20250415000002

ÅRSREDOVISNING

2023-10-01-2024-09-30

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 2025

Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm ~~den~~ 31 mars 2025

Cornelis Floor Saarloos

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20250415000003

ÅRSREDOVISNING

Styrelsen och för OW Sweden Acquisition AB avger härmed årsredovisning för räkenskapsåret 2023-10-01-2024-09-30.

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 Solenis Holding Limited registrerat kontorsadress 280 Bishopsgate, London, Storbritannien.

Väsentliga händelser under räkenskapsåret

Räkenskapsåret 2023-10-01 - 2024-09-30 är bolagets tredje räkenskapsår.

Den 28 mars 2024 beslutades under extra styrelsemöte i Solenis Sweden Holdings att en utdelning om 7 miljoner kronor delas ut till dess ensam aktieägare OW Sweden Acquisition AB. Från och med den dagen är OW Sweden Acquisition AB eget kapital positivt.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2023/2024	2022/2023
Rörelseresultat	(5)	—
Resultat e. finansiella poster	(2,767)	(3,547)
Totala tillgångar	38,263	33,110
Soliditet (1)	6.0 %	(5.9)%

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

Väsentliga händelser efter räkenskapsårets utgång

Det har inte inträffat någon väsentlig händelse efter räkenskapsåret.

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	(5,235,000)
Årets resultat	(2,761,644)
	(7,996,644)

Styrelsen föreslår att

den ansamlade vinsten överförs i ny räkning.	(2,761,644)
	(2,761,644)

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20250415000004

RESULTATRÄKNING

(Tkr)

	Not	2024-09-30	2023-09-30
Rörelseresultat		**(5)**	**—**
Resultat från finansiella investeringar			
Räntekostnader och liknande kostnader	4	(2,762)	(3,547)
Resultat efter finansiella poster		**(2,767)**	**(3,547)**
Erhållet koncernbidrag		7,000	—
Vinst/förlust före skatt		**4,233**	**(3,547)**
ÅRETS RESULTAT		**4,233**	**(3,547)**

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20250415000005

BALANSRÄKNING

(Tkr)

	Not	2024-09-30	2023-09-30
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Fordringar hos koncernföretag		4,055	—
Andelar i koncernföretag	2	33,085	33,085
		37,140	**33,085**
Summa anläggningstillgångar		**37,140**	**33,085**
Kortfristiga fordringar			
Kundfordringar		25	25
Totala kortfristiga fordringar		25	25
Kassa och bank		1,098	—
Summa omsättningstillgångar		**1,123**	**25**
SUMMA TILLGÅNGAR		**38,263**	**33,110**

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20250415000006

BALANSRÄKNING

(Tkr)

	Not	2024-09-30	2023-09-30
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (25 001 aktier)		25	25
		25	**25**
Fritt eget kapital			
Reservfond - overkursfond		3,272	
Balanserad resultat		(5,235)	(1,688)
Årets resultat		4,233	(3,547)
		2,270	**(1,963)**
Summa eget kapital		**2,295**	**(1,938)**
Långfristiga skulder			
Långfristiga skulder	3	35,968	35,049
		35,968	**35,049**
Kortfristiga skulder			
Skulder till koncernföretag		—	—
Upplupna kostnader och förutbetalda intäkter		—	—
		—	—
SUMMA EGET KAPITAL OCH SKULDER		**38,263**	**33,111**

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RAPPORT ÖVER FÖRÄNDRING I EGET KAPITAL

(Tkr)

		Bundet eget kapital	*Fritt eget kapital*			
	Not	Aktie-kapital	Reservfond - överkursfond	Balanseradvinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 30 September 2023		**25**	**3,272**	**(1,688)**	**(3,547)**	**(1,938)**
Disposition av föregående årsresultat		—	—	(3,547)	3,547	—
Disposition av årets resultat		—	—	—	4,233	4,233
Aktieägartillskott		—		—	—	—
Ingående balans per 30 September 2024		**25**	**3,272**	**(5,235)**	**4,233**	**2,295**

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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 Solenis Holding Limited säte i 280 Bishopsgate, London, Storbritannien.
Bolaget är moderbolag till Solenis Sweden Holdings AB (556969-7039). Ingen koncernredovisning upprättas med stöd av undantagsreglerna i Årsredovisningslagen 7:2§. Koncernredovisning för 2024 and 2023 upprättas i moderbolaget till Solenis Holding Limited säte i 280 Bishopsgate, London, Storbritannien. 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 Fordringar hos koncernföretag

	2024	2023
Solenis Sweden Holdings AB	7,000	—
Solenis Netherlands BV	(2,945)	—
Summa	**4,055**	**—**

Not 3 Andelar koncernföretag

	2024	2023
Ingående anskaffningsvärde	33,085	33,085
Utgående ackumulerat anskaffningsvärde	**33,085**	**33,085**
Utgående restvärde enligt plan	**33,085**	**33,085**

Koncernen	Organisationsnummer	Säte	Kapitalandel (%)		
Solenis Sweden Holdings AB	556969-7039	Helsingborg	100		
Moderbolaget	**Kapitalandel %**	**Rösträttsandel**	**Antal aktier**	**Bokfört värde**	30-09-2024
Solenis Sweden Holdings AB	100	100	50 000	33 085	

Not 4 Långfristiga skulder

	2024	2023
Olympus Water UK Holding Limited		
Ursprungliga skulden	30,838	31,601
Ackumulerad ränta	5,130	3,448
Summa	**35,968**	**35,049**

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

Not 5 Räntekostnader och liknande kostnader

	2024	2023
Räntekostnader, koncernföretag	2,762	3,547
Summa	**2,762**	**3,547**

Stockholm den 31 mars, 2025.

Signed by:
975900A87784413...

Cornelis Floor Saarloos

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Solenis Holding Limited

Consolidated Financial Statements
As of September 30, 2024 and September 30, 2023,
for the Successor year ended September 30, 2024,
Successor year ended September 30, 2023,
Successor Period from November 9, 2021 to September 30, 2022, and
Predecessor Period from October 1, 2021 to November 8, 2021

20250415000012

Solenis Holding Limited

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20250415000013

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Report of Independent Auditors

To the Management of Solenis Holding Limited

Opinion

We have audited the accompanying consolidated financial statements of Solenis Holding Limited and its subsidiaries (Successor) (the "Company"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, of comprehensive loss, of shareholder's equity and of cash flows for the years ended September 30, 2024 and 2023, and 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, 2024 and 2023, and the results of its operations and its cash flows for the years ended September 30, 2024 and 2023, and for the period from November 9, 2021 to September 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We draw attention to the fact that these consolidated financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the Company's statutory financial statements.

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 consolidated 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 consolidated financial statements are available to be issued.

PricewaterhouseCoopers LLP, Two Commerce Square 2001 Market Street, Suite 1800 Philadelphia, PA 19103-7042
T: 267 330 3000, www.pwc.com/us

20250415000014

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
December 9, 2024

20250415000015

pwc

Report of Independent Auditors

To the Management of Solenis Holding Limited

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

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.

Opinion

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

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
January 6, 2023, except for the effects of the change in classification of certain operating expenses on the consolidated statement of operations discussed in Note 2 to the consolidated financial statements, as to which the date is December 9, 2024

PricewaterhouseCoopers LLP, Two Commerce Square 2001 Market Street, Suite 1800 Philadelphia, PA 19103-7042
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20250415000016

Solenis Holding Limited
Consolidated Statements of Operations
(in thousands)

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Net sales	$ 7,363,643	$ 5,068,613	$ 3,912,702	$ 320,397
Cost of sales	4,912,811	3,736,355	3,020,373	243,236
Gross profit	2,450,832	1,332,258	892,329	77,161
Selling expense	1,438,416	834,326	546,493	36,761
General and administrative expense	782,491	500,318	281,221	99,665
Other operating expense (income), net	13,784	5,865	9,685	(359)
Total operating expenses	2,234,691	1,340,509	837,399	136,067
Total operating income (loss)	216,141	(8,251)	54,930	(58,906)
Non-operating expense (income), net	66,256	86,737	(253,821)	46,401
Interest expense, net	633,906	387,627	198,029	16,461
(Loss) income before income taxes	(484,021)	(482,615)	110,722	(121,768)
Income tax expense (benefit)	163,208	(4,305)	66,420	(23,717)
Net (loss) income	$ (647,229)	$ (478,310)	$ 44,302	$ (98,051)

The accompanying notes are an integral part of these Consolidated Financial Statements

20250415000017

Solenis Holding Limited
Consolidated Statements of Comprehensive Loss
(in thousands)

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Net (loss) income	$ (647,229)	$ (478,310)	$ 44,302	$ (98,051)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments, net of tax of $(2,380), $(5,401), $13,394, and $-, respectively	182,419	(54,066)	(338,115)	(24,235)
Actuarial (loss) gain, net of tax of $7,897, $(2,552), $(8,839), and $-, respectively	(27,534)	8,872	20,871	—
Reclassification of other comprehensive income on interest rate swaps	—	—	—	9,220
Gain (loss) on interest rate caps, net of tax (expense) benefit of $2,623, $1,726, $-, and $-, respectively	(981)	(4,845)	—	—
Other comprehensive (loss) income, net of tax	153,904	(50,039)	(317,244)	(15,015)
Total comprehensive loss	**$ (493,325)**	**$ (528,349)**	**$ (272,942)**	**$ (113,066)**

The accompanying notes are an integral part of these Consolidated Financial Statements

20250415000018

Solenis Holding Limited
Consolidated Balance Sheets
(in thousands, except share data)

	Successor	
	September 30, 2024	September 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 514,930	$ 320,612
Accounts receivable, less allowance for credit losses of $45,856 and $4,253, respectively	1,499,176	1,190,635
Inventories, net	930,471	815,762
Prepaid expenses and other current assets	325,290	319,383
Total current assets	3,269,867	2,646,392
Property, plant and equipment, net	1,983,013	1,738,722
Intangible assets, net	3,742,913	3,947,715
Goodwill	4,673,139	4,478,090
Deferred income tax assets	277,799	305,318
Operating lease right of use assets	120,626	147,277
Other assets	180,003	154,415
Total assets	$ 14,247,360	$ 13,417,929
Liabilities and Shareholder's Equity		
Current liabilities:		
Current portion of long term debt and finance leases	$ 36,216	$ 31,498
Note payable to related party	—	417,386
Trade and other payables	1,051,567	861,124
Accrued expenses	1,060,670	841,412
Other current liabilities	111,397	44,038
Total current liabilities	2,259,850	2,195,458
Long term debt and finance leases	7,640,131	6,894,047
Employee benefit obligations	157,440	124,078
Deferred income tax liabilities	678,895	694,200
Reverse supply agreement liabilities, net	23,576	31,885
Long-term portion of operating lease liabilities	125,191	142,643
Other non current liabilities	174,564	171,853
Total liabilities	11,059,647	10,254,164
Commitments and contingencies (Note 15)		
Shareholder's equity:		
Common stock, $1 par value, 9 and 7 shares authorized, issued and outstanding, respectively	—	—
Additional paid-in capital	4,557,329	4,040,056
Accumulated deficit	(1,156,237)	(509,008)
Accumulated other comprehensive loss	(213,379)	(367,283)
Total shareholder's equity	3,187,713	3,163,765
Total liabilities and shareholder's equity	$ 14,247,360	$ 13,417,929

The accompanying notes are an integral part of these Consolidated Financial Statements

Solenis Holding Limited
Consolidated Statements of Shareholder's Equity (Successor)
(in thousands, except share data)

	Successor						
	Common Stock		Additional paid-in capital	Preferred equity	Accumulated deficit	Accumulated other comprehensive loss	Total shareholder's equity
	Shares	Amount					
Balance as of November 9, 2021	—	$ —	$ —	$ —	$ (75,000)	$ —	$ (75,000)
Net income	—	—	—	—	44,302	—	44,302
Other comprehensive (loss)	—	—	—	—	—	(317,244)	(317,244)
Cash equity repurchase	—	—	(7,793)	—	—	—	(7,793)
Initial capital contribution	7	—	1,988,000	—	—	—	1,988,000
Cash equity contribution	—	—	6,027	—	—	—	6,027
Non-cash equity contribution	—	—	500,000	—	—	—	500,000
Balance as of September 30, 2022	7	$ —	$ 2,486,234	$ —	$ (30,698)	$ (317,244)	$ 2,138,292
Net loss	—	—	—	—	(478,310)	—	(478,310)
Other comprehensive (loss)	—	—	—	—	—	(50,039)	(50,039)
Cash equity repurchase	—	—	(1,201)	—	—	—	(1,201)
Cash equity contribution	—	—	950,000	—	—	—	950,000
Non-cash equity contribution	—	—	617,489	—	—	—	617,489
Dividend to related party	—	—	(12,466)	—	—	—	(12,466)
Contribution of preferred equity	—	—	—	404,919	—	—	404,919
Repayment of preferred equity	—	—	—	(404,919)	—	—	(404,919)
Balance as of September 30, 2023	7	$ —	$ 4,040,056	$ —	$ (509,008)	$ (367,283)	$ 3,163,765
Net loss	—	—	—	—	(647,229)	—	(647,229)
Other comprehensive income	—	—	—	—	—	153,904	153,904
Cash equity contribution	—	—	106,084	—	—	—	106,084
Cash equity repurchase	—	—	(6,197)	—	—	—	(6,197)
Recapitalization of related party note	2	—	417,386	—	—	—	417,386
Balance as of September 30, 2024	9	$ —	$ 4,557,329	$ —	$ (1,156,237)	$ (213,379)	$ 3,187,713

The accompanying notes are an integral part of these Consolidated Financial Statements

Solenis Holding Limited
Consolidated Statements of Changes in Shareholders' (Deficit) (Predecessor)
(in thousands, except share data)

	Predecessor						
	Common Stock		Additional paid-in capital	Treasury Stock	Accumulated deficit	Accumulated other comprehensive loss	Total shareholder's deficit
	Shares	Amount					
Balance as of September 30, 2021	81,809,818	$ 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
Balance as of November 8, 2021	81,809,818	$ 81,810	$ 732,418	$ (35,673)	$ (732,984)	$ (246,264)	$ (200,693)

The accompanying notes are an integral part of these Consolidated Financial Statements

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Solenis Holding Limited
Consolidated Statements of Cash Flows
(in thousands)

