.0 million of principal of the Company's Second Lien Credit Agreement. The terms of the Second Lien Credit Agreement are consistent with the unrelated lenders in the syndicate.

Exclusive of these agreements, Solenis is not aware of any material transactions with CD&R or any of its affiliate companies which were not conducted on terms similar to those conducted with third-parties.

Relationship with BASF

On January 31, 2019 as part of the JV, Solenis entered into a management and consulting arrangement with BASF pursuant to which BASF provides, on a nonexclusive basis, management, consulting and advisory services to Solenis and certain of its divisions and subsidiaries. Under the agreement, Solenis was required to pay an annual advisory fee in the amount of $3.5 million. Advisory fees incurred were $0.3 million, $3.5 million and $3.5 million for the Predecessor period October 1 to November 8, 2021, Predecessor year ended September 30, 2021 and Predecessor year ended September 30, 2020, respectively. These fees are included as a component of Selling, general and administrative expense on the Consolidated Statements of Operations.

As part of the closing of the Joint Venture, BASF and Solenis entered into various Supply agreements and Reverse supply agreements which provide finished goods and raw materials to each business to ensure continuity of operations. Accordingly, the JV provides that the price of the finished goods subject to Supply and Reverse Supply Agreements will be consistent with BASF's historical product costing. The difference between the estimated market price and cost is captured in the form of an asset and liability and amortized over the life of the agreement. Additional information regarding the Company's accounting policy for such arrangements can be found in Note 2 and balances within the Consolidated Balance Sheets as of September 30, 2022, and September 30, 2021 can be found in Note 8.

As part of the JV, Solenis prepaid for an option to purchase an existing BASF manufacturing facility located in Nanjing, China. This option was exercisable 36 months from the JV close date with nominal consideration due

upon exercise. Due to administrative delays, Solenis did not legally acquire the Nanjing Purchase Option at close. However, the Company conveyed $59.9 million through an interest-free loan between Solenis Holdings Top I B.V., a wholly-owned subsidiary of Solenis, and BASF NL. The promissory note held by the Company represented the estimated fair value of the Nanjing Purchase Option. The fair value of the option of $59.9 million was included as part of Acquisition-related deposits on the Consolidated Balance Sheet as of the Predecessor period ended September 30, 2021. As discussed within Note 4, Solenis and BASF agreed to convert the deposit value to a long-term supply agreement during the year ended September 30, 2021. As of September 30, 2021, the cash consideration paid to BASF specific to the long-term supply agreement is reflected as an Acquisition-related deposit on the Consolidated Balance Sheets and was reclassified to reflect the acquisition of a right-of-use asset, and an intangible asset on the agreement's October 1, 2021 effective date.

Exclusive of these agreements, Solenis is not aware of any material transactions with BASF or any of its affiliate companies which were not conducted on terms similar to those of third party transactions for the Predecessor periods from October 1, 2021 to November 8, 2021, or for the years ended September 30, 2021, or 2020.

The following tables present related party transactions with BASF as of and for the Predecessor period ended November 8, 2021 (in thousands):

	Supply Agreement Transactions	Non-Supply Agreement Transactions	Total
Expenses incurred to BASF	$ 21,247	$ 11,084	$ 32,331
Accounts payable to BASF	31,041	12,984	44,025

	Reverse Supply Agreement Transactions	Non-Reverse Supply Agreement Transactions	Total
Sales to BASF	$ 16,932	$ 1,811	$ 18,743
Accounts receivable from BASF	9,458	917	10,375

The following tables present related party transactions with BASF for the Predecessor Period ended September 30, 2021 (in thousands):

	Supply Agreement Transactions	Non-Supply Agreement Transactions	Total
Expenses incurred to BASF	$ 274,490	$ 175,950	$ 450,440

	Reverse Supply Agreement Transactions	Non-Reverse Supply Agreement Transactions	Total
Sales to BASF	$ 129,648	$ 6,180	$ 135,828

The following tables present related party transactions with BASF for the Predecessor Period ended September 30, 2020 (in thousands):

	Supply Agreement Transactions	Non-Supply Agreement Transactions	Total
Expenses incurred to BASF	$ 248,094	$ 156,212	$ 404,306

	Reverse Supply Agreement Transactions	Non-Reverse Supply Agreement Transactions	Total
Sales to BASF	$ 128,767	$ 11,750	$ 140,517

Note 22 Income Taxes

The Company under ASC 740 uses the asset and liability method of accounting for income taxes, under which deferred tax assets and liabilities are recognized for the future tax consequences of (i) temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and (ii) operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are based on enacted tax rates applicable to the future period when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the rate change is enacted. A valuation allowance is provided for deferred tax assets when it is more likely than not the deferred tax assets will not be realized.

