

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

STEM, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

001-39455

(Commission File Number)

85-1972187

(IRS Employer
Identification No.)

1400 Post Oak Boulevard, Suite 560, Houston, Texas 77056

(Address of principal executive offices including zip code)

1-877-374-7836

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$0.0001

STEM

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2025, the aggregate market value of the common stock of the registrant held by non-affiliates was \$50.0 million.

As of February 25, 2026, the number of shares of common stock outstanding was 8,518,974.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required to be included in Part III of this Annual Report on Form 10-K is set forth in, and is incorporated by reference from, Stem's definitive proxy statement for its 2026 Annual Meeting of Stockholders, to be filed by Stem with the Securities and Exchange Commission ("SEC") within 120 days after December 31, 2025 (the "2026 Proxy Statement").

STEM, INC.
Annual Report on Form 10-K
For the Year Ended December 31, 2025

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Forward-Looking Statements

This Annual Report on Form 10-K (this “Report”), 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 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 (“OBBB”) 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 OBBB 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 Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K and in our other filings with 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 Report 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 Report are made as of the date of this Report, and the Company disclaims any intention or obligation to update publicly or revise such forward-looking statement, whether as a result of new information, future events, or otherwise except as required by law.

PART I.

ITEM 1. BUSINESS

Our Strategy

In 2024, we announced a new business strategy that reflects a renewed focus on developing and marketing our AI-enabled software, edge and services offerings. This transition entailed significant operational changes during calendar years 2024 and 2025, including reduction of what had historically been the source of most of our revenue (battery resales), adjustments to the way we develop and market our products and services, and realignment of our business processes. These changes have resulted in reduced revenue, increased restructuring-related costs, reduced operating expenses, and short-term disruptions in our operations, which may negatively affect our ability to effectively scale our software and services offerings and achieve our financial and operational targets. Failure to achieve the anticipated benefits of our new strategy may have a material adverse effect on our business, financial condition, and results of operations. See *“Our strategy may not achieve anticipated benefits.”* in Part I. Item 1A. “Risk Factors” in this Report for additional information about some risks related to our new strategy.

Overview

Stem, Inc., a Delaware corporation (“Stem,” the “Company,” “we,” “us,” or “our”), is a global leader reimagining technology to support the energy transition. We help asset owners, operators, and energy stakeholders unlock the full value of their energy portfolios by enabling the intelligent development, deployment and operation of clean energy assets. Our integrated software suite, PowerTrack™, provides asset monitoring and optimization software and solutions, supported by professional and managed services, under one consolidated set of solutions. Our solutions and services are designed to address complex energy challenges by transforming our customers’ raw data into clear and accurate information to inform actionable insight.

With projects across 55 countries, customers have trusted Stem for nearly 20 years to maximize the value of their clean energy investments.

PowerTrack is our integrated suite of software and solutions for solar, storage and hybrid assets. Within the PowerTrack product suite we offer PowerTrack Software, PowerTrack Energy Management System, PowerTrack Supervisory Control and Data Acquisition (“SCADA”), PowerTrack Power Plant Controller (“PPC”), PowerTrack Logger, and PowerTrack Optimizer.

Our PowerTrack Software for solar monitoring and analytics enables the standardization of energy portfolios on one hardware agnostic application. We offer commercial- and utility-scale edge hardware solutions, which are original equipment manufacturer (“OEM”)-agnostic devices that are used to connect customers’ solar and storage assets to our software applications in a unified view. We offer project services to our PowerTrack customers to assist with designing and commissioning of solutions. We offer Managed Services, which are full lifecycle, storage services covering the design, procurement, commissioning, operation and optimization of energy storage and hybrid systems, enabled by our PowerTrack Optimizer software, to our customers. We also offer a comprehensive suite of Professional Services to support solar and storage projects through every stage of the project lifecycle, providing our customers with the expertise needed to navigate the complexity and scale of clean energy portfolios. We serve project developers, asset owners, engineering, procurement and construction firms (EPCs) and distributors.

Since our inception in 2009, we have engaged in developing and marketing AI-enabled software and services, raising capital, recruiting personnel, and growing our annual recurring revenue. Over the last 15 years, we have been an industry leader in clean energy software and solutions.

On April 9, 2025, we announced an approximately 27% reduction of our global workforce, as part of our broader efforts to prioritize investments in software, reduce operating costs, increase efficiency, drive profitable growth and increase stockholder value. For the year ended December 31, 2025, we incurred \$6.1 million in restructuring costs related to the reduction of our global workforce. We expect to continue to exercise discipline and incur moderate expenses associated with sales and marketing, research and development, regulatory and related functions. In addition, we expect to continue to manage and reduce our general and administrative expenses associated with scaling our business operations, including legal, audit, additional insurance expenses, investor relations activities and other administrative and professional services.

History

We were originally known as Star Peak Energy Transition Corp. (“STPK”), which was a special purpose acquisition company that completed its public offering on August 20, 2020. On April 28, 2021 (the “Closing Date”), we consummated a business combination (the “Merger”) pursuant to an Agreement and Plan of Merger by and among STPK, STPK Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of STPK (“Merger Sub”), and Stem, Inc., a Delaware corporation (“Legacy Stem”). The Merger was effected on the Closing Date through the merger of the Merger Sub with and into Legacy Stem, with Legacy Stem surviving as a wholly-owned subsidiary of the Company. Legacy Stem was a private company and is considered the Company’s accounting predecessor.

Competitive Strengths

Our competitive strengths include the following:

- **Exceptional AI and Renewable Energy Expertise:** We have a seasoned leadership team with a demonstrated track record of execution and extensive experience in software, distributed energy expertise, technology development, new market commercialization, renewable project development and utility / grid program operations using AI-enabled tools.
- **Significant Benefits from Scale:** We believe we operate one of the largest global distributed clean energy networks, with 36 Gigawatts (“GW”) of solar assets under management and nearly 2 Gigawatt-hours (“GWh”) of operating energy storage assets under management. This large network generates a significant amount of operational data which drives enhanced software performance.
- **Proven software capabilities:** Our core asset management software, PowerTrack, provides a flexible and comprehensive interface that allows customers to monitor and control individual solar assets and portfolios. Our energy storage software is able to co-optimize multiple energy market revenue streams. Both tools function across a diverse fleet of hardware throughout multiple geographies and energy markets.
- **Subject Matter Expertise:** Our goal is to provide a seamless customer experience from commercial proposal to installation to ongoing operations. Our advisory services span development and engineering, procurement and integration, and performance and operations. Our employees have deep industry and technical expertise, which enables us to provide a full suite of monitoring, control, optimization, scheduling, and reporting functionality for our customers.
- **Leading Strategic Partnerships:** We have numerous partnerships with a diverse set of industry leaders to reduce execution risk and increase speed to market in certain geographies. In early 2025, we announced a 484 megawatt (“MW”) solar deployment for Neovolt, one of the largest renewable asset owners in Hungary, who will standardize its asset management on PowerTrack.

Research and Development

We have invested significant amounts of time and expense in the development of our software. The ability to maintain our leadership position depends in part on our ongoing research and development activities. Our software development, data science, and product professionals are responsible for the design, development, integration, and testing of our software products. We focus our efforts on developing our software to improve our algorithms, augment value with new revenue streams and localize our capabilities based on geography and regulatory considerations.

Intellectual Property

Intellectual property is a key differentiator for our business, and we seek protection whenever possible for the intellectual property that we own and control, including but not limited to patents, proprietary information, trade secrets and software tools and applications. We rely upon a combination of patent, copyright, trade secret and trademark laws, as well as employee and third-party non-disclosure agreements and other contractual restrictions to establish and protect our proprietary rights.

We have developed a significant patent portfolio to protect elements of our proprietary technology. As of December 31, 2025, we had more than 90 patents across storage and solar asset performance.

Our intellectual property encompasses a diverse mix of patents with respect to our proprietary systems and software. These patents relate to the following broad categories:

- power electronics, including the basic interaction of batteries with the power grid where such electronics convert direct current (DC) battery power to alternating current (AC) compatible grid power;
- analytics and control, including use cases and decisions into the operation of an energy storage system and the coordination of providing economic or operational value to a customer;
- networked operations and grid services that involve the aggregation and operation of a group of energy storage systems to provide value to a utility or grid operator; and
- monitoring and control of solar photo-voltaic power assets along with fault detection, performance analytics and solar generation forecasting.

In September 2024, we announced the rebranding of our flagship enterprise platform, Athena®, which is a registered-trademark, to PowerTrack™ Optimizer. Athena’s trademarked applications include “Analyzer™,” “Supervisor™,” “Explorer™,” and “PowerBidder™.” The services relating to these trademarks are sold as a part of our PowerTrack Optimizer offerings and include, but are not limited to, energy optimization services, software as a service for energy optimization services and energy storage charge and discharge.

We routinely review our development efforts to assess the existence and patentability of our intellectual property. We pursue the registration of our domain names and trademarks and service marks in the U.S. In an effort to protect our brand, as of December 31, 2025, we had nine registered trademarks and several pending applications in the U.S.

Competition

The clean energy industry is highly competitive, and new regulatory requirements for carbon emissions, technological advances, the lower cost of renewable energy, the decrease in battery and solar panel costs, improving battery technology and shifting customer demands are causing the industry to evolve and expand. We believe that the principal competitive factors in the clean energy market include, but are not limited to:

- safety, reliability and quality;
- product performance and uptime;
- historical track record and references for customer satisfaction;
- experience in proving bankability for multiple stakeholders;
- technological innovation;
- comprehensive solution from a single provider;
- upfront and ongoing costs of software and services;
- ease of integration and clarity of value proposition; and
- seamless edge hardware, software, and service offerings.

There is rising demand for solutions that enable the deployment and operation of clean electric power assets with high availability and performance. Additionally, the transition to renewable energy sources and distributed energy infrastructure has increased the complexity and variability of power generation and end-customer electricity demand. This industry transformation has created an opportunity for an increased role for clean energy software and services like ours. We believe that these trends will drive commercial and industrial (“C&I”) customers, utilities, independent power producers and project developers to grow their use of and investment in clean energy systems.

Our key competitors include energy monitoring and optimization software providers, energy storage and edge device OEMs, hardware integration providers, renewable project developers, EPC firms, and consulting firms. In our Managed Services business, our competitors are primarily asset management service providers and energy storage system optimizers, which, respectively, engage with customers to commercially and operationally manage fleets of BESS systems and dispatch those systems into market and program revenue opportunities. Unlike some competitors, Stem’s Managed Service offerings are hardware agnostic and benefit from operational data across a multitude of hardware types, geographies, utilities and grid operator service areas. Our PowerTrack software and edge device products offer highly configurable and scalable edge device and software solutions to control solar, storage and hybrid assets, ingest their performance data and visualize key metrics. Our offerings give our customers visibility and control to operate their energy assets more efficiently and effectively.

We believe we are well-positioned to compete successfully in the market for software and software-enabled services. We are among the leaders in global distributed solar and energy storage assets under management, supported by proven technology, focused customer service, strong strategic partnerships and a seasoned leadership team with a track record of success.

Government Regulation and Compliance

There are varying policy frameworks across the U.S. and abroad designed to support and accelerate customer adoption of clean and reliable distributed generation technologies. These policy initiatives come in the form of tax incentives, cash grants, performance incentives and electric tariffs.

Our AI-powered platform manages energy assets operating worldwide, with various policy frameworks across each energy market. Several U.S. states have utility procurement programs, energy system decarbonization goals and/or renewable portfolio standards for which our technology is eligible, including California, Connecticut, Hawaii, Illinois, Massachusetts, Maryland,

Michigan, New Jersey, New York and Texas. Additionally, these energy assets often qualify for tax or financial incentives, including certain federal tax credits. The Inflation Reduction Act of 2022 (the “IRA”) established and expanded federal tax credits for certain clean energy projects, including the storage investment tax credit (“ITC”) and solar production tax credit (“PTC”) under Section 48E of the Internal Revenue Code (the “Code”) applicable to energy storage projects. In July 2025, the One Big Beautiful Bill Act (the “OBBB”) was enacted and introduced material changes to clean energy tax credit programs, including those implemented under the IRA. The OBBB also included restrictions on the availability of energy tax credits to U.S. taxpayers owned or controlled by certain foreign entities of concern (“FEOC”) (i.e., China, Russia, Iran and North Korea) as well as limitations on “material assistance” by any such country of concern in the manufacturing of products benefitting from such tax credits. These requirements introduce significant new compliance obligations and supply chain complexity for clean energy market participants, including requirements for enhanced due diligence, component-level sourcing verification, and ongoing monitoring across vendor supply chains. The OBBB also prohibits the transfer of tax credits to specified foreign entities, which may affect the market for transferable tax credits. The availability, value or implementation of federal incentives could also change with political conditions including those related to Congress or the presidency.

Federal, state and local government statutes and regulations concerning electricity heavily influence the demand for our products and services even though we are not regulated as a utility. These statutes and regulations often relate to electricity pricing, net metering, incentives, taxation, competition with utilities and the interconnection of customer-owned electricity generation. In the U.S., governments, often acting through state utility or public service commissions, change and adopt different rates for commercial customers on a regular basis. These changes can have a positive or negative effect on our ability to deliver cost savings or revenue generation for our customers.

Several states have mandates or policies designed to encourage energy storage adoption. For example, California offers a cash rebate for storage installations through the Self Generation Incentive Program and Massachusetts and New York offer performance-based financial incentives for storage. Storage installations also are supported in some states by state public utility commission policies that require utilities to consider alternatives such as storage before they can build new generation. In February 2018, the Federal Energy Regulatory Commission (“FERC”) issued Order 841, directing regional transmission operators and independent system operators to remove barriers to the participation of storage in wholesale electricity markets and to establish rules to help ensure storage resources are compensated for the services they provide. In September 2020, the FERC issued Order 2222, opening up U.S. wholesale energy markets to aggregations of distributed energy resources like rooftop solar, BTM batteries, and electric vehicles. FERC Order 2222 is in various stages of implementation across the U.S.

Solar and energy storage systems require interconnection agreements from the applicable local electric utilities in order to connect to the grid and operate. In almost all cases, interconnection agreements are standard form agreements that have been pre-approved by the local public utility commission or another regulatory body with jurisdiction over interconnection agreements. As such, no additional regulatory approvals are typically required once interconnection agreements are signed. For wholesale transmission, energy storage systems require interconnection agreements with transmission providers. The pace of wholesale interconnection is often a source of delay for project implementation, although FERC is requiring process improvements through Order 2023, which intended to speed up the process of connecting new energy projects .

Our operations are subject to stringent and complex federal, state, and local laws and regulations governing the occupational health and safety of our employees and wage regulations. For example, we are subject to the requirements of the federal Occupational Safety and Health Act (“OSHA”), as amended, and comparable state laws that protect and regulate employee health and safety.

There are government regulations pertaining to battery safety, transportation of batteries, tariffs, and disposal of hazardous materials. We and our suppliers, as applicable, are required to comply with these regulations in order to sell our batteries into the market. The license and sale of our batteries and technology abroad is likely to be subject to export controls in the future.

Each installation must be designed, constructed, and operated in compliance with applicable federal, state, and local regulations, codes, standards, guidelines, policies, and laws. To install and operate energy storage systems on our platform, we, our customers or our partners are required to obtain applicable permits and approvals from various authorities with jurisdiction over energy storage systems and interconnection.

Human Capital Resources

Driving Organizational Excellence

At Stem, our people are critical to our success and the company's mission. In 2025, we undertook significant organizational transformation to position the company for sustainable growth and operational efficiency. We established a unified "One Stem" brand and worked to sharpen our collective focus on core competencies, and optimized resource allocation across each revenue stream.

Additionally, we implemented six core values to define our culture and drive accountability: Ruthlessly Resourceful, Masters of Our Craft, Uncompromising Safety, Sky's the Limit, Future Builders and Be Real, Do Good. These values serve as the foundation for how we operate, make decisions, and hold ourselves accountable to delivering results.

Human Capital

As of December 31, 2025, we had 423 employees, of whom 268 were based in the United States and 155 were in international locations.

We believe that our future success depends in part on our continued ability to attract, develop, and retain top talent while maintaining rigorous performance standards across the organization.

Talent Development

At Stem, we prioritize talent development through ongoing initiatives designed to support employee growth and success. Our approach includes talent mechanisms like the simplified annual performance review, encouraging continuous feedback and professional development opportunities. We emphasize goal tracking to align individual and company objectives, and emphasize measurable outcomes to ensure individual contributions directly support company priorities. Career progression materials provide support to employees in mapping out their long-term growth within the organization. These efforts reflect our commitment to building a high-performing team and enabling our employees to reach their full potential. This Sky's the Limit approach to talent development creates pathways for high performers while maintaining organizational standards.

Professional Development

We foster continuous learning through our employees' commitment to being Masters of Our Craft. Our workforce has access to professional development resources, new hire training, and the Stem Learning Series. These resources support both technical expertise and leadership capability development.

We encourage and provide opportunities for employees to participate in targeted skill-building activities that are aligned with business needs and individual career progression. Our development investments focus on building capabilities critical to our strategic objectives.

Employee Sentiment & Feedback

We actively seek employee feedback through the "Your Voice" sentiment survey which measures engagement trends and provides leadership with actionable insights. Feedback data informs organizational decisions, policy refinements and leadership priorities. Consistent with our Be Real, Do Good value, we maintain open communication channels and address employee concerns while balancing organizational needs.

Culture & Workplace Environment

We are committed to creating an inclusive environment where employees can contribute effectively and professionally. Our One Stem culture emphasizes collaboration across functions and geographies, accountability for results, and respect for diverse perspectives. We continue to create opportunities for connection across employee populations through our global culture coalition and employee resource initiatives, while continuing to maintain focus on operational excellence and business performance.

Available Information

Our website is www.stem.com. We use our Investor Relations website, at <https://investors.stem.com>, as a routine channel for distribution of important information, including news releases, investor presentations, and financial information. We make available free of charge, through our Investor Relations website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers, and amendments to each of those reports, as soon as reasonably practicable after such documents are filed with or furnished to the SEC. Alternatively, you may access these reports at the SEC's website at www.sec.gov. Copies are also available, without charge, from Stem Investor Relations, 1400 Post Oak Boulevard, Suite 560, Houston, Texas, 77056. Unless expressly noted, the information on our website or any other website is not incorporated by reference in this Annual Report on Form 10-K and should not be considered part of this Report or any other filing that we make with the SEC.

Information About Our Executive Officers

The following table sets forth, as of January 31, 2026, the names and ages of our executive officers, including all offices and positions held by each for the past five years.

Name	Age	Current Position and Five-Year Business Experience
Arun Narayanan	51	Chief Executive Officer, since January 2025; Chief Executive Officer at RES Digital Solutions, a division of RES (a global independent renewable energy company), from April 2024 to January 2025; Chief Digital Officer at RES from August 2023 to March 2024; and Chief Data Officer of Anglo American plc (a global mining company) from January 2018 to June 2023.
Brian Musfeldt	51	Chief Financial Officer, since July 2025; Chief Financial Officer of ikeGPS (a platform technology company supporting above ground grid resiliency and capacity expansion for utilities) from June 2023 to July 2025; Chief Financial Officer of Also Energy, Inc. (which Stem acquired in February 2022) from November 2017 to June 2023.
Saul R. Laureles	60	Chief Legal Officer and Corporate Secretary, since May 2021; Director, Corporate Legal Affairs and Assistant Corporate Secretary at Schlumberger Limited (a global energy technology company), from May 2007 to May 2021.
Mike Carlson	62	Chief Operating Officer, since September 2022; Vice President of Koch Engineered Solutions (an equipment technology and services company) from August 2020 to September 2022; President of Digital Grid North America at Siemens Industries, Inc. (a technology company) from July 2014 to March 2019.
Matthew Tappin	38	President, Software, since September 2024; President of Asset Management Division from March 2023 to September 2024; Vice President, Corporate Development, from May 2021 to March 2023; Corporate Development, New Energies at Shell (an energy company) from August 2019 to May 2021.

ITEM 1A. RISK FACTORS.

The following discussion of risk factors known to us contains important information for the understanding of our “forward-looking statements,” which are discussed immediately preceding Part I, Item 1, “Business” of this Annual Report on Form 10-K and elsewhere. These risk factors should also be read in conjunction with Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the Consolidated Financial Statements and related notes included in this Annual Report on Form 10-K.

We urge you to consider carefully the risks described below, which discuss the material factors that make an investment in our securities speculative or risky, as well as in other reports and materials that we file with the SEC and the other information included or incorporated by reference in this Annual Report on Form 10-K. The occurrence of any of the following risks and uncertainties, or additional risks and uncertainties not currently known to us or that we currently deem immaterial, could, in circumstances we may or may not be able to accurately predict, materially adversely affect our business, operations, reputation, financial condition, results of operations, cash flows, liquidity, growth, prospects and stock price. The disclosures in this section reflect our beliefs and opinions as to factors that would be reasonably expected to materially and adversely affect us in the future. References to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past.

Risk Factors Summary

Risks Related to Our Business and Industry

- Our limited operating history at current scale and our nascent industry make evaluating our business and prospects difficult.
- Our distributed generation offerings may not receive widespread market acceptance.
- Sufficient demand for our software and services may not develop or take longer to develop than we anticipate.
- Estimates and assumptions used to determine the size of our total addressable market may be inaccurate.
- We currently face and will continue to face significant competition.
- The use of artificial intelligence in our business and associated challenges could result in harm to our business.
- Our future growth will depend on continuing to expand and diversify our new product and new market opportunities, and if we do not successfully execute on our new product and new market plans, or if our new product and new market opportunities are more limited than we expect, our operating results and future growth prospects could be adversely affected.

Risks Relating to Our Operations

- Our new strategy may not achieve anticipated benefits.
- Supply chain disruption and competition could result in insufficient inventory and negatively affect our business.
- We face risks resulting from supplier concentration and limited supplier capacity.
- Long-term supply agreements could result in insufficient inventory.
- We depend on significant customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or significant customers reduce their purchases, our revenue could decline significantly.
- Our hardware and software-enabled services involve a lengthy sales and installation cycle. If we fail to close sales on a regular and timely basis, it could adversely affect our business.
- We may fail to attract and retain qualified management and technical personnel, which may adversely affect our ability to compete and grow our business.
- We have incurred significant losses in the past and may continue to incur net losses through at least 2026.
- We may not be able to develop, produce, market or sell our hardware and software-enabled services successfully.
- We may be unable to reduce our cost structure.
- Any future acquisitions we undertake may disrupt our business, adversely affect operations, dilute our stockholders, and expose us to significant costs and liabilities.
- Our current and planned foreign operations will subject us to additional business, financial, regulatory, and competitive risks.
- Our platform performance may not meet customer needs.
- If any energy storage systems procured from OEM suppliers and provided to our customers contain manufacturing defects, our business and financial results could be adversely affected.
- Estimates of useful life for our energy storage systems and related hardware and software-enabled services may be inaccurate, and our OEM suppliers may not meet service and performance warranties and guarantees.
- Increases in hardware costs would adversely affect us.
- Future product recalls could materially adversely affect our business, financial condition and operating results.
- Any disruption of, or interference with, our use of Amazon Web Services could adversely affect our business.
- Any failure to offer high-quality technical support services may adversely affect our relationships with our customers.
- Our business currently depends on the availability of rebates, tax credits and other financial incentives.
- The economic benefit of our energy storage systems to our customers depends on the cost of electricity available from alternative sources.

- Our business is subject to risks associated with construction, utility interconnection and delays.
- If customers do not continue to use our subscription offerings or if we fail to expand the availability of hardware and software-enabled services, our operating results will be adversely affected.
- Changes in subscriptions or pricing models may not be reflected in near-term operating results.
- Severe weather events may affect our business.
- Increased scrutiny from stakeholders and regulators regarding sustainability practices and disclosures could result in additional costs and adversely impact our business and reputation.

Risks Related to Third-Party Partners

- We are exposed to interconnection and transmission facility development and curtailment risks.
- We may not successfully maintain relationships with third parties such as contractors and developers.
- We must maintain customer confidence in our long-term business prospects in order to maintain and grow our business

Risks Related to Our Intellectual Property and Technology

- Our future growth depends on our ability to continue to develop and maintain our proprietary technology.
- We may experience information technology or data security failures.
- Our technology could have undetected defects, errors or bugs in hardware or software.
- We may not adequately secure, protect and enforce our intellectual property rights and trademarks.
- Our patent applications may not result in issued patents, and our issued patents may not provide adequate protection
- We may need to defend ourselves against claims that we have infringed, misappropriated, or otherwise violated the intellectual property rights of others.

Regulatory Risks

- Negative attitudes toward renewable energy from lawmakers, government officials and others may adversely affect our business, including by delaying permits and government funding for our customers' projects.
- The installation and operation of our energy storage systems are subject to environmental laws and regulations.
- Existing regulations and changes to such regulations may reduce demand for our energy storage systems.
- Opposition to our customers' project requests for permits could adversely affect our operating plans.
- Our business could be adversely affected by trade tariffs or other trade barriers.

Additional Risks Related to Our Securities and Capital Structure

- Analysts may not publish sufficient or any research about our business or may publish inaccurate or unfavorable research.
- The trading price of our common stock is volatile.
- We may issue a significant number of shares in the future in connection with investments or acquisitions.
- If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate consolidated financial statements or comply with applicable regulations could be impaired.
- Certain provisions of our organizational documents may have an anti-takeover effect.
- Our exclusive forum provision may limit our stockholders' ability to obtain a favorable judicial forum for disputes.
- The capped call transactions entered into in connection with the pricing of our 2028 and 2030 Convertible Notes may adversely affect the market price of our stock.
- Our stockholders may face dilution if we issue additional shares of our capital stock, including as a result of the exercise of the Warrants.

General Risk Factors

- We will continue to incur significant costs as a result of operating as a public company.
- Current and future litigation, investigations or regulatory or administrative proceedings could have a material adverse effect on our business.

Risks Related to Our Business and Industry

Our limited operating history at current scale and our nascent industry make evaluating our business and prospects difficult.

From our inception in 2009 through 2012, we were focused principally on research and development activities relating to our energy storage systems technology. We did not sell any of our battery hardware and software-enabled services and did not recognize any significant revenue until much later. Moreover, in October 2024, we announced a new business strategy that reflects a renewed focus on developing and marketing our AI-enabled software and services offerings. This strategy has required significant operational changes, including reduction of what has historically been the source of most of our revenue (battery resales), adjustments to the way we develop and market our products and services, and realignment of our business processes. As a result, we have a limited history operating our business at its current scale and under our current strategy, and therefore a limited history upon which you can base an investment decision.

There is rising demand for clean electric power solutions that can provide electric power with lower carbon emissions with high availability. One such solution is distributed, renewable energy generation, which is supplementing and replacing conventional generation sources, given its increasingly compelling economics. Among other renewable energy market trends, we expect our business results to be driven by declines in the cost of generation of renewable power both on an absolute basis and relative to other energy sources (as evidenced by current solar and wind generation deployments), decreases in the cost of manufacturing battery packs and a rapidly growing energy storage market driven by increasing demand from commercial and industrial customers, utilities and grid operators. However, predicting our future revenue and appropriately budgeting for our expenses is difficult, and we have limited insight into trends that may emerge and affect our business.

The distributed generation industry is emerging and our distributed generation offerings may not receive widespread market acceptance.

The implementation and use of distributed generation at scale is still relatively nascent, and we cannot be sure that potential customers will accept our services and solutions broadly. Enterprises may be unwilling to adopt our offerings over traditional or competing power sources for any number of reasons, including the perception that our technology is unproven, lack of confidence in our business model, unavailability of back-up service providers to operate and maintain the energy storage systems, and lack of awareness of our related products and services. Because this is an emerging industry, broad acceptance of our products and services is subject to a high level of uncertainty and risk. If the market develops more slowly than we anticipate, our business may be adversely affected.

If renewable energy technologies are not suitable for widespread adoption, or if sufficient demand for our software-enabled services does not develop or takes longer to develop than we anticipate, our sales may decline and we may be unable to achieve or sustain profitability.

The market for renewable, distributed energy generation is emerging and rapidly evolving, and its future success is uncertain. If renewable energy generation proves unsuitable for widespread commercial deployment or if demand for our renewable energy products and services fails to develop sufficiently, our revenue, market share and profitability would be adversely impacted.

Many factors may influence the widespread adoption of renewable energy generation and demand for our products and services, including, but not limited to the cost-effectiveness of renewable energy technologies as compared with conventional and competitive technologies, the performance and reliability of renewable energy products as compared with conventional and non-renewable products, fluctuations in economic and market conditions that impact the viability of conventional and competitive alternative energy sources, increases or decreases in the prices of oil, coal and natural gas, continued deregulation of the electric power industry and broader energy industry, and the availability or effectiveness of government subsidies and incentives. You should consider our prospects in light of the risks and uncertainties emerging companies encounter when introducing new products and services into a nascent industry.

If the estimates and assumptions we use to determine the size of our total addressable market are inaccurate, our future growth rate may be negatively affected and the potential growth of our business may be limited.

