



stem

February 28, 2024

Q4 & FY 2023 Financial Results and 2024 Guidance

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Non-GAAP measures

In addition to financial measures in accordance with U.S. GAAP, this presentation includes references to non-GAAP financial measures, including adjusted EBITDA, non-GAAP gross profit and non-GAAP gross margin. We believe these non-GAAP measures provide useful supplemental information regarding certain financial and business trends relating to our financial condition and results of operations. We also believe that these non-GAAP financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial performance with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are in addition to, and should not be considered superior to, or a substitute for, financial results prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation and are subject to significant inherent limitations. The non-GAAP measures presented herein may not be comparable to similar non-GAAP measures presented by other companies. Reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures are included in the Appendix to this presentation.

Industry and Market Data

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Agenda

- Q4 & FY 2023 Highlights
- 2024 Guiding Principles
- Business Update
- Financial Results & 2024 Guidance



Fourth Quarter 2023 Results & Highlights

Key EBITDA positive milestone achieved, strong software momentum to begin 2024

Continued Q4 Momentum*

Revenue
\$167M

+25% QoQ / +8% YoY

Contracted Annual
Recurring Revenue
\$91M

+4% QoQ / +39% YoY

GAAP/Non-GAAP
Gross Margin
7% / 13%

Bookings
\$256M

(62%) QoQ / (44%) YoY

Adjusted EBITDA
\$4.6M

+\$6M QoQ / +\$14M YoY

Operating Cash
Flow
(\$2.1)M

+\$2M QoQ / +\$35M YoY

Q4 Highlights



Positive Adj. EBITDA in 2H23
Added \$1M+ ARR every quarter



~800 MWh of software-only contracts
signed since YE23 including Athena®
PowerBidder™ Pro contract with Mercuria



Strong customer satisfaction with top
Net Promoter Scores and high
retention rates



ERCOT benchmarking: Stem outperforms
competitors by +28% average

Expect to generate >\$50M of operating cash flow in 2024, with no equity issuance

2024 Guiding Principles

Grow free cash flow by leveraging our software leadership

Focus on Cash Flow Generation

- Generate free cash flow to fund operations
- Reduce working capital intensity
- Do not issue equity

Build software services revenue

- Expand gross margin by converting Contracted Annual Recurring Revenue (CARR) to Annual Recurring Revenue (ARR)
- Dedicated team and retooled leadership focused on professional services and software-only opportunities

Extend technology leadership position

- Accelerate cadence of software product launches into markets where Stem has differentiated advantage (eg. Co-Op's, Public Power, CCAs)
- Leverage generative AI and India Center of Excellence to enhance software development productivity

Execution on Commitments

- ✓ Achieved positive adjusted EBITDA in 2H23
- ✓ FY23 gross margin, bookings, and CARR within guidance range
- ✓ On track to achieve non-GAAP cash OpEx target of 10-20% of revenue in 2024

Continued Commercial Traction

Software-only momentum and low churn from differentiated technology solutions

Strong Software Commercial Traction

Signed ~800 MWh of software-only storage contracts since YE2023:

Customer	Product	ISO
Mercuria	Athena PowerBidder Pro	ERCOT
CCAs	Athena PowerBidder Pro	CAISO
Developer	Managed Services	ERCOT

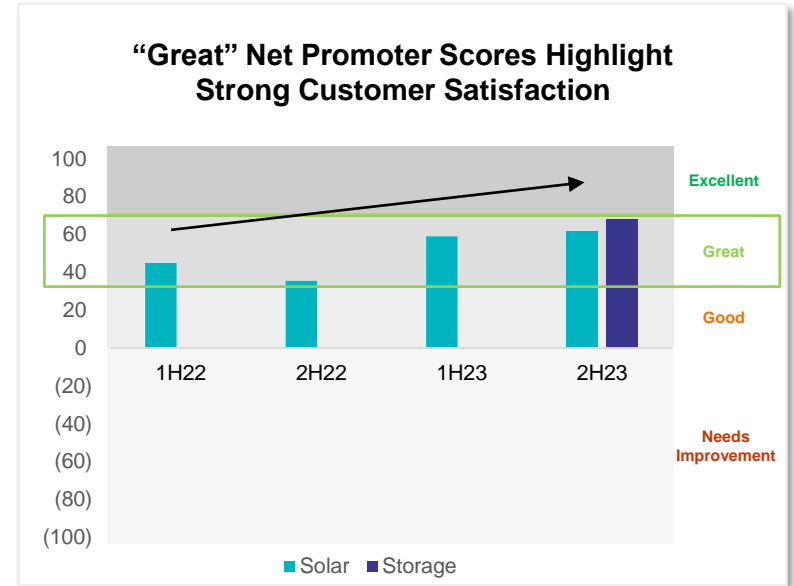
Multiple Proof Points of Customer Satisfaction

