Docket #0017 Date Filed: 4/10/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
ASCEND ELEMENTS, INC., *et al.*,[1]	)	Case No. 26-90440
Debtors.	)	(Joint Administration Requested)

DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE PAYMENT OF CERTAIN TAXES AND FEES, AND (II) GRANTING RELATED RELIEF

Emergency relief has been requested. Relief is requested not later than 4:00 P.M. (prevailing Central Time) on April 10, 2026.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on April 10, 2026, at 4:00 P.M. (prevailing Central Time) in Courtroom 400, 515 Rusk St., Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Pérez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Pérez's homepage. The meeting code is "JudgePerez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Pérez's homepage. Select the case name, complete the required fields and click "Submit" to complete your appearance.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Ascend Elements, Inc. (2893) and Ascend Elements US, LLC (8309). The location of the Debtors' service address is: 133 Flanders Road, Westborough, MA 01581.

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The above-captioned debtors and debtors in possession (collectively, the "Debtors") state the following in support of this emergency motion (this "Motion"):

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto (the "Order"), (a) authorizing, but not directing, the Debtors to pay the Taxes and Fees (as defined below) incurred by the Debtors owed for periods prior to, including, or following the Petition Date and in the ordinary course of business to various local, state, and federal taxing, licensing, and regulatory authorities (collectively, the "Taxing and Regulatory Authorities") and in the ordinary course of business; and (b) granting related relief. Pursuant to paragraph 4 of the Complex Case Procedures (as defined herein), the Debtors seek entry of a final order, rather than an interim order subject to a final order at a subsequent hearing.[2]

2. A non-exclusive list of the Taxing and Regulatory Authorities is attached hereto as **Exhibit A** (the "Taxing Authority List").[3] Although the Debtors believe the Taxing Authority List is substantially complete, the Debtors request the relief sought herein be made applicable to all Taxing and Regulatory Authorities and not solely to those Taxing and Regulatory Authorities listed on the Taxing Authority List.

Jurisdiction and Venue

3. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding

[2] Paragraph 4 of the Complex Case Procedures permits final orders, rather than interim orders subject to final orders at subsequent hearing, to be sought for, among other things, motions to pay prepetition and postpetition taxes that are (i) secured by property of the estate; (ii) held in trust by the debtors pursuant to state or federal law; or (iii) entitled to priority pursuant to 11 U.S.C. § 507(a)(8).

[3] The inclusion of any entity on, or the omission of any entity from, the Taxing Authority List is not an admission by the Debtors that such entity is, or is not, a Taxing Authority to which the Debtors owe any amount, and the Debtors reserve all rights with respect to any such determination.

pursuant to 28 U.S.C. § 157(b)(2). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are sections 105(a), 363(b), 507(a), 541(d), and 1129(a)(9) of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rules 6003 and 6004, rules 1075-1, 4002-1, and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "Bankruptcy Local Rules"), and the Procedures for Complex Cases in the Southern District of Texas (the "Complex Case Procedures").

Background

6. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to the Debtors' chapter 11 cases, is set forth in the Declaration of [●] in Support of the Debtors' Chapter 11 Petitions and First Day Motions (the "First Day Declaration"), filed contemporaneously herewith on [●] (the "Petition Date"). Capitalized terms used but not defined in this Motion have the meanings ascribed to them in the First Day Declaration.

7. On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors have filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). The primary goal of these chapter 11 proceedings is to preserve liquidity, stabilize operations, and provide the breathing room necessary for the Debtors to explore a value-maximizing transaction or other restructuring alternatives for the benefit of all stakeholders. No request for the appointment of a trustee or examiner has been made in these

chapter 11 cases and no official committees have been appointed or designated as of the date hereof.

