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ÅRSREDOVISNING

2022-10-01-2023-09-30

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 30 april 2024

Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm den 30 april 2024

Cornelis Floor Saarloos

2024062741352

ÅRSREDOVISNING

Styrelsen och för OW Sweden Acquisition AB avger härmed årsredovisning för räkenskapsåret 2022-10-01-2023-09-30.

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 2022-10-01 - 2023-09-30 är bolagets andra räkenskapsår.

Den 8 mars 2023 ingick Solenis-gruppen och Diversey Holdings-gruppen ett definitivt fusionsavtal enligt vilket Solenis förvärvade Diversey i en kontanttransaktion, med verkan den 5 juli 2023.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2022/2023	2021/2022
Rörelseresultat	—	—
Resultat e. finansiella poster	(3,547)	(1,688)
Totala tillgångar	33,110	33,110
Soliditet (1)	(5,9)%	4.9 %

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

Väsentliga händelser efter räkenskapsårets utgång

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.

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	(1,688,246)
Årets resultat	(3,547,316)
	(5,235,562)

Styrelsen föreslår att

den ansamlade vinsten överförs i ny räkning.	(5,235,562)
	(5,235,562)

RESULTATRÄKNING

(Tkr)

	Not	2023-09-30	2022-09-30
Rörelseresultat		—	—
Resultat från finansiella investeringar			
Räntekostnader och liknande kostnader	4	(3,547)	(1,688)
Resultat efter finansiella poster		(3,547)	(1,688)
Vinst/förlust före skatt		(3,547)	(1,688)
ÅRETS RESULTAT		(3,547)	(1,688)

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BALANSRÄKNING

(Tkr)

	Not	2023-09-30	2022-09-30
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Fordringar hos koncernföretag		—	—
Andelar i koncernföretag	2	33,085	33,085
		33,085	**33,085**
Summa anläggningstillgångar		**33,085**	**33,085**
Kortfristiga fordringar			
Kundfordringar		25	25
Totala kortfristiga fordringar		25	25
Kassa och bank		—	—
Summa omsättningstillgångar		**25**	**25**
SUMMA TILLGÅNGAR		**33,110**	**33,110**

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BALANSRÄKNING

(Tkr)

	Not	2023-09-30	2022-09-30
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		(1,688)	—
Årets resultat		(3,547)	(1,688)
		(1,963)	**1,584**
Summa eget kapital		**(1,938)**	**1,609**
Långfristiga skulder			
Långfristiga skulder	3	35,049	31,501
		35,049	**31,501**
Kortfristiga skulder			
Skulder till koncernföretag		—	—
Upplupna kostnader och förutbetalda intäkter		—	—
		—	—
SUMMA EGET KAPITAL OCH SKULDER		**33,111**	**33,110**

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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 2022		**25**	**3,272**	**—**	**(1,688)**	**1,609**
Disposition av föregående årsresultat		—	—	(1,688)	1,688	—
Disposition av årets resultat		—	—	—	(3,547)	(3,547)
Aktieägartillskott		—		—	—	—
Ingående balans per 30 September 2023		**25**	**3,272**	**(1,688)**	**(3,547)**	**(1,938)**

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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 2023 and 2022 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 Andelar koncernföretag

	2023	2022
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 30-09-2023
Solenis Sweden Holdings AB	100	100	50 000	33 085

Not 3 Långfristiga skulder

	2023	2022
Olympus Water UK Holding Limited		
Ursprungliga skulden	31,601	29,927
Ackumulerad ränta	3,448	1,574
Summa	**35,049**	**31,501**

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

Not 4 Räntekostnader och liknande kostnader

	2023	2022
Räntekostnader, koncernföretag	3,547	1,688
Summa	**3,547**	**1,688**

Stockholm den 30 april 2024

Cornelis Floor Saarloos

20240521228S

Solenis Holding Limited

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

Solenis Holding Limited

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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, 2023 and 2022, and the related consolidated statements of operations, of comprehensive (loss) income, of shareholder equity, and of cash flows for the year ended September 30, 2023 and for 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, 2023 and 2022, and the results of its operations and its cash flows for the year ended September 30, 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.

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 13, 2023

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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) income, of changes in shareholders' (deficit) and of cash flows for the period from October 1, 2021 to November 8, 2021 and for the year ended September 30, 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 and for the year ended September 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
December 13, 2023

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

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,	For the year ended September 30,
	2023	2022	2021	2021
Net sales	$ 5,068,613	$ 3,912,702	$ 320,397	$ 2,991,610
Cost of sales	3,736,355	3,020,373	243,236	2,120,242
Gross profit	**1,332,258**	**892,329**	**77,161**	**871,368**
Selling, general and administrative expense	961,997	611,179	69,929	521,302
Amortization of intangibles	155,791	114,854	5,080	49,864
Acquisition and transaction-related expenses	114,141	51,067	57,722	19,906
Research and development expense	65,997	47,837	3,665	44,069
Restructuring and severance expenses	27,687	2,777	30	5,369
Impairment of intangible assets	9,031	—	—	—
Other operating expense (income), net	5,865	9,685	(359)	19,847
Total operating expenses	1,340,509	837,399	136,067	660,357
Total operating (loss) income	**(8,251)**	**54,930**	**(58,906)**	**211,011**
Non-operating expense (income), net	74,324	(257,260)	46,309	(7,245)
Interest expense	400,040	201,468	16,553	165,236
(Loss) income before income taxes	(482,615)	110,722	(121,768)	53,020
Income tax (benefit) expense	(4,305)	66,420	(23,717)	25,469
Net (loss) income	**$ (478,310)**	**$ 44,302**	**$ (98,051)**	**$ 27,551**

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

202405212288

Solenis Holding Limited
Consolidated Statements of Comprehensive (Loss) Income
(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,	For the year ended September 30,
	2023	2022	2021	2021
Net (loss) income	$ (478,310)	$ 44,302	$ (98,051)	$ 27,551
Other comprehensive income:				
Foreign currency translation adjustments, net of tax of $(5,401), $13,394, $-, $201, respectively	(54,066)	(338,115)	(12,735)	17,365
Prior service credit	—	—	—	651
Amortization of prior service (credit) cost	—	—	—	(84)
Actuarial gain, net of tax of $(2,552), $(8,839), $- , and $(3,094), respectively	8,872	20,871	—	8,066
Reclassification of foreign currency translation adjustments upon deconsolidation of foreign subsidiary	—	—	—	1,551
(Loss) gain on net investment hedge	—	—	(11,500)	10,414
Reclassification of other comprehensive income on interest rate swaps	—	—	9,220	17,997
Unrealized loss on interest rate swaps	—	—	—	(4,928)
Loss on interest rate caps, net of tax of $1,726	(4,845)	—	—	—
Other comprehensive (loss) income, net of tax	(50,039)	(317,244)	(15,015)	51,032
Total comprehensive (loss) income	**$ (528,349)**	**$ (272,942)**	**$ (113,066)**	**78,583**

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

Solenis Holding Limited
Consolidated Balance Sheets
(in thousands)

	Successor	
	September 30, 2023	**September 30, 2022**
Assets		
Current assets:		
Cash and cash equivalents	$ 320,612	$ 348,906
Accounts receivable, less allowance for doubtful accounts of $4,253 and $3,752, respectively	1,105,187	578,523
Sold receivables	89,884	89,880
Inventories	815,762	621,249
Prepaid expenses and other assets	229,499	143,624
Total current assets	2,560,944	1,782,182
Noncurrent assets:		
Property, plant and equipment, net	1,738,722	1,064,355
Investments in equity affiliates	1,679	1,492
Intangible assets, net	3,947,715	2,443,947
Goodwill	4,478,090	2,116,945
Deferred income tax assets	305,318	132,908
Operating lease right of use assets	147,277	84,946
Other assets	152,736	61,063
Total noncurrent assets	10,771,537	5,905,656
Total assets	$ 13,332,481	$ 7,687,838
Liabilities and Shareholder Equity		
Current liabilities:		
Current portion of long term debt and finance leases	$ 31,498	$ 6,797
Note payable to related party	417,386	—
Trade and other payables	861,124	502,425
Accrued expenses	755,964	238,768
Other liabilities	44,038	33,432
Total current liabilities	2,110,010	781,422
Noncurrent liabilities:		
Long term debt and finance leases	6,894,047	4,049,110
Employee benefit obligations	124,078	58,428
Deferred income tax liabilities	694,200	465,992
Reverse supply agreement liabilities, net	31,885	38,381
Long-term portion of operating lease liabilities	142,643	77,003
Other non current liabilities	171,853	79,210
Total noncurrent liabilities	8,058,706	4,768,124
Total liabilities	$ 10,168,716	$ 5,549,546
Commitments and contingencies (Note 16)		
Shareholder equity:		
Common stock, $1 par value—7 shares authorized; 7 shares issued and outstanding	—	—
Additional paid-in capital	4,040,056	2,486,234
Accumulated deficit	(509,008)	(30,698)
Accumulated other comprehensive loss	(367,283)	(317,244)
Total shareholder equity	3,163,765	2,138,292
Total liabilities and shareholder equity	$ 13,332,481	$ 7,687,838

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 amounts)

	Predecessor						
	Ordinary Shares	**Additional paid-in capital**	**Treasury Stock**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Total**
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
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

Solenis Holding Limited
Consolidated Statements of Shareholder Equity (Successor)
(in thousands except share amounts)

	Successor					
	Ordinary Shares	**Additional paid-in capital**	**Preferred equity**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Total**
November 9, 2021	— $	— $	— $	— $ (75,000)	$ —	$ (75,000)
Net income	—	—	—	—	44,302	— 44,302
Other comprehensive (loss)	—	—	—	—	—	(317,244) (317,244)
Return of capital	—	—	(7,793)	—	—	— (7,793)
Initial capital contribution	7	—	1,988,000	—	—	— 1,988,000
Capital contribution	—	—	6,027	—	—	— 6,027
Non cash capital contribution	—	—	500,000	—	—	— 500,000
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)
Return of capital	—	—	(1,201)	—	—	— (1,201)
Cash capital contribution	—	—	950,000	—	—	— 950,000
Non-cash capital 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)
September 30, 2023	7 $	— $	4,040,056 $	— $ (509,008)	$ (367,283)	$ 3,163,765