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Operating activities				
Net (loss) income	$ (647,229)	$ (478,310)	$ 44,302	$ (98,051)
Adjustments to reconcile cash from operations:				
Depreciation and amortization	647,740	513,717	348,101	19,673
Amortization of deferred financing costs and original issue discount	40,791	24,548	19,068	1,069
Provision for bad debt expense	33,022	2,434	2,858	(2)
Deferred income taxes	13,599	(62,813)	9,618	(30,310)
Share-based compensation	8,603	7,792	—	14,043
Fair value step up of acquired inventory sold	—	45,414	54,143	—
Unrealized foreign exchange losses, net	71,762	92,343	(249,251)	2,021
Loss on extinguishment of debt	8,612	—	—	59,545
Other non cash items, net	562	11,515	857	9,156
Change in operating assets and liabilities:				
Accounts receivable, net of beneficial interest in sold receivables (Note 6)	(1,165,383)	(675,704)	(791,751)	(244,335)
Inventories	(106,639)	90,730	(219,895)	19,344
Trade payables and accrued expenses	350,333	(98,423)	(3,712)	24,441
Income taxes	54,412	(25,854)	6,469	3,434
Other assets and liabilities	(52,854)	(12,772)	27,745	(34,636)
Net cash used in operating activities	**(742,669)**	**(565,383)**	**(751,448)**	**(254,608)**
Investing activities				
Cash paid for property, plant and equipment	(462,041)	(173,990)	(104,623)	(4,972)
Proceeds from sale of property, plant, and equipment	15,629	—	—	—
Cash paid for the Diversey Transaction, net of cash acquired	(34,108)	(3,723,398)	—	—
Cash paid for other acquisitions, net of cash acquired	(85,861)	(42,743)	(335,796)	—
Cash paid for the Olympus Transaction, net of cash acquired	—	(2,828)	(4,871,439)	—
Incremental cash receipts for accounts receivable financing	854,346	838,946	679,931	131,060
Other investing activities, net	(1,666)	666	3,500	—
Net cash provided by (used in) investing activities	**286,299**	**(3,103,347)**	**(4,628,427)**	**126,088**
Financing activities				
Proceeds from debt financing	1,591,500	2,851,809	4,397,563	—
Repayments of acquired indebtedness	—	—	(451,000)	—
Term loan principal repayments	(996,763)	(14,100)	(9,825)	—
Cash paid for financing fees	(34,198)	(97,683)	(165,628)	—
Borrowings under asset based lending facility	520,000	255,000	200,000	—
Repayments under asset based lending facility	(520,000)	(255,000)	(200,000)	—

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Solenis Holding Limited
Consolidated Statements of Cash Flows
(continued; in thousands)

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Repayments of equipment financing	(1,264)	(7,069)	(5,868)	(520)
Proceeds from related party note	—	430,000	—	—
Related party note principal payment	—	(12,614)	—	—
Redemption of preferred equity	—	(404,919)	—	—
Dividend paid on preferred equity	—	(12,467)	—	—
Issuance of ordinary shares	—	—	6,027	—
Repayments of finance lease obligations	(8,113)	(9,340)	(7,901)	(672)
Equity contribution	106,084	950,000	1,988,000	—
Equity repurchase	(6,197)	(1,201)	(7,793)	—
Net cash provided by (used in) financing activities	**651,049**	**3,672,416**	**5,743,575**	**(1,192)**
Effect of currency rate changes on cash	(423)	(30,441)	(11,577)	572
Change in cash, cash equivalents and restricted cash	194,256	(26,755)	352,123	(129,140)
Cash, cash equivalents, and restricted cash at the beginning of the period	325,368	352,123	—	269,495
Cash, cash equivalents, and restricted cash at the end of the period	**$ 519,624**	**$ 325,368**	**$ 352,123**	**$ 140,355**
Supplemental Disclosures of Cash Flow Information:				
Cash paid for income taxes	$ 70,721	$ 50,963	$ 31,005	$ 3,482
Cash paid for interest	$ 554,871	$ 310,090	$ 148,498	$ 9,600
Supplemental Non-Cash Financing Activities:				
Recapitalization of related party note	$ 417,386	$ —	$ —	$ —
Non-cash capital contribution	$ —	$ 617,489	$ 500,000	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements

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Note 1 Business Background

Nature of Operations

Solenis Holding Limited ("The Company") is a leading supplier of specialty chemicals, sanitation solutions, chemical and equipment technologies, and related services. The Company serves a wide array of customers, which include the pulp and paper, mining, food and beverage, power generation, refining, chemical processing, general manufacturing, municipal, pools, healthcare, education, food service, retail & grocery, hospitality, and building service contractor markets. The Company's suite of products and services are designed to help customers improve operational efficiencies, enhance product quality, protect plant assets, increase safety, and minimize environmental impact.

The Company has 71 manufacturing facilities and a presence in over 100 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.

The Company's business principally consists of five commercial operating segments: Consumer, Industrial, Pools, Institutional, and Food and Beverage. A brief description for each of these operating segments is as follows:

- **Consumer Solutions:** Manufactures and sells a broad array of process chemistry for the pulp and paper industry. 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.
- **Industrial Solutions:** Offers specialized chemicals for the utility water treatment market including influent water, boiler water, cooling water and effluent water treatments.
- **Pools:** 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.
- **Institutional:** Represents legacy Diversey operations, and offers various cleaning products, sanitation equipment, and related services, to a wide array of customers, including those in the healthcare, education, food service, retail & grocery, hospitality, and building service contractor industries. These offerings are designed to increase cleanliness, safety, and environmental sustainability.
- **Food and Beverage:** Represents legacy Diversey operations, and offers chemical products, engineering and equipment solutions, training services, and water treatment solutions designed to enhance food safety, operational excellence, and sustainability. These products and services are mainly sold to the to the brewing, beverage, dairy, processed foods, pharma, protein and agriculture industries.

The Company's 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 the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings relating to environmental remediation or other matters.

General Description of the Business

The Company is a United Kingdom private limited company registered and domiciled under the laws of the United Kingdom. The Company, and certain other related holding companies, were formed on June 2, 2023, for the specific purpose of consummating the July 5, 2023 merger agreement between Diversey Holdings, Ltd.

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("Diversey") and Olympus Water Holdings IV, L.P. (the "Diversey Transaction"). The Company is organized, along with various other holding companies, under Olympus Water Holdings I, L.P., a Cayman exempted limited partnership whose partners are certain private investment funds sponsored and ultimately under majority control by Platinum Equity, LLC (together with its affiliated investment vehicles, "Platinum"). Via a series of holding companies, the Company holds 100% of all individual operating entities doing business as "Solenis".

On October 13, 2023 the Company's $417 million note payable to Olympus I was recapitalized in exchange for common shares in the Company.

On June 17, 2024 the Company received an additional $100 million equity investment from Platinum, which is aimed at funding additional expansion.

Successor Change in Reporting Entity

Prior to the formation of the Company in June 2023, during the Successor period, the Solenis business existed under Olympus Water Holdings IV L.P. ("Olympus IV"), and Consolidated financial results were historically reported at this level. The Company was formed in order to facilitate the terms of the Diversey Transaction, as well as to align the tax structure of the overall business for future exit opportunities. The financial results of the Solenis business prior to the formation of the Company are presented within these consolidated financial statements despite the change in the reporting entity. There were no material changes to the Consolidated Financial Statements for any periods presented.

Olympus Transaction Change in Reporting Entity

Prior to the Olympus Transaction, the Solenis business' parent company was under Solenis UK International Limited, and consolidated financial results were reported at this level during the Predecessor period. As a result of the Olympus Transaction and the contribution of Sigura, the Company changed it's reporting entity to Olympus IV, which, as part of the Olympus Transaction, was created as the new parent company of the combined legacy Solenis and legacy Sigura business. For additional details on the Olympus Transaction, see Note 4. As a result of this change in reporting entity, and the above described Successor change in reporting entity, there were no material changes to the Consolidated Financial Statements for any periods presented.

Basis of Presentation

The Company's Consolidated Financial Statements include all wholly owned subsidiaries of the Company, and are reflective of all normal and recurring adjustments that are, in the opinion of management, necessary for fair presentation.

The financial statements have been presented on a comparative basis. For periods prior to the Olympus Transaction, the Company is referred to as the Predecessor where as periods subsequent to the Olympus Transaction are referred to as the Successor. Due to the Olympus Transaction 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.

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Note 2 Significant Accounting Policies

Use of Estimates

The preparation of the Consolidated Financial Statements requires management to make estimates and judgements 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, fair value of derivative instruments, the allowance for credit losses on accounts receivable, valuation of acquired tangible and intangible assets, actuarial valuation of defined benefit plans, computation of income tax provision, and calculation of reserves. 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.

Geopolitical Conflict

Geopolitical events in Eastern Europe and the Middle East 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. There is no guarantee that the Company will be able to quickly and completely adapt its 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/or financial condition.

Russia

In Russia, the Company conducts operations 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, the Company 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. Total Net sales of the Company's entities in Russia represent 1.2%, 1.8%, 2.6%, and 2.0%, of the Company's consolidated Net sales during the Successor year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, respectively. Total assets held by the Company's entities in Russia as of September 30, 2024 and September 30, 2023 represented 1.6% and 1.4% of the Company's total assets, respectively. Total cash and cash equivalents held by the Company's entities in Russia as of September 30, 2024 and September 30, 2023 represented 14.9% and 15.2% of the Company's total cash and cash equivalents, respectively.

Israel

On July 5, 2023, in connection with the Diversey Transaction, the Company acquired one entity that operates in Israel. The entity's total assets, total cash and cash equivalents, and revenue represent less than one percent of the Company's consolidated amounts, respectively, for all periods presented.

Principles of Consolidation

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

All intercompany accounts and transactions have been eliminated in the preparation of the accompanying Consolidated Financial Statements.

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Successor

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 Olympus Transaction date) consists of acquisition and start-up costs related to the Olympus Transaction. On November 9, 2021, the Company effectively 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 the Company as of September 30, 2024 and September 30, 2023, related Consolidated Statements of Operations, Consolidated Statements of Comprehensive (Loss) Income, Consolidated Statements of Cash Flows, and Consolidated Statements of Shareholder's Equity (Successor) for the years ended September 30, 2024 and September 30, 2023, and the period from November 9, 2021 to September 30, 2022, are labeled as "Successor". The Successor financial statements for the period from November 9, 2021 to September 30, 2022 reflect acquisition accounting and other transaction related adjustments resulting from the Olympus Transaction, as well as results of the consolidated legacy Solenis and legacy Sigura operations effective as of November 9, 2021.

Predecessor

The accompanying Consolidated Statements of Operations, Consolidated Statements of Comprehensive (Loss) Income, Consolidated Statements of Shareholders' Equity (Predecessor) and Consolidated Statements of Cash Flows for the period from October, 1, 2021 to November 8, 2021, include transactions directly attributable to the closing of the Olympus Transaction 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 Olympus Transaction, 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. The functional currency for the Company's non-U.S. subsidiaries is the local currency. The assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate in effect as of the balance sheet date except for non-monetary assets and liabilities, which are measured at historical exchange rates and revenues and expenses are translated at the average exchange rates for each respective reporting period. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive loss in shareholder's equity.

Transactions denominated in currencies other than the functional currency are remeasured based on the exchange rates at the time of the transaction. Foreign currency gains and losses arising primarily from changes in exchange rates on foreign currency denominated intercompany loans and other intercompany transactions and balances between foreign locations are recorded in the Consolidated Statements of Operations.

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.

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Refer to Note 22 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 primarily represent cash deposits with financial institutions. The Company considers highly liquid short-term investments with original maturities of three months or less to be cash equivalents. Cash which has a legal restriction regarding its use or withdrawal is classified as Restricted cash within Other assets on the Consolidated Balance Sheets. Our restricted cash consists of bank deposits held as collateral.

The below table reconciles Cash and cash equivalents to Cash, cash equivalents, and restricted cash as of September 30, 2024 and September 30, 2023 (amounts in thousands):

	Successor	
	As of September 30, 2024	As of September 30, 2023
Cash and cash equivalents, as reported	$ 514,930	$ 320,612
Restricted cash, included in other assets	4,694	4,756
Cash, cash equivalents and restricted cash	$ 519,624	$ 325,368

Accounts Receivable and Allowance for Credit Losses

Receivables are recognized net of an allowance for credit losses. The allowance for credit losses reflects the Company's best estimate of losses inherent in the accounts receivable portfolio at the time of sale, 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 expense on the Consolidated Statements of Operations.

Inventories, net

Inventories are valued at the lower of cost or 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. Inventories acquired through business combinations are recorded at fair value as of the acquisition date.

Property, Plant and Equipment, net

Purchases of property, plant & equipment are recorded at cost. Property, plant & equipment acquired through business combinations is recorded at fair value as of the acquisition date. 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:

Plants, buildings and building improvements	5 to 35 years
Machinery and equipment	2 to 15 years
Software	2 to 5 years

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Repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the Consolidated Balance Sheets and the resulting gain or loss is reflected in the Consolidated Statements of Operations in the period realized.

When applicable, the Company will modify the estimated useful lives of its long-lived assets when quantitative or qualitative evidence suggests a revision is required. Where the Company determines that the estimated useful life of property, plant, and equipment, net should be shortened, the Company depreciates the asset over its revised remaining useful life, thereby increasing depreciation expense.

Revenue Recognition

For all periods presented, revenues are recognized in accordance with ASC 606, *Revenue from Contracts with Customers*. 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, certain depreciation and amortization charges, costs of inbound and outbound freight, purchasing and receiving, inspection, warehousing, internal transfers, and all other distribution network costs. General and administrative expense includes service and support costs, customer support costs, certain depreciation and amortization charges, and other administrative costs.

Selling Expenses

Selling costs are expensed as incurred, and represent costs incurred by the Company which directly or indirectly contribute to the sale of goods. These costs consist of salary, incentive, and other compensation related to sales employees, marketing and advertising expenses, research and development costs, amortization of customer relationship and trademark/trade name intangible assets, depreciation of fixed assets, and bad debt expense.

Advertising

Advertising costs are expensed as incurred and are reported as a component of Selling expense. Advertising expenses were $29.3 million for the Successor year ended September 30, 2024, $17.7 million for the Successor year ended September 30, 2023, $17.3 million for the Successor period from November 9, 2021 to September 30, 2022, and $0.1 million for the Predecessor period from October 1, 2021 to November 8, 2021.

Research and Development

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

R&D costs, which are recognized within Selling expense, were $115.2 million for the Successor year ended September 30, 2024, $72.8 million for the Successor year ended September 30, 2023, $54.2 million for the Successor period from November 9, 2021 to September 30, 2022, and $4.3 million for the Predecessor period from October 1, 2021 to November 8, 2021.

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Retroactive Insurance Policy Premiums

The Company is party to a set of insurance policies which provide coverage for the Company in the event of unfavorable tax rulings in certain foreign jurisdictions. The insurance coverage is related to the tax circumstances of subsidiaries acquired in the Diversey Transaction. In total, the Company paid a one time premium of $34 million during the Successor year ended September 30, 2024, which the Company expensed within general and administrative expense, in accordance with ASC 720, *Other Expenses*.

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 liabilities in the Consolidated Balance Sheets.

Value Added Taxes ("VAT")

The Company 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 liability positions within prepaid expenses and other current assets and accrued expenses, respectively, on the Consolidated Balance Sheets. Within the Consolidated Statements 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 Company identifies and attributes fair values and estimated lives to the intangible assets acquired and allocates the total cost of an acquisition to the underlying net assets based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and involves the use of significant estimates, including projections of future cash inflows and outflows, discount rates and asset lives. These determinations will affect the amount of amortization expense recognized in future periods.

