

The logo for STEM, consisting of the lowercase letters 'stem' in a bold, white, sans-serif font. The background of the slide features a blue gradient with a complex network of white lines and dots, resembling a circuit board or a data network, and a grid of white dots on the right side.

stem

March 4, 2026

Fourth Quarter and Full Year 2025 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,” “can,” “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 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 software and services-centric business; 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 chain and distribution channels; our joint ventures, partnerships and other alliances; forecasts or expectations regarding energy transition and global climate change; reduction of greenhouse gas 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 impact of the One Big Beautiful Bill Act (“OBBA”) on our business and that of our customers; the direct or indirect effects on our business of macroeconomic factors and geopolitical instability, such as wars in Ukraine and the Middle East; and our outlook and future results of operations, including revenue, adjusted EBITDA, and the other metrics presented herein.

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, workforce reduction and restructuring efforts; our inability to successfully execute on our new software and services-centric strategy; the effects of the OBBA on our business and that of our customers; 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, changes in trade policies, including tariffs or other trade restrictions or the threat of such actions, government shutdowns 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; risks relating to the development and performance of our 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.

Fourth Quarter 2025 Results and Other Highlights

Delivered consistent, transformative results in 4Q25, driven by software-centric strategy

4Q25 Results

Revenue

\$47M

(15)% YoY

Annual Recurring
Revenue (ARR)

\$61M

+1% QoQ / +16% YoY

GAAP/Non-
GAAP Gross Margin

49% / 45%

+53 p.p. YoY / +9 p.p. YoY

Adjusted EBITDA

\$5M

+\$1M YoY

Operating Cash
Flow

\$8M

+\$23M YoY

Highlights



Increased PowerTrack™ software revenue by 5% QoQ and 14% YoY



Generated positive operating cash flow and strengthened cash position



Achieved third consecutive quarter of positive adjusted EBITDA and first-ever full year of positive adjusted EBITDA

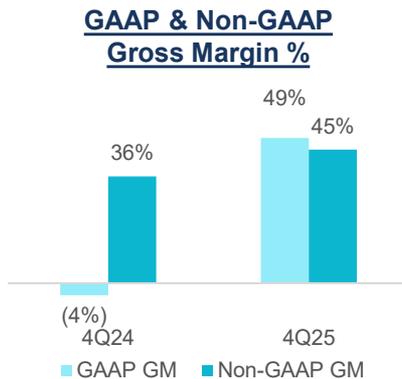


Announced 100 MWh PowerTrack EMS deal with European Developer, Everyray

Expect to drive nearly 85% adj. EBITDA growth and 10% ARR growth in 2026*

4Q 2025 Financial Metrics

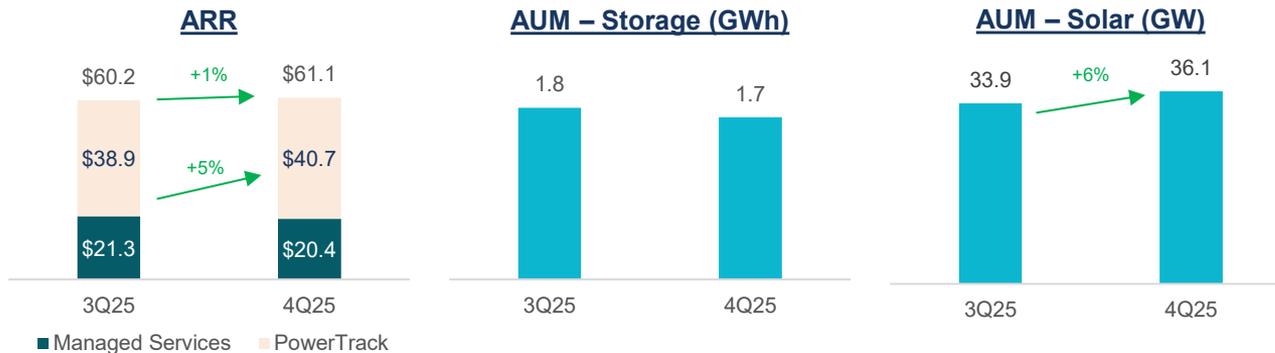
\$ millions, unless otherwise noted



- Revenue down driven by significantly less battery resale revenue (\$27M in 4Q24 vs \$1M in 4Q25)
- Margin improvements driven by favorable revenue mix
- Non-GAAP gross margin lower than GAAP gross margin due to write off of deferred costs (\$6M) from a managed services customer cancellation
- Improved adjusted EBITDA YoY driven by improved gross margin and significantly reduced operating expenses
- Cash OpEx down \$18M YoY

