

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 at dusk or dawn, with rows of solar panels in the foreground and several large metal utility enclosures in the middle ground. The sky is a mix of blue and orange, with scattered clouds. In the bottom foreground, there are decorative white wavy lines that look like a stylized grid or data visualization.

stem

April 29, 2025

# 1Q 2025 Financial Results

## 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 our expectations around our new software and services-centric strategy; our ability to secure sufficient and timely inventory from 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 actual results or outcomes 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, including from our cost reduction and restructuring efforts; 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 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, manufacturing or delivery delays and increased supply change costs, including as a result of trade policies; 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, high interest rates, changes in monetary policy, changes in trade policies, including tariffs or other trade restrictions or the threat of such actions, 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 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 under U.S. securities laws or any other laws or requirements applicable to the Company. 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. Forward-looking statements in this presentation are made as of the date of this presentation, and the Company disclaims any intention or obligation to update publicly or revise such forward-looking 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.

# First Quarter 2025 Results and Other Highlights

Early benefits of software-focused strategy evidenced in 1Q25 results

## 1Q25 Results

Revenue

**\$33M**

+27% YoY

Annual Recurring  
Revenue

**\$57M**

+8% QoQ / +26% YoY

**GAAP/Non-GAAP  
Gross Margin**

**32% / 46%**

+127 p.p. / +22 p.p. YoY

Adjusted EBITDA

**\$(5)M**

+\$8M YoY

Operating Cash  
Flow

**\$9M**

+\$9M YoY

## Latest Updates



Implemented targeted workforce reductions in April, driving \$30M in annualized cost savings



Increased ARR by ~\$4M QoQ and \$12M YoY to \$57M



Achieved strong gross margins and first-ever quarter of positive operating cash flow, reflecting early benefits of software-focused strategy



Strengthened Board of Directors with the appointment of software and finance veterans Vasudevan Guruswamy and Krishna Shivram

**Reaffirming 2025 guidance and our commitment to driving profitability**

# Business Units – Benefits & Rationale

Creating four distinct business units to optimize operations and drive growth

Software  
Products

Professional  
Services

Managed  
Services

OEM  
Hardware

- ✓ Aligning services with **market demands** and customer needs
- ✓ Strengthening **profitability** and revenue **stability**
- ✓ Enhancing focus on **high-margin** software and services
- ✓ **Diversifying** revenue streams through complementary offerings
- ✓ Strengthening **customer relationships** through end-to-end solutions
- ✓ Improving **operational efficiency** with dedicated leadership

# Our Four Internal Business Units

## Optimizing operations and driving growth

### Software Products

*Differentiated IP +  
Recurring Revenue*

- Leading with PowerTrack's edge devices, software, and services
- Driving growth into adjacent segments and international markets
- Software critical to profitability and growth, funding strategic initiatives and sustaining high margins

### Professional Services

*Bespoke Advisory +  
High Margin*

- Specialized advisory and consulting services with custom client engagements
- Focus on planning, design, and deployment of energy storage assets
- Positioning Stem as a trusted expert, thought-leader, and partner

### Managed Services

*End-to-end Operations +  
LT Recurring Revenue*

- End-to-end asset monitoring, analytics, operations, and optimization for distributed energy assets
- Service-oriented model leveraging deep domain expertise enabled by technology

### OEM Hardware

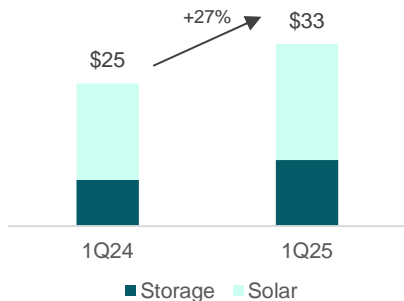
*Battery Resale +  
Selective Engagement*

- Proprietary hardware solutions (e.g., battery systems)
- Driving sales in other segments by offering a single provider and integrated solution
- Reallocating resources to differentiated software, services, and consulting offerings