Market estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. Even if the markets in which we compete meet our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all. The assumptions relating to our market opportunities include, but are not limited to (i) general declines in the cost of renewable energy generation assets and battery energy storage systems; (ii) growing deployment of renewable energy assets and battery energy storage systems; and (iii) continued complexity of the electrical grid and resulting demand for stability and resiliency. Our expected market opportunities are also based on the assumption that our existing and future offerings will be more attractive to our customers and potential customers than competing products and services. If these assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

We currently face and will continue to face significant competition.

We compete for customers, financing partners and incentive dollars with other providers of asset performance monitoring and control solutions and energy storage systems. Many providers of electricity, such as traditional utilities and other companies offering distributed generation products, have longer operating histories, customer incumbency advantages, access to and influence with local and state governments, and more capital resources than we do. Significant developments in alternative energy storage and management technologies or improvements in the efficiency or cost of traditional energy sources, including coal, oil, natural gas used in combustion or nuclear power, may materially and adversely affect our business and prospects in ways we cannot anticipate. We may also face new competitors who are not currently in the market, including as a result of the IRA and OBBB and their anticipated impact on our industry. If we fail to adapt to changing market conditions and to compete successfully with new competitors, we will limit our growth and adversely affect our business results. Additionally, in connection with our new business strategy, we are renewing our focus on developing and marketing our AI-enabled software and services offerings. Our competitors may be able to develop new AI-enabled offerings that negatively impact demand for our offerings, or incorporate AI into their offerings more successfully than we do and achieve greater and faster adoption. As a result, even if our services and offerings are more effective than the products and services that our competitors offer, potential customers might select competitive products and services in lieu of purchasing our services, which would limit our growth and adversely affect our business results.

We use artificial intelligence in our business, and challenges with properly managing its use could result in harm to our brand, reputation, business or customers, and adversely affect our results of operations.

We are renewing our focus on developing and marketing our AI-enabled software and services offerings and incorporating AI in internal tools that support our business. This emerging technology presents a number of risks inherent in its use. AI algorithms are based on machine learning and predictive analytics, which can create accuracy issues, unintended biases, and discriminatory outcomes that could harm our brand, reputation, business, or customers. Additionally, no assurance can be made that the usage of AI will assist us in being more efficient or offset the costs of its implementation. Further, dependence on AI to make certain business decisions may introduce additional operational vulnerabilities by producing inaccurate outcomes, recommendations, or other suggestions based on flaws in the underlying data or other unintended results. Our competitors or other third parties may incorporate AI into their business, services, and products more rapidly or more successfully than us, which could hinder our ability to compete effectively and adversely affect our results of operations. Implementing the use of AI successfully, ethically and as intended, will require significant resources. In addition, the use of AI may increase regulatory, cybersecurity, and data privacy risks, such as intended, unintended, or inadvertent transmission of proprietary or sensitive information. The technologies underlying AI and their use cases are rapidly developing, and it is not possible to predict all of the legal, operational or technological risks related to the use of AI. Our obligation to comply with emerging AI initiatives, laws, and regulations, including under proposed or enacted legislation regulating AI in jurisdictions such as the U.S. and European Union, could entail significant costs, negatively affect our business, or limit our ability to incorporate certain AI capabilities into our business.

Our future growth will depend on continuing to expand and diversify our new product and new market opportunities, and if we do not successfully execute on our new product and new market plans, or if our new product and new market opportunities are more limited than we expect, our operating results and future growth prospects could be adversely affected.

At the end of 2024, we began implementing our new business strategy that reflects a renewed focus on developing and marketing our AI-enabled software and services offerings and investing in the research and development of new offerings in order to enhance our future growth opportunities. Additionally, we are continuing to seek to expand the markets in which we sell our products and services. If we do not appropriately allocate our resources in line with the market and developing opportunities, our results of operations and future growth prospects could be adversely affected.

Our investments also may not result in the growth we expect, or the timing of when we expect it, for a variety of reasons, including but not limited to, changes in growth trends, evolving and changing markets and increasing competition, market opportunities, and technology and product innovation. We may introduce new technologies or products that do not work, are not delivered on a timely basis, are not developed according to product and/or cost specifications, or are not well received by customers. Moreover, there may be fewer opportunities than we expect due to a decline in business or economic conditions or a decreased demand in these markets or for our new products from our expectations, our inability to successfully execute our sales and marketing plans, or for other reasons. In addition to our current growth opportunities, our future growth may be reliant on our ability to identify and develop potential new growth opportunities. This process is inherently risky and may result in investments in time and resources for which we do not achieve any return or value. These risks are enhanced by attempting to introduce multiple breakthrough technologies and products simultaneously.

Our growth opportunities and those opportunities we may pursue are subject to rapidly changing and evolving technologies and industry standards, and may be replaced by new technology concepts or platforms. If we do not develop innovative and reliable product offerings and enhancements in a cost-effective and timely manner that are attractive to customers in these markets; if we are otherwise unsuccessful in competing in these new product categories; if the new product categories in which we invest our limited resources do not emerge as expected or do not produce the growth or profitability we expect, or when we expect it, or if we do not correctly anticipate changes and evolutions in technology and platforms, our business and results of operations may be adversely affected.

Risks Relating to Our Operations

Our strategy may not achieve anticipated benefits. Our failure to do so could adversely affect our business, financial condition, and results of operations.

On October 1, 2024, we announced our new strategy. We identified, among other things, the need to transition from reliance on hardware resales to a software- and services-focused business. While we believe this is critical to our long-term growth and profitability, our implementation of this strategy is subject to numerous risks and uncertainties.

Our total hardware revenue in fiscal years 2025 and 2024 was \$68.6 million and \$76.8 million, which comprised 43.9% of our total revenue in fiscal year 2025 and 53.1% of our total revenue in fiscal year 2024, respectively. Our transition away from hardware resales could lead to decreased revenue in the short term, as we work to adjust our revenue streams and our customer base. This decline in revenue could strain our cash flow and temporarily worsen our cash position, which in turn may limit our ability to invest in the necessary technologies, talent and infrastructure required to fully implement the new strategy. If we are unable to generate sufficient cash flow or secure additional funding, we may experience delays in executing our new strategy, which could have a material adverse effect on our business, financial condition, and results of operations.

This transition has entailed significant operational changes, including reduction of what has historically been the source of most of our revenue (battery resales), adjustments to the way we develop and market our products and services, and realignment of our business processes. These changes have led to reduced revenue, restructuring-related costs and disruptions in our operations, which may negatively impact our ability to effectively scale our software and services offerings and achieve our financial and operational targets. Failure to achieve the intended benefits of these changes may have a material adverse effect on our business, financial condition, and results of operations.

Customer acceptance of our software and service offerings is also critical to our future success. Existing customers may not adopt our new offerings at the rate we expect, and new customers may not be attracted to our software-based solutions. If market demand for the types of AI-driven clean energy software and services we are developing and will seek to develop in the future does not grow as anticipated, or if competitors offer more attractive products, our revenue growth and market position could be adversely affected. As with all software offerings, there is also a risk that our solutions could be vulnerable to

cybersecurity threats or contain errors, bugs, or other issues affecting their functionality, which could negatively affect customer satisfaction and adoption.

In addition, continuing to execute on the new strategy requires investment in new capabilities and resources, particularly in software development, data management, and AI. We may face challenges in recruiting, retaining, and training employees who have the necessary skill sets to support our new business model. A failure to build or acquire these capabilities in a timely manner could delay the successful execution of the strategy and weaken our competitive position.

We are subject to supply chain risk and our suppliers may fail to deliver components according to schedules, prices, quality and volumes that are acceptable to us, which could negatively affect our results of operations.

We purchase our components and materials from international and domestic vendors, and are exposed to supply chain risks arising from logistics disruptions. Unexpected changes in business conditions, the macroeconomic environment, geopolitical instability, materials pricing, including inflation of raw material costs, labor issues, wars, natural disasters, health epidemics, trade and shipping disruptions, port congestions and other factors beyond our or our suppliers' control could also affect these suppliers' ability to deliver components to us or to remain solvent and operational. In addition, international supply is also exposed to risks related to tariffs and sanctions, as well as political, social, and economic instability in regions where we source products and material. Since April 2025, new, substantial tariffs have been imposed on imports to the U.S. In response, several countries have imposed, or threatened to impose, reciprocal tariffs on imports from the U.S. and other retaliatory measures. These tariffs have caused increases in our supply chain costs, have led us to find alternative suppliers when possible and have also led to increased costs for our customers. These or other tariffs could continue to adversely affect our hardware component prices and negatively affect any plans to sell products in any impacted international markets. Disruptions in the availability of key equipment, components or materials such as lithium may adversely affect our business, prospects and operations, and volatility in prices and availability of such items may negatively affect our customer relationships and ability to plan for future growth.

We face risks resulting from supplier concentration and limited supplier capacity.

We currently rely on a very small number of suppliers of energy storage systems and other equipment. If any of our suppliers were unable or unwilling to provide us with contracted quantities in a timely manner at prices, quality levels and volumes acceptable to us, we would have very limited alternatives for supply, and we may not be able to contract for and receive suitable alternative supply in a timely manner for our customers, or at all. Such an event may impair our ability to meet scheduled deliveries of our products to customers, which may cause our customers to cancel orders and subject us to liability, including liquidated damages to our customers, and may materially adversely affect our customer relationships, business, prospects, financial condition and results of operations. We may also be unsuccessful in our continued efforts to negotiate with existing suppliers to obtain cost reductions and avoid unfavorable changes to terms. Global demand has increased for lithium-ion battery cells, which has caused challenges for our suppliers, including delays or price volatility. Any such delays or reduced availability of energy storage systems or other component materials may impact our sales and operating results. Further, these risks may increase as the market demand for our offerings grows. Additionally, some of our suppliers supply systems and components to other businesses, including businesses engaged in the production of consumer electronics and other industries unrelated to energy storage systems. There are also larger purchasers of certain parts and materials that we supply to our customers. As a result, we may be unable to procure a sufficient supply of the items we require in the event that our suppliers fail to produce sufficient quantities to satisfy the demands of all of their customers. Any of these occurrences could materially adversely affect our business, prospects, financial condition and results of operations.

We have entered into long-term supply agreements that could result in insufficient inventory and negatively affect our results of operations.

We have entered into long-term supply agreements with certain suppliers of battery storage systems and other components of our energy storage systems. Some of these supply agreements provide for fixed or inflation-adjusted pricing and substantial prepayment obligations. Additionally, if our suppliers provide insufficient inventory at the level of quality required to meet customer demand, or if our suppliers are unable or unwilling to provide us with the contracted quantities, we will have limited alternatives for supply and our results of operations could be materially and negatively impacted. Further, we face significant specific counterparty risk under long-term supply agreements when dealing with certain suppliers without a long, stable production and financial history.

Some of our suppliers do not have a long operating history and may not have sufficient capital resources. In the event any such supplier experiences financial difficulties, it may be difficult or may require substantial time and expense to replace such a supplier. We do not know whether we will be able to maintain long-term supply relationships with our critical suppliers, or secure new long-term supply agreements. Additionally, we procure many of the battery storage systems and components of our

energy storage systems from non-U.S. suppliers, which exposes us to risks, including but not limited to unforeseen increases in costs or interruptions in supply arising from macroeconomic or geopolitical factors and from changes in applicable international trade regulations, such as taxes, tariffs, or quotas. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

We depend on significant customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or significant customers reduce their purchases, our revenue could decline significantly.

We depend on a small number of significant customers for our sales, and a small number of customers have historically accounted for a material portion of our revenue. The loss of any one of our significant customers, their inability to perform under their contracts, their termination or failure to renew their contracts with us, or their default in payment could cause our revenue and our working capital to decline materially. As of December 31, 2025, we had \$38.4 million of accounts receivable including \$2.7 million of unbilled receivables. For the near future, we may continue to derive a significant portion of our revenue from a small number of customers. For the fiscal year ended December 31, 2025, no one customer accounted for more than 10% of our revenue. Loss of a significant customer or a significant reduction in pricing or order volume from a significant customer could materially reduce our revenue and operating results in any reporting period.

In addition, we are subject to credit risk of our customers, and our operating results depend on receipt of timely payments from our customers. Any delay in payment by our customers may have an adverse effect on revenue and operating results. There is no assurance that we will be able to collect all or any of the amounts owed to us in a timely matter. If any of our customers face unexpected situations such as financial difficulties, we may not be able to receive full or any payment of the uncollected sums or enforce any judgment debts against such clients, and our business, results of operations and financial condition could be materially and adversely affected.

Our hardware and software-enabled services involve a lengthy sales and installation cycle. If we fail to close sales on a regular and timely basis, it could adversely affect our business, financial condition and results of operations. Amounts included in our contracted backlog may not result in actual revenue or translate into profits.

Our sales cycle is typically six to twelve months for our hardware and software-enabled services, but can vary considerably. In order to make a sale, we must typically provide a significant level of education to prospective customers regarding the use and benefits of our hardware and software-enabled services.

The period between initial discussions with a potential customer and the sale of even a single energy storage system typically depends on a number of factors, including the potential customer's budget and decision as to the type of financing it chooses to use, as well as the arrangement of such financing. Prospective customers often undertake a significant evaluation process, which may further extend the sales cycle, and which evaluation may be negatively impacted by general market and economic conditions such as inflation, rising interest rates, availability of capital, a recessionary environment, geopolitical instability, energy availability and costs, and the availability and effects of government initiatives.

Currently, the time between the entry into a sales contract with a customer and the installation of our energy storage systems can range from nine to eighteen months, or more. This lengthy sales and installation cycle is subject to a number of significant risks over which we have little or no control. We characterize contracts that have been signed but not yet installed as a booking that becomes part of our backlog. Because of both the long sales and installation cycles, we may expend significant resources without generating a sale or producing revenue from our bookings and backlog.

These lengthy sales and installation cycles increase the risk that our customers may fail to satisfy their payment obligations, cancel orders before the completion of the transaction or delay the planned date for installation. Cancellation rates may be affected by factors outside of our control including, but not limited to, an inability to install an energy storage system at the customer's chosen location because of permitting or other regulatory issues, unanticipated changes in the cost or availability of alternative sources of electricity available to the customer or other reasons unique to each customer. Our operating expenses are based on anticipated sales levels, and many of our expenses are fixed. If we are unsuccessful in closing sales after expending significant resources or if we experience delays or cancellations, our business, financial condition and results of operations could be adversely affected.

Additionally, we have ongoing arrangements with our customers and target customers. Some of these arrangements are evidenced by contracts or long-term contract partnership arrangements. If these arrangements are terminated or if we are unable to continue to fulfill the obligations under such contracts or arrangements, our business, financial condition and results of operations could be adversely affected.

If we are unable to attract and retain key employees and hire qualified management, technical, engineering and sales personnel, our ability to compete and successfully grow our business could be adversely affected.

We believe that our success and our ability to reach our strategic objectives are highly dependent on the contributions of our key management, technical, engineering, finance and sales personnel. In 2024 and 2025, several key executives departed the Company, including our Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer and Chief Accounting Officer. Our Board of Directors appointed a new Chief Executive Officer in January 2025, a new Chief Financial Officer in July 2025 and a new Chief Accounting Officer in December 2025. Executive leadership and senior management transitions, reductions in workforce and employee turnover can be time-consuming, difficult to manage, create instability, cause disruption to our business and result in the loss of institutional knowledge. Any of these outcomes could impede the execution of our day-to-day operations and our ability to fully implement our business strategy. These effects could also make it more difficult to attract and retain talent. The failure to successfully hire and retain key executives and employees or the further loss of any key executives, senior management or employees could have a significant impact on our operations, including declining product identity and competitive differentiation, eroding employee morale and productivity or an inability to maintain internal controls, regulatory or other compliance related requirements, any and all of which could in turn adversely impact our business, financial condition, and results of operations.

In addition, our ability to manage our growth effectively, including our ability to expand our market presence in international markets, is impacted by our ability to successfully retain our management team, and hire and train new personnel. Our success in hiring, attracting and retaining senior management and other experienced and highly skilled employees will depend in part on our ability to provide competitive compensation packages and a high-quality work environment and maintain a desirable corporate culture. To help attract, retain, and motivate qualified employees, we use stock-based awards, such as restricted stock units and performance-based cash incentive awards, and in the case of our executive officers, we also use performance stock units. Further sustained declines in our stock price, or lower stock price performance relative to our competitors, can further reduce the retention value of our stock-based awards. We may not be able to attract, integrate, train, motivate or retain current or additional highly qualified personnel, and our failure to do so could adversely affect our business, financial condition and operating results.

Furthermore, there is continued and increasing competition for talented individuals in our field. In addition to longstanding competition for highly skilled and technical personnel, we face increased competitive pressures and employee cost inflation in tighter labor markets. Industry competition and cross-industry labor market pressures may negatively affect our ability to attract and retain our executive officers and other key technology, sales, marketing and support personnel and drive increases in our employee costs, both of which could adversely affect our business, financial condition and results of operations.

We have incurred significant losses in the past and may incur net losses through at least 2026.

Since our inception in 2009, we have incurred significant net losses and have used significant cash in our business. As of December 31, 2025, we had an accumulated deficit of approximately \$1,488.7 million. We expect to continue to expand our operations, including by investing in sales and marketing, research and development, staffing systems and infrastructure to support our growth. In October 2024, we announced a new business strategy, which resulted in reduced revenues and short-term disruptions in our operations. Under our current plans, we expect to continue to incur net losses on a GAAP basis through at least 2026. Our ability to achieve profitability in the future will depend on a number of factors, including:

- continuing to implement our new strategy;
- increasing sales to existing customers and attracting new customers for our products and services;
- improving our gross margins;
- growing our sales volume;
- managing operating expenses;
- improving our ability to procure energy storage systems from OEMs on cost-effective terms;
- improving the effectiveness of our sales and marketing activities;
- attracting and retaining key talent in a competitive marketplace;
- operating our systems profitably for the benefit of our customers; and
- the availability of incentives, including those associated with the IRA and OBBB.

Even if we do achieve profitability when expected, we may be unable to sustain or increase our profitability in the future.

We may not realize expected benefits from our cost reduction and restructuring efforts, and our profitability or our business otherwise might be adversely affected.

In order to operate more efficiently and cost effectively, we have, and we may from time to time, adjust employment levels, optimize our footprint and/or implement other restructuring activities. For example, in April 2025, we announced an approximately 27% reduction of our global workforce, as part of our broader efforts to prioritize investments in software, reduce operating costs, increase efficiency, drive profitable growth and increase stockholder value. These activities are complex and may involve or require significant changes to our operations. If we do not successfully manage these activities, expected efficiencies and benefits might be delayed or not realized. Risks associated with these actions and other workforce management issues include: unfavorable political responses and reputational harm; unforeseen delays in the implementation of the restructuring activities; additional costs; adverse effects on employee morale; the failure to meet operational targets due to the loss of employees or work stoppages; and difficulty managing our operations during or after facility consolidations, any of which may harm our business or reputation, impair our ability to achieve anticipated cost reductions, or have a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

Any future acquisitions we undertake may disrupt our business, adversely affect operations, dilute our stockholders, and expose us to significant costs and liabilities.

We may pursue future acquisitions to increase revenue, expand our market position, add to our service offerings and technological capabilities, respond to dynamic market conditions, or for other strategic or financial purposes. However, we cannot assure you that we will be able to identify suitable acquisition candidates or complete any acquisitions on favorable terms, or at all. In addition, any acquisitions we do complete would involve a number of risks, which may include the following:

- the identification, acquisition and integration of acquired businesses require substantial attention from management. The diversion of management's attention and any difficulties encountered in the integration process could hurt our business;
- the identification, acquisition and integration of acquired businesses requires significant investment, including to determine which new service offerings we might wish to acquire, harmonize service offerings, expand management capabilities and market presence, and improve or increase development efforts and technology features and functions;
- the anticipated benefits from any acquisition may not be achieved on a timely basis or at all, including as a result of loss of clients or personnel of the target, other difficulties in supporting and transitioning the target's clients, difficulties in managing expanded operations and operations in foreign jurisdictions in which we have never operated, the inability to realize expected synergies from an acquisition, or negative organizational cultural effects arising from the integration of new personnel;
- we may face difficulties in integrating the personnel, technologies, solutions, operations, and existing contracts of the acquired business;
- we may fail to identify all of the problems, liabilities, risks or other shortcomings or challenges of an acquired company, technology or solution, including issues related to intellectual property, solution quality or architecture, income tax and other regulatory compliance practices, revenue recognition or other accounting or internal control practices, or employee or client issues;
- to pay for future acquisitions, we could issue additional shares of our common stock or pay cash. Issuance of shares would dilute stockholders. See “- We may issue a significant number of shares in the future in connection with investments or acquisitions” below. Use of cash reserves could diminish our ability to respond to other opportunities or challenges. Borrowing to fund any cash purchase price would result in increased fixed obligations and could also include covenants or other restrictions that would impair our ability to manage our operations;
- acquisitions expose us to the risk of assumed known and unknown liabilities including contract, tax, regulatory or other legal, and other obligations incurred by the acquired business or fines or penalties, for which indemnity obligations, escrow arrangements or insurance may not be available or may not be sufficient to provide coverage;
- new business acquisitions can generate significant intangible assets that result in substantial related amortization charges and the potential for goodwill impairments in the future;
- the operations of acquired businesses, or our adaptation of those operations, may require that we apply revenue recognition or other accounting methodologies, assumptions, and estimates that are different from those we use in our current business, which could complicate our financial statements, expose us to additional accounting and audit costs, and increase the risk of accounting errors;

- acquired businesses may have insufficient internal controls that we must remediate, and the integration of acquired businesses may require us to modify or enhance our own internal controls, in each case resulting in increased administrative expense and risk that we experience control deficiencies or fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002; and
- acquisitions can sometimes lead to disputes with the former owners of the acquired company, which can result in increased legal expenses, management distraction and the risk that we may suffer an adverse judgment if we are not the prevailing party in the dispute.

Our current and planned foreign operations expose us to additional business, financial, regulatory and geopolitical risks, and any adverse event could have a material adverse effect on our results of operations.

We operate in more than 50 countries, including the United States and Canada, and in multiple European Union (“EU”) and Latin American countries and Asia. Prior to our acquisition of AlsoEnergy in 2022, we operated in only three countries. We have in the past, and may in the future, evaluate further opportunities to expand into new geographic markets and introduce new product offerings and services that are an extension of our existing business. We also may from time to time acquire businesses or product lines with the potential to strengthen our market position, enable us to enter attractive markets, expand our technological capabilities, or provide synergy opportunities.

We have very limited experience operating outside of the U.S. Managing our international expansion will require additional resources and controls, including additional manufacturing and assembly facilities. Furthermore, any additional markets that we may enter could have different characteristics from the markets in which we currently operate, and our success will depend on our ability to adapt properly to these differences. Any further international expansion could subject our business to risks associated with international operations, including:

- compliance with multiple, potentially conflicting and changing governmental laws, regulations and permitting processes, including trade, labor, environmental, banking, employment, privacy and data protection laws and regulations, such as the EU Data Privacy Directive, as well as tariffs, export quotas, customs duties and other trade restrictions;
- compliance with U.S. and foreign anti-bribery laws, including the Foreign Corrupt Practices Act of 1977, as amended;
- difficulties in collecting payments in foreign currencies and associated foreign currency exposure;
- compliance with potentially conflicting and changing laws of taxing jurisdictions where we conduct business and applicable U.S. tax laws as they relate to international operations, the complexity and adverse consequences of such tax laws and potentially adverse tax consequences due to changes in such tax laws;
- the laws of some countries do not protect proprietary rights as fully as do the laws of the U.S. As a result, we may not be able to protect our proprietary rights adequately outside of the U.S.;
- regional macroeconomic and geopolitical conditions;
- conformity with applicable business customs, including translation into foreign languages and associated expenses;
- lack of availability of government incentives and subsidies;
- potential changes to our established business model;
- cost of alternative power sources, which could vary meaningfully outside the U.S.;
- difficulties in staffing and managing foreign operations in an environment of diverse culture, laws and customers, and the increased travel, infrastructure and legal and compliance costs associated with international operations;
- customer installation challenges which we have not encountered before, which may require the development of a unique model for each country;
- differing levels of demand among members of our customer base, including commercial and industrial customers, utilities, independent power producers and project developers; and
- restrictions on repatriation of earnings.

As a result of these risks, any future international expansion efforts that we may undertake (as well as our acquisition of AlsoEnergy) may not be successful and may negatively affect our results of operations and profitability.

In addition, there may be adverse effects to our business if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest; and natural or man-

made disasters, including famine, flood, fire, earthquake, storm or disease. The U.S. government and other governments in jurisdictions in which we operate have imposed severe sanctions and export controls against Russia and Russian interests, and have threatened additional sanctions and controls. The ongoing conflict between Russia and Ukraine has exacerbated shortages and shipping delays affecting certain components and supplies. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, international trade, currency exchange rates, supply chains and financial markets.

Our platform performance may not meet our customers' expectations or needs.

The renewable energy projects that our customers construct and own are subject to various operating risks that may cause them to generate less value for our customers than expected. These risks include a failure or wearing out of our or our operators', customers' or utilities' equipment; an inability to find suitable replacement equipment or parts; lower than expected supply or quality of the project's source of electricity or faster than expected diminishment of such electricity supply; or volume disruption in our supply collection and distribution system. Any extended interruption or failure of our customer's projects for any reason to generate the expected amount of output could adversely affect our business, financial condition and results of operations. In addition, there has been in the past, and may be in the future, an adverse impact on our customers' willingness to continue to procure additional hardware and software-enabled services from us if any of our customer's projects incur operational issues that indicate expected future cash flows from the project are less than the project's carrying value. Any such outcome could adversely affect our operating results or ability to continue to grow our sales volume or to increase sales to existing customers or new customers.

If any energy storage systems procured from OEM suppliers and provided to our customers contain manufacturing defects, our business and financial results could be adversely affected.

The energy storage systems we pair with our PowerTrack Optimizer platform are complex energy solutions. We rely on our OEM suppliers to control the quality of the battery storage equipment and other components that make up the energy storage system sold to our customers. We are not involved in the manufacture of the batteries or other components of the energy storage systems. As a result, our ability to seek recourse for liabilities and recover costs from our OEM suppliers depends on our contractual rights as well as the financial condition and integrity of such OEM suppliers that supply us with the batteries and other components of our energy storage systems. Such systems may contain undetected or latent errors or defects. In the past, we have discovered latent defects in energy storage systems. In connection with such defects, we could incur significant expenses or disruptions of our operations, including to our energy storage network, that would prevent us from performing the automated data engineering required to support our AI processes and energy storage network. Any manufacturing defects or other failures of our energy storage systems to perform as expected could cause us to incur significant re-engineering costs, divert the attention of our personnel from operating and maintenance efforts, expose us to adverse regulatory action and litigation and significantly and adversely affect customer satisfaction, market acceptance and our business reputation. Furthermore, our OEM suppliers may be unable to correct manufacturing defects or other failures of any energy storage systems in a manner satisfactory to our customers, which could adversely affect customer satisfaction, market acceptance and our business reputation.

On rare occasions, lithium-ion batteries can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion batteries. Any such occurrences could subject us to lawsuits, product recalls or redesign efforts, all of which would be time consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion batteries for energy applications or any future incident involving lithium-ion batteries, such as a plant, vehicle or other fire, even if such incident does not involve hardware provided by us, could adversely affect our business and reputation.

If our estimates of useful life for our energy storage systems and related hardware and software-enabled services are inaccurate, or if our OEM suppliers do not meet service and performance warranties and guarantees, our business and financial results could be adversely affected.

Our software and services offerings are essential to the operation of our hardware products that we sell to customers. As a result, in connection with the sales of energy storage hardware, we enter into recurring long-term services agreements with customers for the usage of our PowerTrack Optimizer platform for approximately 3 to 20 years. Our pricing of services contracts is based upon the value we expect to deliver to our customers, including considerations such as the useful life of the energy storage system and prevailing electricity prices. We also provide performance warranties and guarantees covering the efficiency and output performance of our software-enabled services. We do not have a long history with a large number of field deployments, and our estimates may prove to be incorrect. Failure to meet these performance warranties and guarantee levels may require us to refund our service contract payments to the customer, or require us to make cash payments to the customer based on actual performance, as compared to expected performance.

Further, the occurrence of any defects, errors, disruptions in service, or other performance problems, interruptions, or delays associated with our energy storage systems or the PowerTrack Optimizer platform, whether in connection with day-to-day operations or otherwise, could result in:

- loss of customers;
- loss or delayed market acceptance and sales of our hardware and software-enabled services;
- delays in payment to us by customers;
- injury to our reputation and brand;
- legal claims, including warranty and service level agreement claims, against us; or
- diversion of our resources, including through increased service and warranty expenses or financial concessions, and increased insurance costs.

The costs incurred in correcting any material defects or errors in our hardware and software or other performance problems may be substantial and could adversely affect our business, financial condition and results of operations.

The failure of renewable energy hardware costs to continue to decline would have a negative effect on our business and financial condition.

The growth and profitability of our business depends in part on the continued decline in the cost of battery storage, solar photovoltaic (“PV”) system components and related hardware. Over the last decade, the cost of renewable energy hardware has generally declined; however, increased demand and global supply chain constraints could cause price increases. If, for whatever reason, there is a sustained increase in the price of battery storage systems, solar PV system components or related hardware, our business and financial condition will be negatively affected.