Olympus Water Holdings IV, L.P. is an exempted limited partnership registered and domiciled in the Cayman Islands. The Company's subsidiaries are subject to taxation in the U.S., U.K. and various other foreign jurisdictions, which are aggregated in the "Foreign" information captioned below.

For the Successor period ended September 30, 2022, the Predecessor period ended November 8, 2021, Predecessor years ended September 30, 2021 and September 30, 2020 the Company recorded income tax expense of $66.4 million, benefit of $23.7 million, expense of $25.5 million and expense of $6.8 million respectively.

A summary of the provision for income taxes is as follows (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Current				
Federal	$ 479	$ 27	478	(739)
State	1,720	—	145	901
Foreign	54,603	6,566	30,422	19,899
Total current income tax	56,802	6,593	31,045	20,061
Deferred	9,618	(30,310)	(5,576)	(13,298)
Total income tax expense (benefit)	$ 66,420	$ (23,717)	$ 25,469	$ 6,763

The Company had a net deferred tax (liability) asset of $(333.1) million and $2.9 million for the Successor period ended September 30, 2022 and Predecessor year ended September 30, 2021 respectively. Deferred income taxes are provided for income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences that give rise to significant deferred tax assets and liabilities are as follows (in thousands):

	Successor	Predecessor
	As of September 30, 2022	As of September 30, 2021
Deferred tax assets		
Environmental, self-insurance and other reserves	$ 13,309	$ 6,054
Employee benefit obligations	14,289	19,542
Compensation accruals	10,602	12,387
Net operating loss carry forwards	172,450	123,901
Inventory	4,057	1,870
Interest rate hedge	—	3,092
Unrealized exchange loss	(34,755)	7,402
Transaction Costs	4,498	(192)
R&D credit carryforward	15,924	13,691
Interest expense limitation	71,496	8,166
Operating lease liability	29,746	21,884
Other items	4,011	15,442
Valuation allowances	(134,187)	(124,742)
Total deferred tax assets	171,440	108,497
Deferred tax liabilities		
Property, plant and equipment	(96,126)	(46,981)
Goodwill and other intangibles	(372,708)	(35,872)
Deferred financing fees	—	(50)
Right of use asset	(26,186)	(20,650)
Liability for unremitted earnings	(9,504)	(2,046)
Total deferred tax liabilities	(504,524)	(105,599)
Net deferred tax (liability) asset	$ (333,084)	$ 2,898

The U.S. and international components of income from operations before income taxes and a reconciliation of the statutory federal income tax with the provision for income taxes is as follows (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	Period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Income (loss) before income taxes				
United States	$ 4,052	$ (911,625)	$ (38,885)	$ (47,931)
International	106,670	789,857	91,905	(86,786)
	$ 110,722	$ (121,768)	$ 53,020	$ (134,717)
Income taxes computed at U.S. statutory rate (21%)	23,252	(25,571)	11,134	(28,291)
Increase (decrease) in amount computed resulting from:				
State taxes, net of federal benefit	(475)	(3,361)	(1,836)	(1,294)
Other Local Taxes	3,824	2,805	176	900
Foreign rate differential	1,243	2,797	(4,082)	(2,116)
Research and development credits	(2,000)	(233)	(2,379)	(4,271)
Provision for unremitted earnings	6,063	—	(2,738)	2,359
Interest limitation	732	78	918	529
Valuation allowance	22,776	3,701	1,812	19,990
Uncertain tax positions	4,684	1,745	97	1,807
Nondeductible goodwill impairment	—	—	—	3,990
Meals and entertainment	515	57	694	840
Nondeductible items	1,083	899	4,962	1,787
Withholding taxes	11,619	374	8,853	10,144
Indemnification asset adj	—	—	—	274
Intercompany transactions	1,523	303	1,384	1,271
Nondeductible loss on liquidation	—	—	3,704	—
Statutory tax reform	(13,853)	—	—	(1,266)
Stock compensation	—	(16,300)	—	—
Nondeductible transaction costs	5,367	8,993	2,366	—
Other Items	67	(4)	404	110
Income tax expense	$ 66,420	$ (23,717)	$ 25,469	$ 6,763

