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 Terrestrial Energy Inc.			**2 Issuer's employer identification number (EIN)** 98-1785406
3 Name of contact for additional information Brian Thrasher, Chief Financial Officer	**4** Telephone No. of contact		**5** Email address of contact bthrasher@terrestrialenergy.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2730 W Tyvola Road, Suite 100			**7** City, town, or post office, state, and ZIP code of contact Charlotte, NC 28217
8 Date of action October 23, 2025 and October 28, 2025	**9** Classification and description Exchange of Specified Securities for other Specified Securities		
10 CUSIP number 881454102	**11** Serial number(s)	**12** Ticker symbol IMSR	**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,.

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 ▶ BP [signature] Date ▶ December 10, 2025

Print your name ▶ Brian Thrasher Title ▶ Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

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

Terrestrial Energy Inc.
EIN: 98-1785406
Attachment to IRS Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in the IRS Form 8937 and this attachment thereto is being provided pursuant to the requirements of Section 6045B of the United States Internal Revenue Code of 1986, as amended (the "Code"), 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 contemplated by the Business Combination Agreement (as defined below). 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 persons or categories of persons.

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.

(i) On October 23, 2025, HCM II Acquisition Corp., an exempted company incorporated under the laws of the Cayman Islands (prior to the Domestication (as defined below), "HCM," and following the Domestication, "New TEI"), domesticated as a Delaware corporation in accordance with Section 388 of the General Corporation Law of the State of Delaware, as amended, the Companies Act (as revised) of the Cayman Islands, and the amended and restated memorandum and articles of association of HCM (the "Domestication"), and (ii) on October 28, 2025, HCM II Merger Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of New TEI ("Merger Sub"), merged with and into Terrestrial Energy Inc., a Delaware corporation ("Old TEI"), with Old TEI surviving such merger as a wholly owned subsidiary of New TEI (the "Merger"), in each case, pursuant to that certain Business Combination Agreement, dated as of March 26, 2025, by and among HCM, Merger Sub and Old TEI, as amended by Amendment No. 1 to the Business Combination Agreement, dated effective October 26, 2025, by and among New TEI, Merger Sub and Old TEI (as amended, the "Business Combination Agreement"). Following the closing of the Merger, New TEI changed its name to "Terrestrial Energy Inc." and Old TEI changed its name to "Terrestrial Energy Development Inc."

Pursuant to the Business Combination Agreement, immediately prior to the Domestication, each of the then issued and outstanding Class B ordinary shares, par value $0.0001 per share, of HCM (collectively, the "HCM Class B Ordinary Shares") converted automatically, on a one-for-one basis, into one Class A ordinary share, par value $0.0001 per share, of HCM (collectively, the "HCM Class A Ordinary Shares" and such conversion, the "Sponsor Share Conversion"). In connection with the Domestication, (i) each then issued and outstanding HCM Class A Ordinary Share automatically converted, on a one-for-one basis, into one share of common stock, par value $0.0001 per share, of New TEI (collectively, the "New TEI Common Shares"); (ii) each then issued and outstanding warrant representing the right to purchase one HCM Class A Ordinary Share (collectively, the "HCM Warrants") converted automatically into a warrant to acquire one New TEI Common Share (collectively, the "New TEI Warrants"); and (iii) each then issued and outstanding unit consisting of one HCM Class A Ordinary Share and one-half of one HCM Warrant (collectively, the "HCM Units") was canceled and exchanged for one New TEI Common Share and one-half of one New TEI Warrant (collectively, the "New TEI Units").

Pursuant to the Business Combination Agreement, and as relevant to this Attachment to IRS Form 8937, in connection with the Merger, (i) each then issued and outstanding share of common stock, par value $0.001, of Old TEI (each, an "Old TEI Common Share") automatically converted into the right to receive a number of New TEI Common Shares equal to the Per Share Base Consideration (as defined below);