Future product recalls could materially adversely affect our business, financial condition and operating results.

Any product recall in the future, whether it involves our or a competitor’s product, may result in negative publicity, damage our brand and materially and adversely affect our business, financial condition and results of operations. In the future, we may voluntarily or involuntarily initiate a recall if any of our products are proven to be or possibly could be defective or noncompliant with applicable environmental laws and regulations, including health and safety standards. Such recalls involve significant expense and diversion of management attention and other resources, which could adversely affect our brand image, as well as our business, financial condition and operating results.

We primarily rely on Amazon Web Services to deliver our services to users on our PowerTrack Optimizer platform, and any disruption of, or interference with, our use of Amazon Web Services could adversely affect our business, financial condition and results of operations.

We currently host our PowerTrack Optimizer platform and support our energy storage network operations on one or more data centers provided by Amazon Web Services (“AWS”), a third-party provider of cloud infrastructure services. We do not have control over the operations of the facilities of AWS that we use. AWS’ facilities are vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages, and similar events or acts of misconduct.

Our PowerTrack Optimizer platform’s continuing and uninterrupted performance is critical to our success. We have experienced, and expect that in the future we will experience, interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. In addition, any changes in AWS’ service levels may adversely affect our ability to meet the requirements of users on our PowerTrack Optimizer platform. Since our PowerTrack Optimizer platform’s continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our hardware and software-enabled services to customers. It may become increasingly difficult to maintain and improve our performance, as we expand and our energy storage network grows, increasing customer reliance on the PowerTrack Optimizer platform. Any negative publicity arising from any disruptions to AWS’ facilities, and as a result, our PowerTrack Optimizer platform could adversely affect our reputation and brand and may adversely affect the usage of our hardware and software-enabled services. Any of the above circumstances or events may adversely affect our reputation and brand, reduce the availability or usage of our hardware and software-enabled services, lead to a significant short-term loss of revenue, increase our costs, and impair our ability to attract new users, any of which could adversely affect our business, financial condition and results of operations.

Our commercial agreement with AWS will remain in effect until terminated by AWS or us. AWS may terminate the agreement for convenience by providing us at least thirty (30) days’ advance notice. AWS may also terminate the agreement for

cause upon a material breach of the agreement, subject to AWS providing prior written notice and a 30-day cure period, and may in some cases terminate the agreement immediately for cause upon written notice. Even though our platform is entirely in the cloud, we believe that we could transition to one or more alternative cloud infrastructure providers on commercially reasonable terms. If our agreement with AWS is terminated or we add additional cloud infrastructure service providers, we may experience significant costs or downtime for a short period in connection with the transfer to, or the addition of, new cloud infrastructure service providers. However, we do not believe that such transfer to, or the addition of, new cloud infrastructure service providers would adversely affect our business, financial condition and results of operations over the longer term.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and adversely affect our financial results.

Our customers depend on our support organization to resolve any technical issues relating to our hardware and software-enabled services. In addition, our sales process is highly dependent on the quality of our software and service offerings, on our business reputation and on strong recommendations from our existing customers. Any failure to maintain high-quality and highly-responsive technical support, or a market perception that we do not maintain high-quality and highly-responsive support, could adversely affect our reputation, our ability to sell our products to existing and prospective customers, and our business, financial condition and results of operations.

We offer technical support services with our software and service offerings and may be unable to respond quickly enough to accommodate short-term increases in demand for support services, particularly as we increase the size of our customer base. We also may be unable to modify the format of our support services to compete with changes in support services provided by competitors. It is difficult to predict demand for technical support services and if demand increases significantly, we may be unable to provide satisfactory support services to our customers. Additionally, increased demand for these services, without corresponding revenue, could increase costs and adversely affect our business, financial condition and results of operations.

Our business currently depends on the availability of rebates, tax credits and other financial incentives to our customers. The reduction, modification, or elimination of government economic incentives could cause our revenue to decline and adversely affect business, financial condition and results of operations.

The U.S. federal government and some state and local governments provide incentives to end users and purchasers of our energy storage systems in the form of rebates, tax credits and other financial incentives, such as system performance payments and payments for renewable energy credits associated with renewable energy generation. In addition, some countries outside the United States also provide incentives to current and future end users and purchasers of our energy storage systems. We rely on these governmental rebates, tax credits and other financial incentives to significantly lower the effective price of the hardware and software-enabled services we offer to our customers. However, these incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as a matter of regulatory or legislative policy.

Our asset performance monitoring and control solutions, as well as our energy storage systems, have qualified for tax exemptions, incentives or other customer incentives in many states. Some states have utility procurement programs and/or renewable portfolio standards for which our technology is eligible. Our offerings are currently installed in various U.S. states, each of which may have its own enabling policy framework. There is no guarantee that these policies will continue to exist in their current form, or at all. Such state programs may face increased opposition on the U.S. federal, state and local levels in the future. Changes in incentive programs could reduce demand for our offerings, impair sales financing and adversely impact our business results.

Under the IRA, the U.S. federal government offers certain federal tax benefits, including Investment Tax Credits (“ITC”) available under the Internal Revenue Code (the “Code”). The OBBB scaled back the ITC available under Section 25D of the Code for residential solar and storage systems purchased through cash or loans. Under the OBBB, the Section 25D credit expired on December 31, 2025. In addition, the OBBB imposed new timing requirements for eligibility under Section 48E of the Code, which governs ITCs for leased solar and storage systems. Previously under the IRA, Section 48E credits were available through 2032 or such later period when the U.S. power sector emitted 75% less carbon emissions than 2022 levels. Under the OBBB, these credits will no longer be available for solar-only projects placed in service after December 31, 2027, unless construction begins on or before July 4, 2026, pursuant to a grandfathering rule. Projects that qualify under this rule must still meet continuity requirements to remain eligible. Additionally, the OBBB introduces new compliance requirements under the Foreign Entity of Concern (“FEOC”) provisions for both Section 48E and the Advanced Manufacturing Production Tax Credit (“AMPTC”) under Section 45X. These provisions limit “material assistance” from FEOCs in projects otherwise eligible for tax credits under Section 48E and Section 45X and establish an escalating threshold of non-FEOC content that must be met by solar and storage projects beginning construction in 2026 and by manufactured components produced beginning in 2026.

These federal tax benefits under both the IRA and the OBBB have certain legal and operational requirements. There may be uncertainty as to how such requirements promulgated under the IRA and the OBBB are interpreted. If IRS guidance

regarding implementation of the IRA or the OBBB is viewed by investors as unclear, tax credit financing may be delayed or downsized, harming our ability to secure financing for customers. Our failure to either (i) accurately interpret the new requirements under the IRA and the OBBB regarding among other things, domestic content, siting in an “energy community,” “prohibited foreign entities” or “material assistance” from “prohibited foreign entities” or (ii) adequately update our internal processes to meet such requirements, may result a partial or full reduction in the related federal tax benefit, and our customers, financiers and equity investors may require us to indemnify them for certain of such reductions. Changes in federal tax benefits over time also may affect our future performance. Changes in the availability of rebates, tax credits, and other financial programs and incentives could reduce demand for our products and services adversely impact our business results. Additionally, these incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as a matter of regulatory or legislative policy. The continuation of these programs and incentives depends upon continued political support.

The economic benefit of our offerings to our customers depends on the cost of electricity available from alternative sources, including local electric utility companies, which cost structure is subject to change.

The economic benefit of our offerings to our customers includes, among other things, the benefit of reducing such customer’s payments to the local electric utility company. The rates at which electricity is available from a customer’s local electric utility company is subject to change and any changes in such rates may affect the relative benefits of our products and services. Factors that could influence these rates include the effect of energy conservation initiatives that reduce electricity consumption, construction of additional power generation plants (including nuclear, coal or natural gas), and technological developments by others in the electric power industry. Further, the local electric utility may impose “departing load,” “standby” or other charges on our customers in connection with their acquisition of our energy storage systems, the amounts of which are outside of our control and which may have a material impact on the economic benefit of our energy storage systems to our customers. Changes in the rates offered by local electric utilities and/or in the applicability or amounts of charges and other fees imposed by such utilities on customers acquiring our energy storage systems could adversely affect the demand for our energy storage systems.

Additionally, even with available subsidies for our systems, the electricity produced by our energy storage systems is currently not cost competitive in some geographic markets, and we may be unable to reduce our costs to a level at which our energy storage systems would be competitive in such markets. As such, unless the cost of electricity in these markets rises or we are able to generate demand for our energy storage systems based on benefits other than electricity cost savings, our potential for growth in those markets may be limited.

Our battery resale business is subject to risks associated with construction, utility interconnection and delays, including those related to obtaining government permits and other contingencies that may arise in the course of completing installations.

Although we are not regulated as a utility, federal, state and local government statutes and regulations concerning electricity heavily influence the demand for our products and services. These statutes and regulations often relate to electricity pricing, net metering, incentives, taxation and the rules surrounding the interconnection of customer-owned electricity generation for specific technologies. In the U.S., governments frequently modify these statutes and regulations. Governments, often acting through state utility or public service commissions, may change or adopt different requirements for utilities and rates for commercial customers on a regular basis. Changes, or in some cases a lack of change, in any of the laws, regulations, ordinances or other rules that apply to customer installations and new technology could make it more costly for our customers to install and operate our energy storage systems on particular sites, and in turn could negatively affect our ability to deliver cost savings to customers for the purchase of electricity.

The installation and operation of our energy storage systems at a particular site is also generally subject to oversight and regulation in accordance with national, state and local laws and ordinances relating to building codes, safety, environmental protection and related matters, and typically requires obtaining and keeping in good standing various local and other governmental approvals and permits, including environmental approvals and permits, that vary by jurisdiction. In some cases, these approvals and permits require periodic renewal. It is difficult and costly to track the requirements of every individual authority having jurisdiction over energy storage system installations, to design our energy storage systems to comply with these varying standards, and for our customers to obtain all applicable approvals and permits. We cannot predict whether or when all permits required for a given customer’s project will be granted or whether the conditions associated with the permits will be achievable. The denial or delay of a permit or utility connection essential to a project or the imposition of impractical conditions would impair our customer’s ability to develop the project. In addition, we cannot predict whether the permitting process will be lengthened due to complexities and appeals. Delay in the review and permitting process for a project can impair or delay our customers’ abilities to develop that project or increase the cost so substantially that the project is no longer attractive to our customers. Furthermore, unforeseen delays in the review and permitting process could delay the timing of the

installation of our energy storage systems and could therefore adversely affect the timing of the recognition of revenue related to hardware acceptance by our customer, which could adversely affect our operating results in a particular period.

In addition, the successful installation of our energy storage systems is dependent upon the availability of and timely connection to the local electric grid. We may be unable to obtain the required consent and authorization of local utilities to ensure successful interconnection to energy grids to enable the successful discharge of renewable energy to customers. Any delays in our customers' ability to connect with utilities, delays in the performance of installation-related services or poor performance of installation-related services will have an adverse effect on our results and could cause operating results to vary materially from period to period.

Our business depends on customers renewing their services subscriptions. If customers do not continue to use our subscription offerings or if we fail to expand the availability of products and services available to our customers, our business and operating results will be adversely affected.

In addition to upfront sale of hardware and network integration, we depend on customers continuing to subscribe to services enabled by our PowerTrack Optimizer platform. Therefore, it is important that customers renew their subscriptions when the contract term expires, increase their purchases of our hardware and network solutions and enhance their subscriptions. Customers may decide not to renew their subscriptions with a similar contract period, at the same prices or terms or with the same or a greater number of users or level of functionality. Customer retention may decline or fluctuate as a result of a number of factors, including satisfaction with software-enabled services and features, functionality of our energy storage hardware and software-enabled services, prices, the features and pricing of competing products, reductions in spending levels, mergers and acquisitions involving customers and deteriorating general economic conditions.

If customers do not renew their subscriptions, if they renew on less favorable terms, if they fail to increase their purchase of our hardware and software-enabled services, or if they fail to refer us their customers and partners as potential new customers, our business, financial condition and results of operations will be adversely affected.

Changes in subscriptions or pricing models may not be reflected in near-term operating results.

We generally recognize subscription revenue from customers ratably over the terms of their contracts. As a result, most of the subscription revenue reported in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter will likely have only a small impact on revenue for that quarter. However, such a decline will negatively affect revenue in future quarters. In addition, the severity and duration of events may not be predictable and their effects could extend beyond a single quarter. Accordingly, the effect of significant downturns in sales and market acceptance of subscription services, and potential changes in pricing policies or rate of renewals, may not be fully apparent until future periods.

Severe weather events, including the effects of climate change, are inherently unpredictable and may have a material adverse effect on our financial results and financial condition.

Our business, including our customers and suppliers, may be exposed to severe weather events and natural disasters, such as tornadoes, tsunamis, tropical storms (including hurricanes), earthquakes, windstorms, hailstorms, severe thunderstorms, flooding, wildfires and other fires, extreme heatwaves, drought and power shut-offs causing, among other things, disruptions to our supply chain or utility interconnections and/or damage to energy storage systems installed at our customers' sites. Such damage or disruptions may prevent us from being able to satisfy our contractual obligations or may reduce demand from our customers for our energy storage systems causing our operating results to vary significantly from one period to the next. We may incur losses in our business in excess of: (1) those experienced in prior years, (2) the average expected level used in pricing, or (3) current insurance coverage limits.

The incidence and severity of severe weather conditions and other natural disasters are inherently unpredictable. Climate change is projected to affect the occurrence of certain natural events, such as an increase in the frequency or severity of wind and thunderstorm events, and tornado or hailstorm events due to increased convection in the atmosphere; more frequent wildfires and subsequent landslides in certain geographies; higher incidence of deluge flooding; and the potential for an increase in severity of the hurricane events due to higher sea surface temperatures. Changing market dynamics, global policy developments and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S. and elsewhere as a result of climate change have the potential to disrupt our business, the business of our suppliers and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. Additionally, climate change and the occurrence of severe weather events may adversely impact the demand, price, and availability of insurance. Due to significant variability associated with future changing climate conditions, we are unable to predict the impact climate change will have on our business.

Increased scrutiny from stakeholders and regulators regarding sustainability practices and disclosures, including those related to sustainability, and disclosure could result in additional costs and adversely impact our business and reputation.

Companies across all industries are facing increased scrutiny regarding their sustainability practices and disclosures and some institutional and individual investors are using sustainability screening criteria in making investment decisions. Our disclosures on these matters or a failure to satisfy evolving stakeholder expectations for sustainability practices and reporting, which may conflict with one another, may potentially harm our reputation and impact employee retention, customer relationships and access to capital. For example, certain market participants use third-party benchmarks or scores to measure a company's sustainability practices in making investment decisions and customers and suppliers may evaluate our sustainability practices or require that we adopt certain sustainability policies as a condition of awarding contracts. In addition, our failure or perceived failure to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could expose us to government enforcement actions and private litigation. Furthermore, complying or failing to comply with existing or future federal, state, local, and foreign legislation and regulations applicable to our sustainability efforts, which may conflict with one another, could cause us to incur additional compliance and operational costs, suffer reputational harm or to become the target of litigation, investigations or other proceedings initiated by government authorities or private actors, which could materially and adversely affect our business, financial condition and results of operations.

Our ability to achieve any goal or objective, including with respect to environmental and diversity initiatives and compliance with sustainability reporting standards, is subject to numerous risks, many of which are outside of our control. Examples of such risks include the availability and cost of technologies and products that meet sustainability and ethical supply chain standards, evolving regulatory requirements affecting sustainability standards or disclosures, our ability to recruit, develop and retain diverse talent in our labor markets, and our ability to develop reporting processes and controls that comply with evolving standards for identifying, measuring and reporting sustainability metrics. Methodologies for reporting sustainability data may be updated and previously reported sustainability data may be adjusted to reflect improvement in availability and quality of third-party data, changes in assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting sustainability matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting sustainability metrics, including sustainability-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. As sustainability best-practices, reporting standards and disclosure requirements continue to develop, we may incur increasing costs related to sustainability monitoring and reporting.

Risks Related to Third-Party Partners

Our hardware and certain of our software-enabled services rely on interconnections to distribution and transmission facilities that are owned and operated by third parties, and as a result, are exposed to interconnection and transmission facility development and curtailment risks.

Our hardware and certain of our software-enabled services are interconnected with electric distribution and transmission facilities owned and operated by regulated utilities necessary to deliver the electricity that our storage systems produce. A failure or delay in the operation or development of these distribution or transmission facilities could result in a loss of revenues or breach of a contract because such a failure or delay could limit the amount of renewable electricity that our energy storage systems deliver or delay the completion of our customers' construction projects. In addition, certain of our energy storage systems' generation may be curtailed without compensation due to distribution and transmission limitations, reducing our revenues and impairing our ability to capitalize fully on a particular customer project's potential. Such a failure or curtailment at levels above our expectations could impact our ability to satisfy agreements entered into with our suppliers and adversely affect our business.

Our growth depends in part on the success of our relationships with third parties, including contractors and project developers

We rely on third-party general contractors to install energy storage systems at our customers' sites. We currently work with a limited number of general contractors, which has impacted and may continue to impact, our ability to facilitate customer installations as planned. Our work with contractors or their subcontractors may have the effect of our being required to comply with additional rules (including rules unique to our customers), working conditions, site remediation and other union requirements, which can add costs and complexity to an installation project. The timeliness, thoroughness and quality of the installation-related services performed by our general contractors and their subcontractors in the past have not always met our expectations or standards, and in the future may not meet our expectations and standards. It may be difficult to find and train third-party general contractors that meet our standards at a competitive cost.

In addition, we are investing resources in establishing strategic relationships with market players across a variety of industries, including large renewable project developers, to generate new customers. These programs may not roll out as quickly as planned or produce the results we anticipated. A significant portion of our business depends on attracting new partners and retaining existing partners. Negotiating relationships with our partners, investing in due diligence efforts with potential partners, training such third parties and contractors and monitoring them for compliance with our standards require significant time and resources and may present greater risks and challenges than expanding a direct sales or installation team. If we are not successful in establishing or maintaining our relationships with these third parties, our ability to grow our business and address our market opportunity could be impaired. Even if we are able to establish and maintain these relationships, we may not be able to execute on our goal of leveraging these relationships to meaningfully expand our business, brand estimates of variable consideration related to revenue recognition, and customer base. Such circumstances would limit our growth potential and our opportunities to generate significant additional revenue or cash flows.

We must maintain customer confidence in our long-term business prospects in order to maintain and grow our business.

Customers may be less likely to purchase our products and services if they do not believe that our business will succeed or that our services and support and other operations will continue in the long term. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they do not believe that our business will succeed. Accordingly, in order to build and maintain our business, we must maintain confidence among customers, suppliers, third-party general contractor partners, financing partners, analysts, ratings agencies and other parties in our products and services, long-term financial viability and business prospects. Maintaining such confidence may be particularly complicated by certain factors including those that are largely outside of our control, such as a decline in our stock price, the potential delisting of our common stock on the New York Stock Exchange, changes in senior management, our recent change in business strategy, customer unfamiliarity with our products and services, delivery and service operations to meet demand, competition, future changes in the evolving distributed and renewable energy markets or uncertainty regarding sales performance compared with market expectations.

Our ability to maintain such confidence may be particularly complicated by factors such as:

- the continued implementation of our new business strategy;
- our limited operating history at current scale;
- our historical and current lack of profitability;
- unfamiliarity with or uncertainty about our energy storage systems and the overall perception of the distributed and renewable energy generation markets;
- prices for electricity in particular markets;
- competition from alternate sources of energy;
- warranty or unanticipated service issues we may experience in connection with third-party manufactured hardware and our proprietary software;
- the environmental consciousness and perceived value of environmental programs to our customers;
- the size of our expansion plans in comparison to our existing capital base and the scope and history of operations; and
- the availability and amount of incentives, credits, subsidies or other programs to promote installation of energy storage systems.

Several of these factors are largely outside our control, and any negative perceptions about our long-term business prospects, even if unfounded, would likely adversely affect our business, financial condition and results of operations.

Risks Related to Our Intellectual Property and Technology

If we are unsuccessful in developing and maintaining our proprietary technology, our ability to attract and retain partners could be impaired, our competitive position could be adversely affected and our revenue could be reduced.

Our future growth depends on our ability to continue to develop and maintain our proprietary technology that supports our products and software-enabled services, including our PowerTrack platform. In the event that our current or future products and services require features that we have not developed or licensed, or we lose the benefit of an existing license, we will be required to develop or obtain such technology through purchase, license or other arrangements. If the required technology is not available on commercially reasonable terms, or at all, we may incur additional expenses in an effort to internally develop the required technology. We have received patents and have filed patent applications with respect to certain aspects of our technology, and we generally rely on patent protection with respect to our proprietary technology, as well as a combination of trade secrets and copyright law, employee and third-party non-disclosure agreements and other protective measures to protect intellectual property rights pertaining to our proprietary technology and hardware and software-enabled services. There can be no assurance that the steps taken by us to protect any of our proprietary technology will be adequate to prevent misappropriation of these technologies by third parties. If we were unable to maintain our existing proprietary technology, our ability to attract and retain customers could be impaired, our competitive position could be adversely affected, and our revenue could be reduced.

A failure of our information technology (“IT”) and data security infrastructure could adversely affect our business and operations.

The efficient operation of our business depends on our IT systems, some of which are managed by third-party service providers. We rely upon the capacity, reliability and security of our IT and data security infrastructure and our ability to effectively manage our business data, accounting, financial, legal and compliance functions, communications, supply chain, order entry and fulfillment, and expand and routinely update this infrastructure in response to the changing needs of our business. Our existing IT systems and any new IT systems we utilize may not perform as expected. If we experience a problem with the functioning of an important IT system or a security breach of our IT systems, including during system upgrades or new system implementations, the resulting disruptions could adversely affect our business.

Despite our implementation of reasonable security measures, our IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, fire, power loss, telecommunications failures, personnel misconduct, human error, unauthorized access, physical or electronic security breaches, cyber-attacks (including malicious and destructive code, phishing attacks, ransomware, and denial of service attacks), and other similar disruptions. Such attacks or security breaches may be perpetrated by bad actors internally or externally (including computer hackers, persons involved with organized crime, or foreign state or foreign state-supported actors). Cybersecurity threat actors employ a wide variety of methods and techniques that are constantly evolving, increasingly sophisticated, and difficult to detect and successfully defend against. Moreover, we may not have the current capability to detect certain vulnerabilities, which may allow those vulnerabilities to persist in our systems over long periods of time. Additionally, it may take considerable time for us to investigate and evaluate the full impact of incidents, particularly for sophisticated attacks. These factors may inhibit our ability to provide prompt, full and reliable information about the incident to our customers, partners, regulators, and the public. Geopolitical tensions or conflicts, such as Russia’s invasion of Ukraine, may further heighten the risk of cyber-attacks. The emergence and maturation of AI capabilities may also lead to new and/or more sophisticated methods of attack, including fraud that relies upon “deep fake” impersonation technology or other forms of generative automation that may scale up the efficiency or effectiveness of cyber-attacks. We have experienced such incidents in the past, and any future incidents could expose us to claims, litigation, regulatory or other governmental investigations, administrative fines and potential liability. Any system failure, accident or security breach could result in disruptions to our operations. A material network breach in the security of our or our service providers’ IT systems could include the theft of our trade secrets, customer information, human resources information or other confidential data, including but not limited to personally identifiable information. Although past incidents have not had a material adverse effect on our business operations or financial performance, to the extent that any disruptions or security breach results in a loss or damage to our data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to our reputation, affect our relationships with our customers and strategic partners, lead to claims against us from governments and private plaintiffs, and otherwise adversely affect our business. We cannot guarantee that future cyberattacks, if successful, will not have a material effect on our business or financial results.

Many governments have enacted laws requiring companies to provide notice of cyber incidents involving certain types of data, including personal data. If an actual or perceived cybersecurity breach of security measures, unauthorized access to our system or the systems of the third-party vendors that we rely upon, or any other cybersecurity threat occurs, we may incur liability, costs, or damages, contract termination, our reputation may be compromised, our ability to attract new customers could be negatively affected, and our business, financial condition, and results of operations could be materially and adversely affected. Any compromise of our security could also result in a violation of applicable domestic and foreign security, privacy or

data protection, consumer and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability. In addition, we may be required to incur significant costs to protect against and remediate damage caused by these disruptions or security breaches in the future. Further, our contracts may not fully protect us from liabilities, damages, or claims and, although we carry cyber insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. In addition, any data breach, security incident, or compromise of protected personal information may also result in notification requirements or other disclosure obligations and may subject us to civil fines and penalties, litigation, regulatory investigations or enforcement actions or claims for damages under applicable privacy laws.

Our technology could have undetected defects, errors or bugs in hardware or software which could reduce market adoption, damage our reputation with current or prospective customers and/or expose us to product liability and other claims that could materially and adversely affect our business.

We may be subject to claims that our product and service offerings, including our PowerTrack platform, have malfunctioned and persons were injured or purported to be injured. Any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, to the extent that such malfunctions are related to components obtained from third-party vendors, such vendors may not assume responsibility for such malfunctions. In addition, our customers could be subjected to claims as a result of such incidents and may bring legal claims against us to attempt to hold us liable. Any of these events could adversely affect our brand, relationships with customers, operating results or financial condition.

Furthermore, our PowerTrack (formerly Athena) platform is complex, developed for over a decade by many developers, and includes a number of licensed third-party commercial and open-source software libraries. Our software has contained defects and errors and may in the future contain undetected defects or errors. We continue to evolve the features and functionality of our platform through updates and enhancements, and as we do, we may introduce additional defects or errors that may not be detected until after deployment to customers through our hardware. In addition, if our hardware and software-enabled services, including any updates or patches, are not implemented or used correctly or as intended, inadequate performance and disruptions in service may result.

Any defects or errors in product or services offerings, or the perception of such defects or errors, or other performance problems could result in any of the following, each of which could adversely affect our business, financial condition and results of operations:

- expenditure of significant financial and product development resources, including recalls, in efforts to analyze, correct, eliminate or work around errors or defects;
- loss of existing or potential customers or partners;
- interruptions or delays in sales;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- delay in the development or release of new functionality or improvements;
- negative publicity and reputational harm;
- sales credits or refunds;
- exposure of confidential or proprietary information;
- diversion of development and customer service resources;
- breach of warranty claims;
- legal claims under applicable laws, rules and regulations; and
- the expense and risk of litigation.

Although we have contractual protections, such as warranty disclaimers and limitation of liability provisions, in many of our agreements with customers, resellers and other business partners, such protections may not be uniformly implemented in all guarantees that we have issued under certain customer contracts and, where implemented, may not fully or effectively protect from claims by customers, resellers, business partners or other third parties. Any insurance coverage or indemnification obligations of suppliers may not adequately cover all such claims, or cover only a portion of such claims. A successful product liability, warranty, or other similar claim could have an adverse effect on our business, financial condition and operating results.

In addition, even claims that ultimately are unsuccessful could result in expenditure of funds in litigation, divert management's time and other resources and cause reputational harm.

Our failure to adequately secure, protect and enforce our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

Although we have taken many protective measures to protect our intellectual property, including trade secrets, policing unauthorized use of proprietary technology can be difficult and expensive. For example, many of our software developers reside in California and we cannot legally prevent them from working for a competitor.

Also, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. Such litigation may result in our intellectual property rights being challenged, limited in scope or declared invalid or unenforceable. We cannot be certain that the outcome of any litigation will be in our favor, and an adverse determination in any such litigation could impair our intellectual property rights and may adversely affect our business, prospects and reputation.

We rely primarily on patent, trade secret and trademark laws, and non-disclosure, confidentiality, and other types of contractual restrictions to establish, maintain, and enforce our intellectual property and proprietary rights. However, our rights under these laws and agreements afford us only limited protection and the actions we take to establish, maintain, and enforce our intellectual property rights may not be adequate. For example, our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties, our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed, or misappropriated or our intellectual property rights may not be sufficient to provide us with a competitive advantage, any of which could have a material adverse effect on our business, financial condition and results of operations. Additionally, we rely on our brand names, trade names and trademarks to distinguish our products and services, such as our PowerTrack™ platform (and previously, our Athena® platform), from the products of our competitors; however, third parties may oppose our trademark applications, or otherwise challenge our use of such trademarks. In the event that our trademarks are successfully challenged and we lose rights to use those trademarks, we could be forced to rebrand our products and services, which could result in the loss of goodwill and brand recognition. In addition, the laws of some countries do not protect proprietary rights as fully as do the laws of the U.S. As a result, we may not be able to protect our proprietary rights adequately abroad.

Our patent applications may not result in issued patents, and our issued patents may not provide adequate protection, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We cannot be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford protection against a competitor. The status of patents involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued, or that our patents and any patents that may be issued to us in the future will afford protection against competitors with similar technology. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the U.S., and thus we cannot be certain that foreign patent applications related to issued U.S. patents will be issued in other regions. Furthermore, even if these patent applications are accepted and the associated patents issued, some foreign countries provide significantly less effective patent enforcement than in the U.S.