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The Company bases its fair value estimates on assumptions it believes are reasonable but recognizes that the assumptions are inherently uncertain.

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.

If the initial accounting for the business combination has not been completed by the end of the reporting period in which the business combination occurs, provisional amounts are reported to present information about facts and circumstances that existed as of the acquisition date. Once the measurement period ends, which in no case extends beyond one year from the acquisition date, revisions to the accounting for the business combination are recorded in earnings.

All acquisition-related costs, other than the costs to issue debt or equity securities, are accounted for as expenses in the period in which they are incurred.

Goodwill and Intangible Assets, Net

Purchased intangible assets not acquired as part of a business combination are recorded as of their acquisition date at cost, whereas intangible assets acquired as part of a business combination are recorded as of their acquisition date at their fair values based on the fair value requirements defined in U.S. GAAP.

The Company allocates the cost of an acquired entity to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the acquisition consideration transferred over the fair value of the net assets acquired, including other intangible assets, is recorded as goodwill.

In accordance with ASC 350, *Intangibles - Goodwill and Other*, impairment tests are performed for goodwill and indefinite life 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 more likely than not that the fair value of a reporting unit (or asset, specific to any in-process research and development assets) is greater than 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.

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The Company did not record any impairment charges related to goodwill during any of the Successor and Predecessor periods presented.

The Company 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. For additional information on the Company's in process research and development assets, refer to Note 8.

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
Land use rights	25 to 82 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. Such indicators include, among other factors, operating losses, unused capacity, market value declines, and technological obsolescence. 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. There were no impairment charges for property, plant and equipment and definite-lived intangibles during the Successor or Predecessor periods.

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. When a single amount cannot be reasonably estimated but the cost can

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be estimated within a range, the Company accrues the minimum amount. Legal costs such as outside counsel fees and expenses are charged to expense in the period incurred.

Accruals for environmental remediation are recognized when it is probable 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.

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

Share-based compensation expense related to stock-option awards and other arrangements is recognized based on the fair value of the awards granted and the underlying common stock, respectively. Awards are classified as equity if such awards are settled in shares and classified as liabilities if they are settled in cash. For awards with service conditions only, the related share-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards. For awards with performance condition or performance-based milestone, the Company evaluates the probability of achieving performance condition or performance-based milestone at each reporting date. The Company begins to recognize share-based compensation expense using an accelerated attribution method when it is deemed probable that the performance condition or performance-based milestone will be met. Forfeitures are accounted for as they occur.

The fair value of awards is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of the Company's common stock, risk-free interest rates, and the expected dividend yield of common stocks. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

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.

All share based compensation expense is recorded within general and administrative expense on the Consolidated Statements of Operations.

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

Fair Value Measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. 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

Derivatives and Hedging

The Company is exposed to the effects of changes in market interest rates and foreign currency exchange rates. As a result, from time to time, the Company will utilize derivative instruments to hedge these risks. At the inception of a derivative contract, the Company designates the derivative based on the Company's intentions and expectations as to the likely effectiveness as a hedge. The Company utilizes cash flow hedges to hedge interest rate risk, and net investment hedges to mitigate earnings volatility associated with fluctuations in foreign currency exchange rates.

For instruments accounted for as cash flow hedges, the change in the fair value of the derivative contract is recorded in other comprehensive loss and reclassified into the Consolidated Statements of Operations in the same line item in which the hedged item is recorded and in the same period as the hedged item affects earnings.

For net investment hedges, the Company designates a hedging instrument to offset its foreign exchange exposure arising from foreign currency net asset positions. The entire change in the fair value of the hedging instrument is initially recorded in other comprehensive loss as currency translation adjustment. Any amounts deferred in accumulated other comprehensive loss will remain until the hedging instrument is sold or substantially liquidated. During the Successor period, the Company designated it's Euro denominated external borrowings as the hedging instrument. During the Predecessor period, the Company utilized an intercompany Euro denominated note between two downstream consolidated subsidiaries to act as a hedging instrument. The use of an intercompany note is permissible under ASC 815, *Derivatives*.

In the Successor periods, the company utilized interest rate caps designated as cash flow hedges to hedge a portion of its exposure to fluctuating interest rates on its long term debt. In the Predecessor period, the Company utilized interest rate swap agreements, designated as cash flow hedges, to hedge a portion of its exposure to fluctuating interest rates on its long term 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

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from Operations.

Sale of Accounts Receivable

The Company accounts for sales of accounts 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.

Assets Held for Sale

The Company classifies an asset as held for sale when all the following conditions are present:

- Management, having the authority to approve the action, commits to a plan to sell the assets
- The assets are available for immediate sale, in their present condition, subject only to terms that are usual and customary for sales of such assets
- An active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated
- The sale of the assets is probable and is expected to be completed within one year
- The assets are being actively marketed for a price that is reasonable in relation to their current fair value
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Upon meeting all of these conditions, the Company will classify an asset as held for sale, upon which the asset is recorded at the lower of carrying value or estimated fair value less any costs to cell, on the Consolidated Balance Sheets within other assets. The resulting change in fair value is recorded as a gain or loss on Consolidated Statements of Operations within general and administrative expense.

Rebate Accruals

The Company accrues for rebates payable to both distributors and end customers based on a variety of factors including but not limited to volume thresholds and cost reimbursements for fulfillment providers. The Company records rebate accruals within accrued expenses on the Consolidated Balance Sheets. For additional information over rebates, see Note 3.

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Concentration of Credit Risk

Credit risk represents the loss that would be recognized if counterparties to our financial instrument contracts failed to perform. The Company believes the likelihood of incurring material losses due to concentration of credit risk is minimal. The principal financial instruments subject to credit risk are as follows:

- **Cash and Cash Equivalents:** The Company maintains a significant portion of its cash deposits with a variety of major banks, which from time to time may exceed insured limits. The possibility of loss related to financial condition of major banks has been deemed minimal due to the disaggregation of cash balances between financial institutions.
- **Accounts Receivable:** We sell to customers over a global slate of diverse geographic regions and in various product markets. In addition, we have a robust set of credit policies that limit individual customers from aggregating significant accounts receivable balances. The diverse nature of our sales and credit limits reduce our risk of loss to that of our recorded allowance for credit losses.
- **Interest Rate Hedges:** When entering into interest rate derivative contracts with third parties, we are inherently exposed to the risk of counterparty default. We monitor this risk via internal review of our counterparties, and deem the risk of loss from counterparty default to be remote.

Reclassifications

Rebate Accruals

During the Successor year ended September 30, 2024, the Company adjusted its classification of accrued rebates within the balance sheet by including all rebates within a single line item, Accrued expenses. This resulted in amounts of $85.4 million included in Accounts receivable within the September 30, 2023 consolidated balance sheet to be reclassified to Accrued expenses. Under this presentation the Company's reporting will be more consistent with its peer group and provide increased transparency.

Operating expenses

During the year ended September 30, 2024, the Company adjusted its classification of certain operating expenses on the Consolidated Statements of Operations. The new classification structure consists of three line items: "Selling expense", "General and administrative expense" ("G&A") and "Other operating expense (income), net". To form the new G&A line, the previous "Selling, general, and administrative" line was changed to exclude selling costs, and to include some or all of the following previously disaggregated lines:

- Acquisition and transaction-related expenses
- Restructuring and severance expenses
- Impairment of intangible assets

The makeup of the new "Selling expense" line is described previously within this Note.

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As a result of this change in presentation, the Company reclassified the following prior period amounts from their respective previously reported captions into the new Selling expense line (in thousands):

	Successor		Predecessor
	Year ended September 30, 2023	Period from November 9, 2021 to September 30, 2022	Period from October 1, 2021 to November 8, 2021
Research and development expense	$ 65,997	$ 47,837	$ 3,665
Selling, general, and administrative expense	612,538	383,802	28,016
Amortization of intangibles	155,791	114,854	5,080
Total selling expense	$ 834,326	$ 546,493	$ 36,761

Interest Income

During the year ended September 30, 2024, the Company adjusted its classification of interest income by including all interest income within the "Interest expense, net" line item on the Consolidated Statements of Operations. This results in reclassifications of $12.4 million, $3.4 million, and $0.1 million from Non-operating expense (income), net to Interest expense, net, for the Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 3, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, respectively. Under this new presentation, the Company's reporting will be more transparent and simplified.

Sold Receivables

During the year ended September 30, 2024, the Company adjusted the presentation of its previously reported "Sold receivables" balance sheet line item, which is now classified within "Prepaid expenses and other current assets". As a result, as of September 30, 2023, the company reclassified $89.9 million to "Prepaid expenses and current other assets". Under this new presentation, the Company's reporting will be more simplified to ensure the more prominent display of relevant balance sheet information.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The guidance required immediate recognition of estimated credit losses that are expected to occur over the remaining life of many financial assets. This new guidance was effective for private companies for fiscal years beginning after December 15, 2022, but early adoption was permitted. The Company adopted the standard effective October 1, 2023, which did not have a material impact on the Consolidated Financial Statements for all relevant periods.

In October 2021, the FASB issued ASU 2021-07, *Compensation - Stock Compensation - Determining the Current Price of an Underlying Share for Equity-classified Share-Based Awards.* The guidance allowed 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 was 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. The Company determined there was no impact on the Consolidated Financial Statements for all periods presented.

In September 2022, the FASB issued ASU 2022-04, *Disclosure of Supplier Finance Program Obligations*. The purpose of this ASU was to provide transparency around supplier related financing given the lack of current

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explicit disclosure requirements. The amendments were effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on roll forward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted the standard effective October 1, 2023, and there was no impact to the financial statements. However the Company entered into a supply chain finance arrangement in January 2024, and implemented the enhanced disclosures required by this ASU in the Successor year ended September 30, 2024. The adoption of the standard had, and will have, no other impact on the Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*. The amendments improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments are effective prospectively for fiscal years beginning after December 15, 2025 for private business entities, also permitting early adoption. The Company is currently evaluating the impact of adopting this standard.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*. The purpose of this ASU is to enhance disclosures around the makeup of expense captions on the income statement, which will better allow investors to analyze an entity's cost structure and assess the prospects of future cash flows. The amendments are effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this standard.

In December 2021, the Organization for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework under its "Pillar Two" initiative. Various jurisdictions in which we have operations have announced that they plan to issue legislation consistent with the OECD model rules, which in certain instances may apply to the Company. Based on our most recent tax filings, country-by-country reporting, and financial information available, we believe that most of the jurisdictions in which we operate will meet the requirements for transitional safe harbor relief. The Company is in process of determining the effect Pillar II will have on the financial statements. Pillar II is effective for the Company's financial reporting as of October 1, 2024.

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Note 3 Revenue Recognition

The Company provides specialty chemical and sanitation solutions, designed to help improve operational efficiencies, enhance product quality, increase safety, protect existing assets, and mitigate environmental impact. The Company has a broad product portfolio across its five segments with a large customer and end-market footprint. In addition to its product portfolio, the Company also provides support, application training, and consulting services via its service engineers and application experts and provides access to chemical feed equipment as needed. Many of our products are sold through distributors, who then sell the product to end users.

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, the Company 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.

The Company's multi-element arrangements typically include the right to use chemical feed equipment which is procured from external vendors and provided to customers alongside chemical solutions manufactured by the Company. Most equipment provided to customers is considered "free on loan" and is accounted for as an operating lease through which economic returns are earned through chemical sales. In limited circumstances, the company also charges direct prices for higher value equipment including for its dish machines through long-term financing arrangements. Leases for dish machines are specifically evaluated to determine appropriate classification as either sale-type or operating leases.

Dissimilar to its chemical business through which equipment is a component of a broader customer solution, the Company also sells mechanical cleaning machines through its "Taski" brand which are internally manufactured and sold as stand-alone solutions to end customers, typically on normal trade terms.

In certain instances, the Company enters into contracts which contain variable components. Variable consideration included in these contracts includes, but is not limited to, rebates, prebates, discounts, and returns. The amount of variable consideration is estimated at contract inception by using the most likely amount method pending on the nature of the variable consideration. Such variable consideration is re-evaluated each reporting period, and accruals are booked based on the re-evaluated estimates and variable consideration recognized to date.

Charges for rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the associated revenue is recorded. In estimating rebate accruals, the Company considers customer-specific contractual commitments including stated rebate rates and history of actual rebates paid. Rebate accruals are reviewed at each reporting period and adjusted to reflect data available at that time. Accruals are adjusted to reflect any differences between estimated and actual amounts. These adjustments impact the amount of net sales recognized by us in the corresponding period of adjustment. Charges for rebates and other allowances were 16.7%, 8.9%, 3.2%, and 2.0% of gross sales for the Successor years ended September 30, 2024 and 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, respectively.

The Company's 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 September 30, 2024

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and September 30, 2023 the Company has recorded current and non-current contract liabilities of $1.2 million and $1.0 million, respectively.

Net sales disaggregated by region are presented below (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
North America	$ 2,738,242	$ 2,151,720	$ 1,718,315	$ 123,533
Latin America	763,575	538,733	378,643	32,381
Americas	3,501,817	2,690,453	2,096,958	155,914
Europe, Middle East, & Africa	3,054,502	1,856,294	1,375,716	119,784
Asia Pacific	807,324	521,866	440,028	44,699
Eurasia	3,861,826	2,378,160	1,815,744	164,483
Total consolidated net sales	$ 7,363,643	$ 5,068,613	$ 3,912,702	$ 320,397

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Note 4 Business Combinations and Long-Lived Asset Acquisitions

Fiscal Year 2024

Acquisition of Predictive Food Safety

On July 15, 2024, the Company acquired Predictive Food Safety Solutions, LLC ("PFS") for $18.4 million in total consideration. Located in Lawrenceville, Georgia, PFS is a manufacturer and distributor of high-grade antimicrobial, wastewater, sanitation, industrial lubricant and feed additive chemicals for the poultry industry. As of September 30, 2024, the measurement period with respect to the purchase accounting for PFS remains open for the valuation of certain assets and other tax related items.

Acquisition of Lilleborg

On June 12, 2024, the Company acquired 100% of the outstanding shares of Lilleborg AS ("Lilleborg") for total cash consideration of approximately $44.8 million, net of cash acquired. Headquartered in Oslo, Norway, Lilleborg supplies professional cleaning solutions and is one of the leading companies in the Norwegian commercial market. As of September 30, 2024, the measurement period with respect to the purchase accounting for Lilleborg remains open for the valuation of certain assets and other tax related items.

Acquisition of Aqua ChemPacs

On June 10, 2024, the Company acquired 100% of the outstanding shares of Aqua ChemPacs, LLC ("ACP") for total consideration of $15.1 million. Consideration includes $12.5 million of cash paid, net of cash acquired and $2.5 million of promissory notes due to the former owners. Headquartered in Huntingdon Valley, Pennsylvania, Aqua ChemPacs is a leading manufacturer of pre-portioned, concentrated liquid chemical packs utilizing low-carbon-footprint packaging. As of September 30, 2024, the measurement period with respect to the purchase accounting for ACP remains open for the valuation of certain assets and other tax related items.

