

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name			2 Issuer's employer identification number (EIN)		
SMI Topco Holdings, Inc.			82-3036850		
3 Name of contact for additional information		4 Telephone No. of contact		5 Email address of contact	
Paul Garris		281-647-2700		CorporateComms@smi.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact			7 City, town, or post office, state, and ZIP code of contact		
17220 Katy Freeway, Suite 150			Houston, TX 77094		
8 Date of action		9 Classification and description			
01/23/2024		Bankruptcy reorganization			
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)		

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶
See attached.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶
See attached.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶
See attached.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

See attached.

18 Can any resulting loss be recognized? ▶ _____

See attached.


19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 03/07/2024

Print your name ▶ Paul Garris Title ▶ Senior VP & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Michael R. Milazzo, CPA		03/07/2024		P00036501
	Firm's name ▶ Marcum LLP	Firm's EIN ▶ 11-1986323		Phone no. 813-397-4800	
	Firm's address ▶ 201 E. Kennedy Blvd., #1500 Tampa, FL 33602-5865				

SMI Topco Holdings, Inc.
EIN 82-3036850
Attachment to Form 8937
Date of Organizational Action: January 23, 2024

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Each shareholder is advised to consult his or her tax advisor regarding the tax treatment of the reorganization. Further discussion of the tax consequences of the reorganization can be found here: <https://cases.ra.kroll.com/SMISolicitation/>

PROTECTIVE FILING. ISSUER UNCERTAIN WHETHER THE REORGANIZATION “AFFECTS” HOLDERS’ BASIS IN SHARES AND DEBT OF SMI TOPCO HOLDINGS, INC. (“SMI TOPCO”) AS FURTHER DISCUSSED BELOW.

Form 8937 Part II, Box 14

The reorganized SMI Topco interests were issued pursuant to the Plan and the Restructuring Transactions Exhibit, whereby the Reorganized SMI Topco Interests were contributed by SMI Topco indirectly into SMHC for distribution pursuant to the Plan. Reorganized SMI Topco is the entity that indirectly owns 100% of the stock of Strategic Materials Holding Corp. (“SMHC”) and is the common parent of the U.S. federal consolidated tax group of which SMHC is a member. U.S. federal income tax treatment of certain U.S. holders of debt claims is discussed in further detail described in Box 15.

Form 8937 Part II, Box 15

Pursuant to the Plan, a U.S. holder of (a) an Allowed First Lien Credit Facility Claim will be treated as exchanging such Claim on the Effective Date for its pro rata share of (i) the Second Out Exit Term Loan and (ii) the Reorganized SMI Topco Interests (such exchange, the “First Lien Claims Exchange”) and (b) an Allowed Second Lien Credit Facility Claim will be treated as exchanging such Claim on the Effective Date for its pro rata share of the Reorganized SMI Topco Interests (such exchange, the “Second Lien Claims Exchange”) and, together with the First Lien Claims Exchange, the “Debt Exchanges”).

The U.S. federal income tax treatment of the First Lien Claims Exchange is uncertain. The discussion below describes the U.S. federal income tax consequences associated with the potential characterization of the First Lien Claims Exchange as either a taxable exchange or a recapitalization for U.S. federal income tax purposes. The valuations are pending related to the issue price of the new debt and fair market value of the reorganized equity interests.

a. Taxable Exchange

The discussion below assumes that each of the Debt Exchanges is treated as a taxable exchange for U.S. federal income tax purposes. If each of the Debt Exchanges is treated as a taxable exchange, each U.S. holder of a Debt Claim should recognize gain or loss equal to the difference between (x) the amount realized on a Debt Exchange and (y) such U.S. holder’s adjusted basis in such Debt Claim with respect to such Debt Exchange. The amount realized will include (1) in the case of an Allowed First Lien Credit Facility Claim, the sum of the issue price of any Second Out Exit Term Loans (as discussed below) and the

fair market value of the Reorganized SMI Topco Interests received in the First Lien Claims Exchange and (2) in the case of an Allowed Second Lien Credit Facility Claim, the fair market value of the Reorganized SMI Topco Interests received in the Second Lien Claims Exchange. Whether such gain or loss is capital or ordinary in character will be determined by a number of factors, including the tax status of the U.S. holder, the nature of the Debt Claim in such U.S. holder's hands and whether and to what extent the U.S. holder previously has claimed a bad debt deduction with respect to such Claim.