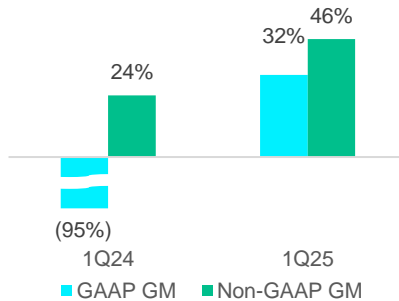
# 1Q 2025 Financial Metrics

\$ millions, unless otherwise noted

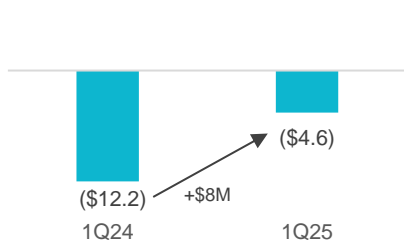
## Revenue\*



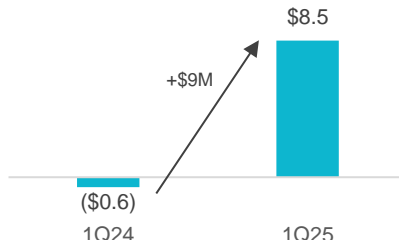
## GAAP & Non-GAAP Gross Margin %\*



## Adjusted EBITDA\*



## Operating Cash Flow

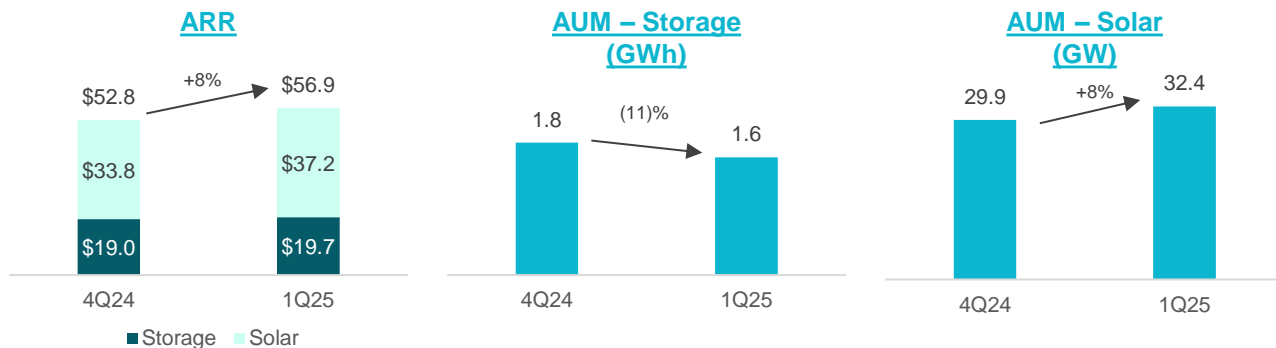


## Revenue, Gross Margin, Adj. EBITDA, and Operating Cash Flow

- Solar revenue remains strong, up 21% YoY
- Software revenue up 17% YoY
- Non-GAAP gross margin up due to increased software revenue and improved hardware terms
- GAAP gross margin improvement driven by higher mix of software and services revenue and the absence of the \$33M reduction in revenue related to parent company guarantees
- Improved EBITDA YoY driven by higher revenue and gross profit
- Operating cash flow up \$9M YoY
- Generated \$2M in cash and cash equivalents growing balance to \$59M at end of 1Q25

# 1Q 2025 Operating Metrics

\$ millions, unless otherwise noted



See Appendix for definitions.

## Bookings, Backlog, CARR, ARR and AUM

- CARR and ARR growth demonstrate success in driving software-focused strategy
- Bookings down slightly QoQ due to seasonality
- Storage AUM down QoQ due to removal of PowerBidder Pro contracts
- Operating metrics reflect revised definitions versus prior periods

# Reaffirming 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

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 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)

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# Appendix

# Supplemental Revenue Detail

*\$ millions unless otherwise noted*

	Three Months Ended March 31,	
	2025	2024
Solar software	8.8	7.8
Edge hardware	10.3	8.0
<b>Subtotal</b>	<b>\$19.1</b>	<b>\$15.8</b>
Storage software & recurring managed services	7.0	5.7
Project and professional services	1.8	1.4
<b>Subtotal</b>	<b>\$8.8</b>	<b>\$7.1</b>
Battery hardware resale	4.5	2.6
<b>Total Revenue</b>	<b>\$32.5</b>	<b>\$25.5</b>

# Key Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended March 31,	
	2025	2024
<b>Key Financial Results<sup>(1)</sup></b>		
Revenue	\$32.5	\$25.5
GAAP Gross Profit (Loss)	10.5	(24.2)
GAAP Gross Margin (%)	32%	(95)%
Non-GAAP Gross Profit*	14.8	13.8
Non-GAAP Gross Margin (%)*	46%	24%
Net Loss	(25.0)	(72.3)
Adjusted EBITDA*	(4.6)	(12.2)
<b>Key Operating Metrics</b>		
Bookings <sup>(2)</sup>	\$34.5	--
Contracted Backlog <sup>(3)**</sup>	\$25.3	--
Storage Operating AUM (GWh) <sup>(4)**</sup>	1.6	0.8
Solar Operating AUM (GW) <sup>(5)**</sup>	32.4	26.9
CARR <sup>(6)**</sup>	\$69.0	--
ARR <sup>(7)**</sup>	\$56.9	\$45.1

(1) As previously disclosed, revenue, gross profit (loss), and net loss were negatively impacted by a \$33.1 million reduction in revenue for the three months ended March 31, 2024, and by excess supplier costs and resulting liquidated damages, as discussed in the earnings press release.