In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, prospects, and operating results.

We may need to defend ourselves against claims that we infringe, have misappropriated or otherwise violate the intellectual property rights of others, which may be time consuming and would cause us to incur substantial costs.

Companies, organizations, or individuals, including our competitors, may hold or obtain patents, trademarks, or other proprietary rights that they may in the future believe are infringed by our products and services. Although we are not currently subject to any claims related to intellectual property, these companies holding patents or other intellectual property rights allegedly relating to our technologies could, in the future, make claims or bring suits alleging infringement, misappropriation or other violations of such rights, or otherwise asserting their rights and seeking licenses or injunctions. Several of the proprietary components used in our energy storage systems have been subjected to infringement challenges in the past. We also generally indemnify our customers against claims that the hardware and software-enabled services we supply infringe, misappropriate, or otherwise violate third-party intellectual property rights, and we may therefore be required to defend our customers against such claims. If a claim is successfully brought in the future and we or our hardware and software-enabled services are determined to have infringed, misappropriated, or otherwise violated a third-party's intellectual property rights, we may be required to do one or more of the following:

- cease selling products or services that incorporate the challenged intellectual property;
- pay substantial damages (including treble damages and attorneys' fees if our infringement is determined to be willful);
- obtain a license from the holder of the intellectual property right, which license may not be available on reasonable terms or at all; or
- redesign our products or services, which may not be possible or cost-effective.

Any of the foregoing could adversely affect our business, financial condition and operating results. In addition, any litigation or claims, whether or not valid, could adversely affect our reputation, result in substantial costs, and divert resources and management attention.

We also license technology from third parties, and incorporate components supplied by third parties into our hardware. We may face claims that our use of such technology or components infringes or otherwise violates the rights of others, which would subject us to the risks described above. We may seek indemnification from our licensors or suppliers under our contracts with them, but our rights to indemnification or our suppliers' resources may be unavailable or insufficient to cover our costs and losses.

Regulatory Risks

Negative attitudes toward renewable energy projects from the U.S. government, other lawmakers and regulators, and activists could adversely affect our business, financial condition and results of operations.

Parties with an interest in other energy sources, including lawmakers, regulators, policymakers, environmental and advocacy organizations or other activists may invest significant time and money in efforts to delay, repeal or otherwise negatively influence laws, regulations and programs that promote renewable energy. Many of these parties have substantially greater resources and influence than we have. Further, changes in U.S. federal, state or local political, social or economic conditions, including changes in U.S. Presidential administrations or deprioritization of these laws, programs and regulations, could result in their modification, delayed adoption or repeal. Any failure to adopt, delay in implementing, expiration, repeal or modification of these programs and regulations, or the adoption of any programs or regulations that encourage the use of other energy sources over renewable energy, could adversely affect our business, financial condition and results of operations.

The installation and operation of our energy storage systems are subject to environmental laws and regulations in various jurisdictions, and there is uncertainty with respect to the interpretation of certain environmental laws and regulations to our energy storage systems, especially as these regulations evolve over time.

We are subject to national, state and local environmental laws and regulations, as well as environmental laws in those foreign jurisdictions in which we operate. Environmental laws and regulations can be complex and are evolving. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. We are committed to compliance with applicable environmental laws and regulations, including health and safety standards, and we routinely review the operation of our energy storage systems for health, safety and compliance. Our energy storage systems, like other battery technology-based products of which we are aware, produce small amounts of hazardous wastes and air pollutants, and we seek to handle these materials in accordance with applicable regulatory standards.

Maintaining compliance with laws and regulations can be challenging given the changing patchwork of environmental laws and regulations that prevail at the U.S. federal, state, regional and local levels and in foreign countries in which we operate. Most existing environmental laws and regulations preceded the introduction of battery technology and were adopted to apply to technologies existing at the time, namely large, coal, oil or gas-fired power plants. Currently, there is generally little guidance from these agencies on how certain environmental laws and regulations may, or may not, be applied to our technology.

In many instances, our technology is moving faster than the development of applicable regulatory frameworks. It is possible that regulators could delay or prevent us from conducting our business in some way pending agreement on, and compliance with, shifting regulatory requirements. Such actions could delay the sale to and installation by customers of energy storage systems, require their modification or replacement, result in fines, or trigger claims of performance warranties and defaults under customer contracts that could require us to refund hardware or service contract payments, any of which could adversely affect our business, financial performance and reputation.

Existing regulations and changes to such regulations impacting the electric power industry may create technical, regulatory and economic barriers which could significantly reduce demand for our energy storage systems.

The market for electricity generation products is heavily influenced by U.S. federal, state, local and foreign government regulations and policies, as well as by tariffs, internal policies and practices of electric utility providers. These regulations, tariffs and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. These regulations, tariffs and policies are often modified and could continue to change, and this could result in a significant reduction in demand for our energy storage systems. For example, utility companies commonly charge fees industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back-up purposes. These fees could change, increasing the cost to our customers of using our offerings and making them less economically attractive.

Opposition to our customers' project requests for permits or successful challenges or appeals to permits issued for their projects could adversely affect our operating plans.

A decrease in acceptance of renewable energy projects by local populations, an increase in the number of legal challenges, or an unfavorable outcome of such legal challenges could adversely affect the financial condition of our customers and reduce their demand for our hardware and software-enabled services. For example, persons, associations and groups could oppose renewable energy projects in general or our customers' projects specifically, citing, for example, misuse of water resources, landscape degradation, land use, food scarcity or price increase and harm to the environment. Moreover, regulation may restrict the development of renewable energy plants in certain areas. In order to develop a renewable energy project, our customers are typically required to obtain, among other things, environmental impact permits or other authorizations and building permits, which in turn require environmental impact studies to be undertaken and public hearings and comment periods to be held during which any person, association or group may oppose a project. The effect of such public opposition to renewable energy projects and any resulting reduction in customer demand for our hardware and software-enabled services could adversely affect our business, financial condition and results of operations.

Changes in the U.S. trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows.

The United States has imposed significant new tariffs on nearly all products and components imported into the United States and could propose additional tariffs or increases to those already in place. Escalating trade tensions, particularly between the United States and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain materials and components for products used in storage or solar energy projects and the renewable energy market more broadly, such as module supply and availability. More specifically, in March 2018, the United States imposed a 25% tariff on steel imports and a 10% tariff on aluminum imports pursuant to Section 232 of the Trade Expansion Act of 1962 and has imposed additional tariffs on steel and aluminum imports pursuant to Section 301 of the Trade Act of 1974. In February 2025, the United States expanded the Section 232 tariffs on steel and aluminum, raising them to 25% on both metals and eliminating previously available country-level and importer-specific exclusions and exemptions. In June 2025, Section 232 tariffs on steel and aluminum were further increased to 50%, and the scope was broadened to cover the steel and aluminum content of a wider range of derivative products. To the extent we source products that contain overseas supplies of steel and aluminum, these tariffs and any additional or increased tariffs could result in interruptions in the supply chain and negatively affect costs and our gross margins.

Additionally, in January 2018, the United States adopted a tariff on imported solar modules and cells pursuant to Section 201 of the Trade Act of 1974. The tariff was initially set at 30%, with a gradual reduction over four years to 15%. In 2022, the United States extended the Section 201 solar tariffs for an additional four years, which declined to a rate of 14% in 2025. The Section 201 solar tariffs expired on February 7, 2026. While this tariff did not apply directly to the components we import, it may have indirectly affected us by affecting the financial viability of solar energy projects, which could in turn reduce demand for our products. Furthermore, in July 2018, the United States adopted a 10% tariff on a long list of products imported from China under Section 301 of the Trade Act of 1974, including, inverters and power optimizers, which became effective on September 24, 2018 and has been increased several times since then. In June 2019, the Office of the U.S. Trade Representative increased the rate of such tariffs from 10% to 25%. In September 2024, Section 301 tariffs on Chinese solar cells and modules were increased from 25% to 50%, and in January 2025, new 50% Section 301 tariffs took effect on Chinese polysilicon and solar wafers. The Section 301 tariff on lithium-ion non-electric vehicle batteries from China, including those used in energy storage systems, increased from 7.5% to 25% effective January 1, 2026. While these tariffs are not directly applicable to our products, they could negatively affect the solar energy projects in which our products are used, which could lead to decreased demand for our products. In 2025, the United States broadly imposed additional 10% tariffs on Chinese goods under the International Emergency Economic Powers Act of 1977.

In addition, the United States currently imposes antidumping and countervailing duties on certain imported crystalline silicon photovoltaic ("PV") cells and modules from China and Taiwan. Such antidumping and countervailing duties can change

over time pursuant to annual reviews conducted by the U.S. Department of Commerce (“USDOC”), and an increase in duty rates could have an adverse impact on our operating results.

In February 2022, Auxin Solar Inc., a U.S. producer of crystalline silicon PV products, petitioned the USDOC to investigate alleged circumvention of antidumping and countervailing duties on crystalline silicon PV cell and module imports assembled and completed in Cambodia, Malaysia, Thailand, and Vietnam. In August 2023, USDOC issued a final determination that certain Chinese producers are circumventing antidumping and countervailing duties by shipping crystalline silicon PV cells and modules through Cambodia, Malaysia, Thailand, and Vietnam for minor processing. However, that two-year moratorium has since expired. In 2024, USDOC initiated a second solar antidumping and countervailing duties case involving these same four countries, and final antidumping and countervailing duties orders were issued in June 2025. Also in 2025, the United States also initiated an antidumping and countervailing duties case for Chinese anode material, which could affect battery prices, and USDOC initiated antidumping and countervailing duties investigations into imports of solar cell and modules from India, Indonesia, and Laos. The timing and progress of many of our customers’ projects depend upon the supply of batteries, PV cells and modules. As a result, the imposition and collection of antidumping and countervailing duties, the expanded scope of antidumping and countervailing duties investigations to additional countries and battery materials, and the stacking of multiple tariff authorities on such products, it could adversely affect our business, financial condition and results of operations.

Tariffs, and the possibility of additional or increased tariffs in the future, have created uncertainty in the industry, particularly in light of the recent change in U.S. Presidential administration. This has resulted in, and may continue to result in, some project delays. If the price of solar systems or energy storage systems in the United States increases, the use of these products could become less economically feasible and could reduce our gross margins or reduce the demand of such systems manufactured and sold, which in turn may decrease demand for our products. Additionally, existing or future tariffs may negatively affect key customers, suppliers, and manufacturing partners. Such outcomes could adversely affect the amount or timing of our revenues, results of operations or cash flows, and continuing uncertainty could cause sales volatility, price fluctuations or supply shortages, or cause our customers to advance or delay their purchase of our products. It is difficult to predict what further trade-related actions governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions.

Some products that we import may also be affected by the Uyghur Forced Labor Prevention Act (the “UFLPA”), which was signed into law by former President Biden in 2021. According to U.S. Customs and Border Protection, “it establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People’s Republic of China, or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the U.S. The presumption applies unless the Commissioner of U.S. Customs and Border Protection determines that the importer of record has complied with specified conditions and, by clear and convincing evidence, that the goods, wares, articles, or merchandise were not produced using forced labor.” There continues to be uncertainty regarding how to achieve full compliance with the UFLPA, whether related to sufficient traceability of materials or other factors. This continues to create a significant compliance burden and cause supply chain constraints and project delays for our customers that import certain products (including solar panels and related components) from China. Although our own product delivery schedules have not been materially affected thus far, future developments in the enforcement of the UFLPA and related withhold release orders issued by the U.S. Customs and Border Protection may result in disruptions to our own supply chains and future sales, and therefore negatively impact our business, financial condition, and results of operations.

Additional Risks Related to our Securities and Our Capital Structure

Analysts may downgrade our common stock or drop its coverage. If analysts do not publish research about our business or publish inaccurate or unfavorable research, our stock price and trading volume could decline further.

The trading market for our common stock depends in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, demand for our common stock could further decrease and our common stock price and trading volume may decline.

Our common stock price has been, and may continue to be, subject to significant volatility.

The price of our common stock in 2025 continued to be highly volatile and may fluctuate in response to our results of operations in future periods or due to other factors, including factors specific to companies in our industry, many of which are beyond our control. As a result, our share price may continue to experience significant volatility and may not necessarily reflect the value of our expected performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- The addition or loss of significant customers;
- results of operations that vary from the expectations of securities analysts and investors;
- financial and operating guidance, if any, that we provide to the public, and any changes in this guidance or our failure to meet this guidance;
- results of operations that vary from those of our competitors;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our senior management;
- changes in general macroeconomic or market conditions or trends in our industry or markets, including as a result of a general economic slowdown or a recession, increasing interest rates and changes in monetary policy, or inflationary pressures;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our common stock or other securities or the incurrence of significant debt;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- actions by institutional or activist stockholders;
- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from natural disasters, geopolitical instability or war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

In addition, in the past, following periods of market volatility, stockholders have instituted securities class action litigation against companies. For example, in May and July 2023, two putative securities class actions were filed against us and certain of our current and former officers and directors alleging claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 15 of the Securities Act of 1933. On December 17, 2025, the United States District Court for the Northern District of California entered an order dismissing with prejudice all such claims. Securities litigation against us could result in substantial costs and divert our management's time and attention from other business concerns, which could have a material adverse effect on our business, regardless of the outcome of such litigation. We may be the target of additional litigation of this type in the future.

Our financial condition and results of operations and other key metrics are likely to continue to fluctuate on a quarterly basis in future periods, which could cause our results for a particular period to fall below expectations, resulting in a severe decline in the price of our common stock.

Our financial condition and results of operations and other key metrics have fluctuated significantly in the past and may continue to fluctuate in the future due to a variety of factors, many of which are beyond our control. For example, the amount of revenue we recognize in a given period has been materially dependent on the volume of purchases of our energy storage systems and software-enabled services in that period, as well as on a small number of customers. Furthermore, in October 2024, we announced a new business strategy, which is expected to result in reduced revenues and short-term disruptions in our operations in the near term.

In addition to the other risks described herein, the following factors could also cause our financial condition and results of operations to fluctuate on a quarterly basis:

- the demand in, or timing of, customer installations of our hardware, which may depend on many factors such as availability of inventory, product quality or performance issues, or local permitting requirements, utility requirements, environmental, health and safety requirements, weather and customer facility construction schedules, and availability and schedule of our third-party general contractors;
- delays or cancellations of energy storage system purchases and installations;
- fluctuations in our service costs, particularly due to unaccrued costs of servicing and maintaining energy storage systems;
- interruptions in our supply chain;
- the timing and level of additional purchases by existing customers;
- unanticipated expenses or installation delays incurred by customers due to changes in governmental regulations, permitting requirements by local authorities at particular sites, utility requirements and environmental, health and safety requirements; and
- disruptions in our sales, production, service or other business activities resulting from our inability to attract and retain qualified personnel.

In addition, our revenue, key operating metrics and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the price of our common stock.

We may issue a significant number of shares in the future in connection with investments or acquisitions.

We may issue securities in the future in connection with investments or acquisitions or otherwise. The number of shares of common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate consolidated financial statements or comply with applicable regulations could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and the rules and regulations of the applicable listing standards of the NYSE. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs; make some activities more difficult, time-consuming, and costly; and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We continue to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We also continue to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems, and controls to accommodate such changes. Additionally, if these new

systems, controls, or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports, or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE. We are required to provide an annual management report on the effectiveness of our internal control over financial reporting.

Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business and could cause a decline in the trading price of our common stock.

Certain provisions of our Charter and Bylaws may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions, among other things:

- establish a staggered board of directors divided into three classes serving staggered three-year terms, such that not all members of our board of directors will be elected at one time;
- authorize our board of directors to issue new series of preferred stock without stockholder approval and create, subject to applicable law, a series of preferred stock with preferential rights to dividends or our assets upon liquidation, or with superior voting rights to our existing common stock;
- eliminate the ability of stockholders to call special meetings of stockholders;
- eliminate the ability of stockholders to fill vacancies on our board of directors;
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at our annual stockholder meetings;
- permit our board of directors to establish the number of directors;
- provide that our board of directors is expressly authorized to make, alter or repeal our Second Amended and Restated Bylaws (the “Bylaws”);
- provide that stockholders can remove directors only for cause and only upon the approval of not less than 66 2/3 of all outstanding shares of our voting stock;
- require the approval of not less than 66 2/3 of all outstanding shares of our voting stock to amend specific provisions of our Second Amended and Restated Certificate of Incorporation, as amended (the “Charter”) and for our shareholders to amend our Bylaws; and
- limit the jurisdictions in which certain stockholder litigation may be brought.

As a Delaware corporation, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law (the “DGCL”), which prohibits a Delaware corporation from engaging in a business combination specified in the statute with an interested stockholder (as defined in the statute) for a period of three years after the date of the transaction in which the person first becomes an interested stockholder, unless the business combination is approved in advance by a majority of the independent directors or by the holders of at least two-thirds of the outstanding disinterested shares. The application of Section 203 of the DGCL could also have the effect of delaying or preventing a change of control of us.

These anti-takeover provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our Charter provides that, that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum, to the fullest extent permitted by law, for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a breach of a fiduciary duty owed by any director, officer or other employee to us or our stockholders, (iii) any action asserting a claim against us or any director, officer, or other employee arising pursuant to the DGCL, (iv) any action to interpret, apply, enforce, or determine the validity of our Charter or Bylaws, or (v) any other action asserting a claim that is governed by the internal affairs doctrine, shall be the Court of Chancery of the State of Delaware (or another state court or the federal court located within the State of Delaware if the Court of Chancery does not have or declines to accept jurisdiction), in all cases subject to the court's having jurisdiction over indispensable parties named as defendants.

In addition, our Charter provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act but that the forum selection provision does not apply to claims brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Alternatively, if a court were to find the choice of forum provision contained in our Charter to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and operating results. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consent to this exclusive forum provision, but will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

The capped call transactions we entered into in connection with the pricing of our 2028 and 2030 Convertible Notes may adversely affect the market price of our common stock.

In connection with the pricing of the 2028 and 2030 Convertible Notes, we entered into capped call transactions with several affiliates of the Initial Purchasers (the "Option Counterparties"). The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of any 2028 and 2030 Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap.

In addition, the Option Counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions and prior to the maturity of the 2028 and 2030 Convertible Notes (and are likely to do so on each exercise date for the capped call transactions or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the 2028 and 2030 Convertible Notes). This activity could cause or avoid an increase or decrease in the market price of our common stock.

We are subject to counterparty risk with respect to the capped call transactions.

The Option Counterparties are financial institutions, and we are subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the Option Counterparties is not secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparties.

Our stockholders and warrant holders may experience substantial dilution in the value of their investment or may otherwise have their interests impaired if we issue additional shares of our capital stock, including as a result of the exercise of the Warrants.

Our Charter allows us to issue up to 250 million shares of our Common Stock and up to one million shares of undesignated preferred stock. To raise additional capital, we may in the future sell additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that are lower than the prices paid by existing stockholders, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders, which could result in substantial dilution to the interests of existing stockholders. For example, on June 30, 2025, we issued 439,919 warrants (the “Warrants”) to acquire shares of our common stock. The Warrants will expire on the close of business on December 1, 2030 (or the close of business on the next subsequent business day). The exercise of the Warrants will dilute the value of the common stock and stockholder voting power and the ownership interest holders of Warrants who have not exercised their Warrants.

Pursuant to our Charter, our board of directors may authorize the issuance of up to one million shares of preferred stock at any time and from time to time, with such terms and preferences as the board of directors determines and without any stockholder approval other than as may be required by NYSE rules. The issuance of such shares of preferred stock could dilute the interest of, or impair the voting power of, our common stockholders. The issuance of such preferred stock could also be used as a method of discouraging, delaying, or preventing a change of control.

General Risk Factors

Future litigation or administrative proceedings could have a material adverse effect on our business, financial condition, and results of operations.

We have been and continue to be involved in legal proceedings, claims, and other litigation. Unfavorable outcomes or developments relating to proceedings to which we are a party or transactions involving our products and services, such as judgments for monetary damages, injunctions, or denial or revocation of permits, could have a material adverse effect on our business, financial condition, and results of operations. In addition, settlement of claims could adversely affect our financial condition and results of operations.

Our operating results may be adversely affected by unfavorable macroeconomic, geopolitical, and market conditions.

Unfavorable macroeconomic conditions, such as a general slowdown or recession of the global or U.S. economy, uncertainty and volatility in the financial markets, inflation or rising interest rates, as well as geopolitical conditions could reduce investment in projects that make use of our services. Market uncertainty and volatility in various geographies have been magnified as a result of potential shifts in U.S. and foreign trade, economic, and other policies following the recent change in U.S. Presidential administration. In addition, sustained unfavorable macroeconomic conditions might also have a negative impact on many of our customers or suppliers, which could impair their ability to meet their obligations to us. If economic and market conditions globally, in the U.S. or in other key markets become more volatile or deteriorate further, we may experience material impacts on our business, financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We maintain a cyber risk management program that is designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. The design of our program is based on recognized best practices and standards for cybersecurity and information technology, including the National Institute of Standards and Technology Cybersecurity Framework.

We have implemented a cyber incident response standard operating procedure (the “SOP”) detailing actions to be taken in the event of a cyber incident. Pursuant to the SOP, any suspected cyber breaches or detected vulnerabilities are promptly reported by our cybersecurity team to our Chief Technology Officer (“CTO”) and Chief Legal Officer (“CLO”) for further assessment and/or remediation. In addition, we require our employees to regularly participate in mandatory cybersecurity training that covers critical aspects of digital security, including phishing prevention, threat awareness, and safe data handling practices. Cybersecurity risk considerations are also incorporated into our broader business continuity planning.

In addition to our internal processes, our partnerships with various third-party vendors comprise a key component of our cyber risk management program. We engage several reputable third-party companies to monitor and work to maintain the performance and effectiveness of our products and services, as well as to conduct System and Organization Controls (SOC) assessments and our mandatory cybersecurity training for employees. We are also implementing systems and processes

designed to oversee, identify and reduce the potential impact of a security incident at a third-party vendor, service provider or customer or otherwise implicating the third-party technology and systems we use.

Our Chief Information Security Officer (“CISO”), who has extensive cybersecurity knowledge and skills gained from more than 20 years of work experience at the Company and elsewhere, is the head of our experienced cybersecurity team and is responsible for assessing and managing our cyber risk management program. The CISO receives reports on cybersecurity threats on an ongoing basis and regularly reviews risk management measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. Our CISO collaborates with our business, engineering, human resources, legal, and other functions to implement and enforce our cyber policies. Our CISO reports to our CTO, and they collectively inform our senior management regarding the prevention, detection, mitigation, and remediation of incidents and vulnerabilities.

The Audit Committee of the Board of Directors (the “Board”) oversees our cybersecurity risk exposures and the steps taken by management to monitor and mitigate cybersecurity risks. Each quarter, our CTO updates the Audit Committee on the development and effectiveness of our cyber risk management program. In addition, the Audit Committee is responsible for periodically reviewing and discussing with management our practices with respect to cybersecurity and information security risk management. In addition, cybersecurity risks are reviewed by the Board as part of the Company’s corporate risk mapping exercise.

Although we have experienced, and will continue to experience, cyber incidents in the normal course of our business, as of the date of this report, prior cyber incidents have not had a material adverse effect on the Company, including our business strategy, results of operations, and financial conditions. For a further explanation of the cybersecurity risks and threats to which we could be subject, see “*A failure of our information technology and data security infrastructure could adversely affect our business and operations*” in Part I, Item 1A, “Risk Factors” of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Houston, Texas. This facility comprises approximately 2,500 square feet of office space. We lease this facility. In addition, our other material properties are described below.

Type of Space	Location	Approximate Square Footage	Leased or Owned
Office	Gurugram, India	41,800 square feet	Leased
Office	Broomfield, Colorado	13,600 square feet	Leased
Manufacturing	Longmont, Colorado	24,100 square feet	Leased

We believe our space is adequate for our current needs and that suitable additional or substitute spaces will be available to accommodate the foreseeable expansion of our operations. For more information about our material lease commitments, see Note 6 — *Leases*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

The information with respect to this Item 3, “Legal Proceedings” is set forth in Note 19 — *Commitments and Contingencies*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our common stock is traded on The New York Stock Exchange under the symbol "STEM."

Holders

As of February 25, 2026, there were 69 holders of record of our common stock, including Cede & Co., which holds shares as the nominee of The Depository Trust Company, which itself holds shares on behalf of beneficial owners of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Policy

We have not paid any cash dividends on our common stock to date and currently intend to retain any future earnings to fund the growth of our business. The payment of cash dividends is at the sole discretion of the Board and may be affected by various factors, including our future earnings, financial condition, capital requirements, share repurchase activity, current and future planned strategic growth initiatives, levels of indebtedness, and other considerations our Board deems relevant.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of our financial condition and results of operations ("MD&A") in conjunction with our consolidated financial statements and the related notes included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report. In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results and the timing of certain events could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Report, particularly in Part I, Item 1A, "Risk Factors."

This MD&A generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 that are not included in this Annual Report on Form 10-K can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K filed with the SEC on March 5, 2025.

The Merger

The information regarding the Merger set forth in the first paragraph of Part 1, Item 1, "Business — History" above is incorporated herein by reference. For financial reporting purposes, Legacy Stem is treated as the accounting acquirer.

Overview

Stem is reimagining technology to drive the energy transition. We help asset owners, operators and stakeholders benefit from the full value of their energy portfolio by enabling the intelligent development, deployment and operation of clean energy assets. Our integrated software suite, PowerTrack, provides asset monitoring software and solutions, supported by professional and managed services, under one consolidated set of solutions. Our solutions and services are designed to provide customers with the information they need clearly and accurately and help harness raw data to inform actionable insight. With global projects managed in 55 countries, customers have relied on Stem for nearly 20 years to help maximize the value of their clean energy projects.

PowerTrack is our integrated suite of software and solutions for solar, storage and hybrid assets. Within the PowerTrack product suite we offer PowerTrack Software, PowerTrack Energy Management System, PowerTrack Supervisory Control and Data Acquisition (“SCADA”), PowerTrack Power Plant Controller (“PPC”), PowerTrack Logger, and PowerTrack Optimizer.

Our PowerTrack Software for solar monitoring and analytics enables the standardization of energy portfolios on one hardware agnostic application. We offer commercial- and utility-scale edge hardware solutions, which are original equipment manufacturer (“OEM”)-agnostic devices that are used to connect customers’ solar and storage assets to our software applications in a unified view. We offer project services to our PowerTrack customers to assist with designing and commissioning of solutions. We offer Managed Services, which are full lifecycle, storage services covering the design, procurement, commissioning, operation and optimization of energy storage and hybrid systems, enabled by our PowerTrack Optimizer software, to our customers. We also offer a comprehensive suite of Professional Services to support solar and storage projects through every stage of the project lifecycle, providing our customers with the expertise needed to navigate the complexity and scale of clean energy portfolios. We serve project developers, asset owners, engineering, procurement and construction firms (EPCs) and distributors.

Since our inception in 2009, we have engaged in developing and marketing AI-enabled software and services, raising capital, recruiting personnel, and growing our annual recurring revenue. Over the last 15 years, we have been an industry leader in clean energy software and solutions.

Each year since our inception, we have incurred net operating losses and negative cash flows from operations. We have financed our operations primarily through cash flows from customers and the issuance of convertible senior notes.

Our total revenue increased from \$144.6 million for the year ended December 31, 2024 to \$156.3 million for the year ended December 31, 2025. For the years ended December 31, 2025 and 2024, we generated net income of \$137.8 million and incurred a net loss of \$854.0 million, respectively. As of December 31, 2025, we had an accumulated deficit of \$1,488.7 million.

On April 9, 2025, we announced an approximately 27% reduction of our global workforce, as part of our broader efforts to prioritize investments in software, reduce operating costs, increase efficiency, drive profitable growth and increase stockholder value. For the year ended December 31, 2025, we incurred \$6.1 million in restructuring costs related to the reduction of our global workforce. We expect to continue to exercise discipline and moderate expenses associated with sales and marketing, research and development, regulatory and related functions. In addition, we expect to continue to manage and reduce our general and administrative expenses associated with scaling our business operations, including legal, audit, additional insurance expenses, investor relations activities and other administrative and professional services.

Key Factors, Trends and Uncertainties Affecting our Business

We believe that our performance and future success depend on several factors, some of which present significant opportunities for us, and some of which pose risks and challenges, including but not limited to:

Our Strategy

In 2024, we announced a new business strategy that reflects a renewed focus on developing and marketing our AI-enabled software, edge and services offerings. This transition has entailed significant operational changes during calendar years 2024 and 2025, including reduction of what had historically been the source of most of our revenue (battery resales), adjustments to the way we develop and market our products and services, and realignment of our business processes. These changes have resulted in reduced revenue, increased restructuring-related costs, reduced operating expenses, and short-term disruptions in our operations, which may negatively affect our ability to effectively scale our software and services offerings and achieve our financial and operational targets. Failure to achieve the anticipated benefits of our strategy may have a material adverse effect on our business, financial condition, and results of operations. See “*Our strategy may not achieve anticipated benefits.*” in Part I. Item 1A. “Risk Factors” in this Report for additional information about some risks related to our strategy.