Strong retention rates for Stem customers⁽¹⁾

- Solar = 99.2%, Storage = 98.5%
- High renewal rates / low churn

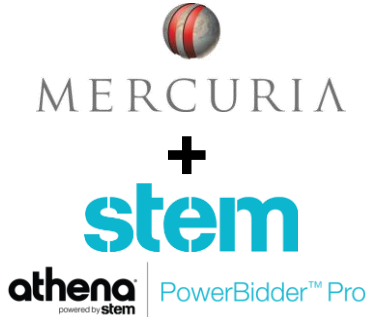
“Great” Net Promoter Scores since inception⁽²⁾

- Solar = 68, Storage = 62
- Represent above average likelihood of customers willing to recommend Stem for clean energy management



Strong Demand for Athena[®] PowerBidder[™] Pro

Software-only solution for wholesale market forecasting and bid optimization



Mercuria Selects PowerBidder Pro

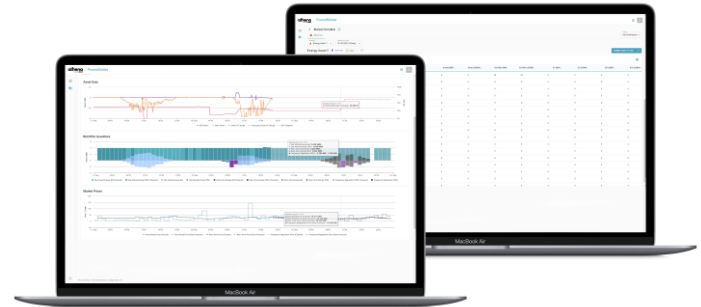
- Marquee customer in energy trading
- First contracted PowerBidder Pro asset in ERCOT
- Opportunity for future growth as customer portfolio expands

PowerBidder Pro Selected by CCAs

- Portfolio of software-only awards with community choice aggregators
- First contracted PowerBidder Pro solution for CAISO
- Continued public power / muni / co-op momentum

Mercuria Global Energy Solutions

- Leading independent energy and commodity group
- 20 GW renewable energy pipeline
- Operations in 50+ countries with 1,100+ professionals



Athena Delivers Best-in-Class Performance in ERCOT

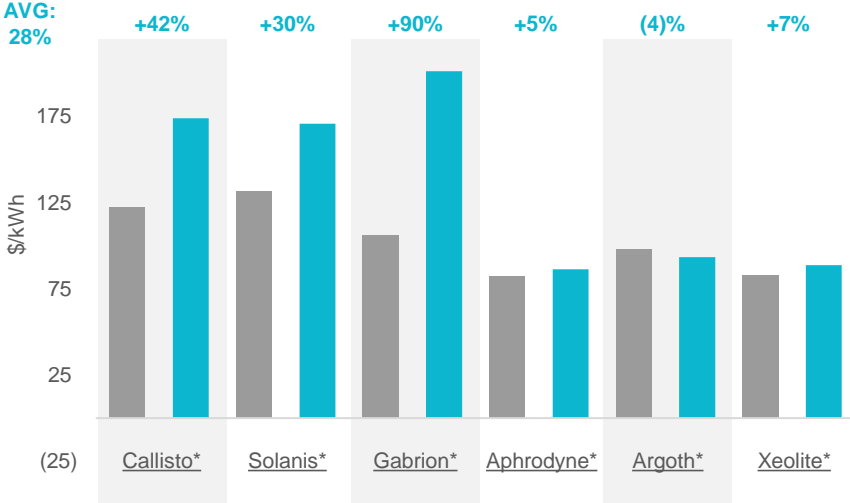
Stem outperforms competitors by +28% on average in ERCOT

Key Athena Takeaways

- Optimization captured 75% of the theoretical maximum revenue, versus competitors at 61%
- Probabilistic price forecasts enabled a +53% uplift in revenue compared to a naïve persistence-based approach
- Stem program management could enhance automated results



Stem Outperforms Competitors by 28% on Average



*Competitor assets anonymized

■ Stem
■ Competitor

Continued Macro Tailwinds

Strong underlying demand for renewables

Robust Demand Environment

- Energy storage and solar remains in demand catalyzed by sustainability initiatives, IRA, decreasing equipment prices and improving project economics
- Solar back to double-digit growth trend: four consecutive quarters of revenue, AUM and ARR growth for Solar business

Deflationary Hardware Prices and Domestic Supply Ramping

- Decline in energy storage hardware costs expected to continue downward trajectory driven by destocking and oversupply⁽¹⁾
- 38 battery gigafactories are either operational (8), under construction (13), or planned (17) in the US⁽¹⁾

