USD Partners LP

811 Main Street, Suite 2800
Houston, TX 77002

(281) 291-0510
https://usdpartners.com
investorrelations@usdg.com

Annual Report

For the period ending December 31, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

33,774,427 as of March 8, 2025 *(Current Reporting Period Date or More Recent Date)*

33,774,427 as of December 31, 2024 *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control of the company has occurred during this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

USD Partners LP

Current State and Date of Incorporation or Registration: Delaware
Standing in this jurisdiction: (e.g. active, default, inactive): In Good Standing

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

On November 15, 2023, USD Partners LP (the "Partnership") received a written notice from the staff of NYSE Regulation notifying the Partnership that NYSE Regulation had determined to commence proceedings to delist the Partnership's common units from the New York Stock Exchange ("NYSE"). Trading in the Partnership's common units on the NYSE was suspended after the market close on November 15, 2023. NYSE Regulation reached its decision to delist the common units pursuant to Section 802.01B of the NYSE's Listed Company Manual because the Partnership had fallen below the NYSE's continued listing standard requiring listed companies to maintain an average global market capitalization over a consecutive 30 trading day period of at least $15 million. The Partnership's units were formally delisted from the NYSE on December 1, 2023.

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None.

Address of the issuer's principal executive office:

811 Main Street, Suite 2800
Houston, TX 77002

Address of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Computershare
Phone: (877) 373-6374
Address: 150 Royall Street, Canton, MA 02021
Email: web.queries@computershare.com
Web Address: computershare.com/investor

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	USDP
Exact title and class of securities outstanding:	Common Units Representing Limited Partnership Interests
CUSIP:	903318 103
Par or stated value:	Not Applicable
Total shares authorized:	Not Applicable
Total shares outstanding:	33,774,427 Common Units as of March 8, 2025
Total number of shareholders of record:	10 as of February 26, 2025

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

Distributions will be made as and when declared by the Board of Directors of the Partnership's General Partner, USD Partners GP LLC (the "General Partner").

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders do not elect the General Partner or the board of directors of the General Partner and have no right to elect the General Partner or the board of directors of the General Partner on an annual or other continuing basis. The board of directors of the General Partner is chosen by the members of the General Partner, which is indirectly owned by US Development Group, LLC ("USD").

The vote of the holders of at least 66 2/3% of all outstanding units voting together as a single class is required to remove the General Partner. At August 1, 2024, our general partner and its affiliates owned 51.2% of the limited partnership interests entitled to vote in this matter (excluding any common units held by our officers, directors, employees and certain other persons affiliated with the General Partner).

Furthermore, unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20.0% or more of any class of units then outstanding, other than the General Partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of the board of directors of the General Partner, cannot vote on any matter.

Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Not Applicable.

3. **Describe any other material rights of common or preferred stockholders.**

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities ***in the past two completed fiscal years and any subsequent interim period****.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding Opening Balance									
Date: January 1, 2022	Common: 27,268,878 Preferred: 0								
Date of Transaction	**Transaction type (e.g., new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
February 16, 2022	New Issuance	351,031	Common Units Representing Limited Partnership Interests	$5.85	No	See Note (A) below	Issuance of Common Units upon vesting of Phantom Units issued to directors, employees and consultants	Unrestricted	Registered pursuant to Form S-8
April 6, 2022	New Issuance	5,751,136	Common Units Representing Limited Partnership Interests	$6.14	No	USD Group LLC	Issuance of shares to an affiliate of the General Partner in connection with the sale of the Hardisty South Terminal to the Partnership	Restricted	Private Placement
April 15, 2022	New Issuance	8,386	Common Units Representing Limited Partnership Interests	$6.20	No	Employee	Issuance of Common Units upon vesting of Phantom Units issued to directors, employees and consultants	Unrestricted	Registered pursuant to Form S-8
August 15, 2022	New Issuance	1,756	Common Units Representing Limited Partnership Interests	$5.25	No	Employee	Issuance of Common Units upon vesting of Phantom Units issued to directors, employees and consultants	Unrestricted	Registered pursuant to Form S-8
February 16, 2023	New Issuance	377,420	Common Units Representing Limited Partnership Interests	$3.54	No	See Note (A) below	Issuance of Common Units upon vesting of Phantom Units issued to directors, employees and consultants	Unrestricted	Registered pursuant to Form S-8

August 31, 2023	New Issuance	15,820	Common Units Representing Limited Partnership Interests	$0.59	No	Employees	Issuance of Common Units upon vesting of Phantom Units issued to directors, employees and consultants	Unrestricted	Registered pursuant to Form S-8
Shares Outstanding on Date of This Report: Ending Balance: Date December 31, 2024 Common: 33,774,427 Preferred: 0									

(A) The following table details directors of the General Partner and officers of the Partnership who had Common Units issued upon vesting of phantom units as of the dates set forth below. The remaining units issued in the table above were issued to other employees and service providers of the General Partner.

Name	Title	Common Units Issued February 16, 2022	Common Units Issued February 16, 2023
Directors			
Dan Borgen	Chairman of the Board, President and CEO	67,748	66,044
Francesco Ciabatti	Director	—	—
Schuyler Coppedge	Director	—	—
Mike Curry	Director	17,787	15,925
Doug Kimmelman	Director		
Jane O'Hagan	Director	—	—
Brad Sanders	Director	37,167	48,088
G. Stacy Smith	Director	13,136	13,136
Jeffrey Wood	Director	13,136	13,136
Officers			
Kyle Schornick	SVP & Chief Financial Officer	3,291	4,228
Joshua Ruple	EVP & Chief Operating Officer	32,150	26,910
Amanda Wendell	SVP & Chief Accounting Officer	2,928	2,701
Keith Benson	VP, General Counsel & Secretary	14,170	13,959

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

USD Partners LP is a fee-based master limited partnership formed by our sponsor, USD Group LLC (USD), to acquire, develop and operate midstream infrastructure and complementary logistics solutions for crude oil and other energy-related products. We generate substantially all of our operating cash flows from take-or-pay contracts with primarily investment grade and other high credit quality customers, including major integrated oil companies and refiners. The Hardisty terminal facilitates the transportation of heavy crude oil from Western Canada to key demand centers across North America. Our operations include railcar loading, storage in onsite tanks, inbound pipeline connectivity, as well as other related logistics services. We also provide one of our customers with leased railcars and fleet services to facilitate the transportation of liquid hydrocarbons by rail. We generally do not take ownership of the products that we handle nor do we receive any payments from our customers based on the value of such products.

B. List any subsidiaries, parent company, or affiliated companies.

<u>Subsidiaries of USD Partners LP</u>

SCT Pipeline LLC	Delaware
Stroud Crude Terminal LLC	Delaware
USD Logistics Operations GP LLC	Delaware
USD Logistics Operations LP	Delaware
USDP CCR LLC	Delaware
USDP Finance Corp.	Delaware
USD Rail Canada ULC	British Columbia
USD Rail LP	Delaware
USD Terminals Canada ULC	British Columbia
USD Terminals Canada II ULC	Delaware
USD Terminals Canada III ULC	Delaware
USD Terminals LLC	Delaware

C. Describe the issuers' principal products or services.

Our operations include railcar loading, storage in onsite tanks, inbound pipeline connectivity, as well as other related logistics services. We also provide one of our customers with leased railcars and fleet services to facilitate the transportation of liquid hydrocarbons by rail.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Hardisty Terminal is an origination terminal where we load various grades of Canadian crude oil onto railcars for transportation to end markets. The Hardisty Terminal has the designed takeaway capacity of three and one-half unit trains per day, or approximately 262,500 barrels per day and consists of a fixed loading rack with approximately 60 railcar loading positions, a unit train staging area and loop tracks capable of holding five unit trains simultaneously. The terminal is also equipped with an onsite vapor management system that allows our customers to minimize hydrocarbon loss while improving safety during the loading process. Our Hardisty Terminal receives inbound deliveries of crude oil through a direct pipeline connection from Gibson Energy Inc.'s, or Gibson's, Hardisty storage terminal. We currently own the Hardisty Terminal, but have agreed to see the terminal pursuant to a Forbearance Agreement with our lenders. Refer to *Note 1. Organization and Description of Business*, *Note 10. Debt* and *Note 21. Subsequent Events* in the attached financial statements for further information.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

The information in the table below is as of February 16, 2025.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding
Daniel Borgen	Chairman, CEO and President	Houston, Texas	506,882(1)	Common Units	1.5%
Kyle Schornick	SVP, CFO	Houston, Texas	—(2)	Common Units	—
Joshua Ruple	EVP, COO	Spring, Texas	26,910(3)	Common Units	*
Amanda Wendell	SVP, CAO	Pearland, Texas	—(4)	Common Units	—
Keith Benson	VP, General Counsel & Secretary	Bellaire, Texas	80,630(5)	Common Units	*
Francesco Ciabatti	Director	New York, New York	—	Common Units	—
Schuyler Coppedge	Director	San Diego, California	—	Common Units	—
Mike Curry	Director	Naples, Florida	1(6)	Common Units	*
Douglas Kimmelman	Director	Surfside, Florida	50,000	Common Units	—
Jane O'Hagan	Director	Calgary, Ontario, Canada	—	Common Units	—
Brad Sanders	Director	Houston, Texas	418,477(7)	Common Units	1.2%
Stacy Smith	Director	Dallas, Texas	142,829	Common Units	*
Carl Wimberley	Director	Houston, Texas	—	Common Units	—
Jeff Wood	Director	Houston, Texas	54,432	Common Units	*
US Development Group, LLC	>5% Owner (8)	n/a	17,308,226	Common Units	51.2%

* Represents ownership of less than 1%.

(1) Excludes 69,663 unvested phantom units.
(2) Excludes 8,368 unvested phantom units.
(3) Excludes 34,233 unvested phantom units.
(4) Excludes 7,015 unvested phantom units.
(5) Excludes 17,889 unvested phantom units.
(6) Excludes15,039 unvested phantom units.
(7) Excludes 37,703 unvested phantom units.
(8) US Development Group, LLC ("USD"), through its 100% ownership of USD Group LLC (which owns 100% of our General Partner), is the indirect owner of 17,308,226 common units. USD is the parent company of USD Group LLC who holds the common units directly and is the sole owner of the member interests of our general partner. USD Group LLC is managed by USD. USD is managed by a seven person board of directors that includes Dan Borgen, Adam Altsuler, Mike Curry, Schuyler Coppedge, Douglas Kimmelman, Francesco Ciabatti and Lieutenant General Leslie Smith, Ret.. The board of directors of USD exercises voting and dispositive power over the units held by USD Group LLC, and acts by majority vote. Messrs. Borgen, Altsuler, Coppedge, Curry, Kimmelman, Ciabatti and Smith are thus not deemed to have beneficial ownership of the units owned by USD Group LLC.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, <u>in the past 10 years</u>:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

To the best of the Company's knowledge, none.

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

To the best of the Company's knowledge, none.

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

To the best of the Company's knowledge, none.

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

To the best of the Company's knowledge, none.

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

To the best of the Company's knowledge, none.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

To the best of the Company's knowledge, none.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Gibson, Dunn & Crutcher LLP
811 Main Street, Suite 3000
Houston, Texas 77002
(346) 718-6600

Investor Relations

USD Partners LP
811 Main Street, Suite 2800
Houston, Texas 77001
(281) 291-0510
investorrelations@usdg.com

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name:	Keith Benson
Title:	Vice President, General Counsel & Secretary

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name:	Amanda Wendell
Title:	Senior Vice President, Chief Accounting Officer

Mrs. Wendell is USD Partners' serving Chief Accounting Officer as of January 2024. Mrs. Wendell previously held various leadership positions in USD Partners accounting department, serving as a Vice President since 2022 and the Corporate Controller since 2017. Before her tenure at USD, Mrs. Wendell worked as an auditor in Houston at the public accounting firm, BDO. Mrs. Wendell has been a Certified Public Accountant since 2014, holding a Master of Science and a BBA in Accounting from Sam Houston State University.

The following unaudited consolidated financial statements of USD Partners LP are attached at the end of this Disclosure Statement:

- Consolidated Statements of Operations for the years ended December 31, 2024 and 2023
- Consolidated Statements of Comprehensive Income (Loss) for years ended December 31, 2024 and 2023
- Consolidated Statements of Cash Flows for the years December 31, 2024 and 2023
- Consolidated Balance Sheets as of December 31, 2024 and December 31, 2023
- Consolidated Statements of Partners' Capital for years December 31, 2024 and 2023
- Notes to the Consolidated Financial Statements of USD Partners LP

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Daniel Borgen certify that:

1. I have reviewed this Disclosure Statement for USD Partners LP;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 10, 2025

/s/ Daniel Borgen
Chairman, CEO and President

Principal Financial Officer:

I, Kyle Schornick certify that:

1. I have reviewed this Disclosure Statement for USD Partners LP;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 10, 2025

/s/ Kyle Schornick
SVP, CFO

USD Partners LP and Subsidiaries

Consolidated Financial Statements
(Unaudited)

As of and for the Years Ended
December 31, 2024 and 2023

USD Partners LP and Subsidiaries

Contents

Part I. USD Partners LP and Subsidiaries Annual Financial Statements (Unaudited)

USD PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Years Ended December 31,	
	2024	2023
	(in thousands of US dollars, except per unit amounts)	
Revenues		
Terminalling services	$ 31,115	$ 57,917
Terminalling services — related party	—	2,835
Rail switching and demurrage	1,056	—
Fleet leases — related party	1,493	1,332
Fleet services — related party	—	171
Freight and other reimbursables	63	244
Freight and other reimbursables — related party	2,106	359
Total revenues	35,833	62,858
Operating costs		
Subcontracted rail services	6,221	10,021
Pipeline fees	10,690	16,875
Freight and other reimbursables	2,169	603
Operating and maintenance	3,429	5,462
Selling, general and administrative	10,989	12,539
Selling, general and administrative — related party	3,539	7,095
Recovery of loss on assets held for sale	(2,977)	—
Impairment of intangible and long-lived assets	17,432	—
Gain on sale of business	(1,079)	(34,061)
Loss on assets held for sale	831	2,977
Depreciation and amortization	2,405	6,204
Total operating costs	53,649	27,715
Operating income (loss)	(17,816)	35,143
Interest expense	34,784	22,133
Gain associated with derivative instruments	—	(5,892)
Foreign currency transaction loss (gain)	(155)	342
Other income, net	(308)	(272)
Income (loss) before income taxes	(52,137)	18,832
Provision for income taxes	203	1,059
Net income (loss)	$ (52,340)	$ 17,773
Net income (loss) attributable to limited partner interest	$ (52,340)	$ 17,773
Net income (loss) per common unit (basic and diluted)	$ (1.55)	$ 0.53
Weighted average common units outstanding	33,774	33,716

USD PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	For the Years Ended December 31,	
	2024	2023
	(in thousands of US dollars)	
Net income (loss)	$ (52,340)	$ 17,773
Other comprehensive income (loss) — foreign currency translation	(3,902)	1,182
Comprehensive income (loss)	$ (56,242)	$ 18,955

The accompanying notes are an integral part of these consolidated financial statements.