Taxes and Fees Overview

8. In the ordinary course of their business, the Debtors are subject to a variety of franchise taxes, property taxes, licensing and permitting fees, regulatory fees and assessments, and related obligations (collectively, the "Taxes and Fees"). The Debtors pay the Taxes and Fees to various Taxing and Regulatory Authorities on a periodic basis as required by applicable laws and regulations. The Debtors may also receive tax credits from time to time for overpayments or refunds in respect of the Taxes and Fees, which the Debtors generally use to offset against future Taxes and Fees or have the amount of such credits refunded to the Debtors. In addition, for the avoidance of doubt, the Debtors seek authority to pay Taxes and Fees for so-called "straddle" periods.[4] For the 2025 tax year, the Debtors paid approximately $504,000 in Taxes and Fees. As of the Petition Date, the Debtors believe that approximately $5,410,000 in Taxes and Fees are accrued and/or outstanding. The Taxes and Fees include:

i. *Income and Franchise Taxes*. The Debtors are subject to federal and state income tax and franchise tax liabilities ("Income and Franchise Taxes"). The Debtors are required under certain circumstances to pay Income and Franchise Taxes to various states. As of the Petition Date, the Debtors estimate that they currently have $110,000 outstanding accrued prepetition amounts on account of Income and Franchise Taxes. The Debtors request authority to pay any prepetition amounts that may come due on account of such Income and Franchise Taxes.

ii. *Property Taxes*. The Debtors are required to pay personal property and real property taxes in the ordinary course of operating their business (the "Property Taxes") at the city, county, and state level. The Debtors believe that approximately $5,300,000 in personal and real property taxes are due as of the Petition Date, which continue to

[4] Claims for so-called "straddle" Taxes and Fees may be entitled to administrative claim treatment pursuant to section 503(b)(1)(B) of the Bankruptcy Code. The Debtors are seeking the authority to pay such "straddle" Taxes and Fees as they become due under applicable law because the Debtors could be subject to late payment penalties and interest in the event they do not pay such taxes and a court ultimately concludes that such taxes are entitled to administrative priority. The Debtors reserve their rights with respect to the proper characterization of any "straddle" Taxes and Fees and to seek reimbursement of any portion of any payment made that ultimately is not entitled to administrative or priority treatment.

accrue penalties and interest while unpaid. The Debtors request authority to pay Property Tax in the ordinary course as it may come due.

iii. *Regulatory and Other Taxes and Fees*. The Debtors incur, in the ordinary course of business, certain regulatory assessments, permitting, licensing and other operational fees, in order to maintain compliance with, among other things, state and federal environmental regulations (collectively, the "Regulatory and Other Taxes and Fees"). The Regulatory and Other Taxes and Fees include, but are not limited to, fees associated with: air quality, chemical storage, construction, environmental waste, water and zoning. The Debtors generally pay the Regulatory and Other Taxes and Fees as they come due. The Debtors do not believe there is any amount due and owing on account of Regulatory and Other Taxes and Fees relating to the prepetition period as of the Petition Date. Out of an abundance of caution, however, the Debtors request authority to pay any such amounts in the ordinary course of business.

iv. *Audits*. From time to time, the Debtors are subject to audits by the Taxing and Regulatory Authorities for prior obligation periods (collectively, the "Audits"). Currently, the Debtors are not subject to a refund Audit. Out of an abundance of caution, the Debtors seek authority, but not direction, to pay any Taxes and Fees that may be assessed as a result of any Audits, consistent with the budget and any cash collateral orders, as they may arise in the ordinary course of the Debtors' business, including as a result of any settlements of issues addressed in any Audits.

Basis for Relief

9. The Debtors seek authority to pay certain Taxes and Fees that have accrued or were incurred prior to the Petition Date in jurisdictions where the Debtors currently conduct business. The Debtors also seek authority to continue paying Taxes and Fees on a postpetition basis in the ordinary course, whether arising before or after the Petition Date, to ensure uninterrupted business operations through the duration of the Debtors' restructuring efforts in these cases. The continued payment of the Taxes and Fees will ultimately preserve the resources of the Debtors' estates. In addition, the Debtors collect and hold certain potential Taxes and Fees in trust for the benefit of certain Taxing and Regulatory Authorities, and these funds may not constitute property of the Debtors' estates. In all cases, the Debtors' failure to pay Taxes and Fees could have a material adverse impact on their ability to preserve liquidity, stabilize operations, and explore a value-maximizing transaction or other restructuring alternatives for the benefit of all stakeholders..