As of the Successor period ended September 30, 2022, Solenis has $740.1 million of net operating loss carryforwards in various tax jurisdictions, net of unrecognized tax benefits of $16.5 million. Of this amount, $325.8 million can be carried forward indefinitely and $430.8 million expires between 2022 and 2040. These losses were assessed for realizability and any amount that is not more likely than not to be realized was offset by a valuation allowance.

Unrecognized tax benefits

U.S. GAAP prescribes a recognition threshold and measurement attribute for the accounting and financial statements disclosure of tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step requires Solenis to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The second step

requires Solenis to recognize in the consolidated financial statements each tax position that meets the more likely than not criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. Solenis had $52.3 million and $42.7 million of unrecognized tax benefits as of September 30, 2022 and 2021, respectively.

A tabular reconciliation of unrecognized tax benefits is shown below (in thousands):

	Successor	Predecessor
	As of September 30,	As of September 30,
	2022	2021
Beginning of period balance	$ 43,285	$ 42,294
Prior year positions	—	—
Gross increases	8,914	1,937
Gross decreases	(2,656)	(2,019)
Current year positions		—
Gross increases	4,948	5,564
Gross decreases	—	—
Settlements with tax authorities	—	(1,663)
Reductions due to statute lapse	(2,200)	(3,414)
End of period balance	$ 52,291	$ 42,699

Solenis recognizes interest and penalties related to uncertain tax positions as a component of income tax expense in the Consolidated Statement of Operations. Solenis had $13.6 million and $5.3 million in interest and penalties accrued related to unrecognized tax benefits accrued as of September 30, 2022 and September 30, 2021, respectively.

The Company recognized deferred tax assets in the Predecessor period ending September 30, 2018 related to tax benefits attributable to intercompany mergers. During 2018, the Company discovered that statutorily related filing requirements had not been timely filed. While the Company intends to pursue the matter through available legal channels, the benefits do not meet the criteria for recognition resulting in an Unrecognized Tax Benefit and similarly has not recognized benefit for the 2018 transaction. As of the Successor period ended September 30, 2022, the Company has recorded incremental penalties and interest as a result of the previously Unrecognized Tax Benefits from the 2018 transaction.

Solenis or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Solenis' U.S. federal and state tax returns are currently not under audit in any taxing jurisdiction. With respect to countries outside of the United States, with certain exceptions, Solenis' foreign subsidiaries are subject to income tax audits for years after 2015.

The Company has not provided deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, as of the Successor period of September 30, 2022, were $32.5M. These earnings have been reinvested in active non-US business operations and the Company does not intend to repatriate these earnings to the parent entity to fund operations. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes have been provided for earnings of affiliates and associated companies where the Company plans to remit those earnings.

Switzerland Tax Reform

The Swiss government has enacted comprehensive tax legislation referred to as The Federal Act on Tax Reform and AHV Financing (TRAF), which included significant changes to the Swiss corporate income tax system. Most notable among the changes is the phase out of the mixed company regime and a corresponding increase in the cantonal tax rate. During the Successor period ended September 30, 2022, the Company received a Swiss tax ruling that granted a step up on hidden reserves that can be utilized to effectively offset the increased tax rate. The Company has recorded the corresponding impact of these items in the consolidated financial statements for the Successor period ended September 30, 2022.

COVID-19 Legislation

During the Predecessor year ended September 30, 2020, tax relief legislation was passed in a number of countries to combat the effects of the COVID-19 pandemic, including the United States' Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020. The Company evaluated the legislative provisions in the CARES Act and implemented a number of changes deemed applicable, including the temporary increase of the interest expense limitation from 30% to 50%, the temporary removal of the 80% limitation on net operating losses, and the temporary deferral of the Company's social security tax responsibilities. The Company has reflected the impact of these changes within its consolidated financial statements for the Predecessor year ended September 30, 2021. No impact has been recorded for the Predecessor period ended November 8, 2021 and Successor period ended September 30, 2022, as these provisions have expired.