b. Recapitalization

Whether and to the extent that all or a portion of the First Lien Claims Exchange qualifies as a recapitalization depends on whether any of the loans under the First Lien Credit Facility and Second Out Exit Term Loans qualify as "securities" for U.S. federal income tax purposes. Neither the Tax Code nor the Treasury Regulations define the term "security" for this purpose, and the term has not been clearly defined by judicial decisions. Rather, whether a debt instrument is a security is based on all of the facts and circumstances, including the degree of participation and continuing interest in the affairs of the business and the extent of the proprietary interest of the debt instrument in the corporate assets. Most authorities have held that the term to maturity of the debt instrument is one of the most significant factors in determining whether a debt instrument is a security. In this regard, debt instruments with a term of ten years or more generally qualify as securities, debt instruments with a term between five and ten years may qualify as securities, and debt instruments with a term of less than five years generally do not qualify as securities.

It is unclear whether all or a portion of the loans under the First Lien Credit Facility will be treated as securities for U.S. federal income tax purposes. The term of the initial term loans under the First Lien Credit Facility was seven years. The term of the revolver loans under the First Lien Credit Facility was originally five years but was extended to have an overall term of approximately 6.8 years. The incremental term loans under the First Lien Credit Facility were issued after the initial term loans and have the same maturity date as the initial term loans. Whether the Second Out Exit Term Loans will qualify as securities for U.S. federal income tax purposes is uncertain, as the term of the Second Out Exit Term Loans is exactly five years. To the extent any of the loans under the First Lien Credit Facility and the Second Out Exit Term Loans constitute securities for U.S. federal income tax purposes, any such loans under the First Lien Credit Facility exchanged for such Second Out Exit Term Loans in the First Lien Claims Exchange may be treated as a recapitalization.

If the exchange of any loan under the First Lien Credit Facility in a First Lien Claims Exchange is treated as a recapitalization, a U.S. holder of such loan under the First Lien Credit Facility in such First Lien Claims Exchange should not recognize gain or loss with respect to such First Lien Claims Exchange except a U.S. holder may recognize gain as a result of the Reorganized SMI Topco Interests being treated as "boot" in such recapitalization. In this case, a U.S. holder should recognize gain, if any, but not loss, in respect of any loans under the First Lien Claims Facility in a First Lien Claims Exchange treated as a recapitalization, but not in excess of the fair market value of the Reorganized SMI Topco Interests received in exchange therefor. Any gain attributable to accrued but unrecognized market discount would be subject to tax as ordinary income. A U.S. holder's tax basis in the Second Out Exit Term Loan received in a First Lien Claims Exchange treated as a recapitalization should equal its tax basis in the Allowed First Lien Credit

Facility Claim exchanged therefor, decreased by the amount of “boot” received and increased by the amount of gain recognized. A U.S. holder’s initial tax basis in the Reorganized SMI Topco Interests will be equal to the fair market value of such Reorganized SMI Topco Interests and its holding period would begin the day after the First Liens Claims Exchange. The holding period for the Second Out Exit Term Loans received in the First Lien Claims Exchange treated as a recapitalization should include the holding period for loans under the First Lien Credit Facility exchanged therefor (except to the extent any of the Second Out Exit Term Loan is allocable to accrued but unpaid interest, in which case its holding period would begin on the day following the Effective Date).

Form 8937 Part II, Box 16

See response to Box 15, above. Additionally, the valuations are pending related to issue price of the new debt and fair market value of the reorganized equity interests. This filing will be updated within 45 days of receipt of the final debt and equity valuations.

Form 8937 Part II, Box 17

U.S. holders should consult their own tax advisors regarding the tax consequences to them of the debt exchanges, including whether the first lien claims exchange qualifies as (1) a taxable transaction under Internal Revenue Code of 1986, as amended (“IRC”) §1001, or (II) a recapitalization for U.S. federal income tax purposes under IRC §368(a)(1)(E) and the associated tax consequences to the related thereto.

Form 8937 Part II, Box 18

See response to Box 15, above.

Form 8937 Part II, Box 19

The reorganization was consummated on January 23, 2024. Consequently, the reportable taxable year of the holders of debt for reporting the tax effect of the reorganization is the taxable year that includes the January 23, 2024 reorganization date.