Cash Reserves

The execution of our new business strategy has required, and is expected to continue to require, investment in our software, our employees and infrastructure. As of December 31, 2025, we had cash and cash equivalents of \$48.9 million (as compared to \$43.1 million as of September 30, 2025 and \$56.3 million as of December 31, 2024), while our operating expenses for the year ended December 31, 2025 were \$115.6 million. If our cash flow from operations does not improve as expected, or if we are unable to secure additional sources of capital if or when the need arises, we may be constrained in our ability to make the investments required to continue execution of our new strategy.

Customer Concentration

We have historically depended on a small number of significant customers for our sales, and a small number of customers have historically accounted for a material portion of our revenue. Although we continue to diversify our customer base, we may continue to derive a significant portion of our revenue from a small number of customers. Loss of a significant customer, the inability to close (or a delay in closing) a significant contract at any time, or a significant reduction in pricing or order volume from a significant customer, have (in the case of contractual delays) resulted in material reductions in revenue and other adverse effects in certain quarters, and may do so in the future.

Reverse Stock Split

On August 28, 2024, we received formal notice from the New York Stock Exchange (the “NYSE”) that we were not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of our shares of common stock had fallen below \$1.00 per share over a period of 30 consecutive trading days.

At the Company’s 2025 Annual Meeting of Stockholders, our stockholders approved a reverse stock split of our common stock, par value \$0.0001 per share. After such stockholder approval, our Board of Directors implemented the reverse stock split at a ratio of 1-for-20 and a reduction in the total number of authorized shares of common stock from 500.0 million shares to 250.0 million shares on June 23, 2025 (the “Effective Time”).

At the Effective Time, every 20 shares of common stock outstanding was combined, automatically and without any action on the part of the Company or its stockholders, into one new share of common stock. No fractional shares of common stock were issued as a result of the reverse stock split. In lieu of any fractional shares to which a stockholder of record was otherwise entitled, the Company paid cash to the applicable stockholder. The common stock began trading on a split-adjusted basis at the open of trading on June 23, 2025.

Adjustments proportionate to the 1-for-20 split ratio were made to the number of shares of Common Stock available for issuance under the Company’s equity incentive plans; the number of shares issuable, and the applicable exercise prices under the Company’s outstanding equity awards under such plans and any outstanding warrants; the conversion rates of outstanding convertible notes, in accordance with the related indentures; the strike prices of existing capped call options; the number of shares authorized for issuance pursuant to the convertible notes and capped call options; the shares reserved for issuance under any equity plan, outstanding equity award, convertible notes, capped call options or otherwise, and as otherwise described in the Company’s Definitive Proxy Statement filed with the Securities and Exchange Commission on April 23, 2025.

Following the Effective Time, we regained compliance with the requirement of Section 802.01C, as our share price promptly exceeded \$1.00 per share, and remained above that level for the following 30 trading days.

All share and per share amounts, exercise prices, conversion rates and conversion prices presented herein that relate to dates, or were established, prior to the reverse stock split have been adjusted retroactively to reflect these changes.

One Big Beautiful Bill Act of 2025

In July 2025, the OBBB was enacted, which introduced material changes to clean energy tax credit programs that are significant to our business and may affect our financial condition, results of operations and future prospects. Included in this legislation are provisions that allow for the immediate expensing of domestic United States research and development expenses, immediate expensing of certain capital expenditures, and other changes to the U.S. taxation of profits derived from foreign operations. The OBBB did not result in any material changes to tax expense or cash tax for 2025, primarily as a result of the valuation allowance we have on our deferred tax assets.

The OBBB scales back the Investment Tax Credit (the “ITC”) available under Section 25D of the Internal Revenue Code (the “Code”) for residential solar and storage systems purchased through cash or loans. Under the OBBB, the Section 25D credit expired on December 31, 2025. In addition, the OBBB imposes new timing requirements for eligibility under Section 48E of the Code, which governs ITCs for leased solar and storage systems. Previously under the IRA, Section 48E credits were available through 2032 or such later period when the U.S. power sector emitted 75% less carbon emissions than 2022 levels. Under the OBBB, these credits will no longer be available for solar-only projects placed in service after December 31, 2027, unless construction begins on or before July 4, 2026, pursuant to a grandfathering rule. Projects that qualify under this rule must still meet continuity requirements to remain eligible. Energy storage projects are not subject to this placed-in-service deadline; however, the ITC for storage systems will begin to phase down in 2034 - decreasing to 75% in 2034, 50% in 2035 and phasing out entirely by 2036.

The OBBB also amends the domestic content bonus credit rules for Section 48E projects. Projects commencing construction after June 16, 2025 and before January 1, 2026 must meet a 45% domestic cost threshold. If construction begins in

2026, the project's domestic cost threshold is 50%, and if construction begins after 2026, the project's domestic cost threshold is 55%.

Additionally, the OBBB introduces new compliance requirements under the Foreign Entity of Concern ("FEOC") provisions for both Section 48E and the Advanced Manufacturing Production Tax Credit ("AMPTC") under Section 45X. These provisions limit "material assistance" from FEOCs in projects otherwise eligible for tax credits under Section 48E and Section 45X and establish an escalating threshold of non-FEOC content that must be met by solar and storage projects beginning construction in 2026 and by manufactured components produced beginning in 2026.

On July 7, 2025, the President issued an Executive Order directing the Secretary of the Treasury to issue updated guidance on the "beginning of construction" requirements applicable to Section 48E projects under the OBBB and also to implement the FEOC restrictions set forth in the OBBB. On August 15, 2025, the Treasury Department released Notice 2025-42, which modifies the rules for determining when construction begins for purposes of qualifying for the Section 48E credits. The guidance eliminates the longstanding 5 percent safe harbor for solar projects larger than 1.5 megawatts (AC), effective for projects that begin construction on or after September 2, 2025. Projects that began construction prior to that date continue to be governed by prior IRS guidance. The 5 percent safe harbor remains available for solar facilities of 1.5 MW or smaller. Under the new rules, the *physical work test* is now the sole method for establishing that construction has begun for affected solar projects larger than 1.5 MW and for all wind projects. The test requires that "physical work of a significant nature" be performed, without regard to cost, and may include certain on-site and off-site activities but excludes preliminary activities such as planning, permitting, and financing. We are currently evaluating the full impact of this legislation on our consolidated financial statements.

The OBBB makes permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. ASC 740, "Income Taxes", requires the effects of changes in tax rates and laws to be recognized in the period in which the legislation is enacted, which is the date the legislation is signed into law. The OBBB did not have a material impact on our financial statements for 2025, but we continue to evaluate the potential future impact of the OBBB on our financial statements.

Parent Company Guarantees

Prior to July 2023, we agreed in certain customer contracts, to provide a guarantee that the value of purchased hardware will not decline for a certain period of time, as more fully described below under Note 3 — *Revenue*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. We accounted for such contractual terms and guarantees as variable consideration at each measurement date. As a result, the Company recorded a net revenue reduction of \$38.7 million in hardware revenue during the year ended December 31, 2024. The overall reduction in revenue was related to deliveries that occurred prior to 2024.

There are no remaining parent company guarantees ("PCGs") outstanding, and the Company expects no future impact on its financial results as a result of PCGs.

Because we have not included these parent company guarantees in our contracts since July 2023, and because we do not intend to provide guarantees in customer contracts going forward, we believe that excluding the effect of the \$38.7 million net reduction in revenue for the year ended December 31, 2024, from adjusted EBITDA and non-GAAP gross profit enhances the comparability to these metrics in prior periods.

Impairment and Accounts Receivable Write-Off

For those contracts where the customers invoked PCG protection pursuant to the applicable contract, we have worked actively to remarket the remaining systems subject to PCG with a wide variety of potential customers, as more fully described below under Note 3 — *Revenue*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Given the uncertainty of collection from the original customers of due and unpaid amounts in those cases where we believe we have enforceable rights of recovery, we believe the likelihood for collection of the accounts receivable outstanding relating to hardware subject to these PCG's is no longer probable. Accordingly, we wrote-off the remaining receivables of \$104.1 million during the year ended December 31, 2024. As of June 30, 2025, the Company had entered into an arrangement to recover \$3.5 million of the receivables previously written off. As of December 31, 2025, the Company has recovered the full balance of \$3.5 million. We are pursuing all potential remedies with respect to its enforceable rights under applicable contracts.

Seasonality

Our results of operations have typically fluctuated due to seasonal trends, which we expect to recur in future periods. Historically, we have recognized most of our revenue in the third and fourth fiscal quarters of each year due to various factors, including the requirement by our customers to reach target commercial operation dates for their renewable energy projects as well as tax equity and financing considerations. For instance, our revenue recognized in the third and fourth quarters of the fiscal year ended December 31, 2025 accounted for 55% of the total revenue recognized in the fiscal year ended December 31, 2025. The seasonality of our results of operations may be mitigated as our software and services offerings begin to comprise a greater percentage of our total revenue.

DevCo Joint Ventures

We, through an indirect wholly-owned development subsidiary, entered into strategic joint ventures with qualified third parties to develop select energy storage generation projects (“DevCo Projects”), as more fully described below under Note 2 — *Summary of Significant Accounting Policies* in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K. We have not made an investment in any DevCo Project since 2024, and we are not making further investments in these DevCo Projects. As of December 31, 2025 we have sold, or written off, all project assets associated with the DevCo Projects.

Increase in Deployment of Renewables

Deployment of intermittent resources has accelerated over the last decade, and today, wind and solar have become a low cost energy source. We expect the cost of generating renewable energy to continue to decline and deployments of energy storage systems to increase. As renewable energy sources of energy production are expected to represent a larger proportion of energy generation, grid instability rises due to their intermittency, which can be addressed by energy storage solutions.

Competition

Our key competitors include energy monitoring and optimization software providers, energy storage and edge device OEMs and hardware integration providers. Our PowerTrack software is hardware agnostic and benefits from operational data across a multitude of hardware types, geographies, utilities and grid operator service areas. Our edge devices provide customers with a flexible solution that meets their individual project needs.

We believe we are well-positioned to compete successfully in the market for software and software-enabled services. We are among the leaders in global distributed solar and energy storage assets under management, supported by proven technology, focused customer service, strong strategic partnerships and a seasoned leadership team with a track record of success.

Existing competitors may expand their product offerings and sales strategies, and new competitors may enter the market. Furthermore, our competitors include other types of software providers and some hardware manufacturers that offer software solutions. If our market share declines due to increased competition, our revenue and ability to generate profits in the future may be adversely affected.

Government Regulation and Compliance

Although we are not regulated as a utility, the market for our products and services is heavily influenced by federal, state, and local government statutes and regulations concerning electricity. These statutes and regulations affect electricity pricing, net metering, incentives, taxation, competition with utilities, and the interconnection of customer-owned electricity generation. In the United States and internationally, governments regularly modify these statutes and regulations and acting through state utility or public service commissions, regularly change and adopt different rates for commercial customers. These changes can positively or negatively affect our ability to deliver cost savings to customers.

Non-GAAP Financial Measures

In addition to financial results determined in accordance with U.S. generally accepted accounting principles (“GAAP”), we use adjusted EBITDA and non-GAAP gross profit and margin, which are non-GAAP financial measures, for financial and operational decision making and as a means to evaluate our operating performance and prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures that may not be indicative of our operating performance, such as stock-based compensation and other non-cash charges, as well as discrete cash charges that are infrequent in nature. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management’s internal comparisons to our historical performance and liquidity as well as comparisons to our competitors’ operating results. We believe these non-GAAP

financial measures are useful to investors both because they (1) allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and (2) are used by our institutional investors and the analyst community to help them analyze the health of our business. Adjusted EBITDA and non-GAAP gross profit and margin should be considered in addition to, not as a substitute for, or superior to, other measures of financial performance prepared in accordance with GAAP.

Non-GAAP Gross Profit and Margin

We define non-GAAP gross profit as gross profit excluding amortization of capitalized software, impairments related to decommissioning of end-of-life systems, impairments related to DevCo project assets and other write-offs, excess supplier costs, and reduction in revenue. We define non-GAAP gross margin as non-GAAP gross profit as a percentage of revenue.

During 2024, we incurred costs of \$1.0 million above initially agreed prices on the acquisition of certain hardware systems from one of our suppliers, which resulted from production delays by such supplier. Because we had not previously incurred costs above initially agreed prices with a hardware supplier, we excluded this item from adjusted EBITDA and non-GAAP gross profit to better facilitate comparisons of our underlying operating performance across periods.

The following table provides a reconciliation of gross profit (loss) and margin (GAAP) to non-GAAP gross profit and margin (in millions, except for percentages):

	Years Ended December 31,	
	2025	2024
Revenue	\$ 156.3	\$ 144.6
Cost of revenue	(96.3)	(155.7)
GAAP gross profit (loss)	\$ 60.0	\$ (11.1)
GAAP gross margin (%)	38 %	(8)%
Non-GAAP Gross Profit		
GAAP Revenue	\$ 156.3	\$ 144.6
Add: Revenue reduction, net ⁽¹⁾	—	38.7
Less: Other revenue adjustments ⁽²⁾	(0.5)	—
Subtotal	155.8	183.3
Less: Cost of revenue	(96.3)	(155.7)
Add: Amortization of capitalized software & developed technology	17.6	16.2
Add: Impairments and other write-offs	(4.8)	18.9
Add: Excess supplier costs ⁽³⁾	—	1.0
Non-GAAP gross profit	\$ 72.3	\$ 63.7
Non-GAAP gross margin (%)	46 %	35 %

(1) Refer to the discussion of reduction in revenue in “— Parent Company Guarantees” above.

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

(3) Refer to the discussion of excess supplier costs in “— Non-GAAP Gross Profit and Margin” above.

Adjusted EBITDA

As discussed above, we believe that adjusted EBITDA is useful for investors to use in comparing our financial performance with the performance of other companies. Nonetheless, the expenses and other items that we exclude in our calculation of adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude when calculating adjusted EBITDA.

We calculate adjusted EBITDA as net income (loss) attributable to us before depreciation and amortization, including amortization of internally developed software, interest expense, further adjusted to exclude stock-based compensation and other income and expense items, including the gain on extinguishment of debt, reduction in revenue, other revenue adjustments, excess supplier costs, change in fair value of derivative liability, change in fair value of warrant liability, impairment of goodwill, contract termination payment, (expected recovery of) impairment and accounts receivable write-off, impairment of inventory and other deferred costs, impairment of deferred costs with suppliers, impairment of DevCo project assets, and income tax provision or benefit.

The following table provides a reconciliation of adjusted EBITDA to net income (loss) (in thousands):

	Years Ended December 31,	
	2025	2024
	(in thousands)	
Net income (loss)	\$ 137,761	\$ (854,014)
Adjusted to exclude the following:		
Depreciation and amortization ⁽¹⁾	48,621	48,807
Interest expense	23,933	18,293
Gain on extinguishment of debt	(220,047)	—
Stock-based compensation	10,216	18,471
Revenue reduction, net ⁽²⁾	—	38,653
Other revenue adjustments ⁽³⁾	(453)	—
Excess supplier costs ⁽⁴⁾	—	1,012
Change in fair value of derivative liability	—	(1,477)
Change in fair value of warrant liability	3,222	—
Impairment of goodwill	—	547,152
Contract termination payment ⁽⁵⁾	—	10,000
(Recovery of) impairment and accounts receivable write-off ⁽⁶⁾	(3,500)	104,134
(Recovery) impairment of inventory and other deferred costs ⁽⁷⁾	(13,220)	18,059
Impairment of deferred costs with suppliers ⁽⁸⁾	—	13,409
Impairment of DevCo project assets ⁽⁹⁾	6,390	—
Provision for income taxes	536	332
Other expenses ⁽¹⁰⁾	13,249	14,328
Adjusted EBITDA	<u>\$ 6,708</u>	<u>\$ (22,841)</u>

(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 reduction in revenue in “— Parent Company Guarantees” above.

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

(4) Refer to the discussion of excess supplier costs “— Non-GAAP Gross Profit and Margin” above.

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

(6) Refer to the discussion of write-offs relating to parent company guarantee related arrangements in “— Impairment and Accounts Receivable Write-Off” above.

(7) Recovery of inventory for the year ended December 31, 2025 represents changes to cost of goods due to terminations of significant contracts with customers prior to their scheduled termination dates. For the year ended December 31, 2024, 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.

(8) Deposit forfeitures with certain hardware suppliers.

(9) 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.

(10) Adjusted EBITDA for the year ended December 31, 2025 reflects the exclusion of other expenses of \$13.2 million. Other expenses are comprised of \$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 year ended December 31, 2024 reflects the exclusion of other expenses of \$14.3 million. Other expenses are comprised of 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.

Financial Results and Key Metrics

The following table presents our financial results and our key metrics (in millions, except for percentages and unless otherwise noted):

	Years Ended December 31,	
	2025	2024
	(in millions)	
<i>Key Financial Metrics</i>		
Revenue	\$ 156.3	\$ 144.6
GAAP gross profit (loss)	\$ 60.0	\$ (11.1)
GAAP gross margin (%)	38 %	(8)%
Non-GAAP gross profit	\$ 72.3	\$ 63.7
Non-GAAP gross margin (%)	46 %	35 %
Net income (loss)	\$ 137.8	\$ (854.0)
Adjusted EBITDA	\$ 6.7	\$ (22.8)
<i>Key Operating Metrics</i>		
Bookings (1)	\$ 131.8	\$ 115.9
Contracted backlog* (2)	\$ 21.3	\$ 20.9
CARR* (3)	\$ 67.2	\$ 64.5
ARR* (4)	\$ 61.1	\$ 52.8
Solar operating AUM (in GW)* (5)	36.1	29.9
Storage operating AUM (in GWh)* (6)	1.7	1.8

* at period end

(1) Redefined versus prior periods. Beginning with the first quarter of 2025, 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. The definition of Bookings is discussed in more detail below under the heading “Bookings.”

(2) Redefined versus prior periods. Beginning with the first quarter of 2025, 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.

(3) Contracted Annual Recurring Revenue (“CARR”): Redefined versus prior periods. Beginning with the first quarter of 2025, 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 PowerTrack 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.

(4) Annual Recurring Revenue (“ARR”): Annualized value from operating customer subscription contracts, including PowerTrack software, storage software & recurring managed services, and any recurring professional services contracts.

(5) Total GW of solar systems in operation.

(6) Represents total GWh of energy storage systems in operation. Beginning with the first quarter of 2025 contracted storage AUM was replaced with this metric.

Bookings

Due to the long-term nature of our contracts, bookings are a key metric that allows us to understand and evaluate the growth of our Company and our estimated future revenue related to customer contracts for our energy optimization services, sales of energy storage systems, asset monitoring software, edge devices, and project and professional service engagements. Bookings represent the total value of executed customer purchase orders. Customer purchase orders are typically executed three to six months ahead of hardware installation. The booking amount includes (1) hardware revenue, which is typically recognized at delivery of the energy storage system and/or edge device to the customer, and (2) services revenue, which represents the total nominal software and services contract value which will be recognized ratably over the contract period.

Components of Our Results of Operations

Revenue

We generate services and other revenue and hardware revenue. Services and other revenue is generated through (i) energy optimization software, (ii) asset management software, and (iii) advisory services and (iv) the sale of project assets. Software fees charged to customers generally consist of recurring fixed monthly payments throughout the term of the contract and in some arrangements, an installation and/or upfront fee component. We may also receive incentives from utility companies in relation to the sale of our services.

We generate hardware revenue through (i) edge hardware devices and (ii) sales of OEM energy storage systems. Performance obligations are satisfied when the energy storage system and edge hardware device along with all ancillary hardware components are delivered. The milestone payments received before the delivery of hardware are treated as deferred revenue. In certain customer contracts, we agreed to provide a guarantee that the value of purchased hardware will not decline for a certain period of time, as more fully described below under Note 3 — *Revenue*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Cost of Revenue

Cost of services and other revenue primarily includes costs to service our storage and solar subscription customers. It includes expenses related to providing support to our customers and cloud-related costs, such as hosting costs. These costs primarily consist of personnel-related expenses of our services and customer support personnel, amortization of capitalized internal-use software development, and public cloud and cellular infrastructure costs. Cost of services and other revenue also includes depreciation of the cost of energy storage systems we own under long-term customer contracts, which includes capitalized fulfillment costs, such as installation services, permitting and other related costs. Additionally, cost of services and other revenue may include the costs for the development and constructions of project assets or any impairment of inventory and energy storage systems, along with system maintenance costs associated with the ongoing services provided to customers.

Cost of hardware revenue generally includes the cost to produce edge hardware and the battery hardware purchased from a manufacturer, shipping, delivery, and other costs required to fulfill our obligation to deliver the edge hardware and energy storage systems to the customer location. Cost of hardware revenue may also include any impairment of energy storage systems held in our inventory for sale to our customer. Cost of hardware revenue related to the sale of energy storage systems is recognized when the delivery of the product is completed.

Gross Profit (Loss)

Our gross profit (loss) fluctuates significantly from quarter to quarter. Gross profit (loss), calculated as revenue less costs of revenue, has been, and will continue to be, affected by various factors, including fluctuations in the amount and mix of revenue and the amount and timing of investments to expand our customer base. Over the long term, we hope to increase both our gross profit in absolute dollars and gross margin as a percentage of revenue through enhanced operational efficiency and economies of scale.

Operating Expenses

Sales and Marketing

Sales and marketing expense consists of payroll and other related personnel costs, including salaries, stock-based compensation, commissions, bonuses, employee benefits, and travel for our sales and marketing personnel. In addition, sales and marketing expense includes trade show costs, amortization of intangibles and other expenses. We expect our sales and marketing expense to increase in future periods to support the overall growth in our business.

Research and Development

Research and development expense consists primarily of payroll and other related personnel costs for engineers and third parties engaged in the design and development of products, third-party software and technologies, including salaries, bonuses and stock-based compensation expense, project material costs, services and depreciation. Our research and development expenses support our investments in optimization, accuracy and reliability of our platform and other technology improvements to support and drive efficiency in our operations. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

General and Administrative

General and administrative expense consists of payroll and other related personnel costs, including salaries, stock-based compensation, employee benefits and expenses for executive management, legal, finance, human resources and other costs. In addition, general and administrative expense includes fees for professional services and occupancy costs. We expect to continue to manage and reduce our general and administrative expense associated with scaling our business operations and being a public company, including compliance with the rules and regulations of the SEC, legal, audit, additional insurance expenses, investor relations activities, and other administrative and professional services.

Impairment of Parent Company Guarantees

Account balances deemed to be uncollectible are charged to bad debt expense after all means of collection have been exhausted and the potential for recovery is considered remote.

Impairment of Goodwill

Impairment of goodwill represents impairment charges as a result of the carrying amount being greater than the fair value.

Other Income (Expense), Net

Interest Expense

Interest expense, net consists primarily of interest on our outstanding borrowings under our outstanding convertible senior notes, senior secured notes, financing obligations, and accretion on our asset retirement obligations.

Gain on Extinguishment of Debt

Gain on extinguishment of debt represents the proportional carrying value of the exchanged 2028 Convertible Notes and 2030 Convertible Notes, reduced by the collective fair value of the 2030 Senior Secured Notes and the fair value of the 2030 Private Placement Warrants, offset by cash received.

Change in Fair Value of Derivative Liability

Change in fair value of derivative liability is related to the revaluation of derivative feature within a revenue contract, whereby final settlement is indexed to the price per ton of lithium carbonate.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability is related to the revaluation at each reporting date of our private placement warrants issued in connection with our senior secured notes.

Other Income, Net

Other income, net consists primarily of income from equity investments and foreign exchange gains or losses.

Results of Operations

Results of Operations for the Years Ended December 31, 2025 and 2024

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
(In thousands, except percentages)				
Revenue				
Services and other revenue	\$ 87,696	\$ 67,810	\$ 19,886	29%
Hardware revenue	68,570	76,774	(8,204)	(11)%
Total revenue	156,266	144,584	11,682	8%
Cost of revenue				
Cost of services and other	52,662	52,394	268	1%
Cost of hardware	43,648	103,248	(59,600)	(58)%
Total cost of revenue	96,310	155,642	(59,332)	(38)%
Gross profit (loss)	59,956	(11,058)	71,014	(642)%
Operating expenses				
Sales and marketing	28,717	37,759	(9,042)	(24)%
Research and development	35,295	51,282	(15,987)	(31)%
General and administrative	51,632	88,071	(36,439)	(41)%
Impairment of parent company guarantees	—	104,134	(104,134)	*
Impairment of goodwill	—	547,152	(547,152)	*
Total operating expenses	115,644	828,398	(712,754)	(86)%
Loss from operations	(55,688)	(839,456)	783,768	(93)%
Other income (expense), net				
Interest expense	(23,933)	(18,293)	(5,640)	31%
Gain on extinguishment of debt	220,047	—	220,047	*
Change in fair value of derivative liability	—	1,477	(1,477)	*
Change in fair value of warrant liability	(3,222)	—	(3,222)	*
Other income, net	1,093	2,590	(1,497)	(58)%
Total other income (expense), net	193,985	(14,226)	208,211	(1,464)%
Income (loss) before provision for income taxes	138,297	(853,682)	991,979	(116)%
Provision for income taxes	(536)	(332)	(204)	61%
Net income (loss)	\$ 137,761	\$ (854,014)	\$ 991,775	(116)%

*Percentage is not meaningful

Revenue

Total revenue increased by \$11.7 million, or 8%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The change was primarily driven by an increase in services and other revenue of \$19.9 million compared to the year ended December 31, 2024, primarily due to an increase in solar services subscriptions from existing and new customers. The increase was partially offset by a \$8.2 million decrease in hardware revenue that is primarily the result of a decrease in battery hardware resales being offset by increased edge hardware and service offerings as the company continues to strategically de-emphasize battery hardware resales and pursue more selective opportunities.

Cost of Revenue

Cost of revenue decreased by \$59.3 million, or 38%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The decrease was primarily driven by a decrease in cost of hardware revenue of \$59.6 million due to a reduction in low margin battery hardware resales as the company continues to strategically de-emphasize this business line and pursue more selective opportunities. Cost of services and other revenue increased \$0.3 million.

Operating Expenses

Sales and Marketing

Sales and marketing expense decreased by \$9.0 million, or 24%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The decrease was primarily due to a decrease of \$7.5 million in personnel costs as a result of a decrease in headcount, and a decrease of \$1.6 million of professional services, resulting from reductions in advisory services, marketing related subscription cancellations and office-related expenses.

Research and Development

Research and development expense decreased by \$16.0 million, or 31%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The decrease was primarily due to a decrease of \$11.4 million in personnel costs as a result of lower headcount, and a decrease of \$4.6 million in professional services and other expenses.

General and Administrative

General and administrative expense decreased by \$36.4 million, or 41%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The decrease was primarily driven by one-time prior year charges, including a one-time contract termination payment of \$10.0 million, an impairment of deferred costs with suppliers of \$13.4 million, along with reductions in current year expenses, including a decrease of \$6.3 million in personnel costs as a result of a decrease in headcount, a decrease of \$4.2 million in office-related expenses, a decrease of \$1.9 million of bad debt expense, a decrease of \$0.6 million of professional services and other expenses, and a decrease of \$0.1 million in business taxes related to state sales tax liabilities.

Impairment of parent company guarantees

During the year ended December 31, 2024, we recorded credit losses of \$104.1 million primarily due to a write-off of receivables related to certain customer contracts, which provided a parent company guarantee, that were deemed to be uncollectible.

Impairment of Goodwill

During the year ended December 31, 2024, we recorded an impairment of goodwill of \$547.2 million as the carrying amount of the reporting unit exceeded its fair value.

Other Income (Expense), Net

Interest Expense

Interest expense increased by \$5.6 million, or 31%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was primarily driven by an increase of \$11.0 million on our 2030 Senior Secured Notes, and the accretion of discount on short-term investments of \$0.1 million, partially offset by a decrease of \$3.9 million in interest on our 2028 and 2030 Convertible Notes and a decrease of \$1.8 million in interest on financing obligations.

Gain on Extinguishment of Debt, Net

During the year ended December 31, 2025, we recorded a \$220.0 million gain on extinguishment of debt driven by the \$155.4 million issuance of our 2030 Senior Secured Notes, 2030 Private Placement Warrants, and cash proceeds, which extinguished approximately \$228.8 million aggregate principal amount of our 2028 Convertible Notes and approximately \$121.3 million aggregate principal amount of our 2030 Convertible Notes.

Change in Fair Value of Derivative Liability

During the year ended December 31, 2024, we realized gains of \$1.5 million relating to the settlement of our derivative liability related to customers contracts.

Change in Fair Value of Warrant Liability

During the year ended December 31, 2025, we recorded an increase of \$3.2 million relating to our private placement warrant liability.

Other Income, Net

Other income, net decreased by \$1.5 million, or 58%, for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The net decrease was primarily due to a decrease of \$1.5 million in interest income from money market funds.

Provision for Income Taxes

During the year ended December 31, 2025, we recorded a provision for income taxes of \$0.5 million primarily due to foreign and state income tax expense. During the year ended December 31, 2024, we recorded a provision for income taxes of \$0.3 million primarily as a result of foreign and state income tax expense.

