

The logo for Stem, consisting of the word "stem" in a lowercase, white, sans-serif font. The background of the slide is a photograph of a solar farm with rows of solar panels and utility containers under a blue sky with light clouds. A decorative graphic of white, overlapping wavy lines is at the bottom.

stem

March 4, 2025

# Q4 & FY 2024 Financial Results and 2025 Guidance

## Cautionary Statement Regarding Forward-Looking Statements

This presentation, as well as other statements we make, contains “forward-looking statements” within the meaning of the federal securities laws, which include any statements that are not historical facts. Such statements often contain words such as “expect,” “may,” “can,” “believe,” “predict,” “plan,” “potential,” “projected,” “projections,” “forecast,” “estimate,” “intend,” “anticipate,” “ambition,” “goal,” “target,” “think,” “should,” “could,” “would,” “will,” “hope,” “see,” “likely,” and other similar words. Forward-looking statements address matters that are, to varying degrees, uncertain, such as statements about our financial and operating performance, guidance, outlook, targets and other forecasts or expectations regarding, or dependent on, our business outlook and strategy and expectations around our new software and services-centric strategy; our expectations regarding future estimates of variable consideration in connection with guarantees in certain customer contracts, and the resulting effects on revenue and net income; our ability to secure sufficient and timely inventory from our suppliers; our ability to meet contracted customer demand; our ability to manage manufacturing or delivery delays; our ability to manage our supply chains and distribution channels; our joint ventures, partnerships and other alliances; forecasts or expectations regarding energy transition and global climate change; reduction of greenhouse gas (“GHG”) emissions; the integration and optimization of energy resources; our business strategies and those of our customers; our ability to retain or upgrade current customers, further penetrate existing markets or expand into new markets; the effects of natural disasters and other events beyond our control; the direct or indirect effects on our business of macroeconomic factors and geopolitical instability, such as the armed conflicts between Russia and Ukraine and in the Gaza Strip and nearby areas; the expected benefits of the Inflation Reduction Act of 2022 on our business; and our future results of operations, including revenue, adjusted EBITDA and the other metrics presented herein. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause our actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to our inability to execute on, and achieve the expected benefits from, our operational and strategic initiatives; our inability to successfully execute on our new software and services-centric strategy; uncertainty around the status of the Inflation Reduction Act of 2022 as a result of the change in the U.S. Administration; our inability to secure sufficient and timely inventory from our suppliers, as well as contracted quantities of equipment; our inability to meet contracted customer demand; supply chain interruptions and manufacturing or delivery delays; disruptions in sales, production, service or other business activities; general macroeconomic and business conditions in key regions of the world, including inflationary pressures, general economic slowdown or a recession, rising interest rates, changes in monetary policy, and instability in financial institutions; the direct and indirect effects of widespread health emergencies on our workforce, operations, financial results and cash flows; geopolitical instability, such as the armed conflicts between Russia and Ukraine and in the Gaza Strip and nearby areas; the results of operations and financial condition of our customers and suppliers; pricing pressures; severe weather and seasonal factors; our inability to continue to grow and manage our growth effectively; our inability to execute on our ongoing management transition and to attract and retain qualified employees and key personnel; our inability to comply with, and the effect on our business of, evolving legal standards and regulations, including those concerning data protection, consumer privacy, sustainability, and evolving labor standards; our inability to regain and maintain compliance with New York Stock Exchange listing standards; risks relating to the development and performance of our energy storage systems and software-enabled services; our inability to retain or upgrade current customers, further penetrate existing markets or expand into new markets; the risk that our business, financial condition and results of operations may be adversely affected by other political, economic, business and competitive factors; and other risks and uncertainties discussed in this presentation and in our most recent Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC. If one or more of these or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, our actual results or outcomes, or the timing of these results or outcomes, may vary materially from those reflected in our forward-looking statements. Forward-looking statements and other statements in this presentation regarding our environmental, social, and other sustainability plans and goals are not an indication that these statements are necessarily material to the Company, investors or other stakeholders or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social, and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Statements in this presentation are made as of the date of this presentation, and Stem disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events, or otherwise, except as required by law.

## 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

In this presentation, Stem relies on and refers to certain information and statistics obtained from third-party sources which it believes to be reliable, including reports by market research firms. Stem has not independently verified the accuracy or completeness of any such third-party information. This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners.

