

**Stem, Inc. (EIN: 85-1972187),
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities**

Stem, Inc. (the “**Company**”), a corporation for U.S. federal income tax (“**USFIT**”) purposes, is providing the information contained herein pursuant to the requirements of section 6045B of the Internal Revenue Code of 1986, as amended (the “**Code**”). The discussion herein includes a general summary regarding the application of certain USFIT laws and regulations to the debt exchanges described below and the potential effects on a debtholder’s adjusted U.S. tax basis resulting from such transactions.

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 debtholders. Debtholders are urged to consult their own tax advisors regarding the particular U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from such transactions.

Unless otherwise specified herein, “**section**” references are to the Code or Treasury regulations promulgated thereunder, each in effect as of the date hereof.

Part I:

Line 9. Classification and description.

- Convertible notes issued November 22, 2021, due December 1, 2028, with a total aggregate principal amount of approximately \$297,000,000 (the “**Existing 2028 Convertible Notes**”).
- Convertible notes issued April 3, 2023, due April 1, 2030, with a total aggregate principal amount of approximately \$240,000,000 (the “**Existing 2030 Convertible Notes**”).
- Senior secured PIK toggle notes issued on June 30, 2025, due December 1, 2030, with a total aggregate principal amount of approximately \$155,426,583 (the “**New Notes**”).
- 439,919 warrants exercisable for shares of Company common stock with an exercise price of \$30.00 per share (the “**New Warrants**”).

Line 10. CUSIP number.

Instrument	CUSIP
Existing 2028 Convertible Notes	85859NAA0
Existing 2030 Convertible Notes	85859NAC6
New Notes	85859NAE2
New Warrants	8589N1283

Part II:

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 or about June 30, 2025, pursuant to an agreement dated June 27, 2025 (the “**Exchange Agreement**”), the Company consummated the following transactions (each an “**Exchange**” and, collectively, the “**Exchanges**”) with holders of the Existing 2028 Convertible Notes and Existing 2030 Convertible Notes (each, an “**Exchange Holder**” and, collectively, the “**Exchange Holders**”):

- Exchange Holders exchanged in aggregate (i) Existing 2028 Convertible Notes with a total aggregate principal amount of approximately \$228,818,000,¹ (ii) Existing 2030 Convertible Notes with a total aggregate principal amount of approximately \$121,310,000,² and (iii) \$10 million of cash, for (i) the New Notes with a total aggregate principal amount of approximately \$155,426,583 and (ii) the New Warrants.³

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 Company believes, and the remainder of this discussion assumes, that the Exchanges resulted in significant modifications of the Existing 2028 Convertible Notes and Existing 2030 Convertible Notes under Treas. Reg. section 1.1001-3. As a result, pursuant to section 1001, the Exchange Holders are expected to be treated as receiving the New Notes and New Warrants as applicable, in exchange for cash and Existing 2028 Convertible Notes and/or Existing 2030 Convertible Notes as applicable and as described above. Consequently, the Exchange Holders are expected to realize - but, subject to the recapitalization rules discussed below, not necessarily recognize - gain or loss (if any) as a result of the Exchanges.

The tax treatment of the Exchanges depends on whether they constitute recapitalizations under section 368(a)(1)(E) (a “**Section 368(a)(1)(E) Recapitalization**”). In the case of each Exchange, the determination of whether the Exchange constitutes a Section 368(a)(1)(E) Recapitalization and the amount of gain or loss, if any, recognized as a result of the Exchanges depends, *inter alia*, on whether each of Existing 2028 Convertible Notes and Existing 2030 Convertible Notes surrendered, and the New Notes and New Warrants received therefor, constitute “securities” for purposes of section 354. Neither the Code nor the Treasury regulations define the term security. Whether a debt instrument is a security is based on all of the facts and circumstances, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. Here, the debt instruments have the following terms:

- Existing 2028 Convertible Notes: 7 years
- Existing 2030 Convertible Notes: 7 years
- New Notes: Approximately 5.5 years⁴

¹ Approximately \$68,182,000 aggregate principal amount of Existing 2028 Convertible Notes are still outstanding.

² Approximately \$118,690,000 aggregate principal amount of Existing 2030 Convertible Notes are still outstanding.

³ Exchange Holders also received cash for accrued and unpaid interest on the Existing 2028 Convertible Notes and Existing 2030 Convertible Notes exchanged.