Increasing State Mandates for Energy Storage

- Maryland, New Mexico, and Michigan enact new energy storage mandates
- Continued strong demand in California and Texas



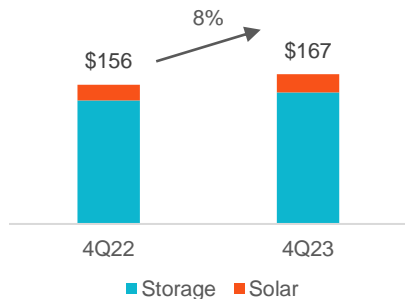
Financial and Operating Results

4Q23 Financial Metrics

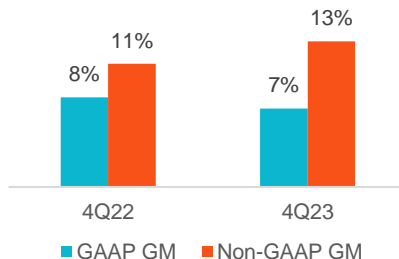
Revenue, GM, Adj. EBITDA, & Operating Cash Flow

\$ millions unless otherwise noted

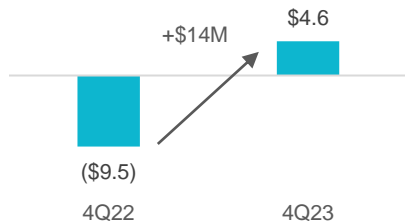
Revenue



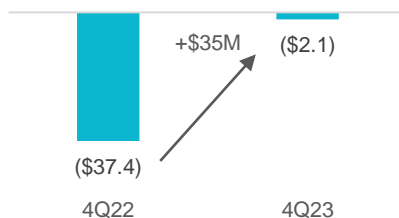
GAAP & Non-GAAP Gross Margin %



Adjusted EBITDA



Operating Cash Flow



Revenue, Gross Margin, Adj. EBITDA, & Operating Cash Flow

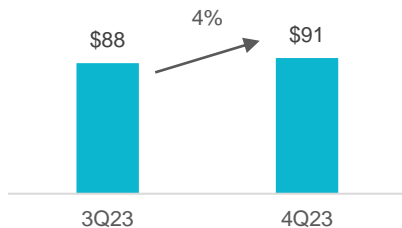
- Revenue +25% QoQ
- Solar +27% YoY, outperforming the C&I market growth
- Achieved positive adjusted EBITDA in 2H2023 of \$3.7M
- Driving operating leverage:
 - Cash operating expense as percentage of revenue of 13% in 4Q23 vs 19% in 4Q22
 - Achieved 24% cash OpEx as percentage of revenue for FY23 vs 31% in FY22 with flat OpEx
 - Restructured BTM team to exclusively focus on partner / channel and lead with software services

4Q23 Operating Metrics

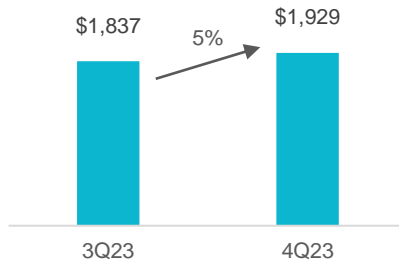
CARR, Backlog, and AUM

\$ millions unless otherwise noted

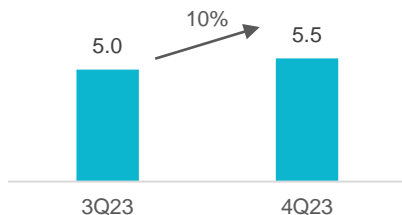
CARR



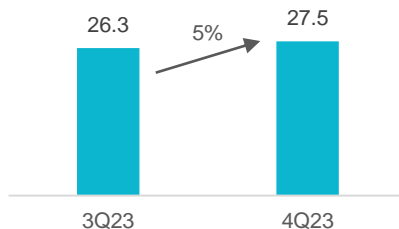
Backlog



AUM – Storage (GWh)



AUM – Solar (GWh)



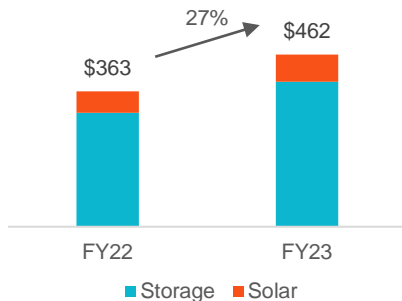
CARR, Backlog and AUM Growth

- CARR +39% YoY, focused on ARR conversion
- Backlog +99% YoY
- Storage AUM +77% YoY, strong demand environment
- Solar AUM +10% YoY
 - Fourth consecutive quarter of growth; continued progress on legacy platform migration

