

**MILBANK LLP**

Dennis F. Dunne (*pro hac vice*)  
Samuel A. Khalil (*pro hac vice*)  
Matthew Brod (*pro hac vice*)  
Lauren C. Doyle (*pro hac vice*)  
Benjamin M. Schak (*pro hac vice*)  
55 Hudson Yards  
New York, NY 10001  
Telephone: 1 (212) 530-5000  
DDunne@Milbank.com  
SKhalil@Milbank.com  
MBrod@Milbank.com  
LDoyle@Milbank.com  
BSchak@Milbank.com

*Co-Counsel to the Debtors  
and Debtors in Possession*

**COLE SCHOTZ P.C.**

Michael D. Sirota  
Felice R. Yudkin  
Daniel J. Harris  
Court Plaza North, 25 Main Street  
Hackensack, NJ 07601  
Telephone: 1 (201) 489-3000  
MSirota@coleschotz.com  
FYudkin@coleschotz.com  
DHarris@coleschotz.com

*Co-Counsel to the Debtors  
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW JERSEY**

*In re*

**UNITED SITE SERVICES, INC. *et al.*,**<sup>1</sup>  
Debtors.

Case No. 25-23630 (MBK)  
Chapter 11  
(Jointly Administered)

**NOTICE OF FILING OF  
THIRD AMENDED PLAN SUPPLEMENT  
IN CONNECTION WITH JOINT CHAPTER 11  
PLAN OF UNITED SITE SERVICES, INC AND ITS  
AFFILIATED DEBTORS AND DEBTORS IN POSSESSION**

<sup>1</sup> The last four digits of the tax identification number of United Site Services, Inc. are 3387. A complete list of the Debtors in these chapter 11 cases (the “**Chapter 11 Cases**”), with each one’s tax identification number, principal office address and former names and trade names, is available on the website of the Debtors’ noticing agent at [www.veritaglobal.net/USS](http://www.veritaglobal.net/USS). The location of the principal place of business of United Site Services, Inc., and the Debtors’ service address for these Chapter 11 Cases is 118 Flanders Road, Suite 1000, Westborough, MA 01581.



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**NOTICE IS HEREBY GIVEN** as follows:

On December 29, 2025, the above captioned debtors and debtors in possession filed their *Joint Prepackaged Plan of Reorganization of United Site Services, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Dkt. No. 16] (as may be amended, modified, or supplemented from time to time and including all exhibits or supplements thereto, the “**Plan**”) and *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of United Site Services, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Dkt. No. 17] (as may be amended, modified, or supplemented from time to time and including all exhibits or supplements thereto, the “**Disclosure Statement**”).<sup>2</sup>

On December 30, 2025, the United States Bankruptcy Court for the District of New Jersey (the “**Court**”) entered an *Order (I) Scheduling a Combined Hearing to Approve the Disclosure Statement and Confirm the Plan; (II) Establishing Objection Deadlines; (III) Approving Solicitation Procedures; (IV) Approving the Form and Manner of Ballots and Notices; (V) Directing That a Meeting of Creditors Not Be Convened; (VI) Conditionally Waiving the Requirement to File Schedules of Assets and Liabilities and Statements of Financial Affairs; (VII) Approving Procedures for Assumption and Rejection of Executory Contracts and Unexpired Leases; (VIII) Granting Approval of Rights Offering Procedures; and (IX) Granting Related Relief* [Dkt. No. 79] (the “**Scheduling Order**”).

On January 23, 2026, the Debtors filed their *Notice of Filing of Plan Supplement in Connection with Joint Chapter 11 Plan of United Site Services, Inc. and its Affiliated Debtors and Debtors in Possession* [Dkt. No. 217].

On February 1, 2026, the Debtors filed their *Notice of Filing of Amended Plan Supplement in Connection with Joint Chapter 11 Plan of United Site Services, Inc. and its Affiliated Debtors and Debtors in Possession* [Dkt. No. 250].

<sup>2</sup> All capitalized terms used but not otherwise defined herein have the same meanings as in the Plan.

On February 3, 2026, the Debtors filed their *Notice of Filing of Second Amended Plan Supplement in Connection with Joint Chapter 11 Plan of Untied Site Services, Inc. and its Affiliated Debtors and Debtors in Possession* [Dkt. No. 269].

In accordance with the Plan and the Scheduling Order, the Debtors are hereby filing certain documents (or forms of documents), schedules, and exhibits (as may be amended, supplemented, or otherwise modified, the “**Third Amended Plan Supplement**”) with the Court. The Third Amended Plan Supplement includes the following documents (which remain subject to further amendment):

Exhibit	Document
I	Supplemental Information Pursuant to §1145(A)(4) of the Bankruptcy Code

The respective rights of the Debtors and certain other parties in interest are expressly reserved, subject and pursuant to the terms and conditions set forth in the Plan and the Restructuring Support Agreement (including, for the avoidance of doubt, the consent rights set forth thereunder), to amend, supplement or modify the Third Amended Plan Supplement and any of the documents and designations contained herein in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules and any other Final Order of the Court.

The hearing at which the Court will consider confirmation of the Plan (the “**Confirmation Hearing**”) was originally scheduled to commence on **February 10, 2026, at 10:00 a.m. (ET)**, before the Honorable Michael B. Kaplan, United States Bankruptcy Judge, United States Bankruptcy Court for the District of New Jersey, 402 East State Street, Trenton, NJ 08608. The Debtors have requested an adjournment of the Confirmation Hearing to **February 17, 2026, at 11:30 a.m. (ET)**. The Confirmation Hearing may be continued from time to time without further notice other than by an announcement in open court or a notice filed on the Court’s docket and served on all parties entitled to the notice.

The deadline for filing objections to the Plan and Disclosure Statement was **January 30, 2026, at 4:00 p.m. (ET)** (the “**Objection Deadline**”). Any objections were required to: (i) be in writing; (ii) comply with the Bankruptcy Rules, the Local Rules, and the Complex Case

Procedures; (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest beneficially owned by such party; (iv) state with particularity the legal and factual basis for such objection, and, if practicable and applicable, a proposed modification to the Plan that would resolve such objection; (v) be filed with the Clerk of the Court, together with proof of service thereof; and (vi) be served by personal service, overnight delivery, or electronic mail, so as to be ***actually received*** no later than the Objection Deadline, by (a) proposed co-counsel to the Debtors, (i) Milbank LLP, 55 Hudson Yards, New York, NY 10001 (Attn: Dennis F. Dunne (DDunne@Milbank.com), Samuel A. Khalil (SKhalil@Milbank.com), Matthew Brod (MBrod@Milbank.com), Lauren C. Doyle (LDoyle@Milbank.com), and Benjamin M. Schak (BSchak@Milbank.com) and (ii) Cole Schotz P.C., Court Plaza North, 25 Main Street, Hackensack, NJ 07601 (Attn: Michael D. Sirota (MSirota@coleschotz.com), Felice R. Yudkin (FYudkin@coleschotz.com), and Daniel J. Harris (DHarris@coleschotz.com)); (b) the Office of the United States Trustee for Region 3, One Newark Center, Suite 2100, Newark, NJ 07102 (Attn: Jeffrey M. Sponder (Jeffrey.M.Sponder@usdoj.gov) and Samantha S. Lieb (Samantha.Lieb2@usdoj.gov)); (c) counsel to the Ad Hoc Group, (i) Akin Gump Strauss Hauer & Feld LLP, Robert S. Strauss Tower, 2001 K Street N.W., Washington, DC 20006 (Attn: Scott L. Alberino (SAlberino@AkinGump.com)) and 2300 N. Field Street, Ste. 1800, Dallas, TX 75201 (Attn: Zach Lanier (ZLanier@AkinGump.com)) and (ii) Pashman Stein Walder Hayden, P.C., 101 Crawfords Corner Road, Ste. 4202, Holmdel, NJ 07722 (Attn: John W. Weiss (JWeiss@PashmanStein.com)); and (d) counsel to any statutory committee appointed in these Chapter 11 Cases.

All documents filed in these Chapter 11 Cases may be obtained free of charge by visiting the website of Verita Global at [www.veritaglobal.net/USS](http://www.veritaglobal.net/USS). You may also obtain copies of pleadings by visiting the Court's website at <https://www.njb.uscourts.gov/> in accordance with the procedures and fees set forth on that website.

**This Notice is being sent to you for informational purposes only. If you have questions with respect to your rights under the Plan or about anything stated herein or you would like to obtain additional information, contact the Solicitation Agent.**

Dated: February 6, 2026

Respectfully submitted,

/s/ Michael D. Sirota

**COLE SCHOTZ P.C.**

Michael D. Sirota  
Felice R. Yudkin  
Daniel J. Harris  
Court Plaza North, 25 Main Street  
Hackensack, NJ 07601  
Telephone: 1 (201) 489-3000  
MSirota@coleschotz.com  
FYudkin@coleschotz.com  
DHarris@coleschotz.com

- and -

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MBrod@Milbank.com  
LDoyle@Milbank.com  
BSchak@Milbank.com

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**EXHIBIT I TO THIRD AMENDED PLAN SUPPLEMENT**  
**SUPPLEMENTAL INFORMATION PURSUANT TO §1145(A)(4)**  
**OF THE BANKRUPTCY CODE**

*Confidential / Subject to FRE 408 and Equivalents*

**SUPPLEMENTAL INFORMATION PURSUANT  
TO § 1145(A)(4) OF THE BANKRUPTCY CODE  
WITH RESPECT TO THE JOINT PREPACKAGED PLAN OF  
REORGANIZATION OF UNITED SITE SERVICES, INC. AND ITS DEBTOR  
AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

## I. INTRODUCTION

United Site Services, Inc. (“**USS**”) and certain of its subsidiaries and affiliates, as debtors and debtors in possession (each, a “**Debtor**,” and, collectively, the “**Debtors**”), provide supplemental information (the “**Supplement**”) concerning the Debtors and the Joint Prepackaged Plan of Reorganization of United Site Services, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, dated December 29, 2025, as the same may be amended [Docket No. 16] (the “**Plan**”), filed with the United States Bankruptcy Court for the District of New Jersey (the “**Bankruptcy Court**”). This Supplement should be read and considered in conjunction with the Disclosure Statement for the Joint Prepackaged Plan of Reorganization of United Site Services, Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code Docket. No. 17. All capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

## II. SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

Neither this Supplemental Information nor the related Disclosure Statement or Plan have been filed with the United States Securities and Exchange Commission (the “SEC”) or any comparable state authority. The Plan, and the securities issued pursuant to the Plan, have not been approved or disapproved by the SEC or any state securities commission or similar public, governmental, or regulatory authority, and neither the SEC nor any state securities commission or authority has passed upon the accuracy or adequacy of the information contained in this Supplemental Information, the Disclosure Statement nor the merits of the Plan. Any representation to the contrary is a criminal offense.

## III. RISK FACTORS

The implementation of the Plan is subject to a number of material risks, including those summarized in Section IX (*Risk Factors*) of the Disclosure Statement and those summarized below.

### A. Risks Associated with the Debtors’ Business

***The terms of the Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Facility Credit Agreement impose restrictions that may limit the Debtors’ current and future operating flexibility, particularly their ability to respond to changes in the economy or their industry or to take certain actions, which could harm their long-term interests and may limit their ability to make payments on the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.***

The Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Facility Credit Agreement contain a number of restrictive covenants that impose significant operating and financial restrictions on the Debtors and may limit Debtors’ ability to engage in acts that may be in their long-term best interest, including restrictions on their ability, and the ability of their subsidiaries, to:

- retain sufficient cash to meet the Debtors’ operating needs due to (i) the obligation to repay the Exit Term Loan Facility with, among others, 50% of excess cash flows and (ii) the obligation to use all net cash proceeds with respect to certain events, including net cash proceeds from (a) non-ordinary course sales or other non-ordinary course dispositions of assets, (b) casualty events and (c) any sale or issuance of debt (other than permitted debt), to repay the Exit Term Loan Facility (subject to certain conditions);
- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, its capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;



- sell assets;
- incur liens;
- enter into agreements containing prohibitions affecting its subsidiaries' ability to pay dividends;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of its assets.

These covenants could materially and adversely affect their ability to finance their future operations or capital needs. Furthermore, they may restrict their ability to expand, pursue their business strategies and otherwise conduct their business. Their ability to comply with these covenants may be affected by circumstances and events beyond their control, such as prevailing economic conditions and changes in regulations, and the Debtors cannot assure you that the Debtors will be able to comply with such covenants.

As a result of all of these restrictions, the Debtors may be:

- limited in how business is conducted;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions might hinder their ability to grow in accordance with their strategy.

These restrictions also limit their ability to obtain future financings to withstand a future downturn in their business or the economy in general. In addition, complying with the covenants may also cause the Debtors to take actions that are not favorable to lenders of the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility and may make it more difficult for the Debtors to successfully execute their business strategy and compete against companies that are not subject to such restrictions.

A breach of the covenants under the Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Facility Credit Agreement could result in an event of default under the applicable facility. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt that is subject to an applicable cross-acceleration or cross-default provision. In addition, if the Debtors were unable to repay the amounts due and payable under the Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Facility Credit Agreement, those lenders could proceed against the collateral securing such indebtedness. In the event their lenders accelerate the repayment of their borrowings, the Debtors and their subsidiaries may not have sufficient assets to repay that indebtedness.

***The Debtors' variable rate indebtedness subjects the Debtors to interest rate risk, which could cause their debt service obligations to increase significantly.***

Interests under their Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Facility Credit Agreement accrues at variable rates and expose the Debtors to interest rate risk. If interest rates increase, their debt service obligations on the variable rate indebtedness will increase even though the amount borrowed may remain the same, and their net income and cash flows, including cash available for servicing their indebtedness, will correspondingly decrease. Assuming the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility are each fully drawn, each one-eighth percent change in interest rates would result in a \$0.7 million change in annual interest expense on the indebtedness under these facilities. In the future, the Debtors may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, the Debtors may not maintain interest rate swaps with respect to all of their variable rate indebtedness, and any swaps the Debtors enter into may not fully mitigate their interest rate risk.

***The Debtors may not be able to generate sufficient cash flows from operating activities to service all of their indebtedness, including borrowings under the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, and may be forced to take other actions to satisfy their obligations under their indebtedness, which may not be successful.***

The Debtors' inability to generate sufficient cash flows to satisfy their debt obligations, or to refinance their indebtedness on commercially reasonable terms or at all, would materially and adversely affect their business, financial position, and results of operations and their ability to satisfy their obligations under the \$314,000,000 Exit Term Loan Facility, the \$100,000,000 Exit RCF and the \$195,000,000 Exit ABL Facility.

Additionally, if the Debtors cannot make scheduled principal and interest payments on their debt the Debtors will be in default, the lenders under the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility could declare all outstanding principal and interest to be due and payable, the lenders could foreclose against the assets securing their borrowings and the Debtors could be forced into bankruptcy or liquidation. All of these events could result in the lenders losing all or a part of their investment in the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.

The Debtors' ability to make scheduled principal and interest payments on or refinance their debt obligations, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, depends on the Debtors' financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond their control. The Debtors might not be able to maintain a level of cash flows from operating activities sufficient to permit them to pay the principal, premium, if any, and interest on their indebtedness, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.

If their cash flows and capital resources are insufficient to fund their debt service obligations, the Debtors could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance their indebtedness, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility. The Debtors may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow the Debtors to meet their scheduled debt service obligations. The Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility restrict their ability to dispose of assets and use the proceeds from such dispositions and may also restrict their ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Because of these restrictions, the Debtors may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, the Debtors conduct substantially all of their operations through their subsidiaries, all of which will be guarantors of the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility. Accordingly, repayment of their indebtedness, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, is dependent on the generation of cash flows by their subsidiaries and their ability to make such cash available to the Debtors, by dividend, debt repayment or otherwise. Unless they are guarantors or restricted by the terms of the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, their subsidiaries do not have any obligation to pay amounts due under the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility or to make funds available for that purpose. Their subsidiaries may not be able to, or may not be permitted to, make distributions to enable the Debtors to make payments in respect of their indebtedness, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit Debtors' ability to obtain cash from our subsidiaries. While the Exit Term Loan Facility Credit Agreement, the Exit RCF Credit Agreement and the Exit ABL Credit Agreement will limit the ability of their subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to Debtors, these limitations are subject to qualifications and exceptions. In the event that the Debtors do not receive distributions from their subsidiaries, the Debtors may be unable to make required principal and interest payments on their indebtedness, including the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.

***The Debtors' indebtedness could adversely affect their financial condition, limit their ability to raise additional capital to fund their operations and prevent them from fulfilling their obligations under the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.***

On the Effective Date, the Debtors will have indebtedness in the form of the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility. As a result, a portion of their cash flows will be required to pay interest and principal on their outstanding indebtedness, and the Debtors may not generate sufficient cash flows from operations, or have future borrowings available under the Exit RCF and the Exit ABL Facility, to enable the Debtors to repay such indebtedness or to fund their other liquidity needs.

Subject to the limits to be contained in the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, the Debtors may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions or for other purposes. If the Debtors do so, the risks related to their high level of debt would increase. Specifically including, but not limited to:

- making it more difficult for the Debtors to satisfy their obligations with respect to the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, and if the Debtors fail to comply with these obligations, an event of default could result;
- making it more difficult for the Debtors (i) to meet certain pro forma leverage ratio tests to incur incremental debt under the Exit Term Loan Facility or (ii) to meet the pro forma 1.0x fixed charge coverage ratio under the Exit ABL Facility, which under certain circumstances, commencing on the date that is 18 months after the Effective Date, would allow the Debtors to reset the ABL borrowing base;
- limiting their ability to obtain additional financing to fund future working capital, capital expenditures, investments or acquisitions or other general corporate requirements;
- requiring a substantial portion of their cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, investments or acquisitions and other general corporate purposes;
- increasing their vulnerability to general adverse economic and industry conditions;
- exposing the Debtors to the risk of increased interest rates as certain of their borrowings, including borrowings under the Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility, are at variable rates of interest;
- limiting their flexibility in planning for and reacting to changes in the industry in which the Debtors compete and to changing business and economic conditions;
- restricting the Debtors from making strategic acquisitions or causing the Debtors to make non-strategic divestitures;
- impairing their ability to obtain additional financing in the future;
- placing the Debtors at a disadvantage compared to other, less leveraged competitors and affecting their ability to compete; and
- increasing their cost of borrowing.

The occurrence of any one of these events could have a material adverse effect on the Debtors' business, financial condition, results of operations and ability to satisfy their obligations in respect of their outstanding debt.

***An economic downturn may have an adverse impact on the Debtors' operating results and may expose them to credit risk from their customers.***

The Debtors' business is subject to a number of general economic factors, many of which are out of their control, which may have a material adverse effect on their business, financial condition and results of operations. These include recessionary economic cycles and downturns in the business cycles of the industries in which the Debtor's customers conduct business, as well as downturns in the regional economies where their operations are located. A weak economy generally results in a decline in infrastructure and construction and demolition projects, as well as a reduction of large-scale special events, which may reduce the need for their services. Consequently, a reduction in the need for their services would negatively affect their operating results. Consumer uncertainty and the loss of consumer confidence may decrease overall economic activity and thereby reduce demand for the services the Debtors provide and may also reduce the number and variety of services requested by customers. Additionally, the decline may result in increased competitive pricing pressure and increased customer turnover, resulting in lower revenue. In 2024 and 2025, the Debtors were not able to achieve their business plan due to the loss of customers which negatively impacted the demand for their services and higher inflation, which increased operating expenses.

A challenging economic environment may cause some of our customers to suffer financial difficulties and ultimately to be unwilling or unable to pay amounts owed to the Debtors. A weak economy generally results in decreased consumer spending, which negatively impacts the ability to grow through new business or services upgrades and may result in customer turnover and reduction in customers' portable sanitation needs. Consumer uncertainty and the loss of consumer confidence may also reduce the number and variety of services requested by customers. This could have a negative impact on the Debtors' financial condition, results of operations and cash flows, including on their debt service capacity.

***The Debtors' quarterly financial results may fluctuate.***

The Debtors' future revenue and operating results may vary significantly from quarter to quarter due to a number of factors, many of which are difficult for them to predict and control. Factors that could cause their quarterly operating results to fluctuate include:

- demand for their products and services, including seasonal demand;
- general economic conditions, including economic growth in the United States and higher inflation and interest rates and any potential recession;
- their customers' ability to pay for our services in a timely manner;
- their ability to implement operational efficiency strategies;
- management of their accounts receivable and collection processes;
- their success in executing their pricing, market and general business strategy;
- the amount and timing of their operating and capital expenses;
- the costs to provide their services;
- their ability to achieve the expected benefits of strategic acquisitions and/or partnerships; and
- global and geopolitical events with indirect economic effects such as pandemic disease, hurricane and other natural disasters, war, threat of war or terrorist actions.

The Debtors' business plan is based on information available to the Debtors at the time the current business plan was made and it is subject to numerous assumption made by management, including with respect to their ability to implement their business strategy and general economic conditions. The Debtors' ability to implement the business plan and achieve any projected growth or financial results is subject to innumerable risks and other factors, including the risks discussed in this "Risk Factors" section and factors listed above. For example, in 2024 and 2025, the

Debtors were not able to meet their business plan due to the loss of customers which negatively impacted the demand for their services and higher inflation, which increased operating expenses. There can be no assurance that the Debtors' future results will not be different than those in the current business plan or any of the Debtors' other plans, forecasts or budgets. Any such difference may be material and we may not achieve the growth and financial results we have assumed.

#### **B. Other Risks**

***On the Effective Date, certain of the Debtors' initial shareholders control a substantial interest in the Debtors and thus may exert a substantial influence on actions requiring a shareholder vote, potentially in a manner that other investors in the Debtors do not support.***

On the Effective Date, certain of the Debtors' initial shareholders will own substantial interest in the Debtors, for example, Clearlake will own approximately 36.7%, Searchlight will own approximately 17.8% and Apollo will own approximately 12.6% of our issued and outstanding ordinary shares. Accordingly, they may exert substantial influence on actions requiring a shareholder vote, potentially in a manner that other investors in the Debtors do not support, including amendments to the Debtors LLC agreement and the election of directors. This potential concentration of influence could be disadvantageous to other shareholders with interests different from those of our controlling shareholders.

#### **IV. HISTORICAL INFORMATION**

In addition to the information provided in Section II (*Historical Information*) of the Disclosure Statement on USS's history, business and corporate structure, USS's prepetition capital structure and the events leading to the Chapter 11 Cases, the Debtors now make available (i) the Debtors' management's discussion and analysis of the important operational and financial developments during the fiscal years ended December 31, 2023 and 2024 and the three and nine months ended September 30, 2024 and 2025 (the "**MD&A**") in Exhibit A, (ii) PECF USS Intermediate Holding III Corporation's financial statements for the fiscal years ended December 31, 2023 and 2024 (the "**2023 and 2024 Financial Statements**") in Exhibit B, (iii) PECF USS Intermediate Holding III Corporation's financial statements for the three and nine months ended September 30, 2025 (the "**September 2025 Financial Statements**") in Exhibit C. Neither the 2023 and 2024 Financial Statements nor the September 2025 Financial Statements reflect any adjustments related to the Debtors' voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code on December 29, 2025.

#### **V. FINANCIAL PROJECTIONS**

##### **A. Summary of the Reorganized Debtors Business Post-Emergence**

The core business of the Reorganized Debtors will be the same as the core business of the Debtors. The Reorganized Debtors will continue to deliver access to and service portable restrooms and sinks in a variety of settings, including special events, construction sites, and agricultural and other industrial settings. The Debtors expect that the Reorganized Debtors' primary offerings will continue to consist of the same services and operations as prior to the Emergence Date, including Route-Based Sanitation activities ("RBS"), temporary fencing ("Fence"), roll-off dumpsters ("Roll-off"), non-hazardous liquid waste removal ("NHLW"), and special events ("Events").

During the pendency of the Chapter 11 Cases, the Debtors have remained fully operational and continue to perform all of their offerings and services without interruption. Further, the Reorganized Debtors expect to maintain all of the same offerings and services with no impact to their customers and the services their customers rely upon to support their events, operations and projects. See Section II.A. (*Historical Information – USS's History, Business, and Corporate Structure*) of the Disclosure Statement for a description of the existing business operations of the Debtors, which will continue as the business operations of the Reorganized Debtors.

The restructuring of the Debtors is a "balance sheet restructuring" focused on de-leveraging their capital structure, reducing annual interest expense, and providing the Reorganized Debtors a stronger financial foundation to allow them to compete more effectively and invest in future growth. The Debtors' current debt has been a significant burden on the business for many years and has resulted in approximately \$245 million of annual interest payments in each of the financial years ending December 31, 2023 and 2024. If the Plan is confirmed, the Reorganized

Debtors' long-term debt obligations will be reduced by approximately \$2.4 billion in principal amount, and the anticipated annual interest payments will be reduced to approximately \$40 million.

The reduction in annual interest expense is expected to directly improve the Reorganized Debtors' free cash flow and their ability to invest in the business, including capex investment. With greater free cash flow and a solid financial foundation, the Reorganized Debtors expect to be able to make the necessary investments to grow the business with a particular focus on reinvesting in their fleet and equipment and enhancing their IT systems to operate more efficiently. These actions, among others, will further stabilize the business and build a foundation for sustainable growth.

Management intends to support these plans by continuing to implement the following strategy:

- rebuilding and top-grading organizational talent with particular focus on the sales team;
- expanding adjacent revenue streams, including Events, Fence, Emergency, Roll-off, and NHLW through new go-to-market ("GTM") approach;
- implementing customer repricing efforts where applicable;
- completing the current cost reduction program across Cost of Revenue and Selling, General & Administrative expenses;
- effectuating further operational efficiencies through improved route scheduling, asset utilization, and branch optimization; and
- streamlining existing disparate technology platforms into a single, comprehensive system that fully supports the business.

Outlined below are the additional assumptions and methodologies underpinning the Business Plan Projections.

**B. Certain Defined Terms as used in this section V (*Financial Projections*)**

- a. "**Backlog Revenue**" means recurring RBS revenue generated from existing orders.
- b. "**First Month New Sales**" means new RBS sales orders each month.
- c. "**Fixed-cost Absorption**" means the operating leverage a business gains by increasing revenue without needing to increase certain "fixed" costs, such as rent, systems infrastructure, certain general and administrative headcount, and other overhead costs over the same period of time.
- d. "**Route Density**" means the concentration of clients, stops within a certain timeframe, or services within a specific, compact geographic area.
- e. "**Run-Rate Cost Savings**" means the projected annual, recurring reduction in expenses achieved by normalizing recent cost-cutting actions.

**C. Summary of Business Plan Projections**

**1. Revenue**

**(A) Overview of Assumptions and Methodology**

The Debtors forecast revenue based on discrete assumptions and methodologies for (1) RBS revenue and (2) All Other Revenue. RBS revenue, which makes up approximately 60% of total revenue in 2026, is projected based on (i) First Month New Sales, and (ii) Backlog Revenue. Over the forecast period, RBS revenue is expected to increase primarily

due to market share gains, with incremental contribution from new customer acquisitions. The RBS revenue forecast does not assume material upside from incremental construction activity. Similarly, All Other Revenue, including Emergency, Events, Fence, Roll-off, and NHLW, comprise approximately 40% of total revenue in 2026, with projected growth largely based on general market inflation. Certain revenue lines, including Events and Fence, are forecast to grow faster due to synergies with RBS revenue as outlined below.

## **(B) RBS Revenue**

**Methodology:** RBS revenue is forecasted based on (i) First Month New Sales, and (ii) Backlog Revenue. Because many customer projects extend beyond a single month—and in some cases span multiple years—new orders generally generate revenue over an extended period. Accordingly, projected RBS revenue includes contributions from both current-year new sales and prior-year backlog. Total RBS revenue is projected to increase from approximately \$500 million in the financial year ending December 31, 2026 to approximately \$665 million by the end of the financial year ending December 31, 2029. This increase over the three-year period is expected to be due to improved salesforce effectiveness, increased customer retention compared to previous periods, and increases in average order size.

**First Month New Sales:** First Month New Sales are projected based on (i) the number of sales representatives, (ii) sales productivity (e.g., number of orders per sales representative per day), and (iii) expected average order value. First Month New Sales are projected to increase from \$62 million in the financial year ending December 31, 2026 to \$77 million by the end of the financial year ending December 31, 2029 as the number of sales representatives increases and the Debtors' GTM strategy becomes increasingly effective. More specifically, the number of sales representatives is projected to increase approximately 6.0% from the beginning of the financial year ending December 31, 2026 to the end of the financial year ending December 31, 2026 and then remain constant throughout the remainder of the projection period. Sales productivity is projected to improve approximately 2.5% – 5.0% annually and the average order value is projected to grow approximately 2.0% annually. The annual improvement of sales productivity is due to the change in Go-To-Market ("GTM") strategy that was implemented in 2025 along with continuous top-grading of sales representatives during the projection period. The annual growth of the average order value is expected to be due to an increased focus on improving services to small customers and growing large customer sales.

**Backlog Revenue:** Recurring revenue from existing orders is projected based on historical averages of the monthly runoff of prior sales. Backlog Revenue is projected to increase from approximately \$426 million in the financial year ending December 31, 2026 to approximately \$574 million in the financial year ending December 31, 2029 through the compounding effect of First Month New Sales building upon itself and generating incremental recurring revenue in subsequent periods. Improved customer service from system enhancements and reinvestment in the fleet will also contribute to the increases in Backlog Revenue.

**Other RBS Revenue:** The Debtors generate Pick-up and Delivery ("P&D") fees related to the delivery of sanitation units at the commencement of a new project and the pickup of units at a project's conclusion. Pick-up and Delivery revenue is projected to increase from approximately \$12 million in the financial year ending December 31, 2026 to approximately \$14 million by the end of the financial year ending December 31, 2029 largely based on increased order volume from First Month New Sales.

## **(C) All Other Revenue**

**Methodology:** All Other Revenue consists of Emergency, Events, Fence, Roll-off, and NHLW revenue streams. These segments are projected based on prior-year performance, adjusted for management's current assumptions. The Debtors evaluate All Other Revenue in two categories: (i) higher growth segments and (ii) lower growth segments. Fence and Events are considered higher growth segments, while Emergency, Roll-off, and NHLW are projected to be lower growth segments.

**Higher Growth Segments:** The Fence and Events segments are forecasted to grow approximately 3.0% - 5.0% annually, with approximately 2.0% related to pricing and inflation and approximately 1.0% - 3.0% related to volume growth. Fence growth is largely driven by increased cross-selling and attachment rates with the RBS segment. Events growth is largely driven by additional organizational focus on the segment, particularly for large events.

**Lower Growth Segments:** Emergency, Roll-off, and NHLW segments are forecasted to grow approximately 2.0% annually related primarily to pricing and inflation.

2. **Margins**

(A) **Overview of Assumptions and Methodology**

Margins consist of (1) Operating Margin defined as Revenue less Cost of Revenue and (2) EBITDA Margin defined as Operating Margin less Selling, General & Administrative (“SG&A”) expenses. Cost of Revenue consists of Operating Labor & Benefits, Subcontracting, Direct Materials, Vehicle & Equipment, Insurance / Safety, Other Direct Costs and other expenses. Each line item of Cost of Revenue is forecasted by accounting for fixed and variable components and prior-year period performance. The fixed components are forecasted based on inflation rates of 2.0% - 4.0% based on a discrete analysis of each line item. The variable components are forecasted based on revenue growth, which includes both inflationary and volume growth. Insurance / Safety, and Other Direct Costs are predominantly fixed, while the remaining categories are modeled as primarily variable.

SG&A expenses are segmented into Selling Expenses, Bad Debt, Labor & Benefits, and Other G&A expenses. Each line item is forecast by incorporating fixed and variable components. Selling Expenses and Bad Debt are predominantly variable and forecasted to grow in-line with revenue, while the remaining categories are modeled as primarily fixed and forecasted based on inflation rates of 2.0% - 3.0% based on a discrete analysis of each line item.

(B) **Operating Margins**

**Impact of Route Density:** Operating margin is projected to expand over the forecast period as higher service volumes are expected to improve Route Density and reduce the cost per mile of completing services. This increased operating efficiency primarily benefits certain variable cost categories, such as Operating Labor and Vehicle & Equipment, driving greater profit per mile and, in turn, higher margins.

**Impact of Fixed Costs:** As revenue grows, Debtors are expected to benefit from fixed-cost Absorption, with predominantly fixed expense categories spread across a larger revenue base. This operating leverage reduces fixed costs per mile and supports higher operating margins as the business scales.

