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	2 Issuer's employer identification number (EIN)
TXNM ENERGY, INC.	85-0468296

3 Name of contact for additional information	4 Telephone No of contact	5 Email address of contact
Sabrina G. Greinel	505-241-2700	sabrina greinel@txnmenergy.com

6 Number and street (or P O box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
414 Silver Avenue SW	Albuquerque, NM 87102

8 Date of action	9 Classification and description
October 23, 2026	5 75% Junior Subordinated Convertible Notes due 2054

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
69349H AF4			

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 ▶ _____ Date ▶ 11/5/26

Print your name ▶ Sabrina G Greinel *Title* ▶ Vice President, Treasurer and Strategy

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

TXNM Energy, Inc.
Attachment to Internal Revenue Service Form 8937
October 23, 2026 Conversion Rate Adjustment

During the 2024 tax year, TXNM Energy, Inc. (the "Company") issued $550,000,000 aggregate principal amount of its 5.75% Junior Subordinated Convertible Notes due 2054 (the "Convertible Notes").

Section 6045B of the United States Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury regulations promulgated thereunder provide that, if a company pays a cash dividend with respect to its stock that results in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under Section 305(b)(2) and (c) of the Code, an information return on Form 8937, Report of Organizational Actions Affecting Stock Basis of Securities, must be filed with the Internal Revenue Service or, in lieu thereof, posted to the company's public website.

The information contained on the Form 8937 and this attachment is intended to satisfy the public reporting requirements under Section 6045A of the Code and is intended to provide only a general summary of certain United States federal income tax consequences of the conversion rate adjustment that occurred with respect to the Convertible Notes on October 23, 2026 (the "Conversion Rate Adjustment"). Such information is not intended to be a complete analysis or description of all potential deferral or other tax consequences of the Conversion Rate Adjustment. You should consult with your own tax advisor to determine the particular federal, state, local or other income, reporting, or other tax consequences of the Conversion Rate Adjustment applicable to you.

Form 8937, Part II, Line 14

The indenture governing the Convertible Notes (the "Indenture") provides that the conversion rate for the Convertible Notes (the "Conversion Rate") shall be adjusted on the ex-dividend date for any cash dividend or distribution made to all or substantially all holders of the Company's common stock, other than a regular, quarterly cash dividend that does not exceed $0.3875 (the "Initial Dividend Threshold"). The Indenture provides that, if an adjustment to the Conversion Rate otherwise required by the Indenture would result in a change of less than one percent to the Conversion Rate, then, notwithstanding the foregoing, the Company may, at its election, defer and carry forward such adjustment, except that all such deferred adjustments must be given effect immediately upon the occurrence of certain events as provided in the Indenture. One such event that requires that all previously deferred adjustments to the Conversion Rate be given effect, and eliminates the ability to defer less than one percent adjustments to the Conversion Rate, is the existence of an "Observation Period" (as defined in the Indenture).

Since the issuance of the Convertible Notes, the Company has declared and paid six regular quarterly cash dividends in excess of the Initial Dividend Threshold. The Company deferred making any adjustments to the Conversion Rate prior to January 1, 2026 as such adjustments would have resulted in a change of less than one percent to the Conversion Rate. As a result of the Convertible Notes becoming subject to conversion at the option of any holder of the

Convertible Notes for the period of January 1, 2026 through March 31, 2026, the Company elected to give effect to all such deferred adjustments effective as of January 1, 2026. Effective as of January 1, 2026, the Conversion Rate was updated to be 22.5248 shares of the Common Stock per $1,000 principal amount of the Convertible Notes.

On January 30, 2026, the Ex-Dividend Date (as defined in the Indenture) occurred for a quarterly cash dividend by the Company of $0.4225 per share (the "January 2026 Dividend"). Since the adjustment to the Conversion Rate from the January 2026 Dividend would have resulted in a change of less than one percent to the Conversion Rate, no adjustment to the Conversion Rate was required at the time of the January 2026 Dividend. On March 26, 2026, as a result of a holder's election to convert a portion of the Convertible Notes, an Observation Period began with respect to the Convertible Notes. In accordance with the Indenture, as a result of the start of the Observation Period, the Company was required to make effective the previously deferred adjustment for the January 2026 Dividend on March 26, 2026. Effective as of March 26, 2026, the Conversion Rate was updated to be 22.5382 shares of the Common Stock per $1,000 principal amount of the Convertible Notes.