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,	November 9, 2021 to September 30,	October 1, 2021 to November 8,	For the year ended September 30,
	2023	2022	2021	2021
Operating activities				
Net (loss) income	$ (478,310)	$ 44,302	$ (98,051)	$ 27,551
Adjustments to reconcile cash from operations:				
Depreciation and amortization	513,717	348,101	19,673	188,281
Amortization of deferred financing costs and original issue discount	24,548	19,068	1,069	14,851
Deferred income taxes	(62,813)	9,618	(30,310)	(5,576)
Loss upon deconsolidation of subsidiary	—	—	—	17,959
Share-based compensation	7,792	—	14,043	4,085
Fair value step up of acquired inventory sold	45,414	54,143	—	—
Unrealized foreign exchange losses (gains), net	92,343	(249,251)	2,021	(29,044)
Loss on extinguishment of debt	—	—	59,545	—
Other non cash items, net	18,519	6,040	9,154	2,958
Change in operating assets and liabilities:				
Accounts receivable, net of beneficial interest in sold receivables (Note 6)	(675,704)	(791,751)	(244,335)	(1,463,303)
Inventories	90,730	(219,895)	19,344	(33,524)
Trade payables and accrued expenses	(98,423)	(3,712)	24,441	79,103
Income taxes	(25,854)	6,469	3,434	(1,568)
Other assets and liabilities	(17,342)	25,420	(34,636)	(16,287)
Net cash used in operating activities	**(565,383)**	**(751,448)**	**(254,608)**	**(1,214,514)**
Investing activities				
Cash paid for property, plant and equipment	(173,990)	(104,623)	(4,972)	(73,649)
Cash paid for the Diversey Transaction, net of cash acquired	(3,723,398)	—	—	—
Cash paid for other acquisitions, net of cash acquired	(42,743)	(335,796)	—	(35,534)
Cash paid for the Olympus Transaction, net of cash acquired	(2,828)	(4,871,439)	—	—
Incremental cash receipts for accounts receivable financing	838,946	679,931	131,060	1,427,097
Other investing activities, net	666	3,500	—	—
Net cash (used in) provided by investing activities	**(3,103,347)**	**(4,628,427)**	**126,088**	**1,317,914**
Financing activities				
Proceeds from debt financing	2,851,809	4,397,563	—	—
Repayments of acquired indebtedness	—	(451,000)	—	—
Term loan principal repayments	(14,100)	(9,825)	—	(33,412)
Cash paid for financing fees	(97,683)	(165,628)	—	(1,032)
Borrowings under asset based lending facility or lines of credit	255,000	200,000	—	—
Repayments under asset based lending facility or lines of credit	(255,000)	(200,000)	—	(34,230)

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

	Successor		Predecessor	
	For the year ended September 30,	November 9, 2021 to September 30,	October 1, 2021 to November 8,	For the year ended September 30,
	2023	2022	2021	2021
Repayments of equipment financing	(7,069)	(5,868)	(520)	(5,745)
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	—	1,045
Proceeds from exercise of options	—	—	—	1,995
Cash paid for treasury stock	—	—	—	(12,145)
Repayments of finance lease obligations	(9,340)	(7,901)	(672)	(8,538)
Equity contribution from shareholders	950,000	1,988,000	—	—
Return of capital	(1,201)	(7,793)	—	—
Net cash provided by (used in) financing activities	**3,672,416**	**5,743,575**	**(1,192)**	**(92,062)**
Effect of currency rate changes on cash	(30,441)	(11,577)	572	2,656
Change in cash, cash equivalents and restricted cash	(26,755)	352,123	(129,140)	13,994
Cash, cash equivalents, and restricted cash at the beginning of the period	352,123	—	269,495	255,501
Cash, cash equivalents, and restricted cash at the end of the period	**$ 325,368**	**$ 352,123**	**$ 140,355**	**$ 269,495**
Supplemental Disclosures of Cash Flow Information:				
Cash paid for income taxes	$ 50,963	$ 31,005	$ 3,482	$ 19,174
Cash paid for interest	$ 310,090	$ 148,498	$ 9,600	$ 160,458

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

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Note 1 - Business Background

General Description of the Business

Solenis Holding Limited (hereafter "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. ("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").

The Company holds a 100% interest in Solenis Holding II Limited, a United Kingdom private limited company while Solenis Holding II Limited, holds a 100% interest in Olympus Water Holdings IV, L.P., a Cayman Islands exempted limited partnership. These holding companies and partnerships are collectively referred to as the "Holding Companies". The Holding Companies have no business operations or assets other than cash and cash equivalents, certain related party loans between and among the Holding Companies and the Company, and investments in the ownership interests described above.

Olympus Water Holdings IV, L.P. owns a 100% interest in Olympus Water US Holding Corp. domiciled in the United States of America ("US"), Olympus Water UK Holding Ltd. domiciled in the United Kingdom of Great Britain and Northern Ireland (the "UK"), and Diversey Holdings Ltd. domiciled in the Cayman Islands. These subsidiaries of Olympus Water Holdings IV, L.P. collectively hold all individual operating entities doing business as "Solenis".

Prior to the formation of the Company, the Solenis business existed under Olympus Water Holdings IV, L.P. and consolidated financial results were 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, other than conforming the Successor Period Equity to the Company's equity structure.

Acquisition of Solenis and Contribution of Sigura

On November 9, 2021 Platinum completed the purchase 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 the Company.

The purchase price for the Acquisition was funded by (i) an equity contribution of $1.96 billion into the Holding Companies by entities affiliated with Platinum, (ii) an equity contribution of $24.8 million by certain members of management, (iii) gross proceeds from borrowings under Term Loan facilities of $1.69 billion, and (iv) gross proceeds from borrowings under the secured and unsecured bonds of $2.10 billion. Olympus Water US Holding Corporation is the legal borrower under the Secured and Unsecured Bonds and related Term Loan facilities. The Bonds and Term Loan facilities are fully described in Note 13.

In connection with the contribution of Sigura to the Company, the affiliates of Platinum which had owned 100% of the Sigura business obtained a minority equity position in the combined business.

Prior to the formation of the Company, the Solenis business was owned by Clayton, Dubilier & Rice, LLC ("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 immediately prior to the JV.

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 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

*Includes $1.8 million in post close adjustments subsequent to June 30, 2022; excludes $2.8 million of final proceeds distributed during the year ended September 30, 2023 related to tax receivables collected for pre-deal periods

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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 for purposes of creating a standalone entity, which cannot be individually identified and separately recognized.

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

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

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

In anticipation of the closing of the 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.

Basis of Presentation

The Company's Consolidated Financial Statements include all wholly owned subsidiaries of the Company, including all Holding Companies. These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements have been presented on a comparative basis. For periods prior to the 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.

Nature of Operations

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 70 manufacturing facilities in 130 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 operating segments: (1) Consumer, (2) Industrial (which integrates the Company's prior Industrial Water business and the operating results of it's Reverse Supply Agreements with BASF as well as Sigura's Industrial business), (3) Pools, (4) Institutional, and (5) Food and Beverage. A brief description for each of these operating segments is as follows:

Consumer Solutions – The Consumer ("CS") business manufactures and sells a broad array of process chemistry for the pulp and paper industry. 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 – The Industrial Water ("IS") business offers specialized chemicals for the utility water treatment market including influent water, boiler water, cooling water and effluent water treatments.

Pools - The Pools Solutions ("PS") business offers water care products and value-added services offered for residential and commercial pools and spas in consumer channels such as mass retail, professional dealer and commercial and services top consumer brands in pool care markets.

Institutional - The Institutional ("IN") business 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 -The Food and Beverage ("FB") business 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

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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.

Note 2 Significant Accounting Policies

Use of Estimates, Risks and Uncertainties

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

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 it's business model to changes that could result from these recent events, and any such changes may have an adverse effect on our business, results of operations, and/or financial condition.

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 1.8%, 2.6%, 2.0%, and 2.4%, of the Company's consolidated Net sales during the Successor year ended September 30, 2023, Successor period ended September 30, 2022, Predecessor period ended November 8, 2021, and Predecessor year ended September 30, 2021, respectively. Total assets held by the Company's entities in Russia as of September 30, 2023 and September 30, 2022 represented 1.5% and 3.0% of the Company's total assets, respectively. Total cash and cash equivalents held by the Company's entities in Russia as of September 30, 2023 and September 30, 2022 represented 15.2% and 11.9% of the Company's total cash and cash equivalents, respectively.

On July 5, 2023, in connection with the Diversey Transaction, the Company acquired one entity that operates in Israel. The entity's assets represent less than one percent of the Company's total assets as of September 30, 2023. The entity's cash and cash equivalents represent less than one percent of the Company's total cash and cash equivalents as of September 30, 2023. From the date of acquisition (July 5, 2023) to September 30, 2023, the entity had net sales representing less than one percent of consolidated net sales for the Successor year ended September 30, 2023.

Principles of Consolidation and Combination

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.

Investments in companies in which the Company, directly or indirectly, owns up to 50% of the voting stock and has the ability to exercise significant influence over operating and financial policies of the investee are accounted

for using the equity method of accounting. As a result, the Company's share of the earnings or losses of such equity affiliates is included in the accompanying Consolidated Statements of Operations and the Company's share of these companies' shareholders' equity is included in Investments in equity affiliates in the accompanying Consolidated Balance Sheets.

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

Successor

The results of operations and cash flows of the Company for the period from June 29, 2021 until November 8, 2021 (period prior to the Acquisition date) consists of acquisition and start-up costs related to the 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, 2023 and September 30, 2022, related Consolidated Statements of Operations, Consolidated Statements of Comprehensive (Loss) Income, Consolidated Statements of Cash Flows, and Consolidated Statements of Shareholder Equity for the year ended September 30, 2023 and period from November 9, 2021 to September 30, 2022, are labeled as "Successor". The Successor financial statements as of September 30, 2022 and 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 Shareholder Equity and Consolidated Statements of Cash Flows for the period from October, 1, 2021 to November 8, 2021 and the year ended September 30, 2021, include transactions directly attributable to the closing of the Acquisition and the repayment of certain financial obligations extinguished prior to closing and are labeled as "Predecessor". As a result of the application of acquisition accounting as of the closing date of the Acquisition, the financial statements for the Successor period and the Predecessor periods are presented on a different basis, and are therefore not comparable. The visible "black-line" within these face financial statements and accompanying footnotes presents the demarcation of these different bases of presentation.

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

Foreign Currency Translation

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

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 24 for discussion surrounding the Company's operations in economies which have been determined to be highly inflationary.

Cash, Cash Equivalents and Restricted Cash

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

The below table reconciles Cash and cash equivalents to Cash, cash equivalents, and restricted cash as of September 30, 2023 and September 30, 2022 (amounts in thousands):

	Successor	
	As of September 30, 2023	As of September 30, 2022
Cash and cash equivalents, as reported	$ 320,612	$ 348,906
Restricted cash, included in other assets	4,756	3,217
Cash, cash equivalents and restricted cash	$ 325,368	$ 352,123

Accounts Receivable and Allowance for Doubtful Accounts

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

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

Inventories, net

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

Property, Plant and Equipment

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:

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

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

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

Depreciation expense is presented as a component of Cost of sales or Selling, general and administrative expense in the Consolidated Statements of Operations, depending upon the use of the underlying asset. Repairs and maintenance are expensed as incurred.

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. During the year ended September 30, 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 $9.2 million for the Successor year ended September 30, 2023. No accelerated depreciation was recorded in any other periods presented.

Lessor Operating and Sales-Type Leases

As a result of the Diversey Transaction, the Company became party to lease contracts that provide dosing and dispensing equipment to customers under operating and sales-type leases, revenue from which is either accounted for separately as either a lease component, or a non-lease component. The non-lease components, such as product and service revenue, are accounted for under Topic 606, *Revenue from Contracts with Customers,* see Note 3, *Revenue Recognition* for further information. Revenue from operating leases is recognized on a straight-line basis over the life of the lease. Cost of sales from operating leases includes the depreciation expense for assets under lease. The assets are depreciated over their estimated useful lives. Revenue from sales-type leases is recognized as the present value of the future lease payments in the period the lease agreement is signed and the equipment is delivered to the customer. Interest income is recognized using the effective interest method over the life of the lease. Cost of sales from sales-type leases includes the cost for assets under lease. Initial lease terms range from one year to five years and most leases include renewal options.

Lease contracts convey the right for the customer to control the equipment for a period of time as defined by the contract.

Under the Company's operating leases, there are no options for the customer to purchase the equipment and therefore the equipment remains the property of the Company at the end of the lease term.

