

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

In re:	)	
	)	Chapter 11
NINE ENERGY SERVICE, INC., <i>et al.</i> , ¹	)	
	)	Case No. 26-90295 (CML)
Debtors.	)	
	)	(Jointly Administered)

**DECLARATION OF BASSAM J. LATIF
IN SUPPORT OF THE DEBTORS' EMERGENCY
MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION
FINANCING, (II) GRANTING LIENS AND PROVIDING CLAIMS WITH
SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) AUTHORIZING
THE USE OF CASH COLLATERAL, (IV) MODIFYING THE AUTOMATIC STAY,
(V) SCHEDULING A FINAL HEARING, AND (VI) GRANTING RELATED RELIEF**

I, Bassam J. Latif, hereby declare as follows under penalty of perjury:

1. I am a Managing Director at Moelis & Company LLC ("Moelis"), the proposed investment banker for the Debtors in the above-captioned chapter 11 cases.²

2. I submit this declaration (this "Declaration") in support of the relief requested in the Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Authorizing the Use of Cash Collateral, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/NineEnergy>. The location of Nine Energy Service, Inc.'s principal place of business and the Debtors' service address in these chapter 11 cases is 2001 Kirby Drive, Suite 200, Houston, TX 77019.

² A detailed description of the Debtors and their business, including the facts and circumstances giving rise to the Debtors' chapter 11 cases, is set forth in the *Declaration of Guy Sirkes, Executive Vice President and Chief Financial Officer of Nine Energy Service, Inc., in Support of First Day Motions* [Docket No. 4] (the "First Day Declaration").

Relief (the “DIP Motion”),³ filed contemporaneously herewith.⁴

3. I am familiar with the DIP Facility and the material terms thereof, and I submit this Declaration in support of the proposed DIP Facility and continued access to cash collateral, which (a) will provide the Debtors with critical access to liquidity to continue to operate their businesses without interruption during these chapter 11 cases, (b) is the product of an arm’s-length, good-faith negotiation process, (c) is the best available postpetition financing option currently available to the Debtors, and (d) contains reasonable terms and conditions under the circumstances.

4. Unless otherwise indicated, the statements set forth in this declaration are based on (a) my personal knowledge or experience, (b) information I have received from the Debtors, my colleagues at Moelis working directly with me or under my supervision, direction, or control, and/or the other advisors of the Debtors, and/or (c) my review of the relevant documents and information concerning the Debtors’ operations, financial affairs, and restructuring initiatives. I am not being compensated for this testimony other than through payments received by Moelis as a professional proposed to be retained by the Debtors, subject to approval by this Court.

5. I am over the age of 18 and am authorized to submit this declaration on behalf of the Debtors. If I were called upon to testify, I would testify competently to the facts and opinions set forth herein.

Professional Background and Qualifications

6. I am a Managing Director at Moelis, a leading international investment banking

³ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the First Day Declaration, the DIP Motion, the Interim DIP Order, or the DIP Credit Agreement (each as defined in the DIP Motion), as applicable.

⁴ The material terms of the DIP Facility are set forth in detail in the DIP Motion. For avoidance of doubt, any description of the DIP Facility herein or in the DIP Motion is qualified in its entirety by reference to the DIP Documents.

and financial advisory firm (NYSE: MC) that has its principal office at 399 Park Avenue, 4th Floor, New York 10022, and over 1,000 employees across offices in North America, South America, Europe, the Middle East, and Asia. Moelis provides a broad range of financial advisory services, including (a) mergers and acquisitions, (b) capital structure advisory, recapitalization, and restructuring, and (c) capital markets advisory. Moelis has been, and is, involved in some of the largest and most complex restructuring cases throughout the United States and worldwide.

7. I am based in Moelis' Houston office, located at Texas Tower, 845 Texas Ave, 22nd Floor Houston, Texas 77002. I have over twenty-three years of investment banking experience, including over twenty years focused on advising companies and/or their stakeholders in a wide range of recapitalization and restructuring transactions, and financing transactions, including procuring, structuring, and negotiating postpetition financing across a broad range of industries.

8. As a Managing Director, I am responsible for the day-to-day activities of the Moelis deal team. I have been the senior contact at Moelis responsible for day-to-day discussions with the Debtors relating to general restructuring advice and financing alternatives.