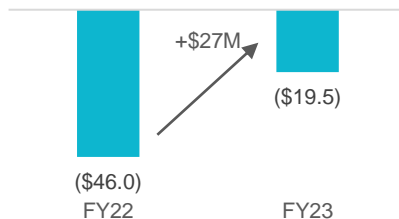
FY23 Financial Metrics

Revenue, Gross Margin, Adjusted EBITDA

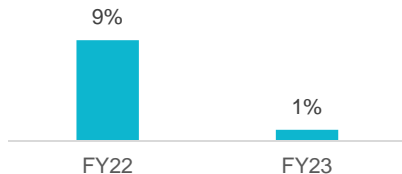
Revenue



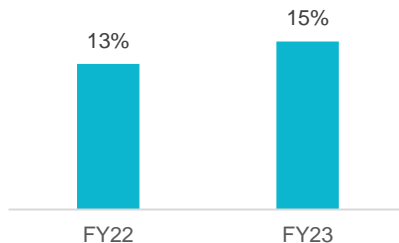
Adjusted EBITDA



GAAP Gross Margin %



Non-GAAP Gross Margin %



Revenue, Gross Margin, Adjusted EBITDA

- Revenue +27% YoY due to growing customer momentum and standardization on Athena platform across storage and solar
- Non-GAAP gross margin improves to 15% in line with our guidance range
- Adjusted EBITDA +\$27M YoY due to higher revenue, expanded gross margins, and operating cost discipline

2024 Guidance

Revenue	2024E:	1Q24E	2Q24E	3Q24E	4Q24E
	\$600M - \$700M 15–20% Non-GAAP Gross Margin	8%	10%	32%	50%
		% of annual revenue			

Bookings	2024E: \$1.5B - \$2.0B
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Adjusted EBITDA	2024E: \$5M - \$20M
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CARR	2024E: \$115M - \$130M
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Operating Cash Flow	2024E: >\$50M
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2024 Guidance Commentary

Metric	Range	Comments
GAAP Revenue	\$600M - \$700M	<ul style="list-style-type: none">• Potential upside from large FTM deals in pipeline
Non-GAAP Gross Margin	15-20%	<ul style="list-style-type: none">• Mix of hardware and software / services drives variability• Assumes conservative pace of activating non-operational CARR
Bookings	\$1.5B – \$2.0B	<ul style="list-style-type: none">• Modular ESS bookings may include hardware if Stem working capital is not utilized
Adjusted EBITDA	\$5M - \$20M	<ul style="list-style-type: none">• Expect continued operating leverage to achieve targets
CARR	\$115M - \$130M	<ul style="list-style-type: none">• Focus on accelerating Annual Recurring Revenue
Operating Cash Flow	>\$50M	<ul style="list-style-type: none">• Reduce working capital intensity• No significant capex increase planned → free cash flow generation

Focus on Accelerating Annual Recurring Revenue

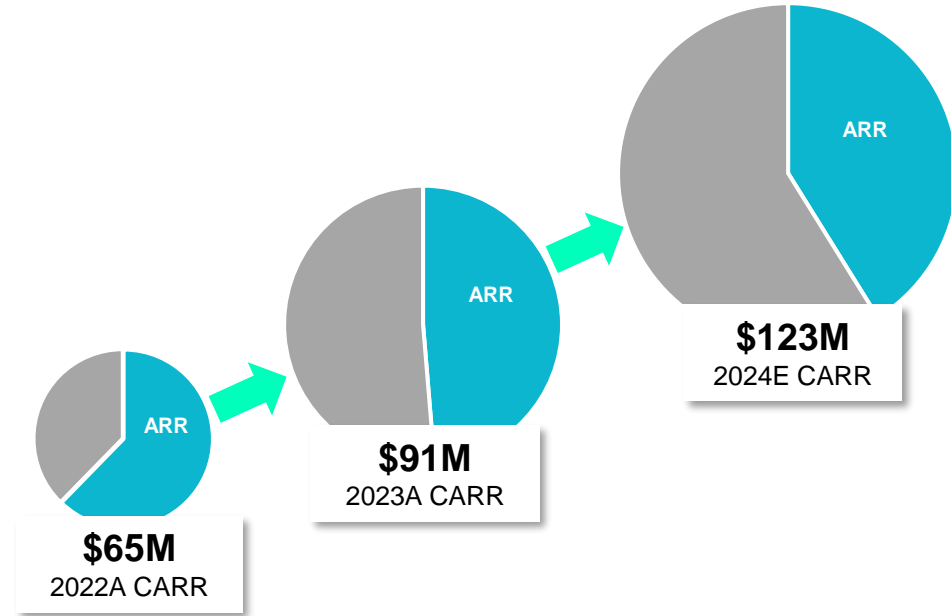
Targeting converting CARR to ARR within 2-12 months from hardware delivery