# Fourth Quarter 2024 Results & Updates

Sustained growth in ARR

## Q4 Results

Revenue

**\$56M**

(67%) YoY

Contracted Annual  
Recurring Revenue

**\$86M**

(7)% QoQ / +(5)% YoY

GAAP/Non-GAAP

Gross Margin

**(4)% / 36%**

(11) p.p. / +23 p.p. YoY

Bookings

**\$358M**

40% YoY

Adjusted EBITDA

**\$4M**

(\$0.4)M YoY

Operating Cash

Flow

**\$(15)M**

(\$13)M YoY

## Updates Since 3Q24



Arun Narayanan appointed CEO



PowerTrack continued expansion into international markets with Hungary contract



Increased ARR by ~\$2M QoQ and ~\$9M YoY



Expect +20% additional cost savings in 2025

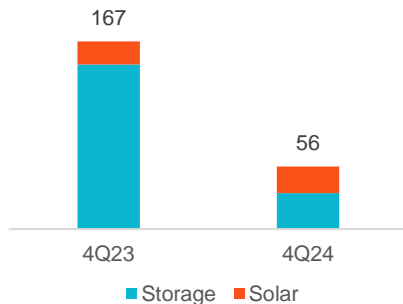
Expect to drive ~15% ARR growth in 2025

# 4Q24 Financial Metrics

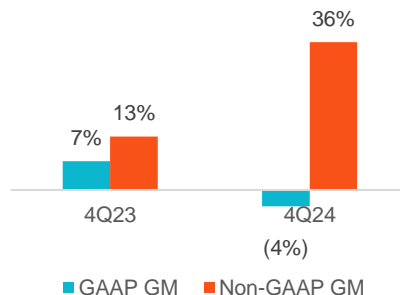
## Revenue, GM, Adj. EBITDA, and Operating Cash Flow

\$ millions unless otherwise noted

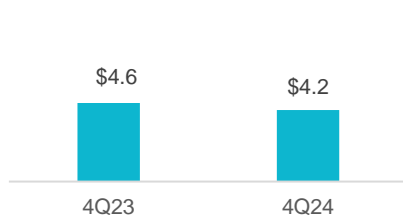
### Revenue\*



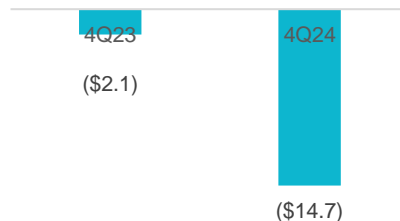
### GAAP & Non-GAAP Gross Margin %\*



### Adjusted EBITDA\*



### Operating Cash Flow



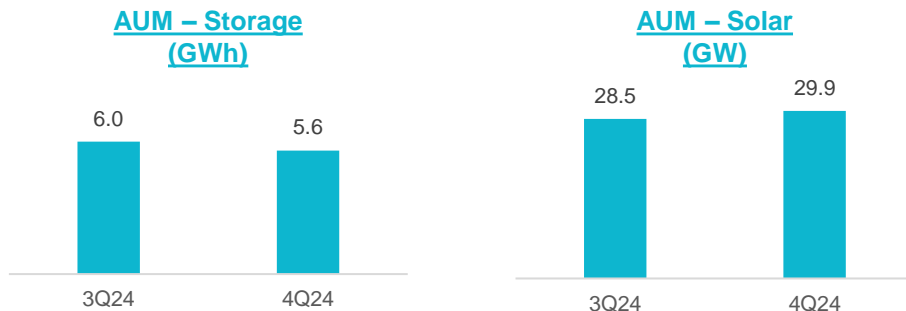
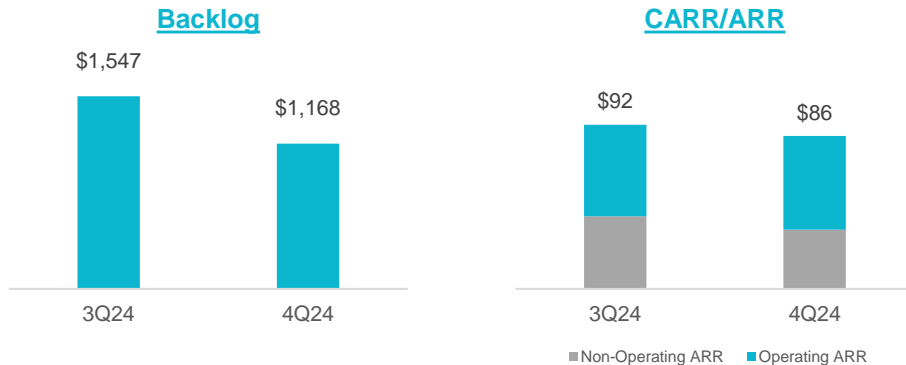
## Revenue, Gross Margin, Adj. EBITDA, and Operating Cash Flow