(ii) each then issued and outstanding share of preferred stock, par value $0.001, of Old TEI designated as "Series A Preferred Stock" or "Series A-1 Preferred Stock" (each, an "Old TEI Preferred Share") automatically converted into the right to receive the number of New TEI Common Shares equal to (A) the number of Old TEI Common Shares into which such Old TEI Preferred Shares were convertible in accordance with Old TEI's organizational documents as of immediately prior to the effective time of the Merger (the "Effective Time"), multiplied by (B) the Per Share Base Consideration; (iii) each 8% Convertible Note due 2026 issued by Old TEI that was outstanding immediately prior to the Effective Time (each, an "Old TEI Note") was automatically converted into (A) the number of New TEI Common Shares equal to (1) the outstanding amount of the Old TEI Note, including any accrued and unpaid interest, divided by (2) 75% of the Redemption Price (as defined below), and (B) a contingent value right (the "CVR") to receive additional shares of New TEI Common Shares (the terms of which are more thoroughly described in the Form S-4 (as defined below)); (iv) each then issued and outstanding option to purchase Old TEI Common Shares (the "Old TEI Options") was assumed by New TEI such that, upon the Effective Time, each share underlying the Old TEI Options became a New TEI Common Share equal to the Per Share Base Consideration (the "New TEI Options"); (v) each then issued and unexercised warrant to purchase Old TEI Common Shares and any other equity interests of Old TEI (the "Old TEI Warrants") was assumed by New TEI and became exercisable for the Per Share Base Consideration; and (vi) each then issued and outstanding restricted stock unit representing the right to receive Old TEI Common Shares (each, an "Old TEI RSU") was assumed by New TEI such that, upon the Effective Time, each share underlying the Old TEI RSUs became a New TEI Common Share equal to the Per Share Base Consideration (the "New TEI RSUs").

The "Per Share Base Consideration" equaled 44.7029 New TEI Common Shares. No fractional shares of New TEI Common Shares were issued in connection with the Merger; instead, any fractional shares of New TEI Common Shares were rounded up to the nearest whole share of New TEI Common Shares. No cash consideration was issued in connection with the Merger.

The "Redemption Price" equaled $10.54 per share, which was the price at which the holders of 7,390 HCM Class A Ordinary Shares (as of immediately prior to the Domestication) exercised their right to redeem such shares.

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.

1. Sponsor Share Conversion

The Sponsor Share Conversion is intended to qualify as a reorganization under Section 368(a) of the Code. The sole consideration pursuant to the Sponsor Share Conversion consisted of stock of a party to the reorganization (i.e., HCM Class A Ordinary Shares). Accordingly, and because the HCM Class B Ordinary Shares were exchanged for HCM Class A Ordinary Shares on a one-for-one basis, the aggregate and per-share tax basis of the HCM Class A Ordinary Shares received in the Sponsor Share Conversion is expected to equal the aggregate and per-share tax basis of the HCM Class B Ordinary Shares exchanged therefor.

2. Domestication

The Domestication is intended to qualify as a reorganization under Section 368(a) of the Code. The sole consideration paid to holders of HCM Class A Ordinary Shares pursuant to the Domestication consisted of stock of a party to the reorganization (i.e., New TEI Common Shares). Accordingly, and because the HCM Class A Ordinary Shares were exchanged for New TEI Common Shares on a one-for-one basis, the aggregate and per-share tax basis of the New TEI Common Shares received in the Domestication is expected to equal the aggregate and per-share tax basis of the HCM Class A Ordinary Shares exchanged therefor.

Similarly, because the HCM Warrants and HCM Units were exchanged for New TEI Warrants and New TEI Units, respectively, on a one-for-one basis, (a) the aggregate and per-warrant tax basis of the New TEI Warrants received in the Domestication is expected to equal the aggregate and per-warrant tax basis of the HCM Warrants exchanged therefor, and (b) the aggregate and per-unit tax basis of the New TEI Units received in the Domestication is expected to equal the aggregate and per-unit tax basis of the HCM Units exchanged therefor.

3. Merger

The Merger is intended to qualify as a reorganization under Section 368(a) of the Code. The sole consideration paid in exchange for the Old TEI Common Shares and Old TEI Preferred Shares (collectively, the "Old TEI Stock") pursuant to the Merger consisted of stock of a party to the reorganization (i.e., New TEI Common Shares).

As a consequence of the Merger, the aggregate tax basis of the New TEI Common Shares received in the Merger is expected to equal the aggregate tax basis of the Old TEI Common Shares and Old TEI Preferred Shares exchanged therefor. The former holders of Old TEI Stock will be required to allocate such aggregate tax basis in their Old TEI Stock held immediately before the Merger among the New TEI Common Shares received in respect of their Old TEI Stock pursuant to the Merger. Specifically:

- Because the holders of Old TEI Common Shares received 44.7029 New TEI Common Shares for each Old TEI Common Share, a holder's per-share tax basis of the New TEI Common Shares received in exchange for Old TEI Common Shares is expected to equal their per-share adjusted tax basis of one Old TEI Common Share *divided by* 44.7029; and
- Because the holders of Old TEI Preferred Shares received 44.7029 New TEI Common Shares for each Old TEI Common Share into which such Old TEI Preferred Shares were convertible in accordance with Old TEI's organizational documents as of immediately prior to the Effective Time, a holder's per-share tax basis of the New TEI Common Shares received in exchange for Old TEI Preferred Shares is expected to equal (1) their per-share adjusted tax basis of one Old TEI Preferred Share, *divided by* an amount equal to (2) (A) the number of Old TEI Common Shares into which such Old TEI Preferred Share was convertible in accordance with Old TEI's organizational documents as of immediately prior to the Effective Time, *multiplied by* (B) 44.7029.