CARR represents substantial unrealized earnings power

- Significant gross profit unlocked as systems are commissioned
 - Converting an additional ~50% of 2023 CARR would add \$20M+ of services revenue implying ~60% YoY growth
- Storage: \$1B of bookings (20-year contract) represents:
 - ~\$23M CARR
 - ~\$200M+ of Gross Profit or ~\$10M+ annualized*
- Solar: bookings convert to ARR within 3-4 months

Initiatives to accelerate conversion of CARR to ARR through 2025

- Software-only offerings: PowerBidder Pro, Event Manager
- Focus on public power: buying entity controls permitting and interconnection timelines
- Operational and contracting changes



~\$65M annual Gross Profit embedded in YE2024 CARR**

Notes: Charts represent total contracted ARR with blue highlighted segment representing ARR from operational systems. 2024E ARR assumes midpoint of guidance range and historical pace of CARR to ARR conversion.

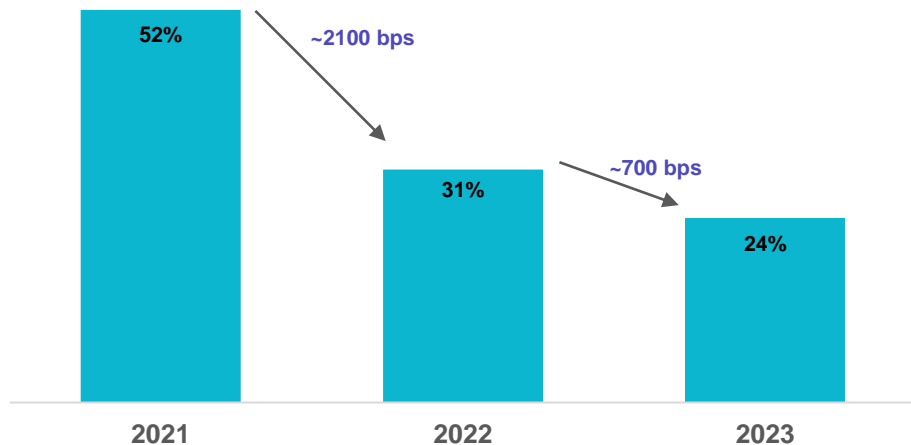
* Excludes solar software.

** Includes solar software.

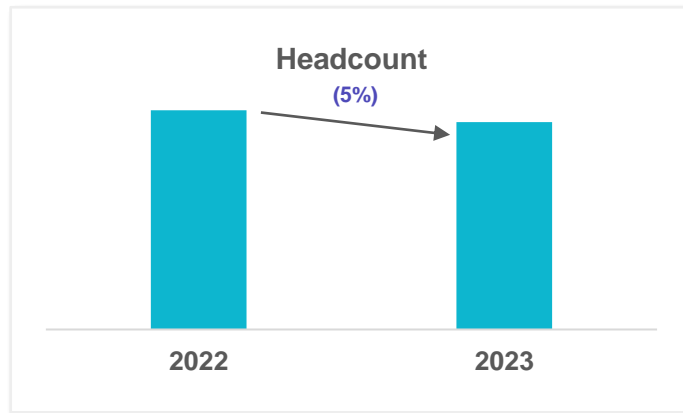
Improving Operating Leverage

Achieving long-term OpEx goal ahead of schedule

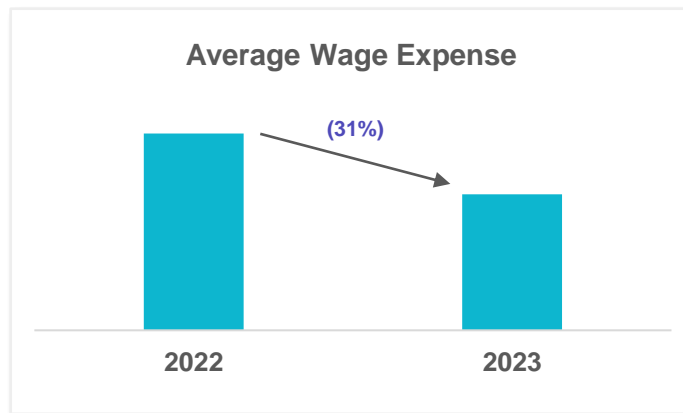
2024 Target Cash OpEx of 10-20% of Revenue



Doing more with less...