USD PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Years Ended December 31,	
	2024	2023
	(in thousands of US dollars)	
Cash flows from operating activities:		
Net income (loss)	$ (52,340)	$ 17,773
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,405	6,204
Gain associated with derivative instruments	—	(5,892)
Settlement of derivative contracts	—	3,753
Unit based compensation expense	2,129	3,681
Gain on sale of business	(1,079)	(34,061)
Deferred income taxes	—	(25)
Amortization of deferred financing costs	14,004	3,915
Interest payment in kind	24,504	1,975
Recovery of loss on assets held for sale	(2,977)	—
Impairment of intangible and long-lived assets	17,432	—
Loss on assets held for sale	831	2,977
Changes in operating assets and liabilities:		
Accounts receivable	420	(253)
Accounts receivable — related party	(576)	384
Prepaid expenses, inventory and other assets	(765)	1,824
Accounts payable and accrued expenses	1,501	(732)
Accounts payable and accrued expenses — related party	1,311	(534)
Deferred revenue and other liabilities	(4,816)	(3,886)
Deferred revenue and other liabilities — related party	—	23
Net cash provided by (used in) operating activities	1,984	(2,874)
Cash flows from investing activities:		
Additions of property and equipment	—	(648)
Internal-use software development costs	—	(55)
Net proceeds from the sale of business	20,312	63,759
Net cash provided by investing activities	20,312	63,056
Cash flows from financing activities:		
Distributions	—	(2,154)
Payments for deferred financing costs	(11)	(7,196)
Vested equity units - paid in cash	(31)	—
Vested Phantom Units used for payment of participant taxes	—	(674)
Repayment of long-term debt	(23,716)	(45,568)
Net cash used in financing activities	(23,758)	(55,592)
Effect of exchange rates on cash	(725)	47
Net change in cash, cash equivalents and restricted cash	(2,187)	4,637
Cash, cash equivalents and restricted cash — beginning of year	10,417	5,780
Cash, cash equivalents and restricted cash — end of year	$ 8,230	$ 10,417

The accompanying notes are an integral part of these consolidated financial statements.

USD PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2024	December 31, 2023
	(in thousands of US dollars, except unit amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,333	$ 6,576
Restricted cash	3,897	3,841
Accounts receivable, net	1,033	1,546
Accounts receivable — related party	601	25
Prepaid expenses	2,117	1,559
Assets held for sale	39,989	16,162
Other current assets	—	405
Total current assets	51,970	30,114
Property and equipment, net	—	57,123
Intangible assets, net	—	49
Operating lease right-of-use assets	—	5
Other non-current assets	—	1,168
Total assets	$ 51,970	$ 88,459
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable and accrued expenses	$ 3,090	$ 1,715
Accounts payable and accrued expenses — related party	1,990	615
Deferred revenue	—	2,177
Long-term debt, current portion	181,991	167,183
Operating lease liabilities, current	—	4
Liabilities held for sale	10,365	—
Other current liabilities	1,383	6,014
Total current liabilities	198,819	177,708
Other non-current liabilities	—	3,385
Total liabilities	198,819	181,093
Commitments and contingencies (Note 13)		
Partners' capital		
Common units (33,774,427 authorized and issued at December 31, 2024 and 2023)	(139,988)	(89,675)
Accumulated other comprehensive loss	(6,861)	(2,959)
Total partners' capital	(146,849)	(92,634)
Total liabilities and partners' capital	$ 51,970	$ 88,459

The accompanying notes are an integral part of these consolidated financial statements.

USD PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(unaudited)

	For the Years Ended December 31,					
	2024			2023		
	Units	Amount		Units	Amount	
	(in thousands of US dollars, except per unit amounts)					
Common units						
Beginning balance	33,774,427	$	(89,675)	33,381,187	$	(108,263)
Equity units vested	—		(98)	—		—
Common units issued for vested Phantom Units	—		—	393,240		(674)
Net income (loss)	—		(52,340)	—		17,773
Unit based compensation expense	—		2,125	—		3,643
Distributions	—		—	—		(2,154)
Ending balance	33,774,427		(139,988)	33,774,427		(89,675)
Accumulated other comprehensive loss						
Beginning balance			(2,959)			(4,141)
Cumulative translation adjustment			(3,902)			1,182
Ending balance			(6,861)			(2,959)
Total partners' capital at December 31,		$	(146,849)		$	(92,634)

The accompanying notes are an integral part of these consolidated financial statements.

USD PARTNERS LP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

General

USD Partners LP and its consolidated subsidiaries, collectively referred to herein as we, us, our, the Partnership and USDP, is a fee-based, master limited partnership formed in 2014 by US Development Group, LLC, or USD, through its wholly-owned subsidiary, USD Group LLC, or USDG. We were formed to acquire, develop and operate midstream infrastructure and complimentary logistics solutions for crude oil, biofuels and other energy-related products. We generate substantially all of our operating cash flows from take-or-pay contracts with primarily investment grade and other high credit quality customers, including major integrated oil companies, refiners and marketers. The Hardisty terminal facilitates the transportation of heavy crude oil from Western Canada to key demand centers across North America. Our operations include railcar loading, storage in onsite tanks, inbound pipeline connectivity, as well as other related logistics services. We also provide one of our customers with leased railcars and fleet services to facilitate the transportation of liquid hydrocarbons by rail. We do not generally take ownership of the products that we handle, nor do we receive any payments from our customers based on the value of such products.

A substantial amount of the operating cash flows related to the terminalling services that we provide are generated from take-or-pay contracts with minimum monthly commitment fees and, as a result, are not directly related to actual throughput volumes at our crude oil terminals. Throughput volumes at our terminals are primarily influenced by the difference in price between Western Canadian Select, or WCS, and other grades of crude oil, commonly referred to as spreads, rather than absolute price levels. WCS spreads are influenced by several market factors, including the availability of supplies relative to the level of demand from refiners and other end users, the price and availability of alternative grades of crude oil, the availability of takeaway capacity, as well as transportation costs from supply areas to demand centers.

On March 31, 2023, we completed our divestiture of all of the equity interests in our Casper Terminal, which included the Casper Crude to Rail, LLC and CCR Pipeline, LLC entities, for approximately $33.0 million in cash, subject to customary adjustments. On December 20, 2023, we completed our divestiture of 100% of the equity interest in our West Colton Terminal, which included West Colton Rail Terminal LLC, for approximately $31.3 million in cash, subject to customary adjustments. On April 26, 2024, we completed our divestiture of our Stroud Terminal assets for approximately $20.1 million in cash, subject to customary adjustments. The Casper, West Colton, and Stroud Terminals were included in our Terminalling Services segment. Refer to *Note 3. Dispositions and Entities Held for Sale* for additional details regarding these dispositions.

The composition of our capital accounts was as follows at the specified dates:

	December 31,	
	2024	**2023**
Common units held by the Public	48.8 %	48.8 %
Common units held by USDG	51.2 %	51.2 %
	100.0 %	100.0 %

Going Concern

We evaluate at each annual and interim period whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. Our evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the consolidated financial statements are issued.

The maturity date of our Credit Agreement (as defined below) was November 2, 2024. The Credit Agreement set forth certain milestones that we were required to achieve in the months leading up to the maturity of the Credit Agreement, including milestones related to total contracted revenue. As a result of the maturity date (as modified by the forbearance agreement discussed below) being within 12 months after the date that these financial statements were issued, the amounts due under our Credit Agreement have been included in our going concern assessment.

On June 20, 2024 we entered into a Forbearance Agreement with the lenders under the Credit Agreement, pursuant to which the lenders and administrative agent under the Credit Agreement agreed not to exercise any rights or remedies arising from our failure or prospective failure to meet these milestones, so long as we are in compliance with the stipulations set forth in the Forbearance Agreement. See *Note 10. Debt* for further details regarding the Forbearance Agreement.

The Forbearance Agreement obligated the Partnership to adhere to an operating budget approved by the administrative agent and included an obligation to repay borrowings with any cash on hand in excess of an agreed maximum. The lenders under the Credit Agreement also required that we agree, among other things, to complete the sale of the Hardisty Rail Terminal on or before January 31, 2025. The lenders have subsequently elected to extend this date. As discussed further in *Note 21. Subsequent Events*, we expect that the banks will complete the sale of our Hardisty Rail Terminal on or prior to mid-April 2025. After giving effect to the sale of our Hardisty Rail Terminal and the use of proceeds, we will have sold substantially all of our assets, but expect to have substantial remaining borrowings outstanding under our revolving credit facility. Upon completion of the sale, we expect that the lenders will terminate the revolving credit facility and write off the remaining debt balance, following which the Partnership intends to take steps to wind down or dissolve.

The conditions described above raise substantial doubt about our ability to continue as a going concern for the next 12 months and we believe that subsequent to the completed sale of the Hardisty Terminal, we will not continue as a going concern.

These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty, nor do they include adjustments to reflect the possible future effects of the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should we be unable to continue as a going concern.

Delisting of Common Units on New York Stock Exchange

On November 15, 2023, we received a written notice from the staff of the New York Stock Exchange, or NYSE, notifying us that NYSE had determined to commence proceedings to delist our common units from the NYSE. Trading in the Partnership's common units on the NYSE was suspended after the market close on November 15, 2023. NYSE reached its decision to delist the common units pursuant to Section 802.01B of the NYSE's Listed Company Manual because the Partnership had fallen below the NYSE's continued listing standard requiring listed companies to maintain an average global market capitalization over a consecutive 30 trading day period of at least $15 million.

On November 16, 2023, our common units were delisted from the NYSE. Our common units commenced trading on the OTC Pink Market on November 16, 2023 under the symbol "USDP." We are under no obligation to develop or maintain a market in the common units. We cannot provide assurance that our common units will continue to trade on the OTC Pink Market, that brokers will continue to provide public quotes of our common units, that a market for our common units will develop or be maintained, or that the trading volume of our common units will be sufficient enough to generate an efficient trading market. Holders of common units may not be able to sell or otherwise transfer such common units.

US Development Group, LLC

USD and its affiliates are engaged in designing, developing, owning and managing large-scale multi-modal logistics centers and energy-related infrastructure across North America. USD is the indirect owner of our general partner through its direct ownership of USDG and is currently owned by Energy Capital Partners, Goldman Sachs and certain members of USD's management team.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP. Our preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We regularly evaluate these estimates utilizing historical experience, consultation with experts and other methods we consider reasonable in the circumstances. Nevertheless, actual results may differ from these estimates. We record the effect of any revisions to these estimates in our consolidated financial statements in the period in which the facts that give rise to the revision become known. Significant estimates we make include, but are not limited to, the estimated lives of depreciable property and equipment, recoverability of long-lived assets, the collectability of accounts receivable, the amounts of deferred revenue and related prepaid pipeline fees.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our wholly-owned subsidiaries on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation. We consolidate the accounts of entities over which we have a controlling financial interest through our ownership of the general partner or the majority voting interests of the entity.

Foreign Currency Translation

We conduct a substantial portion of our operations in Canada, which we account for in the local currency, the Canadian dollar. We translate most Canadian dollar denominated balance sheet accounts into our reporting currency, the U.S. dollar, at the end of period exchange rate, while most accounts in our statement of operations accounts are translated into our reporting currency based on the average exchange rate for each monthly period. Fluctuations in the exchange rates between the Canadian dollar and the U.S. dollar can create variability in the amounts we translate and report in U.S. dollars.

Within these consolidated financial statements, we denote amounts denominated in Canadian dollars with "C$" immediately prior to the stated amount.

Revenue Recognition

We recognize revenue from contracts with customers under the core principle to depict the transfer of control to our customers of goods or services in an amount reflecting the consideration for which we expect to be entitled. In order to achieve the core principle, we apply the following five step approach:

(1) identify the contract with a customer;
(2) identify the performance obligations in the contract;
(3) determine the transaction price;
(4) allocate the transaction price to the performance obligations in the contract; and
(5) recognize revenue when a performance obligation is satisfied.

We define a performance obligation as a promise in a contract to transfer a distinct good or service to the customer. We allocate the transaction price in a contract to each distinct performance obligation, which we recognize as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, we allocate the transaction price in the contract to each performance obligation using our best estimate of the standalone selling price for each distinct good or service in the contract, utilizing market-based and cost-plus margin inputs. We have elected to account for sales taxes received from customers on a net basis.

We applied the right-to-invoice practical expedient to contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Terminalling Services Revenues

Historically, we derived a majority of our revenues from contracts to provide terminalling services, which included pipeline transportation, storage, loading and unloading of crude oil and related products from and into railcars and trucks, as well as the transloading of biofuels from railcars into trucks. Our Terminal Services Agreements are generally established under multi-year, take-or-pay arrangements that require monthly payments from our customers for their minimum monthly volume commitments in exchange for our performance of the terminalling services enumerated above. Variable consideration, such as volume-based pricing, included in our agreements is typically resolved within the applicable accounting period.

We recognize revenue for the terminalling services we provide based upon the contractual rates set forth in our agreements related to throughput volumes. We recognize revenue over time as we render services based on the throughput volumes handled at our terminals as this best represents the value of the services we provide to customers. All of the contracted capacity at our Hardisty Terminal is and West Colton Terminal was contracted under agreements that contain “take-or-pay” provisions where we are entitled to the payment of minimum monthly commitment fees from our customers, regardless of whether the specified throughput volume to which the customer committed is achieved.

Our Terminal Services Agreements at our Hardisty Terminal generally grants and West Colton Terminal granted our customers make-up rights that allow them to load volumes in excess of their minimum monthly commitment in future periods, without additional charge, to the extent capacity is available for the excess volume. The make-up rights typically expire, if unused, in subsequent periods up to 12 months following the period for which the volumes were originally committed. We currently recognize substantially all of the amounts we receive for minimum commitment fees as revenue when collected, since breakage associated with these make-up rights options has varied between 97% and 100% based on our experience and expectations around usage of these options. Breakage rates are regularly evaluated and modified as necessary to reflect our current experience and expectations. If we do not expect to be entitled to a breakage amount, we defer the recognition of revenue associated with volumes that are below the minimum monthly commitment until we determine that the likelihood that the customer will be able to make up the minimum volume is remote. If we expect to be entitled to a breakage amount, we estimate the expected breakage and recognize the expected breakage amount as revenue in proportion to the trend of rights exercised by the customer.

Fleet Services Revenues

Our fleet services contract provides for the sourcing of railcar fleets and related logistics and maintenance services. We record revenues for the fleet lease on a gross basis, since we are deemed the primary obligor for the services.

We recognize revenue for our fleet lease and related party administrative services ratably over the lease contract period as services are consistently provided throughout the period. Revenue for reimbursable costs is recognized on a gross basis on our consolidated statements of operations as “*Freight and other reimbursables*,” as the costs are incurred. We have deferred revenues for amounts collected in advance from our customer in our Fleet services segment, which will be recognized as revenue as the underlying services are performed pursuant to the terms of our lease contract.