- Consolidated revenue down 67% YoY due to lower battery hardware resale revenue
- Solar revenue remains strong, up 16% YoY
- GAAP gross margin down due to inventory impairment
- Non-GAAP gross margin up due to increased software revenue and reduced hardware revenue
- Nearly flat YoY EBITDA despite significantly lower revenue
- Operating cash flow negatively impacted by 1x current asset adjustments

# 4Q24 Operating Metrics

## CARR/ARR, Backlog, and AUM

\$ millions unless otherwise noted



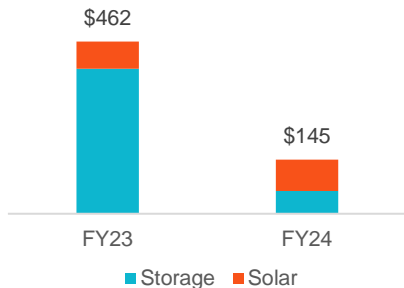
## CARR/ARR, Backlog, and AUM

- Backlog, CARR, and Contracted Storage AUM down QoQ driven by repricing of OEM hardware and elimination of delayed projects
- Operating ARR +19% YoY and +3% QoQ, driven by storage activations and steady solar growth
- Solar AUM +5% QoQ, +9% YoY

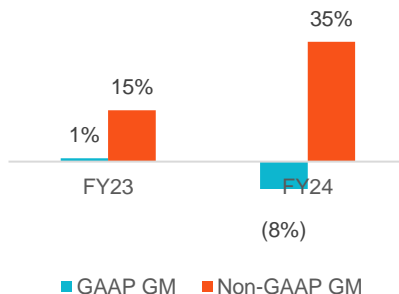
# FY24 Financial Metrics

## Revenue, Gross Margin, Adjusted EBITDA

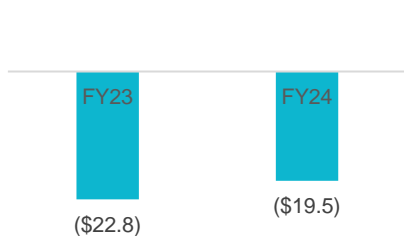
### Revenue\*



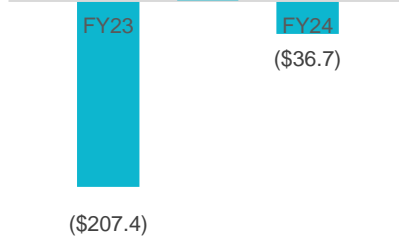
### GAAP & Non-GAAP Gross Margin %\*



### Adjusted EBITDA\*



### Operating Cash Flow



\*Revenue, gross profit, and net loss were negatively impacted by a \$38.7 million and \$35.1 million net reduction in revenue during the years ended December 31, 2024 and 2023. Adjusted EBITDA and non-GAAP gross margin have been adjusted to exclude the impact from reductions in revenue. See Appendix for definitions and reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

## Revenue, Non-GAAP Gross Margin, and Adjusted EBITDA in-line with Expectations

- Full year solar revenue +15% YoY
- Total revenue down significantly YoY due to decreased battery hardware
- GAAP gross margin negatively impacted by revenue reductions and inventory impairments
- Non-GAAP gross margin up due to higher mix of software and services revenue
- Adjusted EBITDA up slightly YoY

# 2025 Guidance

*\$ millions unless otherwise noted*

	Low	High
Total Revenue	\$125	\$175
Software, edge hardware, & services	\$120	\$140
Battery hardware resale	Up to \$35	
Non-GAAP gross margin %	30%-40%	
Adjusted EBITDA	\$(10)	\$5
Operating cash flow	\$0	\$15
Year end ARR	\$55	\$65