**Impact of Cost Initiatives:** Cost of Revenue cost initiatives include Labor & Benefits savings, driven by reductions in salaried headcount and supporting roles, and non-labor savings from improved safety performance driving lower insurance premium and claims expense, real estate rationalization, and lower indirect spend. Total Run-Rate Cost of Revenue Savings are projected to be \$3.5 million in the financial year ending December 31, 2026, increasing to \$14.2 million by the end of the financial year ending December 31, 2029.

(C) **EBITDA Margins**

**Impact of Revenue Growth:** Based on a heavy concentration of fixed costs, the forecast assumes the SG&A support structure grows at a fraction of revenue, generating operating leverage and expanding EBITDA margin. Labor & Benefits and Other G&A expenses are predominantly fixed costs that are projected to escalate at approximately 2.0%–3.0% annually, largely consistent with general inflation. As a result, these costs decline as a percentage of revenue over the projection period, supporting margin expansion as revenue grows at a faster rate.

**Impact of Cost Initiatives:** SG&A cost initiatives are concentrated in Labor & Benefits, driven by headcount reductions, and are supplemented by non-labor actions including IT spend optimization, real estate rationalization, and reduced indirect spend. Total Run-Rate SG&A Cost Savings are projected at approximately \$19.2 million in the financial year ending December 31, 2026, increasing to approximately \$24.8 million by the end of the financial year ending December 31, 2029.

D. **Consolidated Financial Projections, including Certain Reconciliations**

1. **Income Statement**



Income Statement - United Site Services, Inc., et al						
(\$USD in Millions)						
	Financial Projections					
	FY 2026		FY 2026	FY 2027	FY 2028	FY 2029
	Jan - Mar	Apr - Dec	Full Year	Full Year	Full Year	Full Year
Net Revenue	\$180.9	\$618.1	\$799.0	\$844.1	\$922.5	\$998.7
Cost of Revenue	(121.3)	(394.1)	(515.4)	(507.5)	(538.6)	(571.7)
<b>Gross Profit</b>	<b>\$59.6</b>	<b>\$224.0</b>	<b>\$283.6</b>	<b>\$336.6</b>	<b>\$383.9</b>	<b>\$427.0</b>
<b>Operating Expenses:</b>						
Selling, general and administrative expense <sup>(1)</sup>	(177.5)	(289.5)	(467.1)	(385.5)	(392.7)	(404.3)
Total operating expense	(177.5)	(289.5)	(467.1)	(385.5)	(392.7)	(404.3)
<b>Loss from operations</b>	<b>(\$118.0)</b>	<b>(\$65.5)</b>	<b>(\$183.5)</b>	<b>(\$48.9)</b>	<b>(\$8.7)</b>	<b>\$22.7</b>
Interest expense	61.3	(29.9)	31.3	(44.5)	(43.5)	(44.0)
<b>Net loss before income taxes</b>	<b>(\$56.7)</b>	<b>(\$95.5)</b>	<b>(\$152.1)</b>	<b>(\$93.4)</b>	<b>(\$52.3)</b>	<b>(\$21.3)</b>
Income tax benefit	(0.6)	(1.9)	(2.5)	(13.0)	(19.0)	(25.0)
<b>Net loss and comprehensive loss</b>	<b>(\$57.3)</b>	<b>(\$97.3)</b>	<b>(\$154.6)</b>	<b>(\$106.4)</b>	<b>(\$71.3)</b>	<b>(\$46.3)</b>
Net loss and comprehensive loss	(\$57.3)	(\$97.3)	(\$154.6)	(\$106.4)	(\$71.3)	(\$46.3)
Interest Expense	(61.3)	29.9	(31.3)	44.5	43.5	44.0
Income tax (benefit) provision	0.6	1.9	2.5	13.0	19.0	25.0
Depreciation & amortization expense	55.5	163.6	219.1	192.4	192.2	196.9
<b>EBITDA</b>	<b>(\$62.5)</b>	<b>\$98.1</b>	<b>\$35.6</b>	<b>\$143.5</b>	<b>\$183.5</b>	<b>\$219.6</b>
Heacount reduction, severance & related benefits	\$0.8	\$2.3	\$3.0	\$1.0	-	-
Business transformation and software implementation	0.8	2.3	3.0	3.0	-	-
Debt restructuring costs	81.4	0.7	82.0	0.9	0.9	0.9
<b>Adjusted EBITDA</b>	<b>\$20.4</b>	<b>\$103.3</b>	<b>\$123.7</b>	<b>\$148.4</b>	<b>\$184.4</b>	<b>\$220.5</b>

(1) Selling, general and administrative expense includes restructuring-related costs.

2. **Cash Flow Statement**

<b>Cash Flow Statement - United Site Services, Inc., et al</b>						
<i>(\$USD in Millions)</i>						
	<b>Financial Projections</b>					
	<b>FY 2026</b>		<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
	<b>Jan - Mar</b>	<b>Apr - Dec</b>	<b>Full Year</b>	<b>Full Year</b>	<b>Full Year</b>	<b>Full Year</b>
Net loss	(\$57.3)	(\$97.3)	(\$154.6)	(\$106.4)	(\$71.3)	(\$46.3)
(+) Depreciation & Amortization	55.5	163.6	219.1	192.4	192.2	196.9
(+/-) Change in Operating Assets & Liabilities	(3.0)	16.3	13.3	1.6	(3.1)	(4.4)
(+/-) Other	0.6	25.2	25.8	9.0	-	-
<b>Cash Flow from Operating Activities</b>	<b>(\$4.2)</b>	<b>\$107.8</b>	<b>\$103.6</b>	<b>\$96.6</b>	<b>\$117.9</b>	<b>\$146.2</b>
(-) Purchases of property and service equipment	(11.1)	(33.4)	(44.6)	(46.1)	(48.6)	(51.1)
<b>Cash Flow from Investing Activities</b>	<b>(\$11.1)</b>	<b>(\$33.4)</b>	<b>(\$44.6)</b>	<b>(\$46.1)</b>	<b>(\$48.6)</b>	<b>(\$51.1)</b>
(+/-) Borrowings / (Repayment) on Debt and Equity Rights Offering	(6.6)	(94.0)	(100.6)	(50.5)	(7.3)	(5.9)
<b>Cash Flow from Financing Activities</b>	<b>(\$6.6)</b>	<b>(\$94.0)</b>	<b>(\$100.6)</b>	<b>(\$50.5)</b>	<b>(\$7.3)</b>	<b>(\$5.9)</b>
<b>Total Cash Flow</b>	<b>(\$22.0)</b>	<b>(\$19.7)</b>	<b>(\$41.7)</b>	<b>(\$0.0)</b>	<b>\$62.1</b>	<b>\$89.3</b>
Beginning Cash	\$51.7	\$29.7	\$51.7	\$10.0	\$10.0	\$72.1
Cash Flow	(22.0)	(19.7)	(41.7)	(0.0)	62.1	89.3
<b>Ending Cash <sup>(1)</sup></b>	<b>\$29.7</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$72.1</b>	<b>\$161.3</b>
<b>Memo:</b>						
Cash	\$29.7	\$10.0	\$10.0	\$10.0	\$72.1	\$161.3
ABL Availability	60.0	100.0	100.0	150.4	161.7	164.3
RCF Availability	50.0	100.0	100.0	100.0	100.0	100.0
<b>Available Liquidity</b>	<b>\$139.6</b>	<b>\$210.0</b>	<b>\$210.0</b>	<b>\$260.4</b>	<b>\$333.8</b>	<b>\$425.7</b>

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been completely incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments may have material impacts on the Financial Projections.

(1) Ending Cash excludes Restricted Cash; there are no forecasted changes to Restricted Cash in the projection period.

3. **Balance Sheet**

Balance Sheet - United Site Services, Inc., et al					
(\$USD in Millions)					
	Financial Projections <sup>(1)</sup>				
	FY 2026		FY 2027	FY 2028	FY 2029
	Mar-26	Dec-26	Full Year	Full Year	Full Year
<b>Assets:</b>					
<u>Current Assets:</u>					
Cash and Cash Equivalents <sup>(2)</sup>	\$29.7	\$10.0	\$10.0	\$72.1	\$161.3
Accounts Receivable	74.9	83.2	85.6	93.3	101.2
Prepays & Other Current Assets <sup>(2)</sup>	72.1	66.9	68.2	70.0	72.8
<b>Total Current Assets</b>	<b>\$176.6</b>	<b>\$160.1</b>	<b>\$163.8</b>	<b>\$235.3</b>	<b>\$335.4</b>
<u>Non-Current Assets:</u>					
Fixed Assets, Net	\$306.4	\$273.7	\$257.2	\$243.4	\$227.4
Total Other Non-Current Assets	1,770.6	1,673.3	1,543.4	1,413.5	1,283.7
<b>Total Non-Current Assets</b>	<b>\$2,077.1</b>	<b>\$1,946.9</b>	<b>\$1,800.6</b>	<b>\$1,656.9</b>	<b>\$1,511.1</b>
<b>Total Assets</b>	<b>\$2,253.7</b>	<b>\$2,107.0</b>	<b>\$1,964.3</b>	<b>\$1,892.3</b>	<b>\$1,846.4</b>
<b>Liabilities &amp; Equity:</b>					
<u>Current Liabilities:</u>					
Accounts Payable	\$13.0	\$20.6	\$20.4	\$21.5	\$22.6
Accrued Expenses	\$52.5	60.1	62.6	66.0	69.2
Other Current Liabilities	123.8	121.1	122.1	123.1	122.9
<b>Total Current Liabilities</b>	<b>\$189.4</b>	<b>\$201.7</b>	<b>\$205.2</b>	<b>\$210.6</b>	<b>\$214.7</b>
<u>Long-Term Liabilities:</u>					
ABL	\$73.1	\$42.0	\$0.2	-	-
FLFO RCF	50.0	-	-	-	-
Exit Term Loan Facility	309.0	334.8	343.9	343.9	343.9
Other Long-Term Liabilities	284.3	277.9	270.9	264.9	261.3
<b>Total Long-Term Liabilities</b>	<b>\$716.4</b>	<b>\$654.7</b>	<b>\$614.9</b>	<b>\$608.8</b>	<b>\$605.1</b>
<b>Total Liabilities</b>	<b>\$905.8</b>	<b>\$856.4</b>	<b>\$820.2</b>	<b>\$819.4</b>	<b>\$819.8</b>
<b>Total Equity</b>	<b>\$1,347.9</b>	<b>\$1,250.6</b>	<b>\$1,144.2</b>	<b>\$1,072.9</b>	<b>\$1,026.6</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$2,253.7</b>	<b>\$2,107.0</b>	<b>\$1,964.3</b>	<b>\$1,892.3</b>	<b>\$1,846.4</b>
<u>Memo:</u>					
Cash	\$29.7	\$10.0	\$10.0	\$72.1	\$161.3
ABL Availability	60.0	100.0	150.4	161.7	164.3
RCF Availability	50.0	100.0	100.0	100.0	100.0
<b>Available Liquidity</b>	<b>\$139.6</b>	<b>\$210.0</b>	<b>\$260.4</b>	<b>\$333.8</b>	<b>\$425.7</b>

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been completely incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments may have material impacts on the Financial Projections.

(1) The Balance Sheet is presented in a condensed format relative to the Balance Sheets provided for historical periods.

(2) Cash and Cash Equivalents exclude Restricted Cash; accordingly, Restricted Cash is reflected within Prepays & Other Current Assets.

4. **Income Statement Reconciliations to Financial Projections in Exhibit C to the Disclosure Statement**

	FY 2026	FY 2027	FY 2028	FY 2029
<b>A. Cost of Revenue</b>				
<b>Original Disclosure Statement</b>	<b>(\$485.1)</b>	<b>(\$502.5)</b>	<b>(\$536.4)</b>	<b>(\$568.2)</b>
Reclass of Building Occupancy and Insurance Expense	56.2	58.6	61.3	64.0
Depreciation & Amortization	(86.6)	(63.6)	(63.5)	(67.5)
<b>Revised Financial Projections</b>	<b>(\$515.4)</b>	<b>(\$507.5)</b>	<b>(\$538.6)</b>	<b>(\$571.7)</b>
<b>B. Selling, general and administrative expense</b>				
<b>Original Disclosure Statement</b>	<b>(\$190.3)</b>	<b>(\$193.2)</b>	<b>(\$201.7)</b>	<b>(\$210.0)</b>
Reclass of Building Occupancy and Insurance Expense	(56.2)	(58.6)	(61.3)	(64.0)
Depreciation & Amortization	(132.5)	(128.8)	(128.8)	(129.4)
One-Time (Costs) / Benefits	(0.7)	-	-	-
Other (Expense) / Income	(6.9)	(4.9)	(0.9)	(0.9)
Reclass of Accrued Interest Cancellation / Write-off	(80.5)	-	-	-
<b>Revised Financial Projections</b>	<b>(\$467.1)</b>	<b>(\$385.5)</b>	<b>(\$392.7)</b>	<b>(\$404.3)</b>
<b>C. Interest Expense</b>				
<b>Original Disclosure Statement</b>	<b>(\$49.1)</b>	<b>(\$44.5)</b>	<b>(\$43.5)</b>	<b>(\$44.0)</b>
Reclass of Accrued Interest Cancellation / Write-off	80.5	-	-	-
<b>Revised Financial Projections</b>	<b>\$31.3</b>	<b>(\$44.5)</b>	<b>(\$43.5)</b>	<b>(\$44.0)</b>

## VI. EXIT CREDIT AGREEMENTS

The terms of the Exit Term Loan Facility Credit Agreement are described in Section IV (*Summary of Joint Prepackaged Chapter 11 Plan*) of the Disclosure Statement. The Debtors provide a more detailed summary of the Exit Term Loan Facility Credit Agreement, including a description of the material covenants of the Exit Term Loan Facility Credit Agreement, (the “**Summary Terms of the Exit Term Loan Facility Credit Agreement**”) in Exhibit D, a summary of the Exit RCF Credit Agreement in Exhibit E (the “**Summary Terms of the Exit RCF Credit Agreement**”) and a summary of the Exit ABL Facility Agreement (the “**Summary Terms of the Exit ABL Facility Agreement**”) in Exhibit F. Each of these summaries remained subject to further negotiation at the time the summaries were prepared. Final versions of each Credit Agreement will be or have been filed on the Bankruptcy Court’s docket as supplements to the Plan.

## VII. CERTAIN FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS

### A. Updated Definitions

The following definitions have been included in the Plan:

1. “*Distributable New Common Shares*” means, after giving effect to the issuance or the delivery of (a) the ERO Equity, (b) the ERO Backstop Premium Shares, and (c) any equity issued (or to be reserved) pursuant to the Management Incentive Plan, one hundred percent (100%) of the remaining New Common Shares to be distributed to Holders of Second-Out Claims on account of their Second-Out Claims on the Effective Date, which only includes the New Common Shares issued upon equitization of the Allowed Second-Out Claims under the Plan.

2. “*ERO Backstop Premium Shares*” means the New Common Shares issued or delivered as the ERO Backstop Premium pursuant to the terms of the ERO Backstop Agreement. The ERO Backstop Premium Shares are an Administrative Claim under section 503(b) of the Bankruptcy Code.

### B. Exemption from Securities Laws

As discussed in C.10 of Section IV (*Summary of Joint Prepackaged Chapter 11 Plan*) of the Disclosure Statement and in Section VIII (*Certain Federal and State Securities Law Considerations*) of the Disclosure Statement, after the Petition Date, the Debtors will rely on section 1145(a) of the Bankruptcy Code to exempt from

registration under the Securities Act and Blue Sky Laws the offer, issuance or delivery, and distribution, if applicable, of (i) the Distributable New Common Shares on account of Allowed Second-Out Claims and (ii) the ERO Backstop Premium Shares, and to the extent such exemption is not available, then the offer and issuance or delivery of (i) such Distributable New Common Shares on account of Allowed Second-Out Claims and (ii) such ERO Backstop Premium Shares will be offered, issued or delivered, and distributed under the Plan pursuant to other applicable exemptions from registration under the Securities Act and any other applicable securities laws. The Court shall deem the exemption from the registration requirement under the Securities Act under 1145(a) of the Bankruptcy Code to apply only to the extent applicable.

#### **VIII. RELIANCE ON AND ADMISSIBILITY OF DISCLOSURE STATEMENT**

Notwithstanding any statements to the contrary in the Disclosure Statement, for example, on pages iii, iv and vi of the Disclosure Statement, investors may rely on the Disclosure Statement and this Supplement in accordance with 11 U.S.C. § 1145(a)(4).

#### **IX. PROVISIONS REGARDING THE SEC**

Notwithstanding any language to the contrary in this Supplement, the Disclosure Statement, Plan and/or Plan Confirmation Order, no provision shall (i) preclude the United States Securities and Exchange Commission ("SEC") from enforcing its police or regulatory powers; or, (ii) enjoin, limit, impair or delay the SEC from commencing or continuing any claims, causes of action, proceeding or investigations against any non-debtor person or non-debtor entity in any forum; provided, however, that nothing in this paragraph shall modify any applicable protections provided for in 11 U.S.C. §1125(e).

Dated: February 6, 2026

UNITED SITE SERVICES, INC. *et al.*  
And its affiliated Debtors

**EXHIBIT A**

**MD&A**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*In this section, the terms “we,” “our,” “us” and the “Company” refer collectively to PECF USS Intermediate Holding III Corporation and its consolidated subsidiaries.*

*In addition, the statements in the following discussion and analysis of financial condition and results of operations regarding industry outlook, our expectations regarding the performance of our business and other forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the Disclosure Statement. Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following discussion and analysis of our financial condition and results of operations together with the historical condensed consolidated financial statements and the related notes included in Exhibits B, C and D.*

### **Overview**

USS is the United States’ largest provider of portable sanitation systems and related “site services,” with more than 3,000 employees and more than 70,000 customers, including the Super Bowl, the Federal Emergency Management Agency (FEMA), music festivals, and homebuilders across the country.

USS’s primary business is portable sanitation: delivering access to and servicing portable restrooms and sinks in a variety of settings, including special events, construction sites (which makes up over 70% of USS’s revenue), and agricultural and other industrial settings that lack permanent facilities. USS owns approximately 350,000 portable restrooms, which range from plastic single-user units to luxury mobile trailers with running water, electricity, and air conditioning. In addition to portable restrooms, as part of its core services, USS offers hand hygiene stations ranging from alcohol-based sanitizer stations to portable sinks with soap and water. Beyond supplying the physical restroom and sanitizer units, USS also provides consistent, high-quality cleaning and maintenance services. USS strives to transform the portable sanitation industry by elevating the cleanliness standards of portable restrooms to align with the public’s expectations for other public restrooms.

### **Significant Events**

#### ***Chapter 11 Process under the Bankruptcy Code***

On December 29, 2025, the Debtors filed voluntary petitions under Title 11 of the United States Code, 11 U.S.C. Section 101, et seq., as amended from time to time, in the United State Bankruptcy Court for the District of New Jersey.

#### ***The Debtors’ Pre-Petition Capital Structure***

As described in further detail in Section II (*Historical Information*) of the Disclosure Statement, on the Petition Date, the Debtors’ funded debt consisted of (a) an asset-based revolving loan, (b) several tranches of senior secured loans and notes, including a revolving credit facility, issued in connection with the 2024 Recapitalization, (c) the remaining balances of the pre-2024 senior secured term loan and unsecured notes that were amended and not exchanged in the 2024 Recapitalization, and (d) an intercompany senior secured loan issued in connection with the 2024 Recapitalization.

The third-party funded debt outstanding as of the Petition Date is summarized in the table below. For a discussion of the classification and treatment of claims and interests see sub-section B of Section IV (*Summary of Joint Prepackaged Chapter 11 Plan*) of the Disclosure Statement.

Issue Date	Facility	Security & Priority	Interest Rate and Interest Payment Dates	Payment Waterfall <sup>1</sup>	Outstanding Principal (\$mm)
2021	ABL Facility	First lien on ABL Priority Collateral; second lien on substantially all other assets	SOFR + 2.25% Various Payment Dates	N/A	\$153.2
2024	First-Out Notes	Second lien on ABL Priority Collateral; first lien on substantially all other assets	SOFR + 6.25% p.a. payable quarterly on March 31, June 30, September 30 and December 31 of each year	First	\$10.4
2024	First-Out Revolving Loans	Second lien on ABL Priority Collateral; first lien on substantially all other assets	SOFR + 3.75% Various Payment Dates	First	\$100.0
2024	First-Out Term Loans	Second lien on ABL Priority Collateral; first lien on substantially all other assets	SOFR + 6.25% Various Payment Dates	First	\$436.2
2024	Second-Out Term Loans	Second lien on ABL Priority Collateral; first lien on substantially all other assets	SOFR + 4.25%	Second	\$1,773.3
2024	Third-Out Notes	Second lien on ABL Priority Collateral; first lien on substantially all other assets	8.000% p.a. payable semi-annually on April 30 and October 30 of each year	Third	\$193.8
2021	Amended Term Loans	Second lien on ABL Priority Collateral; first lien on substantially all other assets	SOFR + 4.25%	N/A	\$46.2
<b>Total Secured Debt (incl. guarantees)</b>					<b>\$2,713.2</b>
2021	Amended Unsecured Notes	Unsecured	8.000% p.a. semi-annually on May 15 and November 15 of each year	N/A	\$133.0
<b>Total (including guarantees)</b>					<b>\$2,846.2</b>

<sup>1</sup> The payment waterfall depicted herein is a function of certain intercreditor agreements between the First-Out Notes, First-Out Revolving Loans, Second-Out Term Loans, and Third-Out Notes as described in the Disclosure Statement.



*The Debtors' Capital Structure on the Effective Date*

As described in further detail in Section IV (*Anticipated Events during the Chapter 11 Cases*) of the Disclosure Statement, on the Effective Date, the Debtors' funded debt will consist of (a) Exit Term Loan Facility, (b) Exit RCF Facility, (c) Exit ABL Facility.

On the Effective Date, the Debtors will issue New Common Shares to the participants in the Equity Rights Offering and the ERO Backstop Parties pursuant to the Plan and the ERO Backstop Agreement, and, as a result, will raise a total of up to \$480,000,000 (subject to any reduction by the Adjustment Determination Amount) in cash. In addition, on the Effective Date, the Debtors will issue New Common Shares on account of Allowed Second-Out Claims upon equitization of the Allowed Second-Out Claims under the Plan.

The Debtors will fund distributions under the Plan required to be paid in cash from cash on hand, including cash from operations, the proceeds of the DIP Facility, the Equity Rights Offering, the Exit ABL Facility, Exit RCF Facility, and the Exit Term Loan Facility.

The table below sets forth the Debtors' cash and indebtedness as of the Effective Date and pro forma as of the Effective Date:

	Actual as of the Petition Date	Pro forma as of the Effective Date
	(in million U.S.\$)	
Cash <sup>(1)</sup> .....	16.6	29.7
Debt <sup>(2)</sup> :		
ABL Facility <sup>(3)</sup> .....	153.2	—
First-Out Notes <sup>(4)</sup> .....	10.4	—
First-Out Revolving Loans <sup>(5)</sup> .....	100.0	—
First-Out Term Loans <sup>(4)</sup> .....	436.2	—
Second-Out Term Loans <sup>(6)</sup> .....	1,773.3	—
Amended Term Loans <sup>(6)</sup> .....	46.2	—
Third-Out Notes <sup>(7)</sup> .....	193.8	—
Amended Unsecured Notes <sup>(7)</sup> .....	133.0	—
Exit RCF Facility <sup>(8)</sup> .....	—	50.0
Exit ABL Facility <sup>(9)</sup> .....	—	73.1
Exit Term Loan Facility <sup>(10)</sup> .....	—	309.0
<b>Total debt.....</b>	<b>2,846.2</b>	<b>432.1</b>

- (1) Excludes any restricted cash. Based on the assumption that the Adjustment Determination Amount is \$ nil.
- (2) All debt amounts in the table are presented net of unamortized discounts and debt issuance costs.
- (3) As of the Petition Date, \$153.2 million remain outstanding under the ABL Facility. Subject to certain conditions, on the Effective Date (or as soon as reasonably practicable thereafter), each Holder of an Allowed ABL Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed ABL Facility Claim, payment in full in cash.
- (4) As of Petition Date, \$10.4 million remain outstanding under the First-Out Notes and \$436.2 million remain outstanding under the First-Out Term Loans. Subject to certain conditions, on the Effective Date (or as soon as reasonably practicable thereafter), each Holder of an Allowed First-Out Term Loans/Notes Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed First-Out Term Loans/Notes Claim, payment in full in cash.
- (5) As of Petition Date, \$100.0 million remain outstanding under the First-Out Revolving Loans. Subject to certain conditions, on the Effective Date (or as soon as reasonably practicable thereafter), each Holder of an Allowed First-Out Revolving Loans Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed First-Out Revolving Loans Claim payment in full in Cash.
- (6) As of Petition Date, \$1,773.3 million remain outstanding under the Second-Out Term Loans and \$46.2 million remain outstanding under the Amended Term Loans. Subject to certain conditions, on the Effective Date (or as soon as reasonably practicable thereafter), each Holder of an Allowed Second-Out Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, on account of, and in exchange for, its Allowed Secured Claim in respect of its Second-Out Claim, its Pro Rata share of (i) 100% of the Distributable New Common Shares and (ii) 100% of the Subscription Rights. Subject to certain conditions, on the Effective Date (or as soon as reasonably practicable thereafter), each Holder of an Allowed Amended Term Loan Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, on account of, and in exchange for, its Allowed Amended Term Loan Claims, its Pro Rata share of (i) Cash in the amount of \$10,598,832.78 and (ii) the Amended Term Loan Exit Term Loan Allocation.
- (7) As of Petition Date, \$193.8 million remain outstanding under the Third-Out Notes and \$133.0 million remain outstanding under the Amended Unsecured Notes. On the Effective Dates holders of the Third-Out Notes and holders of the Amended Unsecured Notes will receive no recovery.
- (8) On the Effective Date, the Debtors will borrow \$73.1 million under the Exit RCF Facility.
- (9) On the Effective Date, the Debtors will borrow \$50.0 million under the Exit ABL Facility.
- (10) On the Effective Date, the Debtors plan to borrow \$300.0 million under the Exit Term Loan Facility.

The table below sets forth the total liquidity available to the Debtors on the Effective Date on a pro forma basis:

	<b>Pro forma as of the Effective Date (in million U.S.\$)</b>
Cash <sup>(1)</sup> .....	29.7
ABL Facility <sup>(2)</sup> .....	60.0
Exit RCF Facility <sup>(3)</sup> .....	50.0
<b>Total Liquidity Available</b> .....	<b>139.6</b>

(1) Excludes any restricted cash. Based on the assumption that the Adjustment Determination Amount is \$ nil.

(2) On the Effective Date, the Debtors will borrow \$73.1 million under the Exit ABL Facility. An amount of \$60.0 million will remain available for additional drawings under the Exit ABL Facility

(3) On the Effective Date, the Debtors will borrow \$50.0 million under the Exit RCF Facility. An amount of \$50.0 million will remain available for additional drawings under the Exit RCF Facility.

## Trends and Outlook

The Debtors' current and future revenue and operating results may vary significantly depending on a variety of factors, including, but not limited to, the demand for their products and services, including seasonal demand, general economic conditions, including economic growth in the United States and worldwide and higher inflation and interest rates and any potential recession.

As described under "—Principal Factors Affecting their Results of Operations," the Debtors expect their business to continue to be impacted mostly by general economic conditions. Their sanitation and related services are directly impacted by general economic conditions, local economies and the end-markets that the Debtors serve, in particular by the level of residential and commercial construction. Higher interest rates have a significant impact on construction costs and, in some cases, force developers to scrap, significantly delay or shelve a growing share of projects. As a result, the Debtors' cost burdens are intensified and often they are not able to adjust their routes to support the decrease in sales volume.

Additionally, the Debtors' Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility are based off of SOFR which increases in line with the Federal Reserve's interest rate increases and may consequently causes their interest expense to increase correspondingly.

Their outlook is based on assumptions regarding the impact of these trends that the Debtors have developed by interpreting the information currently available to them. The Debtors' ability to implement their business plan and achieve any projected growth or financial results is subject to innumerable risks and other factors, including the risks discussed in Section IX (*Risk Factors*) of the Disclosure Statement, as supplemented. For example, in 2024 and 2025, the Debtors were not able to meet their business plan due to prevailing market conditions the loss of customers, higher inflation and an increase in interest rates, which negatively impacted the demand for their services and expenses.

If their assumptions or interpretation of available information prove to be incorrect, their future financial condition and results of operations may differ materially from their expectations.

## Key Components of the Debtors' Historical Results of Operations

### *Net Revenue*

The Debtors derive revenue from the sale of portable sanitation and complementary site services. These services may include on- going cleaning, sanitizing and restocking of portable restrooms and handwashing sinks. In addition, the Debtors provide temporary fencing to secure an event perimeter, manage crowds and help traffic flow inside an event. The Debtors provide multiple services for special events such as festivals, fairs, concerts, sporting events and more. The Debtors charge their customers a fixed fee per unit or month of service, and generally bills on a 28-day cycle based on service frequency. Their contract periods are daily, weekly or monthly, each of which commands a different rate. The Debtors maintain a diverse set of service offerings that meets the needs of their customers and

targeted end-markets. Their service offerings can be grouped in the following categories:

- Route-based sanitation, which primarily includes services associated with portable restrooms, hand washing stations and shower trailers, creating a one-stop shop with superior convenience for their customers;
- Emergency services, which primarily include services associated with portable restrooms, hand washing stations and shower trailers;
- Special events, which primarily include services related to the overall market for sporting events, festivals, weddings and other gatherings on a more temporary and concentrated population. These typically require portable sanitation and related services as well as other services for two or three days; and
- Other services, which primarily include services associated with NHLW, temporary fencing, portable storage, roll-off containers and temporary power.

See “Critical Accounting Policies and Significant Estimates – Revenue Recognition” for further details on revenue recognition.

### ***Cost of Revenue***

Cost of revenue primarily consists of personnel costs such as wages and salaries, health and welfare benefits and defined contribution benefits for their personnel who provide services and deliver equipment to their customers. Cost of revenue also includes depreciation and amortization expense for their plant, service equipment and tangible assets associated with their revenue producing assets, write off losses recognized in association with their assets that are determined to provide no further economic value to their operations, cost associated with vehicle repairs and maintenance, facility costs directly related to the procurement of revenue, such as direct and allocated expenses for rent and maintenance of facilities and insurance cost directly associated with their personnel who provide services to their customers. In addition, cost of revenue includes supplies related to providing the services, risk management cost, which includes insurance premiums and claims, costs attributable to third parties that sell their services to their customers, fuel expense, which includes the direct cost of fuel used by their vehicles, and travel expenses.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses primarily consist of personnel costs, such as salaries, health and welfare benefits and defined contribution plans for their employees, including sales and marketing, technology infrastructure, accounting and finance, legal and human resources departments and marketing and advertising, facility costs, including operating lease costs for their corporate offices, provision for credit losses, write off losses recognized in association with their assets that are determined to provide no further economic value to their corporate operations, changes in fair value of contingent consideration, consulting and professional fees and insurance expense. Selling, general and administrative expenses also include depreciation and amortization for their plant, equipment and intangible assets.

### ***Interest Expenses***

Interest expense historically consisted of cash and non-cash interest on their ABL Facility, First-Out Notes, First-Out Revolving Loans, First-Out Term Loans, Second-Out Term Loans, Third-Out Notes, Amended Term Loans and Amended Unsecured Notes, and interest paid under their equipment financing agreements, which provide for advances to finance the acquisition of certain equipment (“Equipment Notes”). In addition, interest expense historically also included interest on their finance leases, their supplier finance agreement (“SFP”) and their Substitute Insurance Collateral Facility Agreement (“2023 SICFA”).

### ***Income Tax Benefit***

Income tax benefit primarily relates to the generation of income or loss before income taxes. The region that is applicable to their determination of their effective tax rate is the United States. Their effective tax rate differs significantly from the federal statutory rate due to the change in the valuation allowance, impact of cancellation of

debt income from their refinancing transaction that took place in 2024, goodwill impairment, state taxes and other change in state rates and permanent items. The Debtors are required to regularly assess the likelihood of outcomes that could result from the examination of their tax returns by the U.S. Internal Revenue Service and other tax authorities to determine the adequacy of their income tax reserve and expense. Should actual events or results differ from their then-current expectations, charges or credits to their income tax benefit may become necessary. Any such adjustments could have a significant effect on their results of operations.

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

The Debtors present certain non-GAAP measures as defined below which are not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”).

- *EBITDA* is used by investors to measure and evaluate their operating performance exclusive of depreciation, income tax effects, interest, and amortization. The Debtors believe that this measurement is useful to investors as a way to analyze the underlying trends in their core business consistently across the periods presented. A reconciliation of net loss, the most directly comparable GAAP financial measure, to EBITDA is included herein.
- *Adjusted EBITDA* is used by investors to measure and evaluate their operating performance exclusive of depreciation, income tax effects, interest, amortization and certain infrequently occurring items. The Debtors believe that this measurement is useful to investors as a way to analyze the underlying trends in their core business consistently across the periods presented. A reconciliation of net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA is included herein.

