

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 STATEMENT


18 Can any resulting loss be recognized? ▶ SEE STATEMENT

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

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 ▶ 3/5/2025

Print your name ▶ Mark Smith Title ▶ Chief Executive Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	TANNER FLOOD		3/5/2025		P00854776
	Firm's name ▶ ALVAREZ & MARSAL TAX, LLC	Firm's EIN ▶ 20-1157630		Phone no. (713) 571-2400	
Firm's address ▶ 700 LOUISIANA STREET, SUITE 3300, HOUSTON, TX 77002					

Vertex Energy, Inc.

EIN: 94-3439569

Attachment to Form 8937

Report of Organizational Action Affecting Basis of Securities

Disclaimer: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “IRC”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of certain transactions on the tax basis of stock or securities pursuant to the emergence from Chapter 11 bankruptcy of Vertex Energy, Inc. (“Vertex”) and certain of its subsidiaries and affiliates (collectively, the “Debtors”) on January 21, 2025 (the “Effective Date”). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the tax consequences that may apply to particular persons or categories of persons. You are urged to review the bankruptcy plan documents available at the following link: <https://www.veritaglobal.net/vertex> and to consult your own tax advisors regarding U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from those transactions.

Form 8937, Lines 9 & 12:

Debt Instruments	CUSIP Numbers
2027 Convertible Notes	92534KAA5
Term Loans	N/A

Interests of Vertex Energy, Inc.	CUSIP Numbers
Vertex Energy, Inc. Common Stock	92534K107
Vertex Energy, Inc. Warrants	N/A
Vertex Energy, Inc. New Common Stock	N/A

Form 8937, Line 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 September 24, 2024 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). On December 20, 2024 (the "Confirmation Date"), the Bankruptcy Court entered an order approving and confirming the Second Amended Joint Chapter 11 Plan of Reorganization of Vertex Energy, Inc. and Its Debtor Affiliates (the "Plan"). On January 21, 2025 (the "Effective Date"), the conditions to effectiveness of the Plan were satisfied or waived and the Debtors emerged from the Chapter 11 proceedings. Unless otherwise noted, capitalized terms herein have the same meaning as used in the Plan or in the Disclosure Statement for the Second Amended Joint Chapter 11 Plan of Reorganization of Vertex Energy, Inc. and Its Debtor Affiliates (the "Disclosure Statement").

On the Effective Date, the Debtors distributed consideration, including but not limited to cash, new debt, trust interests, and Common Stock of Vertex ("New Common Stock"), to holders of Allowed Claims in exchange for the cancellation of such claims in a series of transactions pursuant to the Plan (hereinafter, the "Transaction"). All Interests in Vertex were cancelled and extinguished pursuant to the Plan.

Treatment of Holders of Allowed Term Loan Claims

On the Effective Date and pursuant to the Plan, each Holder of an Allowed Term Loan Claim (or its designated Affiliate, managed fund or account, or other designee) received, in full and final satisfaction of its Claim, unless otherwise agreed to by such Holder, its pro rata share (calculated on account of unpaid DIP Claims and Allowed Term Loan Claims) of the New Common Stock, subject to dilution by both the Management Incentive Plan and the New Common Stock issued pursuant to the Exit Term Loan Facility.

Treatment of Holders of Allowed Other General Unsecured Claims at Debtors Other Than Vertex

On the Effective Date and pursuant to the Plan, each Holder of an Allowed Other General Unsecured Claim at Debtors other than Vertex received, in full and final satisfaction of its Claim, unless otherwise agreed to by such Holder, its pro rata share of:

- (i) the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Other General Unsecured Claim at Debtors other than Vertex to its pro rata share of the GUC Trust Net Assets.