# 2025 Guidance Commentary

Metric	Range	Comments
Total Revenue	\$125M - \$175M	<ul style="list-style-type: none"><li>Majority is ratable software, edge hardware, &amp; services revenue</li></ul>
Software, edge hardware, & services	\$120M - \$140M	<ul style="list-style-type: none"><li>Largely ratable, slight back-half seasonality</li></ul>
Battery hardware resale	Up to \$35M	<ul style="list-style-type: none"><li>Expect heavily back-half weighted</li></ul>
Non-GAAP gross margin %	30-40%	<ul style="list-style-type: none"><li>Mix of hardware and software / services drives variability</li></ul>
Adjusted EBITDA	\$(10)M – \$5M	<ul style="list-style-type: none"><li>Expect continued cost control to achieve targets</li></ul>
Operating cash flow	\$0M - \$15M	<ul style="list-style-type: none"><li>Conserving cash throughout 2025</li></ul>
Period end ARR	\$55M – \$65M	<ul style="list-style-type: none"><li>Driving recurring software revenue</li></ul>

# Newly Defined Operating Metrics

*\$ millions unless otherwise noted*

	At period ended December 31, 2024
Bookings**	\$37.6
Contracted Backlog	\$20.9
CARR	\$64.5

*\$ millions unless otherwise noted*

	At period ended			
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Storage Operating AUM (GWh)	0.8	1.2	1.6	1.8
Solar Operating AUM (GW)	26.9	26.9	28.5	29.9
Total ARR	\$45.1	\$48.1	\$51.3	\$52.8
Solar ARR	\$30.1	\$31.1	\$32.7	\$33.8
Storage ARR	\$15.0	\$17.0	\$18.6	\$19.0

Storage SPV AUM: ~0.2 GWh

Storage SPV ARR: ~\$12M

**Commencing with 1Q25 Stem will report redefined key operating metrics**



\*\* Represents three months ended.  
See appendix for Revised Key Metric Definitions

About Stem

**Stem (NYSE: STEM) is a global leader in AI-enabled software and services that enable its customers to plan, deploy, and operate clean energy assets.**

Stem (NYSE: STEM) is a global leader in AI-enabled software and services that enable its customers to plan, deploy, and operate clean energy assets. The company offers a complete set of solutions that transform how solar and energy storage projects are developed, built, and operated, including an integrated suite of software and edge products, and full lifecycle services from a team of leading experts. More than 16,000 global customers rely on Stem to maximize the value of their clean energy projects and portfolios.

[For more information, visit \[www.stem.com\]\(http://www.stem.com\)](http://www.stem.com)

# Appendix

# Supplemental Revenue Detail

*\$ millions unless otherwise noted*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Solar software	8.6	7.5	32.8	28.7
Edge hardware	13.1	11.1	45.5	38.8
<b>Subtotal solar revenue</b>	<b>\$21.7</b>	<b>\$18.6</b>	<b>\$78.3</b>	<b>\$67.5</b>
Storage software & recurring managed services	5.0	5.4	23.3	25.2
Project services	2.1	2.0	11.7	8.6
<b>Subtotal storage and services revenue</b>	<b>\$7.1</b>	<b>\$7.4</b>	<b>\$35.0</b>	<b>\$33.8</b>
Battery hardware resale	27.0	141.5	31.2	360.2
<b>Total Revenue</b>	<b>\$55.8</b>	<b>\$167.4</b>	<b>\$144.6</b>	<b>\$461.5</b>

# Key Financial & Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Key Financial Results<sup>(1)</sup></b>				
Revenue	\$55.8	\$167.4	\$144.6	\$461.5
GAAP Gross Profit (Loss)	(2.5)	11.0	(11.1)	3.6
GAAP Gross Margin (%)	(4%)	7%	(8%)	1%
Non-GAAP Gross Profit*	20.2	22.2	63.7	75.1
Non-GAAP Gross Margin (%)*	36%	13%	35%	15%
Net Loss	(51.1)	(37.7)	(854.0)	(140.4)
Adjusted EBITDA*	4.2	4.6	(22.8)	(19.5)
<b>Key Operating Metrics</b>				
Bookings	\$357.6	\$256.1	\$435.9	\$1,523.4
Contracted Backlog**	\$1,168.1	\$1,929.3	\$1,168.1	\$1,929.3
Contracted Storage AUM (GWh)**	5.6	5.5	5.6	5.5
Solar Monitoring AUM (GW)**	29.9	27.5	29.9	27.5
CARR**	\$86.0	\$91.0	\$86.0	\$91.0