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Revenue Recognition

For all periods presented, revenues are recognized in accordance with ASC 606. Refer to Note 3 for a detailed discussion of the Company's contracts, performance obligations, and revenue recognition patterns.

Expense Recognition

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

Advertising costs are expensed as incurred and are reported as a component of Selling, general and administrative expenses. Advertising expenses were $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, $0.1 million for the Predecessor period from October 1, 2021 to November 8, 2021, and $1.3 million for the Predecessor year ended September 30, 2021.

Research and Development

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

Litigation

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

Income Taxes

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

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

The Company recognizes the benefit of an income tax position only if it is "more likely than not" that the tax position will be sustained. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized. Additionally, the Company accrues for estimated interest and penalties related to unrecognized tax benefits as a component of provision for income taxes. The current portion of

unrecognized tax benefits is included within Trade and other payables and the long-term portion is included within Other non-current liabilities in the Consolidated Balance Sheets.

Value Added Taxes ("VAT")

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

Goodwill and Intangible Assets

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

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

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

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

The 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

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impaired. If the activities are completed, the useful life of the assets will be determined and amortized prospectively.

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

	Successor
Customer relationships	12 to 15 years
Trademarks and trade names	10 to 20 years
Proprietary process know how	10 to 15 years
Intellectual property	10 years
Supply and reverse supply agreements	3 to 8 years

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

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

Impairment of Long-Lived Assets

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

Commitments, Contingencies and Environmental Costs

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

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

Retirement Plans and Other Post-Retirement Benefits

The Company has certain defined benefit and defined contribution plan obligations for current and former employees.

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

Share-based Compensation

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

For additional information on the Company's share-based compensation arrangements, refer to Note 18.

Fair Value Measurements

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

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

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

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

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

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

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Derivatives

The Company is exposed to the effects of changes in interest rates, foreign currency rates, changes in commodity prices and credit risk. In the Successor periods, the company utilized interest rate caps to hedge a portion of its exposure to fluctuating interest rates on its long term debt. In the Predecessor periods, the Company utilized interest rate swap agreements to hedge a portion of its exposure to fluctuating interest rates on its long term debt and net investment hedging to mitigate foreign exchange risk associated with its Euro denominated net assets and third-party debt. Refer to specific discussion of these arrangements within Note 15. Cash flows from derivatives are recognized in the Consolidated Statements of Cash Flows as part of Cash Flows from Operations.

Sale of Accounts Receivable

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

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

Assets Held for Sale

The Company classifies an asset as held for sale when the following conditions are present: management commits to and actively pursues selling the asset at a reasonable market price, the asset can be sold in its present condition, and the sale of the asset is probable to occur within 12 months. Upon meeting all of these conditions, the Company will classify an asset as held for sale, upon which the asset is recorded at fair value less any costs to sell, on the Consolidated Balance Sheets. The resulting change in fair value is recorded as a gain or loss on Consolidated Statements of Operations.

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. For rebates payable in which the contractual right of set-off exists and a net receivable is due to a customer (typically distributors) in accordance with ASC 210, the Company records rebate accruals as a contra-receivable on the Consolidated Balance Sheet. In all other scenarios, rebates due to other third parties (typically end customers for which fulfillment needs are met by the Company's distributors) are recorded within Accrued expenses on the Consolidated Balance Sheet. As of September 30, 2023 and September 30, 2022, rebates netted against outstanding receivables were $75.5 million and $20.4 million, while rebates recorded gross within Accrued expenses were $167.2 million and $7.1 million, respectively.

Announced Accounting Standards

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

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

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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 it's 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 8.9%, 3.2%, 2.0%, and 2.3% of gross sales for the Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, Predecessor period from October 1, 2021 to November 8, 2021, and Predecessor year ended September 30, 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, 2023 and September 30, 2022 the Company has recorded contract assets and liabilities of $0.

For the Successor and Predecessor periods, 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,	For the year ended September 30,
	2023	2022	2021	2021
North America	$ 2,151,720	$ 1,718,315	$ 123,533	$ 1,084,638
Latin America	538,733	378,643	32,381	278,492
Americas	2,690,453	2,096,958	155,914	1,363,130
Europe, Middle East, & Africa	1,856,294	1,375,716	119,784	1,182,417
Asia Pacific	521,866	440,028	44,699	446,063
Eurasia	2,378,160	1,815,744	164,483	1,628,480
Total consolidated net sales	**$ 5,068,613**	**$ 3,912,702**	**$ 320,397**	**$ 2,991,610**

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Note 4 Business Combinations and Long-Lived Asset Acquisitions

Successor

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 merger 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 13.

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 Acquisition and transaction related expenses within Operating expenses 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 preliminarily 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. Adjustments to these measurements may be made in subsequent periods, up to one year from the acquisition date, as new information related to facts and circumstances as of the acquisition date may be identified.

As of September 30, 2023, the measurement period with respect to the transaction remains open specific to the final determination and settlement of the deferred purchase price due to dissenting former public shareholders as well as to finalize certain direct tax, indirect tax, and other legal contingencies for which due diligence remains on-going.

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	$	20,877
Accounts receivable		682,588
Inventory		325,636
Other current assets		61,184
Fixed assets		649,342
Goodwill		2,417,888
Intangible assets		1,799,997
Other long term assets		180,979
Total assets		6,138,491
Accounts payable		519,289
Accrued expenses		403,765
Other current liabilities		16,503
Retained indebtedness		35,722
Deferred income tax liabilities		152,308
Pension obligations		74,326
Other non-current liabilities		156,631
Total liabilities		1,358,544
Net assets acquired, net of cash		4,759,070
Less: Cash paid		3,723,398
Less: Purchase price conveyed via equity		1,022,408
Purchase price payable	$	13,264

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 acquired assets below, 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.

The Company has accounted for the acquisition as a business combination and allocated the fair value of the consideration transferred (cash of $20 million; no other consideration transferred) based on management's estimates of fair value. The excess of the purchase price over the fair value of the net assets acquired was

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allocated to goodwill, $0 of which is deductible for tax purposes. Residual goodwill represents the future economic benefits arising from other assets acquired, which cannot be individually identified and separately recognized. The fair values of intangible assets were estimated using an income approach, with the excess earnings method used for customer relationships and the relief from royalty method used for trademarks and tradenames. 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. As of September 30, 2023, the measurement period with respect to the transaction has been closed.

The following table summarizes the fair values of the net assets acquired as of the February 28, 2023 acquisition date (in thousands):

Purchase Price Allocation - Kolb		
Inventory	$	2,669
Other current assets		249
Fixed assets		645
Goodwill		2,650
Intangibles		13,823
Total net assets acquired and cash conveyed	$	20,036

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. This acquisition provides opportunity for the Company to expand further into the Peruvian market where it currently has a limited presence. Total consideration transferred was $22.7 million, net of cash and restricted cash acquired. 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, with an estimated range between $0 and and $12.4 million. As the sellers are required to remain employees of the Company and are required to render service to the Company during the earnout period, any incremental consideration due to the former employee-owners will be accounted for when incurred as compensation costs.

The Company has accounted for the acquisition 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. The fair values of the intangible assets were estimated using an income approach, utilizing the excess earnings method for customer relationships. 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. As of September 30, 2023, the measurement period with respect to the transaction has been closed.

The following table summarizes the fair values of the net assets acquired as of the February 6, 2023 acquisition date (in thousands):

Purchase Price Allocation - Grand Invest Group		
Cash and cash equivalents	$	5,737
Accounts receivable		9,005
Inventory		5,411
Other current assets		2,431
Fixed assets		3,095
Goodwill		8,731
Intangibles		16,302
Deferred tax assets		62
Other long term assets		162
Total assets		50,936
Accounts payable		14,122
Accrued expenses		642
Income tax liabilities		2,052
Finance leases		718
Non-current liabilities		4,960
Total liabilities		22,494
Total net assets acquired		28,442
Less: cash, cash equivalents and restricted cash acquired		5,737
Net cash conveyed at closing	$	22,705

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. Net cash conveyed at closing was $287.2 million, which includes $50 million paid into escrow for contingent consideration to be earned by the sellers based on specific manufacturing volume targets during the calendar year ending December 31, 2023. Subsequent to the issuance of the September 30, 2022 financial statements but within the measurement period, the Company revised its provisional estimate of customer relationships during the measurement period after better understanding the historical and prospective customer attrition of the Company.

Given higher than anticipated customer attrition, the Company experienced lower sales demand which reduced the Company's need for incremental production volumes which are otherwise required to achieve the $50 million earnout paid into escrow at closing. In addition, incremental quantitative and qualitative data points provided by employees of the acquired production facility during the measurement period resulted in a revised fair value determination of the fixed assets recorded to the opening balance sheet. In totality, this change in estimate resulted in reductions to acquired Customer relationship intangibles, reductions to the purchase price via increases in the Contingent consideration receivable, and increases in the value of personal property at the acquired production facility. Note that the impact to the Consolidated Statements of Operations as a result of these changes in the prior year would have impacted both depreciation and amortization expense but would be immaterial to all relevant periods.

Refer to a summary of these changes in tabular form below (in thousands):

Clearon Purchase Price Allocation Adjustments	
Fixed Assets	32,533
Goodwill	(18,119)
Intangibles	(32,000)
Other	(4,879)
Fair value of contingent consideration receivable in escrow	21,800
Total adjustments, excluding cash	(665)
	$

The following table summarizes the fair values of the net assets acquired as of the September 9, 2022 acquisition date (in thousands), including the reconciliation back to the fair value of net assets acquired prior to the working capital adjustment as stated in our September 30, 2022 financial statements:

Purchase Price Allocation - Clearon	
Cash and cash equivalents	$ 12,296
Accounts receivable	19,781
Inventory	29,845
Other current assets	9,804
Fixed assets	134,756
Goodwill	66,968
Intangibles	41,000
Restricted cash	1,710
Other long term assets	4,730
Total assets	320,890
Accounts payable	15,067
Accrued expenses	8,727
Current portion of finance leases	507
Income tax liabilities	795
Long term portion of finance leases	4,614
Deferred tax liabilities	35,611
Pension obligations	2,657
Total liabilities	67,978
Total net assets acquired	252,912
Less: cash, cash equivalents and restricted cash acquired	14,006
Plus: fair value of contingent consideration receivable in escrow	47,600
Total net consideration transferred	$ 286,506
Plus: working capital adjustments subsequent to closing	665
Net cash conveyed at closing as of year-end financials	$ 287,171

As of September 30, 2023, the measurement period with respect to the transaction 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. Total net consideration transferred was $25.6 million which was ascribed to the net assets acquired in accordance with ASC 805. In addition to the consideration transferred at closing, the former owners are entitled to incremental compensation based on the post-closing financial performance of Neu Kimya during a three year earnout period commencing on June 1, 2022 with an estimated range between $0 and $8.7 million. As the sellers have remained employees of the Company and are required to render service to Solenis during the earnout period, any incremental compensation due to the former employee-owners will be accounted for when incurred as compensation cost. As of September 30, 2022, the measurement period with respect to the purchase accounting for Neu Kimya has been closed. Total transaction costs were approximately $0.5 million, all of which are expensed as incurred during the Successor period ended September 30, 2022 and presented via Acquisition and transaction related expenses within Operating expenses on the Consolidated Statements of Operations.