### **Results of Operations**

#### **Principal Factors Affecting the Debtors’ Results of Operations**

The Debtors are subject to a number of external factors that may adversely or favorably affect their business. These factors include the following:

- *General economic conditions.* The demand for their services is dependent upon the general economy, the local economies and the end markets that the Debtors serve (including the industrial energy, infrastructure, residential and non-residential construction, non-construction markets and special events), as well as other factors. Changes in the general economy, or in the regional economies or end markets that the Debtors serve, may cause demand for their services to materially increase or decrease. Furthermore, COVID-19, interest rates and inflation have had various impacts on their business and may continue to influence their results. Their operations are geographically concentrated and susceptible to local economies, regulations and seasonal fluctuations. An economic downturn may have an adverse impact on their operating results and may expose the Debtors to credit risk from their customers.
- *Seasonality of the business.* Their business is directly impacted by changes in the level of commercial, residential and industrial construction and maintenance activities. Accordingly, the demand for their services tends to be lower in the winter months when construction activity slows. In addition, adverse weather may have a variable impact on their results, as ordinary services may not be required, but there may be a significant demand to assist with recovery efforts, such as clean up or rebuilding. Revenue and cost of revenue are generally lower in the first quarter of the fiscal year and highest in the second and third quarters of the fiscal year.

#### ***Comparison of the Nine Months Ended September 30, 2024 and 2025***

The table below summarizes their results of operations for the periods presented:

	<b>Nine Months Ended September 30,</b>			
	<b>2024</b>	<b>2025</b>	<b>\$ Change</b>	<b>% Change</b>
<b>(\$ in thousands)</b>				
Net revenue .....	\$718,829	\$636,381	\$(82,448)	(11.5)%
Cost of revenue.....	478,244	435,237	(43,007)	(9.0)%

Gross profit.....	240,585	201,144	(39,441)	(16.4)%
Operating expenses:				
Selling, general and administrative expense .....	402,081	312,593	(89,488)	(22.3)%
Loss on impairment of goodwill .....	284,253	-	(284,253)	(100.0)%
Total operating expenses.....	686,334	312,593	(373,741)	(54.5)%
Loss from operations .....	(445,749)	(111,449)	334,300	(75.0)%
Interest expense .....	(211,301)	(184,567)	26,734	(12.7)%
Net loss before income taxes .....	(657,050)	(296,016)	361,034	(54.9)%
Income tax benefit.....	35,196	15,344	(19,852)	(56.4)%
Net loss and comprehensive loss ....	<u>\$(621,854)</u>	<u>\$(280,672)</u>	<u>\$341,182</u>	<u>(54.9)%</u>
Adjusted EBITDA.....	\$150,622	\$108,299	\$(42,323)	(28.1)%

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net loss and comprehensive loss, the Debtors' most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented:

	Nine Months Ended September 30,				Year Ended December 31,	
	2024	2025	\$ Change	% Change	2024	LTM
(\$ in thousands)						
Net loss and comprehensive loss	\$ (621,854)	\$ (280,672)	\$ 341,182	(54.9)%	\$(1,547,356)	\$(1,206,174)
Interest expense .....	211,301	184,567	(26,734)	(12.7)%	274,546	247,812
Income tax (benefit) provision	(35,196)	(15,344)	19,852	(56.4)%	18,917	38,769
Depreciation and amortization expense	221,340	193,483	(27,857)	(12.6)%	293,895	266,038
EBITDA .....	<u>(224,409)</u>	<u>82,034</u>	<u>306,443</u>	<u>(136.6)%</u>	<u>(959,998)</u>	<u>(653,555)</u>
Headcount reduction, severance & related benefits (a).....	23,068	5,773	(17,295)	(75.0)%	26,002	8,707
Business transformation and software implementation (b).....	22,549	5,504	(17,045)	(75.6)%	26,195	9,150
Write-off of assets (c) .....	14,774	3,756	(11,018)	(74.6)%	18,537	7,519
Change in fair value of contingent consideration (d).....	(300)	-	300	(100.0)%	(300)	-
Acquisition related expenses (e)	1,337	106	(1,231)	(92.1)%	1,555	324
Advisory fees (f) .....	(12,997)	170	13,167	(101.3)%	(14,561)	(1,394)
Legal settlement expenses (g)	500	-	(500)	(100.0)%	2,065	1,565
Impairment of goodwill (h)	284,253	-	(284,253)	(100.0)%	1,048,683	764,430
2024 Debt restructuring costs (i)	38,580	-	(38,580)	(100.0)%	38,580	-
2025 Debt restructuring costs (j)	-	8,621	8,621	100.0%	-	8,621
Other adjustments (k).....	3,267	2,335	(932)	(28.5)%	3,842	2,910
Adjusted EBITDA .....	<u>150,622</u>	<u>108,299</u>	<u>(42,323)</u>	<u>(28.1)%</u>	<u>190,600</u>	<u>148,277</u>

- For all periods presented, the adjustment includes the realized termination costs associated with voluntary and involuntary workforce reductions that occurred as a result of their acquisitions and organizational changes as well as restructuring bonuses associated with organizational changes. For the year ended December 31, 2024, amounts reflect adjustments for labor expense benefits and cost savings related to a restructuring action that occurred during the three months ended September 30, 2024. These adjustments were reflected as of January 1, 2024, with the cost savings ratably allocated. As a result, the 2024 historical period has been revised and the impact to the nine months ended September 30, 2024, was \$13.8 million. In addition, the Debtors had restructuring actions during the three months ended March 31, 2025, and during the three months ended June 30, 2025, and has reflected the impact of the savings as of January 1, 2025. The impact of the June 30, 2025, restructuring action to the three months ended March 31, 2025, was \$1.1 million.
- Amounts reflect third-party consulting and advisory fees related to business transformation activities as well as consulting fees related to the implementation of their software systems that were not capitalizable costs.
- Amounts reflect non-cash write-off costs related to internal use software as a result of abandoned projects and write-off costs related to service equipment and property and equipment that was determined to no longer have future economic benefits. During the year ended December 31, 2024, the Debtors also experienced higher write-offs costs on service equipment and property and equipment related to physical

asset counts conducted. The Debtors have added back the write offs above normal levels as non-recurring matters.

- d. Amounts reflect the non-cash change in fair value of contingent consideration liabilities in connection with various acquisitions.
- e. Amounts reflect transaction costs such as legal and advisory fees incurred in connection with their acquisitions and costs for integration activities associated with their acquisitions.
- f. Amounts reflect advisory fees and other expenses and reimbursements paid to Platinum Advisors in accordance with their Corporate Advisory Services Agreement (“CAS”). During the year ended December 31, 2024, previously accrued obligations under the CAS of \$31.0 million were reversed.
- g. Represents one-time settlement fees associated with lawsuits that the Debtors have settled or expect to settle.
- h. Represents non-cash charges related to goodwill impairment.
- i. Amounts reflect legal and advisory fees associated with their refinancing transaction that took place in 2024.
- j. Amounts reflect legal and advisory fees associated with 2025 debt restructuring.
- k. Amounts reflect outside labor cost savings as if restructuring had occurred prior to the actual date of the reduction as if such restructuring had been completed on January 1, 2024, with the cost savings ratably allocated to the appropriate fiscal year and giving effect that the action occurred at the beginning of the earliest period presented. The Other adjustments amounts have been revised for the 2024 historical period to reflect the three months ended September 30, 2024, outside labor reduction as if it had occurred in that historical period. In addition, the Debtors had outside labor reduction during the three months ended September 30, 2025, and has reflected the impact of the savings as of January 1, 2025. The impact to the prior historical periods related to these outside labor reductions was not material. The adjustment also includes discrete items as determined by management, including fees paid to debt rating agencies for their credit facilities and adjustments associated with business combinations that are outside of the measurement period, and an adjustment to remove the non-cash portion of rent expense, which has been recorded on a straight-line basis in accordance with GAAP.

The following table sets forth their results of operations as a percentage of net revenue for the periods presented:

(\$ in thousands)	Nine Months Ended September 30,			
	2024	% of Revenue	2025	% of Revenue
Net revenue .....	\$718,829	100.0%	\$636,381	100.0%
Cost of revenue.....	478,244	66.5%	435,237	68.4%
Gross profit.....	240,585	33.5%	201,144	31.6%
Operating expenses:				
Selling, general and administrative expense .....	402,081	55.9%	312,593	49.1%
Loss on impairment of goodwill .....	284,253	39.5%		-0.0%
Total operating expenses.....	686,334	95.5%	312,593	49.1%
Loss from operations .....	(445,749)	(62.0)%	(111,449)	(17.5)%
Interest expense .....	(211,301)	(29.4)%	(184,567)	(29.0)%
Net loss before income taxes .....	(657,050)	(91.4)%	(296,016)	(46.5)%
Income tax benefit.....	35,196	4.9%	15,344	2.4%
Net loss and comprehensive loss ....	\$(621,854)	(86.5)%	\$(280,672)	(44.1)%

#### Net Revenue

The following table reflects their revenue by service for the periods presented:

(\$ in thousands)	Nine Months Ended September 30,				Year Ended December 31,	
	2024	2025	\$ Change	% Change	2024	LTM
Route based sanitation .....	492,126	428,697	(63,429)	(12.9)%	647,158	583,729
All other revenue .....	226,703	207,684	(19,019)	(8.3)%	301,639	282,620
Net revenue .....	718,829	636,381	(82,448)	(11.5)%	948,797	866,349

### *Net Revenue*

Net revenue decreased by \$82.4 million, or 11.5%, from \$718.8 million during the nine months ended September 30, 2024, to \$636.4 million during the nine months ended September 30, 2025. The decrease was primarily driven by a \$63.4 million decrease in route-based sanitation services and a \$19.0 million decrease in all other revenue. The decrease in the Debtors' revenue associated with their various services is primarily due to a decrease in demand for these services.

### *Cost of Revenue*

Cost of revenue decreased by \$43.0 million, or 9.0%, from \$478.2 million during the nine months ended September 30, 2024, to \$435.2 million during the nine months ended September 30, 2025. The decrease in cost of revenue was primarily driven by a \$18.4 million decrease in compensation & benefits, a \$10.8 million decrease in write-offs of service equipment and property and equipment, a \$6.4 million decrease in cost of supplies, a \$4.9 million decrease in vehicle and equipment repair and maintenance costs, and a \$2.1 million decrease in depreciation and amortization.

### *Gross Profit and Gross Margin*

Gross profit decreased by \$39.4 million, or 16.4%, from \$240.6 million during the nine months ended September 30, 2024, to \$201.2 million during the nine months ended September 30, 2025. Their gross margin, which represents gross profit as a percentage of net revenue, decreased from 33.5% during the nine months ended September 30, 2024, to 31.6% during the nine months ended September 30, 2025. The decrease in gross profit was primarily driven by lower revenues, while the decrease in gross margin was primarily driven by higher operating costs related to their route-based services.

### *Selling, General and Administrative Expense*

Their selling, general and administrative expenses decreased by \$89.5 million, or 22.3%, from \$402.1 million during the nine months ended September 30, 2024, to \$312.6 million during the nine months ended September 30, 2025. As a percentage of net revenue, their selling, general and administrative expenses decreased from 55.9% during the nine months ended September 30, 2024, to 49.1% during the nine months ended September 30, 2025. The decrease in selling, general and administrative expenses was primarily due to a decrease in professional and consulting fees of \$43.7 million mostly related to the 2024 Recapitalization, a decrease of \$25.8 million in depreciation and amortization expense, driven by less amortization in connection with acquired customer lists intangible assets, a decrease in personnel costs of \$12.4 million, a decrease in severance and related benefits of \$6.4 million, a decrease in software implementation and computer related expenses of \$5.5 million and a decrease in provision for credit losses of \$4.5 million. These decreases were offset by the prior period reversal of previously accrued obligations under the CAS of \$24.0 million.

### *Loss on Impairment of Goodwill*

During the nine months ended September 30, 2024, the Debtors recorded a loss on impairment of goodwill of \$284.3 million, or 39.5% of net revenue. No loss on impairment was recorded during the nine months ended September 30, 2025.

### *Interest Expense*

Their interest expense decreased by \$26.7 million, or 12.7%, from \$211.3 million during the nine months ended September 30, 2024, to \$184.6 million during the nine months ended September 30, 2025. The decrease in interest expense was primarily due to a decrease in interest rates associated with their variable interest rate debt compared to the nine months ended September 30, 2024, as well as the accretion of the premium on troubled debt restructuring and modification.

### *Income Tax Benefit*

Their income tax benefit and the effective tax rate were \$35.2 million and 5.4%, respectively, during the nine months ended September 30, 2024, based on their \$657.1 million net loss before income taxes during such period.

Their income tax benefit and effective tax rate were \$15.3 million and 5.2%, respectively, during the nine months ended September 30, 2025, based on their \$296.0 million net loss before income taxes during such period. The change in their income tax benefit was primarily related to an incremental valuation allowance associated with an interest expense deduction limitation and other deferred tax assets primarily driven by the impacts of their refinancing transaction that took place in 2024.

#### *Adjusted EBITDA*

Their Adjusted EBITDA decreased by \$42.3 million, or 28.1%, from \$150.6 million during the nine months ended September 30, 2024, to \$108.3 million during the nine months ended September 30, 2025. The decrease was primarily attributable to the declines in revenue driven by volume and higher operating costs associated with their route-based services.

#### *Comparison of the Years Ended December 31, 2023 and 2024*

The table below summarizes their results of operations for the periods presented:

	Year Ended December 31,			
	2023	2024	\$ Change	% Change
(\$ in thousands)				
Net revenue.....	\$ 1,055,662	\$ 948,797	\$ (106,865)	(10.1)%
Cost of revenue.....	668,010	633,433	(34,577)	(5.2)%
Gross profit.....	387,652	315,364	(72,288)	(18.6)%
Operating expenses:				
Selling, general and administrative expense.....	610,395	520,574	(89,821)	(14.7)%
Loss on impairment of goodwill.....	101,943	1,048,683	946,740	928.7%
Total operating expenses .....	712,338	1,569,257	856,919	120.3%
Loss from operations.....	(324,686)	(1,253,893)	(929,207)	286.2%
Interest expense.....	(260,305)	(274,546)	(14,241)	5.5%
Net loss before income taxes.....	(584,991)	(1,528,439)	(943,448)	161.3%
Income tax benefit (provision).....	114,056	(18,917)	(132,973)	(116.6)%
Net loss and comprehensive loss.....	\$ (470,935)	\$ (1,547,356)	\$ (1,076,421)	228.6%
Adjusted EBITDA.....	\$ 256,586	\$ 190,600	\$ (65,986)	(25.7)%

The table presents a reconciliation of EBITDA and Adjusted EBITDA to net loss and comprehensive loss, the Debtors' most directly comparable financial measure calculated and presented in accordance with GAAP, for the years to Adjusted EBITDA for the periods presented:

	Year Ended December 31, 2023	Year Ended December 31, 2024	\$ Change	% Change
(\$ in thousands)				
Net loss and comprehensive loss.....	\$ (470,935)	\$ (1,547,356)	\$ (1,076,421)	(228.6)%
Interest expense .....	260,305	274,546	14,241	5.5%
Income tax (benefit) provision .....	(114,056)	18,917	132,973	116.6%
Depreciation and amortization expense.....	334,832	293,895	(40,937)	(12.2)%
EBITDA.....	10,146	(959,998)	(970,144)	(9,561.8)%
Headcount reduction, severance & related benefits (a).....	22,295	26,002	3,707	16.6%
Business transformation and software implementation (b) .....	21,901	26,195	4,294	19.6%
Write-off of assets (c) .....	67,452	18,537	(48,915)	(72.5)%
Change in fair value of contingent consideration (d) .....	1,325	(300)	(1,625)	(122.6)%



	Year Ended December 31, 2023	Year Ended December 31, 2024	\$ Change	% Change
(\$ in thousands)				
Acquisition related expenses (e) .....	4,811	1,555	(3,256)	(67.7)%
Advisory fees (f).....	16,362	(14,561)	(30,923)	(189.0)%
Legal settlement expenses (g) .....	776	2,065	1,289	166.1%
Impairment of goodwill (h) .....	101,943	1,048,683	946,740	928.7%
Debt restructuring costs (i) .....	-	38,580	38,580	100.0%
Other adjustments (j).....	9,575	3,842	(5,733)	(59.9)%
Adjusted EBITDA.....	256,586	190,600	(65,986)	(25.7)%

- a. Amounts reflect labor expense benefits and cost savings as if restructuring had occurred prior to the actual date of the reduction as if such restructuring had been completed on January 1, 2023, with the cost savings ratably allocated to the appropriate fiscal year and giving effect that the action occurred at the beginning of the earliest period presented. The adjustment also includes the realized termination costs associated with voluntary and involuntary workforce reductions that occurred as a result of their acquisitions and organizational changes as well as restructuring bonuses associated with organizational changes during the period presented. The headcount reduction, severance & related benefits amounts have been revised for the 2023 historical period to reflect the three months ended September 30, 2024, headcount reduction as if it had occurred in that historical period. The impact to the year ended December 31, 2023, was \$6.9 million.
- b. Amounts reflect third-party consulting and advisory fees related to business transformation activities as well as consulting fees related to the implementation of their software systems that were not capitalizable costs.
- c. Amounts reflect non-cash write-off costs related to internal use software as a result of abandoned projects and write-off costs related to service equipment and property and equipment that was determined to no longer have future economic benefits. During the year ended December 31, 2023, the Debtors also experienced significantly higher write-offs of aged accounts receivables which was related to a review of customer accounts in connection with a systems implementation. During the year ended December 31, 2024, the Debtors also experienced higher write-offs costs on service equipment and property and equipment related to physical asset counts conducted. The Debtors have added back the write offs above normal levels as non-recurring matters
- d. Amounts reflect the non-cash change in fair value of contingent consideration liabilities in connection with various acquisitions.
- e. Amounts reflect transaction costs such as legal and advisory fees incurred in connection with their acquisitions and costs for integration activities associated with their acquisitions.
- f. Amounts reflect advisory fees and other expenses and reimbursements paid to Platinum Advisors in accordance with their Corporate Advisory Services Agreement (“CAS”). During the year ended December 31, 2024, previously accrued obligations under the CAS of \$31.0 million were reversed.
- g. Represents one-time settlement fees associated with lawsuits that the Debtors have settled or expect to settle.
- h. Represents non-cash charges related to goodwill impairment.
- i. Amounts reflect legal and advisory fees associated with their 2024 Recapitalization.
- j. Amounts reflect outside labor cost savings as if restructuring had occurred prior to the actual date of the reduction as if such restructuring had been completed on January 1, 2023, with the cost savings ratably allocated to the appropriate fiscal year and giving effect that the action occurred at the beginning of the earliest period presented. The Other adjustments amounts have been revised for the 2023 historical period to reflect the three months ended September 30, 2024, outside labor reduction as if it had occurred in that historical period. The impact to the prior historical period was not material. The adjustment also includes discrete items as determine by management, including fees paid to debt rating agencies for their credit facilities and adjustments associated with business combinations that are outside of the measurement period, and an adjustment to remove the non-cash portion of rent expense, which has been recorded on a straight-line basis in accordance with GAAP.

The table sets forth their results of operations as a percentage of net revenue for the years presented:

	Year Ended December 31,			
	2023		2024	
	Dollars	% of Revenue	Dollars	% of Revenue
(\$ in thousands)				
Net revenue.....	\$ 1,055,662	100.0%	\$ 948,797	100.0%
Cost of revenue.....	668,010	63.3%	633,433	66.8%
Gross profit.....	387,652	36.7%	315,364	33.2%
Operating expenses:				
Selling, general and administrative expense.....	610,395	57.8%	520,574	54.9%
Loss on impairment of goodwill.....	101,943	9.7%	1,048,683	110.5%
Total operating expenses .....	712,338	67.5%	1,569,257	165.4%
Loss from operations.....	(324,686)	(30.8)%	(1,253,893)	(132.2)%
Interest expense.....	(260,305)	(24.7)%	(274,546)	(28.9)%
Net loss before income taxes.....	(584,991)	(55.4)%	(1,528,439)	(161.1)%
Income tax benefit (provision) .....	114,056	10.8%	(18,917)	(2.0)%
Net loss and comprehensive loss.....	\$ (470,935)	(44.6)%	\$ (1,547,356)	(163.1)%

### *Net Revenue*

The table reflects their revenue by service for the years presented:

	Year Ended December 31,		\$ Change	% Change
	2023	2024		
(\$ in thousands)				
Route based sanitation .....	730,974	647,158	(83,816)	(11.5)%
All other revenue.....	324,688	301,639	(23,049)	(7.1)%
Net revenue.....	1,055,662	948,797	(106,865)	(10.1)%

Net revenue decreased by \$106.9 million, or 10.1%, from \$1,055.7 million during the year ended December 31, 2023, to \$948.8 million during the year ended December 31, 2024. The decrease was primarily driven by an \$83.8 million decrease in route-based sanitation services and a \$23.0 million decrease in all other revenue. The decrease in their revenue associated with their various services is primarily due to a decrease in demand for these services, as well as the variability of emergency response services.

### *Cost of Revenue*

Cost of revenue decreased by \$34.6 million, or 5.2%, from \$668.0 million during the year ended December 31, 2023, to \$633.4 million during the year ended December 31, 2024. The decrease in cost of revenue was primarily driven by a \$15.5 million decrease in compensation & benefits, a \$14.5 million decrease in subcontracting costs, a \$10.0 million in depreciation and amortization, a \$6.9 million decrease in vehicle and equipment repair and maintenance costs, and a \$3.3 million decrease in cost of supplies. These improvements were offset by a \$14.0 million increase in write-offs of service equipment and property and equipment.

### *Gross Profit and Gross Margin*

Gross profit decreased by \$72.3 million, or 18.6%, from \$387.7 million during the year ended December 31, 2023, to \$315.4 million during the year ended December 31, 2024. Their gross margin, which represents gross profit as a percentage of net revenue, decreased from 36.7% during the year ended December 31, 2023, to 33.2% during the year ended December 31, 2024. The decrease in gross profit was primarily driven by lower revenue, while the decrease in gross margin was primarily driven by write-offs of service equipment and property and equipment.

### *Selling, General and Administrative Expense*

Their selling, general and administrative expenses decreased by \$89.8 million, or 14.7%, from \$610.4 million during the year ended December 31, 2023, to \$520.6 million during the year ended December 31, 2024. As a percentage of

net revenue, their selling, general and administrative expenses decreased from 57.8% during the year ended December 31, 2023, to 54.9% during the year ended December 31, 2024. The decrease in selling, general and administrative expenses was primarily due to a decrease in provision for credit losses of \$62.5 million, a decrease of \$31.0 million in depreciation and amortization expense, which was primarily driven by less amortization in connection with acquired customer lists intangible assets, and a decrease due to the reversal of previously accrued advisory fees owed to Platinum Equity of \$31.0 million. These decreases were primarily offset by an increase in professional and consulting fees of \$48.3 million primarily due to the 2024 Recapitalization.

### **Liquidity and Capital Resources**

The Debtors and their subsidiaries have historically depended on existing cash, cash flows from operations and, if necessary or appropriate, available borrowings under their ABL Facility and First-Out Revolving Loans to meet their obligations.

As of the Effective Date, the Debtors expect to hold \$29.7 million cash on hand. If the Debtors determine with the consent of the ERO Backstop Parties that the Plan Effective Date Projected Liquidity will be more than \$150.0 million, the Initial ERO Amount of \$480.0 million will be decreased on a dollar-for-dollar basis pursuant to the ERO Backstop Agreement as disclosed in further detail in the Disclosure Statement.

The Debtors manage their liquidity using internal cash management practices, which are subject to (i) the terms and other requirements of the credit agreements governing their Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility and (ii) the policies and cooperation of the financial institutions the Debtors utilize to maintain and manage their cash balances. Their available cash is held in accounts managed by third-party financial institutions and consists of cash held in operating accounts. To date, the Debtors have not experienced any losses or lack of access to their cash; however, the Debtors cannot provide any assurance that adverse conditions in the financial markets will not impact access to their cash. The principal uses of their cash have been to fund:

- Working capital needs of the business, including payroll and accounts payable, primarily;
- the purchase of property and equipment and service equipment;
- acquisitions to complement their growth strategies; and
- debt service requirements.

Following the Effective Date, the Debtors liquidity requirements will include servicing the indebtedness under their Exit Term Loan Facility, the Exit RCF and the Exit ABL Facility.

The Debtors believe that their cash flows from operations, cash on hand as of the Effective Date, cash availability under their Exit RCF and Exit ABL Facility are sufficient to fund their liquidity requirements during the twelve months following the Effective Date. The Debtors manage their cash balances by utilizing available cash management strategies, which may include intercompany agreements, permitted dividends and hedging. Historically, their capital allocations for operations have focused on capital expenditures and acquisitions and, from time to time, the Debtors evaluate potential acquisitions, investments and other growth and strategic opportunities that might require use of existing cash, borrowings under their Exit RCF and Exit ABL Facility or additional long-term financing. If necessary, the Debtors may further manage liquidity requirements through reduction of current and future investments in capital expenditures and acquisitions. However, their ability to service their indebtedness and to fund their other liquidity requirements will depend on their ability to generate and access cash in the future. This is subject to general economic, financial, contractual, competitive, legislative, regulatory and other factors, some of which are beyond their control.

### **Cash Flows**

#### ***Nine months ended September 30, 2024 and 2025***

Summary cash flows information for operating activities, investing activities and financing activities for the nine months ended September 30, 2024 and 2025, is set forth below:

	Nine Months Ended September 30,	
	2024	2025
Net cash used in operating activities.....	\$ (160,650)	\$ (16,503)
Net cash used in investing activities .....	(15,968)	(6,781)
Net cash provided by financing activities.....	167,929	48,783
Net (decrease) increase in cash and restricted cash .....	<u>\$ (8,689)</u>	<u>\$ 25,499</u>

#### *Cash Flows from Operating Activities*

For the nine months ended September 30, 2024, net cash used in operating activities was \$160.6 million, resulting primarily from a net loss of \$621.9 million and net cash used in changes in their operating assets and liabilities of \$46.8 million, offset by non-cash charges of \$508.1 million.

For the nine months ended September 30, 2025, net cash used in operating activities was \$16.5 million, resulting primarily from a net loss of \$280.7 million offset by non-cash charges of \$182.2 and net cash provided by changes in their operating assets and liabilities of \$82.0 million.

#### *Cash Flows from Investing Activities*

For the nine months ended September 30, 2024 and 2025, net cash used in investing activities was \$16.0 million and \$6.8 million, respectively, all of which related to the purchase of property and equipment and service equipment for ongoing operations.

#### *Cash Flows from Financing Activities*

For the nine months ended September 30, 2024, net cash provided by financing activities was \$167.9 million, resulting from \$312.8 million provided by the issuance of the Cayman Term Loan Facility and \$61.0 million in borrowings on the CFR. These increases were offset primarily by \$100.0 million in repayments on the CFR and \$74.0 million in repayments on the ABL.

For the nine months ended September 30, 2025, net cash provided by financing activities was \$48.8 million, primarily driven by \$100.0 million of net borrowings on the Cayman Revolving Credit Facility and \$13.0 million in financing related to supplier finance programs. These increases were offset primarily by \$25.0 million in repayments on the ABL, \$13.0 million in principal payments on supplier finance programs, \$8.9 million in principal payments made in connection with the Cayman Term Loan Facility, \$7.9 million in principal payments on finance lease obligations and \$7.6 million in payments of debt issuance costs related to the 2023 SIFCA.

#### *Years ended December 31, 2023 and 2024*

Summary cash flows information for operating activities, investing activities and financing activities for the years ended December 31, 2023 and 2024, is set forth below:

	Year Ended December 31,	
	2023	2024
Net cash provided by (used in) operating activities.....	\$ 9,826	\$ (195,951)
Net cash used in investing activities .....	(31,204)	(20,315)
Net cash provided by financing activities.....	50,339	204,865
Net increase (decrease) in cash and restricted cash .....	<u>\$ 28,961</u>	<u>\$ (11,401)</u>

#### *Cash Flows from Operating Activities*

During the year ended December 31, 2023, net cash provided by operating activities was \$9.8 million, resulting primarily from a net loss of \$470.9 million, offset by non-cash charges of \$429.3 million and net cash provided by changes in their operating assets and liabilities of \$51.4 million.

For the year ended December 31, 2024, net cash used in operating activities was \$196.0 million, resulting primarily from a net loss of \$1,547.4 million and net cash used in changes in their operating assets and liabilities of \$54.0 million, offset by non-cash charges of \$1,405.4 million.

#### *Cash Flows from Investing Activities*

For the year ended December 31, 2023, net cash used in investing activities was \$31.2 million, all of which related to the purchase of property and equipment and service equipment for ongoing operations.

For the year ended December 31, 2024, net cash used in investing activities was \$20.3 million, all of which related to the purchase of property and equipment and service equipment for ongoing operations.

#### *Cash Flows from Financing Activities*

For the year ended December 31, 2023, net cash provided by financing activities was \$50.3 million, resulting from \$64.0 million in borrowings on the ABL and \$39.0 million in net borrowings on the RCF. These borrowings were offset primarily by \$20.0 million principal payments made in connection with their 2021 Term Loan Facility, \$12.2 million in principal payments made in connection with their finance lease obligations and \$6.3 million in payment of contingent consideration.

For the year ended December 31, 2024, net cash provided by financing activities was \$204.9 million, primarily driven by the \$300.0 million provided by the issuance of the Cayman Term Loan Facility, \$66.0 million in borrowings on the ABL and \$61.0 million in borrowings on the CFR. These increases were offset primarily by \$100.0 million in repayments on the CFR and \$74.0 million in repayments on the ABL.

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

On September 22, 2023, the Debtors entered into the 2023 SICFA with the 1970 Group. Under this agreement, the 1970 Group arranged for the issuance of letters of credit from financial institutions approved by the National Association of Insurance Commissioners to provide up to \$44.2 million of letters of credit for workers' compensation, commercial automotive and/or general liability policies (the "Insurance Policies"). On February 15, 2024, and February 27, 2024, the Debtors amended the 2023 SICFA to increase the amount of provided letters of credit from the 1970 Group from \$44.2 million to \$49.5 million. On June 14, 2024, the Debtors amended the 2023 SICFA to increase the amount of provided letters of credit from the 1970 Group from \$49.5 million to \$54.4 million. On September 13, 2024, the Debtors amended the 2023 SICFA to extend the agreement for an additional year for certain letters of credit financed. On September 12, 2025, the Debtors amended the 2023 SICFA to extend the arrangement for an additional year for certain letters of credit financed. In connection with that amendment, the amount of provided letters of credit from the 1970 Group was reduced from \$54.4 million to \$54.3 million. Under the 2023 SICFA, the Debtors are required to maintain a deposit of \$6.6 million in escrow and to reimburse the 1970 Group for any draws made under the letters of credit within five business days of notice of any such draw. The 2023 SICFA contains certain affirmative covenants, including for the Debtors to keep and maintain its Insurance Policies for the compliance in all material respects with applicable requirements. The 2023 SICFA also contains certain events of default, including, without limitation, the Debtors' failure to reimburse 1970 Group for any draw or other financial obligation or the Debtors' payment of 1970 Group's fees. Upon an event of default, 1970 Group has the option to declare all outstanding obligations immediately due within five business days after the Debtors' receipt of such notice from 1970 Group. The Debtors' obligations under the 2023 SICFA are guaranteed by the Debtors' subsidiaries, are unsecured, and are subordinated to its obligations under each of the Exit Term Loan Facility, the Exit RCF Facility and the Exit ABL Facility.

According to the provisions of ASC 470 – *Debt*, the arrangement is a substitute insurance reimbursement facility limited to the amounts drawn under the letters of credit. Therefore, until the Debtors use or draw on the SICF, the letters of credit are treated as an off-balance sheet credit arrangement.

#### *Recent Accounting Pronouncements*

See Note 2 to the Debtors' consolidated financial statements for the year ended December 31, 2024, for a description of accounting pronouncements.

### **Critical Accounting Policies and Significant Estimates**

The preparation of their consolidated financial statements and related disclosures requires the Debtors to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses and the disclosure of contingent liabilities in their consolidated financial statements. The Debtors base their estimates on historical experience, known trends and events and various other factors that the Debtors believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The Debtors evaluate their estimates and assumptions on an ongoing basis. Their actual results may differ from these estimates under different assumptions or conditions.