On April 27, 2026, the Ex-Dividend Date occurred for a quarterly cash dividend by the Company of $0.4225 per share (the "April 2026 Dividend"). While the adjustment to the Conversion Rate from the April 2026 Dividend would have resulted in a change of less than one percent to the Conversion Rate, as the Company was in an ongoing Observation Period, the Company was required to make effective on April 27, 2026 the Conversion Rate adjustment resulting from the April 2026 Dividend. Effective April 27, 2026, the Conversion Rate was updated to be 22.5517 shares of the Common Stock per $1,000 principal amount of the Convertible Notes.

On August 3, 2026, the Ex-Dividend Date occurred for a quarterly cash dividend by the Company of $0.4225 per share (the "August 2026 Dividend"). Effective August 3, 2026, the Company elected to make an adjustment to the Conversion Rate and the Conversion Rate was updated to be 22.5654 shares of the Common Stock per $1,000 principal amount of the Convertible Notes.

On October 23, 2026, the Ex-Dividend Date occurred for a quarterly cash dividend by the Company of $0.4225 per share (the "October 2026 Dividend"). Effective October 23, 2026, the Company elected to make an adjustment to the Conversion Rate and the Conversion Rate was updated to be 22.5789 shares of the Common Stock per $1,000 principal amount of the Convertible Notes.

The adjustment to the Conversion Rate on October 23, 2026 results in a deemed dividend to holders of the Convertible Notes under Section 305(c) of the Code.

Form 8937, Part II, Line 15

As described above, the Company elected to make an adjustment to the Conversion Rate for the Convertible Notes on October 23, 2026 as a result of the Company's payment of a dividend in excess of the Initial Dividend Threshold. On October 23, 2026, the Conversion Rate increased to 22.5789 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to a conversion price of $44.29 per share. Prior to the adjustment, the

Conversion Rate for the Convertible Notes was 22.5654 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes, which was equivalent to a conversion price of $44.32 per share.

The adjustment to the Conversion Rate for the Convertible Notes in connection with the Company's previous payment of a dividend in excess of the Initial Dividend Threshold is expected to constitute a deemed distribution of common stock to the holders of the Convertible Notes to which section 301 applies under Section 305(b)(2) and (c) of the Code. The Company expects that it will have sufficient current or accumulated earnings and profits to treat the deemed distribution of property to the holders of the Convertible Notes as a dividend for U.S. federal income tax purposes. Accordingly, a holder of $1,000 in principal amount of the Convertible Notes is expected to include $0.7929 in income as a dividend and correspondingly increase its basis in the Convertible Notes by $0.7929 as a result of the inclusion of the deemed dividend in gross income for United States federal income tax purposes.

Form 8937, Part II, Line 16

The formula for the calculation of the adjusted Conversion Rate is set forth below.

$CR_1 = CR_0 \times ((SP_0 - T)/(SP_0 - C))$

CR_0	=	the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution;
CR_1	=	the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;
SP_0	=	the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution;
T	=	the Initial Dividend Threshold; provided that if the dividend or distribution is not a regular, quarterly cash dividend, the Initial Dividend Threshold will be deemed to be zero; and
C	=	the amount in cash per share the Company distributes to all or substantially all holders of the Common Stock

To determine the change in Conversion Rate on October 23, 2026, this formula was applied to the October 2026 Dividend.

Below is an illustrative calculation of expected increase in the basis of the Convertible Notes:

Ex-Dividend Date	**(New Conversion Rate (CR_1) – Old Conversion Rate (CR_0))**		* **(SP_0)**	= **Tax Basis Adj.**
10/23/2026	22.5789	22.5654	$58.73	$0.7929

Accordingly, for illustrative purposes, a holder of $1,000 in principal amount of the Convertible Notes is expected to increase its basis in the Convertible Notes by $0.7929 as a result of the inclusion of the deemed dividend in gross income for United States federal income tax purposes.

Form 8937, Part II, Line 17

Sections 301(c), 301(d), 305(b)(2), 305(c) and 316 of the Code.

Form 8937, Part II, Line 18

This is not a loss transaction.

Form 8937, Part II, Line 19

The reportable tax year for the Conversion Rate Adjustment is 2026 for a calendar year taxpayer.