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

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

Acquisition of SCL GmbH ("SCL")

On January 18, 2022, Solenis Germany GmbH & Co. KG (a German distributor and consolidated subsidiary of the Company) completed the purchase of 100% of the outstanding shares of SCL for an enterprise value of 19.8 million EUR subject to closing adjustments for working capital and net indebtedness. Prior to the transaction,

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SCL sold DMA3 (a raw material critical to polyacrylamide production) to a limited number of customers which included Solenis. In addition to retaining other third party customer relationships, Solenis plans to utilize the additional DMA3 production capacity as an insourcing synergy to further expand into the polyacrylamide market. Despite SCL's prior relationship as a Solenis vendor, there were no outstanding payables or receivables due between the parties at closing. In addition to the purchase price conveyed in cash, the Company has recorded a payable at closing representing a purchase price adjustment due to the sellers of $0.1 million and capitalized total transaction costs of $1.0 million to facilitate the acquisition.

SCL controls no inventory, has no legal ownership of any tangible assets or intellectual property and has no employees other than its owners. However, SCL is party to a supply agreement through which it obtains access to DMA3 at cost for which the underlying contract represents an intangible and right-of-use asset. In accordance with ASC 805 and ASC 350, this transaction represents an asset acquisition outside the scope of the business combinations guidance and is accounted for accordingly. As of September 30, 2022, the measurement period with respect to the purchase accounting for SCL has been closed.

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

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

Note 5 Accounts Receivable and Allowance for Doubtful Accounts

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

	Successor	
	September 30, 2023	**September 30, 2022**
Gross Accounts receivable	$ 1,109,440	$ 582,275
Less: allowance for doubtful accounts	(4,253)	(3,752)
Total	$ 1,105,187	$ 578,523

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

The Company considers these factors and the unique financial conditions of each customer when establishing an allowance for losses from doubtful accounts. The following table represents bad debt expense incurred (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,**	**For the year ended September 30,**
	2023	**2022**	**2021**	**2021**
Bad debt expenses	$ 3,374	$ 3,752	$ (2)	$ 1,245

During the year ended September 30, 2020, the Predecessor company entered into various global credit insurance policies to partially mitigate the risk of loss of trade receivables. As such and on a recurring basis, the Company performs an analysis of its bad debt positions to determine potential indemnification under these policies. For the Successor period as of September 30, 2023 and as of September 30, 2022, the Company recorded indemnification assets of $2.5 million and $1.6 million, respectively, reflected within Prepaid expenses and other assets on the Consolidated Balance Sheets. For the Successor year ended September 30, 2023 and Successor year ended September 30, 2022, the Predecessor periods ended November 8, 2021, and Predecessor year ended September 30, 2021, the Company recorded benefits of $0.9 million, $0.9 million, less than $0.1 million, and $0.1 million respectively, as a reduction to selling, general and administrative expense on the Consolidated Statements of Operations.

Note 6 Sale of Trade Receivables

On March 21, 2022, the Company effectively executed an extension of the existing RPA with ING Luxembourg ("ING"), which was originally executed on March 26, 2018 and amended on March 20, 2020. While no other material terms have been revised, the expiration of the RPA was amended to January 31, 2024. Additionally, on March 22, 2023, the Company executed an amendment to the RPA to include Solenis Polska Sp. z.o.o. (a Polish subsidiary of the Company; "Solenis Poland") as an originator and servicer such that trade receivables generated within Poland can be included within the scope of the facility.

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Through the Accounts Receivable Financing facilities, the Company sells eligible short-term trade receivables on the initial transfer date in exchange for consideration inclusive of cash conveyed to 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 15 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 during the Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, Predecessor period ended November 8, 2021, and Predecessor year ended September 30, 2021 were $0.2 million , $0.7 million , less than $0.1 million, and $1.7 million, respectively.

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

	Successor	
	September 30, 2023	September 30, 2022
Outstanding Principal Amount of receivables sold	$ 189,602	$ 178,459
Carrying amount of related DPP receivable classified within Sold receivables	89,884	89,880

Initial cash received as part of the Accounts Receivable Financing is included as part of Cash flows from operating activities on the Consolidated Statements of Cash Flows; specifically under Change in operating assets and liabilities as part of Accounts receivable, net. Subsequent sales of receivables under the Accounts Receivable Financing are deemed to be exchanged for financial instruments. Due to this dichotomy in cash flows, each receivable sale is deemed to be a non-cash investing activity to acquire a financial instrument or beneficial interest, 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,	For the year ended September 30,
	2023	2022	2021	2021
Sales of accounts receivables	$ 881,207	$ 759,308	$ 145,647	$ 1,530,589
Return of capital on DPP	838,946	679,931	131,060	1,427,097

Note 7 Inventories, net

Inventories consisted of the following (in thousands):

	Successor	
	September 30, 2023	September 30, 2022
Finished products	$ 487,858	$ 379,128
Raw materials, supplies and work in process	327,904	242,121
Total	$ 815,762	$ 621,249

Inventories are valued using the weighted-average cost method and valued at the lower of cost and net realizable value. Inventory reserves were $5.3 million and $1.5 million as of the Successor period ended September 30, 2023 and the Successor period ended September 30, 2022, respectively.

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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
Predecessor:			
Balance as of September 30, 2021	$ 514,580	$ (97,531)	$ 417,049
Foreign currency translation	2,146	—	2,146
Balance as of November 8, 2021	$ 516,726	$ (97,531)	$ 419,195
Successor:			
Balance as of November 9, 2021	$ —	$ —	$ —
Impact of Olympus Transaction	2,114,441	—	2,114,441
Other acquisitions	90,922	—	90,922
Foreign currency translation	(88,418)	—	(88,418)
Balance as of September 30, 2022	$ 2,116,945	$ —	$ 2,116,945
Impact of Diversey Transaction	2,417,888	—	2,417,888
Impact of Kolb acquisition	2,650	—	2,650
Impact of Grand Invest acquisition	8,731	—	8,731
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

As discussed within Note 1, the Olympus Transaction resulted in the recognition of residual Goodwill of $2.1 billion. Subsequent to the opening balance sheet date for the Olympus Transaction, the Company closed six additional acquisitions, five of which were accounted for within the scope of ASC 805, resulting in the recognition of incremental goodwill. Activity related to the residual Goodwill recognized during year ended September 30, 2023 is specific to three current year acquisitions, as well as measurement period adjustments related to an acquisition closed during the year ended September 30, 2022. Details of these transactions can be found in Note 4.

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, 2023			September 30, 2022		
	Weighted average amortization period in years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	14.7	$ 2,364,941	$ (212,659)	$ 2,152,282	$ 1,542,065	$ (92,963)	$ 1,449,102
Supply Agreements	6.3	360,485	(152,352)	208,133	350,015	(60,241)	289,774
Trademark and trade names	13.9	939,269	(54,229)	885,040	246,210	(19,522)	226,688
Proprietary process know how	11.6	135,638	(20,087)	115,551	115,848	(8,756)	107,092
Intellectual property	10.0	606,881	(73,004)	533,877	341,182	(31,275)	309,907
In process R&D	—	39,106	—	39,106	47,237	—	47,237
Land use rights	50.0	14,464	(738)	13,726	14,504	(357)	14,147
Total intangible assets		$ 4,460,784	$ (513,069)	$ 3,947,715	$ 2,657,061	$ (213,114)	$ 2,443,947

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,**	**For the year ended September 30,**
	2023	**2022**	**2021**	**2021**
Amortization expense	$ 298,867	$ 205,957	$ 10,409	$ 96,244
Amortization expense classified with cost of sales	143,076	91,103	5,329	46,380

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

At March 31, 2023, the Company recognized an accelerated amortization charge in connection with a supply agreement acquired from Sigura. The below-market supply agreement was valued at $190 million as part of the initial Sigura purchase price allocation in November 2021, with amortization recognized on a straight line basis over the life of the agreement. The Company received an updated term sheet from the supplier requiring gradual increases in price that would adjust pricing to market rates by the end of the agreement term in 2026 and accepted this revised term sheet in an attempt to ensure continuity of supply in future negotiations. As a result of the change in the projected cash flows available to the Company resulting from the agreement, management determined that the straight-line amortization method no longer best approximates the pattern of value transfer given increasing value erosion in future periods and will accelerate amortization via a reduced useful life, resulting in a change in accounting estimate in accordance with ASC 250-10. Note that the change in accounting estimate resulted in incremental amortization expense within Cost of sales of $22.4 million during the year ended September 30, 2023.

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During the Successor year ended September 30, 2023, the Company recognized an impairment charge of $9.0 million 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, 2023, approximately $42.3 million of IPR&D projects were placed into service. As of September 30, 2023, $39.1 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):

2024	$ 353,943
2025	342,815
2026	308,343
2027	314,720
2028	312,230
Thereafter	2,276,558
Total future amortization	$ 3,908,609

Reverse Supply Agreements

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

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

	Successor					
	September 30, 2023			September 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Reverse Supply Agreements	$ 50,220	$ (18,334)	$ 31,886	$ 46,500	$ (8,119)	$ 38,381

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

	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,	For the year ended September 30,
	2023	2022	2021	2021
Revenue from Reverse Supply Agreements	$ 9,672	$ 8,699	$ 486	$ 5,992

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

2024	$ 9,566
2025	9,566
2026	9,566
2027	3,188
2028	—
Thereafter	—
Total future amortization	$ 31,886

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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, 2023	**September 30, 2022**
Machinery and equipment	$ 1,347,147	$ 778,264
Land and land improvements	128,074	78,573
Plants and buildings	323,317	177,610
Construction in progress	232,629	141,159
Software	59,684	32,552
Total	2,090,851	1,208,158
Less: Accumulated depreciation	(352,129)	(143,803)
Property, plant and equipment, net	$ 1,738,722	$ 1,064,355

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,**	**For the year ended September 30,**
	2023	**2022**	**2021**	**2021**
Depreciation expense	$ 224,522	$ 150,843	$ 9,792	$ 90,111
Depreciation expense classified within cost of sales	189,265	128,006	7,328	71,439

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

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

	Successor	
	September 30, 2023	**September 30, 2022**
Historical cost	$ 99,565	$ 91,732
Less: Accumulated depreciation	(24,042)	(19,799)
Net book value	$ 75,523	$ 71,933

Note 10 Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	Successor	
	September 30, 2023	**September 30, 2022**
Compensation related accruals	$ 227,563	$ 112,227
Accrued customer rebates	167,164	7,127
Interest accruals	98,276	33,469
VAT liabilities	48,349	8,774
Severance and restructuring reserves	33,984	1,021
Current portion of operating lease liabilities	33,409	20,136
Purchase price payable	13,264	—
Accrued litigation reserves	5,550	2,817
Other	128,405	53,197
Total accrued expenses	$ 755,964	$ 238,768

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Note 11 Other Non-Current Assets and Liabilities

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

	Successor	
	September 30, 2023	September 30, 2022
Non-current pension asset	$ 27,305	$ 4,660
Customer prebates	14,690	—
Foreign social security tax credits	11,833	—
Tax indemnification asset	11,485	—
Assets held for sale	11,446	—
Interest rate hedge	11,302	—
Energy security deposits	10,476	—
Long-term portion of lease receivable	10,355	—
Non-current prepaid expenses and deposits	9,924	8,748
Judicial deposits	6,660	5,181
Restricted cash	4,756	3,217
Capitalized chemical registration costs	3,753	2,322
Deferred financing fees on credit facilities	3,105	4,625
Indirect tax receivable	2,569	—
Environmental indemnity receivable	1,122	1,050
Deferred financing fees on sale of accounts receivable	78	204
Contingent consideration receivable in escrow	—	25,800
Other	11,877	5,256
Total other non-current assets	$ 152,736	$ 61,063

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

	Successor	
	September 30, 2023	September 30, 2022
Uncertain tax positions, net of NOLs	$ 74,147	$ 49,443
Indirect tax contingencies	51,456	17,376
Asset retirement obligations	9,024	2,213
Foreign social security tax credits payable to former owners	8,979	—
Liability classified share based awards	5,338	—
Non-current vendor payables	4,989	4,487
NQDC plan contribution accruals	3,816	—
Employee compensation reserves	2,395	3,150
Employee legal liabilities	1,877	—
Unearned income	1,652	—
Environmental liabilities subject to indemnification	1,122	1,050
Other environmental remediation liabilities	820	596
Other	6,238	895
Total other non-current liabilities	$ 171,853	$ 79,210

Note 12 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. Primarily, the Company follows the guidance codified in ASC 842-10-15 and considers the following criteria: (1) Whether the contract identified a specific asset for use either explicitly or implicitly and if substitution rights exist, (2) If the Company has the right to obtain substantially all of the economic benefits from the asset, and (3) If the Company has the right to direct the use of the underlying asset. If determined to contain a lease, the Company proceeds to determine whether the lease is classified as either an operating or finance lease based on an underlying assessment of the substance of ownership and control. 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, 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 12 months. Dissimilar to operating lease ROU assets, finance lease ROU assets are included within Property, plant and equipment, net, on the Consolidated Balance Sheets.