4Q 2025 Operating Metrics

\$ millions, unless otherwise noted



- Software and services bookings up 10% QoQ
- Edge hardware and services backlog flat QoQ, hardware backlog down sequentially
- ARR increased 16% YoY
- Added 2.2 GW of solar AUM
- Managed Services customer cancellation impacted CARR by \$3 million, ARR by \$1 million, and storage AUM by 0.1 GWh

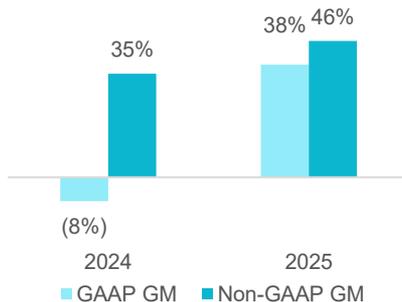
Full Year 2025 Financial Metrics

\$ millions, unless otherwise noted

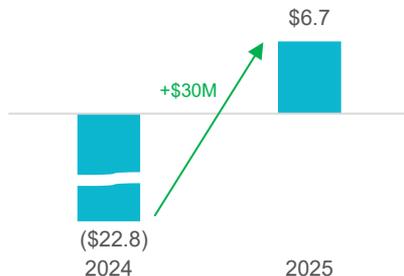
Revenue



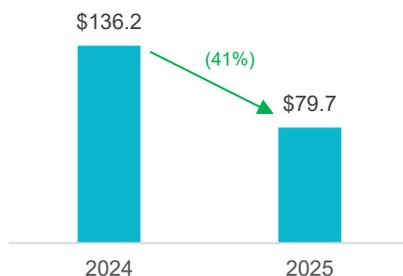
GAAP & Non-GAAP Gross Margin %



Adjusted EBITDA



Cash OpEx



Operating Cash Flow



- Solid YoY improvement across all metrics
- Margin improvements driven by favorable revenue mix
- GAAP gross margin improved YoY due to absence of revenue reduction in 2025
- Improved adjusted EBITDA YoY driven by improved gross margin and significantly reduced operating expenses
- Cash OpEx down \$57M YoY

Introducing Full Year 2026 Guidance

Metric	Range	Comments
Total Revenue	\$140 - \$190	Primarily software, services, and edge hardware revenue
Software, services, & edge hardware	\$130 - \$150	Core revenue. Mostly ratable with slight 2H seasonality
Battery hardware resale	Up to \$40	Lumpy, opportunistic deals. Strategically de-emphasizing
Non-GAAP gross margin %	40% - 50%	Revenue mix of software/services/hardware determines variability
Adjusted EBITDA	\$10 - \$15	Driven by revenue growth, OpEx discipline, and operating leverage
Operating cash flow	\$0 - \$10	Expect stable operating cash generation
Year-end ARR	\$65 - \$70	Driving recurring software revenue

About Stem

Stem (NYSE: STEM) is a global leader reimagining technology to support the energy transition. We turn complexity into clarity and potential into performance.

Stem helps asset owners, operators, and energy stakeholders unlock the full value of their portfolios by enabling the intelligent development, deployment, and operation of clean energy assets. Stem's integrated software suite, PowerTrack™, is the industry-standard and best-in-class platform for asset monitoring and optimization and is backed by expert professional and managed services, all delivered under one roof. Designed to address complex energy challenges seamlessly, our technology transforms raw data into clear, actionable insights, providing the visibility and intelligence needed to drive performance. With projects across 55 countries, customers have trusted Stem for nearly 20 years to maximize the value of their clean energy investments.