Purchase of Intellectual Property

On October 18, 2023, the Company licensed the exclusive use of certain patents and other associated intellectual property for total cash consideration of $3.0 million. The licensed patents relate to infection prevention technology, providing alternatives to the Company's existing product suite to meet a wider array of customer needs. The agreement also allows the Company to use the copyrights and trademarks developed in conjunction with the patents. The $3.0 million purchase price was capitalized on the Consolidated Balance Sheets within Intangible assets, net, and will be ratably amortized over the weighted average term of the agreement of 17 years.

Acquisition of CedarChem

On October 2, 2023, Solenis LLC (a consolidated subsidiary of the Company) acquired 100% of the outstanding shares of CedarChem, LLC ("CedarChem"), in exchange for approximately $7.3 million in total consideration. CedarChem is based in Georgia, USA and offers a full suite of water and wastewater treatment products for industrial and municipal markets, primarily in the southeastern United States. As of December 31, 2023, the measurement period with respect to the purchase accounting for CedarChem has closed.

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Fiscal Year 2023

Merger Agreement with Diversey Holdings, Ltd

On July 5, 2023, the Company executed an Agreement and Plan of Merger with Diversey Holdings Ltd. ("Diversey"). Diversey is a leading global supplier and manufacturer of sustainable, high-performance hygiene, infection prevention and cleaning solutions. The Diversey Transaction makes the new combined company more diversified in its global reach, as well as in its product mix, allowing the new combined company to leverage cross-selling opportunities with existing and potential customers.

The total fair value of consideration transferred to acquire Diversey was $4.76 billion, of which $3.72 billion was conveyed in cash to a combination of former public and private shareholders while $1.02 billion was conveyed via the effective issuance of common (issued in Olympus I and subsequently contributed to the Company) and preferred equity in the Company to BCPE Diamond Investor LP, a Delaware Limited Partnership controlled by Bain Capital Private Equity L.P. (the private controlling shareholder of Diversey prior to the Merger). Additionally, $13.3 million was withheld from the initial cash conveyance, to be paid at a later date, and is recorded on the Consolidated Balance Sheets within Accrued expenses. As a result, Diversey, a previously publicly traded company in the United States (DSEY), delisted from the NASDAQ stock exchange and is now a privately owned subsidiary of the Company.

The purchase price for the Diversey Transaction was funded by (i) an equity contribution of $950 million into the Holding Companies, (ii) gross proceeds from borrowings under Term Loan facilities of $500 million, and (iii) gross proceeds from borrowings under the Secured Notes of $2.4 billion. The Notes and Term Loan facilities are fully described in Note 12.

In connection with the Diversey Transaction, the Company incurred and paid buy-side transaction expenses of $85 million on July 5, 2023. These expenses are reflected in general and administrative expense on the Consolidated Statements of Operations. In addition to deal-related transaction costs which were expensed as incurred, the Company also incurred debt financing costs of $98 million and $25 million of original issue discount which were capitalized at closing and will be amortized using the effective interest method basis over the term of the related debt instruments.

The Company has accounted for the Diversey Transaction as a business combination and has allocated the purchase considerations based on management's estimates of fair value. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of which is deductible for tax purposes. Residual goodwill 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.

Acquired intangible assets consist of tradenames, product trademarks, patented technology, know-how, customer relationships, in process research and development (IPR&D). The fair values of these assets were estimated using an income approach, with the excess earnings method used for customer relationships, and with the relief from royalty method for tradenames, product trademarks, patented technology, know-how, and IPR&D. 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.

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The following table summarizes the preliminary fair values of the net assets acquired as of the July 5, 2023 acquisition date (in thousands). The value of Cash and cash equivalents acquired in the table below was adjusted to reflect the cash settlement of a $90 million derivative instrument by Diversey from cash on hand as part of transaction closing.

Purchase Price Allocation - Diversey	
Cash and cash equivalents	$ 20,876
Accounts receivable	678,100
Inventory	324,856
Other current assets	61,184
Fixed assets	632,804
Goodwill	2,483,350
Intangible assets	1,799,997
Other long term assets	180,979
Total assets	6,182,146
Accounts payable	518,574
Accrued expenses	389,229
Other current liabilities	29,381
Retained indebtedness	35,722
Deferred income tax liabilities	150,099
Pension obligations	74,326
Other non-current liabilities	184,026
Total liabilities	1,381,357
Net assets acquired	4,800,789
Less: cash, cash equivalents and restricted cash acquired	20,876
Less: purchase price conveyed via equity	1,022,408
Total net cash consideration	$ 3,757,505

During the three months ended December 31, 2023 the Company transferred consideration to dissenting legacy Diversey shareholders in the amount of $32.7 million. As part of the initial purchase accounting, the Company accrued $13.3 million in purchase price payable as of September 30, 2023, which was based on the Company's best estimate of incremental settlement of purchase price at the time. As a result, the Company adjusted the initial goodwill by $19.4 million. Additionally, during the three months ended March 31, 2024, the Company paid $1.4 million to a separate class of dissenting shareholders. As of March 31, 2024, there were no remaining dissenting shareholder claims relating to the Diversey Transaction.

In addition to the dissenting shareholder payments, the company recorded various measurement period adjustments related to the Diversey Transaction to reflect facts and circumstances that should have been known as of the opening balance sheet date. These adjustments generally relate to the fair value of acquired assets and liabilities, the sale of certain fixed assets, balance sheet classification, and the income tax effect of each adjustment. All Diversey Transaction measurement period adjustments are summarized in the table below:

Measurement Period Adjustments - Diversey	
Accounts receivable	$ (4,488)
Inventory	(780)
Fixed assets	(16,538)
Goodwill	44,618
Other long term assets	—
Total assets	22,812
Accounts payable	(715)
Accrued Expenses	(14,536)
Other current liabilities	12,878
Deferred income tax liabilities	(2,209)
Other non current liabilities	27,394
Total liabilities	$ 22,812

As of September 30, 2024, the measurement period with respect to the Diversey Transaction has closed.

Acquisition of the paper process chemicals assets of Kolb Distribution, Ltd.

On February 28, 2023, Solenis Switzerland GmbH (a consolidated subsidiary of the Company), acquired the paper process chemicals assets of Kolb Distribution, Ltd. ("Kolb"), a manufacturer and distributor of paper process chemicals, surfactants and chemical intermediates serving the European market. In addition to the assets acquired, the Company entered into a long-term supply agreement with Kolb to ensure continuity of supply as the manufacturing facilities supplying finished goods to the acquired customers were retained by Kolb. As of September 30, 2023, the measurement period with respect to the transaction has been closed.

Acquisition of Grand Invest Group

On February 6, 2023, Solenis Colombia S.A.S. (a consolidated subsidiary of the Company), acquired 100% of the outstanding shares of GI Industria Peru S.A.C., Grupo Andino de Inversiones S.A.C., and Andino Servicios y Montajes Industriales S.A.C., (collectively the "Grand Invest Group"), a Peruvian chemicals distributor and service provider serving a variety of industries in Peru and the broader Latin American market. In addition to the consideration transferred at closing, the former owners are entitled to incremental compensation based on the post-closing financial performance of Grand Invest during a two-year earnout period commencing on February 6, 2023. As of September 30, 2023, the measurement period with respect to the purchase accounting for Grand Invest has closed.

Successor Period from November 9, 2021 to September 30, 2022

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. As part of the terms of the transaction, the sellers received contingent consideration based on specific manufacturing volume targets during the calendar year ending December 31, 2023. Within the measurement period, the Company revised its provisional estimate of customer relationships after better understanding the historical and prospective customer attrition of the Company. In totality, this change in estimate resulted in reductions to acquired customer relationship intangibles, reductions

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to the purchase price via increases in the contingent consideration receivable, and increases in the value of personal property at the acquired production facility. The impact to the Consolidated Statements of Operations as a result of these changes is immaterial to all relevant periods. As of September 30, 2023, the measurement period with respect to the purchase accounting for Clearon has been closed.

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. As part of the transaction terms, 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. As of September 30, 2022, the measurement period with respect to the purchase accounting for Neu Kimya has been closed.

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, subject to closing adjustments for working capital and net indebtedness. In accordance with ASC 805, *Business Combinations,* and ASC 350, *Intangibles - Goodwill and Other,* 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.

Predecessor Period From October 1, 2021 to November 8, 2021

Acquisition of Solenis and Contribution of Sigura

On November 9, 2021 Platinum completed the purchase of the 100% of the equity interest of the Solenis business (the "Olympus Transaction") 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. Immediately following the Olympus Transaction, Innovative Water Global Corporation (under control of Platinum; doing business as "Sigura"), became a consolidating subsidiary of Olympus IV. The Olympus Transaction was completed as a private sale of the Solenis business from it's previous owners (Clayton, Dubilier & Rice, LLC; "CD&R") to Platinum, which aligned with the exit strategy for CD&R. The Olympus Transaction further represented a new strategic investment for Platinum, by which it could combine the Sigura business it already owned with Solenis to form a new combined business that would benefit from operational synergies and other cross selling opportunities.

The purchase price for the Olympus Transaction 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 Notes and Unsecured Notes of $2.10 billion. Olympus Water US Holding Corporation is the legal borrower under the Secured Notes, Unsecured Notes and related Term Loan facilities. The Notes and Term Loan facilities are fully described in Note 13. In connection with the contribution of Sigura, the affiliates of Platinum which had owned 100% of the Sigura business obtained a minority equity position in the combined business.

Prior to Olympus Transaction, the Solenis business was owned by CD&R, BASF SE ("BASF"), and management. The business existed under the "Predecessor" entity Solenis UK International Limited (the "Legacy Topco"), which was formed for the specific purpose of consummating a Joint Venture (the "Joint Venture", "JV", or "JVFA") between BASF and the Solenis business, which was 97% owned by CD&R and 3% owned by Management of the Solenis business immediately prior to the JV.

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The Olympus Transaction and the Sigura contribution were both separately determined to represent an accounting change of control and are accounted for as business combinations under ASC 805, *Business Combinations,* using the acquisition method of accounting. 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.

Accordingly, the conclusion of the Olympus Transaction and Sigura 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 Consolidated Financial Statements as presented under the "Successor" periods.

The following table summarizes the fair values of the net assets acquired as of the November 9, 2021 Olympus Transaction date ($ 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 Olympus Transaction		194,209
Less: Non-cash consideration via contribution		500,000
Total net cash consideration	$	4,871,439

The determination of Goodwill was recognized for the Olympus Transaction as the excess of the purchase price over the net assets recognized and represents the future economic benefits arising from other assets acquired, incremental cash flows arising from synergies, and Platinum's projection of future earnings growth under its strategic plan for Solenis. For purposes of creating a standalone entity, these amounts representing goodwill 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-

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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 Olympus Transaction, the Company incurred expenses of $47.9 million during the Successor period ended September 30, 2022. These expenses are reflected in general and administrative 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 Olympus Transaction, the Company 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, the Company 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 Olympus Transaction has been closed.

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Note 5 Accounts Receivable and Allowance for Credit Losses

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

	September 30, 2024	September 30, 2023
Gross Accounts receivable	$ 1,545,032	$ 1,194,888
Less: allowance for credit losses	(45,856)	(4,253)
Total	$ 1,499,176	$ 1,190,635

Generally, the Company sells products to select, pre-approved customers whose businesses may be affected by changes in economic and market conditions. The Company estimates expected credit losses on accounts receivable when they occur, even if the chance of loss is remote. These losses are based on economic characteristics of the customer, which include (but are not limited to) the following:

- Credit check results
- Ineligibility for credit insurance
- Historical analysis of payments and write offs
- Current and future economic conditions in certain geographical locations
- Payment terms

In addition, the Company reserves for overdue balances regardless of customer characteristics, gradually increasing reserves as the balance becomes more overdue.

The following table reconciles the change in allowance for credit losses (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Beginning allowance for credit losses	$ 4,253	$ 3,752	$ —	$ 9,391
Bad debt expense	33,022	2,434	2,858	(2)
Other	9,299	—	—	—
Recoveries (write offs)	36	(2,331)	(59)	31
Currency translation	(754)	398	953	(20)
Ending allowance for credit losses	$ 45,856	$ 4,253	$ 3,752	$ 9,400

In general, fluctuations in the allowance for credit losses occur due to changes in the aforementioned customer characteristics, changes in the customer makeup of our trade receivables portfolio, total increases or decreases in accounts receivable, and the aging profile of our trade receivables.

The Company recorded bad debt expense of $33.0 million within selling expenses during the Successor year ended September 30, 2024. This is mainly due to the integration of the Diversey business. As part of this integration, the Company experienced billing discrepancies which caused delays in collections. As a result, the Company believes there is a heightened risk of non-payment for a certain portion of these customers.

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Note 6 Working Capital Financing Arrangements

Sale of Accounts Receivable

On June 30, 2024, the Company executed an extension of the existing Receivables Purchase Agreement ("RPA"), which amended the expiration date of the RPA to October 31, 2024. The RPA was originally executed on March 26, 2018 and has been amended various times since in order to extend the expiry date as needed, and in March 2023 to include receivables generated in Poland under the facility.

Through the RPA, the Company sells eligible short-term trade receivables on the initial transfer date in exchange for consideration inclusive of cash conveyed to the Company (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 the Company 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 the Company post-transfer.

Through maturity, ING purchases new receivables from the Company 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 the Company 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 for the Successor year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, were $0.5 million, $0.2 million, $0.7 million, and less than $0.1 million, respectively.

The following table summarizes the outstanding principal of receivables sold and the DPP classified within prepaid expenses and other current assets (in thousands):

	Successor	
	September 30, 2024	**September 30, 2023**
Outstanding Principal Amount of receivables sold	$ 185,706	$ 189,602
Carrying amount of related DPP receivable classified within prepaid expenses and other current assets	$ 88,168	$ 89,884

Initial cash received from the RPA 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 RPA 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

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activity to acquire a financial instrument or beneficial interest, and as such is included as an investing activity in the Consolidated Statements of Cash Flows.

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

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Sales of accounts receivables	$ 900,254	$ 881,207	$ 759,308	$ 145,647
Return of capital on DPP	854,346	838,946	679,931	131,060

Supply Chain Finance

In January 2024, the Company entered into a supply chain financing arrangement which covers purchases from certain vendors in North America. The maximum capacity of which is $250 million in the aggregate, and on a per vendor basis between $0.1 million and $0.3 million, depending on the characteristics of the vendor. The arrangement is primarily organized through a third party technology partner, who acts as an intermediary between the Company and the organizing financial institution. The overall goal of the arrangement is to provide vendors with flexibility in collecting cash related to their sales to the Company, while allowing the Company to stabilize its cash flow through consistent payment terms.

When the Company makes a purchase from a participating vendor, data on the associated payables is provided to the technology platform, to which vendors are given access. Vendors can choose certain tranches of payables for which they elect to accept early payment at a discount. Upon electing the early payment option, vendors are paid the discounted amount directly by the financial institution. The financial institution eventually collects the undiscounted face value of the payable from the Company, in line with the respective vendor's normal payment terms. If the vendor does not elect to receive early payment, the Company will remit payment directly to the vendor under that vendor's existing trade terms.