Income Taxes

We are not a taxable entity for U.S. federal income tax purposes or for a majority of the states that impose an income tax. Taxes on our net income or loss are generally borne by our unitholders through the allocation of taxable income, except for USD Rail LP, which, has elected to be classified as an entity taxable as a corporation. Our provision for income taxes is predominantly attributable to Canadian federal and provincial income taxes imposed on our operations based in Canada. We are also subject to franchise tax in the State of Texas, that is, computed on our modified gross margin, which we have determined to be an income tax under the applicable accounting guidance. Our current and historical provision for income taxes also reflects income taxes associated with USD Rail LP.

We recognize deferred income tax assets and liabilities for temporary differences between the relevant basis of our assets and liabilities for financial reporting and tax purposes. We record the impact of changes in tax legislation on deferred income tax assets and liabilities in the period the legislation is enacted.

Pursuant to the authoritative accounting guidance regarding uncertain tax positions, we recognize the tax effects of any uncertain tax position as the largest amount that will more likely than not be realized upon ultimate settlement with the taxing authority having full knowledge of the position and all relevant facts. Under this criterion, we evaluate the most likely resolution of an uncertain tax position based on its technical merits and on the outcome that we expect would likely be sustained under examination.

Our policy is to recognize any interest or penalties related to the underpayment of income taxes as a component of income tax expense or benefit. We have not historically incurred any significant interest or penalties for the underpayment of income taxes.

Net income for financial statement purposes may differ significantly from the taxable income we allocate to our unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements set forth in our partnership agreement. The aggregate difference in the basis of our net assets for financial and tax reporting purposes compared to unitholders cannot be readily determined because information regarding each partner's tax attributes in us is not available.

Cash and Cash Equivalents

Cash and cash equivalents consist of all unrestricted demand deposits and funds invested in highly liquid instruments with original maturities of three months or less. We periodically assess the financial condition of the financial institutions where these funds are held and believe that our credit risk is minimal.

Inventory

Our expectation is that any inventory we may acquire is comprised of crude oil and held on a temporary basis in connection with buy-sell agreements, in which we take title to commodities solely while in our terminals. We record our inventory at cost, representing the amount we pay to purchase the crude oil, and account for it on a first-in, first-out, or FIFO, basis. The purchase price we pay for the crude oil is set forth in our buy-sell agreements and is determined from an indexed market price less an agreed-upon rate differential. The market prices at which we ultimately sell the crude oil is determined based on the same indexed market price as the crude oil purchase, less an agreed-upon rate differential that is smaller than the rate differential used to determine the cost. The difference between the purchase price and the selling price establishes a fixed amount we receive, on a per barrel basis, when the inventory is sold pursuant to the terms of our buy-sell arrangements, eliminating any commodity price exposure to us. Based on the terms of our buy-sell arrangements, the selling price will always be greater than the cost of our inventory. The resulting income we receive represents a fee for the terminalling services we provide our customers, which we record net in "*Terminalling services*" revenues on our consolidated statement of income.

Accounts Receivable

Accounts receivable consists of billed and unbilled amounts due from our customers, which include crude oil producing and petroleum refining companies, as well as marketers of petroleum, petroleum products and biofuels, for services we have provided. We perform ongoing credit evaluations of our customers. When appropriate, we use the specific identification method to estimate allowances for credit losses based on our customers' financial condition and collection history, as well as other pertinent factors. Accounts are written-off against the allowance for doubtful accounts when significantly past due and we have deemed the amounts uncollectible.

Capitalization Policies and Depreciation Methods

We record property and equipment at its original cost or fair value if acquired as part of a business acquisition, which we depreciate on a straight-line basis over the estimated useful lives of the assets, which range from three to 30 years. Our determination of the useful lives of property and equipment requires us to make various assumptions when the assets are acquired or placed into service about the expected usage, normal wear and tear and the extent and frequency of maintenance programs. Expenditures for repairs and maintenance are charged to expense as incurred, while improvements that extend the service life or capacity of existing property and equipment are capitalized. Upon the sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized in our operating results.

During construction, we capitalize direct costs, such as labor, materials and overhead, as well as interest cost we may incur on indebtedness at our incremental borrowing rate.

Assets Held For Sale

We classify long-lived assets intended to be sold as held for sale in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; (2) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; (4) the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; (5) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

We initially measure a long-lived asset or disposal group that is classified as held for sale at the lower of carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. We assess the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, we discontinue depreciation and amortization and report long-lived assets and liabilities of the disposal group in the line items "*Assets held for sale*" and "*Liabilities held for sale*" in our consolidated balance sheets.

Internal-use Software

We capitalize certain internal-use software costs in accordance with Accounting Standard Codification, or ASC, 350-40, which are included in intangible assets. ASC 350-40 requires assets to be recorded at the cost to develop the asset and requires an intangible asset to be amortized over its useful life and for the useful life to be evaluated every reporting period to determine whether events or circumstances warrant a revision to the remaining period of amortization. If the estimate of useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life. We currently are amortizing these assets over a useful life of five years in the line item *"Depreciation and amortization"* in our consolidated statement of operations. Maintenance of and minor upgrades to internal-use software are classified as selling, general, and administrative expenses as incurred.

Impairment of Long-lived Assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

We consider a long-lived asset to be impaired when the sum of the estimated, undiscounted future cash flows from the use of the asset and its eventual disposition is less than the carrying amount of the asset. Factors that indicate potential impairment include: a significant decrease in the market value of the asset, operating income or cash flows associated with the use of the asset and a significant change in the asset's physical condition or use.

When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows or when other methods of assessing fair value determine that fair value is less than the carrying amount of the asset, an impairment loss is recognized to the extent the carrying amount exceeds the estimated fair value of the long-lived asset. Refer to *Note 7. Property and Equipment* for further discussion.

Leases

We classify our leases as operating, financing or sales-type leases based on the criteria set forth in ASC 842 that considers whether a lease is economically similar to the purchase of a nonfinancial asset. We have adopted as our accounting policy the definition of "substantially all" of the fair value of the underlying asset to mean 90% or greater and a "major part" of the remaining economic life to mean 75% or greater in performing our classification assessment. We exclude variable lease payments that are based on performance or use from our lease classification determination. We include the exercise price of a purchase option when reasonable certainty exists that we will exercise the option. We also include termination penalties unless it is reasonably certain that we will not exercise any option to terminate the lease, and therefore will not incur the penalty. Lastly, we also include any residual value guarantees that we provided to lessors in our classification determination.

Lessee Accounting

We have historically leased assets from third parties for use in our operations, which primarily included railcars, buildings, storage tanks, equipment, offices, railroad track and land. We currently have noncancellable operating leases for equipment and railcars. The general terms of our lease agreements require monthly payments in advance, in arrears or upon receipt, some of which include variable payments attributable to index-based rate escalations and freight associated with railcar returns. A majority of our leases do not include renewal options, or rights to early termination of the lease agreements. However, on occasion we enter into lease agreements that have renewal options. For these leases, we include the renewal options to extend the lease in our operating lease right-of-use assets and liabilities when it is reasonably certain that we will exercise the renewal option. Additionally, our leases do not include residual value guarantees, nor do they impose any significant covenants or restrictions on us. As discussed below under Lessor Accounting, we effectively sublease all of our leased railcars to customers under terms similar to the terms of our lease agreements with a railcar manufacturer from whom we lease the railcars. We also historically leased a storage tank from a third-party provider of crude oil storage that we subleased to a customer of our Stroud Terminal.

We have elected as an accounting policy not to apply the recognition requirements of ASC 842 to short-term leases for all classes of assets underlying our leases. As a result, we recognize the lease payments we make as expense in our consolidated statements of operations over the lease term, regardless of the underlying class of asset being leased. We define a short-term lease as a lease that at the commencement date has a term of 12 months or less and does not include an option to purchase the underlying asset that we are reasonably certain to exercise.

We deem a contract to be a lease when the terms of the agreement indicate we have the right to control the use of an identified asset for a period of time in exchange for consideration. We establish our right to control the use of an identified asset when the contract terms set forth our right to obtain substantially all of the economic benefits from use of the identified asset, or to direct its use throughout the contract period. We consider substantially all of the economic benefits to mean 90% or more of the utility of the identified asset.

We have elected to apply the portfolio approach to account for our railcar leases due to our expectation that this method would not significantly differ from an individual lease approach. Additionally, we have elected to use the practical expedient that allows us not to separate amounts of contract consideration between lease and non-lease components. Non-lease components of our agreements include maintenance of property, common area costs such as cleaning and landscape services and reimbursement of the suppliers' insurance, taxes or administrative costs.

We determine the discount rate for our leases by estimating a borrowing rate we would pay on a collateralized basis over the term of the underlying lease, based on our creditworthiness and the interest rate environment at the time we enter into the lease. We establish our credit quality by performing a synthetic credit analysis based on operational, liquidity and solvency metrics, which are weighted to produce an estimated rating. We then develop an interest rate curve for various periods of time by applying an adjustment factor to the risk free rates as established from yields on U.S. Treasury securities. We utilize this interest rate curve to establish an approximate discount rate based upon the term of the underlying lease.

We determine our right-of-use assets based on the initial measurement amount of the lease liability, as discussed below, increased by any prepayments that we make to the lessor at or before the lease commencement date and any initial direct costs we may incur, reduced by any incentive amounts we may receive.

We measure our lease liabilities based upon the discounted present value of the payment amounts we expect to make over the noncancelable terms of the underlying leases. We exclude variable lease payments that are based on performance or use in our measurement of the right of use assets and liabilities. We include in our measurement of the right of use assets and lease liabilities the exercise price of purchase options when reasonable certainty exists that we will exercise the option and any termination penalties when reasonable certainty exists that we will exercise an option to terminate the lease. We also include any residual value guarantees provided to lessors to the extent that we consider the likelihood we will have to pay the lessor at the end of the lease term for a deficiency to be probable.

Over the lease term, we amortize the right-of-use asset and record interest expense on the lease liability recorded at commencement of the lease. Our statement of operations recognition of the expense is dependent on whether the lease is classified as an operating, direct financing, or sales-type lease. We recognize amortization expense and interest expense associated with operating leases as a single item of expense in our consolidated statements of operations. We recognize amortization expense and interest expense associated with any direct financing and sales-type leases as separate items of expense within our consolidated statements of operations.

We present all leases, where we are the lessee, on our balance sheet subject to the practical expedients we have elected and capitalization limitations we have established.

Lessor Accounting

We effectively lease railcars and storage tanks to customers of our terminalling facilities to meet their logistical needs for the movement of crude oil to refineries and market centers. Additionally, the related party Terminal Services Agreement associated with renewable diesel at our West Colton Terminal was accounted for as lease income to us. The general terms of our lease agreements require monthly payments, some of which include variable payments attributable to index-based rate escalations and freight associated with railcar returns. Under the master service agreements for the railcars we lease, we also charge a fee for the various freight monitoring, scheduling, maintenance and related services we provide to customers that lease railcars from us, representing a non-lease component that we account for separately. Our storage tank leases contain standard renewal options for periods up to 12 months following the end of the initial lease term. Additionally, our storage tank leases include charges for blending and mixing services as well as pump over charges, representing non lease components that we account for separately. Our railcar master fleet services agreement and storage tank leases do not generally include rights to early termination of the agreements, nor do they include residual value guarantees. None of the customers on our storage tank leases or railcar master fleet services agreement have options to purchase the underlying assets. As discussed above under Lessee Accounting, we effectively sublease all of our leased railcars to a customer under terms similar to the terms of our lease agreement with the railcar manufacturer from whom we lease the railcars.

We recognize revenue from our lessor operating lease contracts that contain escalation clauses for fixed amounts during the lease term, on a straight-line basis over the term of the lease in our consolidated statements of operations. The difference between fleet lease revenue and the amounts received under the lease contract are included in "*Other current assets — related party,*" "*Other non-current assets — related party,*" "*Other current liabilities— related party*" and "*Other non-current liabilities — related party*" in our Consolidated Balance Sheets.

We deem a contract to be a lease when the terms of the agreement indicate we have transferred to another party the right to control the use of an identified asset for a period of time in exchange for consideration. We determine that we have transferred the right to control the use of an identified asset when the contract terms set forth the rights of another party to obtain substantially all of the economic benefits from use of the identified asset, or to direct its use throughout the contract period. We consider substantially all of the economic benefits to mean 90% or more of the utility of the identified asset during the contract term.

We allocate consideration in a contract between lease and non-lease components based upon the rates and terms that are specified in our agreements. We recognize revenue from fees we charge for freight services related to railcars and from fees we charge for blending, mixing and pump over charges related to our storage services pursuant to the requirements of ASC 606 as set forth in our Revenue Policy.

We continue to depreciate property that we own and lease to third-party customers in accordance with our standard depreciation policies. We record lease income typically on a straight-line basis over the lease term.

Refer to *Note 8. Leases* for further discussion.

Fair Value Measurements

We apply the authoritative accounting provisions for measuring fair value to our financial instruments and related disclosures, which include cash and cash equivalents, accounts receivable, accounts payable, debt, and derivative instruments. We define fair value as an exit price representing the expected amount we would receive to sell an asset or pay to transfer a liability in an orderly transaction with market participants at the measurement date.

We employ a hierarchy which prioritizes the inputs we use for recurring fair value measurements into three distinct categories based upon whether such inputs are observable in active markets or unobservable. We classify assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our methodology for categorizing assets and liabilities that are measured at fair value pursuant to this hierarchy gives the highest priority to unadjusted quoted prices in active markets and the lowest level to unobservable inputs, summarized as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Other significant observable inputs (including quoted prices in active markets for similar assets or liabilities).
- Level 3 — Significant unobservable inputs (including our own assumptions in determining fair value).

We use the cost, income or market valuation approaches to estimate the fair value of our assets and liabilities when insufficient market-observable data is available to support our valuation assumptions.

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable as presented on our consolidated balance sheets approximate fair value due to the short-term nature of these items. The fair value of our accounts receivable and payables with affiliates cannot be determined due to the related party nature of these items.

As of the date of this report, the fair value of the outstanding debt associated with the Credit Agreement cannot be determined due to the ongoing bank-led process to sell the Hardisty Terminal in compliance with the Forbearance Agreement, representing substantially all of our assets, as discussed further in *Note 21. Subsequent Events.* After giving effect to the sale of our Hardisty Rail Terminal and the use of proceeds, we will have sold substantially all of our assets, but expect to have substantial remaining borrowings outstanding under our revolving credit facility. Upon completion of the sale, we expect that the lenders will terminate the revolving credit facility and write off the remaining debt balance. As such, the fair value of the debt does not approximate its carrying value, as the resolution of this process may impact the valuation.