(2) Redefined versus prior periods. Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company is redefining "Bookings" as the total value of executed purchase orders. Previously this metric included all relevant executed contracts, regardless of whether or not a related purchase order had been executed.

(3) Redefined versus prior periods. Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company is redefining "Contracted Backlog" as the total value of hardware and non-recurring services bookings with executed purchase orders in dollars, as of a specific date. Previously, this metric included the total contract value of hardware, software and services contracts recognized ratably over the contract period, regardless of whether or not a related purchase order had been executed.

(4) New metric, introduced in our Q1 2025 Quarterly Report on Form 10-Q. Represents total GWh of energy storage systems in operation. Contracted storage AUM from prior periods has been replaced with this metric.

(5) Total GW of solar systems in operation.

(6) Contracted Annual Recurring Revenue ("CARR"): Redefined versus prior periods. Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company is redefining CARR as the 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. Previously, this metric included the annualized value from all executed Stem customer subscription contracts, regardless of whether or not a related purchase order had been executed.

(7) Annual Recurring Revenue ("ARR"): New metric, introduced in our Q1 2025 Quarterly Report. Annualized value from operating customer subscription contracts, including solar software, storage software & recurring managed services, and any recurring professional services contracts.

\*Non-GAAP financial measures. Adjusted EBITDA and non-GAAP gross profit and margin, both for the three months ended March 31, 2024 were adjusted to exclude the impact of the previously disclosed reductions in revenue, excess supplier costs and resulting liquidated damages, as discussed in our earnings press release. See the section titled "Use of Non-GAAP Financial Measures" for details and the section titled "Reconciliations of Non-GAAP Financial Measures" for reconciliations in our earnings press release.

\*\*At period end.

# Reconciliation of GAAP Operating Expense to Cash Operating Expense

*\$ millions unless otherwise noted*

	Three Months Ended March 31,	
	2025	2024
GAAP Operating Expense	\$31.7	\$43.8
Less: Non-cash adjustments		
Depreciation and Amortization	(3.5)	(4.0)
Stock Compensation	(4.3)	(8.4)
Other adjustments	(0.8)	1.0
Cash Operating Expense	\$23.1	\$32.4
Revenue	\$32.5	\$25.5*
Cash Operating Expense as % of Revenue	71%	127%

# Reconciliation of GAAP and Non-GAAP Gross Margin

\$ millions unless otherwise noted	Three Months Ended March 31,	
	2025	2024
Revenue	\$32.5	\$25.5
Cost of revenue	(22.0)	(49.7)
GAAP gross (loss) profit	10.5	(24.2)
GAAP gross margin (%)	32%	(95)%
Non-GAAP Gross Profit		
GAAP Revenue	\$32.5	\$25.5
Add: Revenue reduction, net <sup>(1)</sup>	--	33.1
Subtotal	\$32.5	\$58.6
Less: Cost of revenue	(22.0)	(49.7)
Add: Amortization of capitalized software & developed technology	4.3	3.9
Add: Excess supplier costs <sup>(2)</sup>	--	1.0
Non-GAAP gross profit	\$14.8	\$13.8
Non-GAAP gross margin (%)	46%	24%

Non-GAAP gross margin 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 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 2025 GAAP financial results.

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

(2) 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 March 31,	
	2025	2024
Net loss	\$(25,000)	\$(72,307)
Adjusted to exclude the following:		
Depreciation and amortization <sup>(1)</sup>	11,695	11,154
Interest expense	4,290	4,707
Stock-based compensation	4,317	8,374
Revenue reduction, net <sup>(2)</sup>	--	33,128
Excess supplier costs and resulting liquidated damages <sup>(2)</sup>	--	1,012
Provision for income taxes	58	153
Other expenses <sup>(3)</sup>	13	1,540
Adjusted EBITDA	\$(4,627)	\$(12,239)

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, 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 includes depreciation and amortization expense, impairment loss of energy storage systems, impairment loss of project assets, and impairment loss of right-of-use assets.

(2) Refer to the discussion of revenue reduction, excess supplier costs, and liquidated damages in "Definitions of Non-GAAP Financial Measures" in the Company's 1Q 2025 earnings press release.

(3) Adjusted EBITDA for the three months ended March 31, 2024 reflects other expenses of \$1.5 million, comprised of \$1.1 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities, and \$0.4 million of other non-recurring expenses.

# 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 the energy storage hardware and/or edge device to the 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) and decreases as 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 any 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 and other 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**