While their significant accounting policies are described in greater detail in Note 2, “Summary of Significant Accounting Policies,” to their consolidated financial statements, the Debtors believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of their consolidated financial statements.

#### ***Revenue Recognition***

The Debtors recognize revenue from sales to customers under Accounting Standards Codification 606, Revenue from Contracts with Customers (“ASC 606”).

Under the guidance of ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In order to achieve this core principle, the Debtors applied the following five steps:

- (i) Identify the contract(s) with a customer;
- (ii) Identify the performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations in the contract; and
- (v) Recognize revenue as the entity satisfies a performance obligation.

Their revenue contracts contain a promise to provide the customer with the right to use an asset, such as portable toilets and roll-off dumpsters, in addition to other various services as described below. As such, the Debtors operate as both a lessor and a service provider. The updated lease accounting guidance (“ASC 842”) provides a practical expedient that permits lessors to aggregate non-lease components and the associated lease components if certain conditions are met and account for the combined unit of accounting under either ASC 606 or ASC 842, based on the predominant characteristic in the arrangement. In contracts where the Debtors provide a service that is identified as having non-lease components as well as underlying assets that are identified as lease components, the service provided to the customer is determined to represent the most critical element of the arrangement. The Debtors have elected this practical expedient to aggregate the non-lease component and the lease component and account for the entire arrangement under ASC 606 based on the consideration that the service offering is the predominant and critical element of the contract.

The Debtors consider that a contract with a customer exists when the contract is approved by both parties, each party’s rights and obligations are identified, payment terms are known, customer has the ability and intent to pay and the contract has commercial substance. The Debtors apply judgment in determining the customer’s ability and intention to pay, which is based on a variety of factors, including the customer’s credit worthiness, historical payment experience or, in the case of a new customer, credit and financial information pertaining to the new customer.

#### ***Performance Obligations***

Substantially all of their contracts with customers include a single performance obligation which consist of the following: on-going cleaning and sanitizing services, temporary fencing services, roll-off dumpster services, septic

and non-hazardous services, temporary power services and other. The Debtors typically satisfy the single performance obligation over time as services are provided and invoiced. There are no separately sold or service-type warranties within their contracts. Shipping and handling activities occur prior to the transfer of control of their equipment and services are considered activities to fulfill their promise to deliver these portable sanitation solutions to their customers. Shipping and distribution activities are not a promised service, and therefore, are not a separate performance obligation.

#### *Payment Terms*

Their payment terms in a contract vary by type of customer and the services offered. Typically, the Debtors charge their customers on a fixed price per unit or month of service depending on the requested products and the frequency of service, which could range from weekly to multiple times per day. The Debtors generally invoice the customer 13 times a year and typical payment terms require payment within 30 days of invoicing. The Debtors do not assess whether a significant financing component exists if the period between performance of obligations under the contract and customer payment is one year or less. None of their contracts contain a significant financing component as of December 31, 2023, and 2024. Their contracts with customers generally do not result in significant obligations associated with returns, refunds or warranties. Sales taxes and any other taxes collected on behalf of third parties are excluded from revenue.

#### *Recognition of Revenue*

The Debtors recognize revenue over time as services are provided to the customer based on the extent of progress toward completion of their performance obligation. The selection of the method to measure progress toward completion is based on the nature of the services to be provided and does not require significant judgment. The Debtors measure progress toward completion using either the right-to-invoice practical expedient or the cost-to-cost output method. The Debtors use the right-to-invoice measure of progress when there is a right to invoice for an amount that corresponds directly with the value of their performance to date. Under the right-to-invoice method, revenue is recorded equal to the amount the Debtors invoice the customer.

The Debtors use the cost-to-cost measure of progress when it best depicts the transfer of value, which occurs as the Debtors incur costs on a contract. Under the cost-to-cost method, the extent of progress toward completion is measured based on the ratio of estimated costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred. Generally, the Debtors apply the right-to-invoice practical expedient to revenue generated from portable sanitation and complementary site services and the cost-to-cost method to temporary fencing services.

#### *Other Revenue Recognition Policies*

The Debtors engage third parties to provide various services to customers in geographical areas that the Debtors are not currently located in. The Debtors evaluate whether the Debtors are the principal (report revenue on a gross basis) or agent (report revenue on a net basis) in these transactions. Although the Debtors engage third parties to provide specified services in a contract, the Debtors bear the ultimate responsibility to fulfill the obligation in the contract. Third parties are acting on their behalf, contracts are negotiated between the Debtors and the customer and their have discretion on establishing the price, as such the Debtors act as the principal to these transactions and, accordingly, the Debtors recognize revenue on a gross basis.

#### *Contract Costs*

The Debtors do not recognize any assets associated with incremental costs of obtaining a contract with a customer (such as sales commissions). Most of their revenue is recognized over a period of one year or less; as such the Debtors have applied the practical expedient that allows the recognition of the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

### ***Allowance for Credit Losses and Customer Credits***

Accounts receivable are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Debtors' receivables, net of the allowance for credit losses and customer credits, represents their estimated net realizable value.

The allowance for credit losses is based on management's assessment of the collectability of assets pooled together with similar risk characteristics. The Debtors monitor the collectability of its trade receivables as one overall pool as all trade receivables have similar risk characteristics. The Debtors estimate their allowance for credit losses based on historical trends, the age of outstanding receivables, existing economic conditions, and reasonable forecasts. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Debtors' collection efforts have been unsuccessful in collecting the amount due.

The allowance for customer credits is evaluated regularly based on risk to specific customers, nature of services provided and past history of customer credits. Adjustments to the allowance for credit losses and customer credits are recorded as selling, general and administrative expense and revenue, respectively, in the consolidated statements of operations and comprehensive loss.

### ***Goodwill***

Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually on October 1st or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Debtors' goodwill impairment test is performed at the enterprise level given the sole reporting unit.

The Debtors' goodwill impairment analysis first assesses qualitative factors to determine whether events or circumstances exist that would lead the Debtors to conclude it is more likely than not that the fair value of the reporting unit is below its carrying amount. Such qualitative factors include industry and market considerations, economic conditions, entity-specific financial performance and other events such as changes in management, strategy and primary customer base. If the Debtors determine that it is more likely than not that the fair value of the reporting unit is below the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value of the reporting unit is determined using various valuation techniques including the market approach and income approach which are weighted to determine an estimated fair value for the reporting unit at the measurement date. The reporting unit's estimated fair value is then compared to its carrying value. If the reporting unit's fair value is greater than its carrying value, then the goodwill is deemed not to be impaired and no further action is required. If the reporting unit's fair value is less than its carrying value, goodwill is considered impaired and a charge is reported in the consolidated statements of operations and comprehensive loss equal to the excess of the reporting units carrying value over its fair value not to exceed the total amount of goodwill.

The fair value of the reporting unit is determined using the market and income approaches. The guideline public company method is utilized for the market approach and the discounted cash flow method is used for the income approach. The discounted cash flow methodology is based on the present value of cash flows which require significant judgment, including estimates of future revenue and projected profit margin, which are dependent on forecasts, estimation of terminal growth rates, capital spending and determination of discount rate. The unobservable inputs used to measure the fair value include comparability discounts, weighted average cost of capital and long-term growth rates.

Based on a quantitative goodwill impairment assessment as of October 1, 2023, and in conjunction with the Debtors' annual forecasting process for 2024, which impacts key assumptions used in their assessment, the Debtors determined that the carrying value of its reporting unit was greater than its fair value. As a result, a loss on goodwill impairment of \$101.9 million was recorded to reduce the carrying value of goodwill as of December 31, 2023.

During the three months ended June 30, 2024, the Debtors revised forecasts due to lower revenue and profit margins than previously estimated. Accordingly, the Debtors' financial performance was identified as a triggering event that could indicate an impairment of goodwill. As a result, the Debtors completed a quantitative goodwill impairment assessment as of June 30, 2024. The Debtors determined that the carrying value of its reporting unit was greater than



its fair value and a loss on goodwill impairment of \$284.3 million was recorded to reduce the carrying value of goodwill as of June 30, 2024.

Based on a quantitative goodwill impairment assessment as of October 1, 2024, and in conjunction with the Debtors' annual forecasting process for 2025, which impacts key assumptions used in their assessment, the Debtors determined that the carrying value of its reporting unit was greater than its fair value. As a result, a loss on goodwill impairment of \$764.4 million was recorded to reduce the carrying value of goodwill as of December 31, 2024.

### ***Intangible Assets***

The Debtors' intangible assets include customer relationships, trade names and associated trademarks and non-compete agreements obtained through business acquisitions. Intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired and reported net of accumulated amortization, separately from goodwill. Intangible assets are amortized over their estimated useful lives. Intangible assets are amortized on a straight-line basis or on an accelerated method using the discounted cash flow method as presented below:

<b>Asset</b>	<b>Amortization Method</b>	<b>Estimated Useful Life</b>
Customer relationships	Accelerated method	10-15 years
Trade names and associated trademarks	Straight-line	2-20 years
Non-compete agreements	Straight-line	Term of agreement, generally 3 years

### ***Impairment of Long-lived Assets***

The Debtors review the carrying value of their long-lived assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by the Debtors in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. Determining the fair value of long-lived assets requires management's judgment and relies upon the use of several estimates and assumptions, including future revenue, margins and cash flows, current and future market conditions, discount rates applied, useful lives and other factors. The Debtors believe their assumptions are reasonable based on available information, their experience, knowledge and judgments. These estimates can be affected by factors that are difficult to predict including future revenue, operating results and economic conditions. Changes in assumptions and estimates used in the impairment analysis, or future results that vary from assumptions used in the analysis, could affect the estimated fair value of long-lived assets and could result in impairment charges in a future period. For the years ended December 31, 2023, and 2024, there were no impairments recorded outside of assets written off in the normal course of business.

### ***Income Taxes***

Income taxes are computed using the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in their consolidated financial statements. In estimating future tax consequences, the Debtors consider all expected future events other than enactment of changes in tax laws or rates. A valuation allowance is recorded, if necessary, to reduce net deferred tax assets to their realizable values if the Debtors do not believe it is more likely than not that the net deferred tax assets will be realized. On a quarterly basis, the Debtors consider positive and negative evidence, including historical taxable income earnings and the reversal of deferred tax liabilities attributable to book-tax differences relating to definite lived intangible assets and fixed assets, to determine whether it is more likely than not that certain deferred tax assets will be realized in the future. The Debtors have recorded a valuation allowance of \$45.4 million and \$356.1 million against certain federal and state deferred tax assets for the years ended December 31, 2023, and 2024, respectively.

The Debtors follow the provisions of the authoritative guidance from the FASB on accounting for uncertainty in income taxes. These provisions provide a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions that the Debtors have taken or expect to take on a tax return.

Under these provisions, the Debtors can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. Assessing an uncertain tax position begins with the initial determination of the sustainability of the position and is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed. Additionally, the Debtors must accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

Their policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2023, and 2024, the Debtors had no accrued interest or penalties related to uncertain tax positions.

### ***Contingent Consideration***

In connection with their acquisitions, the Debtors may agree to pay additional consideration to former owners upon the achievement of certain specified revenue targets through defined periods following the respective acquisition dates. The additional consideration qualifies as contingent consideration and is recognized at fair value on the acquisition date in other current liabilities and other long-term liabilities on the Debtors' consolidated balance sheets.

The valuation technique used to measure fair value of contingent consideration is primarily an income approach using a Monte Carlo simulation or digital option pricing model. The significant unobservable inputs used in fair value measurement of the contingent consideration are estimates, including probability of success, discount rates and amount of time until the conditions of the revenue target are met.

The Debtors paid out \$6.3 million during the year ended December 31, 2023, related to the contingent consideration in connection with acquisitions, while a total of \$0.3 million was included in other current liabilities in the consolidated balance sheet on December 31, 2023. There were no payouts made during the year ended December 31, 2024, related to the contingent consideration in connection with acquisitions, and there is no amount included in the consolidated balance sheet on December 31, 2024.

### ***Insurance Program***

The Debtors have a high-deductible insurance program for most losses related to general liability, equipment liability, automobile liability, workers' compensation and is self-insured for certain legal claims and medical claims, while maintaining per employee stop-loss coverage. The expected ultimate cost for claims incurred as of the balance sheet date is not discounted and is recognized as a liability. Self-insurance losses for claims filed and claims incurred but not reported are accrued based upon estimates of the aggregate liability for uninsured claims using loss development factors and actuarial assumptions followed in the insurance industry and historical loss development experience by geographies in which the Debtors conduct business. These types of claims may take a substantial amount of time to resolve and, accordingly, the ultimate liability associated with a particular claim may not be known for an extended period of time. These estimates may change based on, among other things, changes in their claims history or receipt of additional information relevant to assessing the claims. Further, these estimates may prove to be inaccurate due to factors such as adverse judicial determinations or settlements at higher than estimated amounts. Accordingly, the Debtors may be required to increase or decrease their reserve levels. As of December 31, 2023, self-insurance expenses totaled approximately \$24.3 million, of which \$22.6 million was included in cost of revenue and \$1.7 million was included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss. As of December 31, 2024, self-insurance expenses totaled approximately \$24.6 million, of which \$22.7 million was included in cost of revenue and \$1.9 million was included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

### ***Equity-Based Compensation***

The Debtors measure and recognize compensation expense for all equity-based incentive awards using their estimated fair value on the date of grant. Compensation expense is recorded using the graded vesting model when a Liquidity Event, as defined in the 2022 stock incentive plan, occurs or is probable of occurring, based on the requisite service period performed to date. Forfeitures are accounted for as they occur. Since the occurrence of a

future liquidity event is not probable, no equity-based compensation expense has been recorded as of December 31, 2023, or December 31, 2024.

**EXHIBIT B**

**2023 and 2024 Financial Statements**

**DISCLAIMER: The 2023 and 2024 Financial Statements do not reflect any adjustments related to the Debtors' voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code on December 29, 2025. The ultimate outcome of the Chapter 11 proceedings and the related impact on the Debtors' financial position, results of operations, and cash flows are uncertain and therefore subject to adjustments which may be material.**

## **PECF USS Intermediate Holding III Corporation**

### **Consolidated Financial Statements**

For the Years Ended December 31, 2023 and 2024

## CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)

	December 31, 2023	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash	\$ 36,872	\$ 21,951
Accounts receivable, net of allowance for credit losses and customer credits of \$64,143 and \$52,718 at December 31, 2023, and 2024, respectively	128,512	111,678
Prepaid expenses and other current assets	38,830	42,260
Total current assets	204,214	175,889
Service equipment, net	292,126	229,787
Property and equipment, net	282,637	238,245
Right-of-use assets operating leases, net	80,553	74,999
Goodwill	2,009,356	960,673
Intangible assets, net	983,792	825,383
Other long-term assets	30,960	31,825
Total assets	<u>\$ 3,883,638</u>	<u>\$ 2,536,801</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 27,563	\$ 20,415
Accrued expenses	113,180	64,225
Other current liabilities	18,517	24,686
Deferred revenue	22,917	21,971
Current finance lease liabilities	10,929	10,224
Current operating lease liabilities	18,634	18,147
Long-term debt, current	28,479	20,194
Total current liabilities	240,219	179,862
Long-term debt, net of issuance costs and net of current portion	2,675,755	2,911,612
Finance lease liabilities	28,577	39,369
Operating lease liabilities	62,668	59,114
Deferred taxes	158,186	174,924
Other long-term liabilities	29,430	30,473
Total liabilities	3,194,835	3,395,354
Commitments and contingencies (Note 15)		
Stockholders' equity (deficit):		
Common stock, 1,000 shares authorized at \$0.01 par value and 100 shares issued and outstanding as of December 31, 2023, and December 31, 2024	-	-
Additional paid-in capital	1,400,000	1,400,000
Accumulated deficit	(711,197)	(2,258,553)
Total stockholders' equity (deficit)	688,803	(858,553)
Total liabilities and stockholders' equity (deficit)	<u>\$ 3,883,638</u>	<u>\$ 2,536,801</u>

See accompanying notes to the consolidated financial statements

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

*(Amounts in thousands)*

	<u>Year Ended December 31, 2023</u>	<u>Year Ended December 31, 2024</u>
Revenue	\$ 1,055,662	\$ 948,797
Cost of revenue	<u>668,010</u>	<u>633,433</u>
Gross profit	387,652	315,364
Operating expenses:		
Selling, general and administrative expense	610,395	520,574
Loss on impairment of goodwill	<u>101,943</u>	<u>1,048,683</u>
Total operating expenses	<u>712,338</u>	<u>1,569,257</u>
Loss from operations	<u>(324,686)</u>	<u>(1,253,893)</u>
Interest expense	<u>(260,305)</u>	<u>(274,546)</u>
Net loss before income taxes	(584,991)	(1,528,439)
Income tax benefit (provision)	<u>114,056</u>	<u>(18,917)</u>
Net loss and comprehensive loss	<u>\$ (470,935)</u>	<u>\$ (1,547,356)</u>

*See accompanying notes to the consolidated financial statements*

**PECF USS INTERMEDIATE HOLDING III CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
(Amounts in thousands, except for share data)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Equity (Deficit)
<b>Balances at December 31, 2022</b>	100	\$ -	\$ 1,400,000	\$ (240,262)	\$ 1,159,738
Net loss	-	-	-	(470,935)	(470,935)
<b>Balances at December 31, 2023</b>	100	\$ -	\$ 1,400,000	\$ (711,197)	\$ 688,803
Net loss	-	-	-	(1,547,356)	(1,547,356)
<b>Balances at December 31, 2024</b>	100	\$ -	\$ 1,400,000	\$ (2,258,553)	\$ (858,553)

*See accompanying notes to the consolidated financial statements*



## CONSOLIDATED STATEMENTS OF CASH FLOW

(Amounts in thousands)

	Year Ended December 31, 2023	Year Ended December 31, 2024
<b>Cash flows provided by (used in) operating activities:</b>		
Net loss	\$ (470,935)	\$ (1,547,356)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	331,335	288,505
Amortization of operating right-of-use assets	20,898	20,074
Amortization of cloud computing arrangements assets	3,497	5,390
Non-cash interest expense (income)	7,953	(1,275)
Write-off of assets	4,786	18,537
Change in fair value of contingent consideration	1,325	(300)
Deferred income tax (benefit) provision	(117,634)	16,738
Provision for credit losses and customer credits	75,168	9,882
Impairment of goodwill	101,943	1,048,683
Gain on extinguishment of debt	-	(883)
Changes in operating assets and liabilities:		
Accounts receivable, net	22,373	6,952
Prepaid expenses and other current assets	15,846	8,794
Other long-term assets	(1,203)	(1,922)
Accounts payable, other current liabilities and other long-term liabilities	(9,034)	691
Accrued expenses	46,155	(48,955)
Deferred revenue	(3,679)	(946)
Operating lease liabilities	(18,968)	(18,560)
Net cash provided by (used in) operating activities	9,826	(195,951)
<b>Cash flows used in investing activities:</b>		
Purchases of property and service equipment	(31,204)	(20,315)
Net cash used in investing activities	(31,204)	(20,315)
<b>Cash flows provided by financing activities:</b>		
Payment of deferred acquisition consideration	(3,806)	-
Payment of contingent consideration	(6,250)	-
Principal payments on finance lease obligations	(12,159)	(11,768)
Principal payments on supplier finance program	(8,316)	(10,466)
Proceeds from issuance of Equipment Notes	-	1,022
Proceeds from issuance of Cayman Term Loan Facility, net of discount and cash paid in exchange	-	300,000
Payment of debt issuance costs related to Cayman Revolving Credit Facility	-	(1,552)
Payment of debt issuance costs related to ABL Revolver	-	(4,087)
Payment of debt issuance costs related to 2023 SICFA	(4,823)	(8,764)
Borrowings from 2021 ABL	64,000	66,000
Repayments of 2021 ABL	-	(74,000)
Borrowings from 2021 CFR	49,000	61,000
Repayments on 2021 CFR	(10,000)	-
Repayments on Cayman Revolving Credit Facility	-	(100,000)
Borrowings from 2024 Credit Agreement	-	60,000
Repayments on 2024 Credit Agreement	-	(60,000)
Supplier financing program in exchange for settlement of supplier liability	8,388	10,394
Principal payments on 2021 Term Loan Facility	(20,000)	(10,000)
Principal payments on Cayman Term Loan Facility	-	(4,449)
Principal payments on Equipment Notes	(5,695)	(8,465)
Net cash provided by financing activities	50,339	204,865
<b>Net increase (decrease) in cash and restricted cash</b>	28,961	(11,401)
Cash and restricted cash at beginning of the period	10,247	39,208
<b>Cash and restricted cash at end of period</b>	<b>\$ 39,208</b>	<b>\$ 27,807</b>
Cash at end of period	36,872	21,951
Restricted cash at end of period	2,336	5,856

See accompanying notes to the consolidated financial statements

PECF USS INTERMEDIATE HOLDING III CORPORATION  
 Document Page 50 of 112  
**CONSOLIDATED STATEMENTS OF CASH FLOW (continued)**  
**(Amounts in thousands)**

	<u>Year Ended</u> <u>December 31, 2023</u>	<u>Year Ended</u> <u>December 31, 2024</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 217,083	\$ 301,487
Cash (refund) paid for income taxes, net	(533)	2,463
Cash paid for operating lease	24,079	24,828
Cash paid for finance lease	15,020	17,009
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 14,476	\$ 14,520
Right-of-use assets obtained in exchange for new finance lease liabilities	8,523	21,914

*See accompanying notes to the consolidated financial statements*

## 1. Nature of the Business and Basis of Presentation

PECF USS Intermediate Holding III Corporation, a Delaware corporation (the “Company”), was incorporated on October 18, 2021. The Company is indirectly owned by an investment vehicle of certain private investment funds sponsored and ultimately controlled by Platinum Equity, LLC (together with its affiliated investment vehicles, “Platinum”). The Company is advised by Platinum Equity Advisors, LLC (“Platinum Advisors”). On October 30, 2021, the Company entered into that certain transaction agreement with Portable Holding Corporation (“PHC”), Platinum Equity Capital Partners IV, L.P. (“Fund IV”), Platinum Portable Principals LLC, Platinum Equity Continuation Fund, L.P. (“Continuation Fund”), Platinum Equity Capital Portable Partners L.P., PECF USS Holding Corporation (“New Parent”), PECF USS Intermediate Holding Corporation, PECF USS Intermediate Holding II Corporation, PECF USS Merger Corporation (“Merger Sub”) and the Lead Investor Representatives (as defined therein), pursuant to which, among other things, Merger Sub merged with and into PHC, with PHC surviving as a direct, wholly owned subsidiary of the Company and an indirect, wholly owned subsidiary of New Parent (the “Merger”). The Merger was part of a series of transactions pursuant to which Continuation Fund, Platinum Equity Capital Partners V, L.P. and certain members of PHC management acquired PHC and its subsidiaries, including USS Ultimate Holdings, Inc. (“USS”), from Fund IV and certain other selling shareholders, including certain current and former members of PHC management (the “Transaction”). The Transaction was consummated on December 17, 2021.

The Company conducts operations primarily through its wholly owned, indirect subsidiary, USS, and its subsidiaries. The Company services a comprehensive line of portable restrooms, temporary fencing, temporary power equipment and various other site services offerings to a broad range of customers including construction, industrial and agricultural contractors, special event planners, commercial establishments, governmental agencies and private individuals, with operations throughout the United States of America (“U.S.”).

The accompanying consolidated financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company has no foreign operations and is currently domiciled in the U.S.

On April 12, 2024, the Company formed the legal entities Vortex Opco, LLC, and Vortex Holdco, LLC, organized in The Cayman Islands (collectively, the “Cayman Entities”). On April 30, 2024, subsidiaries of USS transferred certain service equipment to the Cayman Entities in exchange for equity interests. On August 22, 2024, that certain service equipment was transferred back to those USS subsidiaries in return for those equity interests. The Cayman Entities are owned by subsidiaries of USS and do not conduct operations outside of the U.S.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company is subject to certain risks common to companies in a growth stage, including macroeconomic factors and interest rates, and has made significant capital expenditures and acquired businesses primarily through incremental borrowings on the Company’s debt facilities, with remaining borrowing availability limited as of December 31, 2024. These factors create uncertainty as to the Company’s ability to continue as a going concern. However, management has taken actions to alleviate these matters and has considered its various sources of liquidity including cash on hand, forecasted cash flows from operations which include a new customer engagement plan, a planned reduction in operating expenses and optimization of the procurement process to control spend, and utilization of availability on the Company’s ABL Revolving Credit Facility (the “2021 ABL”) and Cayman Revolving Credit Facility. In addition, the Company received a support letter from the Company’s indirect majority shareholders that such indirect majority shareholders will, and have the ability to, reserve up to \$50.0 million to invest in the Company to the extent needed so that the Company can meet its financial obligations (the “Support Letter”). There are no contractual restrictions on the Company’s indirect majority shareholders that would prevent them from funding the commitment. Management believes these actions will provide sufficient liquidity and therefore allow the Company to continue as a going concern through at least one year from the date these consolidated financial statements are available to be issued. See Note 20, “Subsequent Events”, for further information regarding related party transactions.

## 2. Summary of Significant Accounting Policies

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, costs and expenses and the disclosure of contingent liabilities at the date of the financial statements during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, revenue recognition, the calculation of allowance for credit losses and customer credits, accounting for business combinations, assessment of goodwill, intangibles and other long-lived assets, valuation and useful lives of acquired intangible assets, useful lives of long-lived assets, valuation of contingent consideration, insurance claims, incentive plan compensation and income taxes. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

### ***Segment Information***

The operating segment was determined after considering the Company's organizational structure and the information regularly reviewed by the chief operating decision maker ("CODM") to evaluate financial performance and allocate resources. The Company's chief executive officer, who is the CODM, reviews financial information on a consolidated basis. Accordingly, the business operates and manages its business as one operating segment that provides portable sanitation services and other complementary site solutions and, therefore, has one reportable segment for financial reporting purposes.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. All of the Company's cash deposits are in financial institutions in the U. S. The Company maintains deposits with large financial institutions that the Company believes are of high credit quality. As of December 31, 2023, and December 31, 2024, cash consisted of cash on deposit with balances denominated in U.S. dollars. At times, the Company's cash balances with individual banking institutions are in excess of federally insured limits. The Company has not experienced any credit losses related to its cash.

As of December 31, 2023, and December 31, 2024, the Company had no single customer that represented more than 10% of the Company's total accounts receivable. During the years ended December 31, 2023, and December 31, 2024, the Company had no single customer that represented more than 10% of the Company's total revenue. The Company's concentration of credit risk with respect to accounts receivable is limited due to its diverse and geographically dispersed customer base. The Company performs ongoing credit evaluations of its customers' financial condition through credit approvals, credit limits and other monitoring procedures. In limited circumstances, such as larger events, the Company requires a down payment from customers prior to the Company performing services. These circumstances result in deferred revenue recorded in the consolidated balance sheets.

### ***Cash and Restricted Cash***

The Company considers all highly liquid instruments with original maturities of three months or less at the time of acquisition to be cash equivalents. There were no cash equivalents as of December 31, 2023, or December 31, 2024.

Restricted cash amounts are required to be maintained to pay future claims under certain insurance obligations and for certain compensating balances that are due within one year from the balance sheet date.

### ***Debt Issuance Costs***

Debt issuance costs associated with the Company's term loans and unsecured notes are recorded against the Company's long-term debt and are amortized into interest expense using the effective interest method. Debt issuance costs associated with the Company's revolving lines of credit are capitalized as a deferred charge within other long-term assets and are amortized into interest expense on a straight-line basis over the applicable line of credit term.

### ***Allowance for Credit Losses and Customer Credits***

Accounts receivable are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's accounts receivable, net of the allowance for credit losses and customer credits, represent their estimated net realizable value. The Company's accounts receivable do not bear interest and generally does not require collateral or other security to support related receivables.

The allowance for credit losses is based on management's assessment of the collectability of assets pooled together with similar risk characteristics. The Company monitors the collectability of its trade receivables as one overall pool as all trade receivables have similar risk characteristics. The Company estimates its allowance for credit losses based on historical trends, the age of outstanding receivables, existing economic conditions and reasonable forecasts. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's collection efforts have been unsuccessful in collecting the amount due. Subsequent recoveries, if any, are credited to the allowance. Adjustments to the allowance for credit losses and customer credits, are recorded within selling, general and administrative expense and revenue, respectively, in the consolidated statements of operations and comprehensive loss.

### ***Service Equipment, net***

Service equipment consists of portable restrooms, temporary fencing, temporary power equipment and various other site services equipment. Service equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. Each estimated useful life is reflective of the total number of years that the service equipment is expected to generate economic benefits. The estimated useful lives used in computing depreciation for service equipment range from four to twenty

years. Additions, improvements and expenditures that significantly improve the productive capacity or extend the life of an asset are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

### ***Property and Equipment, net***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives. The general range of useful lives of property and equipment is as follows:

	<u>Estimated Useful Life</u>
Land	n/a
Buildings	39 years
Delivery and service vehicles, trailers, and tanks	1 - 12 years
Machinery and equipment	2 - 5 years
Leasehold improvements	Lesser of lease term or life of asset
Furniture and fixtures	7 years
Computer equipment and software	3 - 7 years

When assets are sold or retired, the cost and related accumulated depreciation or amortization of assets disposed of are removed from the accounts, with any resulting gain or loss recorded in loss on disposal of property and equipment in the consolidated statements of operations and comprehensive loss. Costs of repairs and maintenance are expensed as incurred.

### ***Capitalized Implementation Costs***

The Company capitalizes costs related to cloud computing arrangements (“CCA”) during the application development stage including consulting costs and compensation expenses related to employees who devote time to the implementation of the projects. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Once the project is available for general use, capitalization ceases and the asset begins amortizing.

CCA implementation costs are recorded as prepaid expenses and other current assets and other long-term assets, net on the consolidated balance sheets. Capitalized costs associated with CCA are amortized on a straight-line basis over their estimated useful life, which is three to seven years, and are included within selling, general and administrative expense in the consolidated statements of operations and comprehensive loss. Capitalized implementation costs from CCA total \$29.2 million and \$27.3 million, net of accumulated amortization, as of December 31, 2023, and December 31, 2024, respectively. Amortization expense related to CCA implementation costs is \$3.5 million and \$5.4 million, respectively, for the years ended December 31, 2023, and December 31, 2024.

### ***Goodwill***

Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually on October 1st or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company’s goodwill impairment test is performed at the enterprise level given the sole reporting unit.

The Company’s goodwill impairment analysis first assesses qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude it is more likely than not that the fair value of the reporting unit is below its carrying amount. Such qualitative factors include industry and market considerations, economic conditions, entity-specific financial performance and other events such as changes in management, strategy and primary customer base. If the Company determines that it is more likely than not that the fair value of the reporting unit is below the carrying amount, a quantitative goodwill assessment is required. In the quantitative evaluation, the fair value of the reporting unit is determined using various valuation techniques including the market approach and income approach which are weighted to determine an estimated fair value for the reporting unit at the measurement date. The reporting unit’s estimated fair value is then compared to its carrying value. If the reporting unit’s fair value is greater than its carrying value, then the goodwill is deemed not to be impaired and no further action is required. If the reporting unit’s fair value is less than its carrying value, goodwill is considered impaired and a charge is reported in the consolidated statements of operations and comprehensive loss equal to the excess of the reporting units carrying value over its fair value not to exceed the total amount of goodwill.

The fair value of the reporting unit is determined using the market and income approaches. The guideline public company method is utilized for the market approach and the discounted cash flow method is used for the income approach. The discounted cash flow methodology is based on the present value of cash flows which require significant judgment, including estimates of future revenue and

projected profit margin, which are dependent on forecasts, estimation of terminal growth rates, capital spending and determination of discount rate. The unobservable inputs used to measure the fair value include comparability discounts, weighted average cost of capital and long-term growth rates.

Based on a quantitative goodwill impairment assessment as of October 1, 2023, and in conjunction with the Company's annual forecasting process for 2024, which impacts key assumptions used in our assessment, the Company determined that the carrying value of its reporting unit was greater than its fair value. As a result, a loss on goodwill impairment of \$101.9 million was recorded to reduce the carrying value of goodwill as of December 31, 2023.

During the three months ended June 30, 2024, the Company revised forecasts due to lower revenue and profit margins than previously estimated. Accordingly, the Company's financial performance was identified as a triggering event that could indicate an impairment of goodwill. As a result, the Company completed a quantitative goodwill impairment assessment as of June 30, 2024. The Company determined that the carrying value of the reporting unit was greater than the fair value and a loss on goodwill impairment of \$284.3 million was recorded to reduce the carrying value of goodwill as of June 30, 2024.