9. I graduated with a Bachelor of Science degree in Mechanical Engineering and a Bachelor of Arts degree in Economics from Rice University in Houston, Texas, and received a Master of Business Administration degree from Columbia University in New York, New York.

The Debtors' Need for Debtor-in-Possession Financing and Access to Cash Collateral

10. The Debtors' prepetition capital structure includes approximately \$388 million in total funded debt as of the Petition Date, which is more fully described in the First Day Declaration and can be summarized as follows:

<i>Funded Debt</i>	<i>Maturity</i>	<i>Amount Outstanding (in millions)</i>
Prepetition ABL Facility	November 2, 2027	\$68.5 ⁵
Senior Secured Notes	February 1, 2028	\$319.5 ⁶
<i>Total Debt Obligations</i>		<i>\$388.0</i>

11. As discussed more fully in the First Day Declaration, the Debtors entered into the RSA with the Ad Hoc Group and the Prepetition ABL Lenders and launched solicitation of votes on the prepackaged Plan to pursue a comprehensive reorganization of their business.

12. As of the Petition Date, my understanding is that the Debtors have approximately \$5.5 million of unrestricted cash on hand. Based on my familiarity with the Debtors' operations and my experience as a restructuring professional, and based on my review of the Debtors' cash flow forecasts, I believe the Debtors will be detrimentally affected if they continue to operate their business in chapter 11 without the benefits provided by the DIP Facility. The Debtors' proposed DIP Facility will provide incremental liquidity flexibility not available on a cash collateral basis alone. This flexibility should allow the Debtors to continue business operations, maintain critical business relationships with vendors, suppliers, and customers, make payroll, make capital expenditures, and satisfy other working capital and operational needs during these chapter 11 cases.

13. Based on the DIP budget prepared by the Debtors in consultation with FTI, the Debtors determined that they would need an ABL facility sized, at a minimum, to (a) refinance the prepetition ABL facility in full, (b) provide standby letters of credit, and (c) provide the company with sufficient liquidity to fund its operations and maintain appropriate liquidity cushion

⁵ Includes \$1.7 million in Letters of Credit.

⁶ Includes \$19.5mm in accrued interest.

through these chapter 11 cases.

14. The DIP Facility allows the Debtors to achieve these goals. Accordingly, I believe entry into the proposed DIP Facility is necessary, value-maximizing, and should provide the Debtors with sufficient liquidity to continue to operate their businesses in the ordinary course during these chapter 11 cases. I also believe, based on Moelis' prepetition marketing efforts, that the DIP Facility, taken as a whole, is the best source of postpetition financing currently available to the Debtors.

Efforts to Obtain Postpetition Financing and the Marketing Process

15. The Debtors engaged Moelis on October 25, 2025, since which time Moelis has provided investment banking and financial advisory services to the Debtors. In that capacity, I, along with other members of the Moelis team, have been directly involved in the matters leading up to these prepackaged chapter 11 cases, including, among other things: (a) analyzing the Debtors' liquidity and projected cash flows; (b) understanding the Debtors' businesses, operations and finances; (c) reviewing and analyzing the Debtors' balance sheet and capital structure alternatives; (d) providing strategic advice to the Debtors' board of directors and management; (e) participating in negotiations with the Debtors' existing lenders and other parties in interest; (f) soliciting, negotiating, and analyzing debtor-in-possession and exit financing proposals; (g) negotiating and analyzing the terms of the RSA and restructuring transaction; and (h) assisting the Debtors in connection with preparations for commencement of these prepackaged chapter 11 cases, including with the proposed DIP Facility and exit financing facility.

16. The Debtors have also worked closely with Moelis and their advisors, including Kirkland & Ellis LLP ("K&E"), the Debtors' restructuring counsel, and FTI Consulting, Inc.

(“FTI”), the Debtors’ financial advisor, to size the DIP financing facility and identify and develop potential sources of postpetition financing.

17. As further described below, the Debtors went through an extensive marketing process before selecting a debtor-in-possession financing proposal. At the outset of this marketing process, the Debtors had three key stated objectives as relates to the postpetition financing: (i) secure debtor-in-possession financing on the most favorable terms available in the current market environment; (ii) simultaneously secure exit financing commitments at the outset of these chapter 11 cases on the most favorable terms available and with a borrowing base as large as the Debtors’ current assets will allow; and (iii) facilitate a holistic DIP-to-exit financing solution to ensure the longer-term stability of the ongoing enterprise, particularly in the view of the Debtors’ employees, customers, and vendors.