I. Certain of the Taxes May Not Be Property of the Debtors' Estate

10. Section 541(d) of the Bankruptcy Code provides, in relevant part, that "[p]roperty in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest . . . becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtors' legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold." 11 U.S.C. § 541(d).

11. The Debtors may hold certain potential Taxes and Fees in trust for the benefit of the Taxing and Regulatory Authorities. The Debtors believe that the funds held in trust in connection with related Taxes and Fees may constitute so-called "trust fund" obligations that would be required to be collected and held in trust for payment to certain Taxing and Regulatory Authorities. *See, e.g.,* I.R.C. § 7501 (stating that certain taxes and fees are held in trust); Tex. Tax Code Ann. § 111.016(a) (Vernon 2007) ("Any person who receives or collects a tax or any money represented to be a tax from another person holds the amount so collected in trust for the benefit of the state and is liable to the state for the full amount collected plus any accrued penalties and interest on the amount collected."); O.C.G.A. § 48-7-108 ("tax deducted and withheld by an employer from an employee's wages under this article shall be held to be a special fund in trust for the state"); Ky. Rev. Stat. Ann. § 139.210 (taxes collected deemed held in trust for the Commonwealth); *City of Farrell v. Sharon Steel Corp*., 41 F.3d 92, 97 (3d Cir. 1994) (finding that withholding taxes were subject to a trust). For example, all U.S. federal internal revenue tax withheld is considered to be held in a special fund in trust for the United States. *Begier v. IRS*, 496 U.S. 53, 60 (1990). Consequently, the Debtors may not have an equitable interest in certain

of the Taxes and Fees held for the benefit of the Taxing and Regulatory Authorities, and the Debtors should be permitted to operate funds held in trust in the ordinary course of business.[5]

12. As such, the funds held in trust may not be property of the Debtors' estates under section 541 of the Bankruptcy Code. *See, e.g.*, 11 U.S.C. § 541(d); *Begier*, 496 U.S. at 60–62 (holding that excise and withholding taxes are property held by a debtor in trust for another and, as such, are not property of the debtor's estate); *In re Equalnet Commc'ns Corp.*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2000) ("[C]ertain prepetition tax claims . . . could be trust fund claims.").

II. Certain of the Taxes May Be Secured or Priority Claims Entitled to Priority Treatment Under the Bankruptcy Code

13. Claims for certain of the Taxes and Fees may be claims entitled to priority payment ahead of general unsecured claims. *See* 11 U.S.C. § 507(a)(8) (describing taxes entitled to priority treatment). Moreover, to the extent that such amounts are entitled to priority treatment under the Bankruptcy Code, the respective Taxing and Regulatory Authorities may attempt to assess interest and penalties if such amounts are not paid. *See* 11 U.S.C. § 507(a)(8)(G) (granting priority status to "a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss"). If the Taxes and Fees are deemed to be entitled to priority status, section 1129(a)(9)(C) of the Bankruptcy Code requires that they be paid through regular installment payments (a) of a total value, as of the effective date of a plan of reorganization, equal to the allowed amount of each such claim; (b) over a period not exceeding five years after the Petition Date; and (c) in a manner no less favorable than the most favored non-priority claim provided for by a plan of reorganization (other than a convenience class under section 1122(b) of the Bankruptcy Code). *See* 11 U.S.C. § 1129(a)(9)(C). Additionally, claims entitled to priority status

[5] For the avoidance of doubt, the Debtors hereby request authority to pay the Taxes and Fees as provided herein regardless of whether such Taxes and Fees constitute trust fund obligations.

pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in order to confirm a plan pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.

14. Consequently, payment of such Taxes and Fees will give the applicable Taxing and Regulatory Authorities no more than that to which they otherwise would be entitled under a chapter 11 plan and only affect the timing of payment for the amounts at issue. Payment of certain of the Taxes and Fees to the applicable Taxing and Regulatory Authorities in the ordinary course will not unduly prejudice the rights and recoveries of junior creditors, while saving the Debtors potential interest expense, legal expense, and penalties that otherwise may accrue on, or be incurred in connection with, such Taxes and Fees.