Based on a quantitative goodwill impairment assessment as of October 1, 2024, and in conjunction with the Company's annual forecasting process for 2025, which impacts key assumptions used in our assessment, the Company determined that the carrying value of its reporting unit was greater than its fair value. As a result, a loss on goodwill impairment of \$764.4 million was recorded to reduce the carrying value of goodwill as of December 31, 2024.

### ***Intangible Assets***

The Company's intangible assets include non-compete agreements, customer relationships, trade names and associated trademarks obtained through business acquisitions. Intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired, and reported net of accumulated amortization, separately from goodwill. Intangible assets are amortized over their estimated useful lives. Intangible assets are amortized on a straight-line basis or on an accelerated method using the discounted cash flow rate as presented below:

<b>Asset</b>	<b>Amortization Method</b>	<b>Estimated Useful Life</b>
Non-compete agreements	Straight-line	Term of agreement, generally 3 years
Customer relationships	Accelerated method	10-15 years
Trade names and associated trademarks	Straight-line	2-20 years

### ***Impairment of long-lived assets***

The Company reviews the carrying value of its long-lived assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. For the years ended December 31, 2023, and December 31, 2024, there were no impairments recorded outside of assets written off in the normal course of business.

### ***Leases***

The Company enters into operating leases for real estate related to general office use, business operations and equipment storage. Additionally, the Company enters into finance leases for various vehicles used to operate the business. The Company determines whether an arrangement contains a lease at the inception of a contract by assessing whether there is an identified asset and whether a contract conveys the right to control the use of the identified asset, in exchange for consideration, and the right to obtain the economic benefits from the use of the identified asset. Leases with a term greater than one year are recognized on the consolidated balance sheets. The Company has elected not to recognize leases with terms of one year or less on the consolidated balance sheets.

Upon commencement of a lease, the Company records a right-of-use asset that represents the Company's right to use the underlying asset for the lease term and a lease liability that represents the Company's obligation to make lease payments arising from the lease. Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of the future minimum lease payments over the estimated remaining lease term.

Lease right-of-use assets are adjusted for (i) payments made at or before the commencement date, (ii) initial direct costs incurred and (iii) tenant incentives under the lease. Lease payments are discounted at the lease commencement date using the rate implicit in the lease unless that rate is not readily determinable. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate (“IBR”), which is the rate that would be incurred to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The IBR is determined by using a portfolio approach, considering many factors, such as the Company’s specific credit risk, the amount of the lease payments, collateralized nature of the lease, both borrowing term and the lease term and economic considerations.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. The Company recognizes straight-line lease expense for operating leases and recognizes a front-loaded expense comprising interest expense on the lease liability and the amortization expense on the right-of-use asset for finance leases.

The Company often enters into contracts that contain both lease and non-lease components. Non-lease components include common area maintenance, utilities and other services. The Company has made an accounting policy election to not separate lease and non-lease components to all asset classes. Rather, each lease component and the related non-lease components are accounted for together as a single component. Variable costs are not included in the measurement of right of use assets and lease liabilities as the Company’s leases do not include variable payments that depend on an index or rate; these costs are expensed when the event determining the amount of variable consideration to be paid occurs.

The Company’s lease terms often include renewal options. The Company’s right of use assets and lease liabilities generally do not include the option to extend or terminate unless it is reasonably certain that the Company will exercise these options.

#### *Lessor considerations*

The Company’s revenue contracts contain promises to provide the customer with the right to use an asset, such as portable toilets or roll-off dumpsters for no stated consideration. As such the Company operates as both a lessor and a service provider.

The updated lease accounting guidance (“ASC 842”) provides a practical expedient that permits lessors to aggregate non-lease components and the associated lease components if certain conditions are met and account for the combined unit of accounting under either the updated revenue recognition guidance (“ASC 606”) or ASC 842, based on the predominant characteristic. In contracts where the Company provides a service that is identified as having non-lease components as well as underlying assets that are identified as lease components, the service provided to the customer is determined to represent the most critical element of the arrangement. The Company has elected this practical expedient to aggregate the non-lease component and the lease component and account for the combined unit under ASC 606 for all such service contracts that involve an embedded lease component.

#### *Contingent consideration*

In connection with the Company’s past business acquisitions, the Company may agree to pay additional consideration to former owners upon the achievement of certain specified revenue targets through defined periods following the respective acquisition dates. The additional consideration qualifies as contingent consideration and is recognized at fair value on the acquisition date in other current liabilities and other long-term liabilities on the Company’s consolidated balance sheets. The fair value is determined based on inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. Any changes in the fair value of contingent consideration are recorded in the consolidated statements of operations and comprehensive loss.

#### *Fair Value of Financial Instruments*

Certain assets and liabilities are carried at fair value in accordance with GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. 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). Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the third is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

### ***Income taxes***

Income taxes are computed using the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements. In estimating future tax consequences, the Company considers all expected future events other than enactment of changes in tax laws or rates. A valuation allowance is recorded, if necessary, to reduce net deferred tax assets to their realizable values if it is not more likely than not that the net deferred tax assets will be realized. On a quarterly basis, the Company considers positive and negative evidence, including historical taxable income earnings and the reversal of deferred tax liabilities attributable to book-tax differences relating to definite lived intangible assets and fixed assets, to determine whether it is more likely than not that certain deferred tax assets will be realized in the future.

The Company follows the provisions of the authoritative guidance from the FASB, on accounting for uncertainty in income taxes. These provisions provide a comprehensive model for the recognition, measurement, and disclosure in financial statements of uncertain income tax positions that the Company has taken or expects to take on a tax return. Under these provisions, the Company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. Assessing an uncertain tax position begins with the initial determination of the sustainability of the position and is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed. Additionally, the Company must accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

The Company's policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes.

### ***Revenue Recognition***

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In order to achieve this core principle, the Company applies the following five steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue as the entity satisfies a performance obligation.

The Company's revenue contracts contain a promise to provide the customer with the right to use an asset, such as portable toilets and roll-off dumpsters, in addition to various services as described below. As such the Company operates as both a lessor and a service provider. ASC 842 provides a practical expedient that permits lessors to aggregate non-lease components and the associated lease components if certain conditions are met and account for the combined unit of accounting under either ASC 606 or ASC 842, based on the predominant characteristic in the arrangement. In contracts where the Company provides a service that is identified as having non-lease components as well as underlying assets that are identified as lease components, the service provided to the customer is determined to represent the most critical element of the arrangement. The Company has elected this practical expedient to aggregate the non-lease component and the lease component and account for the entire arrangement under ASC 606 based on the consideration that the service offering is the predominant and critical element of the contract. As a result of this determination, substantially all of the Company's contracts with customers include a single performance obligation.

The Company considers that a contract with a customer exists when the contract is approved by both parties, each party's rights and obligations are identified, payment terms are known, customer has the ability and intent to pay and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors, including the customer's credit worthiness, historical payment experience or, in the case of a new customer, credit and financial information pertaining to the new customer.



### *Performance obligations*

The Company derives revenue from the sale of portable sanitation and complementary site services. These services may include on-going cleaning, sanitizing and restocking of portable restrooms and handwashing sinks. In addition, the Company provides temporary fencing to secure perimeters, manage crowds and help traffic flow inside an event. The Company also provides multiple services for live events such as festivals, fairs, concerts, sporting events and more. The Company's service offerings are grouped in the following categories:

- Route-based sanitation and emergency response services—primarily include services associated with portable restrooms, hand washing stations and shower trailers;
- Special event services—primarily include services related to the overall market for sporting events, festivals, weddings and other gatherings on a more temporary and concentrated population. These typically require portable sanitation and related services as well as other services for two or three days; and
- Other services—primarily made up of non-hazardous liquid waste, temporary fencing, portable storage, roll-off containers and temporary power.

Shipping and handling activities occur prior to the transfer of control of equipment and services and are considered activities to fulfill the Company's promise to deliver services to the customers. Shipping and distribution activities are not a promised service, and therefore, are not a separate performance obligation.

### *Payment terms*

The Company's payment terms in a contract vary by type of customer and the services offered. Typically, the Company charges its customers on a fixed price per unit or month of service depending on the requested products and the frequency of service which could range from weekly to multiple times a day. The Company does not assess whether a significant financing component exists if the period between performance of obligations under the contract and customer payment is one year or less. None of the Company's contracts contain a significant financing component as of December 31, 2023, and December 31, 2024. The Company's contracts with customers generally do not result in significant obligations associated with returns, refunds or warranties. Sales taxes and any other taxes collected on behalf of third parties are excluded from revenue.

### *Recognition of revenue*

The Company recognizes revenue over time as services are provided to the customer based on the extent of progress toward completion of their performance obligation. The selection of the method to measure progress toward completion is based on the nature of the services to be provided and does not require significant judgment. The Company measures progress toward completion using either the right-to-invoice practical expedient or the cost-to-cost output method. The Company uses the right-to-invoice measure of progress when there is a right to invoice for an amount that corresponds directly with the value of the Company's performance to date. Under the right-to-invoice method, revenue is recorded equal to the amount the Company invoices the customer.

The Company uses the cost-to-cost measure of progress when it best depicts the transfer of value, which occurs as the Company incurs costs on a contract. Under the cost-to-cost method, the extent of progress toward completion is measured based on the ratio of estimated costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred. Generally, the Company applies the right-to-invoice practical expedient to revenue generated from portable sanitation and complementary site services and the cost-to-cost method to temporary fencing services.

### *Other revenue recognition policies*

The Company engages third parties to provide various services to the Company's customers in geographical areas it is not currently located in. The Company evaluates whether it is acting as the principal (report revenue on a gross basis) or agent (report revenue on a net basis) in these transactions. Although the Company engages third parties to provide specified services in a contract, the Company bears the ultimate responsibility to fulfill the obligations in the contract. Third parties are acting on the Company's behalf, contracts are negotiated between the Company and the customer and the Company has discretion on establishing the price and as such, the Company acts as the principal to these transactions and therefore recognizes revenue on a gross basis.

### *Contract costs*

The Company does not recognize any assets associated with incremental costs of obtaining a contract with a customer (such as sales commissions). Most of the Company's revenue is recognized over a period of one year or less and as such, the Company has applied the practical expedient that allows recognition of the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

***Contract Balances from Contracts with Customers***

The timing of revenue recognition, billing and cash collection results in billed receivables, contract assets and contract liabilities on the consolidated balance sheets. For certain types of service contracts, the Company recognizes revenue over time using the cost-to-cost measure of progress, which results in the recognition of revenue as work is performed based on the relationship between estimated costs incurred compared to the total estimated costs for the contract. Accordingly, revenue is sometimes recognized in advance of billing, resulting in a contract asset. Once the Company has an unconditional right to consideration, the customer is billed, and the contract asset is reclassified to accounts receivable. The balance of contract assets is included in prepaid expenses and other current assets in the consolidated balance sheets.

When consideration is received, or such consideration is due from a customer prior to transferring services to the customer under the terms of a contract, deferred revenue, which is a contract liability, is recorded. Contract liabilities are recognized as revenue after control of the service is transferred to the customer and all other revenue recognition criteria have been met.

Contract assets and contract liabilities are reported net at the contract level for each reporting period.

***Equity-Based Compensation***

The Company measures and recognizes compensation expense for all equity-based incentive awards using their estimated fair value on the date of grant. Compensation expense is recorded using the graded vesting model when a Liquidity Event, as defined, occurs or is probable of occurring, based on the requisite service period performed to date. Forfeitures are accounted for as they occur.

***Advertising and promotion expenses***

Advertising and promotion expenses consist primarily of costs incurred promoting and marketing the Company's services. The Company expenses all advertising and promotion costs as incurred. During the years ended December 31, 2023, and December 31, 2024, the Company incurred advertising and promotion expenses of approximately \$8.1 million and \$7.9 million, respectively, and are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

***Insurance Program***

The Company has a high-deductible insurance program for most losses related to general liability, equipment liability, automobile liability and workers' compensation and is self-insured for certain legal claims and medical claims, while maintaining per employee stop-loss coverage. The expected ultimate cost for claims incurred as of the balance sheet date is not discounted and is recognized as a liability. Self-insurance losses for claims filed and claims incurred but not reported are accrued based upon estimates of the aggregate liability for uninsured claims using loss development factors and actuarial assumptions followed in the insurance industry and historical loss development experience.

***Recently adopted accounting pronouncements***

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* ("Topic 326"), Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The Company adopted this standard as of January 1, 2023, using a modified retrospective approach. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities-Supplier Finance Programs*, which provides guidance on the disclosure requirements for supplier finance programs. The amendment requires that a buyer in a supplier finance program disclose sufficient qualitative and quantitative information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The Company adopted the standard as of January 1, 2023, on a prospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements*, which contains amendments to the Codification that remove references to various FASB Concepts Statements. The amendments within this Update are effective for fiscal years beginning after December 15, 2025, and can be applied on either a prospective

or retrospective basis. The Company adopted the standard as of January 1, 2024, on a prospective basis. The adoption did not have a material impact on the Company's consolidated financial statements.

#### ***Recently issued accounting pronouncements not yet adopted***

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*, which modifies the disclosure or presentation requirements of a variety of topics. The effective date of this updated guidance has not yet been announced. The amendments proposed in this Update are to be applied on a prospective basis. The Company is currently evaluating the impact that this guidance may have on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation, and they must also further disaggregate income taxes paid. The Company is required to adopt the guidance proposed for annual periods beginning after December 15, 2025, and it can be applied on a prospective basis. The Company is currently evaluating the impact that this guidance may have on its consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which contains clarity guidance on whether profits interest and similar awards should be accounted for in accordance with Topic 718. The amendments within this Update are effective for fiscal years beginning after December 15, 2025, and can be applied on either a prospective or retrospective basis. The Company is currently evaluating the potential impact this ASU may have on the Company's consolidated financial statements.

### **3. Fair Value Measurements**

#### ***Assets and Liabilities Accounted for at Fair Value***

The Company's financial instruments consist of accounts receivable, accounts payable, prepaid expenses and other current assets, accrued expenses and contingent consideration. The carrying amount of accounts receivable, accounts payable, prepaid expenses and other current assets and accrued expenses is considered a reasonable estimate of fair value due to short term to maturity. The Company's contingent consideration arrangements are carried at fair value, determined using Level 3 inputs in the fair value hierarchy. As of December 31, 2023, there was \$0.3 million in contingent consideration recorded in the consolidated balance sheet. There is no contingent consideration recorded in the consolidated balance sheet as of December 31, 2024.

The following table provides a rollforward of the aggregate fair value of the Company's contingent consideration (in thousands):

	<b>Contingent Consideration</b>
<b>Balance as of December 31, 2022</b>	<u>\$ 5,225</u>
Change in fair value included in operating expenses	1,325
Payment of contingent consideration in connection with acquisitions	<u>(6,250)</u>
<b>Balance as of December 31, 2023</b>	<u>\$ 300</u>
Change in fair value included in operating expenses	<u>(300)</u>
<b>Balance as of December 31, 2024</b>	<u>\$ -</u>

The valuation technique used to measure fair value of contingent consideration is primarily an income approach. The significant unobservable inputs used in fair value measurement of the contingent consideration as estimates, including probability of success, discount rates and amount of time until the conditions of the revenue target are met.

During the years ended December 31, 2023, and December 31, 2024, there were no transfers into or out of Level 3.

*Contingent Consideration in connection with Armadillo Portable Toilets acquisition*

In November 2020, in connection with PHC's acquisition of Armadillo Portable Toilets ("APT"), PHC agreed to pay up to \$3.7 million of additional consideration to former owners of APT. The first calculation period is a 90-day period following the acquisition date, with a maximum earn-out of \$1.2 million, the second calculation period is a 12-month period following the acquisition date with a maximum earn-out of \$1.3 million and the third calculation period is a 12-month period following the first anniversary of the acquisition date with a maximum earn-out of \$1.2 million. The Company paid \$1.2 million during the year ended December 31, 2023, related to the contingent consideration in connection with the APT acquisition. There is no accrual in the consolidated balance sheets as of December 31, 2023, or December 31, 2024.

*Contingent Consideration in connection with American Industry Fence acquisition*

In September 2021, in connection with PHC's acquisition of American Industry Fence ("AIF"), PHC agreed to pay up to \$2.0 million of additional consideration to former owners of AIF. The first calculation period is a 12-month period following the acquisition date, with a maximum earn-out of \$1.0 million and the second calculation period is a 12-month period following the first anniversary of the acquisition date with a maximum earn-out of \$1.0 million. The Company paid \$1.0 million during the year ended December 31, 2023, related to the contingent consideration in connection with the AIF acquisition and has accrued \$0.3 million in other current liabilities in the consolidated balance sheet at December 31, 2023. There is no accrual in the consolidated balance sheet as of December 31, 2024.

*Contingent Consideration in connection with Sonco Event & Construction Rentals acquisition*

In December 2021, in connection with the Company's acquisition of Sonco Event & Construction Rentals ("Sonco"), the Company agreed to pay up to \$3.0 million of additional consideration to former owners of Sonco. The first calculation period is a 12-month period following the acquisition date, with a maximum earn-out of \$1.5 million and the second calculation period is a 12-month period following the first anniversary of the acquisition date with a maximum earn-out of \$1.5 million. The Company paid \$1.5 million during the year ended December 31, 2023, related to the contingent consideration in connection with the Sonco acquisition. There is no accrual in the consolidated balance sheets at December 31, 2023, or December 31, 2024.

*Contingent Consideration in connection with Metro Studio Services, Inc. acquisition*

In March 2022, in connection with the Company's acquisition of Metro Studio Services, Inc. ("MSS"), the Company agreed to pay up to \$3.0 million of additional consideration to former owners of MSS. The first calculation period is a 12-month period following the acquisition date, with a maximum earn-out of \$1.5 million and the second calculation period is a 12-month period following the first anniversary of the acquisition date with a maximum earn-out of \$1.5 million. The Company paid \$1.5 million during the year ended December 31, 2023, related to the contingent consideration in connection with the MSS acquisition. There is no accrual in the consolidated balance sheets at December 31, 2023, or December 31, 2024.

*Contingent Consideration in connection with Mr. Flush, LLC, doing business as Approved Toilet Rental acquisition*

In July 2022, in connection with the Company's acquisition of Mr. Flush, LLC ("MRF"), the Company agreed to pay up to \$1.6 million of additional consideration to former owners of MRF. The calculation period is a 12-month period following the acquisition date, with a maximum earn-out of \$1.6 million. The Company paid \$1.0 million during the year ended December 31, 2023, related to the contingent consideration in connection with the MRF acquisition. There is no accrual in the consolidated balance sheets as of December 31, 2023, or December 31, 2024.

**4. Revenue Recognition**

The following table summarizes the Company's revenue by service offering (in thousands):

	Year Ended December 31,		\$ Change	% Change
	2023	2024		
(\$ in thousands)				
Route based sanitation .....	730,974	647,158	(83,816)	(11.5)%
All other revenue .....	324,688	301,639	(23,049)	(7.2)%
Net revenue .....	1,055,662	948,797	(106,865)	(10.1)%

***Contract Balances from Contracts with Customers***

The following table provides information about accounts receivable, contract assets and deferred revenue from contracts with customers (in thousands):

	December 31, 2023	December 31, 2024
Accounts receivable, net	\$ 128,512	\$ 111,678
Contract assets included in prepaid expenses and other current assets	\$ 9,781	\$ 6,928
Deferred revenue	\$ 22,917	\$ 21,971
	<b>Contract Assets</b>	<b>Deferred Revenue</b>
Balance as of January 1, 2023	\$ 22,774	\$ 26,596
Balance as of December 31, 2023	\$ 9,781	\$ 22,917
Balance as of December 31, 2024	\$ 6,928	\$ 21,971

The Company recognized revenue of \$26.6 million during the year ended December 31, 2023, that was included in the deferred revenue balance as of December 31, 2022. The Company recognized revenue of \$22.9 million during the year ended December 31, 2024, that was included in the deferred revenue balance as of December 31, 2023.

The Company does not disclose the value of remaining performance obligations for (i) contracts with an original contract term of one year or less, (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice when that amount corresponds directly with the value of services performed and (iii) variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied distinct service that forms part of a single performance obligation. The Company does not have any remaining performance obligations associated with contracts with terms greater than one year.

**5. Accounts Receivable, net**

Accounts receivable, net is \$128.5 million and \$111.7 million as of December 31, 2023, and December 31, 2024, respectively.

Changes in the allowance for credit losses and customer credits are as follows (in thousands):

<b>Balance as of December 31, 2022</b>	<b>\$ 29,875</b>
Provision for credit losses	72,229
Provision for customer credits	2,939
Account write-off and recoveries	(40,900)
<b>Balance as of December 31, 2023</b>	<b>\$ 64,143</b>
Provision for credit losses	9,720
Provision for customer credits	162
Account write-off and recoveries	(21,307)
<b>Balance as of December 31, 2024</b>	<b>\$ 52,718</b>

**6. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets include the following (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Prepaid software subscription cost	\$ 11,375	\$ 8,025
Contract assets	9,781	6,928
Cloud computing arrangements	4,971	6,032
Deferred SICFA Fees	3,617	6,067
Restricted cash	2,336	5,856
Prepaid insurance	2,091	4,204
Income tax receivable	640	925
Other prepaid expenses	4,019	4,223
Prepaid expenses and other current assets	<b>\$ 38,830</b>	<b>\$ 42,260</b>

**7. Service Equipment, net**

Service equipment, net of accumulated depreciation, is summarized as follows (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Service equipment	\$ 409,911	\$ 386,579
Construction in progress	56	87
Less: accumulated depreciation	(117,841)	(156,879)
Service equipment, net	<b>\$ 292,126</b>	<b>\$ 229,787</b>

Total depreciation expense related to the Company's service equipment was \$62.0 million, and \$55.3 million for the year ended December 31, 2023, and December 31, 2024, respectively.

During the year ended December 31, 2023, the Company wrote-off \$1.6 million of service equipment with accumulated depreciation of \$0.8 million resulting in a loss on disposal of \$0.8 million. During the year ended December 31, 2024, the Company wrote-off \$30.3 million of service equipment with accumulated depreciation of \$16.3 million resulting in a loss on disposal of \$14.0 million. The losses on disposal are included in cost of revenue in the consolidated statements of operations and comprehensive loss and these assets were determined to no longer have any future economic benefits.

**8. Property and Equipment, net**

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

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Land	\$ 665	\$ 665
Buildings	459	459
Delivery and service vehicles, trailers and tanks	355,127	372,473
Machinery and equipment	5,860	6,049
Leasehold improvements	15,936	17,383
Furniture and fixtures	2,095	2,132
Computer equipment and software	57,956	60,496
Deposits	786	654
Construction in progress	1,056	2,875
	<u>439,940</u>	<u>463,186</u>
Less: Accumulated depreciation and amortization	<u>(157,303)</u>	<u>(224,941)</u>
Property and equipment, net	<u>\$ 282,637</u>	<u>\$ 238,245</u>

Depreciation and amortization expense related to the Company's property and equipment totaled \$78.4 million and \$74.8 million for the year ended December 31, 2023, and December 31, 2024, respectively.

During the year ended December 31, 2023, the Company wrote off \$7.6 million of property and equipment with accumulated depreciation of \$2.2 million as the assets were determined to no longer have future economic benefits. During the year ended December 31, 2024, the Company wrote off \$12.5 million of property and equipment with accumulated depreciation of \$7.1 million as the assets were determined to no longer have future economic benefits.

Of the \$5.4 million in losses associated with write offs during the year ended December 31, 2023, \$5.0 million are included cost of revenue and \$0.4 million are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss. Of the \$5.4 million in losses associated with write offs during the year ended December 31, 2024, \$5.4 million are included cost of revenue in the consolidated statements of operations and comprehensive loss.

**9. Goodwill and Intangible Assets**

The change in the carrying balance of goodwill is as follows (in thousands):

<b>Balance at December 31, 2022</b>	\$ 2,110,494
Loss on impairment of goodwill	(101,943)
Remeasurement of goodwill related to prior acquisitions	805
<b>Balance at December 31, 2023</b>	<u>\$ 2,009,356</u>
Loss on impairment of goodwill	<u>(1,048,683)</u>
<b>Balance at December 31, 2024</b>	<u>\$ 960,673</u>

The accumulated goodwill impairment losses are \$101.9 million, and \$1,150.6 million, respectively, as of December 31, 2023, and December 31, 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Intangible Assets, net***

Acquired intangible assets subject to amortization consists of the following (in thousands):

December 31, 2023			
	Weighted Average Remaining Amortization Period (in months)	Gross Carrying Amount	Net Carrying Amount
Customer relationships	140	\$ 1,129,950	\$ (392,474)
Trade names and associated trademarks	216	271,900	(27,702)
Non-compete agreements	27	4,122	(2,004)
Total intangible assets		<u>\$ 1,405,972</u>	<u>\$ (422,180)</u>

  

December 31, 2024			
	Weighted Average Remaining Amortization Period (in months)	Gross Carrying Amount	Net Carrying Amount
Customer relationships	129	\$ 1,129,950	\$ (536,238)
Trade names and associated trademarks	204	271,900	(41,297)
Non-compete agreements	25	2,531	(1,463)
Total intangible assets		<u>\$ 1,404,381</u>	<u>\$ (578,998)</u>

Total amortization expense for acquired intangible assets was \$191.0 million, and \$158.4 million for the year ended December 31, 2023, and December 31, 2024, respectively.

The estimated annual amortization expense for each of the next five years and thereafter is expected to be as follows (in thousands):

Year Ending December 31,	Estimated Amortization Expense
2025	\$ 128,322
2026	105,550
2027	88,949
2028	76,807
2029	66,657
Thereafter	359,098
Total	<u>\$ 825,383</u>



**10. Accrued Expenses**

Accrued expenses consists of the following (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Interest	\$ 41,530	\$ 9,625
Accrued compensation	19,674	19,138
Professional fees	19,611	4,414
Customer credit balances	8,595	7,364
Insurance	4,518	4,124
Fuel	2,868	2,570
Waste and sewage disposal costs	2,088	2,409
Subcontracting	427	820
Legal	335	2,400
Other accrued expenses	13,534	11,361
Total accrued expenses	<u>\$ 113,180</u>	<u>\$ 64,225</u>

The Company incurred termination costs associated with voluntary and involuntary workforce reductions of \$6.8 million and \$6.6 million during the years ended December 31, 2023, and December 31, 2024, respectively. There are \$2.4 million and \$2.7 million in termination costs associated with voluntary and involuntary workforce reductions within accrued expenses on the consolidated balance sheet as of December 31, 2023, and December 31, 2024, respectively.

**11. Insurance Program**

The Company is party to a deductible insurance program covering workers' compensation, automobile and general liabilities. The Company is covered by insurance for all claims above deductible amounts. Activity in liabilities from insurance under the program is as follows (in thousands):

<b>Balance as of December 31, 2022</b>	\$ 36,794
Provision, net of reserve adjustments	24,264
Payments for fixed costs and claims	(15,462)
<b>Balance as of December 31, 2023</b>	<u>\$ 45,596</u>
Provision, net of reserve adjustments	24,551
Payments for fixed costs and claims	(17,036)
<b>Balance as of December 31, 2024</b>	<u>\$ 53,111</u>

As of December 31, 2023, and December 31, 2024, \$27.4 million and \$28.4 million, respectively, is included in other long-term liabilities, and the remaining balance of \$18.2 million and \$24.7 million, respectively, is included in other current liabilities in the consolidated balance sheets.

As of December 31, 2023, self-insurance expenses totaled approximately \$24.3 million, of which \$22.6 million was included in cost of revenue, and \$1.7 million was included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss. As of December 31, 2024, self-insurance expenses totaled approximately \$24.6 million, of which \$22.7 million was included in cost of revenue, and \$1.9 million was included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Unresolved claims and receivables from insurance providers from incidents with claims in excess of deductibles in the amount of \$1.6 million and \$3.9 million have been recorded in other current liabilities at December 31, 2023, and December 31, 2024, respectively. As these amounts will be funded by the Company's insurance providers, the Company has recorded a corresponding receivable in prepaid expenses and other current assets as of December 31, 2023, and December 31, 2024, respectively.

**12. Debt**

Commencing on August 22, 2024 (“Closing Date”), and through November 5, 2024, the Company closed on a series of financing transactions (the “2024 Debt Restructuring”). This included consummating offers to exchange any and all of the Company’s loans under the 2021 Term Loan Facility and Senior Notes for newly issued first-lien first-out term loans (“FOTL”), first-lien second-out term loans (“SOTL”), first-lien first-out floating rate senior secured notes (“FOSN”) and first-lien third-out senior secured notes (“TOSN”) (collectively, the “New Debt”). These exchange offers were negotiated at a discount and had the effect of reducing total outstanding borrowings by approximately \$200 million. This reduction will be recorded as an offset to interest expense over the life of the New Debt. The Company raised \$300.0 million in additional cash from the issuance of the FOTL, after deducting discounts of \$15.8 million. Accrued interest due on the 2021 Term Loan Facility and Senior Notes prior to the exchanges was settled with the proceeds from the issuance of the FOTL. On September 3, 2024, the Company issued \$31.9 million of SOTL which was accounted for as a new issuance of debt.

The Company performed an assessment on a lender-by-lender basis to identify certain creditors that met the criteria for a troubled debt restructuring (“TDR”) under ASC 470-60, *Troubled Debt Restructurings by Debtors*. The Company determined that certain lenders that participated in the 2024 Debt Restructuring met the criteria to be considered a TDR. For the TDR lenders, as the undiscounted cash flows was greater than the carrying value, the Company does not recognize an immediate gain. The carrying value will amortize to the new principal amount using an updated effective interest rate and third party costs incurred are expensed. The Company accounted for the exchange of \$864.0 million of principal amount of loans under the 2021 Term Loan Facility and \$387.4 million of principal amount of Senior Notes for \$1,232.3 million of principal amount of New Debt as a TDR. For non-TDR lenders, the Company assessed the 2024 Debt Restructuring pursuant to ASC 470-50, *Modifications and Extinguishments*. As the difference between the present value of the old debt cash flows and new debt cash flows was less than 10% for such lenders, the Company will amortize the carrying value to the new principal amount using an updated effective interest rate and third party costs are expensed. The Company accounted for the exchange of \$1,015.2 million of principal amount of loans under the 2021 Term Loan Facility and \$29.6 million of principal amount of Senior Notes for \$1,171.5 million of principal amount of New Debt as a modification of debt. The TDR and modification did not result in recognition of a gain and new effective interest rates were established based on the carrying values of loans exchanged under the 2021 Term Loan Facility and Senior Notes. During the year ended December 31, 2024, the Company recorded new fees paid or owed to third parties of \$38.6 million in selling, general and administrative expense in the consolidated statement of operations and comprehensive loss.

*Senior Notes*

In November 2021, the Company issued unsecured Senior Notes in the aggregate principal amount of \$550.0 million that are due in 2029 (“Senior Notes”). The Senior Notes bear interest at 8.00% per annum, payable semi-annually on May 15 and November 15 of each year, commencing on May 15, 2022, and will mature on November 15, 2029. The Senior Notes contain several optional prepayment features which may result in a prepayment premium of up to 8.00%. The Company amended the Senior Notes to eliminate substantially all of the restrictive covenants, restrictive provisions and certain events of default in connection with the 2024 Debt Restructuring.

In connection with the issuance of the Senior Notes, the Company capitalized \$8.6 million of debt issuance costs, of which \$5.5 million were related to original issue discounts and \$3.1 million were related to deferred financing costs. The Company recognized interest expense of \$45.4 million including amortization of debt issuance costs of \$1.0 million during the year ended December 31, 2023. The Company recognized interest expense of \$33.3 million including amortization of debt issuance costs of \$1.2 million during the year ended December 31, 2024.

On August 22, 2024, September 3, 2024, and September 26, 2024, the Company repurchased \$295.5 million, \$121.2 million and \$0.4 million of Senior Notes, respectively, at a discount of 77%-78% of the par value. After the 2024 Debt Restructuring, a principal amount of \$133.0 million and unamortized original issue discount and deferred financing costs of \$1.3 million related to the Senior Notes remain outstanding.

*New Notes*

On August 22, 2024, September 3, 2024, and September 26, 2024, the Company issued senior secured notes that are due in 2030 (“New Notes”). The New Notes comprise of FOSN in a principal amount of \$10.4 million and TOSN in a principal amount of \$193.8 million. The FOSN bear interest at either a base rate plus a margin or a term SOFR note plus an applicable margin, as defined in the agreement, payable quarterly on March 31, June 30, September 30 and December 31 of each year and on the maturity date, commencing on September 30, 2024. The TOSN bear interest at 8.00% per annum, payable semi-annually on April 30 and October 30 of each year, commencing on April 30, 2025. The Company has reflected a premium of \$2.9 million and \$33.7 million as the difference between the principal balance of the FOSN and the TOSN, respectively, and the carrying value of the Senior Notes exchanged. The premiums will be amortized to interest expense over the term of the New Notes using the effective interest method.