I. The Prepetition Marketing Process.

18. Prior to the filing of the chapter 11 cases, the Debtors engaged with certain prepetition stakeholders and conducted an extensive marketing process targeting third-party lenders to ensure the DIP Facility was the best financing proposal available.

19. Beginning in November 2025, the Debtors, with the assistance of their advisors, contacted the four largest Senior Secured Noteholders, who comprised the Ad Hoc Group. The members of the Ad Hoc Group signed confidentiality agreements with the Company in December 2025, at which time the Debtors presented a detailed business overview and financial forecast to the Ad Hoc Group and provided the Ad Hoc Group with access to a virtual data room. Shortly thereafter, the Debtors and the Ad Hoc Group commenced negotiations on the terms of comprehensive restructuring transactions. As part of these negotiations, the Ad Hoc Group informed the Debtors that it was not interested in providing debtor-in-possession financing.

20. In December 2025, the Debtors and their advisors also engaged with the Prepetition ABL Lenders as a potential source of debtor-in-possession financing. In parallel, Moelis approached the third-party financing market on behalf of the Debtors and solicited indications of interest from twenty-five additional financial institutions (including both banks and non-bank financial institutions capable of providing ABL financing). Moelis, together with the Debtors, identified these parties based on a number of factors, including, among other things, their ability to complete diligence in a timely manner, their experience providing debtor-in-possession financing, and their familiarity with the Company and/or the oil & gas sector generally and the oilfield services sector in particular. Furthermore, based on Moelis' prior discussions with these institutions, Moelis understood them to have the financial wherewithal and capabilities to provide a secured ABL facility in a size sufficient to refinance the Prepetition ABL Lenders if needed, and bypass all issues related to a priming or junior debtor-in-possession financing, which is typically a critical road-block for third-party lenders. This allowed Moelis to run a broad competitive financing process with substantial lender participation, and as a result I believe this solicitation process provided a reasonably comprehensive survey of potential financing alternatives.

21. Fifteen of the twenty-five prospective third-party lenders contacted by Moelis signed confidentiality agreements with the Debtors and conducted detailed diligence. These fifteen prospective lenders were provided access to a virtual data room containing detailed information with respect to the Debtors' businesses and financial condition, including the Debtors' (a) management presentation describing the business, (b) financial projections and liquidity forecast, (c) prior borrowing base certificates, (d) list of letters of credit, and (e) existing credit agreement for the Prepetition ABL Facility and all related security agreements and loan

documents. Moelis held informational and diligence calls with all of these prospective third-party lenders that were bound by confidentiality agreements.

22. Ultimately, the Debtors received proposals for debtor-in-possession financing and exit financing from three lending institutions, including a proposal from the Prepetition ABL Lenders (the “White Oak Proposal”) and two additional third-party prospective lenders. Notably, none of the prospective third-party lenders were willing to provide financing to the Debtors on an unsecured or *pari passu* basis.

23. Of the two third-party debtor-in-possession financing proposals received by the Debtors, one was on terms substantially less favorable than those contained in the White Oak Proposal, including on structure, liquidity, fees, interest rate, covenants, and operational flexibility. The other third-party lender proposal initially had competitive terms to the White Oak Proposal, and the Company, with the assistance of Moelis, substantially progressed that proposal alongside the White Oak Proposal. However, this third-party prospective lender ultimately declined to continue in the process following additional diligence and its internal investment committee process.

24. The Debtors continued negotiations with the Prepetition ABL Lenders over multiple rounds leading up to the Petition Date, and those negotiations were successful and resulted in the DIP Facility, which will refinance the Prepetition ABL Facility to provide the Debtors the necessary liquidity to fund these prepackaged chapter 11 cases.

II. The Proposed DIP Facility.

25. Following comprehensive, arm’s-length negotiations, the Debtors were able to secure the proposed DIP Facility on the terms set forth in the DIP Motion, which I believe are in the best interests of the Debtors. I have worked with the Debtors to review the terms of the

proposed DIP Facility, which is comprised of a senior secured superpriority asset-based revolving credit facility composed of (a) up to \$125 million in revolving credit commitments available upon entry of the Interim DIP Order and (b) a full “roll-up” of all obligations under the Prepetition ABL Facility into DIP Loans (the “DIP Roll-Up”) upon entry of the Interim DIP Order. Additionally, a portion of the DIP Facility not to exceed \$5.0 million will be available for the issuance of standby letters of credit. Upon emergence from these chapter 11 cases and pursuant to the Plan, the DIP Facility will be refinanced into a \$135 million Exit ABL Facility with substantially enhanced borrowing base and liquidity availability.