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

		Successor	
Assets	**Classification**	**September 30, 2023**	**September 30, 2022**
Operating lease ROU assets	Operating lease ROU assets	$ 147,277	$ 84,946
Finance lease ROU assets	Property, plant and equipment, net	75,523	71,933
Total lease ROU assets		$ 222,800	$ 156,879

		Successor	
Liabilities	**Classification**	**September 30, 2023**	**September 30, 2022**
Current			
Operating lease liabilities	Accrued expenses	$ 33,409	$ 20,136
Finance lease liabilities	Current portion of long-term debt and finance leases	10,549	8,018
Total current lease liabilities		$ 43,958	$ 28,154
Noncurrent			
Operating lease liabilities	Long-term portion of operating lease liabilities	$ 142,643	$ 77,003
Finance lease liabilities	Long-term debt and finance leases	21,685	15,524
Total noncurrent lease liabilities		164,328	92,527
Total lease liabilities		$ 208,286	$ 120,681

Components of lease expenses under ASC 842 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,**	**For the year ended September 30,**
	2023	**2022**	**2021**	**2021**
Operating lease expense	$ 32,070	$ 22,315	$ 1,047	$ 21,459
Finance lease expense				
Amortization of ROU assets	16,910	13,386	698	8,533
Interest on lease liabilities	827	567	64	895
Total Finance lease expense	17,737	13,953	762	9,428
Variable and short-term lease expenses	13,671	10,425	975	5,095
Total lease expenses	$ 63,478	$ 46,693	$ 2,784	$ 35,982

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

	Successor		Predecessor	
	For the year ended September 30,	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,
	2023	2022	2021	2021
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows via operating leases	33,605	23,425	1,148	12,412
Operating cash outflows via finance leases	827	567	64	895
Financing cash outflows via finance leases	9,340	7,901	672	8,538
ROU assets obtained in exchange for lease obligations:				
Operating leases	9,293	882	—	3,093
Finance leases	5,085	14,399	—	8,697

Lease term and discount rate information is summarized below as of September 30, 2023 and September 30, 2022:

	Successor	
	September 30, 2023	September 30, 2022
Weighted-average remaining lease term (years)		
Operating leases	21.2	23.1
Finance leases	3.6	3.9
Weighted-average discount rate		
Operating leases	7.1 %	4.7 %
Finance leases	5.4 %	3.7 %

Minimum lease payments due as of the Successor Period September 30, 2023 under ASC 842 (in thousands):

	Operating leases	Finance leases
2024	$ 46,483	$ 12,334
2025	29,059	9,892
2026	19,348	7,481
2027	15,315	4,218
2028	12,662	1,644
Thereafter	184,963	672
Total undiscounted payments	307,830	36,241
Less: Total forecasted interest expense	(131,778)	(4,007)
Present value of lease liabilities	$ 176,052	$ 32,234

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Lessor operating and sales-type leases

In connection with the Diversey Transaction, the Company became party to lease contracts that provide dosing and dispensing equipment to customers under operating and sales-type leases. The Company's accounting policy for these leases is to account for lease and non-lease components separately. The non-lease components, such as product and service revenue, are accounted for under Topic 606 Revenue from Contracts with Customers, see Note 3, Revenue Recognition, for further information. Revenue from operating leases is recognized on a straight-line basis over the life of the lease. Cost of sales from operating leases includes the depreciation expense for assets under lease. The assets are depreciated over their estimated useful lives. Revenue from sales-type leases is recognized as the present value of the future lease payments in the period the lease agreement is signed and the equipment is delivered to the customer. Interest income is recognized using the effective interest method over the life of the lease. Cost of sales from sales-type leases includes the cost for assets under lease. Initial lease terms range from one year to five years, and most leases include renewal options. The contracts do not include customer purchase options, thus the asset remains the property of the Company upon the expiration of a given lease contract.

The receivables, net of reserves, under sales-type leases are $18.9 million, of which $8.5 million is included in Accounts receivable and $10.4 million is included in Other assets, as of September 30, 2023.

The undiscounted cash flows from sales-type leases for existing contracts as of September 30, 2023 is as follows (in thousands):

	Amount
2024	$ 8,979
2025	6,980
2026	4,415
2027	3,150
2028	2,901
Thereafter	2,809
Total	$ 29,234

Note 13 Debt and Finance Lease Obligations

As of September 30, 2023 and September 30, 2022, the Company's outstanding external debt and finance lease obligations consisted of the following (in thousands):

	Successor			
	September 30, 2023		September 30, 2022	
Credit Facilities:	Amount	Interest Rate	Amount	Interest Rate
ABL Revolver	$ —	— %	$ —	— %
Term Loan USD	1,090,575	8.94 %	1,101,675	6.06 %
Incremental Term Loan USD	295,500	9.50 %	298,500	6.65 %
Term Loan EUR	527,899	7.02 %	488,802	4.00 %
Secured Notes USD	815,000	4.25 %	815,000	4.25 %
Secured Notes EUR	527,899	3.88 %	488,802	3.88 %
Incremental Secured Notes USD	325,000	7.13 %	325,000	7.13 %
Diamond USD Term Loan	500,000	10.27 %	—	— %
Diamond Secured USD Note	1,700,000	9.75 %	—	— %
Diamond Secured EUR Note	665,153	9.63 %	—	— %
Unsecured Notes USD	400,000	6.25 %	400,000	6.25 %
Unsecured Notes EUR	279,787	5.38 %	259,065	5.38 %
Unamortized original issue discount	(35,210)		(12,388)	
Unamortized deferred financing costs	(220,792)		(140,424)	
Equipment financing	22,500	5.98 %	8,333	10.66 %
Finance lease obligations	32,234		23,542	
Total debt and finance lease obligations	$ 6,925,545		$ 4,055,907	
Add: current portion of Deferred financing costs	—		1,867	
Add: current portion of Original Issue Discount	—		20,523	
Less: current portion of term debt	(19,100)		(14,100)	
Less: current portion of equipment financing	(1,849)		(7,069)	
Less: current portion of finance lease obligations	(10,549)		(8,018)	
Long-term debt and finance lease obligations	$ 6,894,047		$ 4,049,110	

ABL Revolving Credit Facility

Obligations under the ABL (availability until November 2026) provide for senior secured asset-based, multi-currency revolving loans, swingline loans and letter of credit availability in an aggregate principal amount of up to $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.

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

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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.

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

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. As of September 30, 2023 the Company's borrowing capacity under the ABL was $481.4 million, with no balance outstanding. As of September 30, 2023 and September 30, 2022, the Company has letters of credit of $24.8 million and $15.5 million, respectively.

Term Loan Agreement and Incremental Term Loans

Obligations under the Term Loans due November 2028 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 Loan has a first priority lien on the Fixed Asset Collateral and certain material real property and a second-priority lien on the Current Asset Collateral (second in priority to the liens under the ABL) in each case, subject to other permitted liens.

Interest rates on all term loans are variable. The Term Loan USD carries an interest rate of 3.75%, plus the current USD Secured Overnight Financing Rate ("SOFR") subject to a floor of 0.50%. The Term Loan EUR carries an interest rate of 4.00%, plus the current EURIBOR rate subject to a floor of 0%. The Incremental Term Loans USD, a $300 million tranche, carry an interest rate equal to three month SOFR plus a spread of 4.6%. Interest elections are made two business day prior to the third month of every quarter and are effective for three months.

On July 5, 2023, in connection with the Diversey Transaction, the Company borrowed an incremental $500 million under the existing term loan facility (the "Diamond USD Term Loan"), which carries interest at a rate equal to SOFR plus a spread of 5.0%.

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, 2023.

Secured Notes and Incremental Secured Notes USD

The Company holds various different secured obligations to it's creditors, in the above table, they are referred to as "Secured Notes", "Incremental Secured Notes", or "Diamond Secured Notes". The Secured Notes were issued on October 1, 2021 in connection with the Olympus Transaction on November 9, 2021, the Incremental Secured

Notes were issued on August 30, 2022 to fund the acquisition of Clearon on September 9, 2022, and the Diamond Secured Notes were issued on June 8, 2023 to fund the acquisition of Diversey on July 5, 2023.

Both the Secured Notes and Diamond Secured Notes contain USD and EUR denominated tranches, while the Incremental Secured Notes are denominated solely in USD. Obligations under both the USD and EUR tranches of the Secured Notes are due in fiscal 2028, obligations under the Incremental Secured Notes are due in fiscal 2028, and obligations under both the USD and EUR tranches of the Diamond Secured Notes are due in fiscal 2029.

Unsecured Notes

Obligations under the Unsecured Notes are due in 2029 for both USD and EUR tranches. The Unsecured Notes are junior to the Term Loan and Secured Notes.

Sale-leaseback transactions

In connection with the Diversey Transaction, the Company became party to certain sale-leaseback transactions, under which the Company is currently leasing two properties sold by the legacy Diversey company to an unrelated third party in March of 2020 for $22.9 million. 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.

The Company classified the leases as a financing obligation to be paid over 15 years. The current portion of $0.6 million and non-current portion of $20.1 million are both included in current portion of long term debt and long term debt and finance leases, respectively, on the Consolidated Balance Sheets.