III. Payment of the Taxes and Fees as Provided Herein is a Sound Exercise of the Debtors' Business Judgment

15. Courts have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going concern value. *See, e.g., In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *In re Equalnet Commc'ns Corp.*, 258 B.R. at 369; *see also In re Just for Feet, Inc.*, 242 B.R. 821, 825–26 (D. Del. 1999); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175-76 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983). As set forth below, multiple provisions of the Bankruptcy Code support the payment of prepetition claims as provided herein.

16. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). "In determining whether to authorize the use, sale

or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions." *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (collecting cases); *see also Armstrong World*, 29 B.R. at 397 (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors).

17. Courts authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. *See*, *e.g., Just for Feet*, 242 B.R. at 825-26; *In re CoServ*, 273 B.R. at 497 (finding that sections 105 and 1107 of the Bankruptcy Code provide the authority for a debtor in possession to pay prepetition claims); *In re Mirant Corp.*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2003) (noting that non-payment of prepetition claims may seriously damage a debtor's business). Section 105(a) of the Bankruptcy Code codifies a bankruptcy court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a), courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor's businesses. Specifically, a court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *See Ionosphere Club*s, 98 B.R. at 176 (noting that the necessity of payment rule recognizes the judicial power to authorize a debtor to pay prepetition claims where such payment would be essential to the continued operation of the debtor's business); *In re Lehigh & New England Ry Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (stating that courts may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"). A bankruptcy court's use of its equitable powers to "authorize the payment of prepetition debt when such

payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *Ionosphere Clubs*, 98 B.R. at 175-76 (citing *Miltenberger v. Logansport, C. & S.W. Ry. Co.*, 106 U.S. 286 (1882)). Indeed, at least one court has recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the preplan satisfaction of a prepetition claim." *In re CoServ*, 273 B.R. at 497.

18. A sound business purpose exists here for paying any prepetition Taxes and Fees because the payment thereof is critical to the Debtors' continued and uninterrupted operations. If certain Taxes and Fees remain unpaid, the Taxing and Regulatory Authorities may seek to recover such amounts directly from the Debtors' directors, officers, or employees, thereby distracting such key personnel from the administration of these chapter 11 cases. *See, e.g.*, Tex. Tax Code Ann. § 111.016 (Vernon 2007) (persons who hold money paid as a tax for the benefit of the state are liable to the state for the full amount); Ky. Rev. Stat. Ann. § 141.330 (personally and individually liable); *In re Tex. Pig Stands, Inc.*, 610 F.3d 937, 941 (5th Cir. 2010) (noting that corporate officers may be held responsible for payment of certain corporate taxes). Any collection action on account of such claims and any potential ensuing liability would distract the Debtors and their personnel from their restructuring objectives to the detriment of all parties in interest. The dedicated and active participation of the Debtors' officers and employees is integral to the Debtors' continued operations and essential to the orderly administration and, ultimately, the success of these chapter 11 cases.

19. Furthermore, the Debtors' failure to pay the Taxes and Fees may ultimately result in increased tax liability for the Debtors if interest and penalties accrue on the Taxes and Fees, which amounts also may be entitled to priority treatment. Specifically, the Debtors are aware that certain Property Taxes are past due and currently are accruing penalties and interest. Such a result

may ultimately increase the amount of priority claims held by the Taxing and Regulatory Authorities against the Debtors' estates to the detriment of all of the Debtors' stakeholders. Moreover, if the Debtors do not pay such amounts in a timely manner, the Taxing and Regulatory Authorities may attempt to revoke the Debtors' permits and licenses, file liens, seek to lift the automatic stay, suspend the Debtors' operations, and pursue other remedies that will harm the Debtors' estates, especially in light of the highly regulated nature of the Debtors' business.