Note 23 Hyperinflationary Economies

On May 16, 2018 and on March 16, 2022, the International Practices Task Force categorized Argentina and Turkey, respectively, as countries with highly-inflationary economies. Accounting Standards Codification 830, *Foreign Currency Matters*, requires entities domiciled in these jurisdictions to change their functional currency to the reporting currency of its parent entity on a prospective basis beginning in the quarter after this determination has been made.

The Company consolidates wholly-owned subsidiaries in Argentina and Turkey for which the functional currency of these entities has historically matched their respective local currencies. Solenis Argentina, S.A. ("Solenis Argentina") and Solenis Turkey Kimya Limited Sirketi ("Solenis Turkey") sell direct to end customers exclusively in their domestic markets. The Company does not have manufacturing facilities in either subsidiary and accordingly, the majority of its net assets are current to support local distribution activities. Revenues specific to Solenis Argentina and Solenis Turkey are presented below in the aggregate during periods in which local economies were deemed hyperinflationary (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Net sales	$ 18,362	$ 1,061	$ 13,464	$ 12,482

Transactions are predominately consummated in Argentinian Pesos and Turkish Lira and, accordingly, the Peso and Lira, respectively, are ordinarily the functional currencies of these entities. However, in accordance with ASC 830, the Company changed the functional currency of these entities to the United States Dollar effective July 1,

2018, and April 1, 2022, respectively. This change resulted in the recognition of remeasurement gains and losses due to fluctuations in foreign currency exchange rates.

Remeasurement losses are summarized as below (in thousands):

	Successor	Predecessor		
	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,	For the year ended September 30,
	2022	2021	2021	2020
Remeasurement loss	$ 2,325	$ —	$ 1,501	$ 3,247

The Company will continue to evaluate the inflationary environment in Argentina and Turkey for any changes to this status. Until such time in which it is determined that the economies are no longer highly inflationary, the functional currencies of Solenis Argentina and Solenis Turkey will remain the United States Dollar.

During the Successor period ended September 30, 2022, the Predecessor period ended November 8, 2021, and the years ended September 30, 2021 and 2020, the Company recognized losses of $2.3 million, $0, $1.5 million and $3.2 million, respectively in remeasurement losses as a result of the hyperinflationary economic environments in Argentina and Turkey in which the Company has consolidated subsidiaries.

Note 24 Deconsolidation of Subsidiaries

On January 4, 2021, the directors of Solenis Trinidad and Tobago Limited, a subsidiary of the Company ("Solenis Trinidad"), passed a special resolution to commence liquidation procedures via a voluntary members winding-up. To facilitate the liquidation, the directors appointed a third-party administrator on the same date and effectively relinquished control of Solenis Trinidad. As such and in accordance with ASC 810-10-40- *Consolidation (and Derecognition)*, management determined the loss of control requires the deconsolidation of the subsidiary and a write-off of the previously consolidated net assets. Upon deconsolidation, Solenis recorded a loss of $18 million in the Predecessor prior fiscal year ended September 30, 2021. In consideration of the liquidation efforts, Solenis recorded the residual fair value of its non-controlling interest of $2.5 million, equal to the value of cash on hand and other net working capital items controlled by the administrator which were previously reflected on the balance sheets of Solenis Trinidad in consolidation. The fair value of the non-controlling interest is reflected within Other current assets on the Consolidated Balance Sheets as of the Successor Period September 30, 2022, and the Predecessor Period September 30, 2021. Management anticipates the liquidation procedures will be completed by December 31, 2022.

Resulting from the liquidation, Management reviewed the criteria for the presentation of results within discontinued operations as reflected within ASC 205-20, *Discontinued Operations*, noting that Solenis Trinidad represents less than 1% of the Company's total assets and annualized revenues and accordingly, the liquidation does not represent a strategic shift required to present items within discontinued operations. Accordingly, the results of Solenis Trinidad are reflected in the Company's consolidated financial statements for all periods prior to January 4, 2021.

Note 25 Subsequent Events.

Subsequent events have been evaluated through January 6, 2023, which is the date the consolidated financial statements were available to be issued.