

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 Form 8937 Statement I

18 Can any resulting loss be recognized? ▶ See attached Form 8937 Statement I

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____
See attached Form 8937 Statement I

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 ▶  Steve Lo (Apr 15, 2024 09:59 PDT) Date ▶ Apr 15, 2024

Print your name ▶ _____ Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHRISTY E CALDERON		04/15/2024		P01250529
	Firm's name ▶ ARMANINO LLP			Firm's EIN ▶	94-6214841
	Firm's address ▶ SAN JOSE, CA 95113-2433			Phone no.	408-200-6400

Attachment to Form 8937
Report of Organizational Action Affecting Basis of Securities

The information contained in Form 8937 and this attachment does not constitute tax advice nor purport to take into account any holder’s specific circumstances.

This attachment is intended to provide only a general summary of certain U.S. federal income tax consequences of the note exchange transaction described herein. It is not intended to provide a comprehensive analysis of all potential U.S. federal income tax consequences of such transactions.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used to avoid penalties under the Internal Revenue Code of 1986, as amended (the “Code”). Holders of the Exchange Notes (defined below) should consult their tax advisors regarding the particular tax consequences of the Exchange (as defined below) to them, including the applicability and effect of all U.S. federal, state, local, and non-U.S. tax laws.

Holders are urged to consult their tax advisors regarding the U.S. tax consequences of the transactions described herein and the impact on the tax basis resulting from such transactions.

Part I Reporting Issuer

<u>Line 9 Classification & Description</u>	<u>Line 10 CUSIP</u>
(i) Common Stock Warrants	88339P-119
(ii) 4.25%/8.75% PIK/Cash Senior Secured Notes due 2029	88339P-AE1

Part II Organizational Action

Question 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 29, 2024, The RealReal, Inc. (“REAL” or “the Issuer”) entered into an exchange agreement (“the Exchange”) with certain holders (“Holders”) of its Notes to exchange (“Exchange Notes” or “Old Notes”):

- (i) \$145,751,000 in aggregate principal amount of the 2025 Notes and
- (ii) \$6,480,000 in aggregate principal amount of the 2028 Notes

for \$135,000,000 Senior Secured Notes due 2029 (“2029 Senior Notes” or “New Notes”), and common stock warrants (“Warrant”) to purchase up to 7,894,737, \$0.00001 par value per share common shares (subject to adjustment in accordance with their terms) at a strike price equal to \$1.71, which was the closing price of the Company’s common stock on February 28, 2024.

Question 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 Issuer believes, and the rest of this discussion assumes, that the Exchange resulted in a significant modification of the terms of the Old Notes under Treas. Reg. §1.1001-3. As a result, Holders will realize (but, subject to the recapitalization rules discussed below, not necessarily recognize) gain or loss (if any) for U.S. federal income tax purposes on the Exchange.

To qualify as an IRC §368(a)(1)(E) recapitalization, both the Exchange Notes and 2029 Senior Notes must be securities of REAL. The term "security" lacks a precise definition in the Internal Revenue Code or Treasury Regulations, and its application to debt obligations is ambiguous.

If the Exchange qualifies as a recapitalization under IRC §368(a)(1)(E) for U.S. federal income tax purposes, thereby qualifying as a tax-free "recapitalization," a Holder generally does not recognize gain or loss with respect to the Exchange. Any "boot", generally cash, gives rise to gain (but not loss) for each Holder in an amount equal to the lesser of the Holder's gain upon the Exchange and the cash received. Further, a Holder's aggregate tax basis in the Old Notes will carryover to the aggregate basis in the New Notes and Warrant(s).

In cases where the Exchange fails to meet the recapitalization criteria for U.S. federal income tax purposes, generally, the Holder's aggregate tax basis in the New Notes equals their fair market value, determined in accordance with IRC §1273(c)(2) investment unit rules.

The Warrant is a detachable instrument issued in connection with the Exchange of Old Notes for 2029 Senior Notes as an investment unit; see IRC §§1271 through 1275. Therefore, the 2029 Senior Notes and Warrants are treated separately. Pursuant to Treas. Reg. § 1.1273-1, the Warrant can result in original issue discount ("OID") with respect to the 2029 Senior Notes. In the hands of the Holder, OID is treated as interest income.

Question 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.

The calculation of the change in basis is described in Line 15. To the extent the Exchange is treated as a tax-free recapitalization, the Holder's aggregate tax basis in the New Notes and Warrant(s) is expected to equal its adjusted tax basis in the Old Notes, reduced by the amount of the cash "boot" received and increased by the amount of any gain recognized by the Holder on the Exchange.

Exchange Note Holders should consult their own tax advisors to determine the Exchange's tax consequences for them.

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

IRC §§354, 356, 358, 1001, 1012, 1272 & 1273

Question 18 Can any resulting loss be recognized?

The Exchange generally should not result in a loss to the extent the Exchange is a tax-free recapitalization under IRC §368(a)(1)(E).

The Exchange may result in a loss to a Holder where the Exchange is treated as an exchange that is not a tax-free recapitalization. A Holder will generally recognize a loss in IRC §1001 recognition transaction equal to the positive difference, if any, between (i) such Holder's adjusted tax basis in the Old Notes and (ii) the issue price of the New Notes received in exchange therefor (other than any New Notes that are attributable to accrued and unpaid interest on the Old Notes).

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

The reportable tax year for the Exchange for each Holder is such Holder's tax year that included February 29, 2024. With respect to calendar year taxpayers, the reportable tax year is 2024.