20. Similar relief to that requested herein has been granted by bankruptcy courts within this District. *See In re Sunnova Energy International Inc.*, No. 25-90160 (ARP) (Bankr. S.D. Tex. Jun. 9, 2025); *In re Wesco Aircraft Holdings, Inc.*, No. 23-90611 (DRJ) (Bankr. S.D. Tex. June 1, 2023) (authorizing the debtors to remit and pay certain prepetition taxes and fees); *In re MLCJR LLC*, No. 23-90324 (CML) (Bankr. S.D. Tex. May 16, 2023) (same); *In re Serta Simmons Bedding, LLC*, No. 23-90020 (DRJ) (Bankr. S.D. Tex. Jan. 24, 2023) (same); *In re Talen Energy Supply, LLC*, No. 22-90054 (MI) (Bankr. S.D. Tex. May 13, 2022) (same); *In re Strike, LLC*, No. 21-90054 (DRJ) (Bankr. S.D. Tex. Dec. 6, 2021) (same); *In re Lilis Energy, Inc.*, No. 20- 33274 (MI) (Bankr. S.D. Tex. June 29, 2020) (same); *In re Unit Corp.*, No. 20-32740 (DRJ) (Bankr. S.D. Tex. May 26, 2020) (same); *In re CARBO Ceramics Inc.*, No. 20-31973 (MI) (Bankr. S.D. Tex. Mar. 30, 2020) (same). The Debtors submit that the present circumstances warrant similar relief in these chapter 11 cases.

21. Accordingly, the Court should grant the Debtors authority to pay the Taxes and Fees as provided herein.

Processing of Checks and Electronic Fund Transfers

22. The Debtors have sufficient unrestricted cash on hand to pay the amounts described in this Motion in the ordinary course of business pursuant to the terms of the Cash Management Motion, filed contemporaneously herewith. Based on the cash management system, the Debtors

can readily identify wire transfer requests as relating to an authorized payment in respect of the Taxes and Fees. Accordingly, the Debtors believe there is minimal risk that ACH transfers or wire transfer requests the Court has not authorized will be made inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks, ACH transfers, or wire transfer requests in respect of the relief requested in this Motion. Further, the Debtors also seek authority to issue new postpetition checks, wire transfers, or electronic fund transfer requests to replace any prepetition checks, wire transfers, or funds transfers that may be dishonored or rejected as a result of the commencement of these chapter 11 cases.

Emergency Consideration

23. Pursuant to Bankruptcy Local Rule 9013-1, the Debtors request emergency consideration of this Motion. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one days after the commencement of a chapter 11 case if "relief is needed to avoid immediate and irreparable harm." FED. R. BANKR. P. 6003. Failure to receive the requested relief during the first twenty-one days of these chapter 11 cases would imperil the Debtors' reorganization and cause irreparable harm. Further, this relief will save costs and avoid undue administrative burden and confusion only if granted immediately. The Debtors therefore have satisfied the "immediate and irreparable harm" standard and request that the Court approve the Motion on an emergency basis.

Waiver of Bankruptcy Rules 6004(a) and 6004(h)

24. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to

exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h) to the extent applicable.

Reservation of Rights

25. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission by the Debtors as to the amount of, basis for, or validity of any claim against any Debtor under the Bankruptcy Code or other applicable law; (b) a waiver or limitation of the Debtors' or any other party in interest's right to dispute the amount of, basis for, or validity of any claim; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission by the Debtors as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates (and the rights of all parties in interest are expressly preserved with respect to such liens); or (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Notice

26. The Debtors have provided notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee; (b) the holders of the thirty largest unsecured claims

against the Debtors (on a consolidated basis); (c) the Banks (as defined in the Cash Management Motion); (d) counsel to certain Senior Secured Noteholders; (e) the United States Attorney's Office for the Southern District of Texas; (f) the state attorneys general for states in which the Debtors conduct business; (g) other governmental or regulatory agencies having a regulatory or statutory interest in these cases; (h) the Internal Revenue Service; (i) the Taxing and Regulatory Authorities; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002 and Bankruptcy Local Rule 9013-1(d). In light of the nature of the relief requested, the Debtors submit that no other or further notice is required.

27. The Debtors request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

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Dated: April 10, 2026

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

By: */s/ Ryan Manns*

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Proposed Counsel to the Debtors and Debtors in Possession

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Ryan Manns
Ryan Manns

Certificate of Service

I certify that on April 10, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. Additionally, the foregoing document will be served as set forth in a forthcoming affidavit filed by the Debtors' proposed claims agent.