...shifting to low-cost geographies



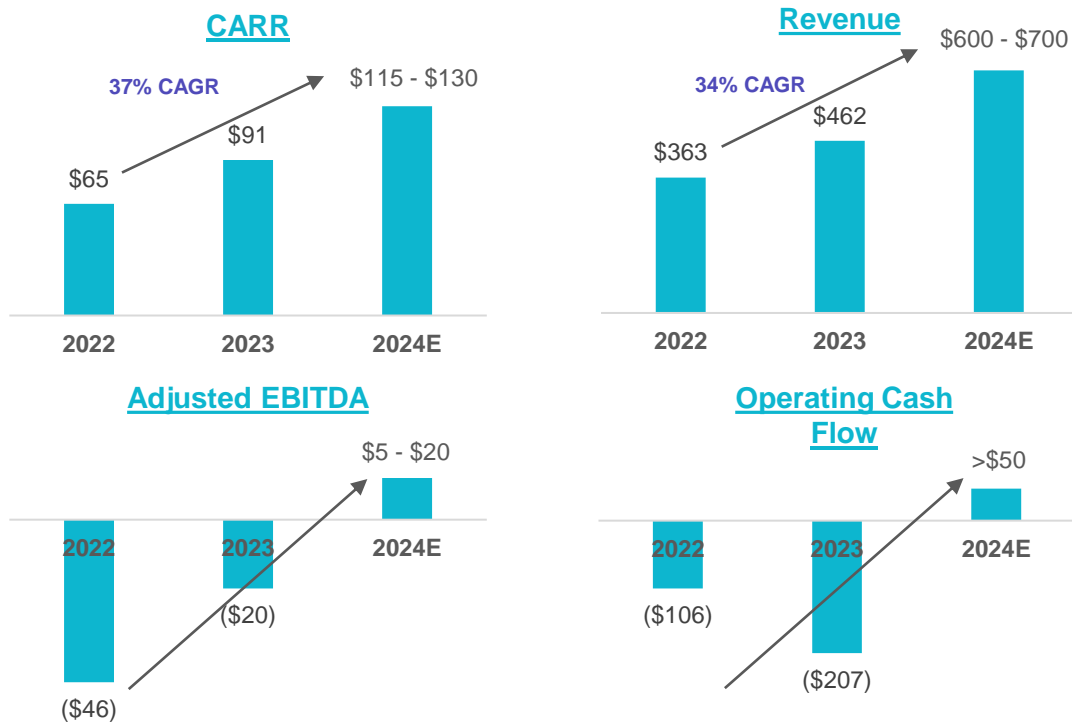
Note: Cash Operating Expenses are Total Operating Expenses less Non-Cash Items. 2024 forecast for Non-Cash Items include Depreciation and Amortization and Stock Based Compensation tracking change in Cash Operating Expenses. Average Wage Expense includes all salaried employees globally.

Driving to Operational Excellence

Enhancing profitability across the business

- ✓ Expect nearly 2x CARR growth over two years – continued focus on conversion of CARR to ARR
- ✓ Shift to positive full year adjusted EBITDA with continued OpEx discipline
- ✓ Generate operating cash flow driven by increased profitability and reduced working capital intensity

\$ in millions unless otherwise noted.



Key Takeaways

Expect to generate positive operating cash flow in 2024

Solid 2023 Execution

- Achieved positive adjusted EBITDA in 2H2023
- Within guidance range for Non-GAAP Gross Margin, Bookings, and CARR

2024 is inflection point for building long-term, profitable growth

- Generate Free Cash Flow to fund operations without issuing equity
- Build recurring software revenue
- Extend technology leadership position

Operating Expense discipline is core to the 2024 plan

- Cash OpEx was flat 2022 to 2023 and we expect continued efficiency in 2024+

Building the leading clean energy intelligence platform

Q&A

About Stem

Stem (NYSE: STEM) is a global leader in AI-driven clean energy solutions and services.

Stem (NYSE: STEM) provides clean energy solutions and services designed to maximize the economic, environmental, and resiliency value of energy assets and portfolios. Stem's leading AI-driven enterprise software platform, Athena® enables organizations to deploy and unlock value from clean energy assets at scale. Powerful applications, including AlsoEnergy's PowerTrack, simplify and optimize asset management and connect an ecosystem of owners, developers, assets, and markets. Stem also offers integrated partner solutions to help improve returns across energy projects, including storage, solar, and EV fleet charging.