Derivative Financial Instruments

Our net income or loss and cash flows are subject to volatility stemming from changes in interest rates on our variable rate debt obligations and fluctuations in foreign currency exchange rates. In order to manage our exposure to fluctuations in interest rates and foreign currency exchange rates and the related risks to our unitholders, we have historically used derivative financial instruments to offset a portion of these risks. Our program that utilized futures, forwards, swaps, options and other financial instruments with similar characteristics, to reduce the risks associated with volatility in our interest rates on our variable rate debt and the effects of foreign currency exposures related to our Canadian subsidiaries, which have cash flows denominated in Canadian dollars. Under this program, our strategy was for the changes in value of the derivative contracts to mitigate adverse changes in our cash flows associated with the changes in interest rates and foreign currency exchange rates to the extent practical. Economically, the derivative contracts helped us to limit our exposure such that the interest rates on our variable rate debt and foreign currency exchange rates will effectively lie between the floor and the ceiling of the rates set forth in the derivative contacts or otherwise fix the rates at a specified date and amount.

All of our derivative financial instruments were employed in connection with an underlying asset, liability and/or forecast transaction and are not entered into for speculative purposes.

In accordance with the authoritative accounting guidance, we recorded all derivative financial instruments in our consolidated balance sheets at fair market value as current or non-current assets or liabilities on a net basis by counterparty. We do not designate, nor have we historically designated, any of our derivative financial instruments as hedges of an underlying asset, liability and/or forecast transaction. To qualify for hedge accounting treatment as set forth in the authoritative accounting guidance, very specific requirements must be met in terms of hedge structure, hedge objective and hedge documentation. As a result, changes in the fair value of our derivative financial instruments and the related cash settlement of matured contracts are recognized in "*Gain associated with derivative instruments*" on our consolidated statements of operations and statement of cash flows. Refer to Note 17. Derivative Financial Instruments.

Recently Adopted Accounting Pronouncements

Segment Reporting (ASU 2023-07)

In November 2023, the FASB, issued Accounting Standards Update No. 2023-07, or ASU 2023-07, which amends Accounting Standards Codification Topic 280 to require enhanced disclosures about significant segment expenses. Specifically, this amendment requires disclosure on an annual and interim basis of the following: significant segment expenses that are regularly provided to the chief operating decision maker, or CODM, and included within each reported measure of segment profit or loss, collectively referred to as the significant expense principle, and an amount for other segment items by reportable segment and a description of its composition, where the other segment items disclosed is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit and loss. In addition, the amendment requires all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. It also clarifies that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, one or more of those additional measures of segment profit may be reported. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the consolidated financial statements. In other words, in addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles, or GAAP, reporting additional measures of a segment's profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources may be included. The amendment requires that the title and position of the CODM are disclosed and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Lastly the amendment requires that if there is a single reportable segment, all the disclosures required by the amendments in ASU 2023-07 and all existing segment disclosures in Topic 280 be disclosed.

The pronouncement was effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. Our adoption of this standard did not have a material impact on our financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Income Taxes (ASU 2023-09)

In December 2023, the FASB, issued Accounting Standards Update No. 2023-09, or ASU 2023-09, which amends Accounting Standards Codification Topic 740 to require enhanced income tax disclosures. The amendments in ASU 2023-09 require that public business entities on an annual basis disclose specific categories in the rate reconciliation and provide additional information for some reconciling items, and provide an explanation, if not otherwise evident, of the individual reconciling items disclosed, such as the nature, effect, and underlying causes of the reconciling items and the judgment used in categorizing the reconciling items. In addition, qualitative disclosures are required for state and local categories that make up greater than 50% of these income tax categories. This amendment also requires all entities to disclose annually the amount of income taxes paid, net of refunds received, disaggregated by federal, state and foreign taxes, and disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid. In addition, disclosures are required for disaggregation of domestic or foreign continuing operations income or loss before income taxes.

The pronouncement is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments to ASU 2023-09 should be applied on a prospective basis, however retrospective application is permitted. We do not anticipate that our adoption of this standard will have a material impact on our financial statements.

Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (ASU 2024-03)

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, or ASU 2024-03, which amends Accounting Standards Codification Topic 220 to require enhanced disclosures regarding specific expense categories in the notes to the financial statements at interim and annual reporting periods for public business entities. The amendments in ASU 2024-03 will require disclosure of the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas producing activities included in each relevant expense caption. A relevant expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a) - (e). The amendment also requires entities to include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as other disaggregation requirements and to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. In addition, disclosure of the total amount of selling expenses, and, in annual reporting periods, an entity’s definition of selling expenses, will be required.

The pronouncement is effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in ASU 2024-03 should be applied on a prospective basis, however retrospective application is permitted. We do not anticipate that our adoption of this standard will have a material impact on our financial statements.

3. DISPOSITIONS AND ENTITIES HELD FOR SALE

Casper Terminal Divestiture

On March 31, 2023 we completed our divestiture of 100% of the equity interests in our Casper Terminal, which included the Casper Crude to Rail, LLC and CCR Pipeline, LLC entities, for approximately $33 million in cash, subject to customary adjustments.

The Casper Terminal entities had a carrying value of $26.8 million at the time of sale. The Casper Terminal was included in our Terminalling services segment. The Casper crude oil terminal, located in Casper, Wyoming, primarily consists of unit train-capable railcar loading capacity in excess of 100,000 barrels per day, six customer-dedicated storage tanks with 900,000 barrels of total capacity and a six-mile, 24-inch diameter pipeline with a direct connection from the Express Pipeline. We recognized a gain of $6.2 million from the sale of the terminal which we recorded as "*Gain on sale of business"* in our consolidated statement of operations. The gain on sale of business that resulted from the sale of the Casper Terminal was not subject to income tax as the entity is included within our partnership structure. Therefore, no impact was reflected within the *"Provision for income taxes"* recognized in the year ended December 31, 2024 or 2023 in our consolidated statements of operations.

West Colton Divestiture

On December 20, 2023, we completed our divestiture of 100% of the equity interest in our West Colton Terminal, which included West Colton Rail Terminal LLC, for approximately $31.3 million in cash, subject to customary adjustments.

The West Colton Terminal had a carrying value of $3.3 million at the time of the sale. The West Colton Terminal was included in our Terminalling services segment. The West Colton Terminal, located in West Colton, California, is a unit train-capable destination terminal that can transload up to 13,000 bpd of ethanol and renewable diesel received from producers by rail onto trucks to meet local demand in the San Bernardino and Riverside County-Inland Empire region of Southern California. The West Colton Terminal has 20 railcar offloading positions and four truck loading positions. We recognized a gain of $27.9 million from the sale of the terminal which we recorded as "*Gain on sale of business"* in our consolidated statement of operations for the year ended December 31, 2023. We recognized an additional gain of $30 thousand from the sale of the terminal recorded as "*Gain on sale of business*" in our consolidated statement of operations for the year ended December 31, 2024 related to the final working capital adjustment. The gain on sale of business that resulted from the sale of the West Colton Terminal was not subject to income tax as the entity is included within our partnership structure. Therefore, no impact was reflected within the *"Provision for income taxes"* recognized in the year ended December 31, 2024 or 2023 in our consolidated statements of operations.

Stroud Terminal Assets Divestiture

On April 26, 2024 we completed our divestiture of our Stroud Terminal assets, which included the Stroud Crude Terminal LLC assets and the SCT Pipeline LLC assets for approximately $20.1 million in cash, subject to customary adjustments. As such, subsequent to the end of first quarter of 2024, we reevaluated the fair value of the Stroud Terminal, taking into account the final purchase price of the assets. Refer to *Note 7. Property and Equipment* for further details. The Stroud Terminal was included in our Terminalling services segment.

The Stroud Terminal, located in Cushing, Oklahoma, includes 76-acres with current unit train unloading capacity of approximately 50,000 bpd, two onsite tanks with 140,000 barrels of capacity, one truck bay and a 12-inch diameter, 17-mile pipeline with a direct connection to the crude oil storage hub in Cushing, Oklahoma. We recognized a gain of $1.0 million from the sale of the terminal assets which we recorded in "*Gain on sale of business*" in our consolidated statements of operations for the year ended December 31, 2024. The gain on sale of assets of the Stroud Terminal were not subject to income tax as the entity is included within our partnership structure. Therefore, no impact was reflected within the "*Provision for income taxes*" recognized in the year ended December 31, 2024 or 2023 in our consolidated statements of operations.

Hardisty Terminal and USD Rail Held for Sale

As discussed in more detail in *Note 10. Debt*, we entered into a Forbearance Agreement associated with our Credit Agreement and have therefore classified most of the assets and liabilities associated with our Hardisty Terminal and USD Rail entities as held for sale as of September 30, 2024. The *"Income (loss) before income taxes"* for our Hardisty Terminal was an $8.5 million loss and $17.7 million in income for the years ended December 31, 2024 and 2023, respectively. The following table presents the detail of the assets and liabilities that are classified as held for sale on our consolidated balance sheet as of December 31, 2024:

	December 31, 2024
	(in thousands)
Accounts receivable - related party	
Prepaid expenses	$ 218
Other current assets	264
Property and equipment	33,009
Operating lease right-of-use assets	5,537
Other asset, non-current	921
Intangible assets, net	40
Assets held for sale	$ 39,989
Deferred revenue, current	$ 1,857
Other current liabilities	327
Operating lease liabilities, current	1,111
Operating lease liabilities, non-current	4,426
Other non-current liabilities	2,644
Liabilities held for sale	$ 10,365

4. REVENUES

We have included in the discussion below, information regarding our revenues from contracts with customers. Refer to *Note 2. Summary of Significant Accounting Policies* for further discussion of our revenue recognition accounting policy.

Disaggregated Revenues

We manage our business in two reportable segments: Terminalling services and Fleet services. Our segments offer different services and are managed accordingly. Our chief operating decision maker, or CODM, regularly reviews financial information about both segments in order to allocate resources and evaluate performance. As such, we have concluded that disaggregating revenue by reporting segments appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Refer to *Note 14. Segment Reporting* for our disaggregated revenues by segment and summarized geographic data.

Remaining Performance Obligations

The transaction price allocated to the remaining performance obligations associated with our Terminal services agreements as of December 31, 2024 are as follows for the periods indicated:

	2025	2026	2027	2028	2029	Thereafter	Total
				(in thousands)			
Terminalling Services [1][2]	$ 22,117	$ 21,480	$ 21,480	$ 21,480	$ 21,480	$ 34,010	$142,047

(1) A significant portion of our Terminal Services Agreements are denominated in Canadian dollars. We have converted the remaining performance obligations associated with these Canadian dollar-denominated contracts using the year-to-date average exchange rate of 0.7301 U.S. dollars for each Canadian dollar at December 31, 2024.

(2) Includes fixed monthly minimum commitment fees per contract and excludes constrained estimates of variable consideration for rate-escalations associated with an index, such as the consumer price index, as well as any incremental revenue associated with volume activity above the minimum volumes set forth within the contracts.

We have applied the practical expedient that allows us to exclude disclosure of performance obligations that are part of a contract that has an expected duration of one year or less.

Deferred Revenue

Our deferred revenue is a form of a contract liability and consists of amounts collected in advance from customers associated with their terminal and fleet services agreements and deferred revenues associated with make-up rights, which will be recognized as revenue when earned pursuant to the terms of our contractual arrangements. We currently recognize substantially all of the amounts we receive for minimum volume commitments as revenue when collected, since breakage associated with these make-up rights is currently approximately 99% based on our expectations around usage of these options. Accordingly, we had $0.2 million deferred revenue at December 31, 2024 for estimated breakage associated with the make-up rights options we granted to our customers. At December 31, 2023, we had $0.4 million deferred revenue associated with make-up rights.

We also have deferred revenue that represents cumulative revenue that has been deferred due to tiered billing provisions or contract liabilities. In such arrangements, revenue is recognized using a blended rate based on the billing tiers of the agreement, as the services are consistently provided throughout the duration of the contractual arrangement. These amounts are currently recorded in "L*iabilities held for sale*" on our consolidated balance sheets as of December 31, 2024.

The following tables present the amounts outstanding on our consolidated balance sheets and changes associated with the balance of our deferred revenue for the years ended December 31, 2024 and 2023 recorded in "*Liabilities held for sale*":

	December 31, 2023	Cash Additions for Customer Prepayments	Balance Sheet Reclassification	Revenue Recognized	December 31, 2024
			(in thousands)		
Deferred revenue (1)	$ 2,177	$ 1,857	$ —	$ (2,177)	$ 1,857
Contract liabilities (2)	$ 4,145	$ (264)	$ —	$ (760)	$ 3,121

(1) Includes deferred revenue of $0.2 million and $0.4 million at December 31, 2024 and December 31, 2023, respectively, for estimated breakage associated with the make-up right options we granted our customers as discussed above. The balance as of December 31, 2024 was included in "*Liabilities held for sale*" on our consolidated balance sheet.

(2) Includes cumulative revenue that has been deferred due to tiered billing provisions included in certain of our Canadian dollar-denominated contracts, as discussed above. As such, the change in contract liabilities recorded as "*Liabilities held for sale"* as of December 31, 2024 has been decreased by $0.3 million due to the impact of the change in the end of period exchange rate between December 31, 2024 and December 31, 2023.

	December 31, 2022	Cash Additions for Customer Prepayments	Balance Sheet Reclassification	Revenue Recognized	December 31, 2023
			(in thousands)		
Deferred revenue (1)	$ 3,562	$ 2,177	$ —	$ (3,562)	$ 2,177
Other current liabilities	$ 5,681	$ —	$ 826	$ (5,746)	$ 761
Other non-current liabilities (2)	$ 3,943	$ 267	$ (826)	$ —	$ 3,384

(1) Includes deferred revenue of $0.4 million at December 31, 2023 and 2022, respectively, for estimated breakage associated with the make-up right options we granted our customers as discussed above.

(2) Includes cumulative revenue that has been deferred due to tiered billing provisions included in certain of our Canadian dollar-denominated contracts, as discussed above. As such, the change in "*Other current liabilities*" and "*Other non-current liabilities*" presented, has each been increased by $0.1 million due to the impact of the change in the end of period exchange rate between December 31, 2023 and 2022.

Accounts Receivable

The balances of "*Accounts receivable, net*" and "*Accounts receivable - related party*" were $2.2 million and $0.4 million as of December 31, 2022, respectively.

5. RESTRICTED CASH

We include in restricted cash amounts representing a cash account for which the use of funds is restricted by a facilities connection agreement among us and Gibson Energy Inc., or Gibson, that we entered into during 2014 in connection with the development of our Hardisty Terminal. The collaborative arrangement is further discussed in *Note 11. Collaborative Arrangement*.

In addition, we have an indemnity escrow account of $2.1 million included in our restricted cash amounts associated with the divestiture of our Stroud Terminal that is required to be held for one year from the April 26, 2024 closing date of the terminal. Refer to *Note 3. Dispositions and Entities Held for Sale* for a further discussion of the Stroud Terminal divestiture.