/s/ Ryan Manns
Ryan Manns

Exhibit A

Taxing and Regulatory Authorities

Exhibit A

Taxing and Regulatory Authorities

Taxing Authority Name	Tax Type	Address
ALABAMA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	50 NORTH RIPLEY STREET MONTGOMERY, AL 36132
ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION	INCOME AND FRANCHISE TAXES	RAGLAND BUILDING 1900 W 7TH, STE 2047 LITTLE ROCK, AR 72201
CALIFORNIA FRANCHISE TAX BOARD (INCOME) / CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION (SALES)	INCOME AND FRANCHISE TAXES	P.O. BOX 942879 SACRAMENTO, CA 94279
CHRISTIAN COUNTY CLERK'S OFFICE	PROPERTY TAXES	511 SOUTH MAIN STREET SUITE 1 HOPKINSVILLE, KY 42240
CITY OF HOPKINSVILLE	PROPERTY TAXES; REGULATORY AND OTHER TAXES AND FEES	715 SOUTH VIRGINIA STREET HOPKINSVILLE, KY 42240
CITY OF COVINGTON	REGULATORY AND OTHER TAXES AND FEES	CITY OF COVINGTON PLANNING, ZONING, & ENGINEERING DEPARTMENT 2116 STALLINGS STREET, NW, P.O. BOX 1527 COVINGTON, GA 30015
COLORADO DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	1375 SHERMAN ST. DENVER, CO 80261
COMPTROLLER OF MARYLAND	INCOME AND FRANCHISE TAXES	REVENUE ADMINISTRATION CENTER 80 CALVERT STREET ANNAPOLIS, MD 21404
DELAWARE DIVISION OF REVENUE	INCOME AND FRANCHISE TAXES	CARVEL STATE OFFICE BUILDING 820 NORTH FRENCH STREET WILMINGTON, DE 19801
FLORIDA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	5050 WEST TENNESSEE STREET TALLAHASSEE, FL 32399-0100
GEORGIA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	1800 CENTURY BOULEVARD NE ATLANTA, GA 30345
GEORGIA ENVIRONMENTAL PROTECTION DIVISION (EPD)	REGULATORY AND OTHER TAXES AND FEES	2 MARTIN LUTHER KING JR. DRIVE SUITE 1456, EAST TOWER ATLANTA, GA 30334

Exhibit A

Taxing and Regulatory Authorities

Taxing Authority Name	Tax Type	Address
GEORGIA SECRETARY OF STATE	REGULATORY AND OTHER TAXES AND FEES	CORPORATE DIVISION 2 MKL JR DR SUITE 313 FLOYD WEST TOWER ATLANTA, GA 30334-1530
HOPKINSVILLE-INDUSTRIAL WASTEWATER ENVIRONMENTAL AUTHORITY	REGULATORY AND OTHER TAXES AND FEES	401 E 9TH STREET HOPKINSVILLE, KY 42240
INTERNAL REVENUE SERVICE	INCOME AND FRANCHISE TAXES	1111 CONSTITUTION AVENUE, N.W. WASHINGTON, DC 20224
KENTUCKY DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	600 WEST CEDAR STREET 2ND FLOOR WEST LOUISVILLE, KY 40202-2310
KENTUCKY DEPARTMENT FOR ENVIRONMENTAL PROTECTION	REGULATORY AND OTHER TAXES AND FEES	300 SOWER BLVD FRANKFORT, KY 40601
KENTUCKY DIVISION OF WATER	REGULATORY AND OTHER TAXES AND FEES	300 SOWER BLVD 3RD FLOOR FRANKFORT, KY 40601
KENTUCKY STATE TREASURER	REGULATORY AND OTHER TAXES AND FEES	1050 US HIGHWAY 127 SOUTH SUITE 100 FRANKFORT, KY 40601
LOUISIANA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	617 NORTH THIRD STREET P.O. BOX 201 BATON ROUGE, LA 70821
MASSACHUSETTS DEPARTMENT OF ENVIRONMENTAL PROTECTION	REGULATORY AND OTHER TAXES AND FEES	100 CAMBRIDGE STREET SUITE 900 BOSTON, MA 02114
MASSACHUSETTS DEPARTMENT OF REVENUE (COMMONWEALTH OF MASSACHUSETTS)	INCOME AND FRANCHISE TAXES; REGULATORY AND OTHER TAXES AND FEES	100 CAMBRIDGE STREET SUITE 500 BOSTON, MA 02202
MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS (LARA)	REGULATORY AND OTHER TAXES AND FEES	2407 N GRAND RIVER AVE LANSING, MI 48906
MICHIGAN DEPARTMENT OF TREASURY	INCOME AND FRANCHISE TAXES	430 W. ALLEGAN STREET LANSING, MI 48922