26. The DIP Facility contemplates the interest and fees as set out below:

<i>DIP Facility</i>	
Interest Rate	A percentage per annum equal to (i) SOFR Index Rate (1.50% floor) plus (ii) 4.00%
Fees	The DIP Facility provides for fees that are usual and customary for credit facilities of that type and include: • <u>Letter of Credit Fees</u>: A rate per annum equal to the Applicable Margin then applicable to Revolving Loans whose interest rate is based on the SOFR Index Rate (i.e., 4.00% per annum), plus fronting or other customary fees, costs and expenses which may be charged by the applicable issuer of such letter of credit. • <u>Termination Fee</u>: Equal to the Early Payment/Termination Premium (as defined in the Prepetition ABL Credit Agreement) in the event the DIP Commitments under the DIP Facility are permanently reduced or terminated (i.e., 2.00% in year one, 1.00% in year two and 0.00% in year three, in each case, of the principal amount by which the aggregate commitments and/or loans are reduced or terminated, in each case, pursuant to an early termination event); <i>provided, however</i>, that upon emergence, such fee will be waived in the event the DIP Facility is rolled into the Exit ABL Facility, so long as such Exit ABL Facility (a) is arranged by White Oak Commercial Finance, LLC, and its affiliates and (b) is consistent with the terms set forth in the Exit ABL Term Sheet attached as <u>Exhibit D</u> to the RSA. • <u>Unused Line Fee</u>: A percentage per annum equal to 0.50% of the amount by which (a) the aggregate principal amount of the DIP Commitments exceeds (b) the average daily outstanding principal balance of the Revolving Loans and letter of credit liabilities during the immediately preceding month (or part thereof), payable in arrears on the first day of each calendar month. • <u>Arrangement Fee</u>: An amount equal to 1.50% of the aggregate principal amount of the DIP Commitments as of the Closing Date. • <u>Collateral Monitoring Fee</u>: \$10,000 per month, paid monthly in advance.

27. The RSA and DIP Facility provide the Debtors with, among other things, (a) debtor-in-possession financing on the best terms available in this market, and (b) a firm Exit ABL Facility commitment of up to \$135 million, providing a larger facility than the Prepetition ABL Facility with substantially enhanced borrowing base and liquidity availability, and favorable covenants and reserves. The DIP Facility will enable the Debtors to maintain operations and fund the costs of these chapter 11 cases while completing a successful, comprehensive reorganization under the Plan. The accompanying Exit ABL Facility commitment provides certainty to the Debtors, their employees, their vendors, and their customers that there is a clear path to (a) an exit from chapter 11 and (b) substantial additional financing upon emergence to set the Company up for growth. Accordingly, I believe that the DIP Facility provides, on balance, a more attractive postpetition financing proposal than any alternative available to the Debtors under the circumstances.

28. The DIP Documents also contain certain milestones that the Debtors must meet throughout these chapter 11 cases. In particular, by no later than March 16, 2026, the Bankruptcy Court shall have entered the Final DIP Order and the Confirmation Order. Further, by no later than March 31, 2026, the Plan Effective Date shall have occurred. The milestones were negotiated by the DIP Lenders as a condition to providing the DIP Facility and are anticipated by the Debtors to provide the Debtors with adequate time to implement their restructuring transactions through these prepackaged chapter 11 cases. Under the circumstances, I believe that the milestones in the DIP Facility are reasonable and appropriate.

The DIP Facility is the Best Postpetition Financing Arrangement Available to the Debtors

I. No Alternative Sources of Financing Are Available on Better Terms.

29. As discussed above, the Debtors, with the assistance of their advisors, solicited

interest from third-party investors to determine whether the Debtors could obtain financing on better terms. The Debtors did not receive any superior actionable proposals from third parties to provide DIP financing. The two third-party proposals were not on better terms than the DIP Facility. Accordingly, the DIP Facility is the result of the Debtors' reasonable and informed determination that no alternative sources of postpetition financing are currently available to the Debtors (whether unsecured or secured) on terms better than the DIP Facility.