We also had an indemnity escrow account of $2.0 million included in our restricted cash amounts at December 31, 2023 associated with the divestiture of our Casper Terminal that was required to be held for one year from the March 31, 2023 closing date of the sale of the terminal.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within our consolidated balance sheets to the amount shown in our consolidated statements of cash flows for the specified periods:

	December 31,	
	2024	2023
	(in thousands)	
Cash and cash equivalents (1)	$ 4,333	$ 6,576
Restricted cash	3,897	3,841
Total cash, cash equivalents and restricted cash	$ 8,230	$ 10,417

(1) There were no cash equivalents at December 31, 2024 and 2023.

6. ACCOUNTS RECEIVABLE

We had no allowances for credit losses at December 31, 2024 and 2023. In addition, we had no bad debt expense for the years ended December 31, 2024 and 2023 in our consolidated statements of operations.

7. PROPERTY AND EQUIPMENT

Our property and equipment is composed of the following asset classifications as of the dates indicated:

	December 31, 2024	December 31, 2023	Estimated Useful Lives (Years)
	(in thousands)		
Land	$ —	$ 2,876	N/A
Trackage and facilities	—	80,200	10-30
Equipment	—	13,840	3-20
Furniture	—	65	5-10
Total property and equipment	—	96,981	
Accumulated depreciation	—	(40,038)	
Construction in progress [1]	—	180	
Property and equipment, net	$ —	$ 57,123	

[1] The amounts classified as *"Construction in progress"* are excluded from amounts being depreciated. These amounts represent property that has not been placed into productive service as of the respective consolidated balance sheet date.

As discussed in further detail below, our entire property and equipment balance is classified as held for sale and recorded in *"Assets held for sale"* on our consolidated balance sheet at December 31, 2024. Refer to *Note 3. Dispositions and Entities Held for Sale* for further discussion.

Depreciation

Depreciation expense associated with property and equipment totaled $2.4 million and $6.1 million for the years ended December 31, 2024 and 2023, respectively.

We did not capitalize any interest costs for the years ended December 31, 2024 and 2023 related to our property and equipment.

Hardisty Terminal

In June 2024, we entered into a forbearance agreement under our existing Credit agreement. Under this agreement we have agreed to sell our Hardisty Terminal. Refer to *Note 10. Debt* for further discussion regarding the forbearance agreement. We determined that the agreement to sell our Hardisty Terminal was an event that required us to evaluate our Hardisty Terminal asset group for impairment.

When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows or when other methods of assessing fair value determine that fair value is less than the carrying amount of the asset, an impairment loss is recognized to the extent the carrying amount exceeds the estimated fair value of the long-lived asset.

The critical assumptions used in the analysis include the following:

1) Cumulative present value of free cash flow of C$37.3 million

2) Annualized EBITDA of C$10.7 million

3) Terminal value discount factor of 26%

4) Exit multiple range of 4.0x to 5.0x

We determined the fair value of our Hardisty Terminal based on a third party appraisal. The estimate of fair value required the use of significant unobservable inputs representative of a Level 3 fair value measurement.

As a result of the impairment analysis discussed above, we determined that the carrying value of our Hardisty Terminal asset group exceeded the fair value of the Hardisty terminal as of June 30, 2024, the date of our evaluation. As a result, we recognized a non-cash impairment loss of C$23.9 million (USD $17.4 million) for the three and six months ended June 30, 2024, to write down the property, plant and equipment of the terminal to its fair market value, the charge for which we have included in "*Impairment of long-lived assets*" within our consolidated statements of operations. The Hardisty Terminal is included in our Terminalling services segment as reported in our segment results included in *Note 14. Segment Reporting*.

In July 2024 we classified our Hardisty Terminal as held for sale in our consolidated balance sheets. Refer to *Note 21. Subsequent Events* for further discussion regarding the sale.

As a result of classifying our Hardisty Terminal as held for sale, we evaluate the terminal's fair value on a quarterly basis. As such, we assessed the fair value of the Hardisty Terminal at December 31, 2024. Our estimate of fair value for the Hardisty Terminal required us to use significant unobservable inputs representative of Level 3 fair value measurements. Accordingly we assessed the fair value of the Hardisty Terminal less the estimated cost to sell the assets. As a result of this analysis, we recognized a $0.8 million loss presented as *"Loss on assets held for sale"* on our consolidated statement of operations for the year ended December 31, 2024.

Stroud Terminal

During the second quarter of 2023 our board of directors of our general partner approved the sale of the Stroud Terminal and we classified it as held for sale in our consolidated balance sheets. The Stroud Terminal is included in our Terminalling Services Segment. Property and equipment is the only significant class of assets at our Stroud Terminal.

As a result of classifying our Stroud Terminal as held for sale, we evaluated the terminal's fair value on a quarterly basis. In January 2024, we entered into an exclusivity agreement with a third party regarding the potential sale of the Stroud Terminal, which among other items, contemplated a purchase price for the asset. As such, we assessed a fair value of the Stroud Terminal at December 31, 2023, taking into account the purchase price contemplated from the aforementioned agreement, less the cost to sell the asset. As a result of this analysis, we recognized a $3.0 million loss presented as "*Loss on assets held for sale*" on our consolidated statement of operations in our annual report for the year ended December 31, 2023.

We closed the sale of our Stroud Terminal assets on April 26, 2024. As such, subsequent to the end of first quarter of 2024, we reevaluated the fair value of the Stroud Terminal as of March 31, 2024, taking into account the final purchase price of the assets and determined that the purchase price less the estimated costs to sell the assets was higher than the original carrying value of the assets. Accordingly, we recognized a $3.0 million recovery of the loss on the assets held for sale, presented as "*Recovery of loss on assets held for sale*" for the year ended December 31, 2024 on our consolidated statement of operations. Refer to *Note 3. Dispositions and Entities Held for Sale* for further discussion of the sale of the Stroud Terminal Assets.

As indicated above, our estimate of fair value for the Stroud Terminal required us to use significant unobservable inputs representative of Level 3 fair value measurements, including our reevaluation of the fair value taking into account the purchase price contemplated in the exclusivity agreement.

8. LEASES

Lessee

Historically, we had noncancelable operating leases for railcars, buildings, storage tanks, offices, railroad tracks, and land. We currently have noncancellable operating leases for equipment and railcars. As of September 30, 2024, all of the balances associated with our lease agreements were classified as held for sale and are therefore recorded as *"Assets held for sale"* and *"Liabilities held for sale"* in our consolidated balance sheet as of December 31, 2024. Refer to *Note 3. Dispositions and Entities Held for Sale* for additional discussion.

	For the Year Ended December 31,	
	2024	2023
Weighted-average discount rate	13.9 %	4.1 %
Weighted average remaining lease term in years	4.00 years	0.38 years

Our total lease cost consisted of the following items for the dates indicated:

	For the Year Ended December 31,	
	2024	2023
	(in thousands)	
Operating lease cost	$ 1,363	$ 1,469
Short term lease cost	84	265
Variable lease cost	3	8
Sublease income	(1,493)	(1,332)
Total	$ (43)	$ 410

The maturity analysis below presents the undiscounted cash payments we expect to make each period for property that we lease from others under noncancelable operating leases as of December 31, 2024 (in thousands):

2025	$ 1,813
2026	1,812
2027	1,812
2028	1,812
2029	3
Total lease payments	$ 7,252
Less: imputed interest	(1,715)
Present value of lease liabilities (1)	$ 5,537

(1) The amounts for lease liabilities are recorded in *"Liabilities held for sale."*

Lessor

We serve as an intermediary to assist our customers with obtaining railcars. In connection with our leasing of railcars from third parties, we simultaneously enter into lease agreements with our customers for noncancelable terms that are designed to recover our costs associated with leasing the railcars plus a fee for providing this service. Historically, we also had lease income from storage tanks and lease income from our related party Terminal Services Agreement associated with transloading renewable diesel at our West Colton Terminal that commenced in December 2021 and was sold to a third party in December 2023.

	For the Year Ended December 31,	
	2024	2023
	(in thousands, except lease term)	
Lease income (1)	$ 1,496	$ 4,451
Weighted average remaining lease term in years	4.00 years	

(1) Lease income presented above includes lease income from related parties. Refer to Note 12. Transactions with Related Parties for additional discussion of lease income from a related party. In addition, lease income as discussed above totaling $3.1 million for the year ended December 31, 2023 and is included in "*Terminalling services*" and "*Terminalling services — related party"* revenues on our consolidated statement of operations. There was no lease income included in "*Terminalling services*" or "*Terminalling Services - related party*" revenues for the year ended December 31, 2024.

The maturity analysis below presents the undiscounted future minimum lease payments we expect to receive from customers each period for property they lease from us under noncancelable operating leases as of December 31, 2024 (in thousands):

2025	$ 2,040
2026	2,040
2027	2,040
2028	2,040
Total	$ 8,160

9. INTANGIBLE ASSETS

The composition, gross carrying amount and accumulated amortization of our identifiable intangible assets are as follows as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in thousands)	
Carrying amount:		
Software	—	56
Total carrying amount	—	56
Accumulated amortization:		
Software	—	(7)
Total accumulated amortization	—	(7)
Total intangible assets, net	$ —	$ 49

Our current intangible assets, originated as internally developed software for internal use. At December 31, 2024, our intangibles are classified as held for sale and therefore are recorded in "*Assets held for sale*" in our consolidated balance sheet. Refer to *Note 3. Dispositions and Entities Held for Sale* for further information.

Amortization expense associated with intangible assets totaled $5 thousand and $108 thousand for the years ended December 31, 2024 and 2023, respectively. All of our intangibles are held for sale, therefore we do not expect any further amortization expense over the next five years. Refer to *Note 21. Subsequent Events* for further information.

10. DEBT

Credit Agreement

In November 2018, we amended and restated our revolving senior secured credit agreement, which we originally established in October 2014. We refer to the amended and restated senior secured credit agreement executed in November 2018, including all amendments through November 20, 2023, as the Credit Agreement.

Our Credit Agreement was scheduled to mature on November 2, 2023. Under a series of letter agreements, the maturity date was extended while we negotiated an amendment with our lenders. On November 21, 2023, we entered into another amendment, or the Amendment, which among other things extended the maturity date to November 2, 2024 and waived prior defaults under the Credit Agreement. The Amendment also provided that interest owing on each loan under the Credit Agreement after the effective date, shall be paid in kind by ratably increasing the amount of principal of the applicable loan by the amount of such interest due, on a quarterly basis, on each applicable interest payment date. In accordance with the Amendment, we are required to prepay, subject to certain exceptions, the loans under the Credit Agreement in an aggregate amount equal to 100% of the net cash proceeds from the sale of any property by us or our subsidiaries. The Amendment also requires that our West Colton Terminal be sold, subject to certain conditions. Furthermore, if we have in excess of $6.0 million of unrestricted cash at the end of any calendar month, such amounts in excess of $6.0 million are required to be used to prepay any loans under the Credit Agreement. The Amendment also required that upon the earlier of the sale of the West Colton Terminal or December 22, 2023, the Loan Parties must maintain unrestricted cash of at least $2.0 million, tested on a weekly basis. In addition, the Amendment required us to appoint a new independent director to the board of directors, or the Board, and delegate to that director certain rights, powers and authority over certain material transactions and actions that we undertake, which serve the function of the Chief Restructuring Officer, or CRO required and defined by the Amendment. In addition, no additional borrowings may be made after November 21, 2023. Therefore, at December 31, 2024, we have no available capacity under our Credit Agreement.

In addition, amongst other covenants, we must comply with several dated milestones contained within the Amendment that require us to: (i) reduce our expenses to approximately $3 million per year as determined by the CRO; (ii) enter into additional contracts at the Hardisty Terminal by specified dates; (iii) provide a structured payment agreement to refinance or repay the outstanding debt on our Credit Agreement in its entirety by a specified date; and (iv) reduce the conflicts committee to two persons, including the CRO. If we are unable to comply with the milestones defined within the Amendment and we are unable to negotiate an extension of such milestones, an event of default will occur under the Credit Agreement and, among other things, we may potentially be required to sell the Hardisty Terminal, the proceeds of which would be used to repay the Credit Agreement.

Also on November 21, 2023, as required by the Amendment to the Credit Agreement, we entered into a Side Letter to the Amended and Restated Omnibus Agreement, or the Omnibus Agreement, with USD, USDG, as defined below, and certain other of their subsidiaries. Among other things, the Side Letter provides that the maximum amount of expenses incurred as part of the Administrative Fee that are fixed and would otherwise be payable by us under the Omnibus Agreement are not permitted to exceed approximately $1.5 million during the period from November 1, 2023 to the maturity date of our Credit Agreement and will be classified as a liability until such time as we have paid our Credit Agreement in full. In addition, all employee related general and administrative expenses paid by us are limited to specified amounts during the same period, and are subject to further reduction upon the sale of our West Colton or Stroud Terminals. Additionally, the payment of corporate general and administrative costs that are reimbursable by us under the Omnibus Agreement are subject to the approval of the CRO.

Obligations under the Credit Agreement are guaranteed by our restricted subsidiaries (as such term is defined therein) and are secured by a first priority lien on our assets and those of our restricted subsidiaries, other than certain excluded assets.

On June 21, 2024 we entered into an agreement, or the Forbearance Agreement, with the lenders and administrative agent under our existing Credit Agreement. The Forbearance Agreement was amended on November 1, 2024. Pursuant to the Forbearance Agreement, subject to certain terms and conditions, the lenders have agreed to forbear through at least January 31, 2025, from exercising any rights or remedies arising from certain events of default and certain prospective events of default related to our failure to satisfy certain milestones under the Credit Agreement including the maturity of the agreement and other loan documents so long as we are in compliance with the stipulations set forth in the Forbearance Agreement.

In exchange for agreeing to enter into the Forbearance Agreement, the lenders under the Credit Agreement will require us to, among other things, complete the sale of our Hardisty Terminal on or before January 31, 2025. The Termination Date of our Forbearance Agreement may be extended beyond January 31, 2025, in the discretion of the administrative agent. At this time the administrative agent has elected to extend the date as the anticipated sale of our Hardisty Terminal has been announced. Refer to *Note 21. Subsequent Events* for further discussion. The Forbearance Agreement also obligates us to adhere to an operating budget approved by the administrative agent and includes an obligation to repay borrowings with any cash on hand in excess of an agreed maximum.

Our borrowings under the Credit Agreement bear interest equal to the sum of Adjusted Term SOFR for the interest period plus 6.75%.

Our Credit Agreement contains affirmative and negative covenants that, among other things, limit or restrict our ability and the ability of our restricted subsidiaries to incur or guarantee debt, incur liens, make investments, make restricted payments, engage in certain business activities, engage in mergers, consolidations and other organizational changes, sell, transfer or otherwise dispose of assets, enter into burdensome agreements or enter into transactions with affiliates on terms that are not at arm's length, in each case, subject to exceptions.