Driven by human and artificial intelligence, Stem is unlocking energy intelligence.
[Learn more at stem.com.](https://www.stem.com)

Appendix

Key Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Key Financial Results⁽¹⁾				
Revenue	\$47.2	\$55.8	\$156.3	\$144.6
GAAP Gross Profit (Loss)	23.2	(2.5)	60.0	(11.1)
GAAP Gross Margin (%)	49%	(4%)	38%	(8%)
Non-GAAP Gross Profit*	20.9	20.2	72.3	63.7
Non-GAAP Gross Margin (%)*	45%	36%	46%	35%
Net Income (Loss)	(16.0)	(51.1)	137.8	(854.0)
Adjusted EBITDA*	5.5	4.2	6.7	(22.8)
Key Operating Metrics				
Bookings ⁽²⁾	\$32.7	\$37.6	\$131.8	\$115.9
Contracted Backlog ^{(3)**}	\$21.3	\$20.9	\$21.3	\$20.9
CARR ^{(4)**}	\$67.2	\$64.5	\$67.2	\$64.5
ARR ^{(5)**}	\$61.1	\$52.8	\$61.1	\$52.8
Solar Operating AUM (GW) ^{(6)**}	36.1	29.9	36.1	29.9
Storage Operating AUM (GWh) ^{(7)**}	1.7	1.8	1.7	1.8

(1) As previously disclosed, revenue, gross profit (loss), and net loss were negatively impacted by a \$38.7 million reduction in revenue for the twelve months ended December 31, 2024, and by excess supplier costs and resulting liquidated damages, as discussed in our earnings press release.

(2) Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company defines "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) Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company defines "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) Beginning with our Q1 2025 Quarterly Report on Form 10-Q, the Company defines 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.

(5) Represents annualized recurring revenue from operating customer subscription contracts, including solar software, storage software & recurring managed services, and any recurring professional services contracts.

(6) Total GW of solar systems in operation.

(7) Represents total GWh of energy storage systems in operation. Contracted storage AUM from prior periods has been replaced with this metric.

*Non-GAAP financial measures. Adjusted EBITDA and non-GAAP gross profit and margin for the 12 months ended December 31, 2024 have been adjusted to exclude the impact of the previously disclosed reductions in revenue and excess supplier costs, as discussed below. Adjusted EBITDA for the 12 months ended December 31, 2024 has been adjusted to exclude the impact of impairment of accounts receivable related to contracts that provided 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.

Supplemental Revenue Detail

\$ in thousands	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
PowerTrack software ⁽¹⁾	9,865	8,626	37,620	32,811
Edge hardware	15,824	13,045	53,731	45,429
Project and professional services				
<i>Project and professional services</i>	2,622	2,070	9,243	6,437
<i>DevCo</i>	10,624	--	10,624	5,173
Project and professional services	\$13,246	\$2,070	\$19,867	\$11,610
Subtotal	\$38,935	\$23,741	\$111,218	\$89,850
Managed services ⁽²⁾	7,603	5,028	30,209	23,389
Battery hardware resale	605	27,056	14,839	31,345
Total Stem Revenue	\$47,143	\$55,825	\$156,266	\$144,584



(1) Previously defined as Solar Software Revenue.

(2) Previously defined as storage software and managed services revenue.

Supplemental Margin Detail

	Three Months Ended December 31, 2025		Twelve Months Ended December 31, 2025	
	GAAP Gross Margin	Non-GAAP Gross Margin	GAAP Gross Margin	Non-GAAP Gross Margin
PowerTrack software	60%	71%	57%	70%
Edge hardware	45%	--	44%	--
Project and professional services	(23%)	25%	7%	39%
Managed services	167%	47%	39%	44%
Battery hardware resale	53%	--	13%	--
Total Stem Gross Margin	49%	45%	38%	46%

Reconciliation of GAAP Operating Expense to Cash Operating Expense

\$ millions unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
GAAP Operating Expense ⁽¹⁾	\$31.4	\$44.7	\$115.6	\$828.3
Less: Non-cash adjustments				
Depreciation and Amortization	(4.5)	(4.2)	(15.2)	(15.7)
Stock Compensation	(2.3)	3.2	(10.2)	(18.5)
Impairment of parent company guarantees	--	--	--	(104.1)
Impairment of goodwill	--	--	--	(547.2)
Other adjustments	(6.6)	(7.4)	(10.5)	(6.6)
Cash Operating Expense	\$18.0	\$36.3	\$79.7	\$136.2
Revenue	\$47.2	\$55.8	\$156.3	\$144.6
Cash Operating Expense as % of Revenue	38%	65%	51%	94%