II. The DIP Facility Was Negotiated at Arm's Length.

30. The DIP Facility, including the fees and interest rates thereunder, were the product of good faith, arm's-length negotiation among the Debtors and DIP Lenders. As a result of several rounds of extensive, hard-fought negotiations and the exchange of several drafts of term sheets, the Interim DIP Order, and other DIP Documents, the Debtors were able to achieve more favorable terms, including improved interest rate terms, more favorable borrowing base availability, and less restrictive covenants. Under the current circumstances, I believe that the fees, interest rates, and other economics provided for in the DIP Facility, taken as a whole, are reasonable and in the Debtors' best interests, particularly in light of the absence of any more favorable alternatives.

III. The Fees Are Reasonable Under the Circumstances.

31. The DIP Lenders has committed a substantial amount of capital in the form of the DIP Facility and the Exit ABL Facility commitment to ensure successful execution of these prepackaged chapter 11 cases. These commitments were conditioned on, among other things, the payment of fees pursuant to the DIP Term Sheet and the DIP Credit Agreement. I believe that this agreement on the economics of the overall deal appropriately compensates the DIP Lenders and recognizes their willingness to work constructively to maximize the value of the estate and

be responsive to the acute needs of the Debtors' business.

32. Moelis compiled and reviewed a list of select recent debtor-in-possession revolving ABL financing facilities. In this review, Moelis compared the terms of other postpetition financing comparable to the terms of the DIP Facility, including the interest rates on the selected facilities, the various fees charged by the selected facilities, and any roll-up of prepetition debt. It is my belief, based on Moelis's review of comparable facilities, that the terms of the DIP Facility, taken in their entirety, are reasonable in light of the circumstances of these cases.

33. In view of the lack of any postpetition financing alternatives available to the Debtors on better terms, and the circumstances of these cases, including the tangible benefit to the estates of having a substantial postpetition financing and exit financing commitment, I believe that the consideration being provided to the DIP Lenders for such commitments is reasonable under the circumstances, appropriately compensates those parties for their costs and the assurances they are providing to the process, and are necessary for the Debtors to continue operating their businesses in the ordinary course and to maximize the value of their estates.

IV. The DIP Roll-Up is Reasonable Under the Circumstances.

34. The DIP Lenders expressly conditioned their DIP financing proposals on, among other things, the DIP Roll-Up. The DIP Lenders demanded a roll-up in exchange for, among other things, making liquidity under the DIP Facility immediately available, providing an Exit ABL Facility commitment to fund the Debtors' emergence from chapter 11, and otherwise supporting the terms of the RSA. Absent such DIP Roll-Up, the Debtors would not have access to debtor-in-possession financing on comparable terms.

35. To note, the DIP Roll-Up will not adversely affect any party in interest and will benefit the Debtors because the Prepetition ABL Obligations are oversecured, such that the DIP

Roll-Up solely affects the timing of recovery that would otherwise be available to the Prepetition ABL Lenders upon confirmation of a chapter 11 plan. As part of my analysis of the DIP Roll-Up, I reviewed the Debtors' DIP Budget, which projects the Debtors will have total outstanding Prepetition ABL Facility borrowings at the Petition Date of approximately \$68.5 million compared to a borrowing base of approximately \$83.6 million. This excess borrowing base availability demonstrates that the Prepetition ABL Lenders are oversecured. I believe the DIP Budget is well founded and credible, and, based on my experience, a reasonable basis to conclude that the Prepetition Collateral is worth more than the Prepetition ABL Obligations.

36. Taken as a whole, the DIP Roll-Up is an integral component of the best financing package available under the circumstances. I also believe that the DIP Roll-Up is an essential condition for the DIP Lenders to provide the DIP Facility, which is the best available form of postpetition financing currently available to the Debtors.

Conclusion

37. In light of the foregoing and based on my experience in general and my specific involvement in the marketing and negotiation of the DIP Facility, I believe that entering into the DIP Credit Agreement is a sound exercise of the Debtors' business judgement following a thorough process and comprehensive evaluation of alternatives. The DIP Facility is on the most favorable terms available, providing continued access to liquidity to fund the Debtors' businesses during these chapter 11 cases, and facilitating the holistic DIP-to-exit financing solution which the Debtors seek.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: February 2, 2026

Respectfully submitted,

/s/ Bassam J. Latif

Bassam J. Latif
Managing Director
Moelis & Company LLC
Proposed Investment Banker to the Debtors