Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name Drilling Tools International Holdings, Inc.		2 Issuer's employer identification number (EIN) 72-1014737
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 832-742-8520	5 Email address of contact InvestorRelations@drillingtools.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 3701 Briarpark Ste 150		7 City, town, or post office, state, and ZIP code of contact Houston, TX, 77042
8 Date of action June 20, 2023	9 Classification and description Common Stock; Preferred Stock; each representing capital interest	

10 CUSIP number 26205E107	11 Serial number(s)	12 Ticker symbol DTI	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 ▶ On February 13, 2023, ROC Energy Acquisition Corp. ("ROC") entered into the Merger Agreement with ROC Merger Sub, Inc. ("Merger Sub") and Drilling Tools International Holdings, Inc. ("DTI"). Pursuant to the terms of the Merger Agreement, the merger was effectuated through the merger of Merger Sub into DTI with DTI surviving the merger as a wholly owned subsidiary of PubCo (the "Merger"). DTI's common stockholders received, for each DTI common stock that they own at the time of the Merger, 0.2216 PubCo common stock, each representing a capital interest in PubCo. DTI's preferred stockholders received, for each DTI preferred stock that they own at the time of the Merger, 0.3133 PubCo common stock, each representing a capital interest in PubCo, as well as $0.54 per share cash consideration. Furthermore, each DTI preferred stockholder's cumulative dividends, which have accumulated at the rate of 7% annually and compounded quarterly to the extent they are not paid ("Preferred Dividends"), are factored into the conversion calculation and will be added to the total number of DTI preferred stock outstanding.

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 ▶

Upon the exchange of DTI common stock, each person that receives PubCo common stock is deemed to exchange their DTI common stock for newly issued PubCo common stock as part of a reorganization within the meaning of Section 368(a) of the Code.

Upon the exchange of DTI preferred stock, each person that receives PubCo common stock is deemed to exchange their DTI preferred stock for newly issued PubCo common stock as part of a reorganization within the meaning of Section 368(a) of the Code.

All DTI stockholders are urged to consult their own tax advisors for a full understanding of the U.S. federal, state, local and non-U.S. tax consequences of the merger to them.

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 ▶ Provided that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the tax basis of the PubCo common stock received by each DTI common stockholder is expected to be the same as the basis of the DTI common stock exchanged (i.e., carryover basis).

The tax basis of the PubCo common stock received by each DTI preferred stockholder is expected to be the same as the basis of the DTI preferred stock exchanged (i.e., carryover basis), reduced by the amount of cash consideration received on the exchange and increased by the amount of any gain or dividend income recognized upon the exchange.

All DTI stockholders are urged to consult their own tax advisors for a full understanding of the U.S. federal, state, local and non-U.S. tax consequences of the merger to them.

Part II Organizational Action *(continued)*

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

368, 302, 358

18 Can any resulting loss be recognized? ▶ Provided that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, the Merger Agreement provides for cash consideration to DTI preferred shareholders upon conversion to PubCo Common Stock. Accordingly, preferred stockholders may recognize gain, but will not be permitted to recognize loss.

All DTI stockholders are urged to consult their own tax advisors for a full understanding of the U.S. federal, state, local and non-U.S. tax consequences of the merger to them.

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

Any adjustments would generally be reportable in the tax year ended December 31, 2023 (in the case of a common stockholder utilizing a calendar year end). However, stockholders are advised to consult their own tax advisor regarding the proper reportable tax year.

Sign Here

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.

Signature ▶ Date ▶ 9/27/2024

Print your name ▶ David Johnson Title ▶ CFO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Patrick Kessler	Patrick Kessler	09/20/2024		P01345182

Firm's name ▶ KPMG LLP | Firm's EIN ▶ 13-5565207

Firm's address ▶ 811 Main Street, Suite 4500, Houston, TX 77002 | Phone no. (713) 319-2000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Summary of Tax Consequences

The following tax consequences associated with the acquisition of Drilling Tools International Holdings, Inc. ("DTI"). by ROC Energy Acquisition Corp. ("ROC") are contingent upon (i) each share of DTI common and preferred stock that is issued and outstanding immediately prior to the consummation of the Merger (defined below) is converted into New DTI ("Pubco") common stock; and (ii) the Merger qualifying as a tax-free exchange pursuant to section 368(a) of the Internal Revenue Code (the "Code").

I. Introduction

On February 13, 2023, ROC entered into the Merger Agreement with ROC Merger Sub, Inc. ("Merger Sub") and DTI. Pursuant to the terms of the Merger Agreement, a business combination between ROC and DTI will be effected through the merger of Merger Sub with and into DTI, with DTI surviving the merger as a wholly owned subsidiary of PubCo (the "Merger").

DTI's common stockholders received, for each DTI common stock that they own at the time of the Merger, 0.2216 PubCo common stock, each representing a capital interest in PubCo.

DTI's preferred stockholders received, for each DTI preferred stock that they own at the time of the Merger, 0.3133 PubCo common stock, each representing a capital interest in PubCo as well as $0.54 per share cash consideration. Furthermore, each DTI preferred stockholder cumulative dividends which have accumulated at the rate of 7% annually and compounded quarterly to the extent they are not paid ("Preferred Dividends") are factored into the conversion calculation and will be added to the total number of DTI preferred stock outstanding.