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,	
	2025	2024	2025	2024
Revenue	\$47.2	\$55.8	\$156.3	\$144.6
Cost of revenue	(24.0)	(58.3)	(96.3)	(155.7)
GAAP gross (loss) profit	\$23.2	(\$2.5)	\$60.0	(\$11.1)
GAAP gross margin (%)	49%	(4%)	38%	(8%)
Non-GAAP Gross Profit				
GAAP Revenue	\$47.2	\$55.8	\$156.3	\$144.6
Add: Revenue reduction, net ⁽¹⁾	--	--	--	38.7
Less: Other revenue adjustments ⁽²⁾	(0.5)	--	(0.5)	--
Subtotal	\$46.7	\$55.8	\$155.8	\$183.3
Less: Cost of revenue	(24.0)	(58.3)	(96.3)	(155.7)
Add: Amortization of capitalized software & developed technology	4.4	4.2	17.6	16.2
Add: Impairments and other write-offs	(6.2)	18.5	(4.8)	18.9
Add: Excess supplier costs ⁽¹⁾	--	--	--	1.0
Non-GAAP gross profit	\$20.9	\$20.2	\$72.3	\$63.7
Non-GAAP gross margin (%)	45%	36%	46%	35%

Non-GAAP gross margin, as used in the Company's full year 2026 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 2026 GAAP financial results.

(1) Refer to the discussion of reduction in revenue and excess supplier costs in the earnings press release.

(2) Other revenue adjustments refer to terminations and modifications of significant contracts with customers prior to their scheduled termination dates.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

\$ thousands unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Net income (loss)	\$(15,979)	\$(51,137)	\$137,761	\$(854,014)
Adjusted to exclude the following:				
Depreciation and amortization ⁽¹⁾	12,978	12,486	48,621	48,807
Interest expense	8,301	4,443	23,933	18,293
Gain on extinguishment of debt	--	--	(220,047)	--
Stock-based compensation	2,287	(3,245)	10,216	18,471
Revenue reduction ⁽²⁾	--	--	--	38,653
Other revenue adjustments ⁽³⁾	(453)	--	(453)	--
Excess supplier costs ⁽²⁾	--	--	--	1,012
Change in fair value of derivative liability	--	--	--	(1,477)
Change in fair value of warrant liability	(968)	--	3,222	--
Impairment of goodwill	--	--	--	547,152
Contract termination payment ⁽⁴⁾	--	--	--	10,000
(Expected recovery of) Impairment and accounts receivable write-off ⁽⁵⁾	--	--	(3,500)	104,134
(Recovery) Impairment of inventory and other deferred costs ⁽⁶⁾	(13,220)	18,059	(13,220)	18,059
Impairment of deferred costs with suppliers ⁽⁷⁾	--	13,409	--	13,409
Impairment of DevCo project assets ⁽⁸⁾	6,390	--	6,390	--
Provision for income taxes	144	(12)	536	332
Other expenses ⁽⁵⁾	5,991	10,203	13,249	14,328
Adjusted EBITDA	\$5,471	\$4,206	\$6,708	\$(22,841)

Adjusted EBITDA, as used in the Company's full year 2026 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 2026 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 reduction in revenue and excess supplier costs in our earnings press release.

(3) Other revenue adjustments refer to terminations and modifications of significant contracts with customers prior to their scheduled termination dates.

(4) Contract termination payments and hardware deposit forfeitures with certain suppliers.

(5) Refer to the discussion of write-offs relating to parent company guarantee related arrangements in "— Impairment and Accounts Receivable Write-Off" in the notes to the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2025.

(6) 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.

(7) Deposit forfeitures with certain hardware suppliers.

(8) Impairment of DevCo project assets represent the excess of cost of goods over the sales transaction price for certain DevCo projects sold during the period.

(9) Adjusted EBITDA for the quarter and year ended December 31, 2025 reflects other expenses of \$6.0 million and \$13.2 million, respectively. For the quarter ended December 31, 2025, other expenses includes \$0.1 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities, and an accounts receivable write-off of \$5.9 million. For the year ended December 31, 2025, other expenses includes \$6.1 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities, an accounts receivable write-off of \$5.9 million, \$0.9 million for one-time costs associated with a loss on disposal and abandonment of property, plant and equipment, and \$0.3 million of other non-recurring expenses. 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, \$2.6 million for expenses related to restructuring costs, and \$0.3 million in connection with separation agreements for certain of the Company's former executive officers. For the year ended December 31, 2024, other expenses includes an accounts receivable write-off of \$7.3 million, \$3.7 million for expenses related to restructuring costs, \$1.2 million for advisory services relating to strategy, \$1.5 million in connection with separation agreements for certain of the Company's former executive officers, and \$0.6 million of other non-recurring expenses. Restructuring expenses consisted of employee severance and other exit costs.