Represents old  
definition of  
operating metrics

(1) Revenue, gross profit, and net loss were negatively impacted by a \$38.7 million and \$35.1 million net reduction in revenue during the years ended December 31, 2024 and 2023, respectively, and by excess supplier costs and resulting liquidated damages, as discussed below.\*Non-GAAP financial measures. Adjusted EBITDA and non-GAAP gross profit and margin have been adjusted to exclude the impact of the previously disclosed reductions in revenue, excess supplier costs and resulting liquidated damages, as discussed below. Adjusted EBITDA has been adjusted to exclude the impact of impairment of accounts receivable related to contracts that provide parent company guarantees, as discussed below. See the section below titled "Use of Non-GAAP Financial Measures" for details and the section below titled "Reconciliations of Non-GAAP Financial Measures" for reconciliations. \*\*At period end.

# Reconciliation of GAAP Operating Expense to Cash Operating Expense

*\$ millions unless otherwise noted*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
GAAP Operating Expense <sup>(1)</sup>	\$44.7	\$44.6	\$828.3	\$182.9
Less: Non-cash adjustments				
Depreciation and Amortization	(4.2)	(5.5)	(15.7)	(18.7)
Stock Compensation	3.2	(16.8)	(18.5)	(45.1)
Other adjustments	(7.4)	0.2	(657.9)	(7.5)
Cash Operating Expense	\$36.3	\$22.5	\$139.5	\$111.6

**stem** (1) Includes \$10.0 million for the quarter and year ended December 31, 2024 of contract termination payments to vendors for the delivery of hardware and includes \$13.4 million for the quarter and year ended December 31, 2024 of deposit forfeitures with certain hardware suppliers.

# Reconciliation of GAAP and Non-GAAP Gross Margin

\$ millions unless otherwise noted	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Revenue	\$55.8	\$167.4	\$144.6	\$461.5
Cost of Revenue	(58.3)	(156.4)	(155.7)	(457.9)
GAAP Gross Profit	(2.5)	11.0	(11.1)	3.6
GAAP Gross Margin (%)	(4%)	7%	(8%)	1%
<b>Adjustments to Gross Profit and Margin</b>				
GAAP Revenue	\$55.8	\$167.4	\$144.6	\$461.5
Add: Revenue Constraint <sup>(1)</sup>	--	--	--	10.2
Add: Revenue Reduction <sup>(2)</sup>	--	(2.3)	38.7	35.1
Add: Liquidated Damages <sup>(3)</sup>	--	4.8	--	4.8
Subtotal	55.8	169.9	183.3	511.6
Less: Cost of Revenue	(58.3)	(156.4)	(155.7)	(457.9)
Add: Amortization of Capitalized Software & developed technology	4.2	3.7	16.2	13.5
Add: Impairments	18.5	2.3	18.9	5.2
Add: Excess supplier costs <sup>(3)</sup>	--	2.7	1.0	2.7
Non-GAAP Gross Profit	\$20.2	\$22.2	\$63.7	\$75.1
Non-GAAP Gross Margin (%)	36%	13%	35%	15%

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 amortization of capitalized software, impairments, and other items that may affect GAAP gross margin. 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 liquidated damages 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,	
	2024	2023	2024	2023
Net loss	\$(51,137)	\$(37,685)	\$(854,014)	\$(140,413)
Adjusted to exclude the following:				
Depreciation and amortization <sup>(1)</sup>	12,486	15,036	48,807	51,134
Interest expense	4,443	4,892	18,293	14,977
Gain on extinguishment of debt, net	--	--	--	(59,121)
Stock-based compensation	(3,245)	16,789	18,471	45,109
Revenue constraint <sup>(2)</sup>	--	--	--	10,200
Revenue reduction, net <sup>(2)</sup>	--	(2,326)	38,653	35,051
Excess supplier costs and resulting liquidated damages <sup>(2)</sup>	--	7,554	1,012	7,554
Change in fair value of derivative liability	--	--	(1,477)	7,731
Impairment of goodwill	--	--	547,152	--
Contract termination payment <sup>(3)</sup>	--	--	10,000	--
Impairment and accounts receivable write-off <sup>(4)</sup>	--	--	104,134	--
Impairment of inventory and other deferred costs <sup>(5)</sup>	18,059	--	18,059	--
Impairment of deferred costs with suppliers <sup>(6)</sup>	13,409	--	13,409	--
(Benefit from) provision for income taxes	(12)	79	332	433
Other expenses <sup>(9)</sup>	10,203	277	14,328	7,889
Adjusted EBITDA	\$4,206	\$4,616	\$(22,841)	\$(19,456)

Adjusted EBITDA, as used in the Company's full year 2025 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 2025 GAAP financial results.