Payment terms for vendors participating in the program do not extend further than 120 days and remain identical to existing terms. Given the short term nature of the arrangement and the lack of change in payment terms, the Company does not consider obligations under this arrangement to constitute debt or a debt-like item.

As of September 30, 2024, the Company had less than $1 million outstanding under the program, which is recorded on the Consolidated Balance Sheets within Trade and other payables.

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Note 7 Inventories, net

Inventories consisted of the following (in thousands):

	September 30, 2024	September 30, 2023
Finished products	$ 529,980	$ 487,858
Raw materials, supplies and work in process	400,491	327,904
Total	$ 930,471	$ 815,762

Inventory reserves were $40.4 million and $5.3 million as of September 30, 2024 and September 30, 2023, respectively.

The increase in reserve is due to a full year of Diversey operations that are included in 2024 results as compared to approximately three months in 2023. Inventory acquired in the Diversey transaction was initially recorded at fair value, with no associated reserve. However, during the course of 2024, the Company sold effectively all of the inventory acquired from the Diversey Transaction, and recorded new inventories purchased in 2024 at cost, less a reserve for slow moving and/or obsolete goods.

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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
Balance as of September 30, 2022	$ 2,116,945	$ —	$ 2,116,945
Impact of Diversey Transaction	2,417,888	—	2,417,888
Impact of other acquisitions	11,381	—	11,381
Measurement period adjustments for prior year acquisition	(18,119)	—	(18,119)
Foreign currency translation	(50,005)	—	(50,005)
Balance as of September 30, 2023	$ 4,478,090	$ —	$ 4,478,090
Impact of other acquisitions	24,728	—	24,728
Diversey dissenting shareholder payments	20,844	—	20,844
Diversey Transaction measurement period adjustments	44,618	—	44,618
Foreign Currency translation	104,859	—	104,859
Balance as of September 30, 2024	$ 4,673,139	$ —	$ 4,673,139

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):

		Successor					
		September 30, 2024			September 30, 2023		
	Weighted average amortization period (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	14.7	$ 2,456,251	$ (378,411)	$ 2,077,840	$ 2,364,941	$ (212,659)	$ 2,152,282
Supply Agreements	6.8	369,740	(222,269)	147,471	360,485	(152,352)	208,133
Trademark and trade names	14.3	974,138	(125,594)	848,544	939,269	(54,229)	885,040
Proprietary process know how	11.6	136,590	(32,658)	103,932	135,638	(20,087)	115,551
Intellectual property	12.0	671,798	(130,654)	541,144	606,881	(73,004)	533,877
In process R&D	—	10,258	—	10,258	39,106	—	39,106
Land use rights	49.0	14,888	(1,164)	13,724	14,464	(738)	13,726
Total intangible assets		$ 4,633,663	$ (890,750)	$ 3,742,913	$ 4,460,784	$ (513,069)	$ 3,947,715

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The following table summarizes amortization expense (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Amortization classified with cost of sales	$ 135,689	$ 143,076	$ 91,103	$ 5,329
Amortization classified within selling expenses	231,414	155,791	114,854	5,080
Total amortization expense	$ 367,103	$ 298,867	$ 205,957	$ 10,409

During the Successor year ended September 30, 2023, the Company recognized an impairment charge of $9.0 million, recorded within general and administrative expense, specific to the book value of certain capitalized IPR&D projects which were subsequently abandoned during the period. During the Successor year ended September 30, 2024, $30.5 million of IPR&D projects were placed into service. As of September 30, 2024, $10.3 million of IPR&D projects remain in process.

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

2025	$ 380,013
2026	325,290
2027	334,413
2028	328,415
2029	328,415
Thereafter	2,036,109
Total future amortization	$ 3,732,655

Reverse Supply Agreements

Reverse supply agreements ("RSAs") 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 RSA liabilities on the Consolidated Balance Sheets (in thousands):

	Successor					
	September 30, 2024			September 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Reverse Supply Agreements	$ 53,045	$ (29,469)	$ 23,576	$ 50,220	$ (18,334)	$ 31,886

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The following table summarizes the amortization of RSAs that are included as part of net sales on the Consolidated Statements of Operations (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2023	2021
Revenue from Reverse Supply Agreements	$ 9,823	$ 9,672	$ 8,699	$ 486

The estimated net sales to be recognized related to the amortization of RSA liabilities for each of the succeeding five fiscal years and thereafter is (in thousands):

2025	$ 10,104
2026	10,104
2027	3,368
2028	—
2029	—
Thereafter	—
Total future amortization	$ 23,576

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Note 9 Property, Plant and Equipment, net

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

	Successor	
	September 30, 2024	September 30, 2023
Machinery and equipment	$ 1,557,133	$ 1,347,147
Land and land improvements	119,993	128,074
Plants, buildings and building improvements	332,794	323,317
Construction in progress	421,084	232,629
Software	156,063	59,684
Total	2,587,067	2,090,851
Less: Accumulated depreciation	(604,054)	(352,129)
Property, plant and equipment, net	$ 1,983,013	$ 1,738,722

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

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Depreciation classified within cost of sales	$ 233,415	$ 189,265	$ 128,006	$ 7,328
Depreciation classified within selling expense	16,228	12,456	9,782	704
Depreciation classified within general and administrative expense	40,817	22,801	13,055	2,464
Total depreciation expense	$ 290,460	$ 224,522	$ 150,843	$ 10,496

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

	Successor	
	September 30, 2024	September 30, 2023
Historical cost	$ 131,121	$ 99,565
Less: Accumulated depreciation	(35,623)	(24,042)
Net book value	$ 95,498	$ 75,523

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Accelerated Depreciation

Related to plant restructuring activities discussed in Note 18, the Company recorded an accelerated depreciation charge of $7.6 million during the three months ended September 30, 2024, all of which was classified in cost of sales.

During the Successor years ended September 30, 2024 and 2023, the Company revised the useful lives of certain production assets based on significant changes in operating conditions which reduced market demand and future needs for production volume. In response, the Company decreased the useful lives of the respective in-scope production assets which resulted in the recognition of accelerated depreciation expense within Cost of sales of $8.0 million and $9.2 million for the Successor year ended September 30, 2024 and 2023, respectively. No accelerated depreciation was recorded in any other periods presented.

Assets Held for Sale

As of September 30, 2023, certain held for sale plant assets acquired from Diversey were excluded from Property, Plant, and equipment, net and recorded within other assets. The total amount of these assets was $11.5 million, all which were sold during the Successor year ended September 30, 2024 for $11.4 million, resulting in a loss of $0.1 million recognized in other operating expense (income), net.

As discussed in Note 18, during the three months ended September 30, 2024 the Company committed to plans to exit various manufacturing sites, and intends to sell certain assets associated with those sites. As a result, the Company classified the long lived assets associated with the affected manufacturing sites as held for sale. Held for sale assets as of September 30, 2024 were $14.4 million, recorded within other assets.

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Note 10 Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	Successor	
	September 30, 2024	September 30, 2023
Customer rebate accruals	$ 370,960	$ 252,612
Compensation related accruals	287,357	227,563
Interest accruals	141,319	98,276
Accrued litigation reserves	31,045	5,550
Current portion of operating lease liabilities	24,068	33,409
Severance and restructuring reserves	19,763	33,984
VAT liabilities	11,373	48,349
Purchase price payable	—	13,264
Other	174,785	128,405
Total accrued expenses	$ 1,060,670	$ 841,412

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Note 11 Leases

Lessee Operating and Finance Leases

The Company leases office and lab spaces, warehouses, fleet vehicles, IT equipment and certain equipment for use in plant locations. The Company's 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.

For new leases, at contract inception, the Company reviews the facts and circumstances of an arrangement to determine if the contract is a lease under ASC 842, *Leases*. Primarily, the Company 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. 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.

Under ASC 842, *Leases*, most leases within the Company's portfolio are classified as operating leases. These leases primarily include agreements for offices, labs and internally managed warehouses. The current portion of the Company's 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 both 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. The embedded lease ROU assets resulted from the extension of various supply agreements between the Company and its legacy Predecessor period JV partner, BASF, at or around the closing of the Olympus Transaction.

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 twelve months.

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Dissimilar to operating lease ROU assets, finance lease ROU assets are included within Property, plant and equipment, net, on the Consolidated Balance Sheets.

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

		Successor	
Assets	**Classification**	**September 30, 2024**	**September 30, 2023**
Operating lease ROU assets	Operating lease right of use assets	$ 120,626	$ 147,277
Finance lease ROU assets	Property, plant and equipment, net	95,498	75,523
Total lease ROU assets		$ 216,124	$ 222,800

		Successor	
Liabilities	**Classification**	**September 30, 2024**	**September 30, 2023**
Current			
Operating lease liabilities	Accrued expenses	$ 24,068	$ 33,409
Finance lease liabilities	Current portion of long-term debt and finance leases	17,982	10,549
Total current lease liabilities		$ 42,050	$ 43,958
Noncurrent			
Operating lease liabilities	Long-term portion of operating lease liabilities	$ 125,191	$ 142,643
Finance lease liabilities	Long-term debt and finance leases	44,000	21,685
Total noncurrent lease liabilities		169,191	164,328
Total lease liabilities		$ 211,241	$ 208,286

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

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Operating lease expense	$ 63,176	$ 32,070	$ 22,315	$ 1,047
Finance lease expense				
Amortization of ROU assets	21,180	16,910	13,386	698
Interest on lease liabilities	2,321	827	567	64
Total Finance lease expense	23,501	17,737	13,953	762
Variable and short-term lease expenses	26,295	13,671	10,425	975
Total lease expenses	$ 112,972	$ 63,478	$ 46,693	$ 2,784

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

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows via operating leases	40,432	33,605	23,425	1,148
Operating cash outflows via finance leases	2,321	827	567	64
Financing cash outflows via finance leases	8,113	9,340	7,901	672
ROU assets obtained in exchange for lease obligations:				
Operating leases	11,552	9,293	882	—
Finance leases	24,348	5,085	14,399	—

Lease term and discount rate information is summarized below as of September 30, 2024 and September 30, 2023:

	Successor	
	September 30, 2024	September 30, 2023
Weighted-average remaining lease term (years)		
Operating leases	22.8	21.2
Finance leases	3.0	3.6
Weighted-average discount rate		
Operating leases	7.3 %	7.1 %
Finance leases	8.7 %	5.4 %

Minimum lease payments due as of the Successor Period September 30, 2024 (in thousands):

	Operating leases	Finance leases
2025	$ 29,698	$ 26,733
2026	20,994	21,203
2027	16,035	14,725
2028	13,377	6,552
2029	12,868	1,854
Thereafter	174,245	—
Total undiscounted payments	267,217	71,067
Less: Total forecasted interest expense	(117,958)	(9,085)
Present value of lease liabilities	$ 149,259	$ 61,982

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Note 12 Debt and Finance Lease Obligations

As of September 30, 2024 and September 30, 2023, the Company's outstanding external debt and finance lease obligations consisted of the following (in thousands):

	September 30, 2024		September 30, 2023	
	Amount	Interest Rate	Amount	Interest Rate
ABL Facility	$ —	— %	$ —	— %
Revolving Credit Facility	—	— %	—	— %
USD Term Loan (due June 2031)	1,680,812	8.82 %	1,090,575	8.94 %
EUR Term Loan (due June 2031)	557,600	7.45 %	527,899	7.02 %
Incremental USD Term Loan	—	— %	295,500	9.50 %
Diamond USD Term Loan	—	— %	500,000	10.27 %
October 2021 USD Secured Notes (due October 2028)	815,000	4.25 %	815,000	4.25 %
October 2021 EUR Secured Notes (due October 2028)	557,600	3.88 %	527,899	3.88 %
August 2022 USD Secured Notes (due September 2027)	325,000	7.13 %	325,000	7.13 %
June 2023 USD Secured Notes (due November 2028)	1,700,000	9.75 %	1,700,000	9.75 %
June 2023 EUR Secured Notes (due November 2028)	702,576	9.63 %	665,153	9.63 %
June 2024 USD Secured Notes (due June 2031)	800,000	7.25 %	—	— %
October 2021 USD Unsecured Notes (due September 2029)	400,000	6.25 %	400,000	6.25 %
October 2021 EUR Unsecured Notes (due September 2029)	295,528	5.38 %	279,787	5.38 %
Unamortized deferred financing costs and original issue discount	(243,008)		(256,002)	
Sale leaseback obligations and equipment financing	20,757	5.72 %	22,500	5.98 %
Finance lease obligations	61,982		32,234	
Promissory note	2,500	5.01 %	—	— %
Total debt and finance lease obligations	$ 7,676,347		$ 6,925,545	
Less: current portion of term debt	(16,850)		(19,100)	
Less: current portion of sale leaseback obligations	(551)		(1,849)	
Less: current portion of finance lease obligations	(17,982)		(10,549)	
Less: current portion of promissory note	(833)		—	
Long-term debt and finance lease obligations	$ 7,640,131		$ 6,894,047	

Revolving Credit Facilities

As of September 30, 2024 the Company's aggregate borrowing availability under the ABL and RCF (both described below) was $877.8 million, with no balance outstanding. As of September 30, 2024 and September 30, 2023, the Company had outstanding letters of credit of $22.2 million and $24.8 million, respectively.

Asset Based Lending Facility ("ABL")

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 $700 million, subject to borrowing base capacity. Letters of credit will be limited to the lesser of (a) $85 million or (b) the aggregate unused amount of commitments under the ABL then in effect, subject to borrowing base capacity.

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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 $700 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. 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.

On July 5, 2023, in connection with the Diversey Transaction, the Company amended the ABL Revolving Credit Facility such that the maximum aggregate amount of credit availability increased from $500 million to $700 million.

Revolving Credit Facility ("RCF")

On June 21, 2024 and in connection with the June 2024 Refinancing, the Company amended its existing Term Loan agreement to include a $200 million RCF, which is available through June 2029. Borrowings are limited to the total capacity of $200 million, less any outstanding letters of credit. The RCF bears interest at a rate elected by the Company, which consists of an applicable margin, plus a floating rate of either SOFR (subject to a floor of 0.50%) or a base rate (subject to a floor of 1.00%).

Term Loans

Obligations under the Term Loans due June 2031 are 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 Loans have 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.

Interest rates on all term loans are variable. The USD Term Loan carries an interest rate of 3.50% plus SOFR, subject to a floor of 0.50%. The EUR Term Loan carries an interest rate of 3.75%, plus the current EURIBOR rate subject to a floor of 0%.

To maintain compliance with the Term Loan Agreement, the company is required to achieve certain maximum leverage ratios each quarter on a year-to-date and trailing 12 month rolling basis. The company is in compliance with these covenants as of September 30, 2024.