Treatment of Holders of Allowed Other General Unsecured Claims at Vertex

On the Effective Date and pursuant to the Plan, each Holder of an Allowed Other General Unsecured Claim at Vertex received, in full and final satisfaction of its Claim, unless otherwise agreed to by such Holder, its pro rata share of:

- (i) the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Other General Unsecured Claim at Vertex (pari passu with all other Allowed Other General Unsecured Claims at Vertex and Allowed 2027 Convertible Notes Claims) to its pro rata share of the GUC Trust Net Assets after payment or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex.

Treatment of Holders of Allowed 2027 Convertible Notes Claims

On the Effective Date and pursuant to the Plan, each Holder of Allowed 2027 Convertible Notes Claims received, in full and final satisfaction of its Claim, unless otherwise agreed to by such Holder, its pro rata share of:

- (i) the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed 2027 Convertible Notes Claim (pari passu with all other Allowed Other General Unsecured Claims at Vertex and Allowed 2027 Convertible Notes Claims) to its pro rata share of the GUC Trust Net Assets after payment or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex.

Treatment of Holders of an Allowed Term Loan Deficiency Claim

On the Effective Date and pursuant to the Plan, each Holder of an Allowed Term Loan Deficiency Claim received, in full and final satisfaction of its Claim, unless otherwise agreed to by such Holder, its pro rata share of:

- (i) the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Term Loan Deficiency Claim (pari passu with all other Allowed Term Loan Deficiency Claims and Allowed DIP Deficiency Claims) to its pro rata share of the GUC Trust Net Assets after payment or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex, all Allowed Other General Unsecured Claims at Vertex, and all Allowed 2027 Convertible Notes Claims.

Treatment of Holders of Interests in Vertex

On the Effective Date and pursuant to the Plan, all Interests in Vertex were cancelled, released, and extinguished and were of no further force or effect, and Holders of Interests in Vertex did not receive any distribution, property, or other value under the Plan on account of such Interest in Vertex.

Form 8937, Line 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

The U.S. federal income tax consequences to a U.S. Holder of Allowed Term Loan Claims, Allowed Other General Unsecured Claims at Debtors other than Vertex, Allowed Other General Unsecured Claims at

Vertex, Allowed 2027 Convertible Note Claims, or Allowed Term Loan Deficiency Claims will depend, in part, on whether the U.S. federal income tax purposes the (a) Claim surrendered by such U.S. Holder constitutes a “security” of a Debtor, and (b) any consideration received by such U.S. Holder constitutes a stock or “security” issued by the same entity against which the Claim is asserted (or, an entity that is a “party to a reorganization” with such entity). Neither the IRC nor the Treasury Regulations promulgated thereunder define the term “security.” Whether a debt instrument constitutes a “security” is determined based on all relevant facts and circumstances.

The Debtors expect that the Allowed 2027 Convertible Notes Claims will be treated as “securities” and the Allowed Term Loan Claims, Allowed Other General Unsecured Claims at Debtors other than Vertex, Allowed Other General Unsecured Claims at Vertex, and Allowed Term Loan Deficiency Claims will not be treated as securities for U.S. federal income tax purposes, and the remainder of this discussion assumes this to be the case.

Due to the inherently factual nature of the determination of whether a debt instrument constitutes a “security”, U.S. Holders of Allowed Term Loan Claims, Allowed Other General Unsecured Claims at Debtors other than Vertex, Allowed Other General Unsecured Claims at Vertex, Allowed 2027 Convertible Note Claims, or Allowed Term Loan Deficiency Claims are urged to consult their tax advisors regarding the status of such Claims as “securities” for U.S. federal income tax purposes.

The character of any gain or loss recognized by a U.S. holder as capital gain or loss or as ordinary income or loss will be determined by a number of facts, including the tax status of the U.S. Holder, the nature of the Allowed Term Loan Claim in such U.S. Holder’s hands, whether such Claim constitutes a capital asset in the hands of the U.S. Holder, whether such claim was purchased at a discount, and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim. If recognized gain is capital, it generally would be long-term capital gain if the U.S. Holder held its Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations.