⁴ The New Notes will mature on the earlier of (a) December 30, 2030, (b) the date, if any, on or after June 30, 2028 on which (x) the aggregate principal amount of the 2028 Convertible Notes then outstanding is greater than \$15,000,000 and (y) the difference between the amount of unrestricted cash and cash equivalents held by the Company and its restricted subsidiaries and the aggregate principal amount of the 2028 Convertible Notes outstanding as of such date of determination is less than \$30,000,000, and (c) the date, if any, on or after January 1,

If the Existing 2028 Convertible Notes, Existing 2030 Convertible Notes, New Notes, and New Warrants (as applicable) are determined to constitute securities for purposes of section 354, and the respective exchanges of Existing 2028 Convertible Notes, Existing 2030 Convertible Notes, New Notes, and New Warrants, as applicable, otherwise qualify as Section 368(a)(1)(E) Recapitalizations, the Exchange Holders generally are expected not to recognize gain or loss with respect to the Exchanges, except to the extent of cash and other “boot” received by the Exchange Holders as part of the Exchanges (other than cash for accrued and unpaid interest). The Company believes that the Exchanges qualify as Section 368(a)(1)(E) Recapitalizations. Pursuant to this treatment, an Exchange Holder is expected to be required to recognize gain on an exchange of Existing 2028 Convertible Notes and Existing 2030 Convertible Notes (as applicable) in an amount equal to the lesser of (1) the total gain realized by the Exchange Holder with respect to such Existing 2028 Convertible Notes and Existing 2030 Convertible Notes, as applicable, and (2) the amount of cash (other than cash for accrued and unpaid interest) and other non-cash boot received (if any) as part of the Exchange for such Existing 2028 Convertible Notes and Existing 2030 Convertible Notes.

Here, the total gain realized by an Exchange Holder with respect to the Exchanges is expected to equal the excess, if any, of (1) the sum of (a) the issue price of the New Notes and fair market value of the New Warrants received, as applicable, and (b) the cash (other than cash for accrued and unpaid interest) and other non-cash boot received (if any) over (2) the Exchange Holder’s adjusted tax basis in Existing 2028 Convertible Notes and Existing 2030 Convertible Notes, as applicable. An Exchange Holder’s aggregate adjusted tax basis in the New Notes and Warrants is expected to equal the Exchange Holder’s adjusted tax basis in the Existing 2028 Notes or Existing 2030 Notes, as applicable, increased by the amount of any gain realized on the Exchange and reduced by any cash received (other than for accrued unpaid interest).⁵ We would expect such aggregate basis to be allocated to the New Notes and Warrants based on the relative fair market values of the New Notes and Warrants, as applicable.⁶

To the extent the Exchanges do not qualify as Section 368(a)(1)(E) Recapitalizations, an Exchange Holder’s aggregate initial tax basis in the New Notes and New Warrants generally is expected to be equal to their issue price and fair market value, respectively. Exchange Holders participating in the Exchanges should consult their tax advisors to determine the USFIT consequences to them of the Exchanges.

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 response to Line 15 above.

To the extent the Exchanges are Section 368(a)(1)(E) Recapitalizations, an Exchange Holder’s aggregate initial tax basis in the New Notes and New Warrants is expected to equal its aggregate adjusted tax basis in the Existing 2028 Convertible Notes and Existing 2030 Convertible Notes exchanged for the New Notes

2030 on which (x) the aggregate principal amount of the 2030 Convertible Notes then outstanding is greater than \$15,000,000 and (y) the difference between the amount of unrestricted cash and cash equivalents held by the Company and its restricted subsidiaries and the aggregate principal amount of the 2030 Convertible Notes outstanding as of such date of determination is less than \$30,000,000.

⁵ Because the Exchange Holders paid cash as part of the consideration transferred in the Exchanges, an allocable portion of the New Notes and New Warrants acquired with such cash are expected to have basis equal to the amount of cash paid whether or not the Exchanges are Section 368(a)(1)(E) Recapitalizations, and when allocating carryover basis in the context of a Section 368(a)(1)(E) Recapitalization, the New Notes and Warrants acquired for cash are expected to be excluded.

and New Warrants, as applicable, less the amount of cash (other than cash for accrued and unpaid interest) and other non-cash boot received (if any), plus the amount of any gain recognized.

To the extent the Exchanges do not qualify as Section 368(a)(1)(E) Recapitalizations, an Exchange Holder's aggregate initial tax basis in the New Notes and New Warrants is expected to equal their issue price and fair market value, respectively.

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

Sections 354, 356, 358, 368, 1001, 1012, 1273, and 1275.

Line 18. Can any resulting loss be recognized?

The Exchanges generally are not expected to result in loss being recognized by the Exchange Holders to the extent the Exchanges are Section 368(a)(1)(E) Recapitalizations.

The Exchanges may result in an Exchange Holder recognizing a loss to the extent the Exchanges are not Section 368(a)(1)(E) Recapitalizations and such Exchange Holder's tax basis in the Existing 2028 Convertible Notes and Existing 2030 Convertible Notes exchanged exceeds the aggregate of the issue price of the New Notes and fair market value of the New Warrants, as applicable, received plus the amount of any cash (other than cash for accrued and unpaid interest) and other non-cash boot received (if any), subject to generally applicable Code rules that may impact the ability of particular Exchange Holders to recognize losses.

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

The organizational actions occurred on June 30, 2025. The reportable tax year is 2025 for calendar-year taxpayers.