As provided in the Merger Agreement, no fractional shares are expected to be issued upon the conversion of DTI to PubCo common stock.

This document is intended to provide a summary of certain U.S. federal income tax consequences to persons who converted DTI common stock for PubCo common stock pursuant to the Merger. This document does not constitute tax advice and does not address any special tax rules (including, but not limited to, the alternative minimum tax) or the tax consequences in any state, local, or foreign jurisdiction.

The actual tax consequences of the Merger to you may be complex and will depend on your specific tax situation. Please consult your own tax adviser to determine the U.S. income tax consequences of the transaction to you considering your own personal circumstances as well as any other tax consequences under any state, local, or foreign tax authorities.

For purposes of the following example and discussions, each DTI common stockholder is an individual citizen or resident of the United States who purchased DTI common stock for cash and held such shares as a capital asset within the meaning of section 1221. This document does not generally apply to any shares held in tax-deferred accounts, such as 401(k) or IRA accounts. Further, the following summary is premised on the Merger qualifying as a tax-free exchange pursuant to section 368(a) of the Code.

II. Summary of Certain U.S. Federal Income Tax Consequences

A. Tax Basis

The tax basis of the PubCo common stock received by each DTI common stockholder is expected to be the same as the basis of the DTI common stock exchanged (i.e., carryover basis).

The tax basis of the PubCo common stock received by each DTI preferred stockholder is expected to be the same as the basis of the DTI preferred stock exchanged (i.e., carryover basis), reduced by the amount of cash consideration received on the exchange and increased by the amount of any gain or dividend income recognized upon the exchange (as discussed below).

B. Gain/Loss

In general, no gain is recognized solely because of the exchange of DTI common stock for PubCo common stock. No loss is recognized solely because of the exchange of DTI common stock for PubCo common stock.

When a U.S. Holder exchanges DTI preferred stock for PubCo common stock and cash, they may recognize gain but not loss, based on the difference between their adjusted tax basis in the surrendered DTI preferred stock and the combined fair market value of received PubCo common stock and cash. The recognized gain equals the lesser of: (i) the sum of cash and the fair market value of the PubCo common stock received minus the adjusted tax basis of the surrendered DTI preferred stock, or (ii) the cash consideration received. Any gain recognized is generally treated as a capital gain if the holding period for the surrendered DTI common stock exceeds one year.

If the cash consideration received from converting DTI preferred stock is deemed a distribution, it will typically be classified as a dividend for U.S. federal income tax purposes, to the extent the distribution is paid from current or accumulated earnings and profits. A distribution exceeding current and accumulated earnings and profits will be a non-taxable return of capital up to the adjusted tax basis in its preferred stock. Any remaining portion of the distribution will be treated as capital gain from the sale or exchange of preferred stock.

C. Holding Period

The holding period for PubCo common stock received in exchange for DTI common stock pursuant to the Merger includes the period during which the stockholder held the DTI common stock, provided that the DTI common stock was held as a capital asset by such holder at the time of the Merger.

The holding period for PubCo common stock received in exchange for DTI preferred stock pursuant to the Merger includes the period during which the stockholder held the DTI common stock. If the holder acquired DTI preferred stock at various times or prices, the allocation will generally be pro rata to each block of DTI Preferred Stock. The basis and holding period of each block of PubCo common stock received will be determined on a block-for-block basis, referencing the blocks of DTI Preferred Stock exchanged.

D. Illustrations

In general, tax basis should carry over to the PubCo common stock received.

The tax basis is illustrated by the following example:

<u>DTI common stock exchanged for PubCo common stock</u>

In this example, the investor will have exchanged 100 DTI common stock with a total tax basis of $300 for PubCo common stock.

The exchange ratio for each DTI common stock to PubCo common stock is 0.2216 per DTI common stock.

Note that, per the Merger Agreement, no fractional shares of PubCo common stock were issued during the conversion of PubCo common stock. Owners of such fractional shares did not have voting rights or any other holder rights. Instead of issuing fractional shares, each person entitled to a fraction of PubCo common stock will have their shares rounded up to the nearest whole number.

100 DTI common stock are now 22 PubCo common stock (100*0.2216) rounded to nearest whole number. The 22 PubCo common stock have an aggregate tax basis of $300.

<u>DTI preferred stock exchanged for PubCo common stock</u>

In this example, the investor will have exchanged 100 DTI preferred stock with a total tax basis of $300 for PubCo common stock.

The exchange ratio for each DTI preferred stock to PubCo common stock is 0.3133 per DTI common stock.

Note that, per the Merger Agreement, no fractional shares of PubCo common stock were issued during the conversion of PubCo common stock. Owners of such fractional shares did not have voting rights or any other holder rights. Instead of issuing fractional shares, each person entitled to a fraction of PubCo common stock will have their shares rounded up to the nearest whole number.

100 DTI preferred stock are now 31 PubCo common stock (100*0.3133) rounded to nearest whole number. Further, DTI preferred stockholders are entitled to $0.54 per share cash consideration.

The 31 PubCo common stock have an aggregate tax basis of $300, decreased by $54 of cash consideration received but offset by $54 of gain recognized.

PubCo does not provide tax advice to its stockholders and has only provided this example for illustrative purposes. It is not intended to be, nor should it be construed as, tax advice. PubCo suggests that you consult a tax advisor with any questions.