The Credit Agreement contains events of default, including, but not limited to (and subject to grace periods in circumstances set forth in the Credit Agreement the failure to pay any principal, interest or fees when due, failure to perform or observe any covenant (subject in some cases to certain grace periods or other qualifications), any representation, warranty or certification made or deemed made in the agreements or related loan documentation being untrue in any material respect when made, default under certain material debt agreements, commencement of bankruptcy or other insolvency proceedings, certain changes in our ownership or the ownership of our general partner, certain material judgments or orders, ERISA events, the invalidity of the loan documents, failure to add the CRO to the Board or the Conflicts Committee or provide the CRO with the authorizations granted by the Board necessary to act on behalf of the Loan Parties or termination of the CRO by the General Partner, unless otherwise in accordance with the Credit Agreement, or failure to complete the West Colton Terminal sale by the date specified in the Credit Agreement or the gross proceeds from such sale are less than the amount specified in the Credit Agreement. Upon the occurrence and during the continuation of an event of default under the Credit Agreement, the lenders may, among other things, terminate their commitments, declare any outstanding loans to be immediately due and payable and/or exercise remedies against us and the collateral as may be available to the lenders under the agreements and related documentation or applicable law. The CRO, at the direction of the lenders, may also commence an out-of-court process for the sale of all or substantially all of our assets upon the occurrence and during the continuation of an event of default under the Credit Agreement.

Our long-term debt balances included the following components as of the specified dates:

	December 31,	
	2024	2023
	(in thousands)	
Credit Agreement	$ 181,991	$ 181,202
Less: Deferred financing costs, net	—	(14,019)
Less: Long-term debt, current portion	$ (181,991)	$ (167,183)
Total long-term debt, net	$ —	$ —

The weighted average interest rate on our outstanding indebtedness was 11.31% and 12.42% at December 31, 2024 and 2023, respectively. At December 31, 2024, we were not in compliance with the covenants set forth in our Credit Agreement, however, under the forbearance agreement discussed above, the lenders have agreed to forbear from exercising any rights or remedies arising from this noncompliance.

Interest expense associated with our outstanding indebtedness was as follows for the specified periods:

	For the Years Ended December 31,	
	2024	2023
	(in thousands)	
Interest expense on Credit Agreement	$ 20,780	$ 18,218
Amortization of deferred financing costs	14,004	3,915
Total interest expense	$ 34,784	$ 22,133

Supplier Financing Agreement

We have agreements with a third party that allows a provider of some of our received services to finance payment obligations from us with a designated third-party financial institution associated with insurance for certain of our terminals. The extended payment terms that we have with this supplier for these arrangements is nine months from the execution of the insurance contract. We are not required to provide collateral to the financial institution.

The following table presents the amounts outstanding on our consolidated balance sheets and changes associated with the balance of our supplier finance agreements for the year ended December 31, 2024 and 2023:

	2023	2022
	(in thousands)	
Beginning balance at January 1,	$ 52	$ 19
New agreements	—	470
Payments	(52)	(437)
Ending balance at December 31,	$ —	$ 52

Our outstanding payment obligation under these arrangements was $52 thousand at December 31, 2023 and was recorded in "*Other current liabilities*" on our consolidated balance sheets. We had no outstanding payment obligation under these arrangements at December 31, 2024

11. COLLABORATIVE ARRANGEMENT

We entered into a facilities connection agreement in 2014 with Gibson under which Gibson developed, constructed and operates a pipeline and related facilities connected to our Hardisty Terminal. Gibson's storage terminal is the exclusive means by which our Hardisty Terminal receives crude oil. Subject to certain limited exceptions regarding manifest train facilities, our Hardisty Terminal is the exclusive means by which crude oil from Gibson's Hardisty storage terminal may be transported by rail. We remit pipeline fees to Gibson for the transportation of crude oil to our Hardisty Terminal based on a predetermined formula. Pursuant to our arrangement with Gibson, we incurred pipeline fees of $10.7 million and $16.9 million for the years ended December 31, 2024 and 2023, respectively, which are presented as "*Pipeline fees*" in our consolidated statements of operations.

12. TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship with Related Parties

USD is engaged in designing, developing, owning and managing large-scale multi-modal logistics centers and other energy-related infrastructure across North America. USD is also the sole owner of USDG and the ultimate parent of our general partner. USD is owned by Energy Capital Partners, Goldman Sachs and certain members of its management.

USDG is the sole owner of our general partner and at December 31, 2024, owns 17,308,226 of our common units representing a 51.2% limited partner interest in us. USDG also provides us with general and administrative support services necessary for the operation and management of our business.

USD Partners GP LLC, our general partner, pursuant to our partnership agreement, is responsible for our overall governance and operations. However, our general partner has no obligation to, does not intend to and has not implied that it would, provide financial support to or fund cash flow deficits of the Partnership.

USD Marketing LLC, or USDM, is a wholly-owned subsidiary of USDG organized to promote contracting for services provided by our terminals and to facilitate the marketing of customer products.

Historically, USD Clean Fuels LLC, or USDCF, was a subsidiary of USD organized for the purpose of providing production and logistics solutions to the growing market for clean energy transportation fuels prior to its sale in December 2023.

Omnibus Agreement

We are a party to an omnibus agreement with USD, USDG and certain of their subsidiaries, or the Omnibus Agreement, including our general partner that provide for the following:

- our payment of an annual amount to USDG for providing certain general and administrative services by USDG and its affiliates and executive management services by officers of our general partner. We also incur and pay additional amounts that are based on the costs actually incurred by USDG and its affiliates in providing the services;

- our right of first offer, or ROFO, to acquire any additional midstream infrastructure that USD and USDG may construct or acquire in the future;
- our obligation to reimburse USDG for any out-of-pocket costs and expenses incurred by USDG in providing general and administrative services (which reimbursement is in addition to certain expenses of our general partner and its affiliates that are reimbursed under our partnership agreement), as well as any other out-of-pocket expenses incurred by USDG on our behalf; and
- an indemnity by USDG for certain environmental and other liabilities, and our obligation to indemnify USDG and its subsidiaries for events and conditions associated with the operation of our assets that occur after October 15, 2014, and for environmental liabilities related to our assets to the extent USDG is not required to indemnify us.

So long as USDG controls our general partner, the Omnibus Agreement will remain in full force and effect. If USDG ceases to control our general partner, either party may terminate the Omnibus Agreement, provided that the indemnification obligations will remain in full force and effect in accordance with their terms.

As previously discussed in further detail in *Note 10. Debt*, in November 2023, we entered into a Side Letter to the Amended and Restated Omnibus Agreement, as required by the November 2023 Amendment to the Credit Agreement.

Payment of Annual Fee and Reimbursement of Expenses

We pay USDG, in equal monthly installments, the annual amount USDG estimates will be payable by us during the calendar year for providing services for our benefit. The Omnibus Agreement provides that this amount, which included a fixed annual fee of $1.5 million and $3.1 million for the years ended December 31, 2024 and 2023, respectively, may be adjusted annually to reflect, among other things, changes in the scope of the general and administrative services provided to us due to a contribution, acquisition or disposition of assets by us, or our subsidiaries, or for changes in any law, rule or regulation applicable to us, which affects the cost of providing the general and administrative services. We also reimburse USDG for any out-of-pocket costs and expenses incurred on our behalf in providing general and administrative services to us. This reimbursement is in addition to the amounts we pay to reimburse our general partner and its affiliates for certain costs and expenses incurred on our behalf for managing our business and operations, as required by our partnership agreement.

The total amounts charged to us under the Omnibus Agreement for the years ended December 31, 2024 and 2023 was $3.5 million and $7.1 million, respectively, which amounts are included in *"Selling, general and administrative — related party"* in our consolidated statements of operations. We had a payable balance of $2.0 million and $0.6 million with respect to these costs at December 31, 2024 and 2023, respectively, included in "*Accounts payable and accrued expenses — related party"* in our consolidated balance sheets.

Indemnification

USDG indemnifies us for liabilities, subject to an aggregate deductible of $500,000 relating to:

- the consummation of the transactions in connection with USDG's initial contribution of assets to us in October 2014;
- events and conditions associated with any assets retained by USDG; and
- all tax liabilities attributable to the assets contributed to us that arose prior to the closing of USDG's initial contribution of assets to us in October 2014.

Related Party Revenue and Deferred Revenue

We previously entered into a Terminal Services Agreement at our West Colton Terminal with USDCF that became effective in December 2021 and concluded when the West Colton Terminal was sold in December 2023. We included amounts received pursuant to the arrangement as revenue in the table below under "*Terminalling services — related party*" in our consolidated statements of operations.

We also have agreements to provide fleet services for USDM, which includes reimbursement to us for certain out-of-pocket expenses we incur. We received revenue from USDM for the lease of 200 railcars pursuant to the terms of an existing agreement with us that was extended in January 2024 until December 31, 2028, which is included in the table below under "*Fleet leases — related party*" and "*Fleet Services — related party*" and in our consolidated statements of operations.

Our related party revenue from USD and affiliates are presented below in the following table for the indicated periods:

	For the Years Ended December 31,	
	2024	2023
	(in thousands)	
Terminalling services — related party	$ —	$ 2,835
Fleet leases — related party	1,493	1,332
Fleet services — related party	—	171
Freight and other reimbursables — related party	2,106	359
	$ 3,599	$ 4,697

We had the following amounts outstanding with USD and affiliates on our consolidated balance sheets as presented below in the following table for the indicated periods [1] :

	December 31,	
	2024	2023
	(in thousands)	
Accounts receivable — related party	$ 601	$ 25

(1) Does not include amounts payable to related parties associated with the Omnibus Agreement, as discussed above.

13. COMMITMENTS AND CONTINGENCIES

From time to time, we may be involved in legal, tax, regulatory and other proceedings in the ordinary course of business. We do not believe that we are currently a party to any such proceedings that will have a material adverse impact on our financial condition or results of operations.

14. SEGMENT REPORTING

We manage our businesses in two reportable segments: Terminalling services and Fleet services. The Terminalling services segment charges minimum monthly commitment fees under multi-year take-or-pay contracts to load and unload various grades of crude oil into and from railcars, as well as fixed fees per gallon to transload ethanol and renewable diesel from railcars, including related logistics services. We also facilitate rail-to-pipeline shipments of crude oil. Our terminalling services segment also charges minimum monthly fees to store crude oil in tanks that are leased to our customers. The Fleet services segment provides our customer with railcars and fleet services related to the transportation of liquid hydrocarbons under take-or-pay contracts. Corporate activities are not considered a reportable segment, but are included to present shared services and financing activities which are not allocated to our established reporting segments.

Our segments offer different services and are managed accordingly. Our CODM is comprised of a committee consisting of our Chief Executive Officer, Chief Operating Officer and our Chief Financial Officer. Our CODM regularly reviews financial information about both segments in order to allocate resources and evaluate performance. Our CODM assesses segment performance based on the cash flows produced by our established reporting segments using Segment Adjusted EBITDA. Segment Adjusted EBITDA is a measure disclosed in accordance with GAAP. We define Segment Adjusted EBITDA as "*Net income (loss)*" of each segment adjusted for depreciation and amortization, interest, income taxes, changes in contract assets and liabilities, deferred revenues, foreign currency transaction gains and losses and other items which do not affect the underlying cash flows produced by our businesses. As such, we have concluded that disaggregating revenue by reporting segments appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

	For the Year Ended December 31, 2024			
	Terminalling services	Fleet services	Corporate	Total
	(in thousands)			
Revenues				
Terminalling services	$ 31,115	$ —	$ —	$ 31,115
Terminalling services — related party	—	—	—	—
Rail switching and demurrage	1,056	—	—	1,056
Fleet leases — related party	—	1,493	—	1,493
Fleet services — related party	—	—	—	—
Freight and other reimbursables	63	—	—	63
Freight and other reimbursables — related party	—	2,106	—	2,106
Total revenues	32,234	3,599	—	35,833
Operating costs				
Subcontracted rail services	6,221	—	—	6,221
Pipeline fees	10,690	—	—	10,690
Freight and other reimbursables	63	2,106	—	2,169
Operating and maintenance	2,082	1,347	—	3,429
Selling, general and administrative	1,920	81	12,527	14,528
Recovery of loss on assets held for sale	—	—	(2,977)	(2,977)
Impairment of intangible and long-lived assets	17,432	—	—	17,432
Gain on sale of business	—	—	(1,079)	(1,079)
Loss on assets held for sale	—	—	831	831
Depreciation and amortization	2,405	—	—	2,405
Total operating costs	40,813	3,534	9,302	53,649
Operating income (loss)	(8,579)	65	(9,302)	(17,816)
Interest expense	1	—	34,783	34,784
Gain associated with derivative instruments	—	—	—	—
Foreign currency transaction loss (gain)	332	(18)	(469)	(155)
Other income, net	(277)	—	(31)	(308)
Provision for income taxes	203	—	—	203
Net income (loss)	$ (8,838)	$ 83	$ (43,585)	$ (52,340)
Total assets [1]	$ 44,532	$ 6,149	$ 1,289	$ 51,970
Capital expenditures	$ —	$ —	$ —	$ —

[1] All property and equipment as well as certain other assets in our Terminalling and Fleet Services segments have been recorded in *"Assets held for sale"* in our Consolidated Balance Sheet at December 31, 2024. See Note 3. Dispositions and Entities Held for Sale and Note 21. Subsequent Events for further discussion.

	For the Year Ended December 31, 2023			
	Terminalling services	Fleet services	Corporate	Total
	(in thousands)			
Revenues				
Terminalling services	$ 57,917	$ —	$ —	$ 57,917
Terminalling services — related party	2,835	—	—	2,835
Rail switching and demurrage	—	—	—	—
Fleet leases — related party	—	1,332	—	1,332
Fleet services — related party	—	171	—	171
Freight and other reimbursables	244	—	—	244
Freight and other reimbursables — related party	202	157	—	359
Total revenues	61,198	1,660	—	62,858
Operating costs				
Subcontracted rail services	10,021	—	—	10,021
Pipeline fees	16,875	—	—	16,875
Freight and other reimbursables	446	157	—	603
Operating and maintenance	4,108	1,354	—	5,462
Selling, general and administrative	3,657	71	15,906	19,634
Recovery of loss on assets held for sale	—	—	—	—
Impairment of intangible and long-lived assets	—	—	—	—
Gain on sale of business	—	—	(34,061)	(34,061)
Loss on assets held for sale	—	—	2,977	2,977
Depreciation and amortization	6,204	—	—	6,204
Total operating costs	41,311	1,582	(15,178)	27,715
Operating income (loss)	19,887	78	15,178	35,143
Interest expense	13	—	22,120	22,133
Gain associated with derivative instruments	—	—	(5,892)	(5,892)
Foreign currency transaction loss (gain)	165	5	172	342
Other income, net	(212)	—	(60)	(272)
Provision for (benefit from) income taxes	1,109	(50)	—	1,059
Net income (loss)	$ 18,812	$ 123	$ (1,162)	$ 17,773
Total assets	$ 82,192	$ 39	$ 6,228	$ 88,459
Capital expenditures	$ 648	$ —	$ —	$ 648

Segment Adjusted EBITDA

The following tables present the computation of Segment Adjusted EBITDA, which is a measure disclosed in accordance with GAAP, for each of our segments for the periods indicated:

Terminalling Services Segment	**For the Years Ended December 31, 2024**	**2023**
	(in thousands)	
Net income (loss)	$ (8,838)	$ 18,812
Interest income, net	(273)	(193)
Depreciation and amortization	2,405	6,204
Provision for income taxes	203	1,109
Foreign currency transaction loss [1]	332	165
Impairment of intangible and long-lived assets	17,432	—
Non-cash deferred amounts [2]	(803)	(3,652)
Segment Adjusted EBITDA	$ 10,458	$ 22,445

(1) Represents foreign exchange transaction amounts associated with activities between our U.S. and Canadian subsidiaries.