Deferred Financing Costs and Original Issue Discount

As of September 30, 2023 and September 30, 2022, unamortized deferred financing costs relative to the Company's outstanding debt consisted of the following (in thousands):

	Successor	
	Unamortized Deferred Financing Costs	
	September 30, 2023	September 30, 2022
Term Loan USD	$ 27,162	$ 31,019
Incremental Term Loan USD	1,968	2,236
Term Loan EUR	12,846	13,512
Secured Notes USD	26,647	31,226
Secured Notes EUR	17,200	18,696
Diamond Secured USD Note	96,089	—
Unsecured Notes USD	16,827	18,912
Incremental Secured Notes USD	10,341	12,434
Unsecured Notes EUR	11,675	12,203
Equipment Financing	37	186
Total	$ 220,792	$ 140,424

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The following table presents the amortization of deferred financing costs for the Successor year ended September 30, 2023 and for Successor period ended September 30, 2022, (in thousands):

	Successor	
	For the year ended September 30,	For the period from November 9, 2021 to September 30,
	2023	2022
Term Loan USD	$ 5,357	$ 3,878
Incremental Term Loan USD	269	147
Term Loan EUR	1,767	1,837
Secured Notes USD	4,570	4,355
Secured Notes EUR	3,026	2,929
Diamond Secured USD Note	1,594	—
Unsecured Notes USD	2,084	2,013
Unsecured Notes EUR	1,521	1,495
Incremental Secured Notes USD	2,093	167
Total	$ 22,281	$ 16,821

As of September 30, 2023 and September 30, 2022, unamortized original issue discount was as follows (in thousands):

	Successor	
	Unamortized Original Issue Discount	
	September 30, 2023	September 30, 2022
Term Loan USD	$ 2,160	$ 2,467
Incremental Term Loan USD	4,950	5,626
Incremental Secured Notes USD	2,667	3,207
Term Loan EUR	1,034	1,088
Diamond USD Term Loan	24,399	$ —
Total	$ 35,210	$ 12,388

Accretion of the original issue discount was as follows for the year ended September 30, 2023 and for Successor period ended September 30, 2022, (in thousands):

	Successor	
	For the year ended September 30,	For the period from November 9, 2021 to September 30,
	2023	2022
Term Loan USD	$ 307	$ 308
Incremental Term Loan USD	677	374
Term Loan EUR	142	148
Incremental Secured Notes USD	540	43
Diamond USD Term Loan	601	$ —
Total	$ 2,267	$ 873

Future Repayments

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

	Successor
	As of September 30, 2023
2024	$ 21,470
2025	19,651
2026	19,684
2027	344,718
2028	1,362,654
Thereafter	5,381,136
Total	$ 7,149,313

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Note 14 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 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,
	2023	2022	2021	2021	2023	2022	2021	2021
Net periodic benefit costs								
Service cost	$ 4,292	$ 4,258	$ 386	$ 5,410	$ 28	$ 9	$ —	$ 7
Interest cost	9,309	2,936	258	2,834	97	56	2	19
Curtailment	—	42	—	—	—	—	—	—
Expected return on plan assets	(7,593)	(1,801)	(153)	(1,695)	—	—	—	—
Amortization of prior service (credit) cost	(28)	(21)	(12)	(84)	—	—	—	—
Settlement loss (gain)	(314)	(308)	—	(195)	(49)	—	—	—
Amortization of net (gain) loss	(2,754)	—	6	706	(16)	—	—	—
Special termination benefit recognized	—	—	—	13	—	—	—	—
Total	$ 2,912	$ 5,106	$ 485	$ 6,989	$ 60	$ 65	$ 2	$ 26
Weighted-average plan assumptions								
Discount rate	2.3 %	2.3 %	1.6 %	1.7 %	8.4 %	8.4 %	3.1 %	2.9 %
Rate of compensation increase	3.0 %	3.0 %	3.0 %	3.0 %				
Expected long-term rate of return on plan assets	3.1 %	3.1 %	3.6 %	2.4 %				

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,	For the year ended September 30,
	2023	2022	2021	2023	2022	2021	2021
Prior service cost (credit)	$ (60)	$ (47)	$ (567)	$ —	$ —	$ —	—
Recognition of settlement loss (gain)	(5,415)	308	(511)	135	—	—	—
Net actuarial loss (gain)	(35,270)	(29,800)	(10,571)	(82)	(171)	(78)	(78)
Total	$ (40,745)	$ (29,539)	$ (11,649)	$ 53	$ (171)	$ (78)	$ (78)

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,	For the year ended September 30,
	2023	2022	2021	2023	2022	2021	2021
Prior service cost (credit)	$ (13)	$ (47)	$ —	$ —	$ —	$ —	$ —
Recognition of settlement loss (gain)	(5,723)	308	—	135	—	—	—
Net actuarial loss (gain)	(5,470)	(29,800)	—	89	171	—	37
Total	$ (11,206)	$ (29,539)	$ —	$ 224	$ 171	$ —	$ 37

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		Successor	
	For the year ended September 30,	For the period from Nov. 9, 2021 to Sep. 30,	For the year ended September 30,	For the period from Nov. 9, 2021 to Sep. 30,
	2023	2022	2023	2022
Change in benefit obligations				
Beginning balance	$ 124,240	$ —	$ 729	$ —
Service cost	4,288	4,251	28	9
Interest cost	9,307	2,933	97	56
Participant contributions	607	129	—	—
Benefits paid	(7,541)	(3,368)	(71)	(26)
Actuarial loss (gain)	(27,718)	(44,466)	(285)	(184)
Plan amendment	(75)	(66)	—	—
Plan curtailments	—	43	—	—
Plan settlements	(6,488)	(3,425)	—	—
Special termination benefits	—	—	—	—
Exchange rate changes	(5,352)	(18,018)	(62)	(91)
Plan combinations	—	—	—	—
Net transfers in/(out)	427,064	186,491	3,494	965
Curtailment gain	(39)	(244)	—	—
Ending balance	$ 518,293	$ 124,260	$ 3,930	$ 729
Change in plan assets				
Beginning balance	$ 70,047	$ —	$ —	$ —
Return on plan assets	(7,805)	(10,039)	—	—
Employer contributions	8,129	4,088	40	26
Participant contributions	607	129	—	—
Benefits paid	(7,538)	(3,350)	(40)	(26)
Exchange rate changes	(7,978)	(6,869)	—	—
Acquisition/divestitures	372,443	89,785	—	—
Plan settlements	(6,488)	(3,425)	—	—
Other	(283)	(244)	—	—
Ending balance	421,134	70,075	—	—
Underfunded plan status	$ (97,159)	$ (54,185)	$ (3,930)	$ (729)
Amounts recognized in the balance sheet				
Noncurrent assets	27,305	4,660	—	—
Current liabilities	(4,040)	(1,115)	(278)	(31)
Noncurrent liabilities	(120,424)	(57,730)	(3,654)	(698)
Net amount recognized	$ (97,159)	$ (54,185)	$ (3,932)	$ (729)
Weighted-average plan assumptions				
Discount rate	4.4 %	4.4 %	8.0 %	8.0 %
Rate of compensation increase	3.1 %	3.1 %		

The accumulated benefit obligation for the pension plans was $495.1 million as of September 30, 2023 and $115.7 million as of September 30, 2022. Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows (in thousands):

	Successor					
	As of September 30, 2023			As of September 30, 2022		
	Qualified plans	Non-qualified plans	Total	Qualified plans	Non-qualified plans	Total
Projected benefit obligation	$ 93,740	$ 810	$ 94,550	$ 84,672	$ 810	$ 85,482
Accumulated benefit obligation	164,260	810	165,070	77,533	810	78,343
Fair value of plan assets	59,913	—	59,913	26,876	—	26,876

Plan assets

The weighted average expected long-term rate of return on the pension plan assets was 4.9% and 3.1% as of September 30, 2023 and September 30, 2022, respectively. The basis for determining the expected long-term rate of return is a combination of future return assumptions for various asset classes in our investment portfolio, historical analysis of previous returns, market indices and a projection of inflation.

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy as of the Successor year ended September 30, 2023, and the Successor year ended September 30, 2022 (in thousands):

	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	$ 4,003	$ 1,061	$ 2,941	$ —
Corporate debt instruments	158,611	506	158,105	—
Mutual funds	127,336	7,266	120,070	—
Insurance contracts	45,698	—	—	45,698
Other assets	49,322	—	38,339	10,973
Total assets in fair value hierarchy	384,970	$ 8,833	$ 319,455	$ 56,671
Investments measured at net asset value	36,164			
Total Pension Plan Assets	$ 421,134			

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

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

The Company's Level 3 insurance contracts as of September 30, 2023 and September 30, 2022 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, 2021 through September 30, 2023 is as follows (in thousands):

Predecessor:	
Balance at September 30, 2021	$ 20,086
Net purchases, sales, and issuances	—
Unrealized gain (loss)	—
Balance at November 9, 2021	$ 20,086
Successor:	
Net purchases, sales, and issuances	253
Unrealized gain (loss)	(4,059)
Balance at September 30, 2022	$ 16,280
Net purchases, sales, and issuances (and via acquisition)	40,279
Unrealized gain (loss)	112
Balance at September 30, 2023	$ 56,671

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		
	2023 target	September 30, 2023	2022 target	September 30, 2022
Plan assets allocation				
Equity securities	20%-30%	29%	10%-20%	12%
Debt securities	30%-40%	38%	40%-60%	50%
Other	30%-40%	33%	30%-40%	38%
Total		100%		100%

Cash flows

Expected Company contributions to the pension plans over the next twelve months are estimated to be $4.7 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
2024	$ 5,967	$ 29
2025	6,006	32
2026	6,602	41
2027	8,479	45
2028	7,445	48
Thereafter	$ 48,490	$ 328

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 $14.4 million, $12.3 million, $1.2 million, and $14.0 million, respectively during the Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, Predecessor period from October 1, 2021 to November 8, 2021, and Predecessor year ended September 30, 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 15 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, 2023 and September 30, 2022 (in thousands):

	Successor			
	September 30, 2023		September 30, 2022	
	Principal Outstanding	Fair Value	Principal Outstanding	Fair Value
ABL Revolver	$ —	$ —	$ —	$ —
Term loan USD	1,090,575	1,082,396	1,101,675	1,002,524
Incremental term loan USD	295,500	294,761	298,500	285,814
Term loan EUR	527,899	521,960	488,802	435,669
Secured notes USD	815,000	669,319	815,000	616,385
Incremental secured notes USD	325,000	302,250	325,000	293,313
Secured notes EUR	527,899	444,755	488,802	367,823
Unsecured notes USD	400,000	314,000	—	—
Unsecured notes EUR	279,787	211,589	—	—
Diamond term loan USD	500,000	500,000	—	—
Diamond secured note USD	1,700,000	1,687,250	400,000	272,000
Diamond secured note EUR	665,153	670,142	259,065	186,527
Equipment financing	22,500	22,500	8,333	8,333
Total	$ 7,149,313	$ 6,720,922	$ 4,185,177	$ 3,468,388

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

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 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 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 as and qualify as cash flow hedges. The Company recorded a loss of $4.8 million, net of tax, for the year ended September 30, 2023 related to the change in fair value of the aforementioned interest rate caps within other comprehensive loss. The related asset of $11.3 million is recorded on the Consolidated Balance Sheets as of September 30, 2023, within Other assets.

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.

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. As of September 30, 2021, the Company had First Lien Euro Loans of $899.8 million (EUR 777.2 million). To mitigate the foreign exchange risk associated with these loans on a go-forward basis, management determined to pursue solutions without incurring the cost or underlying risks associated with derivative financial instruments.