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

(2) Refer to the discussion of revenue reduction, revenue constraint, excess supplier costs, and liquidated damages in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(3) Contract termination payment to a vendor for the delivery of hardware.

(4) Refer to the discussion of write-offs relating to parent company guarantee in the earnings press release.

(5) Impairment of inventory and other deferred costs represents charges to cost of goods to reduce the value of certain inventory items and deferred assets to their net realizable value.

(6) Deposit forfeitures with certain hardware suppliers.

(7) Adjusted EBITDA for the quarter and year ended December 31, 2024 reflects other expenses of \$10.2 million and \$14.3 million, respectively. For the quarter ended December 31, 2024, other expenses includes an accounts receivable write-off of \$7.3 million, \$0.3 million in connection with separation agreements for certain of the Company's former executive officers, and \$2.6 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities. For the year ended December 31, 2024, other expenses includes an accounts receivable write-off of \$7.3 million, \$1.2 million for advisory services relating to our change in strategy, \$1.5 million in connection with separation agreements for certain of the Company's former executive officers, \$3.7 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities, and \$0.6 million of other non-recurring expenses. Adjusted EBITDA for the quarter and year ended December 31, 2023 reflects other expenses of \$0.3 million and \$7.9 million, respectively. For the quarter ended December 31, 2023, other expenses includes \$0.3 million of other non-recurring expenses. For the year ended December 31, 2023, other expenses includes of \$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.

# Revised Key Metric Definitions

Item	Definition
Bookings	Total value of executed customer purchase orders, as of the end of the relevant period (e.g. quarterly bookings or annual bookings). Customer purchase orders are typically executed 6 months ahead of installation. The Booking amount includes (1) hardware revenue, which is typically recognized at delivery of system to customer, and (2) services revenue, which represents total nominal software and services contract value recognized ratably over the contract period.
Contracted Backlog	Total value of hardware and non-recurring services bookings with executed purchase orders in dollars, as reflected on a specific date. Backlog increases as new purchase orders are executed (bookings). Backlog decreases hardware is delivered and recognized as revenue and as services are provided.
Contracted Annual Recurring Revenue ("CARR")	Annualized value from Stem customer subscription contracts with executed purchase orders signed in the period for systems that are not yet operating and all operating Stem customer subscription contracts, including solar software, storage software & recurring managed services, and some recurring professional services contracts.
Annual Recurring Revenue ("ARR")	Annualized value from operating customer subscription contracts, including solar software, storage software & recurring managed services, and some recurring professional services contracts.
Storage Operating Assets Under Management ("AUM")	Total GWh of storage systems in operation.
Solar Operating AUM	Total GW of solar systems in operation.
Hardware Revenue	Includes battery hardware resale sales and edge device hardware sales which is recognized at delivery to the customer.
Battery Hardware Resale Revenue	Sales of energy storage systems through partnership arrangements. Purchase orders are (performance obligations) are satisfied when the energy storage system along with all ancillary hardware components are delivered to the customer.
Edge Device Hardware	Sales of edge device hardware to aid in the collection of site data and the real-time operation and control of a site.
Services revenue	Includes solar software revenue, storage software & recurring managed services revenue, and project services revenue.
Solar software revenue	Recurring SaaS revenue for software related to solar assets.
Storage software & recurring managed services revenue	Includes (1) recurring SaaS revenue for software related to storage assets, (2) recurring revenue related to storage portfolios managed by Stem, and (3) Host Customer recurring and merchant revenues.
Project services revenue	Professional services revenue and revenue tied to Development Company investments.
Operating Cash Flow	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.

The background of the image is a solid black field covered with a uniform grid of small, white, circular dots. The dots are arranged in straight horizontal and vertical lines, creating a pattern similar to graph paper or a dot matrix.

**stem**