The Company recognized interest expense of \$3.9 million, including accretion of the premium on TDR and modification of \$2.1 million during the year ended December 31, 2024, related to the New Notes.

Borrowings under the FOSN are secured by a first lien on substantially all of the Company's assets (the "Collateral") and is subject to call protection until the third anniversary of the Closing Date. Borrowings under the TOSN are secured by a first lien on the Collateral and is junior in payment priority to the SOTL. There is no call protection in respect of the TOSN.

#### *2021 Term Loan Facility*

In December 2021, concurrently with the consummation of the Transaction, the Company entered into a credit facility agreement with a syndicate of lenders (the "2021 Term Loan Facility"). The principal amount drawn from the 2021 Term Loan Facility was \$2,000.0 million. Borrowings under the 2021 Term Loan Facility require quarterly principal payments of 0.25% of the total amount borrowed. In addition, borrowings under the 2021 Term Loan Facility require interest and fee payments due monthly or quarterly, followed by a balloon payment of all unpaid principal and accrued and unpaid interest due upon maturity. Borrowings under the 2021 Term Loan Facility mature on December 16, 2028, and bear interest at either a base rate plus a margin or at a LIBOR loan plus an applicable margin, as defined in the agreement. In connection with the issuance of the 2021 Term Loan Facility, the Company capitalized \$49.0 million of debt issuance costs, of which \$5.0 million were related to original issue discounts and \$44.0 million were related to deferred financing costs. In connection with the 2024 Debt Restructuring, the 2021 Term Loan Facility was amended to remove the required quarterly principal payments. During the years ended December 31, 2023, and December 31, 2024, the Company made \$20.0 million and \$10.0 million in principal payments, respectively.

On June 28, 2023, the 2021 Term Loan Facility was amended to transition from LIBOR to SOFR, effective as of the amendment date. Accordingly, borrowings under the 2021 Term Loan Facility bear interest at either a base rate plus a margin or a term SOFR loan plus an applicable margin, as defined in the amendment. The effective interest rate is 10.39% and 9.65% as of December 31, 2023, and December 31, 2024, respectively. The Company recognized interest expense of \$194.9 million and \$131.3 million including amortization of debt issuance costs of \$5.7 million and \$3.8 million during the years ended December 31, 2023, and December 31, 2024, respectively, related to the 2021 Term Loan Facility.

On August 22, 2024, September 3, 2024, September 10, 2024, September 16, 2024, September 27, 2024, and November 5, 2024, the Company repurchased \$1,687.8 million, \$170.9 million, \$18.5 million, \$2.1 million, \$20.1 million and \$4.4 million of the 2021 Term Loan Facility, respectively, at a discount of 80%-95% of the par value. After the 2024 Debt Restructuring, a principal amount of \$46.2 million and unamortized original issue discount and deferred financing costs balance of \$0.8 million related to the 2021 Term Loan Facility remain outstanding.

Concurrent with the 2024 Debt Restructuring, (i) the required quarterly principal payments on the 2021 Term Loan Facility and (ii) substantially all of the restrictive covenants, restrictive provisions and certain events of default were eliminated. The Company has accounted for this amendment as a debt modification and will recognize the change in cash flows prospectively as an adjustment to the effective interest rate.

#### *Cayman Term Loan Facility*

On August 22, 2024, the Company entered into a credit facility agreement with a syndicate of lenders (the "Cayman Term Loan Facility"). The Cayman Term Loan Facility comprises of the FOTL in a principal amount of \$436.2 million and the SOTL in a principal amount of \$1,795.2 million. The FOTL and SOTL were issued on August 22, 2024, September 3, 2024, September 10, 2024, September 16, 2024, and September 27, 2024. On December 18, 2024, the Company retired \$8.6 million of the SOTL at par value. The FOTL mature on April 30, 2030, and the SOTL mature on December 17, 2028, which may be extended at the option of the Company to April 30, 2030, subject to the payment of a maturity extension fee of 1.25% of the SOTL.

Borrowings under the SOTL require quarterly principal payments of 1% per annum of the total amount borrowed on the SOTL as of September 10, 2024, commencing on December 31, 2024. In addition, borrowings under both the FOTL and SOTL require interest and fee payments due monthly or quarterly, followed by a balloon payment of all unpaid principal and accrued and unpaid interest due upon maturity. During the year ended December 31, 2024, the Company made \$4.4 million in principal payments in connection with the Cayman Credit Facility.

In connection with the issuance of the Cayman Term Loan Facility, the Company recorded \$15.8 million of original issue discount related to the FOTL. The Company has reflected a premium of \$30.0 million on the FOTL as the difference between the principal balance of the FOTL and the carrying value of the Senior Notes exchanged. The Company also has a reflected a premium of \$105.3 million on the SOTL as the difference between the principal balance on the SOTL and the carrying value of the 2021 Term Loan Facility exchanged. The discount and premiums will be amortized to interest expense over the terms of the FOTL and SOTL using the effective interest method.

Borrowings under the Cayman Term Loan Facility bear interest at either a base rate plus a margin or a term SOFR loan plus an applicable margin, as defined in the agreement. The interest rate on the SOTL increases 0.5% beginning in the period after the maturity extension fee is exercised, if the Company elects to extend. The effective interest rates on the FOTL and SOTL are 9.84% and 7.50%, respectively, as of December 31, 2024. The Company recognized interest expense of \$72.7 million, including net accretion of discount and premium on TDR and modification of \$5.5 million during the year ended December 31, 2024, related to the Cayman Term Loan Facility.

Borrowings under the FOTL are secured by a first lien on the Collateral and is subject to call protection through the third anniversary of the Closing Date. Borrowings under the SOTL are secured by a first lien on the Collateral, is junior in payment priority to the FOTL and the Cayman Revolving Credit Facility and senior in payment priority to the TOSN. There is no call protection in respect of the SOTL. The Company may be required to prepay the Cayman Term Loan Facility upon the occurrence of certain events such as incurrence of additional indebtedness, asset sales, excess cash flows, and receipt of insurance proceeds.

#### *2021 CF Revolving Credit Facility*

On December 17, 2021, the Company entered into a 2021 CFR with a syndicate of lenders for a revolving line of credit of up to \$100.0 million or such higher amount as permitted. In connection with the issuance of the 2021 CFR, the Company capitalized \$2.7 million of debt issuance costs, which were recorded to other long-term assets. The 2021 CFR is subject to an unused line fee and will mature on December 17, 2026. On June 23, 2023, the 2021 CFR was amended to transition from LIBOR to SOFR.

Borrowings under the 2021 CFR are secured by a first-priority lien on certain fixed assets of the Company (pari passu with the 2021 Term Loan Facility) and a second-priority lien on the Company's current assets. The 2021 CFR contained a commitment that, when the aggregate exposures exceed 40% of the total revolving commitments at the end of any test period (any quarter beginning on or after January 1, 2023), the Company must maintain a consolidated first lien net leverage ratio of 8.30 to 1.00 or less at such date.

The Company made \$49.0 million and \$61.0 million in drawings on the 2021 CFR during the years ended December 31, 2023, and December 31, 2024, respectively. The Company made \$10.0 million in repayments on the 2021 CFR during the year ended December 31, 2023, and did not make any repayments during the year ended December 31, 2024.

The effective interest rate is 11.88% as of December 31, 2023. The Company recognized interest expense of \$3.5 million and \$5.6 million including amortization of debt issuance costs of \$0.5 million and \$0.3 million during the years ended December 31, 2023, and December 31, 2024, respectively, related to the 2021 CFR.

On August 22, 2024, the 2021 CFR rolled over on a cashless basis into the Cayman Revolving Credit Facility, as described below.

#### *Cayman Revolving Credit Facility*

On August 22, 2024, the Company entered into a revolving credit agreement (the "Cayman Revolving Credit Facility" and with the Cayman Term Loan Facility, "Cayman Credit Agreement") whereby the existing syndicate of lenders from the 2021 CFR rolled their commitments and extensions of credit into this facility. A revolving line of credit of up to \$100.0 million or such higher amount as permitted. The Company performed the borrowing capacity test on the exchanged 2021 CFR for the Cayman Revolving Credit Facility and determined that the borrowing capacity increased and therefore capitalized \$1.6 million of new debt issuance costs, which were recorded to other long-term assets. The Cayman Revolving Credit Facility is subject to an unused line fee and will mature on April 30, 2030.

Borrowings under the Cayman Revolving Credit Facility are secured by a first lien on the Collateral and is equal in payment priority to the FOTL and senior in payment priority to the SOTL and TOSN. The Cayman Revolving Credit Facility contains a commitment that, when the aggregate exposure exceeds 40% of the total revolving commitments at the end of any test period (any quarter beginning on or after December 31, 2024), the Company must maintain a consolidated first lien net leverage ratio of 8.30 to 1.00 or less at such date.

Because the Cayman Revolving Credit Facility was effectuated through a cashless roll-over of all principal amounts and commitments under the 2021 CFR, amounts borrowed under that facility were deemed to have been borrowed under the Cayman Revolving Credit Facility as of the closing date thereof. The Company did not make any drawings and made \$100.0 million in repayments on the Cayman Revolving Credit Facility during the year ended December 31, 2024.

The Company recognized interest expense of \$0.5 million, including amortization of debt issuance costs of \$0.2 million during the year ended December 31, 2024, related to the Cayman Revolving Credit Facility.

#### *2021 ABL Revolving Credit Facility*

On December 17, 2021, the Company entered into a 2021 ABL with a syndicate of lenders for a revolving line of credit of up to \$200.0 million or such higher amount as permitted. The 2021 ABL is collateralized by cash and cash equivalents, eligible accounts

receivable, and equipment of the Company. On any date when the adjusted availability is less than the greater of 10% of the line cap and \$10.0 million, tested as of the last day of the most recently ended fiscal quarter and until the date on which adjusted availability exceeds the greater of 10% of the line cap and \$10.0 million for 30 consecutive days, the Company must maintain a consolidated fixed charge coverage ratio of 1.00 to 1.00 or greater. In connection with the issuance of the 2021 ABL, the Company capitalized \$3.3 million of debt issuance costs, which were recorded to other long-term assets. The 2021 ABL is subject to an unused line fee and will mature on December 17, 2026.

On May 25, 2023, the Company amended the 2021 ABL to transition from LIBOR to SOFR. On July 12, 2023, the 2021 ABL was amended to increase the original \$200.0 million revolving commitment amount by \$20.0 million. The fees paid associated with this amendment were not material.

On August 22, 2024, the 2021 ABL was amended to extend the maturity date from December 17, 2026, to April 30, 2030, subject to a springing maturity date of August 22, 2029, if the Company's net leverage ratios exceed certain thresholds defined in the amended ABL agreement. The Company performed the borrowing capacity test on the amended 2021 ABL and determined that the borrowing capacity increased and therefore capitalized \$4.1 million of new debt issuance costs related to the August 22, 2024, amendment, inclusive of the fees paid to creditors of \$1.1 million related to the amendment.

As a result of the 2023 SICFA, as defined below, certain letters of credit were released which increased the availability under the 2021 ABL by \$44.2 million, as of October 18, 2023. The available line amount under the 2021 ABL totals \$33.5 million and \$39.5 million as of December 31, 2023, and December 31, 2024, respectively. During the years ended December 31, 2023, and December 31, 2024, there were drawings on the 2021 ABL in the amount of \$64.0 million and \$66.0 million, respectively. The Company made no repayments on the 2021 ABL during the year ended December 31, 2023. The Company made repayments in the amount of \$74.0 million on the 2021 ABL during the year ended December 31, 2024.

The Company recognized interest expense of \$10.6 million and \$13.4 million including amortization of debt issuance costs of \$0.7 million and \$0.8 million during the years ended December 31, 2023, and December 31, 2024, respectively, related to the 2021 ABL. The effective interest rate is 7.90% and 6.65% as of December 31, 2023, and December 31, 2024, respectively.

#### *Equipment Notes*

On March 20, 2020, PHC entered into a Master Loan and Security Agreement (the "MLSA") with a lender. The MLSA provides for advances of up to \$20.0 million, comprised of multiple loan schedules that provide funding from various lending institutions, in order to finance the purchase of certain equipment. The obligations to repay the advances are evidenced by promissory notes, payable by the Company to the lender. As of December 31, 2023, and December 31, 2024, the aggregate principal amount outstanding in connection with the MLSA is \$12.4 million and \$4.0 million, respectively. The Company did not make any additional drawings on the MLSA during the years ended December 31, 2023, or December 31, 2024. The Company made principal repayments of \$5.7 million and \$8.4 million, during the years ended December 31, 2023, and December 31, 2024, respectively.

Borrowings under each promissory note are payable in forty-nine consecutive monthly payments of principal and interest commencing on the date each promissory note is entered into followed by a balloon payment of all unpaid principal and accrued and unpaid interest due on the fourth anniversary of the commencement date (the "Maturity Date"). In addition, borrowings accrue interest per annum at a fixed rate, ranging from 4.50% to 7.73%. The weighted average interest rate of all the existing borrowings on the MLSA as of December 31, 2023, and December 31, 2024, is 5.70% and 6.96%, respectively. The MLSA also provided that the Company could voluntarily prepay all (but not less than all) of the outstanding principal balance of any promissory note at any time. A prepayment penalty fee between 1.0% to 4.0% will be payable by the Company upon a prepayment of any promissory note.

Borrowings under the MLSA are secured by a continuing purchase money security interest granted to the lender or other first priority security interest in the following: (i) all items related to the equipment as described in the promissory note, (ii) all accounts and rights with respect to such equipment, (iii) any cash and cash-equivalent deposits made by the Company in connection with the MLSA and (iv) cash and non-cash proceeds of any the foregoing. The MLSA contains various covenants relating to provision of quarterly and annual financial statements, requirement on fixed charge coverage ratio and also contains other customary covenants, representations and events of default. As of December 31, 2023, and December 31, 2024, the Company is in compliance with all financial covenants under the MLSA.

On August 23, 2024, the Company entered into an Equipment Loan and Security Agreement (the "ELSA") with a lender. The ELSA allows for the Company to enter notes for the purpose of financing the acquisition of certain equipment via separate and distinct equipment notes payable that include scheduled payments of principal and interest through an established maturity date (together with the notes under the MLSA, "Equipment Notes"). During the year ended December 31, 2024, the Company entered into a note totaling \$1.0 million related to the ELSA. The Company made an immaterial amount of principal repayments during the year ended December 31, 2024, related to the ELSA. Borrowings on the ELSA accrue interest at a fixed rate. The interest rate for existing borrowings is 8.25% as of December 31, 2024.

The Company did not incur any debt issuance costs during the year ended December 31, 2023, or December 31, 2024, in connection with the Equipment Notes. The Company recognized interest expense of \$0.9 million and \$0.5 million during the years ended December 31, 2023, and December 31, 2024, respectively, related to the Equipment Notes.

#### *Supplier Finance Agreements*

On February 23, 2023, the Company entered into a supplier financing agreement to finance the payment of its insurance premiums. The amount financed was \$7.8 million and will be repaid in monthly payments with the last installment due in December 2023. The stated interest rate under the supplier financing agreement is 8.27%. On May 30, 2023, the Company entered into a second supplier financing agreement to finance the payment of its insurance premiums. The amount financed was \$0.6 million and will be repaid in monthly payments with the last installment due in January 2024. The stated interest rate under the second supplier financing agreement is 9.77%. On January 17, 2024, and March 15, 2024, the Company entered into supplier financing agreements to finance the payment of its insurance premiums. The amounts financed were \$9.9 million and \$0.5 million, respectively, and will be repaid in monthly payments with the last installments due in October 2024. The stated interest rate under these supplier financing agreements is 7.78%. The supplier finance programs are hereafter collectively referred to as “SFP”.

During the years ended December 31, 2023, and December 31, 2024, the Company made \$8.3 million and \$10.5 million in principal payments in connection with the SFP, respectively. The Company recognized interest expense of \$0.3 million and \$0.4 million during the years ended December 31, 2023, and December 31, 2024, respectively, related to the SFP.

#### *2023 Substitute Insurance Collateral Facility Agreement*

On September 22, 2023, the Company entered into a Substitute Insurance Collateral Facility Agreement with the 1970 Group (the “2023 SICFA”). Under this agreement, the 1970 Group arranged for the issuance of letters of credit (“LOC”) from financial institutions approved by the National Association of Insurance Commissioners to provide up to approximately \$44.2 million of letters of credit for workers’ compensation, commercial automotive and/or general liability policies. During the year ended December 31, 2023, the Company paid fees in the amount of \$4.8 million in connection with the 2023 SICFA, which are deferred and amortized over the one year term of the arrangement.

Under the 2023 SICFA, the Company is required to maintain a deposit of \$1.6 million in escrow payable in three payments within 150 days after the effective date of the agreement and to reimburse the 1970 Group for any draws made under the letters of credit within five business days of notice of any such draw. The Company’s obligations under the 2023 SICFA are guaranteed by the Company’s subsidiaries, are unsecured, and are subordinated to its obligations to each of the lenders under each of Cayman Term Loan Facility, New Notes, 2021 ABL, Cayman Revolving Credit Facility, 2021 Term Loan Facility, and Senior Notes.

On February 15, 2024, and February 27, 2024, the Company amended the 2023 SICFA to increase the LOC amount from \$44.2 million to \$49.5 million. In connection with these amendments, the Company paid fees in the amount of \$0.4 million. On June 14, 2024, the Company amended the 2023 SICFA to increase the LOC amount from \$49.5 million to \$54.4 million. In connection with this amendment, the Company paid fees in the amount of \$0.3 million. On September 13, 2024, the Company amended the 2023 SICFA to extend the arrangement for an additional year for certain LOCs financed. In connection with this amendment, the Company is required to maintain a deposit of \$3.3 million in escrow and paid fees in the amount of \$8.1 million. Fees are deferred and amortized over the remaining term of the arrangement and are included in prepaid expenses and other current assets.

As of December 31, 2023, and December 31, 2024, there are \$44.2 million and \$54.4 million of letters of credit outstanding, respectively, under the 2023 SICFA and no amounts have been drawn. The unamortized balance on the deferred financing fees is \$3.6 million and \$6.1 million as of December 31, 2023, and December 31, 2024, respectively, and is included in prepaid expenses and other current assets. The Company recognized \$1.2 million and \$6.3 million in interest expense during the years ended December 31, 2023, and December 31, 2024, respectively.

#### *2024 Credit Agreement*

On April 30, 2024, the Company entered into a short-term credit agreement (the “2024 Credit Agreement”) with New Parent in the principal amount of \$30.0 million that was due on July 31, 2024 (“Maturity”). The 2024 Credit Agreement also extends credit for additional loans up to \$20.0 million due on Maturity. On July 25, 2024, the Company amended the 2024 Credit Agreement to increase the amount of credit for additional loans up to \$30.0 million and extended the Maturity to August 31, 2024. During the year ended December 31, 2024, the Company received \$60.0 million related to the 2024 Credit Agreement. During the year ended December 31, 2024, the Company made principal repayments of \$60.0 million related to the 2024 Credit Agreement. The Company recognized interest expense of \$1.3 million, including an immaterial amount of debt issuance costs, during the year ended December 31, 2024, respectively, related to the 2024 Credit Agreement. The interest rate on the 2024 Credit Agreement was 11.00%.

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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the Company's outstanding debt consist of the following (in thousands):

	<u>December 31, 2023</u>	<u>December 31, 2024</u>
2021 Term Loan Facility	\$ 1,960,000	\$ 46,226
Senior Notes	550,000	133,021
2021 ABL	186,500	178,500
2021 CFR	39,000	-
Cayman Term Loan Facility	-	2,218,379
New Notes	-	204,250
Equipment Notes	12,378	4,935
SFP	72	-
Unaccreted TDR and modification premium	-	163,527
Unamortized discounts and debt issuance costs	(43,716)	(17,032)
Less: current portion	<u>(28,479)</u>	<u>(20,194)</u>
Long-term debt, net	<u>\$ 2,675,755</u>	<u>\$ 2,911,612</u>

*Future principal payments*

The aggregate minimum future principal payments due in connection with the Company's outstanding debt in the next five fiscal years, excluding any potential payments based on excess cash flow levels, are as follows (in thousands):

<u>Year Ending December 31,</u>	
2025	\$ 20,194
2026	19,656
2027	17,959
2028	1,775,231
2029	133,214
Thereafter	<u>819,057</u>
	<u>\$ 2,785,311</u>

### 13. Common Stock

Beginning on October 18, 2021, the Company's certification of incorporation authorized the Company to issue 1,000 shares, par value of \$0.01 per share of common stock. As of December 31, 2023, and December 31, 2024, 100 shares were issued and outstanding. As of December 31, 2023, and December 31, 2024, no cash dividends have been declared or paid.

#### 14. Income Taxes

Income tax (benefit) provision consists of the following (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2024
Current		
U.S. Federal	\$ -	\$ -
State	3,578	2,179
Total current tax provision	3,578	2,179
Deferred tax		
U.S. Federal	(78,248)	39,339
State	(39,386)	(22,601)
Total deferred tax (benefit) provision	(117,634)	16,738
Total income tax (benefit) provision	<u>\$ (114,056)</u>	<u>\$ 18,917</u>

The reconciliation of the U.S. federal statutory rate to the Company's effective income tax is as follows (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2024
Income tax benefit using U.S. federal statutory rate	\$ (122,848)	\$ (320,972)
State income taxes, net of federal benefit	(32,967)	(66,280)
Acquisition costs	109	-
Permanent items	674	511
Impairment of goodwill	20,022	205,968
Change in the valuation allowance	23,313	310,656
Change in state rates	(2,565)	19,578
Tax credits	122	698
Debt restructuring	-	(131,222)
Other	84	(20)
Income tax (benefit) provision	<u>\$ (114,056)</u>	<u>\$ 18,917</u>



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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. The significant components of the Company's deferred income tax assets and liabilities are comprised of the following (in thousands):

	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Deferred tax assets		
Allowance for credit losses	\$ 14,539	\$ 11,510
Accrued compensation	1,055	1,758
Accrued insurance	8,899	9,497
Interest expense	111,664	167,593
Net operating losses	116,025	58,152
Lease liability	33,546	35,141
Tax credits	698	-
Debt restructuring	-	212,527
Other	6,564	6,610
Total deferred tax assets	<u>292,990</u>	<u>502,788</u>
Valuation allowance	(45,425)	(356,081)
Net deferred tax asset	<u>\$ 247,565</u>	<u>\$ 146,707</u>
Deferred tax liabilities		
Property, plant and equipment	\$ (128,963)	\$ (99,821)
Intangible assets and goodwill	(239,748)	(184,684)
Right-of-use assets	(32,874)	(33,612)
Prepaid contracts	(4,166)	(3,514)
Total deferred tax liabilities	<u>(405,751)</u>	<u>(321,631)</u>
Net deferred tax liability	<u>\$ (158,186)</u>	<u>\$ (174,924)</u>

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company considered the scheduled reversal of deferred tax liabilities primarily attributable to significant book-tax differences relating to definite lived intangible assets and fixed assets. The reversal of the deferred tax liabilities will occur prior to the expiration of the net operating loss carryforwards. Based upon this information, the Company believes it is more likely than not that the benefits of these deductible differences will not be realized and a valuation allowance on interest expense, debt restructuring and certain state net operating losses has been established.

The activity in the Company's deferred tax asset valuation allowance is as follows (in thousands):

	<u>Year Ended</u> <u>December 31, 2023</u>	<u>Year Ended</u> <u>December 31, 2024</u>
Valuation allowance at beginning of year	\$ 22,112	\$ 45,425
Increases recorded to income tax (benefit) provision	23,313	310,656
Valuation allowance at end of year	<u>\$ 45,425</u>	<u>\$ 356,081</u>

At December 31, 2024, the Company has approximately \$1,127.2 million of state net operating loss ("NOL") carryforwards, respectively, which expire at various dates detailed as follows (in thousands):

	<u>Federal NOLs</u>	<u>State NOLs</u>
Expires 2025 - 2026	\$ -	\$ 6,769
Expires 2027 - 2031	-	39,162
Expires 2032 - 2036	-	111,387
Expires 2037 - 2044	-	517,243
No Expiration	-	452,590
	<u>\$ -</u>	<u>\$ 1,127,151</u>

In connection with the Company's debt restructuring, the Company had to write off all of its remaining federal net operating losses and certain state net operating losses in exchange for not having to recognize cancellation of debt income due to an insolvency exception within the U.S. tax law. The reduction of the Company's tax attributes was offset by recognizing a deferred tax asset for potential future tax

original issue discount interest deductions. The net impact of the debt restructuring is reflected in the Company's effective tax rate reconciliation as a tax benefit and within the Company's table of deferred tax assets and liabilities and the NOL carryforward table above.

Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"), contains rules that limit the ability of a company that undergoes an ownership change to utilize its NOLs and tax credits existing as of the date of such ownership change. The Company has experienced multiple ownership changes since its inception, however, based on the annual limitations calculated at each ownership change date, substantially all NOL carryforwards will be available to offset future taxable income, with the exception of a portion of state NOL that will expire unused. Future ownership changes as defined by Section 382 may further limit the amount of NOL carryforwards that could be utilized annually to offset future taxable income.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal taxes and the many states in which it operates or does business in. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

The Company records tax positions as liabilities and adjusts these liabilities when its judgement changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the recognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. As of December 31, 2023, and December 31, 2024, the Company has not recorded any uncertain tax positions in its consolidated financial statements.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax benefit (provision) line in the accompanying consolidated statements of operations and comprehensive loss. As of December 31, 2023, and December 31, 2024, the Company has not recorded any interest and penalties related to uncertain tax positions in its consolidated financial statements.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The Company's federal and state tax returns for tax years ending December 31, 2021, and December 31, 2020, respectively, and forward, generally, remain subject to examination from the Internal Revenue Service and state tax authorities. However, the federal and state tax authorities can generally reduce a net operating loss (but not create taxable income) for a period outside the statutes of limitations in order to determine the correct amount of net operating loss which may be allowed as a deduction against income for a period within the statutes of limitations. Therefore, the Company's tax years remain open to examination for all federal and state income tax matters until its net operating loss carryforwards are utilized and the respective statutes of limitations have lapsed. The returns in U.S. and state jurisdictions have varying statutes of limitations.

## 15. Commitments and Contingencies

### *Legal Proceedings*

The Company is involved in various legal and administrative proceedings and actions relating to labor and employment, personal injury, property damage and environmental matters arising in the normal course of business. Although the ultimate outcomes of any legal matter are not determinable at this time, based on present information, including management's assessment of the merits of each particular claim after taking into consideration the advice of legal counsel, as well as the Company's current insurance coverage, management does not expect that any known legal proceeding or action will in the foreseeable future have a material adverse impact on the consolidated financial statements, except for the following matter discussed below.

The Company has been subject to ongoing investigations by the Attorneys General for California and Massachusetts and the U.S. Department of Justice. The investigations primarily relate to the compliance with contractual requirements under the Company's portable sanitation contracts, including with respect to billing for missed services, and could implicate claims under the state and federal False Claims Acts. In November 2018, the California Attorney General sent a letter of inquiry and followed up with a document request in June 2019. In January and February 2020, the U.S. General Services Administration's Office of Inspector General sent a subpoena for documents and communications. In November 2020, the Company received a civil investigative demand from the Massachusetts Attorney General's Office. In July 2021, the California Attorney General sent a civil investigative demand requesting further information related to the same issues. In August 2024, the Company learned the California Attorney General, Massachusetts Attorney General and U.S. Department of Justice have declined to intervene in the case. Concurrently, the Company was served with a qui tam action for the same allegations originally filed under seal. The Company is currently unable to determine the probability of the outcome of this matter or the range of possible loss, if any.

### *Insurance Program*

The Company has a high-deductible insurance program for most losses related to general liability, equipment liability, environmental liability, automobile liability and workers' compensation and is self-insured for certain legal claims and medical claims, while maintaining per employee stop-loss coverage. The Company is covered by insurance for all claims up to the policy limits (See Note 11, "Insurance Program").

### *Environmental Matters*

The Company and its operations are subject to various laws and related regulations governing environmental matters. Under such laws, an owner or lessee of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in, or emanating from, such property, as well as investigation of property damage. The Company incurs ongoing expenses associated with the performance of appropriate preventative measures during the ordinary course of business.

### *Indemnification*

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements as of December 31, 2023, and December 31, 2024.

## 16. Leases

The Company's operating lease activities primarily consist of leases for real estate used for purposes such as office and business operations and leases of equipment. The Company's financing lease activities primarily consist of vehicles used for service and delivery of equipment. Finance lease right-of-use assets are classified in property and equipment, net on the Company's consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of operating and finance lease costs are as follows (in thousands):

	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2024</b>
Finance lease cost		
Amortization of right-of-use assets	\$ 13,011	\$ 13,411
Interest on lease liabilities	2,861	5,241
Operating lease cost	26,009	26,342
Short term lease cost	42,320	27,914
Variable lease cost	1,008	1,546
Net lease cost	<u>\$ 85,209</u>	<u>\$ 74,454</u>

The following table presents supplemental cash flow information related to the Company's operating and finance leases (in thousands):

	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2024</b>
Cash paid for amounts included in the measurement of these liabilities		
Operating cash flows from operating leases	\$ 24,079	\$ 24,828
Operating cash flows from finance leases	2,861	5,241
Financing cash flows from finance leases	12,159	11,768
Right-of-use assets obtained in exchange for new finance lease liabilities	8,523	21,914
Right-of-use assets obtained in exchange for new operating lease liabilities	14,476	14,520

The following table presents supplemental balance sheet information related to the Company's operating leases and finance leases (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Lease assets:		
Finance	\$ 37,833	\$ 46,335
Operating	80,553	74,999
Current lease liabilities		
Finance	10,929	10,224
Operating	18,634	18,147
Noncurrent lease liabilities		
Finance	28,577	39,369
Operating	62,668	59,114
Total lease liabilities	<u>\$ 120,808</u>	<u>\$ 126,854</u>

The following table presents lease term and discount rates related to the company's operating and finance leases:

	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Weighted-average remaining lease term (months)		
Operating leases	63 months	58 months
Finance leases	48 months	57 months
Weighted-average discount rate		
Operating leases	6.80%	9.41%
Finance leases	7.47%	14.87%

The following table summarizes maturity of lease liabilities, as of December 31, 2024, (in thousands):

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 23,911	\$ 16,640
2026	19,725	15,416
2027	17,075	12,414
2028	13,942	10,126
2029	9,201	8,539
Thereafter	12,761	6,393
Total	\$ 96,615	\$ 69,528
Less amount representing interest	(19,354)	(19,935)
Present value of lease liabilities	<u>\$ 77,261</u>	<u>\$ 49,593</u>

## 17. Related Party Transactions

### *Corporate Advisory Services Agreement*

In December 2021, in connection with the Transaction, the Company entered into a corporate advisory services agreement (the “CAS”) with Platinum Advisors, pursuant to which Platinum Advisors provides certain corporate advisory services to the Company. By its terms, the CAS will continue until terminated by Platinum Advisors. In consideration for the provision of these services, the Company pays an agreed monitoring fee of up to \$16.0 million per year. The Company also reimburses Platinum Advisors for all third-party costs and expenses incurred by Platinum Advisors in connection with rendering of services thereunder. The CAS contains customary indemnification provisions in favor of Platinum Advisors.

As per provisions included in the Cayman Credit Agreement, limitations were put on the payment of monitoring fees required by the CAS. The Company is now permitted to pay monitoring fees to Platinum Advisors ranging between \$3.0 million and \$16.0 million annually. The exact amount due to Platinum Advisors is contingent on predetermined levered free cash flow and second-out net leverage tests. The ability to pay these fees will be tested quarterly. Catch-up payments for any monitoring fee not permitted due to non-compliance with leverage tests will not be allowed.

Expenses from the advisory services rendered by Platinum Advisors to the Company was \$16.0 million for the year ended December 31, 2023. During the year ended December 31, 2024, previously accrued obligations under the CAS were reversed, resulting in a net gain of \$15.0 million related to the CAS. The results are included in selling, general and administrative expense in the consolidated statements of operations and comprehensive loss. As of December 31, 2023, and December 31, 2024, there is \$16.0 million and \$1.0 million, respectively, of outstanding amounts to be paid to Platinum Advisors included in accrued expenses in the consolidated balance sheets.

In April 2024, the Company entered into the 2024 Credit Agreement with New Parent (See Note 12, “Debt”).

In February 2025, the Company received the Support Letter so that the Company can meet its financial obligations through March 4, 2026 (See Note 20, “Subsequent Events”).