Liquidity and Capital Resources

Sources of Liquidity

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service, acquisitions, contractual obligations and other commitments. We assess liquidity in terms of our cash flows from operations and their sufficiency to fund our operating and investing activities. To meet our payment service obligations, we must have sufficient liquid assets and be able to move funds on a timely basis. Significant factors in the management of liquidity are funds generated from operations, levels of accounts receivable and accounts payable and capital expenditures.

As of December 31, 2025, our principal sources of liquidity were cash and cash equivalents of \$48.9 million, which were held for working capital purposes and for investment growth opportunities. As of December 31, 2025, we had net accounts receivable of \$38.4 million and our working capital (deficit), which we define as current assets less current liabilities, was \$(10.5) million. We believe that our cash position is sufficient to meet our capital and liquidity requirements for at least the next 12 months.

Our attainment of profitable operations is dependent upon future events, including continued implementation of our business strategy, hiring and retaining our key executives and personnel with the requisite experience to develop our software and AI-based solutions, controlling our operating costs and building our customer base. Failure to achieve the intended benefits of our business strategy, generate sufficient revenues from our software and services offerings, achieve planned gross margins and operating profitability, control operating costs, or secure additional funding may require us to modify, delay, or abandon some of our planned future expansion or development, or to otherwise enact operating cost reductions available to management, which could have a material adverse effect on our business, operating results, and financial condition. The execution of our new strategy has required significant operational changes, including reduction of what has historically been the source of most of our revenue (battery resales), adjustments to the way we develop and market our products and services, and realignment of our business processes. These changes have resulted in reduced revenue, increased costs and short-term disruptions in our operations, which have negatively impacted our financial condition in the near term. Furthermore, our cash reserves may constrain our ability to make the investments required to execute our new strategy or may otherwise not be sufficient to fund operations. If our cash flow from operations does not improve as quickly as expected, or if we are unable to secure additional sources of capital if or when the need arises, it may have a material adverse effect on our business, financial condition, and results of operations.

In the future, we may be required to obtain additional equity or debt financing in order to support our continued capital expenditures and operations, which may not be available on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, this could reduce our ability to compete successfully and harm our business, growth and results of operations.

Our long-term liquidity requirements are linked primarily to the expansion of our software and services offerings and our related business strategy, as well as the continued extension of PowerTrack™ and other software applications. While we have plans to potentially expand our geographical footprint beyond our current partnerships and enter into joint ventures, those are not required initiatives to achieve our plans.

Financing Obligations

We have entered into arrangements wherein we finance the cost of energy storage systems via special purpose entities (“SPEs”) we establish with outside investors. These SPEs are not consolidated into our financial statements, but are accounted for as equity method investments. The investors provide us upfront payments through the SPEs. Under these arrangements, the payment by the SPE to us is accounted for as a borrowing by recording the proceeds received as a financing obligation. The financing obligation is repaid with the future customer payments and incentives received. A portion of the amounts paid to the SPE is allocated to interest expense using the effective interest rate method. Furthermore, we continue to account for the revenues from customer arrangements and incentives and all associated costs despite such systems being legally sold to the SPEs due to our significant continuing involvement in the operations of the energy storage systems. The total financing obligation as of December 31, 2025 was \$43.4 million, of which \$13.8 million was classified as a current liability.

2028 Green Convertible Senior Notes

On November 22, 2021, we sold to Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and Barclays Capital Inc, as initial purchasers (the “2021 Initial Purchasers”), and the 2021 Initial Purchasers purchased from us, \$460.0 million aggregate principal amount of our 0.50% Green Convertible Notes due 2028 (the “2028 Convertible Notes”), pursuant to a purchase agreement dated as of November 17, 2021, by and between us and the 2021 Initial Purchasers. Our net proceeds from this offering were approximately \$445.7 million, after deducting the 2021 Initial Purchasers’ discounts and commissions and the estimated offering expenses payable by us. The 2028 Convertible Notes will accrue interest payable semi-annually in arrears and will mature on December 1, 2028, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Upon conversion, we may choose to pay or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock. The 2028 Convertible Notes are redeemable for cash at our option at any time given certain conditions. Refer to Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for additional details regarding this transaction.

On November 17, 2021, in connection with the pricing of the 2028 Convertible Notes, and on November 19, 2021, in connection with the exercise in full by the 2021 Initial Purchasers of their option to purchase additional 2028 Convertible Notes, we entered into capped call transactions with certain of the 2021 Initial Purchasers of the 2028 Convertible Notes to minimize the potential dilution to our common stockholders upon conversion of the 2028 Convertible Notes. We used approximately \$66.7 million of the net proceeds from the 2028 Convertible Notes to pay the cost of the capped call transactions described above. We intend to allocate an amount equivalent to the net proceeds from this offering to finance or refinance, in whole or in part, existing or new eligible green expenditures of Stem, including investments related to creating a more resilient clean energy system, optimized software capabilities for energy systems, and reducing waste through operations.

On April 3, 2023, we used approximately \$99.8 million of the net proceeds from the issuance of the 4.25% Green Convertible Senior Notes due 2030 (“2030 Convertible Notes”) to purchase and surrender for cancellation approximately \$163.0 million in aggregate principal amount of our 2028 Convertible Notes. See Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for additional details regarding this transaction.

On June 30, 2025, we exchanged approximately \$228.8 million aggregate principal amount of the Company's 2028 Convertible Notes and approximately \$121.3 million aggregate principal amount of the Company's 2030 Convertible Notes, for a portion of the Senior Secured PIK Toggle Notes due 2030 (the "2030 Senior Secured Notes"), which resulted in a \$220.0 million gain on debt extinguishment. See Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional details regarding this transaction.

We or our affiliates may, at any time and from time to time, seek to retire or purchase our outstanding 2028 Convertible Notes through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

2030 Convertible Notes

On April 3, 2023, we issued \$240.0 million aggregate principal amount of our 2030 Convertible Notes in a private placement offering to qualified institutional buyers (the "2023 Initial Purchasers") pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2030 Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 4.25% per year, payable in cash semi-annually in arrears in April and October of each year, beginning in October 1, 2023. The 2030 Convertible Notes will mature on April 1, 2030, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Upon conversion, we may choose to pay or deliver cash, shares of common stock or a combination of cash and shares of common stock. The 2030 Convertible Notes are redeemable for cash at our option at any time given certain conditions. See Note 11 — *Debt*, of the Notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for additional details regarding this transaction.

Our net proceeds from this offering were approximately \$232.4 million, after deducting for \$7.6 million of debt issuance costs primarily consisting of underwriters, advisory, legal, and accounting fees. We used approximately \$99.8 million of the net proceeds to purchase and surrender for cancellation approximately \$163.0 million aggregate principal amount of our 2028 Convertible Notes.

On March 29, 2023 and March 31, 2023, in connection with the pricing of the 2030 Convertible Notes, and on April 3, 2023, in connection with the exercise in full by the 2023 Initial Purchasers of their option to purchase additional 2030 Convertible Notes, we entered into Capped Calls (the “2030 Capped Calls”) with certain counterparties. We used \$27.8 million of the net proceeds from the 2030 Convertible Notes to pay the cost of the 2030 Capped Calls.

On June 30, 2025, we exchanged approximately \$121.3 million aggregate principal amount of the Company’s 2030 Convertible Notes, for a portion of the Senior Secured PIK Toggle Notes due 2030 (the “2030 Senior Secured Notes”), which resulted in a \$220.0 million gain on debt extinguishment. See Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for additional details regarding this transaction.

We or our affiliates may, at any time and from time to time, seek to retire or purchase our outstanding 2030 Convertible Notes through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

2030 Senior Secured Notes

On June 30, 2025, the Company issued \$155.4 million aggregate principal amount of its 2030 Senior Secured Notes to holders of the Company’s 2028 Convertible Notes and the Company’s 2030 Convertible Notes in a privately negotiated exchange (the “Exchange”) pursuant to Rule 144A under the Securities Act of 1933, as amended.

The transaction included an exchange of approximately (i) \$228.8 million principal amount of the 2028 Convertible Notes and (ii) \$121.3 million principal amount of the 2030 Convertible Notes, less amounts in lieu of fractional notes, for the 2030 Senior Secured Notes, warrants to purchase 439,919 shares of common stock (the “2030 Private Placement Warrants”), (iii) \$10.0 million of cash proceeds, and accrued and unpaid interest on the exchanged 2028 Convertible Notes and 2030 Convertible Notes. The exchange resulted in a \$220.0 million gain on debt extinguishment recorded within other income (expenses), net in the unaudited consolidated statements of operations. The gain on debt extinguishment represented the proportional carrying value of the exchanged 2028 Convertible Notes and 2030 Convertible Notes, which in aggregate was \$343.9 million, reduced by the collective fair value of the 2030 Senior Secured Notes of \$132.0 million and the fair value of the 2030 Private Placement Warrants of \$1.9 million, offset by cash received. The fair value of the 2030 Senior Secured Notes was estimated using a Black Derman-Toy lattice model with a yield of approximately 14.6%, synthetic credit rating for the Company, volatility of 32%, and the risk free rate of 3.79% for the expected term associated with the 2030 secured notes. The fair value of the 2030 Private Placement Warrants was estimated using the Black-Scholes-Merton model based on the Company’s closing strike price on the date of extinguishment of \$6.23, volatility of 118.6%, and the risk free rate of 3.79% for the expected term associated with the 2030 secured notes. The Company accrued \$5.2 million in debt issuance costs primarily consisting of financial advisory, legal, and accounting fees. See *2028 Convertible Notes and 2030 Convertible Notes* above for further details on the impacts of the debt extinguishment.

At the Company’s election for any interest period, the 2030 Senior Secured Notes bear interest at a rate of (i) 12.00% per year, if interest is paid in kind, subject to a maximum amount of interest able to be paid in kind, and (ii) 11.00% per year if interest is paid in cash. In each case, interest is payable semi-annually in arrears in January and July of each year, beginning on January 1, 2026. The 2030 Senior Secured Notes will mature on December 30, 2030 unless redeemed in accordance with their terms prior to such date.

The 2030 Senior Secured Notes will be redeemable, in whole or in part, for cash at the Company’s option at any time, and from time to time, at the following redemption prices: on or after the date of issuance to December 31, 2027, at 105.00% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest; from January 1, 2028 to December 31, 2028, at 102.50% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest; and on or after January 1, 2029, at 100.00% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 6,861	\$ (36,650)
Net cash used in investing activities	(6,602)	(3,517)
Net cash used in financing activities	(7,563)	(8,438)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(80)	215
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (7,384)</u>	<u>\$ (48,389)</u>

Operating Activities

During the year ended December 31, 2025, net cash provided by operating activities was \$6.9 million, primarily due to our net income of \$137.8 million, adjusted for non-cash charges of \$161.3 million and a net cash inflow of \$30.4 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of a gain on debt extinguishment of \$220.0 million, write-off of accrued expenses and other liabilities of \$38.3 million, partially offset by depreciation and amortization of \$44.9 million, non-cash interest expense of \$1.5 million related to debt issuance costs, stock-based compensation expense of \$10.2 million, a change in fair value of warrant liability of \$3.2 million, non-cash lease expense of \$2.7 million, impairment of energy storage systems of \$2.0 million, loss on disposal of property and equipment of \$0.8 million, impairment loss of project assets of \$1.7 million, impairment of right-of-use assets of \$1.4 million, impairment of other assets of \$25.1 million, provision for accounts receivable allowance of \$3.0 million, and other non-cash items of \$0.5 million. The net cash inflow from changes in operating assets and liabilities was primarily driven by a decrease in accounts receivable of \$17.7 million, a decrease in inventory of \$6.3 million, a decrease in deferred costs with suppliers of \$0.5 million, a decrease in other assets of \$9.4 million, and a decrease in project assets of \$14.8 million, partially offset by a decrease in deferred revenue of \$0.3 million, an increase in contract origination costs of \$1.5 million, a decrease in accounts payable of \$19.9 million, an increase in accrued expenses of \$7.4 million, and a decrease in lease liabilities, net of \$4.2 million.

During the year ended December 31, 2024, net cash used in operating activities was \$36.7 million, primarily due to our net loss of \$854.0 million, adjusted for non-cash charges of \$757.6 million and net cash inflow of \$59.8 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of \$45.0 million, non-cash interest expense of \$2.1 million related to debt issuance costs, stock-based compensation expense of \$18.5 million, non-cash lease expense of \$3.0 million, impairment of inventory of \$14.7 million, impairment of deferred costs with suppliers of \$13.4 million, impairment of energy storage systems of \$0.8 million, impairment loss of project assets of \$0.9 million, impairment of right-of-use assets of \$2.1 million, impairment and accounts receivable write-off of \$104.1 million, impairment of goodwill of \$547.2 million, impairment of deferred services \$3.4 million, provision for accounts receivable allowance of \$4.0 million, partially offset by change in fair value of derivative liability of \$1.5 million. The net cash inflow from changes in operating assets and liabilities was primarily driven by a decrease in accounts receivable of \$133.1 million, a decrease in inventory of \$2.8 million, a decrease in deferred costs with suppliers of \$6.5 million, a decrease in other assets of \$6.5 million, partially offset by an increase in contract origination costs of \$2.1 million, an increase in project assets of \$8.9 million, a decrease in accrued expenses and other liabilities of \$20.3 million, a decrease in accounts payable of \$48.1 million, a decrease in lease liabilities, net of \$2.8 million, and a decrease in deferred revenue of \$6.9 million.

Investing Activities

During the year ended December 31, 2025, net cash used in investing activities was \$6.6 million, consisting of \$6.6 million in capital expenditures on internally-developed software.

During the year ended December 31, 2024, net cash used in investing activities was \$3.5 million, primarily consisting of \$0.3 million used for the purchase of energy systems, \$11.3 million in capital expenditures on internally-developed software, and \$0.2 million used for the purchase of property and equipment, partially offset by \$8.3 million in net proceeds of available-for-sale investments.

Financing Activities

During the year ended December 31, 2025, net cash used in financing activities was \$7.6 million, primarily consisting of the repayment of financing obligations of \$12.2 million and a redemption of non-controlling interest of \$0.2 million, partially offset by net proceeds from the issuance of senior secured notes of \$4.8 million.

During the year ended December 31, 2024, net cash used in financing activities was \$8.4 million, primarily consisting of repayment of financing obligations of \$8.5 million, partially offset by an investment from non-controlling interest of \$0.1 million.

Contractual Obligations and Commitments

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. Changes in our business needs, cancellation provisions and changes in interest rates, as well as action by third parties and other factors, may cause these estimates to change. Therefore, our actual payments in future periods may vary from those presented in the table below. We generally expect to satisfy these commitments with cash on hand and cash provided by operating activities.

The following table summarizes our contractual obligations and commitments as of December 31, 2025 (in thousands).

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Interest on 2028 Convertible Notes	\$ 995	\$ 341	\$ 654	\$ —	\$ —
Interest on 2030 Convertible Notes	21,438	5,044	10,089	6,305	—
Interest on 2030 Senior Secured Notes	96,695	17,788	35,738	43,169	—
Operating lease obligations	14,856	3,796	7,907	2,978	175
Non-cancelable purchase obligations	2,998	1,866	1,132	—	—
Total	<u>\$ 136,982</u>	<u>\$ 28,835</u>	<u>\$ 55,520</u>	<u>\$ 52,452</u>	<u>\$ 175</u>

See Note 6 — *Leases* and Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for more details.

We do not consider our financing obligations as contractual obligations, as our repayments of such obligations are required only to the extent payments are collected in relation to the operation of the underlying energy storage systems. The obligation is nonrecourse and there are no contractual commitments to pay specific amounts at any point in time throughout the life of the obligation.

We are not a party to any off-balance sheet arrangements, including guarantee contracts, retained or contingent interests, or unconsolidated variable interest entities that either have, or would reasonably be expected to have, a current or future material effect on our consolidated financial statements.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements. Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting policies are those that materially affect our consolidated financial statements and involve difficult, subjective or complex judgments by management. A thorough understanding of these critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below involve the most difficult management decisions because they require the use of significant estimates and assumptions as described above.

Our significant accounting policies are described in Note 2 — *Summary of Significant Accounting Policies*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K. We believe that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements:

Revenue Recognition

We generate revenue through host customer arrangements, partnership arrangements, and sales of project assets. We apply judgment during the identification of a contract to determine the customer’s ability and intent to pay, which is based on a variety of factors, including the customer’s historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer.

For contracts that contain multiple performance obligations, we allocate the transaction price for each contract to each performance obligation based on the relative standalone selling price, or SSP for each performance obligation. We use

judgment in determining the SSP for our products and services. We typically assess the SSP for our products and services on an annual basis or when facts and circumstances change. To determine SSP, we maximize the use of observable standalone sales and observable data, where available. In instances where performance obligations do not have observable standalone sales, we utilize available information that may include other observable inputs or use the expected cost-plus margin approach to estimate the price we would charge if the products and services were sold separately. The expected cost-plus margin approach is currently used to determine SSP for each distinct performance obligation for sale of hardware.

In some cases, the total transaction price is determined based on the total consideration specified in the contract, including variable consideration in the form of a performance guaranty payment that represents potential amounts payable to customers. The expected value method is generally used when estimating variable consideration, which typically reduces the total transaction price due to the nature of the performance obligations to which the variable consideration relates. These estimates reflect our historical experience and current contractual requirements which cap the maximum amount that may be paid. The expected value method requires judgment and considers multiple factors that may vary over time depending upon the unique facts and circumstances related to each performance obligation. Depending on the facts and circumstances, a change in variable consideration estimate will either be accounted for at the contract level or using the portfolio method.

Impairment of Long-Lived Assets

Long-lived assets, including energy storage systems, and intangible assets with finite lives, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors that we analyze in determining whether an impairment in our long-lived assets exists include determining if a significant decrease in the market price of a long-lived asset is present; a significant adverse change in the extent to which a long-lived asset is being used in its physical condition; legal proceedings or factors; significant business climate changes; accumulations of costs in significant excess of the amounts expected; a current-period operating or cash flow loss coupled with historical negative cash flows or expected future negative cash flows; and current expectations that more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its estimated useful life.

When an impairment indicator is present, we determine if the carrying value of the asset is recoverable by comparing it to its expected undiscounted future cash flows. If the asset group is not recoverable, the impairment loss is calculated as the excess of the carrying value over the fair value. Key estimates in the undiscounted cash flow model include management's estimate of the projected revenues and operating margins. If fair value is used to determine an impairment loss, an additional key assumption is the selection of a weighted-average cost of capital to discount cash flows. We recorded impairment charges for energy storage systems amounting to \$2.0 million during the year ended December 31, 2025. We recorded \$1.7 million in project asset impairments during the year ended December 31, 2025.

Fair Value Measurements - 2030 Senior Secured Notes

The Company's 2030 Senior Secured Notes, issued in June 2025, represent a significant component of our long-term debt. The fair value measurement of these notes is a critical accounting estimate due to the complexity of the instrument, the lack of an active market, and the significant management judgment required in the valuation process.

The 2030 Senior Secured Notes are not publicly traded and do not have readily observable market prices. As a result, we estimate their fair value using an option pricing model, specifically a Black Derman-Toy lattice model. The valuation incorporates both observable and unobservable inputs, and is classified as a Level 3 measurement in the fair value hierarchy. Key inputs and assumptions used in the valuation include yield, synthetic credit rating for the Company, volatility, and risk-free rate. Refer to Note 11 — *Debt*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Recent Accounting Pronouncements

Information with respect to recent accounting pronouncements may be found in Note 2 — *Summary of Significant Accounting Policies*, in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

STEM, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2025 and 2024, and for Years Ended December 31, 2025, 2024 and 2023

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Stem, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Stem, Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value Measurements – 2030 Senior Secured Notes – Refer to Note 11 to the financial statements

Critical Audit Matter Description

On June 30, 2025, the Company issued \$155.4 million of 2030 Senior Secured Notes to the holders of its 2028 Convertible Notes and 2030 Convertible Notes in a privately negotiated exchange pursuant to Rule 144A under the Securities Act of 1933, as amended. The transaction included an exchange of approximately (i) \$228.8 million principal amount of the existing 2028 Convertible Notes and (ii) \$121.3 million principal amount of the 2030 Convertible Notes less amounts in lieu of fractional notes, for the 2030 Senior Secured Notes, warrants to purchase 439,919 shares of common stock (the "2030 Private Placement Warrants"), (iii) \$10.0 million of cash proceeds, and accrued and unpaid interest on the exchanged 2028 Convertible Notes and 2030 Convertible Notes. The exchange resulted in a \$220.0 million gain on debt extinguishment which represents the proportional carrying value of the exchanged 2028 Convertible Notes and 2030 Convertible Notes, which in aggregate was \$343.9 million, reduced by the collective fair value of the 2030 Senior Secured Notes of \$132.0 million and the fair value of the 2030 Private Placement Warrants of \$1.9 million, offset by cash received. The fair value of the 2030 Senior Secured Notes was estimated using the Black Derman-Toy lattice model. The Black Derman-Toy lattice inputs used to value the 2030 Senior Secured Notes includes synthetic credit rating of the Company, yield, and volatility.

We identified the fair value measurements of the 2030 Senior Secured Notes as a critical audit matter due to the significant level of management judgment required in selection of the valuation model and the inputs management used in the Black Derman-Toy lattice model, including selection of synthetic credit rating, yield, and volatility. This required a high degree of

auditor judgment and an increased extent of effort, including the need to involve our fair value specialists who possess significant quantitative and modeling expertise, when performing audit procedures to evaluate the appropriateness of the model and management's inputs.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to testing the fair value of the 2030 Senior Secured Notes included the following, among others:

- We read the relevant debt agreements and other supporting documents to test the source information underlying the fair value measurements of the 2030 Senior Secured Notes and the mathematical accuracy of management's calculations.
- We tested the effectiveness of controls over the estimation process supporting the fair value estimates of the 2030 Senior Secured Notes, including management's controls over the selection of the valuation model, synthetic credit rating, yield, and volatility used.
- With the assistance of fair value specialists, we evaluated the reasonableness of the valuation model and the inputs including selection of synthetic credit rating, yield, and volatility used to determine the fair value of the 2030 Senior Secured Notes.
- With the assistance of fair value specialists, we developed an independent estimate of the fair value of the 2030 Senior Secured Notes and compared our estimate of fair value to management's estimate.
- We evaluated the sufficiency of the disclosures related to the fair value measurements of the 2030 Senior Secured Notes in the financial statements.

/s/DELOITTE & TOUCHE LLP

San Francisco, California

March 4, 2026

We have served as the Company's auditor since 2018.

STEM, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 48,915	\$ 56,299
Accounts receivable, net of allowances of \$3,893 and \$9,499 as of December 31, 2025 and December 31, 2024, respectively	38,353	59,316
Inventory	4,587	10,920
Other current assets	8,236	10,082
Total current assets	100,091	136,617
Energy storage systems, net	43,925	58,820
Contract origination costs, net	7,466	9,681
Intangible assets, net	123,028	143,912
Operating lease right-of-use assets	9,571	12,574
Other noncurrent assets	24,806	75,755
Total assets	<u>\$ 308,887</u>	<u>\$ 437,359</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 10,310	\$ 30,147
Accrued liabilities	26,875	25,770
Accrued payroll	9,131	6,678
Financing obligation, current portion	13,792	16,521
Deferred revenue, current portion	43,625	43,255
Other current liabilities	6,832	6,429
Total current liabilities	110,565	128,800
Deferred revenue, noncurrent	85,251	85,900
Asset retirement obligation	4,349	4,203
Convertible notes, noncurrent	183,594	525,922
Senior secured notes, noncurrent	128,796	—
Financing obligation, noncurrent	29,590	41,627
Warrant liabilities	5,121	—
Lease liabilities, noncurrent	9,860	13,336
Other liabilities	820	35,404
Total liabilities	557,946	835,192
Commitments and contingencies (Note 19)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized as of December 31, 2025 and December 31, 2024, respectively; zero shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	—	—
Common stock, \$0.0001 par value; 250,000,000 and 500,000,000 shares authorized as of December 31, 2025 and December 31, 2024, respectively; 8,489,540 and 8,139,884 issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	1	16
Additional paid-in capital	1,239,263	1,228,042
Accumulated other comprehensive income	41	76
Accumulated deficit	(1,488,747)	(1,626,508)
Total Stem's stockholders' deficit	(249,442)	(398,374)
Non-controlling interests	383	541
Total stockholders' deficit	(249,059)	(397,833)
Total liabilities and stockholders' deficit	<u>\$ 308,887</u>	<u>\$ 437,359</u>

The accompanying notes are an integral part of these consolidated financial statements.

STEM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Years Ended December 31,		
	2025	2024	2023
Revenue			
Services and other revenue	\$ 87,696	\$ 67,810	\$ 62,548
Hardware revenue	68,570	76,774	398,967
Total revenue	<u>156,266</u>	<u>144,584</u>	<u>461,515</u>
Cost of revenue			
Cost of services and other	52,662	52,394	50,298
Cost of hardware	43,648	103,248	407,552
Total cost of revenue	<u>96,310</u>	<u>155,642</u>	<u>457,850</u>
Gross profit (loss)	59,956	(11,058)	3,665
Operating expenses			
Sales and marketing	28,717	37,759	51,556
Research and development	35,295	51,282	56,508
General and administrative	51,632	88,071	74,915
Impairment of parent company guarantees	—	104,134	—
Impairment of goodwill	—	547,152	—
Total operating expenses	<u>115,644</u>	<u>828,398</u>	<u>182,979</u>
Loss from operations	(55,688)	(839,456)	(179,314)
Other income (expense), net			
Interest expense	(23,933)	(18,293)	(14,977)
Gain on extinguishment of debt	220,047	—	59,121
Change in fair value of derivative liability	—	1,477	(7,731)
Change in fair value of warrant liability	(3,222)	—	—
Other income, net	1,093	2,590	2,921
Total other income (expense), net	<u>193,985</u>	<u>(14,226)</u>	<u>39,334</u>
Income (loss) before provision for income taxes	138,297	(853,682)	(139,980)
Provision for income taxes	(536)	(332)	(433)
Net income (loss)	<u>\$ 137,761</u>	<u>\$ (854,014)</u>	<u>\$ (140,413)</u>
Net income (loss) per share attributable to common shareholders, basic	<u>\$ 16.52</u>	<u>\$ (105.80)</u>	<u>\$ (18.05)</u>
Net loss per share attributable to common shareholders, diluted	<u>\$ (9.18)</u>	<u>\$ (105.80)</u>	<u>\$ (18.05)</u>
Numerator used to compute net income (loss) per share:			
Net income (loss) attributable to common stockholders, basic	<u>\$ 137,761</u>	<u>\$ (854,014)</u>	<u>\$ (140,413)</u>
Net loss attributable to Stem common stockholders, diluted (Note 16)	<u>\$ (77,975)</u>	<u>\$ (854,014)</u>	<u>\$ (140,413)</u>
Weighted-average shares used in computing net income (loss) per share to common shareholders, basic	<u>8,338,759</u>	<u>8,072,127</u>	<u>7,779,198</u>
Weighted-average shares used in computing net loss per share to common shareholders, diluted	<u>8,489,879</u>	<u>8,072,127</u>	<u>7,779,198</u>

The accompanying notes are an integral part of these consolidated financial statements.

STEM, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Years Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 137,761	\$ (854,014)	\$ (140,413)
Other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	—	3	1,676
Foreign currency translation adjustment	(35)	115	(46)
Total other comprehensive income (loss)	\$ 137,726	\$ (853,896)	\$ (138,783)

The accompanying notes are an integral part of these consolidated financial statements.

STEM, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non- controlling Interests	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balance as of January 1, 2023	7,727,010	\$ 15	\$ 1,185,364	\$ (1,672)	\$ (632,081)	\$ 541	\$ 552,167
Stock option exercises, net of statutory tax withholdings	6,277	—	276	—	—	—	276
Issuance of common stock upon release of restricted stock units	63,357	1	—	—	—	—	1
Stock-based compensation	—	—	40,916	—	—	—	40,916
Purchase of capped call options (Note 11)	—	—	(27,840)	—	—	—	(27,840)
Unrealized gain on available-for-sale securities	—	—	—	1,676	—	—	1,676
Foreign currency translation adjustments	—	—	—	(46)	—	—	(46)
Redemption of non-controlling interests	—	—	—	—	—	(56)	(56)
Net loss	—	—	—	—	(140,413)	—	(140,413)
Balance as of December 31, 2023	7,796,644	\$ 16	\$ 1,198,716	\$ (42)	\$ (772,494)	\$ 485	\$ 426,681
Issuance of common stock upon release of restricted stock units	195,168	—	—	—	—	—	—
Issuance of fully vested restricted stock units for employee bonuses (Note 14)	148,072	—	8,114	—	—	—	8,114
Stock-based compensation	—	—	21,212	—	—	—	21,212
Unrealized gain on available-for-sale securities	—	—	—	3	—	—	3
Foreign currency translation adjustments	—	—	—	115	—	—	115
Contribution from non-controlling interests	—	—	—	—	—	56	56
Net loss	—	—	—	—	(854,014)	—	(854,014)
Balance as of December 31, 2024	8,139,884	\$ 16	\$ 1,228,042	\$ 76	\$ (1,626,508)	\$ 541	\$ (397,833)
Issuance of common stock upon release of restricted stock units	349,746	1	—	—	—	—	1
Stock-based compensation	—	—	11,205	—	—	—	11,205
Foreign currency translation adjustments	—	—	—	(35)	—	—	(35)
Adjustment due to reverse stock split (Note 2)	(90)	(16)	16	—	—	—	—
Redemption of non-controlling interests	—	—	—	—	—	(158)	(158)
Net income	—	—	—	—	137,761	—	137,761
Balance as of December 31, 2025	8,489,540	\$ 1	\$ 1,239,263	\$ 41	\$ (1,488,747)	\$ 383	\$ (249,059)

The accompanying notes are an integral part of these consolidated financial statements.