(2) Represents the change in non-cash contract assets and liabilities associated with revenue recognized at blended rates based on tiered rate structures in certain of our customer contracts and deferred revenue associated with deficiency credits that are expected to be used in the future prior to their expiration. Amounts presented are net of the corresponding prepaid Gibson pipeline fee that will be recognized as expense concurrently with the recognition of revenue.

Fleet Services Segment	**For the Years Ended December 31, 2024**	**2023**
	(in thousands)	
Net income	$ 83	$ 123
Benefit from income taxes	—	(50)
Foreign currency transaction loss (gain) [1]	(18)	5
Segment Adjusted EBITDA	$ 65	$ 78

(1) Represents foreign exchange transaction amounts associated with activities between our U.S. and Canadian subsidiaries.

The following tables summarize the geographic data for our continuing operations. Revenues are attributed to countries based on the local currency of our reporting subsidiaries for which the obligation is performed.

	For the Year Ended December 31, 2024		
	U.S.	**Canada**	**Total**
		(in thousands)	
Revenues			
Third party	$ 883	$ 31,351	$ 32,234
Related party	$ 3,599	$ —	$ 3,599
Long-lived assets [1]	$ —	$ 33,009	$ 33,009

	For the Year Ended December 31, 2023		
	U.S.	Canada	Total
		(in thousands)	
Revenues			
Third party	$ 6,568	$ 51,593	$ 58,161
Related party	$ 4,695	$ 2	$ 4,697
Long-lived assets [1]	$ —	$ 57,123	$ 57,123

(1) Includes property and equipment less accumulated depreciation and excludes intangible assets, operating lease right-of-use assets, long-term derivative assets and long-term deferred tax assets. All long-lived assets are reported in *"Assets held for sale"* at December 31, 2024 on our consolidated balance sheet.

15. INCOME TAXES

U.S. Federal and State Income Taxes

We are treated as a partnership for U.S. federal and most state income tax purposes, with each partner being separately taxed on their share of our taxable income. We have elected to classify one of our subsidiaries, USD Rail LP, as an entity taxable as a corporation for U.S. federal income tax purposes due to treasury regulations that do not permit the income of this subsidiary to be classified as "qualifying income" as such term is defined in §7704(d) of the Internal Revenue Code of 1986 as amended, or the Code. We are also subject to state franchise tax in the state of Texas, which is treated as an income tax under the applicable accounting guidance. Our U.S. federal income tax expense is based on the statutory federal income tax rate of 21% as applied to USD Rail LP's taxable loss of $0.6 million and $0.2 million for the years ended December 31, 2024 and 2023, respectively.

Foreign Income Taxes

Our Canadian operations are conducted through entities that are subject to Canadian federal and Alberta provincial income taxes which are determined using the combined federal and provincial income tax rate of 23% representing a 15% federal income tax rate and a 8% provincial income tax rate, applicable to the taxable income of our Canadian operations for the years ended December 31, 2024 and 2023. The combined income tax rate of 23% was also used to compute the deferred income tax expense, representing the impact of temporary differences that are expected to reverse in the future.

Consolidated Provision for Income Taxes

The domestic and foreign components of our income (loss) before income taxes is presented in the following table:

	Years Ended December 31,	
	2024	2023
	(in thousands)	
Domestic	$ (35,437)	$ 15,555
Foreign	(16,700)	3,277
Income (loss) before income taxes	$ (52,137)	$ 18,832

Effective Income Tax Rate Reconciliation

The following table presents a reconciliation of our income tax based on the U.S. federal statutory income tax rate to our effective income tax rate:

	Years Ended December 31,					
	2024			2023		
	(in thousands)					
Income tax expense (benefit) at the U.S. federal statutory rate	$	(10,949)	21 %	$	3,955	21 %
Amount attributable to partnership not subject to income tax		7,357	(14)%		(3,331)	(17)%
Foreign income tax rate differential		(330)	1 %		67	— %
Other		(97)	— %		(117)	(1)%
Change in valuation allowance		4,222	(8)%		485	3 %
Provision for income taxes	$	203	— %	$	1,059	6 %

The annual effective income tax rate as shown above incorporates the applicable income tax rates of the various domestic and foreign tax jurisdictions to which we are subject and is presented in the following table:

	Years Ended December 31,			
	2024		2023	
	(in thousands)			
Current income tax expense				
U.S. federal income tax benefit	$	—	$	(25)
Canadian federal and provincial income tax expense		203		1,109
Total current income tax expense		203		1,084
Deferred income tax benefit				
U.S. federal income tax benefit		—		(25)
Total change in deferred income tax benefit		—		(25)
Provision for income taxes	$	203	$	1,059

Our deferred income tax assets and liabilities reflect the income tax effect of differences between the carrying amounts of our assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Our deferred income tax assets are included in "*Other non-current assets*" and deferred income tax liabilities are included in "*Other non-current liabilities*" on our consolidated balance sheets. Major components of deferred income tax assets and liabilities associated with our operations were as follows as of the dates indicated:

	December 31, 2024		
	U.S.	Foreign	Total
		(in thousands)	
Deferred income tax assets			
Other assets	$ —	$ 92	$ 92
Property and equipment	—	4,686	4,686
Land	—	326	326
Operating loss carryforwards	157	—	157
Total deferred income tax assets	157	5,104	5,261
Deferred income tax liabilities			
Prepaid expenses	(33)	—	(33)
Property and equipment	—	—	—
Total deferred income tax liabilities	(33)	—	(33)
Valuation allowance	(124)	(5,104)	(5,228)
Deferred income tax, net	$ —	$ —	$ —

	December 31, 2023		
	U.S.	Foreign	Total
		(in thousands)	
Deferred income tax assets			
Other assets	$ —	$ 51	$ 51
Property and equipment	—	1,754	1,754
Land	—	354	354
Operating loss carryforwards	40	—	40
Total deferred income tax assets	40	2,159	2,199
Deferred income tax liabilities			
Prepaid expenses	—	—	—
Property and equipment	—	(900)	(900)
Total deferred income tax liabilities	—	(900)	(900)
Valuation allowance	(40)	(1,259)	(1,299)
Deferred income tax liability, net	$ —	$ —	$ —

We had $0.7 million loss carryforwards for U.S. federal tax purposes remaining at December 31, 2024. We had loss carryforwards for Canadian tax purposes of $1.2 million and $1.5 million as of December 31, 2024 and 2023, respectively. The portion of our Canadian losses for capital items amount to $0.2 million and do not expire under currently enacted Canadian tax law, while $1.0 million of the losses relates to Canadian operating losses and will expire between 2034 and 2043.

We are subject to examination by the taxing authorities for the years ended December 31, 2021 through December 31, 2023. We did not have any significant unrecognized income tax benefits or any income tax reserves for uncertain tax positions as of December 31, 2024 and 2023.

16. MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK

The following tables provide the total and percentage of revenues attributable to a single customer from which 10% or more of total revenues are derived:

	For the Year Ended December 31, 2024		
	Total Revenues by Major Customer (in thousands)	Percentage of Total Company Revenues	Percentage of Customer Revenues in Terminalling Services Segment
Customer A	$ 22,426	63%	100%
Customer B	$ 8,743	24%	100%
Customer C	$ —	—%	—%
Customer D	$ —	—%	—%

	For the Year Ended December 31, 2023		
	Total Revenues by Major Customer (in thousands)	Percentage of Total Company Revenues	Percentage of Customer Revenues in Terminalling Services Segment
Customer A	$ 20,687	33%	100%
Customer B	$ 13,538	22%	100%
Customer C	$ 10,640	17%	100%
Customer D	$ 6,512	10%	100%

A substantial portion of our revenues are from a limited number of customers. Our revenues are derived mainly from railcar loading and unloading, storage and other terminalling services as well as railcar fleet services. The concentration of these customers in the energy industry may impact our overall exposure to credit risk, either positively or negatively, since our customers may be similarly affected by changes in commodity prices, regulation, and other economic factors. We seek high-quality customers with investment grade credit ratings and perform ongoing credit evaluations of our customers.

17. DERIVATIVE FINANCIAL INSTRUMENTS

Our net income, or loss, and cash flows are subject to fluctuations resulting from changes in interest rates on our variable rate debt obligations and from changes in foreign currency exchange rates, particularly with respect to the U.S. dollar and the Canadian dollar. We have historically used interest rate derivative instruments, specifically swaps, on our variable rate debt and to manage the risks associated with market fluctuations in interest rates to reduce volatility in our cash flows. We have not historically designated, nor do we expect to designate, our derivative financial instruments as hedges of the underlying risk exposure. All of our financial instruments are employed in connection with an underlying asset, liability and/or forecasted transaction and are not entered into for speculative purposes.

Interest Rate Derivatives

In October 2022, we terminated and settled our existing interest rate swap and simultaneously entered into a new interest rate swap. The new interest rate swap was a five-year contract with a $175.0 million notional value that fixed SOFR to 3.956% for the notional value of the swap agreement instead of the variable rate that we pay under our Credit Agreement. The swap was to be settled monthly through the termination date in October 2027.

On October 10, 2023, based on the terms of a Letter Agreement associated with our Credit Agreement discussed above in *Note 10. Debt*, we terminated and settled our existing interest rate swap for cash proceeds of $2.6 million. Per the terms of the October Letter Agreement, the proceeds from this settlement were sent directly to

Bank of Montreal, the administrative agent of our Credit Agreement and were applied to the outstanding interest balance on our Credit Agreement on October 12, 2023.

Derivative Positions

We have not designated our derivative financial instruments as hedges of our interest rates exposure. As a result, changes in the fair value of these derivatives are recorded as "*Gain associated with derivative instruments*" in our consolidated statements of operations. The gains or losses associated with changes in the fair value of our derivative contracts do not affect our cash flows until the underlying contract is settled by making or receiving a payment to or from the counterparty. In connection with our derivative activities, we recognized the following amounts during the periods presented:

	Years Ended December 31,	
	2024	2023
	(in thousands)	
Gain associated with derivative instruments	$ —	$ (5,892)

Historically, we determined the fair value of our derivative financial instruments using third-party pricing information that is derived from observable market inputs, which we classify as level 2 with respect to the fair value hierarchy.

18. PARTNERS' CAPITAL

Our common units represent limited partner interests in us and are entitled to participate in partnership distributions and to exercise the rights and privileges available to limited partners under our partnership agreement.

Pursuant to the terms of the First Amendment to the USD Partners LP Amended and Restated 2014 Long-Term Incentive Plan, which we refer to as the Amended LTIP Plan, our phantom unit awards, or Phantom Units, granted to directors and employees of our general partner and its affiliates, which are classified as equity, are converted into our common units upon vesting. As of December 31, 2024, awards of 469,964 Phantom units vested. In addition, 131,517 Phantom Units were voluntarily forfeited associated with these vestings. The vested units were paid in cash based on the fair value of our common units on the respective vesting dates. Additional information and discussion regarding our unit based compensation plans is included below in *Note 19. Unit Based Compensation*.

We had 795,200 and 1,416,324 equity-classified Phantom Unit awards outstanding at December 31, 2024 and 2023, respectively, all of which were anti-dilutive and therefore excluded in our calculation of net income per limited partner unit.

Our partnership agreement does not require us to pay cash distributions on a quarterly or other basis. The amount of distributions we pay under our cash distribution policy and the decision to make any distribution are determined by our general partner and restricted by our lenders.

19. UNIT BASED COMPENSATION

Long-term Incentive Plan

On December 14, 2022, our Board of Directors approved the Amended LTIP Plan. The amendment increased the number of Phantom Units authorized for issuance under the Amended LTIP Plan to 7,154,167. In 2023, the board of directors of our general partner, acting in its capacity as the general partner, approved the grant of 714,725 Phantom Units to directors and employees of our general partner and its affiliates under our Amended LTIP Plan. There were no grants of Phantom Units in 2024. At December 31, 2024, we had 3,882,221 Phantom Units remaining available for issuance. The Phantom Units are subject to all of the terms and conditions of the Amended LTIP Plan and the Phantom Unit award agreements, which are collectively referred to as the Award Agreements. When a grant is approved by the board of directors, award amounts for each of the grants are generally determined by reference to a specified dollar amount based on an allocation formula which included a percentage multiplier of the grantee's base salary, among other factors, converted to a number of units based on the closing price of one of our common units preceding the grant date, as determined by the board of directors of our general partner and quoted on the applicable public market.

Phantom unit awards generally represent rights to receive our common units upon vesting. However, with respect to the awards granted to directors and employees of our general partner and its affiliates domiciled in Canada, for each Phantom Unit that vests, a participant is entitled to receive cash for an amount equivalent to the closing market price of one of our common units on the vesting date. Each Phantom Unit granted under the Award Agreements includes an accompanying distribution equivalent right, or DER, which entitles each participant to receive payments at a per unit rate equal in amount to the per unit rate for any distributions we make with respect to our common units. The Award Agreements granted to employees of our general partner and its affiliates generally contemplate that the individual grants of Phantom Units will vest in four equal annual installments based on the grantee's continued employment through the vesting dates specified in the Award Agreements, subject to acceleration upon the grantee's death or disability, or involuntary termination in connection with a change in control of the Partnership or our general partner. Awards to independent directors of the board of our general partner and an independent consultant typically vest over a one-year period following the grant date.

The following table presents the award activity for our Equity-classified Phantom Units:

	Independent Director and Consultant Phantom Units	Employee Phantom Units	Weighted-Average Grant Date Fair Value Per Phantom Unit
Phantom unit awards at December 31, 2022	**39,408**	**1,328,964**	**$ 6.91**
Granted	39,408	616,758	$ 3.54
Vested [(1)(2)]	(39,408)	(549,014)	$ 7.74
Forfeited	—	(19,792)	$ 5.31
Phantom unit awards at December 31, 2023	**39,408**	**1,376,916**	**$ 5.02**
Granted	—	—	$ —
Vested [(1)(2)]	(39,408)	(417,420)	$ 5.68
Forfeited	—	(164,296)	$ 5.96
Phantom unit awards at December 31, 2024	**—**	**795,200**	**$ 4.46**

(1) Equity Phantom Unit grants to employees vested on February 16, 2024, May 1, 2024, June 2, 2024, October 2, 2024 and November 1, 2024 at the closing price for our common units as quoted on the applicable public market. Payments of $90 thousand were made, for Equity Phantom Units granted to employees that vested for the year ended December 31, 2024. There were no payments for equity units that vested for employees for the year ended December 31, 2023.