For more information, visit www.stem.com

Appendix

Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$167.4	\$155.5	\$461.5	\$363.0
GAAP (Loss) Gross Profit	11.0	12.6	3.6	33.1
GAAP Gross Margin %	7%	8%	1%	9%
Non-GAAP Gross Profit	22.2	17.0	75.1	47.3
Non-GAAP Gross Margin %	13%	11%	15%	13%
Net Loss	(37.7)	(35.3)	(140.4)	(124.1)
Adjusted EBITDA	4.6	(9.5)	(19.5)	(46.0)
Operating metrics				
Bookings	\$256.1	\$457.5	\$1,523.4	\$1,056.9
Contracted Backlog**	\$1,929.3	\$969.0	\$1,929.3	\$969.0
Contracted Storage AUM (GWh) ^{(1)**}	5.5	3.1	5.5	3.1
Solar Monitoring AUM (GW)**	27.5	25.0	27.5	25.0
CARR**	\$91.0	\$65.3	\$91.0	\$65.3

See slides 25 and 26 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

(1) Contracted storage AUM as of December 31, 2022 has been adjusted from 2.5 GWh, as previously disclosed, to 3.1 GWh. Revised AUM reflects adjustments to total GWh of energy storage as a result of revisions to the contracted system configuration or changes in hardware specifications due to updates from the original equipment manufacturer.

** At period end.

Supplemental Revenue Detail

Solar - Supplemental Revenue Detail

<i>\$ millions</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Solar Hardware Revenue	\$11.0	\$9.9	\$38.9	\$31.1
Solar Services and Other Revenue	9.4	7.7	34.6	26.8
Total Solar Revenue	\$20.4	\$17.6	\$73.5	\$57.9

Services - Supplemental Revenue Detail

<i>\$ millions</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Solar Software Services Revenue	\$7.5	\$6.4	\$28.7	\$22.1
Storage Software Services Revenue	5.4	5.4	25.2	21.1
Project Services Revenue	2.0	4.1	8.6	8.9
Total Services Revenue	\$14.9	\$15.9	\$62.5	\$52.1

Reconciliation of GAAP and Non-GAAP Gross Profit

\$ millions unless otherwise noted	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$167.4	\$155.5	\$461.5	\$363.0
Cost of Revenue	(156.4)	(142.9)	(457.9)	(329.9)
GAAP Gross Profit	11.0	12.6	3.6	33.1
GAAP Gross Margin (%)	7%	8%	1%	9%
Adjustments to Gross Profit and Margin				
GAAP Revenue	\$167.4	\$155.5	\$461.5	\$363.0
Add: Revenue Constraint ⁽¹⁾	--	--	10.2	--
Add: Revenue Reduction ⁽²⁾	(2.3)	--	35.1	--
Add: Liquidated Damages ⁽³⁾	4.8	--	4.8	--
Subtotal	169.9	155.5	511.6	363.0
Less: Cost of Revenue	(156.4)	(142.9)	(457.9)	(329.9)
Add: Amortization of Capitalized Software & developed technology	3.7	3.1	13.5	10.7
Add: Impairments	2.3	1.3	5.2	3.5
Add: Excess supplier costs ⁽³⁾	2.7	--	2.7	--
Non-GAAP Gross Profit	\$22.2	\$17.0	\$75.1	\$47.3
Non-GAAP Gross Margin (%)	13%	11%	15%	13%

Non-GAAP gross margin as used in the Company's full year 2024 guidance, is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability. The Company is unable to reconcile projected non-GAAP gross margin to GAAP gross margin, its most directly comparable forward-looking GAAP financial measure, without unreasonable efforts, because the Company is currently unable to predict with a reasonable degree of certainty its change in stock-based compensation expense, depreciation and amortization expense, revenue constraint and other items that may affect net loss. The unavailable information could have a significant effect on the Company's full year 2024 GAAP financial results.

(1) Refer to the discussion of revenue constraint in "Definitions of Non-GAAP Financial Measures" in the earnings press release

(2) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(3) Refer to the discussion of excess supplier costs and resulting liquidated damages and in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net loss attributable to Stem	\$(37,685)	\$(35,273)	\$(140,413)	\$(124,054)
Adjusted to exclude the following:				
Depreciation and amortization ⁽¹⁾	15,036	15,430	51,134	48,783
Interest expense	4,892	2,039	14,977	10,468
Gain on extinguishment of debt, net	--	--	(59,121)	--
Stock-based compensation	16,789	8,251	45,109	28,661
Revenue constraint ⁽²⁾	--	--	10,200	--
Revenue reduction, net ⁽³⁾	(2,326)	--	35,051	--
Excess supplier costs and resulting liquidated damages ⁽⁴⁾	7,554	--	7,554	--
Change in fair value of derivative liability	--	--	7,731	--
Transaction costs in connection with business combination	--	--	--	6,068
Litigation settlement	--	--	--	(727)
(Benefit from) provision for income taxes	79	40	433	(15,161)
Other expenses ⁽⁵⁾	277	--	7,889	--
Adjusted EBITDA	\$4,616	\$(9,513)	\$(19,456)	\$(45,962)

Adjusted EBITDA, as used in the Company's full year 2024 guidance, is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability. The Company is unable to reconcile projected adjusted EBITDA to net income (loss), its most directly comparable forward-looking GAAP financial measure, without unreasonable effort, because the Company is unable to predict with a reasonable degree of certainty its change in stock-based compensation expense, depreciation and amortization expense, revenue constraint and other items that may affect net loss. The unavailable information could have a significant effect on the Company's full year 2024 GAAP financial results.