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

Each month, the Company redesignates a specific amount of Euro denominated intercompany notes as a hedging instrument to mitigate foreign exchange risk associated with its Euro net assets. The Company's designation is limited to the lowest value in the subset of data points among: 1) The total Euro value of the intercompany note outstanding, 2) The total Euro value of the Company's consolidated First Lien Euro Loans, and 3) The total Euro value of the Company's net assets in consolidated subsidiaries that utilize a Euro functional currency. As of September 30, 2021, the Company had designated EUR 777.2 million of its intercompany Euro notes as a hedging instrument to mitigate the foreign currency risk associated with the Company's $816.1 million of consolidated Euro net assets (relative to total First Lien Euro Loans of EUR 777.2 million). During the year ended September 30, 2021, the Company recognized Other comprehensive income of $10.4 million as a result of its net investment

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hedge, effectively representing deferrals of foreign exchange gains and losses associated with the Company's First Lien Euro Loans.

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 1 Inputs

The Company's only assets measured using Level 1 inputs are cash and cash equivalents, which consist of cash deposits with financial institutions and highly liquid short-term investments with original maturities of three months or less.

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, 2023 (in thousands):

	Interest rate cap
Balance as of September 30, 2022	$ —
Initiation of interest rate cap	19,613
Activity, net	(8,311)
Balance as of September 30, 2023	$ 11,302

Interest Rate Cap

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

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, 2021 to September 30, 2023 (in thousands):

	Successor	
	Deferred Purchase Price on Accounts Receivable Financing	**Contingent Consideration Assets (Liabilities)**
Predecessor:		
Balance as of September 30, 2021	$ 200,905	$ (712)
Activity, net	(80,104)	—
MUFG payoff	(51,893)	—
Foreign currency translation	446	—
Balance as of November 8, 2021	$ 69,354	$ (712)
Successor:		
Balance as of November 8, 2021	$ 69,354	$ (712)
Activity, net	41,431	25,088
Foreign currency translation	(20,905)	—
Balance as of September 30, 2022	$ 89,880	$ 24,376
Initiation of interest rate cap	—	—
Activity, net	(7,569)	23,224
Foreign currency translation	7,573	—
Balance as of September 30, 2023	$ 89,884	$ 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

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

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

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

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.

Note 16 Commitments, Contingencies and Litigation

Unconditional Purchase Obligations and Commitments

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

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 year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, Predecessor period ended November 8, 2021, and Predecessor year ended September 30, 2021, total Fixed Manufacturing Costs incurred were $75.4 million, $62.9 million, $6.6 million, and $75.2 million respectively.

Future minimum Fixed Manufacturing Costs as of September 30, 2023 are as follows (in thousands):

	Future Minimum Commitment Payments
2024	$ 79,947
2025	79,341
2026	58,836
2027	48,736
2028	48,736
Thereafter	56,403
Total	$ 371,999

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.

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.

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In connection with the JV, BASF transferred various production facilities to the Company. During the diligence process related to the acquisition, the Company performed diligence related to potential environmental or other contingent liabilities. As no probable or estimable exposure existed at the acquisition date, the Company is not indemnified with respect to any environmental or other contingent matters. As of both the period ended September 30, 2023 and September 30, 2022, the Company does not have material contingent obligations which are both probable and estimable related to these production facilities, transferred employees, or other real property acquired from BASF.

As of both September 30, 2023 and September 30, 2022, the Company has recorded environmental remediation reserves of $1.8 million, related to two ongoing and probable environmental remediation proceedings. These reserves are included as part of other non-current liabilities on the Consolidated Balance Sheets. Given the limited time frame over which remediation activities are expected to be performed, the Company has not discounted any projected future cash outflows in determining these reserves as of September 30, 2023.

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

Indemnification assets associated with environmental remediation claims are recorded on the Consolidated Balance Sheets as part of Other Assets in the amount of $1.1 million and $1.0 million as of September 30, 2023 and September 30, 2022, respectively.

Other Legal Proceedings

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

The Company has accrued for legal reserves of $5.6 million and $2.8 million as of September 30, 2023 and September 30, 2022, 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, 2023 have an estimated contingency value of $0 to $7.5 million. While the Company cannot predict with certainty the outcome of such actions, the Company believes that adequate reserves have been recorded and losses already recognized with respect to such actions.

Insurance

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.

Note 17 Shareholder 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 Equity, on the Consolidated Balance Sheets as of September 30, 2023. Refer to Note 18 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.

Return of Capital

Olympus Water Holdings I, L.P. repurchases shares from directors, officers, and management who leave the Company. Given Olympus Water Holdings I, L.P. is above the consolidation, the Company accounts for the repurchase as a return of capital from shareholder equity if cash is conveyed directly by the Company without reimbursement by Olympus Water Holdings I, L.P.

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Note 18 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, 2023, 3,631,103 options were available for grant.

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

Stock Options

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

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

There were no grants of stock options issued during the year ended September 30, 2023.

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 718-10-20. There were no performance options granted during the year ended September 30, 2023.

Stock option activity for Service and Performance Options for the year ended September 30, 2023 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, 2022	4,988,902	$ 15.00	9.11	$ —	4,988,902	$ 15.00	9.11	$ —
Granted	—	—	—	—	—	—	—	—
Exercised	—	—	—	—	—	—	—	—
Forfeited	(189,459)	15.00	—	—	(189,459)	15.00	—	—
Outstanding as of September 30, 2023	4,799,443	$ 15.00	8.22	$ 24,333	4,799,443	$ 15.00	8.22	$ 24,333
Exercisable as of September 30, 2023	—	$ —	—	$ —	—	$ —	—	$ —

For the year ended September 30, 2023 there were no exercises and therefore, no cash received for the exercise of stock options.

Stock Appreciation Rights

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

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

As of September 30, 2023 and September 30, 2022, the fair value of SARs outstanding was $0 and $0, respectively. There were no outstanding SARs which were exercisable as of September 30, 2023 or September 30, 2022.

Unrecognized Share-based Compensation Expense

The below table represents a summary of unrecognized compensation cost related to non-vested share-based compensation arrangements as of the Successor period ended September 30, 2023 (in thousands):

	Service-Based		Performance-Based	
	Options	*SARs*	*Options*	*SARs*
Unrecognized Compensation Expense	$ 17,257	$ 360	$ 9,657	$ 360
Weighted Remaining Vesting Period	4.83	4.83	1.14	1.14

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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.

Given the awards are required to be settled in cash, the Company accounted for the awards as liabilities. Accordingly, 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.

As a result, the Company recognized straight line expense over the service vesting period of each award, which resulted in compensation expense of $7.8 million, recorded within selling, general, and administrative expense on the Consolidated Statements of Operations for the period from July 5, 2023 to September 30, 2023. In July 2023 the Company accelerated vesting for certain awards held by legacy Diversey executives who left the company upon closing of the Diversey Transaction, and as a result paid out a total of $8.5 million, which is recorded in the Consolidated Statements of Cash Flows as an outflow from operating activities within other assets and liabilities. As of September 30, 2023, the liability for these awards is $18.3 million, recorded on the Consolidated Balance Sheets, of which $13.0 million is recorded within Accrued expenses and $5.3 million within Other non-current liabilities.

The unrecognized expense related to liability classified awards is $12.7 million, which is set to be recognized over a weighted average future vesting period of 0.55 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, represent a modification of the original award. Subsequent accounting for modifications is predicated upon the fair value of the original award immediately before and the new award immediately after the modification. Management's analysis concluded that the fair value of the new award did not exceed the fair value of the old award on the modification date. Therefore, the Company will continue to ratably recognize the unrecognized stock-based compensation expense for the original awards based on the fair value of the awards as of the original grant date over the remaining vesting period.

In connection with the Acquisition all unvested Stock Options, Stock Appreciation Rights and Restricted Stock Units issued under the Predecessor Stock Plan immediately vested in accordance with the Change in Control provisions within the Solenis UK International Limited Stock Incentive Plan. All Stock Options and SARs were

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immediately canceled on November 9, 2021 in exchange for cash pursuant to each option holders's intrinsic value on the Acquisition. All unvested Restricted Stock Units were immediately canceled 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 Selling, general, and administrative expense. The Company records compensation expense related to all stock awards based on the grant date fair value of the awards. Compensation expense for Service Options is recognized over the requisite service period, while expense for Performance Options is recognized over the performance period based on successful achievement of performance-based conditions or targets.

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

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

The per-option weighted average grant-date fair value of Service options granted during the three months ended September 30, 2021 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. Consistent with our equity based awards, the Company has SARs which vest in accordance with service ("Service SARs") and performance ("Performance SARs") conditions. SAR based compensation is included as a part of Selling, general, and administrative expenses.

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

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

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

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Restricted Stock Units

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

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

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

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

In March 2021, certain members of the management team were granted a total of 0.5 million RSU's (2021 RSU's) with a term of seven years and vesting contingent upon the Company achieving certain EBITDA targets. Based upon the vesting conditions of the 2021 RSU awards Solenis was required to value these awards using the Black-Scholes simulation in accordance with the Performance Condition definition in ASC 718-10-20. The grant date fair value of the 2020 RSU's was $5.64 per unit. Solenis recognized $2.6 million in stock compensation expense in connection with the vesting of these awards.

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

Note 19 Restructuring and Severance Activities

The Company's strategic growth objectives either through acquisition or organic opportunities are partially driven by cost synergies which reduce the long-term costs required to serve 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 $27.8 million during the Successor year ended September 30, 2023, $3.4 million during the Successor period from November 9, 2021 to September 30, 2022, less than $0.1 million during the Predecessor period ended November 8, 2021, and $5.5 million during the Predecessor year ended September 30, 2021. Of the total severance charges incurred, the amounts reflected within Cost of sales in the Consolidated Statements of Operations were $0.1 million during the Successor year ended September 30, 2023, $0.6 million during the Successor period from November 9, 2021 to September 30, 2022, less than $0.1 million for the Predecessor period ended November 8, 2021, and $0.1 million for the Predecessor year ended September 30, 2021.

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	
Predecessor balance as of November 8, 2021	$	2,893
Successor:		
Severance charges		3,388
Utilization (cash paid or otherwise settled)		(5,048)
Currency translation		(212)
Balance as of September 30, 2022	$	1,021
Severance 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 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.

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Note 20 Other operating expense (income), net

Other operating expense (income), net as presented on the Consolidated Statements of Operations is detailed below for all periods presented (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,	For the year ended September 30,
	2023	2022	2021	2021
Realized foreign exchange losses (gains), net	$ 5,697	$ 6,489	$ (482)	$ 17,434
Bank fees and other financial costs	2,501	2,291	167	2,094
Loss on abandonment or sale of property, plant and equipment	2,651	705	(27)	729
Provisions for indirect tax contingencies			—	(470)
Other, net	(32)	200	(17)	60
Government subsidies	(3,500)	—	—	—
Proceeds from insurance and legal claims	(1,452)	—	—	—
Total other operating expense, net	$ 5,865	$ 9,685	$ (359)	$ 19,847

Other operating expense (income), net, is primarily driven by the settlement of third-party and intercompany monetary positions denominated in currencies other than the Company's respective jurisdictional specific functional currencies (i.e. EUR denominated payables held by a legal entity with a USD functional currency) in addition to bank fees incurred in normal course related to the Company's global bank accounts. In addition, Other operating expense (income) for the year ended September 30, 2023 is driven by $3.5 million of incentives obtained from the state of Delaware in exchange for a commitment to build a new local R&D lab, in addition to proceeds from insurance and legal claims of $1.5 million.