January 2024 Term Loan Repricing

On January 23, 2024, the Company refinanced the Incremental USD Term Loan and the Diamond USD Term Loan, both of which currently carry an interest rate equal to SOFR plus a spread of 4.25%. Prior to the refinance, the Incremental Term Loan USD carried a rate of SOFR plus a spread of 4.5% and the Diamond USD Term Loan carried a rate of SOFR plus a spread of 5.00%. Total lender and third party fees incurred were approximately $1.5 million, of which $1.0 million was capitalized as deferred financing costs netted against Long term debt and $0.5 million was expensed during the Successor year ended September 30, 2024 within general and administrative expense.

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June 2024 Refinancing

On June 21, 2024, the Company refinanced the USD Term Loan, Incremental USD Term Loan, Diamond USD Term Loan, and EUR Term Loan. In addition to the refinancing, the Company also issued $800 million of new secured notes ("June 2024 Secured Notes"). The USD Term Loan, Incremental USD Term Loan, and Diamond USD Term Loan were consolidated into a single term loan tranche (denoted as "USD Term Loan" in the September 30, 2024 column in the above table) and the maturity of this new tranche was extended to June 2031. In addition, the aggregate principal balance decreased from $1.877 billion to $1.685 billion, via a $191.5 million principal paydown sourced by the proceeds from the June 2024 Secured Notes. The interest rate spread on the USD Term Loan decreased from 3.75% to 3.50%.

The EUR Term Loan principal remained unchanged, however the maturity date was also extended to June 2031, and the interest rate spread decreased from 4.00% to 3.75%.

As a result of the June 2024 refinancing, the Company incurred total lender and third party fees of $32.7 million during the Successor year ended September 30, 2024. Of those fees, $25.4 million was capitalized as deferred financing costs, $2.4 million was expensed within general and administrative expense, and $4.9 million was recorded as a loss on extinguishment within non-operating expense (income), net. In addition, during the Successor year ended September 30, 2024 the Company wrote off $0.8 million of unamortized deferred financing costs to Interest expense.

Secured and Unsecured Notes

The Company holds various different secured and unsecured obligations to its creditors. In the above table, they are referred to as either "Secured Notes" or "Unsecured Notes" and are denoted by their issuance month and year, the currency in which they were issued, and their maturity date (stated in parentheses). The October 2021 Secured Notes and Unsecured Notes were issued on October 1, 2021 in connection with the Olympus Transaction, the August 2022 Secured Notes were issued on August 30, 2022 to fund the acquisition of Clearon on September 9, 2022, the June 2023 Secured Notes were issued on June 8, 2023 to fund the acquisition of Diversey on July 5, 2023, and the June 2024 Secured Notes were issued on June 21, 2024 in connection with the June 2024 Refinancing.

The Unsecured Notes are junior to the Term Loans and Secured Notes.

Sale-Leaseback Transactions

The Company is party to certain sale-leaseback transactions, under which the Company is currently leasing two properties sold in March of 2020 for $22.9 million, the remaining outstanding balance from which is recorded as a financing obligation on the Consolidated Balance Sheets. The leases for the two properties include an initial term of 15 years and four renewal options, each five years in length, that provide for the Company to evaluate each property individually upon certain events during the life of the lease, including individual renewal options. Based on the nature of the agreements, the gain or loss on the sale will be deferred to the end of the lease term, and lease payments are allocated between principal and interest expense.

The Company classified the leases as a financing obligation to be paid over 15 years. On the Consolidated Balance Sheets as of September 30, 2024 and September 30, 2023, respective balances of $0.6 million and $0.6 million are included in current portion of long term debt, and respective balances of $20.2 million and $20.1 million are included in and long term debt and finance leases.

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Promissory Notes

In connection with the acquisition of Aqua ChemPacs, LLC ("ACP") on June 10, 2024, the Company issued two promissory notes to the former owners of ACP at an aggregate principal balance of $2.5 million. The promissory notes require equal annual principal payments through maturity in June 2027.

Interest Expense, net

Interest expense, net, as stated on the Consolidated Statements of Operations, is inclusive of cash interest incurred on outstanding borrowings, amortization of original issue discount, amortization of deferred debt issuance costs, and interest income.

Interest income included within Interest expense, net, was $24.2 million, $12.4 million, $3.4 million, and $0.1 million for the Successor year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, respectively.

Future Maturities

Minimum scheduled principal repayments of all debt obligations (excluding finance lease obligations) are as follows (in thousands):

Fiscal Year	As of September 30, 2024
2025	$ 18,235
2026	18,268
2027	343,302
2028	17,505
2029	3,725,030
Thereafter	3,735,033
Total	$ 7,857,373

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Note 13 Employee Benefit Plans

Pension Plans

In connection with the Olympus Transaction, acquisition of Clearon, and the Diversey Transaction, 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 Olympus Transaction and Diversey Transaction. 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 year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021	2024	2023	2022	2021
Net periodic benefit costs								
Service cost	$ 7,460	$ 4,292	$ 4,258	$ 386	$ 94	$ 28	$ 9	$ —
Interest cost	20,662	9,309	2,936	258	223	97	56	2
Curtailment	—	—	42	—	—	—	—	—
Expected return on plan assets	(19,962)	(7,593)	(1,801)	(153)	—	—	—	—
Amortization of prior service (credit) cost	(35)	(28)	(21)	(12)	—	—	—	—
Settlement loss (gain)	98	(314)	(308)	—	—	(49)	—	—
Amortization of net (gain) loss	(3,116)	(2,754)	—	6	192	(16)	—	—
Special termination benefit recognized	225	—	—	—	—	—	—	—
Total	$ 5,332	$ 2,912	$ 5,106	$ 485	$ 509	$ 60	$ 65	$ 2
Weighted-average plan assumptions								
Discount rate	4.1%	2.3%	2.3%	1.6%	6.4%	8.4%	8.4%	3.1%
Rate of compensation increase	3.0%	3.0%	3.0%	3.0%				
Expected long-term rate of return on plan assets	4.9%	3.1%	3.1%	3.6%				

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

	Pension benefits				Other postretirement benefits			
	Successor			Predecessor	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021	2024	2023	2022	2021
Prior service cost (credit)	$ (100)	$ (60)	$ (47)	$ (567)	$ —	$ —	$ —	$ —
Recognition of settlement loss (gain)	(5,513)	(5,415)	308	(511)	135	135	—	—
Net loss (gain) amortized	3,116	—	—	—	36	—	—	—
Net actuarial loss (gain)	(5,834)	(35,270)	(29,800)	(10,571)	25	(82)	(171)	—
Other	1,529	—	—	—	(502)	—	—	—
Total	$ (6,802)	$ (40,745)	$ (29,539)	$ (11,649)	$ (306)	$ 53	$ (171)	$ —

The amounts recognized in the Consolidated Statements of Comprehensive (Loss) Income, before tax, are shown in the following table (in thousands).

	Pension benefits				Other postretirement benefits			
	Successor			Predecessor	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021	2024	2023	2022	2021
Prior service cost (credit)	$ (40)	$ (13)	$ (47)	$ —	$ —	$ —	$ —	$ —
Recognition of settlement loss (gain)	(98)	(5,723)	308	—	—	135	—	—
Net loss (gain) amortized	3,116	—	—	—	36	—	—	—
Net actuarial loss (gain)	29,436	(5,470)	(29,800)	—	107	89	171	—
Other	1,529	—	—	—	(502)	—	—	—
Total	$ 33,943	$ (11,206)	$ (29,539)	$ —	$ (359)	$ 224	$ 171	$ —

Obligations and funded status

Actuarial valuations are performed for the pension plans to determine the obligation for each plan. 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 year ended September 30,		For the period from Nov. 9, 2021 to Sep. 30,	October 1, 2021 to November 8,	For the year ended September 30,		For the period from Nov. 9, 2021 to Sep. 30,	October 1, 2021 to November 8,
	2024	2023	2022	2021	2024	2023	2022	2021
Change in benefit obligations								
Beginning balance	$ 518,313	$ 124,260	$ —	$ 158,815	$ 3,930	$ 729	$ —	$ 601
Service cost	7,460	4,288	4,251	—	94	28	9	—
Interest cost	20,663	9,307	2,933	—	223	97	56	—
Participant contributions	2,978	607	129	—	—	—	—	—
Benefits paid	(22,566)	(7,541)	(3,368)	—	(326)	(71)	(26)	—
Actuarial loss (gain)	66,418	(27,718)	(44,466)	—	328	(285)	(184)	—
Plan amendment	(75)	(75)	(66)	—	—	—	—	—
Plan curtailments	—	—	43	—	—	—	—	—
Plan settlements	(1,570)	(6,488)	(3,425)	—	—	—	—	—
Special termination benefits	225	—	—	—	—	—	—	—
Exchange rate changes	28,282	(5,352)	(18,018)	—	115	(62)	(91)	—
Net transfers in/(out)	—	427,064	186,491	—	—	3,494	965	—
Curtailment gain	—	(39)	(244)	—	—	—	—	—
Other	1,552	—	—	—	1,599	—	—	—
Ending balance	$ 621,680	$ 518,313	$ 124,260	$ 158,815	$ 5,963	$ 3,930	$ 729	$ 601
Change in plan assets								
Beginning balance	$ 421,162	$ 70,075	$ —	$ 70,369	$ —	$ —	$ —	$ —
Return on plan assets	56,944	(7,805)	(10,039)	—	—	—	—	—
Employer contributions	15,144	8,129	4,088	—	95	40	26	—
Participant contributions	2,978	607	129	—	—	—	—	—
Benefits paid	(22,566)	(7,538)	(3,350)	—	(95)	(40)	(26)	—
Exchange rate changes	24,804	(7,978)	(6,869)	—	—	—	—	—
Acquisition/divestitures	—	372,443	89,785	—	—	—	—	—
Plan settlements	(1,570)	(6,488)	(3,425)	—	—	—	—	—
Other	—	(283)	(244)	—	—	—	—	—
Ending balance	496,896	421,162	70,075	70,369	—	—	—	—
Underfunded plan status	$(124,784)	$ (97,151)	$ (54,185)	$ (88,446)	$ (5,963)	$ (3,930)	$ (729)	$ (601)
Amounts recognized in the balance sheet								
Noncurrent assets	31,396	27,305	4,660	6,001	—	—	—	—
Current liabilities	(4,252)	(4,040)	(1,115)	(1,030)	(478)	(278)	(31)	(7)
Noncurrent liabilities	(151,955)	(120,424)	(57,730)	(93,417)	(5,485)	(3,654)	(698)	(594)
Net amount recognized	$(124,811)	$ (97,159)	$ (54,185)	$ (88,446)	$ (5,963)	$ (3,932)	$ (729)	$ (601)
Weighted-average plan assumptions								
Discount rate	3.1%	4.4%	4.4%	1.7%	5.5%	8.0%	8.0%	—%
Rate of compensation increase	2.6%	3.1%	3.1%	2.9%				

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The accumulated benefit obligation for the pension plans was $591.4 million as of September 30, 2024 and $495.1 million as of September 30, 2023. Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows (in thousands):

	Successor	
	As of September 30,	
	2024	2023
Projected benefit obligation	$ 324,399	$ 94,550
Accumulated benefit obligation	298,935	165,070
Fair value of plan assets	169,288	59,913

Plan assets

The weighted average expected long-term rate of return on the pension plan assets was 5.2% and 4.9% as of September 30, 2024 and September 30, 2023, 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 September 30, 2024 and September 30, 2023 (in thousands):

Successor	Fair Value Measurements Using		
As of September 30, 2024	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	$ 5,918	$ 3,618	$ —	$ —
Bonds and fixed income funds	230,186	586	231,900	—
Equities	147,343	10,723	136,620	—
Real Estate	37,123	3	37,120	—
Other assets	72,340	851	9,884	61,728
Total assets in fair value hierarchy	492,910	$ 15,781	$ 415,524	$ 61,728
Investments measured at net asset value[1]	3,986			
Total Pension Plan Assets	$ 496,896			

Successor	Fair Value Measurements Using		
As of September 30, 2023	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	$ 4,002	$ 1,061	$ —	$ —
Bonds and fixed income funds	158,611	506	161,046	—
Equities	127,336	7,266	120,070	—
Insurance contracts	45,698	—	—	45,698
Other assets	49,351	—	38,339	10,973
Total assets at fair value	$ 384,998	$ 8,833	$ 319,455	$ 56,671
Investments measured at net asset value[1]	36,164			
Total Pension Plan Assets	$ 421,162			

[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.

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The Company's Level 3 insurance contracts as of September 30, 2024 and September 30, 2023 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, 2022 through September 30, 2024 is as follows (in thousands):

Successor:	
Balance at September 30, 2022	$ 16,280
Net purchases, sales, settlements and issuances (and via acquisition)	40,279
Unrealized gain (loss)	1,157
Foreign currency translation	(1,045)
Balance at September 30, 2023	$ 56,671
Net purchases, sales, settlements and issuances	(779)
Transfers in/(out) of level three	28
Unrealized gain (loss)	2,394
Foreign currency translation	3,414
Balance at September 30, 2024	$ 61,728

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			
	2024 target	September 30, 2024	2023 target	September 30, 2023
Plan assets allocation				
Equity securities	28%	30%	20%-30%	29%
Debt securities	47%	47%	30%-40%	38%
Real estate	8%	8%	—%	—%
Other	18%	15%	30%-40%	33%
Total		100%		100%

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Cash flows

Expected Company contributions to the pension plans over the next twelve months are estimated to be $10.3 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
2025	$ 24,280	$ 478
2026	25,137	668
2027	28,091	554
2028	32,629	617
2029	30,719	627
Five years thereafter	$ 179,468	$ 3,375

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 $20.6 million, $14.4 million, $12.3 million, and $1.2 million, respectively during the Successor year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021. Additionally, the Company sponsors various other defined contribution plans, some of which are required by law or statute in certain jurisdictions outside the United States.

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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, 2024 and September 30, 2023 (in thousands):

	Successor			
	September 30, 2024		September 30, 2023	
	Principal Outstanding	Fair Value	Principal Outstanding	Fair Value
ABL Facility	$ —	$ —	$ —	$ —
Revolving Credit Facility	—	—	—	—
USD Term Loan (due June 2031)	1,680,812	1,680,812	1,090,575	1,082,396
EUR Term Loan (due June 2031)	557,600	556,206	527,899	521,960
Incremental USD Term Loan	—	—	295,500	294,761
Diamond USD Term Loan	—	—	500,000	500,000
October 2021 USD Secured Notes (due October 2028)	815,000	775,269	815,000	669,319
October 2021 EUR Secured Notes (due October 2028)	557,600	534,599	527,899	444,755
August 2022 USD Secured Notes (due September 2027)	325,000	331,500	325,000	302,250
June 2023 USD Secured Notes (due November 2028)	1,700,000	1,812,625	1,700,000	1,687,250
June 2023 EUR Secured Notes (due November 2028)	702,576	755,269	665,153	670,142
June 2024 USD Secured Notes (due June 2031)	800,000	830,000	—	—
October 2021 USD Unsecured Notes (due September 2029)	400,000	386,000	400,000	314,000
October 2021 EUR Unsecured Notes (due September 2029)	295,528	276,319	279,787	211,589
Total	$ 7,834,116	$ 7,938,599	$ 7,126,813	$ 6,698,422

The fair values of the Company's 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 the Company's debt and finance lease obligations approximate fair value due to their primarily short-term nature.