STEM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2025	2024	2023
OPERATING ACTIVITIES			
Net income (loss)	\$ 137,761	\$ (854,014)	\$ (140,413)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization expense	44,947	44,988	46,275
Non-cash interest expense, including interest expenses associated with debt issuance costs	1,540	2,087	2,602
Stock-based compensation	10,216	18,471	45,109
Change in fair value of derivative liability	—	(1,477)	7,731
Change in fair value of warrant liability	3,222	—	—
Non-cash lease expense	2,652	3,023	2,928
Accretion of asset retirement obligations	237	236	234
Impairment of inventory	—	14,673	—
Impairment of deferred costs with suppliers	—	13,409	—
Impairment of energy storage systems	2,020	836	4,683
Loss on disposal of property and equipment	842	—	—
Impairment of project assets	1,654	887	176
Impairment of right-of-use assets	1,357	2,096	—
Impairment of parent company guarantees	—	104,134	—
Impairment of goodwill	—	547,152	—
Impairment of deferred services	—	3,386	—
Impairment of other assets	25,088	—	—
Write-off of accrued expenses and other liabilities	(38,318)	—	—
Net accretion of discount on investments	—	(29)	(1,755)
Income tax benefit from release of valuation allowance	—	—	(335)
Provision for credit losses on accounts receivable	3,046	3,978	1,447
Net loss on investments	—	—	1,561
Gain on extinguishment of debt	(220,047)	—	(59,121)
Other	276	(251)	(949)
Changes in operating assets and liabilities:			
Accounts receivable	17,729	133,057	(80,887)
Inventory	6,333	2,766	(18,291)
Deferred costs with suppliers	522	6,523	30,322
Other assets	9,393	6,537	(18,036)
Contract origination costs, net	(1,490)	(2,129)	(5,924)
Project assets	14,762	(8,877)	(5,392)
Accounts payable	(19,850)	(48,146)	(5,241)
Accrued expense and other liabilities	7,447	(20,293)	(15,762)
Deferred revenue	(280)	(6,878)	4,573
Operating lease liabilities, net	(4,198)	(2,795)	(2,912)
Net cash provided by (used in) operating activities	<u>6,861</u>	<u>(36,650)</u>	<u>(207,377)</u>
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	—	—	(1,847)
Purchase of available-for-sale investments	—	—	(60,002)
Proceeds from maturities of available-for-sale investments	—	8,250	141,810
Proceeds from sales of available-for-sale investments	—	—	73,917
Purchase of energy storage systems	—	(275)	(2,634)
Capital expenditures on internally-developed software	(6,602)	(11,275)	(14,097)
Distribution from equity method investment	—	—	85
Purchase of property and equipment	—	(217)	(1,505)
Net cash (used in) provided by investing activities	<u>(6,602)</u>	<u>(3,517)</u>	<u>135,727</u>

The accompanying notes are an integral part of these consolidated financial statements.

FINANCING ACTIVITIES			
Proceeds from exercise of stock options	—	—	276
Repayment of financing obligations	(12,159)	(8,494)	(12,686)
Proceeds from issuance of convertible notes, net of issuance costs of \$0, \$0 and \$7,601 for the years ended December 31, 2025, 2024 and 2023, respectively	—	—	232,399
Repayment of convertible notes	—	—	(99,754)
Proceeds from issuance of senior secured notes, net of issuance costs of \$5,246, \$0 and \$0 for the years ended December 31, 2025, 2024 and 2023, respectively	4,754	—	—
Purchase of capped call options	—	—	(27,840)
(Redemption of) investment from non-controlling interests	(158)	56	(56)
Repayment of notes payable	—	—	(2,101)
Net cash (used in) provided by financing activities	(7,563)	(8,438)	90,238
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(80)	215	(16)
Net (decrease) increase in cash, cash equivalents and restricted cash	(7,384)	(48,389)	18,572
Cash, cash equivalents and restricted cash, beginning of year	58,085	106,475	87,903
Cash, cash equivalents and restricted cash, end of period	\$ 50,701	\$ 58,085	\$ 106,475
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	\$ 14,571	\$ 16,198	\$ 14,588
Cash paid for income taxes	\$ 481	\$ 680	\$ 235
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Change in asset retirement costs and asset retirement obligation	\$ 91	\$ 85	\$ 443
Right-of-use asset obtained in exchange for lease liability	\$ 961	\$ 5,485	\$ 2,782
Debt issued in exchange for extinguishment of existing notes	\$ 121,954	\$ —	\$ —
Debt retired in exchange for issuance of new notes	\$ 343,901	\$ —	\$ —
Warrants issued in connection with debt exchange	\$ 1,899	\$ —	\$ —
Stock-based compensation capitalized to internal-use software	\$ 1,015	\$ 2,757	\$ 4,331
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH WITHIN THE CONSOLIDATED BALANCE SHEETS TO THE AMOUNTS SHOWN IN THE STATEMENTS OF CASH FLOWS ABOVE:			
Cash and cash equivalents	\$ 48,915	\$ 56,299	\$ 105,375
Restricted cash included in other noncurrent assets	1,786	1,786	1,100
Total cash, cash equivalents, and restricted cash	\$ 50,701	\$ 58,085	\$ 106,475

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS**Description of the Business**

Stem, Inc., together with its consolidated subsidiaries (“Stem,” the “Company,” “we,” “us,” or “our”) is a global leader reimagining technology to support the energy transition. We help asset owners, operators, and stakeholders benefit from the full value of their energy portfolio by enabling the intelligent development, deployment and operation of clean energy assets.

PowerTrack is our integrated suite of software and solutions for solar, storage and hybrid assets. Within the PowerTrack product suite we offer PowerTrack Software, PowerTrack Energy Management System, PowerTrack Supervisory Control and Data Acquisition (“SCADA”), PowerTrack Power Plant Controller (“PPC”), PowerTrack Logger and PowerTrack Optimizer.

The PowerTrack Software for solar monitoring and analytics enables the standardization of energy portfolios on one hardware agnostic application. Our commercial- and utility-scale edge hardware solutions are original equipment manufacturer (“OEM”)-agnostic devices that are used to connect customers’ solar and storage assets to our software applications in a unified view. Our Managed Services are full lifecycle, storage services covering the design, procurement, commissioning, operation and optimization of energy storage and hybrid systems, enabled by our PowerTrack Optimizer software. Our comprehensive suite of Professional Services supports solar and storage projects through every stage of the project lifecycle, offering the expertise needed to navigate complexity and scale clean energy portfolios.

Stem, Inc. was incorporated on March 16, 2009 in the State of Delaware and is headquartered in Houston, Texas.

Liquidity

The accompanying consolidated financial statements have been prepared in accordance with GAAP and with the instructions to Form 10-K and Regulation S-X, assuming the Company will continue as a going concern. As of December 31, 2025, the Company had cash and cash equivalents of \$48.9 million, an accumulated deficit of \$1,488.7 million and negative working capital, which we define as current assets less current liabilities, of \$10.5 million, with \$13.8 million of financing obligations coming due within the next 12 months. During the year ended December 31, 2025, the Company recognized net income of \$137.8 million and had positive cash flows from operating activities of \$6.9 million. The Company believes that its cash position, as well as expected collections from accounts receivable, is sufficient to meet capital and liquidity requirements for at least the next 12 months.

The Company’s business prospects are subject to risks, expenses, and uncertainties, including those discussed in Part I. Item 1A. “Risk Factors” of this Report. The attainment of profitable operations is dependent upon future events, including continued execution of our software and services-oriented strategy, the successful delivery of AI-enabled software and edge device capabilities to our customers, securing new customers and maintaining current ones, and motivating, hiring and retaining appropriate personnel. Failure to generate sufficient revenues, achieve planned gross margins and operating profitability, control operating costs, or secure additional funding as required may require us to modify, delay or abandon some of our planned future expansion or development, or to otherwise enact operating cost reductions available to management, which could have a material adverse effect on our business, operating results and financial condition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The Company's consolidated financial statements have been prepared in accordance with GAAP.

On June 23, 2025, we effected a 1-for-20 reverse stock split, which reduced the number of our shares of common stock outstanding on that date from 167,169,140 shares to 8,358,370 shares. The number of authorized shares of our common stock has been reduced from 500.0 million shares to 250.0 million shares and the number of authorized shares of preferred stock remained unchanged at 1.0 million shares. The number of shares of common stock issuable upon settlement of outstanding restricted stock units and exercise of options was reduced proportionately as a result of the reverse stock split. Additionally, the exercise price of all outstanding options, the number of shares of common stock issuable upon the exercise of all outstanding options, and the number of shares reserved for future issuance pursuant to our equity incentive plans were all adjusted proportionately as a result of the reverse stock split. All share and per share amounts, exercise prices, conversion rates and conversion prices presented herein that relate to dates, or were established, prior to the reverse stock split have been adjusted retroactively to reflect these changes.

STEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and consolidated variable interest entities (“VIEs”). The Company presents non-controlling interests within the equity section of its consolidated balance sheets, and the amount of consolidated net income (loss) that is attributable to the Company and the non-controlling interest in its consolidated statements of operations. All intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities

The Company has in some instances formed special purpose entities (“SPEs”), some of which are VIEs, with its investors in the ordinary course of business to facilitate the funding and monetization of its energy storage systems. A legal entity is considered a VIE if it has either a total equity investment that is insufficient to finance its operations without additional subordinated financial support or whose equity holders lack the characteristics of a controlling financial interest. The Company’s variable interests arise from contractual, ownership, or other monetary interests in the entity. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests.

The Company consolidates a VIE if it is deemed to be the primary beneficiary. The Company determines it is the primary beneficiary if it has the power to direct the activities that most significantly impact the VIEs’ economic performance and has the obligation to absorb losses or has the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company evaluates its relationships with its VIEs on an ongoing basis to determine whether it is the primary beneficiary.

Beginning in January 2022, the Company entered into strategic joint ventures through indirect wholly-owned development subsidiaries of the Company (“DevCo JVs”) with the purpose of originating potential battery storage facility projects in specific locations and conducting early-stage planning and development activities. The Company determined that the DevCo JVs are VIEs, as they lack sufficient equity to finance their activities without additional financial support. The Company determined that it has both (1) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance, and (2) the obligation to absorb losses or receive benefits from the VIE that could potentially be significant. Accordingly, the Company has determined that it is the primary beneficiary of the DevCo JVs, and as a result, the DevCo JVs’ operating results, assets and liabilities are consolidated by the Company, with third party minority owners’ share presented as noncontrolling interest. The Company applied the hypothetical liquidation at book value method in allocating recorded net income (loss) to each owner based on the change in the reporting period, of the amount of net assets of the entity to which each owner would be entitled to under the governing contracts in a liquidation scenario.

The following table summarizes the carrying values of the assets and liabilities of the DevCo JVs that are consolidated by the Company as of December 31, 2025 and 2024 (in thousands):

	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 560	\$ 1,556
Accounts receivable	3,820	—
Other current assets	—	18
Other noncurrent assets	—	16,415
Total assets	\$ 4,380	\$ 17,989
Liabilities		
Accounts payable	440	1,284
Other current liabilities	—	114
Total liabilities	\$ 440	\$ 1,398

The Company did not make any material capital investment contributions during the year ended December 31, 2025 and 2024. We are not making further investments in these DevCo JVs, and as of December 31, 2025 we have sold, or written off, all project assets associated with the DevCo JVs. The net loss from the DevCo JVs was \$6.8 million during the year ended December 31, 2025 and was immaterial during the year ended December 31, 2024. The net income from the DevCo JVs was \$1.4 million during the year ended December 31, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Equity Method Investments

The Company has ownership interests in SPEs which it does not control. Where the Company holds an interest in these SPEs of greater than 20% and has the ability to exercise significant influence, the Company uses the equity method to account for its investments in these SPEs. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and the Company's proportionate share of earnings or losses and distributions. Such proportionate share of earnings or losses is included within other expenses, net in the consolidated statements of operations. The Company considers whether its equity method investments are impaired when events or circumstances suggest that the carrying amount may not be recoverable. An impairment charge is recognized in the consolidated statements of operations for a decline in value that is determined to be other-than-temporary. In determining if and when a decline in the fair value of these investments below their carrying value is other-than-temporary, the Company evaluates the market condition, trends of earnings and cash flows and other key measures of performance and recognizes such loss which is deemed to be other-than-temporary. No such losses have been recognized during the years ended December 31, 2025, 2024, and 2023.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, depreciable life of energy storage systems; estimates of transaction price with variable consideration; the amortization of acquired intangibles; the amortization of financing obligations; deferred commissions and contract fulfillment costs; the valuation of energy storage systems, finite-lived intangible assets, internally developed software, and asset retirement obligations; the fair value of debt instruments, equity-based instruments, derivative liability, and warrant liability; accruals related to sales tax liabilities; and the impairment of goodwill.

Segment Information

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, management has determined that the Company operates as one operating segment that is focused exclusively on innovative technology services that transform the way energy is distributed and consumed. Net assets outside of the U.S. were less than 10% of total net assets as of December 31, 2025 and 2024.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are maintained at financial institutions. The Company maintains all cash in a highly liquid form to meet current obligations.

Restricted Cash

Restricted cash is included within Other noncurrent assets in the accompanying consolidated balance sheets and is primarily related to cash restricted for customs and duties.

Accounts Receivable, Net

Accounts Receivable are stated at amounts estimated by management to be equal to their net realizable values. Accounts receivable also includes unbilled accounts receivable, which is composed of milestone development activities of noncancellable purchase orders and monthly energy optimization services provided and recognized but not yet invoiced as of the end of the reporting period. The allowance for credit losses is the Company's best estimate of the amount of expected credit losses. The expectation of collectability is based on the Company's review of credit profiles of customers, contractual terms and conditions, current economic trends, and historical payment experience. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and an allowance is recorded accordingly. The allowance for credit losses balance was \$3.9 million and \$9.8 million, of which the current portion was \$3.9 million and \$9.5 million as of December 31, 2025 and 2024, respectively.

STEM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the changes in the current expected credit losses during the years ended December 31, 2025, 2024, and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Balance as of beginning of period	\$ 9,794	\$ 5,953	\$ 4,738
Provision for expected credit losses	3,046	3,978	1,447
Write-offs, recoveries and other charges against allowance	(8,947)	(137)	(232)
Balance as of end of period	\$ 3,893	\$ 9,794	\$ 5,953

Concentrations of Credit Risk and Other Uncertainties

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and accounts receivable. The Company's cash balances are primarily invested in money market funds or on deposit at high credit quality financial institutions in the U.S. The Company's cash and cash equivalents are held at financial institutions where account balances may at times exceed federally insured limits. Management believes the Company is not exposed to significant credit risk due to the financial strength of the depository institution in which the cash is held. The Company has no financial instruments with off-balance sheet risk of loss.

At times, the Company may be subject to a concentration of credit risk in relation to certain customers due to the purchase of large energy storage systems made by such customers. The Company routinely assesses the creditworthiness of its customers. During the year ended December 31, 2024, the Company wrote off \$104.1 million of billed and unbilled accounts receivables that were deemed to be uncollectible (See Note 3 — *Revenue*). The Company did not experience any material losses related to receivables from individual customers, or groups of customers during the year ended December 31, 2025. The Company does not require collateral. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company's accounts receivable.

The net book value of unbilled receivables, current are \$2.7 million and \$7.8 million as of December 31, 2025 and 2024, respectively. Unbilled receivables, current are included in accounts receivable, net. The net book value of unbilled receivables, noncurrent are \$0.1 million and \$5.9 million as of December 31, 2025 and 2024, respectively. Unbilled receivables, noncurrent are included in other noncurrent assets.

Significant Customers

A significant customer represents 10% or more of the Company's total revenue or accounts receivable, net balance at each reporting date. For each significant customer, revenue as a percentage of total revenue and accounts receivable as a percentage of total accounts receivable are as follows:

	Accounts Receivable		Revenue		
	December 31,		Year Ended December 31,		
	2025	2024	2025	2024	2023
Customers:					
Customer A	17 %	28 %	*	*	13 %
Customer B	10 %	*	*	*	*
Customer C	*	20 %	*	*	21 %
Customer D	*	*	*	*	26 %

*Total less than 10% for the respective period

There are inherent risks whenever a large percentage of total revenue is concentrated in a limited number of customers. Should a significant customer terminate or fail to renew its contracts with us, in whole or in part, for any reason, or experience significant financial or operating difficulties, it could have a material adverse effect on our financial condition and results of operations. In general, a customer that makes up a significant portion of revenues in one period, may not make up a significant portion in subsequent periods.

Prepaid warranty

Prepaid warranties are cash advances to suppliers for warranties on batteries. Such prepayments are amortized over five to fifteen years, based on the warranty period, starting when the battery becomes operational.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventory

Inventory consists of batteries, hardware and equipment either in-process at the Company's OEM suppliers or as a finished product at the Company's warehouse, which are sold and delivered directly to customers under the Company's partnership arrangements as individual assets or assembled systems. Battery inventory is stated at lower of cost or net realizable value with cost being determined by the specific identification method. Solar hardware and equipment cost is determined by the first-in, first-out (FIFO) method. The Company periodically reviews its inventory for potentially slow-moving or obsolete items and writes down specific items in inventory to net realizable value based on its assessment of market conditions.

Energy Storage Systems, Net

The Company sells energy optimization services to host customers through the use of energy storage systems installed at customer locations. The Company determined that it does not transfer control of these energy storage systems to the customer, which are operated and controlled via the Company's proprietary software platform; therefore, these energy storage systems do not qualify as a leased asset. The energy storage systems are stated at cost, less accumulated depreciation and impairment (as applicable).

Energy storage systems, net is comprised of equipment costs, which include components such as batteries, inverters, and other electrical equipment, and associated design, installation, and interconnection costs required to begin providing the energy optimization services to customers.

Depreciation of the energy storage systems is a component of cost of revenues within the consolidated statements of operations and is calculated using the straight-line method over the estimated useful lives of the energy storage systems, or 10 years, once the respective energy storage systems have been installed and interconnected to the power grid, the Company has received permission to operate, and the Company has begun to provide energy optimization services to the customer (i.e., energy storage system is live). Repairs and maintenance costs are expensed as incurred. Impairment charges related to energy storage system that were determined to no longer be recoverable totaled \$2.0 million, \$0.8 million and \$4.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Project Assets

Project assets primarily consist of costs related to battery backup projects in various stages of development that are capitalized prior to the completion of the sale of the projects, including projects that may have begun commercial operation and are actively marketed and intended to be sold. These project related costs include costs for development and construction of a system. Development costs may include legal, consulting, permitting, transmission upgrade, interconnection, and other similar costs. The Company would typically classify project assets as noncurrent due to the nature of projects (as long-lived assets) and the time required to complete all activities to develop, construct, and sell projects, which is typically longer than 12 months. Once the Company enters into a definitive sales agreement, the Company will classify project assets as current until the sale is completed and the revenue on the sale has been recognized. The Company presents all sales and expenditures related to the development and construction of project assets, whether fully or partially owned, as a component of cash flows from operating activities.

The Company reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. It considers a project commercially viable or recoverable if it is anticipated to be sold for a profit once it is either fully developed or fully constructed. It considers a partially developed or partially constructed project commercially viable or recoverable if the anticipated selling price is higher than the carrying value of the related project assets. The Company examines a number of factors to determine if the project is expected to be recoverable, including whether there are any changes in environmental, permitting, market pricing, regulatory, or other conditions that may impact the project. Such changes could cause the costs of the project to increase or the selling price of the project to decrease. If a project is not considered recoverable, the Company impairs the respective project assets and adjust the carrying value to the estimated fair value, with the resulting impairment recorded within "general and administrative" expense in the consolidated statements of operations. The Company recognized \$1.7 million, \$0.9 million and \$0.2 million in project asset impairments for the years ended December 31, 2025, 2024 and 2023, respectively.

Contract Origination Costs, Net

Contract origination costs, net is stated at gross contract origination costs less accumulated amortization. Contract origination costs consists of sales commissions earned by the Company's sales team, as well as related payroll taxes and other relevant fringe benefits that are direct, incremental, and recoverable costs of obtaining a contract with a customer. As a result, these amounts have been capitalized on the consolidated balance sheets. The Company deferred incremental costs of obtaining a contract of \$1.5 million and \$2.1 million during the years ended December 31, 2025 and 2024, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contract origination costs are amortized over the expected period of benefit of 10 years. The period of benefit is estimated by considering factors such as the timing of fulfillment of performance obligations, historical customer attrition rates, the useful life of the Company's technology, and the impact of competition in its industry. Amortization of contract costs were \$3.4 million, \$3.4 million and \$6.3 million for the years ended December 31, 2025, 2024, and 2023, respectively, and are included in sales and marketing expense in the accompanying consolidated statements of operations. No impairment losses related to the contract origination costs that were determined to no longer be recoverable during the year were recorded during the years ended December 31, 2025, 2024, and 2023.

Business Combinations

The Company accounts for business acquisitions under ASC 805, *Business Combinations*. The total purchase consideration for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the acquisition date. Costs that are directly attributable to the acquisition are expensed as incurred. Identifiable assets (including intangible assets), liabilities assumed (including contingent liabilities) and noncontrolling interests in an acquisition are measured initially at their fair values at the acquisition date. The Company recognizes goodwill if the fair value of the total purchase consideration and any noncontrolling interests is in excess of the net fair value of the identifiable assets acquired and the liabilities assumed. The Company recognizes a bargain purchase gain within other income (expense), net, on the consolidated statement of operations if the net fair value of the identifiable assets acquired and the liabilities assumed is in excess of the fair value of the total purchase consideration and any noncontrolling interests. The Company includes the results of operations of the acquired business in the consolidated financial statements beginning on the acquisition date.

Goodwill

Goodwill amounts are not amortized, but rather tested for impairment at least annually or more often if circumstances indicate that the carrying value may not be recoverable. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The Company has one reporting unit and as a result, goodwill has been assigned to the single reporting unit. In connection with the preparation of the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024, the Company considered the decline in the Company's stock price, market capitalization, and recent financial performance to be a triggering event for its single reporting unit and therefore completed a test for impairment of goodwill for the reporting unit as of June 30, 2024. The Company tested goodwill for impairment using a Step 1 quantitative test and compared the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value of its reporting unit using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The discounted cash flow model uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs and estimates of future expected changes in operating margins and cash expenditures. Other estimates and assumptions include terminal value growth rates, weighted average cost of capital and changes in future working capital requirements. The impairment test resulted in an impairment of \$547.2 million during the year ended December 31, 2024.

Intangible Assets***Internal-use Software***

The Company capitalizes costs incurred in the development of internal-use software during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Capitalized internal-use software is amortized on a straight-line basis over the estimated useful life of the software once it is ready for its intended use. The estimated useful life of costs capitalized is generally five years. The Company recorded amortization for internal-use software of \$13.2 million, \$11.9 million and \$9.2 million in cost of services and other revenues in the accompanying consolidated statements of operations for the years ended December 31, 2025, 2024, and 2023, respectively.

Finite-lived Intangible Assets

Finite-lived intangible assets consist of identifiable intangible assets acquired in business combinations, such as customer relationships, developed technology and trade names. Finite-lived intangible assets acquired in business combinations are initially recorded at fair value and subsequently presented net of accumulated amortization. These intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense for intangible assets was \$15.3 million, \$15.3 million and \$15.7 million in cost of services and other revenues, and operating expenses in the accompanying consolidated statements of operations for the years ended December 31, 2025 and 2024, and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, which primarily consist of energy storage systems, right-of-use assets, and finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset over its remaining useful life.

If such assets are impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. If the useful life is shorter than originally estimated, the Company depreciates or amortizes the remaining carrying value over the revised shorter useful life. Assets to be disposed of by sale are reflected at the lower of their carrying amount or fair value less cost to sell.

Leases

The Company determines if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. The classification of the Company’s leases as operating or finance leases along with the initial measurement and recognition of the associated ROU assets and lease liabilities is performed at the lease commencement date. The measurement of ROU assets and lease liabilities is based on the present value of future lease payments over the lease term. The ROU asset also includes the effect of any lease payments made prior to or on lease commencement and excludes lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in the Company’s leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The Company considers its credit risk, term of the lease, total lease payments and adjusts for the impacts of collateral, as necessary, when calculating its incremental borrowing rates. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise any such options. Rent expense for the Company’s operating leases is recognized on a straight-line basis over the lease term. Variable lease payments are recorded as an expense in the period incurred.

The Company has elected to not separate lease and non-lease components for any leases within its existing classes of assets and, as a result, accounts for any lease and non-lease components as a single lease component. The Company has also elected to not apply the recognition requirement to any leases within its existing classes of assets with a term of 12 months or less.

Convertible Preferred Stock Warrant Liabilities

The Company evaluates whether its warrants for shares of convertible redeemable preferred stock are freestanding financial instruments that obligate the Company to redeem the underlying preferred stock at some point in the future and determined that each of its outstanding warrants for preferred stock are liability classified. The warrants are subject to re-measurement at each balance sheet date, and any change in fair value is recognized in the change in fair value of warrants and embedded derivatives in the consolidated statements of operations.

As discussed in Note 12 — *Warrants*, upon effectiveness of the Merger, substantially all of the outstanding convertible preferred stock warrants were converted into shares of common stock of Stem. As such, the associated warrant liability was reclassified to additional paid-in-capital upon the Merger and was no longer an outstanding Level 3 financial instrument.

Common Stock Warrants

The Company evaluates common stock warrants under ASC 815-40, *Derivatives and Hedging—Contracts in Entity’s Own Equity*. The Company assesses whether common stock warrants are freestanding financial instruments and whether they meet the criteria to be classified in stockholders’ equity, or classified as a liability. Where common stock warrants do not meet the conditions to be classified in equity, the Company assesses whether they meet the definition of a liability under ASC 815. Common stock warrants that meet the definition of a liability are recognized on the balance sheet at fair value. Subsequent changes in their respective fair values are recognized in the consolidated statement of operations at each reporting date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As discussed in Note 12 — *Warrants*, under a warrant agreement dated June 30, 2025, the Company issued common stock warrants (the “2030 Private Placement Warrants”), which upon issuance met the criteria for liability classification under ASC 815.

Asset Retirement Obligations

The Company recognizes a liability for the fair value of asset retirement obligations associated with its energy storage systems in the period in which there is a legal obligation associated with the retirement of such assets and the amount can be reasonably estimated. The associated asset retirement costs are capitalized as part of the carrying amount of the energy storage systems and depreciated over the asset’s remaining useful life. This liability includes costs related to the removal of its energy storage systems at the conclusion of each respective customer contract. Subsequent to initial measurement, the asset retirement liability is accreted each period and such accretion is recognized as an expense in the consolidated statements of operations. If there are changes in the estimated amount or timing of cash flows, a revision is recorded to both the asset retirement obligation and the asset retirement capitalized cost.

Financing Obligations

The Company has formed various SPEs to finance the development and construction of its energy storage systems. These SPEs, which are structured as limited liability companies, obtain financing in the form of large upfront payments from outside investors and purchase energy storage systems from the Company under master purchase agreements. The Company accounts for the large upfront payments received from the fund investor as a borrowing by recording the proceeds received as a financing obligation, which will be repaid through host customer payments and incentives received from the utilities that will be received by the investor.

The financing obligation is non-recourse once the associated energy storage systems have been placed in-service and the associated customer arrangements have been assigned to the SPE. However, the Company is responsible for any warranties, performance guarantees, accounting, performance reporting, and all other costs associated with the operation of the energy storage systems. Despite such energy storage systems being legally sold to the SPEs, the Company recognizes host customer payments and incentives as revenue during the period as discussed in Note 3 — *Revenue*. The amounts received by the fund investor from customer payments and incentives are recognized as interest using the effective interest method, and the balance is applied to reduce the financing obligation. The effective interest rate is the interest rate that equates the present value of the cash amounts to be received by a fund investor in relation to the underlying Projects with the present value of the cash amounts paid by the investor to the Company, adjusted for any payments made by the Company.

Fair Value of Financial Instruments

Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 — Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. The Company’s assessment of the significance of a specific input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial assets and liabilities held by the Company measured at fair value on a recurring basis as of December 31, 2025 and 2024, include cash, cash equivalents and restricted cash, warrant liability, and convertible notes.