## 18. 401(K) Savings Plan

The Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the Company’s board of directors. During the year ended December 31, 2023, the Company’s 401(k) contribution expense was \$3.6 million of which \$1.9 million was included in cost of revenue and \$1.7 million was included in selling, general and administrative expense on the consolidated statements of operations and comprehensive loss. During the year ended December 31, 2024, the Company’s 401(k) contribution expense was \$3.2 million of which \$1.5 million was included in cost of revenue and \$1.7 million was included in selling, general and administrative expense on the consolidated statements of operations and comprehensive loss.

**19. Equity-Based Compensation**

New Parent adopted the 2022 stock incentive plan (the “SIP”), which is intended to promote long-term growth and profitability of the Company. The SIP is administered by a compensation committee, appointed by the board of directors of New Parent. The stock options are expected to be issued to the Company’s officers, directors, and certain key employees and consultants.

The exercise prices, vesting, total number of shares of New Parent’s Class B common stock that may be granted and other restrictions are determined at the discretion of the board of directors, its committee or any such persons if so delegated. All options expire 10 years from the date of grant. The Company accounts for forfeitures and cancellations as they occur.

The majority of the grants are time-based options that vest 20% upon the first anniversary of the grant date and the remaining 80% of the awards vest in four equal annual installments thereafter. Certain grants are subject to additional market and performance conditions that affect the amount of options that will ultimately vest and be exercisable. Vesting is generally subject to the continuous employment of the employee with the Company until the applicable vesting date. The options can only be exercised by the employees upon the later of the date of the liquidity event and the date the option vests. A liquidity event is defined as a sale of securities for cash by Platinum for which Platinum receives a specified return. Given the options granted under the SIP include service, performance, and market conditions in order to vest and be exercisable, no compensation expense will be recognized until satisfaction of the performance condition, and the sale of securities, is deemed probable. Additionally, compensation expense for these awards will be equal to the grant date fair value of all awards for which the performance condition is met, and the requisite service period is satisfied, regardless of whether the market condition is ultimately satisfied. Since the occurrence of a future liquidity is not probable, no expense has been recorded during the year ended December 31, 2023, or December 31, 2024.

The Company measures all options granted based on the fair value on the date of the grant. The fair value of each option granted during the years ended December 31, 2023, and December 31, 2024, is estimated using a Black-Scholes option pricing model, which requires inputs based on certain subjective assumptions as noted in the table below:

	<u>Year Ended</u> <u>December 31, 2023</u>	<u>Year Ended</u> <u>December 31, 2024</u>
Risk-free interest rate	4.42%	3.43%
Dividend yield	0%	0%
Expected volatility	70.0%	33.0%
Expected term	5 years	5 years

The Company has historically been a private company and, accordingly, lacks company-specific historical and implied volatility information. Therefore, the Company estimated its expected stock price volatility based on the historical volatility of a publicly traded set of peer companies. The expected term is reflected for conditions required for the exercisability of the awards. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. The expected dividend yield is based on the fact that the Company does not expect to pay any cash dividends in the foreseeable future.

A summary of stock option activity under the SIP for the years ended December 31, 2023, and December 31, 2024, is as follows:

*(In thousands, except share amounts)*

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2023	943	150		
Granted	544	100		
Forfeited	(109)	150		
Outstanding at December 31, 2023	1,378	121		
Granted	71	100		
Forfeited	(990)	(129)		
Outstanding at December 31, 2024	459	100		
Vested and expected to vest at December 31, 2023	1,378	121	10	\$ -
Vested and expected to vest at December 31, 2024	459	100	10	\$ -

There was \$34.6 million and \$8.5 million of unrecognized compensation cost related to the unvested stock options on December 31, 2023, and December 31, 2024, respectively. The Company expects to recognize such amount when the performance condition associated with the options becomes probable and the requisite service period has been achieved.

## 20. Subsequent Events

For its consolidated financial statements, the Company has performed an evaluation of subsequent events through March 3, 2025, which is the date the consolidated financial statements were available to be issued.

On January 22, 2025, the Company entered into a supplier financing agreement to finance the payment of its insurance premiums. The amount financed was \$12.4 million and will be repaid in monthly payments with the last installment due in September 2025. The stated interest rate under the supplier financing agreement is 6.79%.

In February 2025, the Company received a support letter from the Company's indirect majority shareholders that such indirect majority shareholders will, and have the ability to, reserve up to \$50.0 million to invest in the Company to the extent needed so that the Company can meet its financial obligations through March 4, 2026.

## 21. Events Subsequent to Original Issuance of Consolidated Financial Statements

In connection with the reissuance of the consolidated financial statements, the Company has evaluated subsequent events through February 6, 2026.

The Company and certain of its subsidiaries negotiated forbearance agreements in relation to certain of its debt instruments during the third quarter of 2025. On December 29, 2025, the Company and certain of its subsidiaries filed voluntary petitions under Title 11 of the United States Code, 11 U.S.C. Section 101, et seq., as amended from time to time, in the United States Bankruptcy Court for the District of New Jersey. The consolidated financial statements for the years-ended December 31, 2024 and 2023 have not been adjusted to reflect these events.

EXHIBIT C

September 2025 Financial Statements

**DISCLAIMER: The September 2025 Financial Statements do not reflect any adjustments related to the Debtors' voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code on December 29, 2025. The ultimate outcome of the Chapter 11 proceedings and the related impact on the Debtors' financial position, results of operations, and cash flows are uncertain and therefore subject to adjustments which may be material.**



## **PECF USS Intermediate Holding III Corporation**

### **Consolidated Financial Statements**

For the Quarterly Periods Ended September 30, 2024 and 2025

**PECF USS INTERMEDIATE HOLDING III CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share amounts)

	December 31, 2024	September 30, 2025
<b>Assets</b>		
Current assets:		
Cash	\$ 21,951	\$ 44,006
Accounts receivable, net of allowance for credit losses and customer credits of \$52,718 and \$20,740 at December 31, 2024, and September 30, 2025, respectively	111,678	85,288
Prepaid expenses and other current assets	42,260	70,867
Total current assets	175,889	200,161
Service equipment, net	229,787	191,457
Property and equipment, net	238,245	194,105
Right-of- use assets operating leases, net	74,999	80,375
Goodwill	960,673	960,673
Intangible assets, net	825,383	729,118
Other long-term assets	31,825	26,886
Total assets	<u>\$ 2,536,801</u>	<u>\$ 2,382,775</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 20,415	\$ 40,211
Accrued expenses	64,225	124,824
Other current liabilities	24,686	38,510
Deferred revenue	21,971	20,824
Current finance lease liabilities	10,224	10,817
Current operating lease liabilities	18,147	17,755
Long-term debt, current	20,194	24,644
Total current liabilities	179,862	277,585
Long-term debt, net of issuance costs and net of current portion	2,911,612	2,955,200
Finance lease liabilities	39,369	34,492
Operating lease liabilities	59,114	66,211
Deferred taxes	174,924	157,818
Other long-term liabilities	30,473	30,694
Total liabilities	3,395,354	3,522,000
Commitments and contingencies		
Stockholders' deficit:		
Common stock, 1,000 shares authorized at \$0.01 par value and 100 shares issued and outstanding as of December 31, 2024, and September 30, 2025	-	-
Additional paid-in capital	1,400,000	1,400,000
Accumulated deficit	(2,258,553)	(2,539,225)
Total stockholders' deficit	(858,553)	(1,139,225)
Total liabilities and stockholders' deficit	<u>\$ 2,536,801</u>	<u>\$ 2,382,775</u>

**PECF USS INTERMEDIATE HOLDING III CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

*(Amounts in thousands)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2024</b>	<b>September 30, 2025</b>	<b>September 30, 2024</b>	<b>September 30, 2025</b>
Net revenue	\$ 244,556	\$ 216,318	\$ 718,829	\$ 636,381
Cost of revenue	<u>161,067</u>	<u>150,848</u>	<u>478,244</u>	<u>435,237</u>
Gross profit	83,489	65,470	240,585	201,144
Operating expenses:				
Selling, general and administrative expense	134,689	104,507	402,081	312,593
Loss on impairment of goodwill	<u>-</u>	<u>-</u>	<u>284,253</u>	<u>-</u>
Total operating expenses	<u>134,689</u>	<u>104,507</u>	<u>686,334</u>	<u>312,593</u>
Loss from operations	<u>(51,200)</u>	<u>(39,037)</u>	<u>(445,749)</u>	<u>(111,449)</u>
Interest expense	<u>(70,604)</u>	<u>(62,473)</u>	<u>(211,301)</u>	<u>(184,567)</u>
Net loss before income taxes	(121,804)	(101,510)	(657,050)	(296,016)
Income tax benefit	<u>11,432</u>	<u>6,116</u>	<u>35,196</u>	<u>15,344</u>
Net loss and comprehensive loss	<u><u>\$ (110,372)</u></u>	<u><u>\$ (95,394)</u></u>	<u><u>\$ (621,854)</u></u>	<u><u>\$ (280,672)</u></u>

**PECF USS INTERMEDIATE HOLDING III CORPORATION  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**

(Amounts in thousands, except for share data)

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Equity</u>
<b>Balances at June 30, 2024</b>	100	\$ -	\$ 1,400,000	\$ (1,222,679)	\$ 177,321
Net loss	-	-	-	(110,372)	(110,372)
<b>Balances at September 30, 2024</b>	<u>100</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ (1,333,051)</u>	<u>\$ 66,949</u>

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Deficit</u>
<b>Balances at June 30, 2025</b>	100	\$ -	\$ 1,400,000	\$ (2,443,831)	\$ (1,043,831)
Net loss	-	-	-	(95,394)	(95,394)
<b>Balances at September 30, 2025</b>	<u>100</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ (2,539,225)</u>	<u>\$ (1,139,225)</u>

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Equity</u>
<b>Balances at December 31, 2023</b>	100	\$ -	\$ 1,400,000	\$ (711,197)	\$ 688,803
Net loss	-	-	-	(621,854)	(621,854)
<b>Balances at September 30, 2024</b>	<u>100</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ (1,333,051)</u>	<u>\$ 66,949</u>

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Deficit</u>
<b>Balances at December 31, 2024</b>	100	\$ -	\$ 1,400,000	\$ (2,258,553)	\$ (858,553)
Net loss	-	-	-	(280,672)	(280,672)
<b>Balances at September 30, 2025</b>	<u>100</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ (2,539,225)</u>	<u>\$ (1,139,225)</u>

**PECF USS INTERMEDIATE HOLDING III CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

(Amounts in thousands)

	Nine Months Ended	
	September 30, 2024	September 30, 2025
<b>Cash flows used in operating activities:</b>		
Net loss	\$ (621,854)	\$ (280,672)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	217,414	188,797
Amortization of operating right-of-use assets	15,095	14,564
Amortization of cloud computing arrangements assets	3,926	4,686
Non-cash interest expense (income)	3,602	(15,173)
Write-off of assets	14,774	3,756
Change in fair value of contingent consideration	(300)	-
Deferred income tax benefit	(37,392)	(17,106)
Provision for credit losses and customer credits	7,332	2,631
Impairment of goodwill	284,253	-
Gain on extinguishment of debt	(662)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,970)	23,759
Prepaid expenses and other current assets	(3,217)	(17,599)
Other long-term assets	(2,403)	(855)
Accounts payable, other current liabilities and other long-term liabilities	7,265	30,436
Accrued expenses	(30,987)	60,557
Deferred revenue	445	(1,147)
Operating lease liabilities	(13,971)	(13,137)
Net cash used in operating activities	<u>(160,650)</u>	<u>(16,503)</u>
<b>Cash flows used in investing activities:</b>		
Purchases of property and service equipment	<u>(15,968)</u>	<u>(6,781)</u>
Net cash used in investing activities	<u>(15,968)</u>	<u>(6,781)</u>
<b>Cash flows provided by financing activities:</b>		
Principal payments on finance lease obligations	(9,264)	(7,860)
Principal payments on supplier finance program	(9,262)	(13,046)
Proceeds from issuance of Equipment Notes	1,022	-
Proceeds from issuance of Cayman Term Loan Facility, net of discount and cash paid in exchange	312,766	-
Payment of debt issuance costs related to Cayman Revolving Credit Facility	(1,552)	-
Payment of debt issuance costs related to ABL Revolver	(4,087)	-
Payment of debt issuance costs related to 2023 SICFA	(8,764)	(7,676)
Borrowings from 2021 ABL	6,000	-
Repayments of 2021 ABL	(74,000)	(25,000)
Borrowings from 2021 CFR	61,000	-
Borrowings on Cayman Revolving Credit Facility	-	100,000
Repayments on Cayman Revolving Credit Facility	(100,000)	-
Borrowings from 2024 Credit Agreement	60,000	-
Repayments on 2024 Credit Agreement	(60,000)	-
Supplier financing program in exchange for settlement of supplier liability	10,394	13,046
Principal payments on 2021 Term Loan Facility	(10,000)	-
Principal payments on Cayman Term Loan Facility	-	(8,897)
Principal payments on Equipment Notes	(6,324)	(1,784)
Net cash provided by financing activities	<u>167,929</u>	<u>48,783</u>
<b>Net (decrease) increase in cash and restricted cash</b>	<u>(8,689)</u>	<u>25,499</u>
Cash and restricted cash at beginning of the period	39,208	27,807
<b>Cash and restricted cash at end of period</b>	<u><u>\$ 30,519</u></u>	<u><u>\$ 53,306</u></u>
Cash at end of period	23,244	44,006
Restricted cash at end of period	7,275	9,300

**PECF USS INTERMEDIATE HOLDING III CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOW (continued)**

	<b>Nine Months Ended</b>	
	<b><u>September 30, 2024</u></b>	<b><u>September 30, 2025</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 231,033	\$ 137,231
Cash paid for income taxes, net	2,327	1,091
Cash paid for operating lease	18,521	19,058
Cash paid for finance lease	12,659	13,252
 <b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Purchases of property and equipment, net and service equipment, net included in accounts payable and accrued expenses	\$ -	\$ 2,360
Right-of-use assets obtained in exchange for new operating lease liabilities	12,511	19,859
Right-of-use assets obtained in exchange for new finance lease liabilities	14,569	3,590

**EXHIBIT D**

**Summary Terms of the Exit Term Loan Facility Credit Agreement**

**PECF USS INTERMEDIATE HOLDING III CORPORATION**

**\$300,000,000 SENIOR SECURED TERM LOAN EXIT FACILITY**

**TERM SHEET**

All capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Restructuring Support Agreement, dated as of December 28, 2025, by and among the Credit Parties, the Consenting Creditors from time to time party thereto and the Consenting Sponsor (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof, the “Restructuring Support Agreement”), the Senior Secured Superpriority Debtor in Possession Credit Facility Term Sheet, attached as Exhibit D to the Restructuring Support Agreement (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and the Restructuring Support Agreement, the “DIP Term Sheet”) or the Commitment Letter to which this Term Sheet is appended (the “Exit Commitment Letter”), as the context requires.

This Term Sheet does not constitute (nor will it be construed as) an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or subscribe for any securities or a solicitation of acceptances or rejections as to any chapter 11 plan of reorganization, it being understood that such an offer, if any, or solicitation only will be made in compliance with applicable provisions of securities, bankruptcy, and/or other applicable laws.

**SUMMARY OF PRINCIPAL TERMS AND CONDITIONS**

<b>BORROWER:</b>	Reorganized PECF USS Intermediate Holding III Corporation, a Delaware corporation (the “ <u>Borrower</u> ”).
<b>GUARANTORS:</b>	Reorganized PECF USS Intermediate Holding II Corporation, a Delaware corporation, and each material subsidiary of the Borrower ( <i>provided</i> that Vortex Opco, LLC (“ <u>Cayman OpCo</u> ”) and Vortex Holdco, LLC (“ <u>Cayman HoldCo</u> ” and, together with Cayman OpCo, the “ <u>CaymanCos</u> ”) shall be guarantors solely to the extent that the Intercompany Loan Credit Agreement (as defined below) remains outstanding or the CaymanCos otherwise become material subsidiaries), subject to customary exceptions to be agreed in accordance with the Documentation Principles (as defined below) (collectively, the “ <u>Guarantors</u> ”). The Borrower and the Guarantors are collectively referred to herein as “ <u>Credit Parties</u> ” and each, a “ <u>Credit Party</u> ”. All obligations of the Borrower under the Exit Facility (as defined below) will be unconditionally guaranteed by the Guarantors.
<b>EXIT AGENT:</b>	The DIP Agent or another agent reasonably acceptable to the Borrower and the Required Consenting Second-Out Creditors (as defined in the Restructuring Support Agreement) (in such capacity, the “ <u>Exit Agent</u> ”).



<b>EXIT TERM LENDERS:</b>	The lenders under the Exit Facility shall consist of (x) members of the Ad Hoc Group based on such members' Second-Out Term Loan holdings and (y) certain other Consenting Creditors who have been offered the ability to participate and have become a party to the Restructuring Support Agreement as provided therein (in such capacity, the " <u>Exit Term Lenders</u> ").
<b>EXIT FACILITY:</b>	A senior secured first lien new money term loan facility in an aggregate principal amount of \$300,000,000 (the " <u>Exit Facility</u> "; the loans thereunder are hereinafter referred to as the " <u>Exit Term Loans</u> ", and the commitments in respect thereof, the " <u>Exit Commitments</u> "), subject to the satisfaction of the conditions set forth under the "Conditions Precedent to the Closing" section set forth below. Once borrowed and repaid, the Exit Term Loans may not be reborrowed.
<b>USE OF PROCEEDS:</b>	The proceeds of the Exit Term Loans may be used only for the following purposes: (i) to pay reasonable and documented transaction costs, fees and expenses that are incurred in connection with the Exit Facility, the Restructuring and the Chapter 11 Cases, (ii) to refinance in full any outstanding DIP Loans, which may be effectuated, if applicable, via a cashless deemed refinancing of the DIP Loans, (iii) to refinance any outstanding First-Out Revolving Loans, First-Out Term Loans, First-Out Notes and ABL Loans, which may be effectuated, if applicable, via a cashless deemed refinancing, (iv) to pay the Amended Term Loan cash payment and to fund other distributions under the Plan and (v) for working capital and general corporate purposes of the Credit Parties.
<b>TERM:</b>	The Exit Term Loans will mature on the earlier to occur of (i) the date that is seven years after the Exit Facility Effective Date and (ii) the date on which all Exit Term Loans become due and payable under the Exit Credit Agreement (as defined below), whether by acceleration or otherwise.
<b>AMORTIZATION:</b>	None.
<b>EXIT FACILITY DOCUMENTS:</b>	The Exit Facility will be documented by a Credit Agreement (the " <u>Exit Credit Agreement</u> ") and a guarantee agreement, a security agreement and other relevant documentation (together with the Exit Credit Agreement, collectively, the " <u>Exit Facility Documents</u> ") reflecting the terms and provisions set forth in this Term Sheet and otherwise in form and substance reasonably satisfactory to the Borrower, the Exit Agent and the Required Consenting Second-Out Creditors, it being understood that such Exit Facility Documents shall be based on the Cayman Credit Agreement and the other Credit Documents (as defined in the Cayman Credit Agreement), subject to such modifications as are necessary to reflect the terms set forth in this Term Sheet and to reflect other modifications reasonably acceptable to the Credit Parties and the Required Consenting Second-Out Creditors and

	<p>otherwise consistent with the consent rights in the Restructuring Support Agreement; <i>provided</i> that (i) (A) as of the Exit Facility Effective Date, no security or collateral documentation governed by the laws of any jurisdiction other than the United States and the jurisdiction in which any Guarantor is incorporated or domiciled shall be required (other than with respect to the CaymanCos, which such security and collateral documentation with respect to the Cayman Islands shall be consistent with the security and collateral documentation in effect prior to the Chapter 11 Cases) and (B) after the Exit Facility Effective Date, the security or collateral documentation governed by the laws of any jurisdiction other than the United States and the jurisdiction in which any Guarantor is incorporated or domiciled shall be subject to customary exclusions and exceptions, including, without limitation, (x) for material adverse tax consequences and (y) if the costs of such security outweighs the benefits such security provides to the Exit Term Lenders, (ii) the definition of EBITDA shall include an unlimited addback for restructuring costs in connection with the Chapter 11 Cases, (iii) there shall be EBITDA-based grower baskets, (iv) the leverage ratios (if any) shall provide for uncapped cash netting, (v) limited condition transactions will be permitted on customary market terms and (vi) customary permitted reorganizations will be permitted (the terms of this paragraph, the “<u>Documentation Principles</u>”).</p>
<b>SECURITY AND PRIORITY:</b>	<p>All obligations of the Borrower and the Guarantors to the Exit Term Lenders and to the Exit Agent, including, without limitation, all principal, accrued interest, costs, and fees (collectively, the “<u>Obligations</u>”), shall be secured by (x) liens on the Collateral (as defined below) that constitutes “borrowing base collateral” for the Exit ABL Facility (as defined herein) and other customary related assets (the “<u>ABL Priority Collateral</u>”), which liens shall be junior to the liens thereon securing the Exit ABL Facility pursuant to an intercreditor agreement that is in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors, and (y) first priority liens on all other Collateral, in each case, subject only to permitted liens; <i>provided</i> that the Exit RCF Facility shall be established on a “first out” basis pursuant to intercreditor arrangements in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors.</p> <p>The property securing the Obligations is collectively referred to as the “<u>Collateral</u>” and shall include, without limitation, but subject to customary exceptions consistent with the Documentation Principles (including, without limitation, a customary exclusion for material adverse tax consequences), all present and after acquired property (whether tangible, intangible, real, personal or mixed) of the Credit Parties, wherever located, including, without limitation, all accounts, deposit accounts, cash and cash equivalents, inventory, equipment, capital stock in subsidiaries of the Credit Parties, investment property, instruments, chattel paper,</p>

	owned real estate, leasehold interests (it being understood that no leasehold mortgages will be required), contracts, patents, copyrights, trademarks and other general intangibles and all products and proceeds thereof.
<b>PREMIUMS AND FEES:</b>	<p>The Credit Parties shall pay the following premiums and fees:</p> <p>(a) to the Exit Term Lenders, on a pro rata basis in accordance with their Exit Commitments, an upfront premium equal to 3.00% of the aggregate principal amount of the Exit Term Loans that are funded (the “<u>Upfront Premium</u>”), earned and payable in-kind solely upon the occurrence of the Exit Facility Effective Date; and</p> <p>(b) to the Exit Agent, an agency fee to be set forth in a letter agreement between the Exit Agent and the Borrower (the “<u>Agency Fee</u>” and, together with the Upfront Premium, the “<u>Exit Premiums and Fees</u>”), payable in accordance with the terms of such letter agreement.</p> <p>The Agency Fee may be net-funded from the proceeds of the Exit Term Loans borrowed concurrently with the payment thereof.</p>
<b>INTEREST:</b>	<p>Except in the case of default interest (as described below), interest on the outstanding principal amount of all Exit Term Loans shall accrue at a rate <i>per annum</i> equal to the Term SOFR Rate plus 6.50% <i>per annum</i>, subject to a 2.00% SOFR floor; <i>provided</i> that if interest is paid in kind for any portion of the Exit Term Loans in any interest period (as described below), interest payable on all Exit Term Loans for such interest period shall increase to the Term SOFR Rate plus 7.50% <i>per annum</i>. For the avoidance of doubt, there shall be no “credit spread adjustment” or other SOFR adjustment.</p> <p>During the first year after the Exit Facility Effective Date, unless the Borrower’s board of directors otherwise elects to pay all or any portion in cash, all non-default interest (including both margin and benchmark rate) shall be payable in kind (in lieu of in cash).</p> <p>Following the first year after the Exit Facility Effective Date, all non-default interest shall be payable in cash; <i>provided</i> that, unless the Borrower’s board of directors otherwise elects to pay any additional portion in cash, if projected liquidity on a pro forma basis (immediately after taking into account the payment of all of such interest in cash) would be less than \$100,000,000, then 50% of the non-default interest payable for the applicable interest period (including both margin and benchmark rate) shall be payable in kind (in lieu of in cash) with the balance payable in cash.</p> <p>Interest on the Exit Term Loans shall be payable at the end of each interest period and, for interest periods greater than three months,</p>

	<p>every three months. The Borrower may elect interest periods of 1, 3 or 6 months (or, if agreed to by the Exit Agent and the affected Lenders, a shorter period) for SOFR.</p> <p>Interest shall be calculated on the basis of the actual number of days elapsed in a 360-day year.</p>
<b>DEFAULT INTEREST:</b>	<p>During the continuance of an Event of Default, at the election of the Required Lenders (or automatically upon a payment or insolvency Event of Default), the Exit Term Loans will bear interest at an additional 2.00% <i>per annum</i> and any other Obligations (including interest and fees) will bear interest at the applicable non-default interest rate plus an additional 2.00% <i>per annum</i>. Default interest shall be payable in cash on demand.</p>
<b>MANDATORY PREPAYMENTS:</b>	<p>Mandatory prepayments of the Exit Term Loans shall be required with (i) 100% of net cash proceeds from (A) non-ordinary course sales or other non-ordinary course dispositions of assets (other than ABL Priority Collateral) in excess of an amount per fiscal year to be mutually agreed, subject to exceptions to be agreed; (B) casualty events in excess of an amount per fiscal year to be mutually agreed, subject to exceptions to be agreed and (C) any sale or issuance of debt (other than permitted debt) and (ii) 50% of excess cash flow (to be defined in a customary manner).</p> <p>The mandatory prepayment events described in the foregoing clauses (i)(A) and (B) shall be subject to the right of the Borrower and its subsidiaries to reinvest (or commit to reinvest) proceeds of asset sales and casualty events in a manner and subject to restrictions to be agreed.</p> <p>Once prepaid through a mandatory prepayment, the Exit Term Loans may not be reborrowed.</p>
<b>OPTIONAL PREPAYMENTS:</b>	<p>The Credit Parties may prepay in full or in part the Exit Term Loans without penalty or premium, except as described below, subject to customary notice periods and payment of breakage costs. Once prepaid through an optional prepayment, the Exit Term Loans may not be reborrowed.</p>
<b>CALL PROTECTION:</b>	<p>If, at any time during the period from the Exit Facility Effective Date through, but excluding, the second anniversary of the Exit Facility Effective Date, all or a portion of the outstanding Exit Term Loans are prepaid, repaid, or accelerated (but excluding any mandatory prepayment in connection with any asset sale, casualty event or excess cash flow sweep), such repayment, prepayment or acceleration shall be required to be accompanied by the payment of a premium equal to (i) in the event of any such repayment, prepayment or acceleration that occurs after the date that is 90 days after the Exit Facility Effective Date, but prior to the first anniversary of the Exit Facility Effective Date, a customary make-</p>

	whole on the aggregate principal amount of Exit Term Loans so prepaid, repaid or accelerated, and (ii) in the event of any such repayment, prepayment or acceleration that occurs on or after the first anniversary of the Exit Facility Effective Date and prior to the second anniversary of the Exit Facility Effective Date, 1.00% of the aggregate principal amount of Exit Term Loans so prepaid, repaid or accelerated. The Exit Facility Documents shall contain customary Momenitive language.
<b>INCREMENTAL FACILITY:</b>	The Exit Facility Documents will include an incremental term facility in an amount up to \$25,000,000, to be used solely to finance permitted acquisitions and other permitted investments, subject to (i) (A) for incremental indebtedness that ranks pari passu with the Exit Term Loans, a pro forma first lien net leverage ratio not to exceed the lesser of (x) the first lien net leverage ratio for the most recently ended four fiscal quarter period for which financial statements have been or were required to be delivered and (y) the Exit Facility Effective Date first lien net leverage ratio, (B) for incremental indebtedness that ranks junior to the Exit Term Loans, a pro forma secured net leverage ratio not to exceed the lesser of (x) the secured net leverage ratio for the most recently ended four fiscal quarter period for which financial statements have been or were required to be delivered and (y) the Exit Facility Effective Date secured net leverage ratio, and (C) for incremental indebtedness that is unsecured, a pro forma total net leverage ratio not to exceed the lesser of (x) the total net leverage ratio for the most recently ended four fiscal quarter period for which financial statements have been or were required to be delivered and (y) the Exit Facility Effective Date total net leverage ratio and (ii) other customary terms and conditions (including a 50 bps “most favored nation” pricing protection).
<b>CONDITIONS PRECEDENT TO THE CLOSING:</b>	The closing date (the “ <u>Exit Facility Effective Date</u> ”) under the Exit Facility shall be subject solely to the conditions set forth on <u>Annex A</u> attached hereto.
<b>REPRESENTATIONS AND WARRANTIES:</b>	The Exit Facility Documents will contain representations and warranties customarily found in loan agreements for similar exit financings and that are usual and customary for facilities of this type and otherwise consistent with the Documentation Principles (including a representation that no action, suit, investigation, litigation or proceeding pending or (to the knowledge of the Credit Parties) threatened in any court or before any arbitrator or governmental instrumentality (other than in connection with the Chapter 11 Cases) that is not stayed and that pertains to the Exit Facility or would reasonably be expected to result in a Material Adverse Change), which will be applicable to the Credit Parties and their respective subsidiaries and subject to certain exceptions and qualifications to be agreed in accordance with the Documentation Principles.