Derivatives and Hedging Activities

Interest Rate Hedges - Successor

In order to reduce the Company's exposure to fluctuations in the cash flows associated with changes in interest rates, the Company may seek 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 Successor three months ended March 31, 2023, the Company entered into two interest rate cap agreements to hedge the variable interest rate risk exposure specific to the Company's USD and EUR term loans. The three-year interest rate cap agreement specific to the USD term loan and incremental USD term loan has a notional value of $1,389.6 million. The two-year interest rate cap agreement on the EUR term loan has a notional

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value of $545.0 million (500 million EUR). As a result of these agreements, the variable interest rate on the USD and EUR term loans are subject to a strike rate of 5% SOFR and 4% EURIBOR, respectively. These contracts commenced in June 2023 and have been designated, and qualify, as perfectly effective cash flow hedges. Related to the change in fair value of the aforementioned interest rate caps, the Company recorded a loss of $1.0 million, net of tax, for the Successor year ended September 30, 2024 and a loss of $4.8 million, net of tax, for the Successor year ended September 30, 2023, within other comprehensive loss. The related asset balances of $0.6 million and $11.3 million are recorded within Other assets on the Consolidated Balance Sheets as of September 30, 2024 and September 30, 2023, respectively.

The significant inputs used to estimate the fair value the interest rate cap are the strike rate explicit in the agreement, and the forward rate, measured by an observable yield curve. Given both significant inputs are observable, the Company believes the interest rate cap qualifies as a Level 2 measurement.

Interest Rate Hedges - Predecessor

During the first quarter of the Predecessor year ended September 30, 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.

For the Predecessor period ending November 8, 2021 the Company reclassified expense of $9.2 million from Accumulated other comprehensive loss through Non operating (income) expense, net on the Consolidated Statements of Operations.

While the Company 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. 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.

Net Investment Hedging

Where allowed by accounting standards, during both the Successor and Predecessor periods, the Company used net investment hedge designations to reduce earnings volatility associated with the revaluation of external borrowings denominated in Euros. Net investment hedge designations were made April 1, 2021 in the Predecessor period and April 1, 2024 in the Successor period.

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Amounts recorded in the financial statements related to the NIH are as follows (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
(Loss) gain included in foreign currency translation adjustments	$ (66,238)	—	—	$ 1,100

	Successor	
	As of September 30, 2024	As of September 30, 2023
Cumulative loss included in accumulated other comprehensive income (loss)	$ (66,238)	$ —

Predecessor Net Investment Hedge Termination

During the Predecessor period October 1, 2021 to November 8, 2021, the Company deferred incremental unrealized gains on its EUR term loans of $1.1 million to Other Comprehensive Income. On November 8, 2021, in connection with the settlement of its existing debt for the Olympus Transaction closing, the hedging instrument was terminated. As a result, 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 Statements of Operations for the Predecessor period ending November 8, 2021.

Assets and Liabilities Measured Using Level 2 Inputs

The following table presents activity of assets and liabilities valued using Level 2 inputs, other than the primary debt instruments disclosed in the first section of this note, by line item in the Consolidated Balance Sheets from September 30, 2022 to September 30, 2024 (in thousands):

	Interest rate cap
Balance as of September 30, 2022	$ —
Initiation of interest rate cap	19,613
Change in fair value	(8,311)
Balance as of September 30, 2023	$ 11,302
Change in fair value	(10,715)
Balance as of September 30, 2024	$ 587

Interest Rate Cap

The company initiated the interest rate cap during the three months ended March 31, 2023, as such, activity for the Successor year ended September 30, 2023 represents only six months. For further information over the interest rate cap, see disclosures in the Derivatives and Hedging section of this note.

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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, 2022 to September 30, 2024 (in thousands):

	Successor	
	Deferred Purchase Price on Accounts Receivable Financing	Contingent Consideration Assets (Liabilities)
Balance as of September 30, 2022	$ 89,880	$ 24,376
Activity, net	(7,569)	23,224
Foreign currency translation	7,573	—
Balance as of September 30, 2023	$ 89,884	$ 47,600
Activity, net	(9,761)	—
Foreign currency translation	8,045	—
Balance as of September 30, 2024	$ 88,168	$ 47,600

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 was $75.0 million to serve the US market. The RPA agreement with MUFG was scheduled to expire in March of 2022. In connection with the Olympus Transaction, the Company 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 the Company's principal obligations was recognized as a net increase to Accounts Receivable and Sold Receivables on the Consolidated Balance Sheets of $46.6 million, while the $0.1 million of interest expense was recognized via Interest expense on the Consolidated Statements of Operations for the Predecessor period ended November 8, 2021. As of November 9, 2021, the Company 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.

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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.

Contingent Consideration Assets (Liabilities)

As of September 30, 2022, the Company had recorded a long-term contingent asset of $24.4 million related to the fair value of a production-based earnout specific to the 2022 acquisition of Clearon which was funded in full by the Company at deal closing and placed in escrow. Prior to the closing of the measurement period, management reassessed the likelihood of the earnout becoming payable to the sellers based on information that should have been known on the closing date and subsequently determined a revised expectation that the earnout criteria would be missed and the entire $50 million deposit paid at closing would be refunded to the Company. As such, the contingent consideration asset has been revised upward to reflect this revision during the measurement period, less considerations attributable to time value of money.

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Note 15 Commitments, Contingencies and Litigation

Unconditional Purchase Obligations and Commitments

BASF Supply Agreements

The Company maintains a number of "take or pay" contracts (the "Supply Agreements") with BASF. The terms of the Supply Agreements require BASF to make certain materials required to service acquired BASF legacy customers available to the Company based upon a combination of legacy BASF volumes for these materials and available manufacturing capacity. The term of these agreements range from three to ten years. Certain Supply 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, all other Supply Agreements expire immediately unless otherwise mutually agreed to by both parties.

Given the substantial capital and working capital requirements necessary to maintain available capacity and meet the Company's 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 years ended September 30, 2024 and 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period ended November 8, 2021, total Fixed Manufacturing Costs incurred were $79.4 million, $75.4 million, $62.9 million, and $6.6 million, respectively.

Future minimum Fixed Manufacturing Costs as of September 30, 2024 are as follows (in thousands):

	Future Minimum Commitment Payments
2025	$ 80,961
2026	80,961
2027	62,650
2028	49,571
2029	49,571
Thereafter	22,570
Total	$ 346,284

Intellectual Property Royalties

On October 18, 2023, the Company licensed the exclusive use of certain patents and other intellectual property, for further details over the transaction, see discussion in Note 4. As part of the terms of the licensing agreement, the Company is required to make periodic royalty payments based on a percentage of sales derived from the intellectual property.

In addition, the Company is required to make quarterly minimum royalty payments in order to maintain the exclusive nature of the license, which act as a credit towards sales based royalties. The minimums do not represent an unconditional obligation to the licensor, however given the nature of the agreement and the inherent value of exclusivity, the Company plans to pay all minimum royalties.

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Environmental Contingencies

Due to the nature of its operations, 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. Total environmental reserves are $1.5 million and $1.7 million as of September 30, 2024 and September 30, 2023, respectively.

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. The company is continuously monitoring for potential environmental remediation liabilities.

Other Legal Proceedings

In addition to the matters described above, there are various claims, lawsuits and administrative proceedings that are pending or threatened arising in the ordinary course of business. Such actions seek remedies or damages, some of which are for material amounts. The Company has accrued for legal reserves of $31.0 million and $5.6 million as of September 30, 2024 and September 30, 2023, respectively. These balances are included within Accrued expenses on the Consolidated Balance Sheets. Additionally, the Company is currently litigating various matters that as of September 30, 2024 have an estimated contingency value of $0 to $70.2 million.

Regarding a recently acquired business, the Company has received claims alleging fatal, non-fatal injuries, and insurance subrogation loss related to an explosion that occurred at a third party toller's facility. This incident occurred at the toller's facility prior to the acquisition by the Company. The Company has insurance related to this matter and also indemnifications with the former owner of the acquired business. While the ultimate outcome of these matters cannot be predicted with certainty, the Company has recorded an estimated liability of $29 million.

The Company 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, the Company meets all statutory requirements for automobile liability and workers' compensation.

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Note 16 Shareholder's Equity

The Company maintains a share-based compensation plan, held by Olympus Water Holdings I, L.P., a parent holding company above the consolidation of the Company. The presentation of share-based equity awards is represented in the caption, Shareholder's equity, on the Consolidated Balance Sheets as of September 30, 2024. 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 if equity is contributed in kind to the Company via Olympus Water Holdings I, L.P.

Repurchase of Equity

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 shareholder equity if cash is conveyed directly by the Company without reimbursement by Olympus Water Holdings I, L.P.

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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 16,266,817 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, 2024, 3,333,488 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 both 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.

To estimate the expected life for stock option term, the Company used the simplified method as the awards were granted at fair value and the Company, which is privately held, 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 the Company 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, *Compensation - Stock Compensation*. There were no performance options granted during the year ended September 30, 2024.

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Stock option activity for Service and Performance Options for the year ended September 30, 2024 is as follows (dollar amounts in thousands except for per option data):

	Successor							
	Service Options				Performance Options			
	Options	Weighted Average 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, 2023	4,799,443	$ 15.00	8.2	$ 24,333	4,799,443	$ 15.00	8.2	$ 24,333
Granted	1,324,002	30.59	—	—	1,324,002	30.59	—	—
Exercised	—	—	—	—	—	—	—	—
Forfeited	(441,417)	16.02	—	—	(441,417)	16.02	—	—
Expired	(101,005)	15.00	—	$ —	(101,005)	15.00	—	$ —
Outstanding as of September 30, 2024	5,581,023	$ 18.62	7.7	$ 35,924	5,581,023	$ 18.62	7.7	$ 35,924
Exercisable as of September 30, 2024	—	$ —	—	$ —	—	$ —	—	$ —

For the year ended September 30, 2024 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, *Compensation - Stock Compensation*. 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 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, 2024 and September 30, 2023, the fair value of SARs outstanding was $0 and $0, respectively. There were no outstanding SARs which were exercisable as of September 30, 2024 or September 30, 2023.

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, 2024 (in thousands):

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	Service-Based		Performance-Based	
	Options	*SARs*	*Options*	*SARs*
Unrecognized Compensation Expense	$ 15,215	$ 360	$ 20,438	$ 360
Weighted Remaining Vesting Period	N/A	4.42	N/A	1.00

Given the nature of the performance and service based options as vesting only upon a change in control, the Company does not expect to recognize compensation expense over a period of time, but rather immediately upon a change in control or initial public offering. We expect to recognize the full amount of expense on performance options immediately upon the change in control. For service based options, we expect to immediately recognize expense to the extent a given employee has met their service obligations.

Other Liability Classified Awards

In connection with the Diversey Transaction, on July 5, 2023, the company became party to share based compensation agreements for certain legacy Diversey employees and non-employee directors. The agreements granted shares of common stock in the legacy Diversey company based on certain service vesting periods. As part of the terms of the Diversey Transaction, the awards were immediately cancelled and replaced with the right to receive cash of $8.40 per share, which was the per share consideration paid by the Company to public shareholders in the Diversey Transaction, contingent primarily upon time based vesting conditions. The below table identifies each award tranche, the date on which the service vesting period ends, and the date the award becomes payable:

Award Tranche	Date Vested & Payable
Unvested PSU	December 31, 2024
Unvested IPO RSU	December 31, 2023
Unvested Non-IPO RSU	50% on December 31, 2023 and 50% on December 31, 2024
Unvested Closing RSU	December 31, 2024
Retention RSU	December 31, 2024
Transaction Bonus RSU	December 31, 2023
TRA RSU	December 31, 2024
IPO Celebration RSU	March 25, 2024

Further acquired in connection with the Diversey Transaction were certain long term deferred compensation agreements, which obligated the legacy Diversey company to pay cash to holders of these agreements upon the achievement of company performance conditions. The Company recorded a liability of $18.3 million on the date of the Diversey Transaction, which represents the fair value of the awards as of July 5, 2023.

Given the awards are required to be settled in cash, the Company accounted for the awards as liabilities, for which the corresponding expense will be recognized on a straight line basis over the service vesting period, with as needed adjustments for accelerations and/or forfeitures. All expenses and cash flows arising from these cash based awards are recorded within General and administrative expense, and operating activities, respectively.

In July 2023, the Company accelerated vesting for certain awards held by legacy Diversey executives who left the Company upon the closing of the Diversey Transaction, and as a result paid out a total of $8.5 million As a result of both accelerated awards and straight line expense recognition, the Company recognized share based compensation expense of $7.8 million for the period from July 5, 2023 to September 30, 2023.

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For the year ended September 30, 2024, the Company recognized $5.9 million of share based compensation expense, and paid total cash of $13.7 million related to vesting and accelerations for certain terminated employees.

As of September 30, 2024 and 2023, the liability for these awards is $7.5 million and $18.3 million, recorded on the Consolidated Balance Sheets within accrued expenses.

The unrecognized expense related to liability classified awards is $1.2 million, which is set to be recognized over a weighted average future vesting period of 0.17 years.

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,

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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 Olympus Transaction 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 Olympus Transaction. All unvested Restricted Stock Units were immediately canceled and 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, for the Predecessor year ended 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 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, 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 was $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, *Compensation* -

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Stock Compensation. 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 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 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, *Compensation - Stock Compensation*. 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, *Compensation - Stock Compensation*. 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.

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Note 18 Restructuring and Severance Activities

Severance

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 the Company's customers. These long-term cost synergies are often actioned through specific reductions in force. As a result of these programs, the Company incurred severance charges of $27.6 million, $27.8 million, $3.4 million, and less than $0.1 million during the Successor years ended September 30, 2024 and 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021. Of the total severance charges incurred, the amounts reflected within Cost of sales in the Consolidated Statements of Operations were $7.7 million, $0.1 million, $0.6 million, and less than $0.1 million during the Successor years ended September 30, 2024 and 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period ended November 8, 2021, respectively.

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):

	Successor
	Severance Reserves
Balance as of September 30, 2022	$ 1,021
Severance charges	27,802
Acquired severance accruals	18,307
Utilization (cash paid or otherwise settled)	(12,946)
Currency translation	(200)
Balance as of September 30, 2023	$ 33,984
Severance charges	27,575
Measurement period adjustment	(7,854)
Utilization (cash paid or otherwise settled)	(34,026)
Currency translation	84
Balance as of September 30, 2024	$ 19,763

Severance activities for all periods presented primarily related to related to cost rationalization projects in connection with the planned synergy objectives related to the Diversey and Olympus Transactions, offset by adjustments to prior period accruals related to previous contemplated planned reductions in force.