Exhibit A

Taxing and Regulatory Authorities

Taxing Authority Name	Tax Type	Address
MINNESOTA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	600 NORTH ROBERT ST. ST. PAUL, MN 55101
MISSISSIPPI DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	500 CLINTON CENTER DR CLINTON, MS 39056
MISSOURI DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	HARRY S TRUMAN STATE OFFICE BUILDING 301 WEST HIGH STREET JEFFERSON CITY, MO 65101
NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION	INCOME AND FRANCHISE TAXES	109 PLEASANT ST. CONCORD, NH 03301
NEW JERSEY DIVISION OF TAXATION	INCOME AND FRANCHISE TAXES	50 BARRACK STREET 1ST FLOOR LOBBY TRENTON, NJ 08695
NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE	INCOME AND FRANCHISE TAXES	1 COMMERCE PLAZA 99 WASHINGTON AVE., SUITE 600 ALBANY, NY 12231-0001
NEWTON COUNTY TAX COMMISSIONER	PROPERTY TAXES	1113 USHER STREET SUITE 104 COVINGTON, GA 30014
NYS DEPARTMENT OF TAXATION & FINANCE – CORPORATION TAX	INCOME AND FRANCHISE TAXES	W.A. HARRIMAN CAMPUS BUILDING 9 ALBANY, NY 12227
OFFICE OF THE KENTUCKY SECRETARY OF STATE	INCOME AND FRANCHISE TAXES	700 CAPITAL AVENUE SUITE 152 FRANKFORT, KY 40601
PENNSYLVANIA DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	1131 STRAWBERRY SQUARE HARRISBURG, PA 17128
STATE OF DELAWARE – DIVISION OF CORPORATIONS	INCOME AND FRANCHISE TAXES	401 FEDERAL STREET SUITE 4 DOVER, DE 19901
TENNESSEE DEPARTMENT OF REVENUE	INCOME AND FRANCHISE TAXES	ANDREW JACKSON BUILDING 500 DEADERICK ST. NASHVILLE, TN 37242

Exhibit A

Taxing and Regulatory Authorities

Taxing Authority Name	Tax Type	Address
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS	INCOME AND FRANCHISE TAXES	LYNDON B. JOHNSON STATE OFFICE BUILDING 111 EAST 17TH STREET AUSTIN, TX 78774
UTAH STATE TAX COMMISSION	INCOME AND FRANCHISE TAXES	210 NORTH 1950 WEST SALT LAKE CITY, UT 84134
WESTBOROUGH PROPERTY TAX (TOWN OF WESTBOROUGH ASSESSOR)	PROPERTY TAXES	34 WEST MAIN STREET WESTBOROUGH, MA 01581

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
ASCEND ELEMENTS, INC., *et al.*,[1]	)	Case No. 26-90440
Debtors.	)	(Joint Administration Requested)

ORDER (I) AUTHORIZING THE PAYMENT OF CERTAIN TAXES AND FEES, AND (II) GRANTING RELATED RELIEF

Upon the emergency motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an order (this "Order): (a) authorizing, but not directing, the Debtors to pay the Taxes and Fees incurred by the Debtors owed for periods prior to, including, or following the Petition Date and in the ordinary course of business to various local, state, and federal taxing, licensing, and regulatory authorities (collectively, the "Taxing and Regulatory Authorities") and in the ordinary course of business; and (b) granting related relief, all as more fully set forth in the Motion and the First Day Declaration; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Order of Reference to Bankruptcy Judges* from the United States District Court for the Southern District of Texas, entered May 24, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue for this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Ascend Elements, Inc. (2893) and Ascend Elements US, LLC (8309). The location of the Debtors' service address is: 133 Flanders Road, Westborough, MA 01581.