Note 21 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 September 30,	For the period from October 1 to November 8,	For the year ended September 30,
	2023	2022	2021	2021
Loss on deconsolidation of subsidiary	$ —	$ —	$ —	$ 17,959
Loss on extinguishment of debt	—	—	59,545	—
Realized loss on FX hedge	—	—	5,207	13,679
Realized loss on settlement of interest rate swaps	—	—	11,055	—
Realized (gains) resulting from settlement of long-term intercompany relationships	—	—	(13,946)	—
Net periodic benefit costs, exclusive of service cost	(1,441)	904	101	1,597
Reversal of unrealized FX on net investment hedge	—	—	(11,507)	—
Recognition of foreign social security tax credits	(2,070)	(1,941)	—	(6,278)
Realized gain on extinguishment of debt	—	—	(17,313)	—
Royalty income	(459)	(452)	120	(933)
Equity income	(237)	(385)	(37)	(606)
Interest income	(12,413)	(3,440)	(92)	(2,695)
Unrealized foreign exchange (gain) losses, net	92,343	(249,252)	13,532	(29,044)
Gain on sale of joint venture	—	(1,152)	—	—
Other, net	(1,399)	(1,542)	(356)	(924)
Total non-operating (income) expenses, net	$ 74,324	$ (257,260)	$ 46,309	$ (7,245)

During the Successor year ended September 30, 2023, Successor period from November 9, 2021 to September 30, 2022, Predecessor period from October 1, 2021 to November 8, 2021, and for the Predecessor year ended September 30, 2021, the Company recognized unrealized foreign exchange loss of $92.3 million, gain of $249.3 million, loss of $13.5 million, and gain of $29.0 million, respectively, which are primarily driven by the impact of fluctuations of foreign currency exchange rates specific to the Company's EUR denominated term loans, secured and unsecured notes.

During the Predecessor period ended November 8, 2021, the Company extinguished 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

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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.

Note 22 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, 2023 were $15.0 million, respectively. These fees are included as a component of Selling, general and administrative expense for all reporting periods presented.

Transactions with Platinum or any of its affiliate companies are conducted on terms similar to those of third party transactions. For the Successor year ended September 30, 2023, purchases of goods and services from Platinum or its affiliates amounted to $0.3 million. Sales of goods and services to Platinum or its affiliates amounted to $1.4 million.

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

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

The total fair value of net assets acquired by the Company in connection with it's 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. The note to Olympus I matures on August 30, 2024 and bears no interest. As of September 30, 2023, $417.4 million remains payable on this note to Olympus I which is presented within Note payable to related party on the Consolidated Balance Sheet.

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 Selling, 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 Selling, 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, 2023, and September 30, 2022 can be found in Note 8.

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

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

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

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

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Note 23 Income Taxes

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

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, 2023	For the period from November 9, 2021 to September 30, 2022	For the period from October 1, 2021 to November 8, 2021	For the year ended September 30, 2021
Current				
Federal	$ 3,008	$ 479	$ 27	$ 478
State	3,927	1,720	—	145
Foreign	51,573	54,603	6,566	30,422
Total current income tax	58,508	56,802	6,593	31,045
Deferred				
Total deferred income tax	(62,813)	9,618	(30,310)	(5,576)
Total income tax expense (benefit)	$ (4,305)	$ 66,420	$ (23,717)	$ 25,469

The Company had a net deferred tax asset/(liability) of $(388.9) million and $(333.1) million for the Successor year ended September 30, 2023 and Successor period ended September 30, 2022, 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	
	As of September 30, 2023	**As of September 30, 2022**
Deferred Tax Assets		
Environmental, self-insurance and other reserves	$ 30,760	$ 13,309
Employee benefit obligations	15,793	14,289
Compensation accruals	18,912	10,602
Net operating loss carry forwards	326,073	172,450
Inventory	6,386	4,057
Transaction Costs	4,094	4,498
R&D Credit Carryforward	14,149	15,924
FTC credit carryforward	10,587	—
Interest Expense Limitation	260,408	71,496
Operating Lease Liability	52,959	29,746
Other items	37,010	4,011
Valuation allowances	(306,904)	(134,187)
Total deferred tax assets	470,227	206,195
Deferred Tax Liabilities		
Property, plant and equipment	(142,738)	(96,126)
Goodwill and other intangibles	(651,344)	(372,708)
Unrealized exchange loss	(6,139)	(34,755)
Right of Use Asset	(47,007)	(26,186)
Liability for Unremitted Earnings	(11,881)	(9,504)
Total deferred tax liabilities	(859,109)	(539,279)
Net deferred tax asset/(liability)	$ (388,882)	$ (333,084)

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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, 2023	For the period from November 9, 2021 to September 30, 2022	For the period from October 1, 2021 to November 8, 2021	For the year ended September 30, 2021
Income (loss) before income taxes				
United States	$ (500,545)	$ 4,052	$ (911,625)	$ (38,885)
International	17,931	106,671	789,857	91,905
	$ (482,614)	$ 110,723	$ (121,768)	$ 53,020
Income taxes computed at U.S. statutory rate (21%)	$ (101,349)	$ 23,252	$ (25,571)	$ 11,134
Increase (decrease) in amount computed resulting from:				
State taxes, net of federal benefit	(3,393)	(475)	(3,361)	(1,836)
Other Local Taxes	3,364	3,824	2,805	176
Foreign rate differential	(2,089)	1,243	2,797	(4,082)
Research and development credits	611	(2,000)	(233)	(2,379)
Provision for unremitted earnings	4,298	6,063	—	(2,738)
Interest limitation	1,065	732	78	918
Valuation allowance	54,972	22,776	3,701	1,812
Uncertain tax positions	(1,448)	4,684	1,745	97
Meals and entertainment	1,382	515	57	694
Nondeductible items	6,042	1,083	899	4,962
Withholding Taxes	15,359	11,619	374	8,853
Intercompany Transactions	3,135	1,523	303	1,384
Nondeductible Loss on Liquidation	—	—	—	3,704
Statutory Tax Reform	—	(13,853)	—	—
Stock Compensation	—	—	(16,300)	—
Nondeductible Transaction Costs	13,562	5,367	8,993	
Other items	184	67	(4)	404
Income tax (benefit) expense	$ (4,305)	$ 66,420	$ (23,717)	$ 25,469

As of September 30, 2023 (Successor) the Company has $1,281.9 million of net operating loss carryforwards in various tax jurisdictions, net of unrecognized tax benefits of $(25.4) million. Of this amount, $965.9 million can be carried forward indefinitely and $341.4 million expires between 2024 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.

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 criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. Solenis had $94.2 million and $52.3 million of unrecognized tax benefits as of the Successor year ended September 30, 2023 and Successor period ended September 30, 2022, respectively.

Tabular Reconciliation of Unrecognized Tax Benefits:

	Successor		Predecessor	
	For the year ended September 30, 2023	November 9, 2021 to September 30, 2022	For the period from October 1, 2021 to November 8, 2021	For the year ended September 30, 2021
Beginning of period balance	$ 52,291	$ 43,285	$ 42,699	$ 42,294
Positions acquired	39,320			
Prior year positions				
Gross Increases	2,752	8,914	34	1,937
Gross Decreases	(701)	(2,656)	(761)	(2,019)
Current year positions				
Gross Increases	5,998	4,948	1,815	5,564
Settlements with tax authorities	(3,860)	—	—	(1,663)
Reductions due to statute lapse	(1,553)	(2,200)	(502)	(3,414)
End of period balance	$ 94,247	$ 52,291	$ 43,285	$ 42,699

Solenis recognizes interest and penalties related to uncertain tax positions as a component of income tax expense in the Consolidated Statements of Comprehensive Loss. Solenis had $20.2 million and $13.6 million in interest and penalties accrued related to unrecognized tax benefits accrued as of the Successor year ended September 30, 2023 and Successor period ended September 30, 2022, 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, 2023, 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

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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 relate to ongoing operations and, as of the Successor year ended September 30, 2023, were $42.2 million. These earnings have been reinvested in active non-US business operations and the Company does not intend to repatriate these earnings to the parent entity to fund operations. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes have been provided for earnings of affiliates and associated companies where the Company plans to remit those earnings.

Switzerland Tax Reform

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

COVID-19 Legislation

During the year ended September 30, 2020, tax relief legislation was passed in a number of countries to combat the effects of the COVID-19 pandemic, including the United States' Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020. The Company evaluated the legislative provisions in the CARES Act and implemented a number of changes deemed applicable, including the temporary increase of the interest expense limitation from 30% to 50%, the temporary removal of the 80% limitation on net operating losses, and the temporary deferral of the Company's social security tax responsibilities. The Company has reflected the impact of these changes within its consolidated financial statements for the Predecessor year ended September 30, 2021. No impact has been recorded for the Predecessor period ended November 8, 2021 and Successor periods ended September 30, 2022 or September 30, 2023, as these provisions have expired.

Note 24 Hyperinflationary Economies

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

The Company consolidates wholly-owned subsidiaries in Argentina and Turkey for which the functional currency of these entities has historically matched their respective local currencies. Diversey Kimya Sanayi ve Ticaret A.S. and Solenis Turkey Kimya Limited Sirketi comprise the Company's local currency denominated operations in Turkey. Diversey de Argentina S.A., Aconcagua Distribuciones SRL, and Solenis Argentina, S.A. comprise the Company's local currency denominated operations in Argentina. 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,	For the year ended September 30,
	2023	2022	2021	2021
Net sales	$ 57,273	$ 18,362	$ 1,061	$ 13,464

Transactions are predominately consummated in Argentinian Pesos and Turkish Lira and, accordingly, the Peso and Lira, respectively, are ordinarily the functional currencies of these entities. However, in accordance with ASC 830, the Company changed the functional currency of these entities to the United States Dollar effective July 1, 2018, and April 1, 2022, respectively. This change resulted in the recognition of remeasurement gains and losses due to fluctuations in foreign currency exchange rates.

Remeasurement losses are summarized as below (in thousands):

	Successor		Predecessor	
	For the year ended September 30,	For the period from November 9, 2021 to September 30,	For the period from October 1 to November 8,	For the year ended September 30,
	2023	2022	2021	2021
Remeasurement (gain) loss	$ 4,570	$ 2,325	$ —	$ 1,501

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

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Note 25 Deconsolidation of Subsidiaries

On January 4, 2021, the directors of Solenis Trinidad and Tobago Limited, a subsidiary of the Company ("Solenis Trinidad"), passed a special resolution to commence liquidation procedures via a voluntary members winding-up. To facilitate the liquidation, the directors appointed a third-party administrator on the same date and effectively relinquished control of Solenis Trinidad. As such and in accordance with ASC 810-10-40- *Consolidation (and Derecognition)*, management determined the loss of control requires the deconsolidation of the subsidiary and a write-off of the previously consolidated net assets. Upon deconsolidation, 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, 2023, and September 30, 2022. Management anticipates the liquidation procedures will be completed by September 30, 2024.

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

Note 26 Subsequent Events

Subsequent events have been evaluated through December 13, 2023, which is the date the Consolidated Financial Statements were available to be issued.

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 $8 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. The acquisition allows the Company to further enhance its chemical and wastewater treatment product and service offerings.

On October 13, 2023 and following the redemption of Bain's preferred equity interest on September 20, 2023, the Company's $417 million note payable to Olympus Water Holdings I, L.P. was recapitalized in exchange for common shares in the Company.

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ANNUAL REPORT

Attached you can find financial report for OW Sweden Acquisition AB. Together with the report we are sending certificate of completion from Docusign (a tool enabling electronic signing of the documents). We also attach consolidated financial statements for Solenis group under entity Olympus Water Holdings IV,L.P.

Kind regards,

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