<p><b>AFFIRMATIVE COVENANTS AND NEGATIVE COVENANTS:</b></p>	<p>The Exit Facility Documents will contain usual and customary affirmative covenants and negative covenants customarily found in loan documents for similar exit financings and in accordance with the Documentation Principles, including, without limitation, reporting covenants requiring the delivery of items set forth under the “Reporting Covenants” section below (but excluding, in any event, any affirmative covenant to, or to use commercially reasonable efforts to, obtain a private rating).</p> <p>Other than indebtedness incurred under certain customary exceptions, including, for the avoidance of doubt, under the Exit ABL Facility, the Exit RCF Facility and any incremental term facility, no other debt shall be permitted to be secured on a senior basis to or on a <i>pari passu</i> basis with the Obligations.</p> <p>The Exit Facility Documents will include customary baskets to permit post-emergence reorganization/rationalization for corporate tax purposes.</p>
<p><b>REPORTING COVENANTS:</b></p>	<p>Subject to the Documentation Principles, the Exit Facility Documents shall require the Borrower to (x) deliver the following to the Exit Agent, for further delivery to the Exit Term Lenders, or (y) coordinate, as applicable:</p> <p>(i) quarterly unaudited financial statements by not later than the (A) one hundred fiftieth (150<sup>th</sup>) calendar day after the first full fiscal quarter after the Exit Facility Effective Date, (B) ninetieth (90<sup>th</sup>) calendar day after the second full fiscal quarter after the Exit Facility Effective Date and (C) forty-fifth (45<sup>th</sup>) calendar day after the end of each fiscal quarter thereafter (other than the end of a fiscal year);</p> <p>(ii) annual audited financial statements by not later than the (A) one hundred fiftieth (150<sup>th</sup>) calendar day after the Exit Facility Effective Date for the fiscal year ended December 31, 2025, (B) one hundred twentieth (120<sup>th</sup>) calendar day after the fiscal year ended December 31, 2026 and (C) ninetieth (90<sup>th</sup>) calendar day after the end of each fiscal year thereafter;</p> <p>(iii) a compliance certificate, concurrently with delivery of quarterly and annual financial statements delivered pursuant to clauses (i) and (ii) above;</p> <p>(iv) an annual budget by not later than the ninetieth (90<sup>th</sup>) calendar day after the end of the previous fiscal year;</p> <p>(v) senior management, at the request of the Exit Agent and the Required Lenders and no more than once per fiscal quarter, upon reasonable prior written notice to the Credit Parties, to host a conference call for the Exit Term Lenders to discuss the Credit Parties’ financial performance, operational performance or metrics</p>

	<p>and/or any other matters reasonably requested by the Exit Agent and the Required Lenders; and</p> <p>(vi) prompt written notice of material events usual and customary for similar exit financings and consistent with the Documentation Principles, including prompt notice of any default or Event of Default.</p>
<b>EVENTS OF DEFAULT:</b>	<p>The Exit Facility Documents will contain events of default usual and customary for similar exit financings and consistent with the Documentation Principles (each, an “<u>Event of Default</u>”).</p>
<b>INDEMNIFICATION AND EXPENSES:</b>	<p>Subject to limitations consistent with the indemnification provision set forth in the Exit Commitment Letter, the Credit Parties will indemnify the Exit Agent, the Exit Term Lenders, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons and members of each of the foregoing (each, an “<u>Indemnified Person</u>”) and hold them harmless from and against all costs, expenses (including reasonable and documented fees, disbursements and other charges of outside counsel) and liabilities of such Indemnified Person arising out of or relating to any claim or any litigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by the Borrower or any of its affiliates) that relates to the Exit Facility or the transactions contemplated thereby.</p> <p>In addition, (a) on the Exit Facility Effective Date, the Borrower shall pay all reasonable and documented out-of-pocket professional fees, costs and expenses of the Exit Agent and the Exit Term Lenders relating to the Exit Facility incurred as of the Exit Facility Effective Date (limited to, in the case of professional fees and expenses, to the fees and expenses of Akin Gump Strauss Hauer &amp; Feld LLP, Centerview Partners LLC, Kirkland &amp; Ellis LLP, Katten Muchin Rosenman LLP, ArentFox Schiff LLP and one local counsel for the Exit Agent and the Exit Term Lenders, taken as a whole, solely for any material jurisdictions and (b) thereafter, the Borrower shall pay all reasonable and documented out-of-pocket professional fees, costs and expenses of the Exit Agent and the Exit Term Lenders relating to the Exit Facility (limited, in the case of legal fees, to (x) one outside counsel for the Exit Agent, (y) one outside counsel for the Exit Term Lenders, taken as a whole, and (z) one local counsel for the Exit Agent and the Exit Term Lenders, taken as a whole, solely for any material jurisdictions as the Exit Agent and the Exit Term Lenders together shall deem reasonably necessary and advisable), including, without limitation, with respect to (i) the preparation of any amendments, modifications or waivers in respect thereof, (ii) the administration thereof and (iii) the enforcement or protection of rights in connection with the Exit Facility or the documentation</p>

	in respect thereof).
<b>ASSIGNMENTS AND PARTICIPATIONS:</b>	<p>Assignments under the Exit Facility are subject to the consent of the Exit Agent (subject to customary exceptions, and which consent shall not be unreasonably withheld, conditioned or delayed) and the Borrower (except for (i) any assignment to an Exit Term Lender, (ii) any assignment to an affiliate of an Exit Term Lender or any fund, investor, entity or account that is managed, sponsored or advised by an Exit Term Lender or an affiliate of an Exit Term Lender and (iii) during the continuance of a payment or bankruptcy Event of Default). No participation shall include voting rights, other than for matters requiring consent of 100% of the Exit Term Lenders.</p> <p>In addition, other customary borrower protections in respect of assignments and participations, including restrictions on assignments to natural persons and disqualified lenders (including competitors), shall apply, and customary assignments on a non-pro rata basis to the Borrower or its parent shall be permitted through Dutch auctions or open market purchases pursuant to privately-negotiated transactions, so long as offered to all Exit Term Lenders on a pro rata basis.</p>
<b>REQUIRED LENDERS UNDER THE EXIT FACILITY:</b>	<p>“Required Lenders” shall mean, at any date, Exit Term Lenders holding at least 65% of the outstanding Exit Term Loans under the Exit Facility; <i>provided</i> that certain approvals, extensions and other determinations limited to (i) extensions of post-closing deliverables, (ii) approving forms that must be “acceptable” to Required Lenders and (iii) other mechanical amendments or other amendments, which, in each case, do not materially, adversely and disproportionately disadvantage any minority lender, shall be subject to consent of only a majority (50.1%) of the Exit Term Lenders.</p>
<b>AMENDMENTS; MODIFICATIONS; WAIVERS OR CONSENTS:</b>	<p>Except as otherwise provided herein, any amendment or other modification to the Exit Facility Documents, and any waiver or consent required or permitted by the Exit Facility Documents, shall be required to be approved by the Required Lenders, except for any amendment or modification to, or waiver or consent in respect of, usual and customary provisions that require approval by each directly and adversely affected Exit Term Lender (which provisions shall include, for the avoidance of doubt, protections in respect of (w) liability management transactions to be agreed, (x) pro rata sharing, (y) waterfall priority and (z) subordination (subject to customary exceptions for ABL facilities, purchase money obligations and permitted securitization debt and DIP facilities, and to include a carve-out for transactions offered on a pro rata basis on the same terms (including economics)).</p>
<b>MISCELLANEOUS:</b>	<p>The Exit Facility Documents will include (i) standard yield protection provisions (including, without limitation, provisions</p>



	relating to compliance with risk-based capital guidelines, increased costs and payments free and clear of withholding taxes (subject to customary qualifications)), (ii) waivers of consequential damages and jury trial, and (iii) customary agency, set-off and sharing language consistent with the Documentation Principles.
<b>GOVERNING LAW AND SUBMISSION TO NON-EXCLUSIVE JURISDICTION:</b>	State of New York
<b>COUNSEL TO EXIT TERM LENDERS:</b>	Akin Gump Strauss Hauer & Feld LLP
<b>COUNSEL TO EXIT AGENT:</b>	ArentFox Schiff LLP

**Annex A**

The Exit Facility Effective Date shall be subject solely to the following conditions:

- (i) There shall exist no default under the Exit Facility Documents;
- (ii) The representations and warranties of the Borrower and the Guarantors in the Exit Facility Documents shall be true and correct in all material respects (or in the case of representations and warranties with a “materiality” qualifier, true and correct in all respects) immediately prior to, and after giving effect to, the Exit Facility;
- (iii) The Bankruptcy Court (as defined in the Restructuring Support Agreement) shall have approved (i) the Exit Facility and, as applicable, all definitive documentation in connection therewith consistent with this Term Sheet and in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors and (ii) all actions to be taken, undertakings to be made and obligations to be incurred by the Debtors (as defined in the Restructuring Support Agreement) in connection with the Exit Facility and all liens and other security to be granted by the Debtors in connection with the Exit Facility (all such approvals to be evidenced by the entry of an order by the Bankruptcy Court which is in full force and effect and has not been stayed or modified (without the consent of the Required Consenting Second-Out Creditors) and is reasonably satisfactory in form and substance to the Required Consenting Second-Out Creditors in their discretion, which order shall, among other things, approve the payment by the Debtors of all of the fees that are provided for in, and the other terms of, this Term Sheet);
- (iv) Since the Petition Date, there has not been (i) any fact, event, change, effect, development, circumstance or occurrence that, individually or together with any other fact, event, change, effect, development, circumstance or occurrence, has had or would reasonably be expected to have a material and adverse effect on the financial condition, business, assets, liabilities or results of operations of the Borrower or (ii) any fact, event, change, effect, development, circumstance or occurrence that, individually or together with any other fact, event, change, effect, development, circumstance or occurrence, has had or would reasonably be expected to have a material and adverse effect on (A) the ability of the Credit Parties, taken as a whole, to perform their obligations under the loan agreement, guarantees and security documents relating to the Exit Facility or any other Exit Facility Documents or (B) the ability of the Exit Agent and/or the Exit Term Lenders to enforce their rights and remedies under the Exit Facility Documents, in each case, other than the pendency of the Chapter 11 Cases and the consequences thereof (in each case, a “Material Adverse Change”);
- (v) Execution and delivery of definitive documentation evidencing the Exit Facility, which shall be substantially consistent with this Term Sheet and otherwise consistent with the Documentation Principles;
- (vi) All fees and expenses (including, without limitation, as set forth in the portions of the Term Sheet titled “Premiums and Fees” and “Indemnification and Expenses”) payable to or for the benefit of the Exit Agent and the Exit Term Lenders pursuant to the Exit Facility Documents or the Restructuring Support Agreement shall have been paid to the extent due;
- (vii) The Exit Agent shall have received (a) customary legal opinion(s) with respect to the Credit Parties and the Exit Facility Documents from counsel to the Credit Parties in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors, (b) evidence of authorization of the Credit Parties to execute, deliver and perform their respective

- obligations under the Exit Facility Documents, (c) customary officer's and secretary's certificates, (d) good standing certificates (to the extent applicable), (e) a solvency certificate from the Borrower's chief financial officer or treasurer (or another responsible officer with equivalent duties) in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors and (f) a customary notice of borrowing;
- (viii) All documents and instruments required to create and perfect the Exit Agent's security interest in the Collateral (free and clear of all liens other than permitted liens, subject to customary exceptions to be agreed upon) shall have been executed (if applicable) and delivered and, if applicable, be in proper form for filing, and execution of a guarantee by the Guarantors consistent with the Documentation Principles, which shall be in full force and effect;
  - (ix) Each Exit Term Lender having received, at least three Business Days prior to the Exit Facility Effective Date (or such shorter period as the Exit Agent may agree), all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, in each case, requested at least seven Business Days prior to the Exit Facility Effective Date;
  - (x) The Borrower and the applicable Credit Parties party thereto shall have executed and delivered to the Exit Agent an executed copy of (i) documentation establishing an asset-based lending facility in the amount of up to \$195,000,000 (the "Exit ABL Facility") and (ii) an intercreditor agreement in respect thereof, in each case, in form and substance reasonably acceptable to the Required Consenting Second-Out Creditors;
  - (xi) The Borrower and the applicable Credit Parties party thereto shall have executed and delivered to the Exit Agent an executed copy of (i) documentation establishing a "first out" first lien new money revolving credit facility in the amount of up to \$100,000,000 (the "Exit RCF Facility") and (ii) an intercreditor agreement in respect thereof, in each case, in form and substance reasonably acceptable to the Required Consenting Second-Out Creditors, which shall provide that the Exit RCF Facility shall (x) be "first out" and senior in right of payment to the Exit Facility, and (y) be secured by a lien that ranks *pari passu* with the lien securing the Exit Facility;
  - (xii) To the extent agreed by the Borrower and the Required Lenders, the Borrower and the applicable Credit Parties party thereto shall have executed and delivered an amendment to that certain Credit Agreement, dated as of August 22, 2024 (the "Intercompany Loan Credit Agreement"), by and among the Cayman OpCo, the Guarantors and Wilmington Savings Fund Society, FSB and any applicable related documentation to the extent necessary or desirable to conform to the terms of the Exit Credit Agreement in connection with the restructuring, as determined by the Borrower and the Required Consenting Second-Out Creditors in their reasonable discretion;
  - (xiii) All material governmental and third party consents and approvals necessary in connection with the Exit Facility and the transactions contemplated thereby shall have been obtained and shall remain in effect; and the making of the loans under the Exit Facility shall not violate any material applicable requirement of law and shall not be enjoined temporarily, preliminarily or permanently;
  - (xiv) The confirmation order for the Plan (as defined in the Restructuring Support Agreement) shall be entered in form and substance reasonably satisfactory to the Required Consenting Second-Out Creditors;

- (xv) The effective date of the Plan shall have occurred or shall occur concurrently on the Exit Facility Effective Date; and
- (xvi) The Restructuring Support Agreement shall be in full force and effect and the Debtors (as defined in the Restructuring Support Agreement) shall be in compliance with the Restructuring Support Agreement as of the Exit Facility Effective Date, and the conditions to the Restructuring (as defined in the Restructuring Support Agreement) as set forth in the Restructuring Support Agreement, including, without limitation, the consummation of the Equity Rights Offering (as defined in the Plan), shall have been satisfied or waived in accordance with the terms thereof.

**EXHIBIT E**

**Summary Terms of the Exit RCF Credit Agreement**

**PECF USS INTERMEDIATE HOLDING III CORPORATION**

**\$100,000,000 SENIOR SECURED REVOLVING CREDIT EXIT FACILITY**

**TERM SHEET**

All capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Restructuring Support Agreement, dated as of December 28, 2025, by and among the Credit Parties, the Consenting Creditors from time to time party thereto and the Consenting Sponsor (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof, the “Restructuring Support Agreement”).

This Term Sheet does not constitute (nor will it be construed as) an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or subscribe for any securities or a solicitation of acceptances or rejections as to any chapter 11 plan of reorganization, it being understood that such an offer, if any, or solicitation only will be made in compliance with applicable provisions of securities, bankruptcy, and/or other applicable laws.

**SUMMARY OF PRINCIPAL TERMS AND CONDITIONS**

<b>BORROWER:</b>	Reorganized PECF USS Intermediate Holding III Corporation, a Delaware corporation (the “ <u>Borrower</u> ”).
<b>GUARANTORS:</b>	Reorganized PECF USS Intermediate Holding II Corporation, a Delaware corporation, and each material subsidiary of the Borrower that is a guarantor under the first lien term facility entered into by the Credit Parties on the Exit Facility Effective Date (the “ <u>Exit Term Facility</u> ”) (collectively, the “ <u>Guarantors</u> ”). The Borrower and the Guarantors are collectively referred to herein as “ <u>Credit Parties</u> ” and each, a “ <u>Credit Party</u> ”.
<b>EXIT RCF AGENT:</b>	Bank of America, N.A. or another agent reasonably acceptable to the Borrower and the Required Consenting Revolving Creditors (as defined in the Restructuring Support Agreement) (in such capacity, the “ <u>Exit RCF Agent</u> ”).
<b>EXIT RCF LENDERS:</b>	The lenders under the Exit RCF Facility shall consist of certain Consenting Revolving Creditors (in such capacity, the “ <u>Exit RCF Lenders</u> ”).
<b>EXIT RCF FACILITY:</b>	A senior secured first lien new money “first out” revolving credit facility in an aggregate principal commitment of \$100,000,000 (the “ <u>Exit RCF Facility</u> ”; the loans thereunder are hereinafter referred to as the “ <u>Exit RCF Loans</u> ”, and the commitments in respect thereof, the “ <u>Exit RCF Commitments</u> ”). The Exit RCF Loans may be borrowed, repaid and reborrowed from time to time.
<b>TERM:</b>	The Exit RCF Loans will mature, and the Exit RCF Commitments will terminate, on the earlier to occur of (i) the date that is five (5)

	years after the Exit Facility Effective Date and (ii) the date on which all Exit RCF Loans become due and payable under the Exit RCF Credit Agreement (as defined below), whether by acceleration or otherwise.
<b>EXIT RCF FACILITY DOCUMENTS:</b>	The Exit RCF Facility will be documented by a Credit Agreement (the “ <u>Exit RCF Credit Agreement</u> ”), a guarantee agreement, the ABL Intercreditor Agreement (as defined below), a security agreement and other relevant documentation (together with the Exit RCF Credit Agreement, collectively, the “ <u>Exit RCF Facility Documents</u> ”), reflecting the terms and provisions set forth in this Term Sheet and otherwise in substantially the same form as the documents governing the First-Out/Second-Out Credit Agreement (as defined in the Restructuring Support Agreement), with certain other changes (including reasonable liability management protections) to be mutually agreed between the Exit RCF Agent, the Required Consenting Revolving Creditors and the Credit Parties to reflect the cash flow revolving and senior “first out” nature of the Exit RCF Facility; <i>provided</i> that (A) the representations and warranties, events of default, covenants, guarantors and security and related definitions thereto shall give due regard to the Exit Term Facility, (B) for the avoidance of doubt, the Exit RCF Credit Agreement will be separate from the credit agreement governing the Exit Term Facility and (C) the Exit RCF Facility shall be negotiated in good faith by the Exit RCF Agent, the Required Consenting Revolving Creditors and the Credit Parties (the terms of this paragraph, the “ <u>Documentation Principles</u> ”).
<b>SECURITY AND PRIORITY:</b>	All obligations of the Borrower and the Guarantors to the Exit RCF Lenders and to the Exit RCF Agent, including, without limitation, all principal, accrued interest, costs, and fees (collectively, the “ <u>Obligations</u> ”), shall be secured by substantially all assets of the Borrower and the Guarantors, subject to customary exclusions consistent with the Documentation Principles (the “ <u>Collateral</u> ”). Liens on (x) the ABL Collateral (to be defined in the ABL Intercreditor Agreement (as defined below)) shall be junior to the liens thereon securing the asset-based revolving credit facility entered into by the Credit Parties on the Exit Facility Effective Date (the “ <u>Exit ABL Facility</u> ”) pursuant to an intercreditor agreement (the “ <u>ABL Intercreditor Agreement</u> ”) that is in form and substance reasonably satisfactory to the Required Consenting Revolving Creditors and the Credit Parties, and (y) all other Collateral shall be (A) senior to the liens thereon securing the Exit ABL Facility and (B) <i>pari passu</i> with the liens thereon securing the Exit Term Facility, in each case, subject only to permitted liens; <i>provided</i> that the Exit RCF Facility shall be established on a “first out” basis pursuant to intercreditor arrangements in form and substance reasonably satisfactory to the Required Consenting Revolving Creditors and the Credit Parties, including, without limitation, separate plan classification, and

	<p>providing that the Exit RCF Lenders may control enforcement remedies following a customary standstill period if certain customary “material events of default”, including, without limitation, a breach of the minimum liquidity covenant, have occurred and are continuing. For the avoidance of doubt, the ABL Intercreditor Agreement will define the “Fixed Asset Collateral” (on which the Exit RCF Facility has (i) a senior lien to the Exit ABL Facility and (ii) a pari passu lien with the Exit Term Facility) and the “ABL Collateral” (on which the Exit RCF Facility and the Exit Term Facility have a second priority lien to the Exit ABL Facility) in a manner consistent with the USS ABL Intercreditor Agreement (as defined in the First-Out/Second-Out Credit Agreement).</p>
<b>PREMIUMS AND FEES:</b>	None.
<b>INTEREST:</b>	<p>Except in the case of default interest (as described below), interest on the outstanding principal amount of all Exit RCF Loans shall accrue at a rate <i>per annum</i> equal to the Term SOFR Rate plus 3.75% <i>per annum</i>, subject to a 1.00% SOFR floor. For the avoidance of doubt, there shall be no “credit spread adjustment” or other SOFR adjustment.</p> <p>Interest on the Exit RCF Loans shall be payable at the end of each interest period and, for interest periods greater than three months, every three months. The Borrower may elect interest periods of 1, 3 or 6 months (or, if agreed to by the Exit RCF Agent and the affected Lenders, a shorter period) for SOFR.</p> <p>Interest shall be calculated on the basis of the actual number of days elapsed in a 360-day year.</p>
<b>DEFAULT INTEREST:</b>	<p>During the continuance of an Event of Default, at the election of the “Required Lenders” (constituting Exit RCF Lenders holding at least 50.1% of the outstanding Exit RCF Loans and Exit RCF Commitments under the Exit RCF Facility) (or automatically upon a payment or insolvency Event of Default), the Exit RCF Loans will bear interest at an additional 2.00% <i>per annum</i> and any other Obligations (including interest and fees) will bear interest at the applicable non-default interest rate plus an additional 2.00% <i>per annum</i>. Default interest shall be payable in cash on demand.</p>
<b>MANDATORY PREPAYMENTS AND REDUCTION OF COMMITMENTS:</b>	<p>No voluntary prepayments/redemptions and/or mandatory prepayments/redemptions of loans under the Exit Term Facility and/or other Indebtedness junior in Lien or payment priority to the Exit RCF Facility until the Exit RCF Facility is paid in full in cash and all commitments under such facility are terminated.</p> <p>With respect to proceeds of asset sales and/or other dispositions of non ABL Collateral and/or proceeds of casualty events with</p>



	<p>respect to such Collateral and/or proceeds of any extraordinary receipts (each a “<u>Sweep Event</u>”):</p> <p>The first \$5,000,000 of net cash proceeds from any of the foregoing in the aggregate per fiscal year subject to a \$10,000,000 aggregate cap for the life of the loan may be retained by the Credit Parties and not be required to be swept after a Sweep Event or otherwise subject to the reinvestment requirements described below. For the avoidance out the thresholds described in this paragraph shall be not be required to be reinvested or applied as a mandatory prepayment and shall be permitted to be retained by the Credit Parties.</p> <p>Subject to the aggregate caps above, all net cash proceeds with respect to any Sweep Event shall be subject to a 100% pay down of Exit RCF Facility and accompanying permanent commitment reduction of any Exit RCF Facility commitments on a first out basis, provided that any net cash proceeds from a Sweep Event shall not be required to prepay the Exit RCF Facility and permanently reduce Exit RCF Facility commitments, so long as, and only to the extent that, such net cash proceeds are reinvested in non ABL Collateral within 180 days of receipt of such net cash proceeds by the Credit Parties.</p> <p>Pending any reinvestment, any net cash proceeds from a Sweep Event shall be used to repay borrowings under the Exit RCF Facility but shall not be required to permanently reduce the commitments thereunder.</p> <p>Sales or dispositions of all or substantially all assets of Credit Parties in one transaction or a series of transactions shall be one of the items that is considered a Change of Control and will require payment in full in cash and accompanying termination of commitments of the Exit RCF Facility.</p>
<b>OPTIONAL PREPAYMENTS:</b>	The Credit Parties may prepay in full or in part the Exit RCF Loans without penalty or premium, subject to customary notice periods.
<b>CALL PROTECTION:</b>	None.
<b>CONDITIONS PRECEDENT TO THE CLOSING:</b>	The closing date (the “ <u>Exit Facility Effective Date</u> ”) under the Exit RCF Facility shall be subject to conditions that are consistent with the Documentation Principles (including those usual and customary for exit financings that are reasonably acceptable to the Credit Parties and the Exit RCF Agent).
<b>REPRESENTATIONS AND WARRANTIES:</b>	The Exit RCF Facility Documents will contain representations and warranties usual and customary for similar exit financings and consistent with the Documentation Principles.

<b>AFFIRMATIVE COVENANTS AND NEGATIVE COVENANTS:</b>	The Exit RCF Facility Documents will contain affirmative covenants and negative covenants usual and customary for facilities of this type of financing and reasonably acceptable to the Exit RCF Lenders and the Credit Parties for similar exit financings and consistent with the Documentation Principles.
<b>FINANCIAL COVENANT:</b>	Minimum liquidity of \$35,000,000, tested on a monthly basis and at every extension of credit beginning with the nineteenth month ending after the Exit Facility Effective Date.
<b>EVENTS OF DEFAULT:</b>	The Exit RCF Facility Documents will contain events of default usual and customary for similar exit financings and consistent with the Documentation Principles (each, an “ <u>Event of Default</u> ”); provided that, unless cured in accordance with the terms of the Exit ABL Facility, an event of default under the Exit ABL Facility resulting from a breach of the financial covenant under the Exit ABL Facility shall constitute an event of default under the Exit RCF Facility whether or not the lenders and agent under the Exit ABL Facility have accelerated or exercised their secured creditor remedies under the Exit ABL Facility.
<b>COUNSEL TO EXIT RCF LENDERS AND EXIT RCF AGENT:</b>	Cahill Gordon & Reindel LLP

**EXHIBIT F**

**Summary Terms of the Exit ABL Facility Agreement**

**PECF USS INTERMEDIATE HOLDING III CORPORATION**

**\$195,000,000 SENIOR SECURED ASSET-BASED REVOLVING CREDIT EXIT FACILITY**

**TERM SHEET**

All capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Restructuring Support Agreement, dated as of December 28, 2025, by and among the Credit Parties, the Consenting Creditors from time to time party thereto and the Consenting Sponsor (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof, the “Restructuring Support Agreement”).

This Term Sheet does not constitute (nor will it be construed as) an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or subscribe for any securities or a solicitation of acceptances or rejections as to any chapter 11 plan of reorganization, it being understood that such an offer, if any, or solicitation only will be made in compliance with applicable provisions of securities, bankruptcy, and/or other applicable laws.

**SUMMARY OF PRINCIPAL TERMS AND CONDITIONS**

<b>BORROWER:</b>	Reorganized PECF USS Intermediate Holding III Corporation, a Delaware corporation (the “ <u>Borrower</u> ”).
<b>GUARANTORS:</b>	Reorganized PECF USS Intermediate Holding II Corporation, a Delaware corporation, and each subsidiary of the Borrower that is a guarantor under the Exit Term Facility (as defined below) (collectively, the “ <u>Guarantors</u> ”). The Borrower and the Guarantors are collectively referred to herein as “ <u>Credit Parties</u> ” and each, a “ <u>Credit Party</u> ”.
<b>EXIT ABL AGENT:</b>	Bank of America, N.A. or another agent reasonably acceptable to the Borrower and the Required Consenting ABL Creditors (as defined in the Restructuring Support Agreement) (in such capacity, the “ <u>Exit ABL Agent</u> ”).
<b>EXIT ABL LENDERS:</b>	The lenders under the Exit ABL Facility shall consist of certain Consenting ABL Creditors (in such capacity, the “ <u>Exit ABL Lenders</u> ”).
<b>EXIT ABL FACILITY:</b>	A senior secured first lien new money asset-based revolving credit facility in an aggregate principal commitment of \$195,000,000 (the “ <u>Exit ABL Facility</u> ”; the loans thereunder are hereinafter referred to as the “ <u>Exit ABL Loans</u> ”, and the commitments in respect thereof, the “ <u>Exit ABL Commitments</u> ”). The Exit ABL Loans may be borrowed, repaid and reborrowed from time to time. On the Exit Facility Effective Date, the aggregate principal amount of Exit ABL Loans borrowed shall not exceed 50.0% of the aggregate principal amount of loans under the ABL Facility Credit Agreement (as defined in the Restructuring Support Agreement)

	<p>on the Exit Facility Effective Date immediately prior to the effectiveness of the Exit ABL Facility.</p> <p>The borrowing base for the Exit ABL Facility will be consistent with the existing borrowing base under the ABL Facility Credit Agreement, with the following changes (and certain additional changes to the eligibility criteria for the borrowing base to be reasonably agreed by the Borrower and the Required Consenting ABL Creditors based on the latest field exams and appraisals that were conducted by field examiners and appraisers that are either (x) reasonably acceptable to the Exit ABL Agent or (y) engaged by the Exit ABL Agent:</p> <ol style="list-style-type: none"> <li>1. cash will be excluded from the borrowing base;</li> <li>2. equipment in the borrowing base will be limited to equipment that is subject to a perfected first-priority lien in favor of the Exit ABL Agent and lenders under the Exit ABL Facility and the other requirements set forth in the definition of “Eligible Specified Equipment” in the ABL Facility Credit Agreement; and</li> <li>3. in clause (d) of the definition of the “Borrowing Base” in the ABL Facility Credit Agreement, the ability to reset shall, commencing on the date that is 18 months after the Exit Facility Effective Date, be subject to compliance with a pro forma 1.0x fixed charge coverage ratio.</li> </ol>
<b>TERM:</b>	<p>The Exit ABL Loans will mature, and the Exit ABL Commitments will terminate, on the earlier to occur of (i) the date that is five (5) years after the Exit Facility Effective Date and (ii) the date on which all Exit ABL Loans become due and payable under the Exit ABL Credit Agreement (as defined below), whether by acceleration or otherwise.</p>
<b>EXIT ABL FACILITY DOCUMENTS:</b>	<p>The Exit ABL Facility will be documented by a Credit Agreement (the “<u>Exit ABL Credit Agreement</u>”), a guarantee agreement, a security agreement, the ABL Intercreditor Agreement (as defined below) and other relevant documentation (together with the Exit ABL Credit Agreement, collectively, the “<u>Exit ABL Facility Documents</u>”), reflecting the terms and provisions set forth in this Term Sheet and otherwise in substantially the same form as the documents governing the ABL Facility Credit Agreement; provided that the representations and warranties, events of default, covenants, guarantors and security and related definitions thereto shall give due regard to the Exit Term Facility (other than such provisions that typically differ between asset-based revolving facilities and cash flow facilities); <i>provided</i> that the Exit ABL Facility shall be negotiated in good faith by the Exit ABL Agent, the Required Consenting ABL Creditors and the Credit Parties (the terms of this paragraph, the “<u>Documentation Principles</u>”).</p>

<b>SECURITY AND PRIORITY:</b>	All obligations of the Borrower and the Guarantors to the Exit ABL Lenders and to the Exit ABL Agent, including, without limitation, all principal, accrued interest, costs, and fees (collectively, the “ <u>Obligations</u> ”), shall be secured by substantially all assets of the Borrower and the Guarantors, subject to customary exclusions consistent with the Documentation Principles (the “ <u>Collateral</u> ”). Liens on the ABL Collateral (as defined in the ABL Facility Credit Agreement) shall be senior to the liens thereon securing (A) the term loan credit facility (the “ <u>Exit Term Facility</u> ”) and (B) the cash flow revolving credit facility (the “ <u>Exit RCF Facility</u> ”), in each case, entered into by the Credit Parties on the Exit Facility Effective Date, pursuant to an intercreditor agreement (the “ <u>ABL Intercreditor Agreement</u> ”) that is in form and substance reasonably satisfactory to the Required Consenting ABL Creditors and the Credit Parties, and (y) second priority liens on all other Collateral, in each case, subject only to permitted liens. For the avoidance of doubt, the ABL Intercreditor Agreement will define the “ABL Collateral” (on which the Exit ABL Facility has a senior lien) and the “Fixed Asset Collateral” (on which the Exit ABL Facility has a second priority lien) in a manner consistent with the Intercreditor Agreement (as defined in the ABL Facility Credit Agreement).
<b>PREMIUMS AND FEES:</b>	The Borrower shall pay to the Exit ABL Lenders, on a pro rata basis in accordance with their Exit ABL Commitments, a commitment premium equal to 0.25% of the aggregate principal amount of the Exit ABL Commitments, earned and payable solely upon the occurrence of the Exit Facility Effective Date.
<b>INTEREST:</b>	<p>Except in the case of default interest (as described below), interest on the outstanding principal amount of all Exit ABL Loans shall accrue at a rate <i>per annum</i> equal to the Term SOFR Rate plus 2.25% <i>per annum</i>, subject to a 1.00% SOFR floor. For the avoidance of doubt, there shall be no “credit spread adjustment” or other SOFR adjustment.</p> <p>Interest on the Exit ABL Loans shall be payable at the end of each interest period and, for interest periods greater than three months, every three months. The Borrower may elect interest periods of 1, 3 or 6 months (or, if agreed to by the Exit ABL Agent and the affected Lenders, a shorter period) for SOFR.</p> <p>Interest shall be calculated on the basis of the actual number of days elapsed in a 360-day year.</p>
<b>DEFAULT INTEREST:</b>	During the continuance of an Event of Default, at the election of the Required Lenders (or automatically upon a payment or insolvency Event of Default), the Exit ABL Loans will bear interest at an additional 2.00% <i>per annum</i> and any other Obligations (including interest and fees) will bear interest at the

	applicable non-default interest rate plus an additional 2.00% <i>per annum</i> . Default interest shall be payable in cash on demand.
<b>MANDATORY PREPAYMENTS AND REDUCTION OF COMMITMENTS:</b>	Mandatory prepayments of the Exit ABL Loans shall be required at any time the Aggregate Exposures (as defined in the ABL Facility Credit Agreement) exceed the greater of the Exit ABL Commitments and the borrowing base.
<b>OPTIONAL PREPAYMENTS:</b>	The Credit Parties may prepay in full or in part the Exit ABL Loans without penalty or premium, subject to customary notice periods.
<b>CALL PROTECTION:</b>	None.
<b>CONDITIONS PRECEDENT TO THE CLOSING:</b>	The closing date (the “ <u>Exit Facility Effective Date</u> ”) under the Exit ABL Facility shall be subject to conditions that are consistent with the Documentation Principles and other conditions usual and customary for similar asset-based lending exit financings that are reasonably acceptable to the Credit Parties and the Exit ABL Agent.
<b>REPRESENTATIONS AND WARRANTIES:</b>	The Exit ABL Facility Documents will contain representations and warranties usual and customary for similar exit financings and consistent with the Documentation Principles.
<b>AFFIRMATIVE COVENANTS AND NEGATIVE COVENANTS:</b>	The Exit ABL Facility Documents will contain affirmative covenants and negative covenants usual and customary for facilities of this type of financing and reasonably acceptable to the Exit ABL Lenders and the Credit Parties for similar exit financings and consistent with the Documentation Principles, including, without limitation, (i) delivery of monthly borrowing base certificates, (ii) reimbursement for appraisals up to twice per year and (iii) a requirement that the ABL Facility Agent be listed as the lienholder on all new equipment purchased by the Credit Parties; provided that equipment purchased or otherwise held by the Credit Parties with an aggregate fair market value of less than \$50,000 shall not be required to list the ABL Facility Agent as the lienholder on its title (it being understood that (x) such equipment shall not be included in the borrowing base and (y) a default under the covenant described in this clause (iii) shall be subject to a 30 day grace period before constituting an Event of Default).
<b>FINANCIAL COVENANT:</b>	Consistent with the ABL Facility Credit Agreement (including cure rights).
<b>EVENTS OF DEFAULT:</b>	The Exit Facility Documents will contain events of default usual and customary for similar exit financings and consistent with the Documentation Principles (each, an “ <u>Event of Default</u> ”); provided that an event of default resulting from a breach of the financial covenant under the Exit RCF Facility shall constitute an event of default under the Exit ABL Facility whether or not the lenders and

	agent under the Exit RCF Facility have accelerated or exercised their secured creditor remedies under the Exit RCF Facility.
<b>REQUIRED LENDERS UNDER THE EXIT ABL FACILITY:</b>	“ <u>Required Lenders</u> ” shall mean, at any date, Exit ABL Lenders holding at least 50.1% of the outstanding Exit ABL Loans and Exit ABL Commitments under the Exit ABL Facility.
<b>COUNSEL TO EXIT ABL LENDERS AND EXIT ABL AGENT:</b>	Cahill Gordon & Reindel LLP