If a holder of Old TEI Stock acquired different blocks thereof at different times or at different prices, the holder's tax basis in the New TEI Common Shares received in the Merger should be determined by reference to each separate block of Old TEI Stock. Such holders should consult their own tax advisors regarding the allocation of the tax basis of such shares among the New TEI Common Shares received in the Merger.

The consequence of the Merger on the adjusted tax basis to the former holders of Old TEI Notes is not free from doubt, as the conclusion depends on whether the Old TEI Notes constituted "securities" within the meaning of Section 354(a) of the Code, as well as the characterization of the CVR for U.S. federal income tax purposes and the valuation thereof. Because the term of the Old TEI Notes did not exceed two years, we have assumed that the Old TEI Notes did not constitute "securities" within the meaning of Section 354(a) of the Code. Accordingly, and based on such assumption, each holder of the Old TEI Notes is expected to have a per-share tax basis in the New TEI Common Shares received in the Merger equal to the fair market value of each New TEI Common Share as of the Effective Time. The tax basis in a CVR depends on whether it is permitted to be reported under "open transaction" or "closed transaction" principles, which is not free from doubt. All former holders of Old TEI Notes should consult their own tax advisors regarding the tax treatment to them of the exchange of the Old TEI Notes for New TEI Common Shares and the CVR pursuant to the Merger.

With respect to the holders of Old TEI Options, Old TEI Warrants, and Old TEI RSUs, the aggregate tax basis of New TEI Options, New TEI Warrants, and New TEI RSUs received in the Merger is expected to equal the aggregate tax basis of the Old TEI Options, Old TEI Warrants, and Old TEI RSUs, respectively, exchanged therefor.

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.

For a description of the calculation of change in basis, please refer to Line 15 above.

The Redemption Price of $10.54 was based on the per-share price of HCM Class A Ordinary Shares based on the pro rata portion of the aggregate amount on deposit in the Trust Account of HCM, which Trust Account held the remaining net proceeds from HCM's IPO and the sale of the HCM Warrants together with interest earned thereon, less amounts released to pay taxes.

The Per Share Base Consideration was based on an exchange ratio equal to the quotient of (i)(a) $925,000,000, *divided by* (b) the Redemption Price, *divided by* (ii) Old TEI's fully diluted capital (as more thoroughly described as the "Terrestrial Fully Diluted Capital" in the Form S-4 for HCM as filed with the Securities and Exchange Commission on September 23, 2025 (available at https://www.sec.gov/ix?doc=/Archives/edgar/data/0002019804/000121390025090697/ea0243629-11.htm)) (the "Form S-4").

Although U.S. federal income tax rules do not specify how to determine fair market value of a New TEI Common Share, one possible approach is to utilize the NASDAQ market closing price on the day that the Merger occurred, which was $18.04. Another possible approach would be to use the Redemption Price, which was $10.54. New TEI is not taking a position as to the appropriate method for determining the fair market value of each New TEI Common Share received by the former holders of Old TEI Notes pursuant to the Merger on this Form 8937. Other approaches to determine such fair market value may be possible and the former holders of Old TEI Notes should consult their own tax advisors regarding the tax treatment to them of the exchange of the Old TEI Notes for New TEI Common Shares and the CVR pursuant to the Merger.

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

Sections 354, 358, 368, 1001 and 1012.

Line 18 — Can any resulting loss be recognized?

Generally, no loss will be recognized pursuant to the Sponsor Share Conversion, the Domestication, or (in respect of holders of Old TEI Stock, Old TEI Options, Old TEI Warrants, or Old TEI RSUs) the Merger.

Loss may be recognized by the holders of Old TEI Notes, but the amount of such loss is not free from doubt, as the conclusion depends on whether the Old TEI Notes constituted "securities" within the meaning of

Section 354 of the Code. Because the term of the Old TEI Notes did not exceed two years, we have assumed that the Old TEI Notes did not constitute “securities” within the meaning of Section 354(a) of the Code. Accordingly, and based on such assumption, it is expected that loss may be recognized to the extent the sum of the fair market values of the New TEI Common Shares and the CVR received in exchange for the Old TEI Notes is less than a holder’s adjusted tax basis in the Old TEI Notes.

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

The Sponsor Share Conversion and the Domestication occurred on October 23, 2025, and the Merger occurred on October 28, 2025. Accordingly, the reportable tax year is the tax year that includes such dates, which, for calendar year taxpayers, is the year ending on December 31, 2025.