[2] Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, if any (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Debtors are (a) authorized, but not directed to, directly or indirectly pay or remit the Taxes and Fees that accrued prior to the Petition Date, if any, and that will become payable in the ordinary course during the pendency of these chapter 11 cases at such time when the Taxes and Fees are payable and in a manner consistent with past practices; and (b) pay Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis consistent with prepetition practices and, in each case, solely to the extent that such Taxes and Fees become payable in accordance with applicable law and with the consent of the Senior Secured Holders. Notwithstanding anything to the contrary herein or within the Motion, if the Debtors make a payment regarding any Taxes and Fees for the prepetition portion of any "straddle" amount, and the Court later determines such amount was not entitled to priority or administrative treatment under section 507(a)(8) or 503(b)(1)(B) of the Bankruptcy Code, the Debtors may (but are not required to) request the Court enter an order directing a return of such amounts and the payment of such amounts shall, upon entry of order by the Court, be refunded to the Debtors.

2. To the extent that the Debtors have overpaid any Taxes and Fees, the Debtors are authorized, but not directed to seek a refund or credit. The Debtors are further authorized, but not directed to settle some or all of the Taxes and Fees for less than their face amount without further notice or hearing and with the consent of the Senior Secured Noteholders.

3. Nothing contained in this Motion or this Order (a) shall be construed to accelerate payments to any taxing authority that are not otherwise due and payable, or (b) authorizes the Debtors to accelerate any payments not otherwise due.

4. All applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this order whether presented prior to or after the Petition Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this order.

5. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, and subject to the administrative status afforded pursuant to this Order, nothing in this Order is intended to be or shall be deemed: (a) an admission by the Debtors as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission by the Debtors as to the validity, priority, enforceability, or perfection of any lien

on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors' or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. Any payment made pursuant to this Order is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

6. The Debtors shall maintain a matrix/schedule of payments made pursuant to this Order, including the following information: (a) the names of the payee; (b) the nature of the payment; (c) the amount of the payment; (d) the category or type of payment; (e) the Debtor or Debtors that made the payment; (f) the payment date; and (g) the purpose of such payment. The Debtors shall provide a copy of such matrix/schedule to the U.S. Trustee, counsel to the Senior Secured Noteholders, and any statutory committee appointed in these chapter 11 cases every 30 days beginning upon entry of this Order.

7. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in the Motion or this Order shall create any rights in favor of, or enhance the status of any claim held by, any of the Taxing and Regulatory Authorities and no Taxing or Regulatory Authority shall have any greater rights with respect to any Taxes and Fees paid pursuant to this Order than such authority would have had absent this Order.

8. Notwithstanding anything to the contrary contained in the Motion and this Order, any payment to be made and any relief or authorization granted hereunder shall be limited by, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court

authorizing the Debtors' use of cash collateral (any such order, a "CC Order"), including, for the avoidance of doubt, any budget and the terms of any definitive documentation in connection therewith (the "CC Documents"). To the extent of any conflict (but solely to the extent of such conflict) between the terms of this Motion and Order and the terms of any CC Order or any CC Documents, the terms of the CC Order or such CC Document, as applicable, will govern.

9. The Debtors' rights to contest the validity or priority of any Taxes and Fees on any grounds the Debtors deem appropriate are reserved, and shall extend to the payment of Taxes and Fees relating to Audits that have been completed, are in progress, or arise from prepetition and postpetition periods.

10. The Debtors' rights to contest the validity or priority of any Taxes and Fees on any grounds the Debtors deem appropriate are reserved, and shall extend to the payment of Taxes and Fees relating to Audits that have been completed, are in progress, or arise from prepetition and postpetition periods.

11. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003.

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

13. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

15. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.