Effect on Basis to U.S. Holders of Allowed Term Loan Claims

As a result of the Transaction, each Holder of an Allowed Term Loan Claim exchanged its Claim for its pro rata share (calculated on account of unpaid DIP Claims and Allowed Term Loan Claims) of the New Common Stock (hereinafter, “Term Loan Recovery”).

The exchange of an Allowed Term Loan Claim by a U.S. Holder should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. In such case, other than with respect to any amounts received that are attributable to accrued but unpaid interest (or OID), and subject to the rules relating to market discount, a U.S. Holder of such a Claim should recognize gain or loss equal to (i) the fair market value of any New Common Stock received, minus (ii) the U.S. Holder’s adjusted basis, if any, in the Claim.

A U.S. Holder should obtain a tax basis in each Term Loan Recovery received equal to the property’s fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

Effect on Basis to U.S. Holders of Allowed Other General Unsecured Claims at Debtors Other Than Vertex

As a result of the Transaction, each Holder of an Allowed Other General Unsecured Claim at Debtors other than Vertex exchanged its Claim for its pro rata share of the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Other General Unsecured Claim at Debtors other than Vertex to its pro rata share of the GUC Trust Net Assets (hereinafter, “Non-Vertex GUC Recovery”).

The exchange of an Allowed Other General Unsecured Claim at Debtors other than Vertex by a U.S. Holder should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. In such case, other than with respect to any amounts received that are attributable to accrued but unpaid interest (or OID), and subject to the rules relating to market discount, a U.S. Holder of such a Claim should recognize gain or loss equal to (i) the fair market value of any Non-Vertex GUC Recovery received, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim.

A U.S. Holder should obtain a tax basis in any Non-Vertex GUC Recovery received equal to the property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

Effect on Basis to U.S. Holders of Allowed Other General Unsecured Claims at Vertex

As a result of the Transaction, each Holder of an Allowed Other General Unsecured Claim at Vertex exchanged its Claim for its pro rata share of the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Other General Unsecured Claim at Vertex (pari passu with all other Allowed Other General Unsecured Claims at Vertex and Allowed 2027 Convertible Notes Claims) to its pro rata share of the GUC Trust Net Assets after payment of or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex (hereinafter, "Vertex GUC Recovery").

The exchange of an Allowed Other General Unsecured Claim at Vertex by a U.S. Holder should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. In such case, other than with respect to any amounts received that are attributable to accrued but unpaid interest (or OID), and subject to the rules relating to market discount, a U.S. Holder of such a Claim should recognize gain or loss equal to (i) the fair market value of any Vertex GUC Recovery received, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim.

A U.S. Holder should obtain a tax basis in any Vertex GUC Recovery received equal to the property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

Effect on Basis to U.S. Holders of 2027 Convertible Notes Claims

As a result of the Transaction, each Holder of an Allowed 2027 Convertible Notes Claim exchanged its Claim for its pro rata share of the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed 2027 Convertible Notes Claim (pari passu with all other Allowed 2027 Convertible Notes Claims and Allowed Other General Unsecured Claims at Vertex) to its pro rata share of GUC Trust Net Assets after payment or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex (hereinafter, "Convertible Note Recovery").

The exchange of an Allowed 2027 Convertible Notes Claim by a U.S. Holder should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. In such case, other than with respect to any amounts received that are attributable to accrued but unpaid interest (or OID), and subject to the rules relating to market discount, a U.S. Holder of such a Claim should recognize gain or loss equal to (i) the fair market value of any Convertible Note Recovery received, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim.

A U.S. Holder should obtain a tax basis in any Convertible Note Recovery received equal to the property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

Effect on Basis to U.S. Holders of Allowed Term Loan Deficiency Claims

As a result of the Transaction, each Holder of an Allowed Term Loan Deficiency Claim exchanged its Claim for its pro rata share of the beneficial interests of the GUC Trust, entitling each respective Holder of an Allowed Term Loan Deficiency Claim (pari passu with all other Allowed Term Loan Deficiency Claims and all Allowed DIP Deficiency Claims) to its pro rata share of GUC Trust Net Assets after payment or satisfaction, as applicable, of all Allowed Other General Unsecured Claims at Debtors other than Vertex, Allowed Other General Unsecured Claims at Vertex, and Allowed 2027 Convertible Notes Claims (hereinafter, "Term Loan Deficiency Recovery").