Reconciliation of GAAP and Non-GAAP Gross Margin

PowerTrack Software

	Three Months Ended December 31, 2025	Twelve Months Ended December 31, 2025
<i>\$ millions unless otherwise noted</i>		
PowerTrack Software Revenue	\$9.9	\$37.6
Less: Cost of revenue	(3.9)	(16.2)
GAAP gross (loss) profit	\$5.9	\$21.4
GAAP gross margin (%)	60%	57%
Non-GAAP Gross Profit		
GAAP Revenue	\$9.9	\$37.6
Less: Cost of revenue	(3.9)	(16.2)
Add: Amortization of capitalized software & developed technology	1.1	4.9
Non-GAAP gross profit	\$7.0	\$26.3
Non-GAAP gross margin (%)	71%	70%

Non-GAAP gross margin as used in the Company's full year 2026 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 2026 GAAP financial results.

Reconciliation of GAAP and Non-GAAP Gross Margin

Project and Professional Services

	Three Months Ended December 31, 2025	Twelve Months Ended December 31, 2025
<i>\$ millions unless otherwise noted</i>		
Project and Professional Services Revenue	\$13.2	\$19.9
Less: Cost of revenue	(16.3)	(18.5)
GAAP gross (loss) profit	(\$3.1)	\$1.3
GAAP gross margin (%)	(23%)	7%
Non-GAAP Gross Profit		
GAAP Revenue	\$13.2	\$19.9
Less: Cost of revenue	(16.3)	(18.5)
Add: Impairments	6.4	6.4
Non-GAAP gross profit	\$3.3	\$7.7
Non-GAAP gross margin (%)	25%	39%

Non-GAAP gross margin as used in the Company's full year 2026 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 2026 GAAP financial results.

Reconciliation of GAAP and Non-GAAP Gross Margin

Managed Services

	Three Months Ended December 31, 2025	Twelve Months Ended December 31, 2025
<i>\$ millions unless otherwise noted</i>		
Managed Services Revenue	\$7.6	\$30.2
Less: Cost of revenue	+5.1	(18.4)
GAAP gross (loss) profit	\$12.7	\$11.9
GAAP gross margin (%)	167%	39%
Non-GAAP Gross Profit		
GAAP Revenue	\$7.6	\$30.2
Less: Other revenue adjustments ⁽¹⁾	(0.5)	(0.5)
Subtotal	\$7.1	\$29.8
Less: Cost of revenue ⁽²⁾	+5.1	(18.4)
Add: Amortization of capitalized software & developed technology	3.3	12.6
Add: Impairments and other write-offs ⁽²⁾	(12.2)	(10.8)
Non-GAAP gross profit	\$3.3	\$13.2
Non-GAAP gross margin (%)	47%	44%

(1) Other revenue adjustments refer to terminations and modifications of significant contracts with customers prior to their scheduled termination dates.

(2) \$13.2 million recapture of COGS and subsequent write-off related to managed services customer contract cancellation.

Non-GAAP gross margin as used in the Company's full year 2026 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 2026 GAAP financial results.

Definitions

Item	Definition
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.
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.
Battery Hardware Resale Revenue	Sales of energy storage systems.
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.
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.
Edge Hardware	Sales of edge device hardware to aid in the collection of site data and the real-time operation and control of a site.
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.
Project and Professional Services Revenue	Full lifecycle energy services including development and engineering, procurement and integration, performance and operations support, and revenue tied to Development Company investments.
Solar Operating AUM	Total GW of solar systems in operation.
PowerTrack Software Revenue	Recurring SaaS revenue from our PowerTrack software.
Storage Operating Assets Under Management ("AUM")	Total GWh of storage systems in operation.
Managed Services Revenue	Includes (1) recurring revenue related to the operation and optimization of energy storage and hybrid portfolios managed by Stem and (2) Host Customer recurring and merchant revenues.

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