(1) Depreciation and amortization includes depreciation and amortization expense, impairment loss of energy storage systems, and impairment loss of project assets.

(2) Refer to the discussion of revenue constraint in "Definitions of Non-GAAP Financial Measures" in the earnings press release

(3) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(4) Refer to the discussion of excess supplier costs and resulting liquidated damages and in the earnings press release.

(5) Adjusted EBITDA for the year ended December 31, 2023 reflects other expenses of \$7.9 million. Other expenses includes \$5.6 million in accruals for sales taxes, \$1.3 million for expenses related to restructuring costs, \$0.5 million for impairments, and \$0.5 million of other non-recurring expenses. Restructuring expenses consisted of employee severance and other exit costs.

Reconciliation of GAAP Operating Expense to Cash Operating Expense

\$ millions	Three Months Ended				Twelve Months Ended	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023
GAAP Operating Expense	\$43.6	\$46.7	\$48.0	\$44.6	\$164.2	\$182.9
Less: Non-cash adjustments						
Depreciation and Amortization	(4.5)	(4.5)	(4.2)	(5.5)	(20.1)	(18.7)
Stock Compensation	(7.2)	(9.9)	(11.2)	(16.8)	(28.8)	(45.1)
Other adjustments	(0.6)	(1.4)	(5.7)	0.2	(4.3)	(7.5)
Cash Operating Expense	\$31.3	\$30.9	\$26.9	\$22.5	\$111.0	\$111.6
Revenue	\$67.4	\$93.0	\$133.7	\$167.4	\$363.0	\$461.5
Cash Operating Expense as % of Revenue	46%	33%	20%	13%	31%	24%

Definitions

Item	Definition
Bookings	<p>Total value of executed customer agreements, as of the end of the relevant period (e.g. quarterly bookings or annual bookings)</p> <ul style="list-style-type: none">• Customer contracts are typically executed 6-24 months ahead of installation• The Booking amount typically includes:<ol style="list-style-type: none">1. Hardware revenue, which is typically recognized at delivery of system to customer,2. Services revenue, which represents total nominal software and services contract value recognized ratably over the contract period,• Market participation revenue is excluded from booking value
Annual Recurring Revenue ("ARR")	Annual run rate for all executed software services contracts excluding contracts for systems that are not yet commissioned
Contracted Annual Recurring Revenue ("CARR")	Annual run rate for all executed software services contracts including contracts signed in the period for systems that are not yet commissioned or operating
Contracted Backlog	<p>Total value of bookings in dollars, as reflected on a specific date</p> <ul style="list-style-type: none">• Backlog increases as new contracts are executed (bookings)• Backlog decreases as integrated storage systems are delivered and recognized as revenue
Contracted Assets Under Management ("AUM")	Total GWh of storage systems in operation or under contract
Solar Monitoring AUM	Total GW of solar systems in operation
Hardware Revenue	<p>Payment for initial purchase of system, which is typically recognized at delivery of system to customer</p> <ul style="list-style-type: none">• Total Hardware Revenues = Total Deliveries (kWh) x Project Hardware ASP (\$/kWh)• ASP / margin based on value added services including hardware selection, project design and interconnection / permitting advisory and warranty design and compliance
Software Revenue	<p>Recurring SaaS payment driven by storage assets under management (AUM)</p> <ul style="list-style-type: none">• Total Software (Recurring) Revenues = Total AUM (kWh) x Software subscription (\$/kWh/month)• SaaS contracts range up to 20 years comprising recurring monthly payments
Market Participation Revenue	<p>Revenues from monetization of energy storage capacity into energy markets and VPPs secured by contracts ranging up to 20 years</p> <ul style="list-style-type: none">• Total Software (Variable) Revenues = Total AUM (kWh) x Stem's Market Participation Revenues (\$/kWh)
Project Services	<ul style="list-style-type: none">• Professional services and revenue tied to Development Company investments
Operating Cash Flow	<ul style="list-style-type: none">• Net cash provided by (used in) operating activities. Does not represent the change in balance sheet cash which will be further impacted by investing and financing activities.
Free Cash Flow	<ul style="list-style-type: none">• Cash flow from operating activities less cash flows from investing activities.



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