The exchange of an Allowed Term Loan Deficiency Claim by a U.S. Holder should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. In such case, other than with respect to any amounts received that are attributable to accrued but unpaid interest (or OID), and subject to the rules relating to market discount, a U.S. Holder of such a Claim should recognize gain or loss equal to (i) the fair market value of any Term Loan Deficiency Recovery received, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim.

A U.S. Holder should obtain a tax basis in any Term Loan Deficiency Recovery received equal to the property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

Accrued Interest

To the extent that the fair market value of the consideration received by a U.S. Holder on an exchange of its Allowed Claim under the Plan is attributable to accrued but unpaid interest on such Allowed Claim, the receipt of such amount generally should be taxable to the U.S. Holder as ordinary interest income (to the extent such amount was not previously included in the gross income of such U.S. Holder). Conversely, a U.S. Holder of an Allowed Claim may be able to deduct a loss to the extent that any accrued interest on such debt instruments was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair market value of the consideration received by a U.S. Holder of an Allowed Claim under the Plan is not sufficient to fully satisfy all principal and interest on its Allowed Claim, the extent to which such consideration will be attributable to accrued interest will be allocated first to the principal amount of the Allowed Claim, with any excess allocated to accrued but unpaid interest, if any, on such U.S. Holder's Allowed Claim.

U.S. Holders of Allowed Claims are urged to consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

Market Discount

Under the "market discount" provisions of the IRC, some or all of any gain realized by a U.S. Holder of an Allowed Claim who exchanges such Allowed Claim for an amount on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such exchanged Allowed Claim.

Any gain recognized by a U.S. Holder on the disposition of an Allowed Claim (determined as described above) which was acquired with market discount should be treated as ordinary income to the extent of the amount of market discount that accrued thereon while such Allowed Claim was treated as held by such U.S. Holder (unless such U.S. Holder elected to include such amount of market discount in income as it accrued). To the extent that a U.S. Holder exchanges any Allowed Claim that was acquired with market discount in a tax-free transaction for other property, any market discount that accrued on such Allowed Claim (i.e., up to the time of the exchange), but was not recognized by such U.S. Holder, is carried over to the property received therefor

and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of such property is treated as ordinary income to the extent of such accrued, but not recognized, market discount.

U.S. Holders of Allowed Claims are urged to consult their own tax advisors concerning the application of the market discount rules to their Allowed Claim.

Effect on Basis to Holders of Interests in Vertex

U.S. Holders of Interests as of January 21, 2025, were not issued New Common Stock in respect of their Interests and, therefore, will not have any tax basis in such New Common Stock. A U.S. Holder of Interests may be eligible for a worthless securities deduction pursuant to section 165 of the IRC. The rules governing the character, timing, and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the U.S. Holder, the obligor, and the instrument with respect to which a deduction is claimed. ***U.S. Holders of Interests, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.***

Form 8937, Line 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 Line 15.

The Debtors have not yet made a final determination as to the fair market value of all consideration received as of the date of this Form 8937. In addition, the Trustee of the Trust will make the determination of the value of the trust assets.

Form 8937, Line 17:

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

Sections 165, 354, 356, 358, 368, 1001, 1012, and 1223 of the IRC.

Form 8937, Line 18:

Can any resulting loss be recognized?

See Line 15.

Losses may be recognized with respect to an exchange by a Holder for U.S. federal income tax purposes.

Form 8937, Line 19:

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

Any income, gain, loss, or adjustments to basis would be taken into account in the tax year of the U.S. Holder during which the Effective Date (January 21, 2025) occurred.