Plant Restructuring

During the three months ended September 30, 2024, as part of a cost rationalization objective, the Company committed to plans to close various manufacturing plants, and consolidate their production activities to other plants. The Company plans to cease the use of all affected sites during fiscal year 2025, and plans to either abandon, sell, or internally transfer all assets associated with these sites during that timeframe. During the three months ended September 30, 2024, we expensed $7.8 million in severance charges related to these plant closures within cost of sales.

In addition, the Company also incurred accelerated depreciation charges for assets whose useful life was shortened, see further discussion in Note 9.

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Note 19 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 year ended September 30,		For the period from November 9, 2021 to December 31,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Loss on extinguishment of debt	4,934	—	—	59,545
Realized loss on FX hedge	—	—	—	5,207
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	(1,713)	(1,441)	904	101
Reversal of unrealized FX on net investment hedge	—		—	(11,507)
Recognition of foreign social security tax credits	—	(2,070)	(1,941)	—
Realized gain on extinguishment of debt	—	—	—	(17,313)
Royalty income	(1,970)	(459)	(452)	120
Equity income	(180)	(237)	(385)	(37)
Unrealized foreign exchange (gain) losses, net	71,762	92,343	(249,251)	13,532
Gain on sale of joint venture	—	—	(1,152)	—
Other, net	(6,577)	(1,399)	(1,544)	(356)
Total non-operating (income) expenses, net	$ 66,256	$ 86,737	$ (253,821)	$ 46,401

Successor

During the Successor years ended Spetember 30, 2024 and 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, the Company recognized unrealized foreign exchange loss of $71.8 million, loss of $92.3 million, gain of $249.3 million, and loss of $13.5 million, respectively. For all Successor periods and for the six months ended March 31, 2024, unrealized foreign exchange (gain)/loss was driven by the impact of fluctuations of foreign currency exchange rates specific to the Company's EUR denominated debt.

On April 1, 2024, the Company designated a net investment hedging relationship ("NIH") between its EUR denominated debt and EUR denominated net assets, which eliminates the earnings impact of our EUR debt revaluation by recording the revaluation impact directly within equity. As such, for the six months ended September 30, 2024, the unrealized foreign exchange gain is driven primarily by foreign exchange fluctuations on working capital positions. For further information regarding the NIH, refer to Note 14.

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Predecessor

During the Predecessor period ended November 8, 2021, the Company extinguished the Predecessor legacy external debt and recognized a non-cash loss of $59.5 million equal to the remaining unamortized net book value of the Predecessor legacy deferred financing costs and original issue discount. In addition, the extinguishment of the Predecessor 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 the Predecessor net investment hedge which was deferred to equity during the Predecessor 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 the Company recognized unrealized foreign exchange losses of $13.5 million which is primarily driven by the impact of fluctuations of foreign currency exchange rates specific to the Predecessor 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 Olympus Transaction.

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Note 20 Related Parties

Successor

Relationship with Platinum

On November 9, 2021, the Company 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 year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, were $15.0 million, $15.0 million, $13.8 million, and $0, respectively. These fees are included as a component of 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 year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, purchases of goods and services from Platinum or its affiliates amounted to less than $0.1 million, $0.3 million, $0.3 million, and $0, respectively. For the Successor year ended September 30, 2024, Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, and Predecessor period from October 1, 2021 to November 8, 2021, Sales of goods and services to Platinum or its affiliates amounted to $0.7 million, $1.4 million, $2.5 million, and $0, respectively.

As of September 30, 2024 and September 30, 2023, unsettled purchases of goods and services from Platinum or its affiliates amounted to less than $0.1 million and less than $0.1 million, respectively. As of September 30, 2024 and September 30, 2023, unsettled sales of goods and services to Platinum or its affiliates amounted to $0.1 million and $0.3 million, respectively.

Relationship with Bain Capital Private Equity L.P (Bain Capital)

The total fair value of net assets acquired by the Company in connection with its acquisition of Diversey was $4.76 billion, of which $3.72 billion was conveyed in cash to a combination of public shareholders and Bain Capital. The residual consideration transferred was conveyed through the issuance of common and preferred equity totaling $1.02 billion (with $13.3 million remaining payable to former public shareholders as of September 30, 2023). Of the $1.02 billion in total equity issued to Bain Capital, $617 million was issued in common shares of Olympus I (subsequently contributed down the Company), while $405 million was issued in preferred shares of the Company. The preferred interest was structured as a equity classified note which contractually accrues interest at 13.5% per annum.

On September 20, 2023, the Company repaid the $405 million preferred interest in cash as well as the accrued interest of $12 million which was accounted for as a dividend distribution to Bain Capital given the equity classification of the preferred interest. Proceeds to fund the $417 million payment to Bain Capital were provided via a $430 million note via Olympus I. On October 13, 2023, the note was contributed from Olympus I to the Company, in exchange for a common equity interest.

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Predecessor

Since January 31, 2019 and as of November 8, 2021, voting control in the Predecessor Company was held collectively by CD&R which owned 49.5% of all outstanding shares, and management which owned 1.5% of the outstanding shares. Management had 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 owned 49% of the outstanding shares of the Predecessor Company.

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 provided, 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 was 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 for the Predecessor period October 1 to November 8, 2021. These fees are included as a component of General and administrative expense on the Consolidated Statements of Operations.

Transactions with CD&R or any of its affiliate companies were conducted on terms similar to those of third party transactions. For the period ended November 8, 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 the period ended November 8, 2021.

As of November 8, 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.

Relationship with BASF

On January 31, 2019 as part of the JV, the Company entered into a management and consulting arrangement with BASF pursuant to which BASF provided, on a nonexclusive basis, management, consulting and advisory services to the Company and certain of its divisions and subsidiaries. Under the agreement, the Company was required to pay an annual advisory fee in the amount of $3.5 million. Advisory fees incurred were $0.9 million for the Predecessor period October 1 to November 8, 2021. These fees are included as a component of General and administrative expense on the Consolidated Statements of Operations.

As part of the closing of the Joint Venture, BASF and the Company 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, 2024, and September 30, 2023 can be found in Note 8.

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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

	Reverse Supply Agreement Transactions	Non-Reverse Supply Agreement Transactions	Total
Sales to BASF	$ 16,932	$ 1,811	$ 18,743

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Note 21 Income Taxes

The Company under ASC 740, *Income Taxes,* 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.

Solenis Holding Limited is a United Kingdom private limited company registered and domiciled under the laws of the United Kingdom. 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.

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

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Current				
Federal	$ 5,514	$ 3,008	$ 479	$ 27
State	5,752	3,927	1,720	—
Foreign	138,343	51,573	54,603	6,566
Total current income tax	149,609	58,508	56,802	6,593
Deferred				
Total deferred income tax	13,599	(62,813)	9,618	(30,310)
Total income tax expense (benefit)	$ 163,208	$ (4,305)	$ 66,420	$ (23,717)

The Company had a net deferred tax asset/(liability) of $(401.1) million and $(388.9) million for the Successor years ended September 30, 2024 and 2023, 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	
	September 30, 2024	**September 30, 2023**
Deferred Tax Assets		
Environmental, self-insurance and other reserves	$ 38,403	$ 30,760
Employee benefit obligations	16,151	15,793
Compensation accruals	20,726	18,912
Net operating loss carry forwards	323,267	326,073
Inventory	13,469	6,386
Transaction Costs	7,390	4,094
R&D Credit Carryforward	12,886	14,149
FTC credit carryforward	10,587	10,587
Interest Expense Limitation	407,740	260,408
Operating Lease Liability	51,986	52,959
Other items	57,722	37,010
Valuation allowances	(497,760)	(306,904)
Total deferred tax assets	462,567	470,227
Deferred Tax Liabilities		
Property, plant and equipment	(144,320)	(142,738)
Goodwill and other intangibles	(658,645)	(651,344)
Unrealized exchange loss	(1,233)	(6,139)
Right of Use Asset	(44,376)	(47,007)
Liability for Unremitted Earnings	(15,089)	(11,881)
Total deferred tax liabilities	(863,663)	(859,109)
Net deferred tax asset/(liability)	$ (401,096)	$ (388,882)

We evaluate our deferred income taxes quarterly to determine if valuation allowances are required or should be adjusted. GAAP accounting guidance requires companies to assess whether valuation allowances should be established against deferred tax assets based on all available evidence, both positive and negative, using a "more likely than not" standard. In assessing the need for a valuation allowance, appropriate consideration is given to all positive and negative evidence related to the realization of deferred tax assets. This assessment considers, among other matters, the nature and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, and tax planning alternatives. We operate and derive income across multiple jurisdictions. As our business experiences changes in operating results across its geographic footprint, we may encounter losses in jurisdictions that have been historically profitable, and as a result might require additional valuation allowances to be recorded. We are committed to implementing tax planning actions, when deemed appropriate, in jurisdictions that experience losses in order to realize deferred tax assets prior to their expiration.

As of September 30, 2024 (Successor) the Company has $1,263.2 million of net operating loss carryforwards in various tax jurisdictions, net of unrecognized tax benefits of $25.6 million. Of this amount, $950.7 million can be carried forward indefinitely and $338.1 million expires between 2025 and 2043. 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.

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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 year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Income (loss) before income taxes				
United States	$ (570,841)	$ (500,545)	$ 4,052	$ (911,625)
International	86,820	17,930	106,671	789,857
	$ (484,021)	$ (482,615)	$ 110,723	$ (121,768)
Income taxes computed at U.S. statutory rate (21%)	$ (101,644)	$ (101,349)	$ 23,252	$ (25,571)
Increase (decrease) in amount computed resulting from:				
State and local taxes, net of federal benefit	(1,973)	(29)	3,349	(556)
Foreign rate differential	(2,869)	(2,089)	1,243	2,797
Research and development credits	(874)	611	(2,000)	(233)
Provision for unremitted earnings	3,264	4,298	6,063	—
Interest limitation	9,769	1,065	732	78
Valuation allowance	201,264	54,972	22,776	3,701
Uncertain tax positions	8,064	(1,448)	4,684	1,745
Nondeductible items	16,674	20,986	6,965	9,949
Withholding Taxes	25,007	15,359	11,619	374
Intercompany Transactions	493	3,135	1,523	303
Statutory Tax Reform	—	—	(13,853)	—
Stock Compensation	—	—	—	(16,300)
Other items	6,033	184	67	(4)
Income tax (benefit) expense	$ 163,208	$ (4,305)	$ 66,420	$ (23,717)

The increase in the valuation allowance compared to the prior year is primarily due to two factors: (1) U.S. interest expense disallowed under Section 163(j) of the Internal Revenue Code, necessitating a corresponding valuation allowance and (2) an increase in the valuation allowance established against the Company's Dutch net operating losses and interest carryforwards as a result of change in fiscal unity and entity restructuring that was completed in the fourth quarter pf the Successor year ended September 30, 2024.

Unrecognized tax benefits

U.S. GAAP prescribes a recognition threshold and measurement attribute for the accounting and financial statement 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 financial statements each tax position that meets the more likely than not

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criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. Solenis had $95.6 million and $94.2 million of unrecognized tax benefits as of the Successor year ended September 30, 2024 and Successor year ended September 30, 2023, respectively.

Tabular Reconciliation of Unrecognized Tax Benefits:

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1, 2021 to November 8,
	2024	2023	2022	2021
Beginning of period balance	$ 94,247	$ 52,291	$ 43,285	$ 42,699
Positions acquired	—	39,320	—	
Prior year positions:				
Gross Increases	2,560	2,752	8,914	34
Gross Decreases	(569)	(701)	(2,656)	(761)
Current year positions:				
Gross Increases	7,828	5,998	4,948	1,815
Gross Decreases	(2,176)	—	—	—
Settlements with tax authorities	—	(3,860)	—	—
Reductions due to statute lapse	(6,262)	(1,553)	(2,200)	(502)
End of period balance	$ 95,628	$ 94,247	$ 52,291	$ 43,285

Solenis recognizes interest and penalties related to uncertain tax positions as a component of other operating expense (income), net in the Consolidated Statements of Operations. Solenis had $20.1 million and $20.2 million in interest and penalties accrued related to unrecognized tax benefits accrued as of the Successor year ended September 30, 2024 and Successor year ended September 30, 2023, respectively.

The Company recognized deferred tax assets in the 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 year ended September 30, 2024, the Company has recorded incremental penalties and interest as a result of the previously Unrecognized Tax Benefits from the 2018 transaction.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company's 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, the Company's 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 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

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indefinitely. Deferred taxes have been provided for earnings of affiliates and associated companies where the Company plans to remit those earnings.

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Note 22 Hyperinflationary Economies

On May 16, 2018, March 16, 2022, and November 9, 2023 the International Practices Task Force categorized Argentina, Turkey, and Ghana, 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, Turkey and Ghana for which the functional currency of these entities has historically matched their respective local currencies. These companies sell direct to end customers exclusively in their domestic markets. The Company has minimal manufacturing assets in these subsidiaries and accordingly, the majority of the net assets are current to support local distribution activities. Revenues specific to these entities are presented below in the aggregate during periods in which local economies were deemed hyperinflationary (in thousands):

	Successor			Predecessor
	For the year ended September 30,		For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,
	2024	2023	2022	2021
Net sales	$ 177,585	$ 57,273	$ 18,362	$ 1,061

The Company will continue to evaluate the inflationary environment in these countries 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 these entities will remain the United States Dollar.

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Note 23 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, *Consolidation*, management determined the loss of control requires the deconsolidation of the subsidiary and a write-off of the previously consolidated net assets. Upon deconsolidation, the Company recorded a loss of $18 million in the Predecessor prior fiscal year ended September 30, 2021. In consideration of the liquidation efforts, the Company 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 September 30, 2024, and September 30, 2023. Management anticipates the liquidation procedures will be completed by September 30, 2025.

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.

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Note 24 Subsequent Events

Subsequent events have been evaluated through December 9, 2024, which is the date the Consolidated Financial Statements were available to be issued.

On October 31, 2024, the Company modified its existing Receivables Purchase Agreement ("RPA") to extend the expiration date to October 31, 2026. In addition to the new expiration date, the RPA was further amended to change the form of consideration received by the company from a combination of cash and Deferred Purchase Price ("DPP"), to only cash consideration. As a result, the timing difference between when cash flows are received and when legal title of the receivables are transferred is now eliminated.

On November, 1, 2024, the Company closed on it's binding purchase agreement (entered into July 17, 2024) to acquire BASF's flocculants business for mining applications for total consideration of $33.0 million. The BASF product portfolio includes flocculants and other products used for solid liquid separation and material handling in mining applications under various trademarks.

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Solenis Sweden 556071-7877
Solenis Sweden Holdings 556969-7039
OW Sweden Acquisition AB 449333-7354

ANNUAL REPORTS

Attached you can find audited financial reports for Solenis Sweden AB and Solenis Sweden Holdings AB, and financial report for OW Sweden Acquisition AB. Together with the reports we are sending certificates of completion from Docusign (a tool enabling electronic signing of the documents). We also attach consolidated financial statements for Solenis group under entity Solenis Holding Limited.

Kind regards,

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