(2) Equity Phantom Unit grants to Directors and independent consultants vested on February 16, 2024, at the closing price for our common units as quoted on the NYSE, resulting in payments of $9 thousand for the vested Phantom Units. There were no payments for equity units vested for Directors and independent consultants for the year ended December 31, 2023.

The following table presents the award activity for our Liability-classified Phantom Units:

	Independent Director and Consultant Phantom Units	Employee Phantom Units	Weighted-Average Grant Date Fair Value Per Phantom Unit
Phantom unit awards at December 31, 2022	**13,136**	**56,847**	**$ 6.27**
Granted	13,136	45,423	$ 3.54
Vested [1][2]	(13,136)	(44,101)	$ 6.00
Forfeited	—	—	$ —
Phantom unit awards at December 31, 2023	**13,136**	**58,169**	**$ 4.24**
Granted	—	—	$ —
Vested [1][2]	(13,136)	—	$ 3.54
Forfeited	—	(917)	$ 4.27
Phantom unit awards at December 31, 2024	**—**	**57,252**	**$ 4.40**

(1) Phantom Units granted to employees domiciled in Canada vested on April 26, 2023 August 31, 2023, and December 31, 2023 at the closing price for our common units as quoted on the applicable public market. We paid $17 thousand for Phantom Units granted to employees domiciled in Canada that vested for the year ended December 31, 2023. There were no payments for units vested for employees domiciled in Canada for the year ended December 31, 2024.

(2) Phantom Unit grants to Directors and independent consultants domiciled in Canada vested on February 16, 2024 and 2023, at the closing price for our common units as quoted on the NYSE, resulting in our payment of $3 thousand and $47 thousand, respectively, for the vested Phantom Units.

The total fair value of all Phantom Units that vested in 2024 and 2023 was $0.1 million and $2.1 million, respectively, which included cash payments of $102 thousand and $63 thousand respectively, for Liability-classified and Equity-classified Phantom units in 2024 and Liability-classified Phantom Units in 2023.

The fair value of each Phantom Unit on the grant date is equal to the closing market price of our common units on the grant date. We account for the Phantom Unit grants to independent directors and employees of our general partner and its affiliates domiciled in Canada that are paid out in cash upon vesting, throughout the requisite vesting period, by revaluing the unvested Phantom Units outstanding at the end of each reporting period and recording a charge to compensation expense in "*Selling, general and administrative*" in our consolidated statements of operations and recognizing a liability in "*Other current liabilities*" in our consolidated balance sheets. With respect to the Phantom Units granted to consultants, independent directors and employees of our general partner and its affiliates domiciled in the United States, we amortize the initial grant date fair value over the requisite service period using the straight-line method with a charge to compensation expense in "*Selling, general and administrative*" in our consolidated statements of operations, with an offset to common units within the Partners' Capital section of our consolidated balance sheet.

We recognized $2.1 million and $3.7 million of compensation expense associated with outstanding Phantom Units for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, we have unrecognized compensation expense associated with our outstanding Phantom Units totaling $2.0 million, which we expect to recognize over a weighted average period of 1.63 years. We have elected to account for actual forfeitures as they occur rather than using an estimated forfeiture rate to determine the number of awards we expect to vest.

We made payments to holders of the Phantom Units pursuant to the associated DERs we granted to them under the Award Agreements as follows:

	Years Ended December 31,	
	2024	2023
	(in thousands)	
Equity-classified Phantom Units [(1)]	$ —	$ 169
Liability-classified Phantom Units	—	9
Total	$ —	$ 178

(1) We reclassified $112 thousand and $11 thousand for the years ended December 31, 2024 and 2023, respectively, to unit based compensation expense for DERs paid in relation to Phantom Units that have been forfeited.

20. SUPPLEMENTAL CASH FLOW INFORMATION

The following table provides supplemental cash flow information for the periods indicated:

	For the Years Ended December 31,	
	2024	2023
	(in thousands)	
Cash paid for income taxes, net [(1)]	$ 834	$ 1,587
Cash paid for interest	$ 1	$ 12,600
Cash paid for operating leases	$ 1,356	$ 1,579

(1) Includes the net effect of tax refunds of $190 thousand received in the third and fourth quarters of 2024 and $11 thousand received in the second quarter of 2023 associated with prior period Canadian tax .

Non-cash investing activities

For the year ended December 31, 2023, we had non-cash investing activities for capital expenditures for property and equipment that were financed through "*Accounts payable and accrued expenses"* and "*Accounts payable and accrued expenses — related party*" and an accrued reimbursement associated with our collaborative arrangement included in "*Accounts receivable, net*" as presented in the table below for the periods indicated:

	For the Year Ended December 31,	
	2024	2023
	(in thousands)	
Property and equipment financed through Accounts payable and accrued expenses	$ —	$ 720
Accrued reimbursement of property and equipment	$ —	$ 133

We recorded $6.6 million and $0.8 million of right-of-use lease assets and the associated liabilities on our consolidated balance sheet as of December 31, 2024 and 2023, respectively, representing non-cash activities resulting from either new, extended, cancelled or declassified lease agreements. See *Note 2. Summary of Significant Accounting Policies* and *Note 8. Leases* for further discussion.

Non-cash financing activities

The Amendment to our Credit Agreement provides that interest owed on each loan under the Credit Agreement after the effective date, shall be paid in kind by ratably increasing the amount of principal of the applicable loan by the amount of such interest due, on a quarterly basis, on each applicable interest payment date. For the years ended December 31, 2024 and 2023, the amount of interest paid in kind was $24.5 million and $2.0 million, respectively. In addition, we incurred loan fees of $9.8 million, for the year ended December 31, 2023 that were added to the amount of principal outstanding on the Credit Agreement and also classified as deferred financing costs, representing non-cash financing activities.

21. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 10, 2025 the date on which the consolidated financial statements were available to be issued.

Credit Agreement Activity

Subsequent to December 31, 2024, we repaid $32 thousand under the terms of our Credit Agreement and incurred additional paid in kind interest of $3.4 million. As of March 10, 2025, we had amounts outstanding of $185.4 million under the Credit Agreement.

Expected Sale of Hardisty Terminal

We expect to complete the sale of our Hardisty Rail Terminal on or prior to mid-April 2025. We are obligated to sell the Hardisty Rail Terminal by the lenders under our revolving credit agreement as a condition to entering into a forbearance agreement, pursuant to which the lenders agreed to forbear from exercising any rights or remedies arising from certain events of default and certain prospective events of default related to our failure to satisfy certain milestones under the revolving credit agreement. The sale is subject to satisfaction of conditions, including receipt of third-party consents and exercise, or waiver, of certain rights of first refusal with respect to the sale of our Hardisty Rail Terminal.

The sale of the Hardisty Rail Terminal was conducted by an independent investment bank approved by the lenders under the revolving credit agreement. In accordance with the Forbearance Agreement, the sale of the Hardisty Rail Terminal was approved on behalf of the board of directors, by the CRO, and the holder of a majority of our outstanding common units. We expect the sale of the Hardisty Rail Terminal to be completed on or prior to mid-April 2025. After giving effect to the sale of our Hardisty Rail Terminal and the use of proceeds, we will have sold substantially all of our assets, but expect to have substantial remaining borrowings outstanding under our revolving credit facility. Upon completion of the sale, we expect that the lenders will terminate the revolving credit facility and write off the remaining debt balance, following which we expect to take steps to wind down or dissolve the Partnership and its subsidiaries.

Part II. Risk Factors - Unaudited

Risk Factors

An investment in our common units involves a high degree of risk. We are subject to various risks and uncertainties in the ordinary course of our business. Investors are advised to carefully review the information presented in this report, including the risks discussed below, before making an investment decision. Investors are also advised to read carefully the risks discussed under “Risks Inherent in Our Master Limited Partnership Ownership Structure” and “Tax Risks Inherent in an Investment in Us” under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 (available on the SEC’s website and our website), as well as our Annual Report for the year ended December 31, 2023 (available on our website). We may be subject to additional risks and uncertainties that we currently consider immaterial or that are unknown to us but may have a material impact on our business, financial condition and results of operations. An investor in our common units should not expect our common units to have any value following the sale of the Hardisty Rail Terminal.

Risks Related to our Indebtedness and the Winding Down of Our Business

We expect to soon complete the sale of the Hardisty Rail Terminal, which is our last remaining material asset, and, after giving effect to the sale, there will not be proceeds available for distribution to our unitholders.

In January 2025, we entered into a definitive agreement to sell the Hardisty Rail Terminal, which is our last remaining material asset. As discussed below, we are obligated under the Forbearance Agreement to complete the sale of the Hardisty Rail Terminal. After giving effect to the sale of the Hardisty Rail Terminal and payment of the proceeds to our lenders, we will have sold substantially all of our assets but we will still have substantial remaining borrowings outstanding under our revolving credit facility. There will be no proceeds from the Hardisty Rail Terminal sale distributed to common unitholders. Upon completion of the sale, we intend to take steps to wind down or dissolve but given the large deficiency claim owed under our revolving credit facility, we do not expect any value to be available for distribution to creditors.

Events of default may occur under our Credit Agreement. If an event of default occurs and the lenders under the Credit Agreement accelerate the obligations thereunder, we do not expect to be able to repay the obligations that become immediately due.

Events of default may occur under our Credit Agreement. If an event of default occurs and lenders under our Credit Agreement accelerate the obligations thereunder, we do not expect to be able to repay the obligations that become immediately due and will have severe liquidity restraints. We are currently not projected to have sufficient cash on hand or available liquidity to repay the Credit Agreement upon the maturity date or if, after an event of default, the lenders declare all outstanding indebtedness under the Credit Agreement to be immediately due and payable, to the extent the lenders do not agree to a forbearance or provide a further waiver or amendment. On November 21, 2023, we entered into an amendment to our Credit Agreement, or the Amendment, which, among other things, extended the maturity date under the Credit Agreement to November 2, 2024, and waived prior defaults under the Credit Agreement. Pursuant to the Amendment, we agreed to appoint a new director to the Board and delegate to such director certain authorities related to actions that we must undertake, including, among other things, actions related to assets, new material agreements, modifying existing contracts, vetoing transactions with terminal servicing counterparties or shared facility counterparties. In addition, pursuant to the Amendment, we delegated to the conflicts committee for the Board certain decision-making with respect to the commencement of certain proceedings under debtor relief laws, including the commencement of any bankruptcy proceeding. The Amendment also provides that interest incurred under the Credit Agreement after the effective date of the Amendment will be paid in kind by increasing the amount of principal due under the Credit Agreement and sets forth certain milestones that we must achieve in the months leading up to maturity, including milestones related to total contracted revenue. If we fail to timely achieve these milestones, an event of default will occur under the Credit Agreement.

On June 21, 2024, we entered into an agreement (the Forbearance Agreement) with the lenders and administrative agent under our existing Credit Agreement. The Forbearance Agreement was amended on November 1, 2024. Pursuant to the Forbearance Agreement, as amended, subject to certain terms and conditions, the lenders agreed to forbear through at least January 31, 2025, from exercising any rights or remedies arising from certain events of default and certain prospective events of default related to our failure to satisfy certain milestones under the Credit Agreement including the maturity of the agreement and other loan documents so long as we are in compliance with the stipulations set forth in the Forbearance Agreement. In exchange for agreeing to enter into the Forbearance Agreement, the lenders under the Credit Agreement required us to, among other things, complete the sale of our Hardisty Terminal. Pursuant to the provisions of the Forbearance Agreement, the Termination Date of our Forbearance Agreement has been extended beyond January 31, 2025, by the lenders on a weekly basis to provide a reasonable opportunity to complete such sale, but the lenders may fail to grant further extensions, which would result in the occurrence of the Termination Date of our Forbearance Agreement, and a failure to complete the sale could be deemed a default under the Forbearance Agreement. The Forbearance Agreement also obligates us to adhere to an operating budget approved by the administrative agent and includes an obligation to repay borrowings with any cash on hand in excess of an agreed maximum.

We cannot make assurances that we will obtain extensions, waivers or additional forbearance from any defaults or events of default under the Credit Agreement, and our lenders would be entitled to exercise all remedies against us, including acceleration of the debt. If our lenders declare all outstanding indebtedness under the Credit Agreement to be immediately due and payable, we do not have sufficient assets to pay in full the indebtedness due under the Credit Agreement and the value of our common units would be zero.

Our asset sales generate taxable income allocable to unitholders, and income tax liabilities arising therefrom may exceed the value of a unitholder's investment in us. Upon closing of the Hardisty Rail Terminal sale and the application of proceeds therefrom, we will not be able to repay our remaining indebtedness in full, and therefore we may recognize cancellation of indebtedness income.

We expect that we will recognize a significant amount of cancellation of debt income, or CODI, which will be allocated to our unitholders in our taxable year that includes the date of the closing of the Hardisty Rail Terminal sale, which closing we expect to occur in our 2025 taxable year.

The amount of CODI generally will be equal to the excess of the adjusted issue price of our debt over the value of the consideration received by debtholders in partial payment of our debt. We will not make a corresponding cash distribution with respect to such allocation of CODI. Therefore, any CODI will cause a unitholder to be allocated income with respect to our units with no corresponding distribution of cash to fund the payment of the resulting tax liability to such unitholder. Such CODI, as with other items of our income, gain, loss, and deduction that are allocated to our unitholders, will be taken into account in the taxable income of the holders of our units. CODI is not itself an additional tax due but is an amount that must be reported as ordinary income by the unitholder, potentially increasing such unitholder's tax liabilities.

Our unitholders may not have sufficient tax attributes (including allocated past and current losses from our activities, including any loss arising from the sale of the Hardisty Rail Terminal) available to offset such allocated CODI. Moreover, CODI that is allocated to our unitholders will be ordinary income, and, as a result, it may not be possible for our unitholders to offset such CODI by claiming capital losses with respect to the disposition of their units, even if such units are cancelled for no consideration in connection with our liquidation. Importantly, certain exclusions that are available with respect to CODI generally do not apply at the partnership level, and any solvent unitholder that is not in a Chapter 11 proceeding will be unable to rely on such CODI exclusions.

Each unitholder's tax situation is different. The ultimate impact on each unitholder will depend on the unitholder's individual tax position with respect to its units. Additionally, certain of our unitholders may have more losses available than other of our unitholders, and such losses may be available to offset some or all of the CODI that will be allocated to our unitholders. Accordingly, unitholders are highly encouraged to consult, and depend on, their own tax advisors in evaluating whether to invest in our units.

We will not be making any distributions to our common unitholders.

While our common units are quoted on OTC under the symbol "USDP", there will be no proceeds from the sale of the Hardisty Rail Terminal distributed to common unitholders and the Partnership has no additional assets to distribute to common unitholders, so the Partnership will not be making any future distributions to such unitholders.