Revenue Recognition

Revenues are recognized when control of the promised goods or services are transferred to the Company's customers in an amount that reflects the consideration that is expected to be received in exchange for those goods or services. The Company generates all of its revenues from contracts with its customers. The Company recognizes revenue through arrangements with customers, host customer arrangements, partnership arrangements, and sale of project assets as described below.

Host Customer Arrangements

Host customer contracts are generally entered into with commercial entities that have traditionally relied on power supplied directly from the grid. Host customer arrangements consist of a promise to provide energy optimization services through the Company's proprietary software platform coupled with a dedicated energy storage system owned and controlled by the Company throughout the term of the contract. The host customer does not obtain legal title to, or ownership of the dedicated energy storage system at any point in time. The host customer is the end consumer of the energy that directly benefits from the energy optimization services provided by the Company. The term for the Company's contracts with host customers generally ranges from 5 to 10 years, which may include certain renewal options to extend the initial contract term or certain termination options to reduce the initial contract term.

Although the Company installs an energy storage system at the host customer site in order to provide the energy optimization services, the Company directs how and for what purpose the asset is used through the operation of its software platform and, as such, retains control of the energy storage system; therefore, the contract does not contain a lease. The Company determines the various energy optimization services provided throughout the term of the contract, which may include services such as remote monitoring, performance reporting, preventative maintenance and other ancillary services necessary for the safe and reliable operation of the energy storage system, are part of a combined output of energy optimization services and the Company provides a single distinct combined performance obligation representing a series of distinct days of services.

The Company determines the transaction price at the outset of the arrangement, primarily based on the contractual payment terms dictated by the contract with the customer. Fees charged to customers for energy optimization services generally consist of recurring fixed monthly payments throughout the term of the contract. In certain arrangements, the transaction price may include incentive payments that are earned by the host customer from utility companies in relation to the services provided by the Company. Under such arrangements, the rights to the incentive payments are assigned by the host customer to the Company. These incentives may be in the form of fixed upfront payments, variable monthly payments, or annual performance-based payments over the first 5 years of the customer contract term. Incentive payments may be contingent on approval from utility companies or actual future performance of the energy storage system.

Substantially all of the Company's arrangements provide customers the unilateral ability to terminate for convenience prior to the conclusion of the stated contractual term or the contractual term is shorter than the estimated benefit period, which the Company has determined to be 10 years based on the estimated useful life of the underlying energy storage systems and the period over which the customer can benefit from the energy optimization services utilizing such energy storage systems. In these instances, the Company determined that upfront incentive payments received from its customers represent a material right that is, in effect, an advance payment for future energy optimization services to be recognized throughout the estimated benefit period. In contracts where the customer does not have the unilateral ability to terminate for convenience without a penalty during the estimated benefit period, the Company determined the upfront incentive payments do not represent a material right for services provided beyond the initial contractual period and are therefore a component of the initial transaction price. The Company revisits its estimate of the benefit period each reporting period. The Company's contracts with host customers do not contain a significant financing component.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company transfers control of its energy optimization services to its customers continuously throughout the term of the contract (a stand-ready obligation) and revenue is recognized ratably as control of these services is transferred to its customers, in an amount that reflects the consideration the Company expects to be contractually entitled to in exchange for its services. Monthly incentive payments based on the performance of the energy storage system are allocated to the distinct month in which they are earned because the terms of the payments relate specifically to the outcome from transferring the distinct time increment (month) of service and because such amounts reflect the fees to which the Company expects to be entitled for providing energy optimization services each period, consistent with the allocation objective. Annual variable performance-based payments are estimated at the inception in the transaction price using the expected value method, which takes into consideration historical experience, current contractual requirements, specific known market events and forecasted energy storage system performance patterns, and the Company recognizes such payments ratably using a time-based measure of progress of days elapsed over the term of the contract to the extent that it is probable that a significant reversal of the cumulative revenue recognized will not occur in a future period. At the end of each reporting period, the Company reassesses its estimate of the transaction price. The Company does not begin recognition of revenue until the energy storage system is live (i.e., provision of energy optimization services has commenced) or, as it relates to incentive payments, when approval has been received from the utility company, if later.

Partnership Arrangements

Partnership arrangements consist of promises to transfer inventory in the form of an energy storage system to a “solar plus storage” project developer and separately provide energy optimization services as described previously to the ultimate owner of the project after the developer completes the installation of the project. Under partnership arrangements, the Company’s customer is the solar plus storage project developer. The customer obtains legal title to along with ownership and control of the inventory upon delivery and the customer is responsible for the installation of the project in some cases. Once installation of the project is complete, the owner of the solar plus storage project provides energy to the end consumer through a separate contractual arrangement directly with the end consumer. The term for the Company’s contracts with customers under partnership arrangements generally ranges from 3 to 20 years.

The Company determined the promise to deliver the inventory as a component of the solar plus storage project for which the customer is responsible to develop is a separate and distinct performance obligation from the promise to provide energy optimization services.

The Company determines the transaction price at the outset of the arrangement, primarily based on the contractual payment terms dictated by the contract with the customer. Fees charged for the sale of inventory generally consist of fixed fees payable upon or shortly after successful delivery to the customer. For some customers, the contractual payment terms are based on milestone dates of development activities, such as the date customers accept, acquire, or develop project assets or the date customers install or commission hardware on project assets. Such milestone dates may result in unbilled accounts receivable for noncancellable purchase orders when control of hardware is transferred to the customer and Company has legal right to consideration prior to the milestone date of development activities. For certain customers, the Company also guarantees the value of hardware will not decline for a certain period of time, usually six months to one year. The Company accounts for such contractual payments terms and guarantees as variable consideration at each measurement date at its most likely amount to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur. Fees charged to customers for energy optimization services consist of recurring fixed monthly payments throughout the term of the contract. The Company is responsible for designing, procuring, delivering and ensuring the proper components are provided in accordance with the requirements of the contract. Although the inventory is purchased by the Company from a third-party manufacturer, the Company determined it obtains control of the inventory prior to delivery to the customer and is the principal in the arrangement. The Company is fully responsible for responding to and correcting any customer issues related to the delivery of the inventory. The Company holds title and assumes all risks of loss associated with the inventory until the customer accepts the inventory. The Company is primarily responsible for fulfilling the delivery of the inventory to the customer, assumes substantial inventory risks and has discretion in the pricing charged to the customer. The Company has not entered into any partnership arrangements where it is not the principal in the transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company allocates revenue between the hardware and energy storage services performance obligations based on the standalone selling price of each performance obligation. The standalone selling price for the hardware is established based on observable pricing. The standalone selling price for the energy optimization services is established using a residual value approach due to the significant variability in the services provided to each individual customer based on the specific requirements of each individual project and the lack of observable standalone sales of such services. The Company's partnership arrangements do not contain a significant financing component.

The Company transfers control of the inventory upon delivery and simultaneous transfer of title to the customer. The Company transfers control of its energy optimization services to its customers continuously throughout the term of the contract (a stand-ready obligation), which does not commence until the customer successfully completes the installation of the project. As a result, the time frame between when the Company transfers control of the inventory to the customer upon delivery is generally several months, and can be in excess of one year, before the Company is required to perform any subsequent energy optimization services. Revenue is recognized ratably as control of these services is transferred to its customers based on a time-based output measure of progress of days elapsed over the term of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for its services.

In some partnership arrangements, the Company charges shipping fees for the inventory. The Company accounts for shipping as a fulfillment activity, since control transfers to the customer after the shipping is complete and includes such amounts within cost of revenue.

Some contracts provide our customers the right to liquidated damages against the Company in the event equipment is not delivered according to contract specifications. Liquidated damages are accounted for as variable consideration, and the contract price is reduced by the expected penalty or liquidated damage amount when recognizing revenue.

Sale of Project Assets

For sales of project assets in which the Company transfers 100% of the membership interest in project assets to a customer, the Company recognizes all of the revenue for the consideration received at a point in time when the membership interest was transferred to the customer, which typically occurs when the Company delivered the membership interest assignment agreement to the customer. The transaction price of contract arrangements is comprised of both fixed and variable amounts. Variable consideration is estimated at each measurement date at its most likely amount to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur and true-ups are applied prospectively as such estimates change. Changes in estimates for sales of project assets occur when the actual development expenses vary from estimates made at the time the membership interests transferred to the customer. The cumulative effect of revisions to transaction prices are recorded in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. Variable consideration related to the sale of project assets are generally resolved within 60 days of sale of project assets and are currently not material to the Company's financial statements.

Cost of Revenue***Cost of Hardware***

Cost of hardware relates to the sale of hardware and includes the cost of the hardware sold to project developers, which generally includes the cost to purchase the hardware from a manufacturer, shipping, and other costs required to fulfill the Company's obligation to deliver the hardware to the customer location. Cost of hardware may also include any impairment of hardware held in inventory for sale to a customer. Cost of hardware is recognized when the delivery of the hardware is completed.

Cost of Service and Other

Cost of service and other relates to energy optimization services and includes depreciation of the cost of energy storage systems associated with long-term host customer contracts, which includes capitalized fulfillment costs, such as installation services, permitting and other related costs. Cost of services and other also includes the costs for the development and constructions of project assets. Cost of service and other may also include any impairment of energy storage systems along with energy storage system maintenance costs associated with the ongoing services provided to customers and other amounts not qualifying for capitalization pursuant to the Company's internal use software capitalization policy. Cost of service and other is recognized as the energy optimization and other supporting services are provided to the Company's customers throughout the term of the contract.

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Sales and Marketing

Sales and marketing expense consists primarily of payroll and other related personnel costs, including stock-based compensation, commissions, bonuses, employee benefits, and travel for the Company's sales & marketing department. These costs are recognized in the period incurred. Advertising expenses for the years ended December 31, 2025, 2024, and 2023 were not material.

Research and Development

Research and development expense consists primarily of payroll and other related personnel costs for engineers and third parties engaged in the design and development of products, third-party software, and technologies, including salaries, bonus, and stock-based compensation expense, project material costs, services, and depreciation. The Company expenses research and development costs as they are incurred.

General and Administrative

General and administrative expense consists of payroll and other related personnel costs, including salaries, bonus, and stock-based compensation for executive management, legal, finance, and others. In addition, general and administrative expense includes fees for professional services and occupancy costs.

Stock-Based Compensation

The Company recognizes stock-based compensation expense related to employees over the requisite service period based on the grant-date fair value of the awards. The fair value of options granted is estimated using the Black-Scholes option valuation model. The Company recognizes the grant-date fair value of an award as compensation expense on a straight-line basis over the requisite service period, which typically corresponds to the vesting period for the award. The Company elects to account for forfeitures as they occur and, upon forfeiture of an award prior to vesting, the Company reverses any previously recognized compensation expense related to that award.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes based on ASC 740, *Accounting for Income Taxes*. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts and the tax basis of existing assets and liabilities. The Company records a valuation allowance to reduce tax assets to an amount for which realization is more likely than not. There are certain charges that are not deductible for tax purposes.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

The Company recognizes the tax benefit from uncertain tax positions in accordance with GAAP, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in the Company's tax return. No liability related to uncertain tax positions has been recognized in the financial statements.

The Company includes interest and penalties for uncertain tax positions in the financial statements as a component of income tax expense. No accrual has been deemed necessary as of December 31, 2025 and 2024.

Foreign Currency Translation

The Company's foreign subsidiaries financial position and results of operations are measured using the local currency as the functional currency. The functional currency is the currency of the primary economic environment in which an entity's operations are conducted. Assets and liabilities of foreign subsidiaries are translated at exchange rates in effect as of the balance sheet date. Revenues and expenses are translated at average exchange rates in effect during the year. Translation adjustments are recorded within accumulated other comprehensive loss, a separate component of stockholders' equity (deficit).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net Loss Per Share Attributable to Common Stockholders

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, without consideration for potential dilutive securities. Diluted net loss per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares and common share equivalents of potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, convertible notes, warrants, restricted stock units (“RSUs”), and common stock options are considered to be potentially dilutive securities. As the Company was in a net loss position for the years ended December 31, 2024 and 2023, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders because the effects of potentially dilutive securities are antidilutive.

Noncontrolling Interest

Noncontrolling interests represents the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to us. In 2022, we have entered into arrangements with third-party investors under which the investors are determined to hold noncontrolling interests in entities fully consolidated by us. The net assets of the shared entities are attributed to the controlling and noncontrolling interests based on the terms of the governing contractual arrangements. The Company further determined the hypothetical liquidation at book value method (“HLBV Method”) to be the appropriate method for attributing net assets to the controlling and noncontrolling interests as this method most closely mirrors the economics of the governing contractual arrangements. Under the HLBV Method, we allocate recorded income (loss) to each investor based on the change, during the reporting period, of the amount of net assets each investor is entitled to under the governing contractual arrangements in a liquidation scenario. The net loss allocated to the noncontrolling interests was not material for the years ended December 31, 2025, 2024, and 2023.

Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, related to income tax disclosures. The amendments in this update are intended to enhance the transparency and decision usefulness of income tax disclosures primarily through changes to the rate reconciliation and income taxes paid information. This update is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. The Company prospectively adopted this guidance in its fiscal year 2025.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which introduces a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses on current accounts receivable and current contract assets under ASC Topic 606, Revenue from Contracts with Customers. This update is effective prospectively for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, though early adoption is permitted. The Company prospectively adopted this guidance in its fiscal year 2025.

Recently Issued Accounting Standards

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. The amendments in this update enhance disaggregated disclosure of income statement expenses for companies by requiring disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. The effective date of ASU 2024-03 was amended by ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. This update is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, though early adoption of is permitted. The Company is currently evaluating the ASU to determine its impact on the Company’s disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which clarifies and modernizes the guidance to reflect the evolution of software development from a sequential to an agile development method. The amendments in this update remove all references to project stages to reflect this change in software development and requires capitalization of software costs to begin when management has authorized and committed to funding the project and it is probable the project will be completed and used to perform the intended function. The amendments do not change what internal-use software costs can be capitalized or when such capitalization ceases. This update is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, though early adoption is permitted as of the beginning of an annual reporting period. The amendments may be adopted either prospectively, using a modified

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

transition approach, or retrospectively. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which is intended to clarify interim disclosure requirements and the applicability of Accounting Standards Codification Topic 270 - Interim Reporting. The amendments create a comprehensive list of required interim disclosures and introduce a disclosure principle requiring entities to disclose, in interim periods, any event or change since the previous year-end that has a material effect on the entity. The guidance is effective for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

3. REVENUE

Disaggregation of Revenue

The Company's disaggregation of revenue has been adjusted to better align the classification of revenues with the Company's business strategy announced in 2024. Prior period comparable results have been disaggregated to reflect the change in presentation. This change did not have an impact on consolidated total revenue.

Product line revenue, as presented below, depicts the nature, amount and timing of revenue for the Company's various offerings.

PowerTrack Software – Recurring Software as a Service (“SaaS”) revenue from our PowerTrack platform supporting customer-owned clean energy assets.

Edge Hardware – Sales of edge device hardware to aid in the collection of site data and the real-time operation and control of sites.

Project and Professional Services & Other – Full lifecycle energy services including development and engineering, procurement and integration, performance and operations support, and revenue tied to DevCo JVs.

Managed Services – Includes (1) recurring revenue related to the operation and optimization of energy storage and hybrid portfolios managed by Stem, (2) full lifecycle, storage services covering the design, procurement and commissioning of energy storage and hybrid systems and (3) Host Customer recurring and merchant revenues.

Battery Hardware Resale – Sales of energy storage systems through partnership arrangements.

The following table provides information on the disaggregation of revenue as recorded in the consolidated statements of operations (in thousands):

	Year ended December 31,		
	2025	2024	2023
PowerTrack software	\$ 37,620	\$ 32,811	\$ 28,732
Edge hardware	53,731	45,429	38,763
Project and professional services & other	19,867	11,610	8,473
Subtotal	111,218	89,850	75,968
Managed services	30,209	23,389	25,343
Battery Hardware Resale	14,839	31,345	360,204
Total revenue	\$ 156,266	\$ 144,584	\$ 461,515

The following table summarizes reportable revenue by geographic regions determined based on the location of the customers (in thousands):

	Year ended December 31,		
	2025	2024	2023
United States	\$ 148,534	\$ 139,405	\$ 443,450
Rest of the world	7,732	5,179	18,065
Total revenue	\$ 156,266	\$ 144,584	\$ 461,515

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Remaining Performance Obligations

The Company's remaining performance obligations represent the unrecognized revenue value of its contractual commitments, which include deferred revenue and amounts that will be billed and recognized as revenue in future periods. As of December 31, 2025, the Company had \$382.6 million of remaining performance obligations, of which, we expect to recognize in revenue approximately 19% in the next 12 months, with the remainder recognized in revenue in periods thereafter.

Contract Balances

Deferred revenue primarily includes cash received in advance of revenue recognition related to energy optimization services and incentives. The following table presents the changes in the deferred revenue balance during the years ended December 31, 2025, 2024, and 2023 (in thousands):

	2025	2024	2023
Balance as of beginning of period	\$ 129,155	\$ 142,647	\$ 138,074
Upfront payments received from customers	57,198	76,923	270,130
Upfront or annual incentive payments received	1,982	2,463	4,204
Revenue recognized related to amounts that were included in beginning balance of deferred revenue ⁽¹⁾	(51,739)	(47,309)	(54,638)
Revenue recognized related to deferred revenue generated during the period	(6,840)	(31,343)	(215,123)
Write-off of deferred revenue ⁽²⁾	(880)	(14,226)	—
Balance as of end of period	<u>\$ 128,876</u>	<u>\$ 129,155</u>	<u>\$ 142,647</u>

(1) Revenue recognized related to amounts that were included in beginning balance of deferred revenue includes \$2.1 million of revenue that was accelerated due to terminations of certain customer contracts.

(2) Deferred revenue written off against the associated receivables in connection to terminated projects, contract restructurings, and the parent company guarantee arrangements discussed below.

Parent Company Guarantees

Prior to July 2023, the Company agreed in certain customer contracts to provide a guarantee that the value of purchased hardware will not decline for a certain period of time. Under this guarantee, if these customers were unable to install or designate the hardware to a specified project within such period of time, the Company would be required to assist the customer in re-marketing the hardware for resale by the customer. If a resale does not occur, the hardware will be appraised utilizing a third party. The guarantee provided that, in such cases, if the customer resold the hardware for less than the amount initially sold to the customer or the appraisal value is less than the hardware purchase price, the Company would be required to compensate the customer for any shortfall in fair value for the hardware from the initial contract price. The Company accounted for such contractual terms and guarantees as variable consideration at each measurement date. As a result, the Company recorded a net revenue reduction of \$38.7 million in hardware revenue during the year ended December 31, 2024. The overall reduction in revenue was related to deliveries that occurred prior to 2024.

Impairment and Accounts Receivable Write-Off

For those contracts where the customers invoked parent company guarantee ("PCG") protection pursuant to the applicable contract, the Company has worked actively to remarket the remaining systems subject to PCG with a wide variety of potential customers. The Company has been engaged in ongoing negotiations with several parties, including the original customers who hold title to the assets, for the purchase of the remarketed hardware. Despite such efforts, such negotiations have resulted in limited transactions with mutually agreed upon pricing and terms. Recent closed transactions have resulted in resales at prices significantly below carrying values. Under contracts containing a PCG provision, in the event that the Company and the customer are unable to remarket and sell the relevant assets, the customer shall engage a third party to appraise the fair market value of the remaining hardware. As of the date of this report, none of such customers have elected to obtain a third party hardware appraisal for the previously purchased hardware. Given the uncertainty of collection from the original customers of due and unpaid amounts in those cases where the Company believes it has enforceable rights of recovery, the Company believes the likelihood for collection of the accounts receivable outstanding relating to hardware subject to these PCG's is no longer probable. Accordingly, the Company wrote-off the remaining receivables of \$104.1 million during the year ended December 31, 2024. As of June 30, 2025, the Company had entered into an arrangement to recover \$3.5 million of the

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receivables previously written off. As of December 31, 2025, the Company has recovered the full balance of \$3.5 million. We are pursuing all potential remedies with respect to its enforceable rights under applicable contracts.

4. FAIR VALUE MEASUREMENTS

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. At December 31, 2025 and 2024, the carrying amount of accounts receivable, other current assets, accounts payable, and accrued and other current liabilities approximated their estimated fair value due to their relatively short maturities.

The following table provides the financial instruments measured at fair value on a recurring basis (in thousands):

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	\$ 11,109	\$ —	\$ —	\$ 11,109
Total financial assets	<u>\$ 11,109</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,109</u>
Liabilities				
Warrant liabilities	\$ —	\$ —	\$ 5,121	\$ 5,121

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	\$ 37,108	\$ —	\$ —	\$ 37,108
Total financial assets	<u>\$ 37,108</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37,108</u>

The Company's money market funds are classified as Level 1 because they are valued using quoted market prices. Warrant liability is classified as Level 3 in the fair value hierarchy because its valuation is based on significant unobservable inputs, which incorporate the Company's own assumptions in valuation techniques used to determine fair value; further discussion of these assumptions is set forth below. There were no transfers into or out of Level 3 of the fair value hierarchy during the periods presented.

Fair Value of Convertible Promissory Notes

The convertible notes are recorded at face value less unamortized debt issuance costs (see Note 11 — *Debt* for additional details) on the consolidated balance sheet as of December 31, 2025. As of December 31, 2025 and 2024, the estimated fair value of the 2028 Convertible Notes was \$26.3 million and \$77.3 million, respectively, based on Level 2 quoted bid prices of the convertible notes in an over-the-counter market on the last trading date of the reporting period. As of December 31, 2025 and 2024, the estimated fair value of the 2030 Convertible Notes was \$42.0 million and \$65.4 million, respectively, based on Level 2 quoted bid prices of the convertible notes in an over-the-counter market on the last trading date of the reporting period.

Fair Value of 2030 Senior Secured Notes

As of December 31, 2025, the estimated fair value of the 2030 Senior Secured Notes was \$140.6 million, based on a Level 3 Black Derman-Toy lattice model.

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Private Warrant Liability

As discussed in Note 12 — *Warrants*, under a warrant agreement dated June 30, 2025, the Company issued 439,919 warrants (the “2030 Private Placement Warrants”), each of which entitled the holder to purchase one share of common stock at an exercise price of \$30.00.

Upon issuance, these warrants met the criteria for liability classification. The fair value of the 2030 Private Placement Warrants as of December 31, 2025 was determined using the Black-Scholes-Merton model. Inputs include exercise price, volatility, fair value of common stock, expected term, expected dividend rate and risk-free interest rate.

The key assumptions used for the valuation of the private warrant liability upon remeasurement were as follows:

	Year ended December 31,
	2025
Volatility	121.6 %
Risk-free interest rate	3.7 %
Expected term (in years)	4.9
Dividend yield	— %

The following table presents the changes in the liability for the Company’s warrants during the year ended December 31, 2025 (in thousands):

	Warrant Liability
Beginning balance	\$ —
Issuance of warrants	1,899
Changes in estimated fair value	3,222
Ending balance	\$ 5,121

5. INTANGIBLE ASSETS, NET

Intangible assets, net, consists of the following (in thousands):

	December 31,	
	2025	2024
Developed technology	\$ 32,618	\$ 32,618
Trade name	11,310	11,300
Customer relationships	106,800	106,800
Internally developed software	88,886	81,314
Intangible assets	239,614	232,032
Less: Accumulated amortization	(116,583)	(88,094)
Add: Currency translation adjustment	(3)	(26)
Total intangible assets, net	\$ 123,028	\$ 143,912

Amortization expense for intangible assets was \$28.5 million, \$27.3 million and \$24.9 million for the years ended December 31, 2025, 2024, and 2023, respectively, of which amortization of internally developed software and developed technology is recognized in cost of services and other revenue and amortization of customer relationships and trade name is recognized in sales and marketing in the consolidated statements of operations.

6. LEASES

The Company leases and subleases certain office spaces with lease terms ranging from 3 to 7 years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional five years. These optional periods

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have not been considered in the determination of the ROU assets or lease liabilities associated with these leases as the Company did not consider the exercise of these options to be reasonably certain.

The Company performed evaluations of its contracts and determined each of its identified leases are operating leases. For the years ended December 31, 2025, 2024, and 2023, the Company incurred \$3.9 million, \$4.0 million and \$4.2 million, respectively, of rent expense included in operating expenses in the consolidated statements of operations in relation to its operating leases, inclusive of short-term and variable lease expense which was immaterial. Cash paid for amounts included in the measurement of operating lease liabilities for the years ended December 31, 2025, 2024, and 2023 was \$4.2 million \$2.8 million and \$2.9 million, respectively, and was included in net cash used in operating activities in the Company's consolidated statements of cash flows.

As of December 31, 2025, future payments associated with the Company's operating lease liabilities were as follows (in thousands):

	Operating Leases
2026	\$ 3,796
2027	3,895
2028	4,012
2029	2,154
2030	824
Thereafter	175
Total lease payments	<u>14,856</u>
Less: imputed interest	(1,999)
Total operating lease liability future lease payments	<u>\$ 12,857</u>

Reported as of December 31, 2025 and 2024 (in thousands):

	December 31,	
	2025	2024
Current portion of operating lease liabilities included within other current liabilities	\$ 2,997	\$ 2,758
Non-current portion of operating lease liabilities	9,860	13,336
Total	<u>\$ 12,857</u>	<u>\$ 16,094</u>

The following summarizes additional information related to operating leases:

	December 31,	
	2025	2024
Weighted average remaining operating lease term (in years)	3.8	4.5
Weighted average discount rate	6.9 %	7.0 %

7. ASSET RETIREMENT OBLIGATION

The information below details the asset retirement obligation for the years ended December 31, 2025 and 2024 as follows (in thousands):

	December 31,	
	2025	2024
Beginning balance at January 1,	\$ 4,203	\$ 4,052
Retirement cost revaluation	(91)	(85)
Accretion expense	237	236
Ending balance at December 31,	<u>\$ 4,349</u>	<u>\$ 4,203</u>

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8. ENERGY STORAGE SYSTEMS, NET

Energy Storage Systems, Net

Energy storage systems, net, consists of the following (in thousands):

	December 31, 2025	December 31, 2024
Energy storage systems placed into service	\$ 135,042	\$ 137,616
Less: accumulated depreciation	(91,570)	(81,305)
Energy storage systems not yet placed into service	453	2,509
Total energy storage systems, net	<u>\$ 43,925</u>	<u>\$ 58,820</u>

Depreciation expense for energy storage systems was approximately \$12.5 million, \$13.4 million and \$14.4 million for the years ended December 31, 2025, 2024, and 2023, respectively. Depreciation expense is recognized in cost of service and other revenue in the consolidated statement of operations.

Impairment expense for energy storage systems was approximately \$2.0 million, \$0.8 million, \$4.7 million for the years ended December 31, 2025, 2024, and 2023, respectively. Impairment expense is recognized in cost of services and other revenue in the consolidated statement of operations.

9. BALANCE SHEET COMPONENTS

Accounts Receivable, net

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2025	2024
Unbilled receivables	\$ 2,650	\$ 7,795
Accounts receivable - customer	36,896	54,821
Financing obligation receivables	2,691	6,191
Allowance for credit losses	(3,893)	(9,499)
Other	9	8
Total accounts receivable, net	<u>\$ 38,353</u>	<u>\$ 59,316</u>

Inventory

Inventory consists of the following (in thousands):

	December 31,	
	2025	2024
Work in process inventory	\$ 94	\$ 7,069
Raw Materials	3,835	3,430
Finished Goods	658	421
Total inventory ⁽¹⁾	<u>\$ 4,587</u>	<u>\$ 10,920</u>

(1) During the year ended December 31, 2024 the Company recorded a \$14.7 million charge to Cost of Revenue to reduce the value of certain Work in process inventory and Finished Goods to their net realizable value based upon the specific identification method of future sales cash flows at the end of the year.

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Other Current Assets

Other current assets consist of the following (in thousands):

	December 31,	
	2025	2024
Deferred costs with suppliers	\$ 102	\$ 624
Prepaid expenses	4,712	5,769
Utility program deposits	119	67
Due from related parties	54	47
Other	3,249	3,575
Total other current assets	<u>\$ 8,236</u>	<u>\$ 10,082</u>

Other Noncurrent Assets

Other noncurrent assets consist of the following (in thousands):

	December 31,	
	2025	2024
Prepaid warranties and maintenance ⁽¹⁾	\$ 14,585	\$ 40,097
Unbilled receivables, net	84	5,922
Receivable from SPEs (Note 15)	2,035	2,543
Self-generation incentive program deposits	147	255
Investment in VIEs	2,274	2,249
Property and equipment, net	615	2,113
Project assets ⁽²⁾	—	16,415
Restricted cash	1,786	1,786
Other	3,280	4,375
Total other noncurrent assets	<u>\$ 24,806</u>	<u>\$ 75,755</u>

(1) During the year ended December 31, 2025, the Company terminated a contract with a customer. The result was a \$23.1 million reduction to Prepaid warranties and maintenance and a \$36.3 million reduction of Accrued payables. The offset was a \$13.2 million decrease to Cost of services and other revenue.

(2) As of December 31, 2025 we have sold, or impaired, all project assets associated with the DevCo JVs. The offset was an increase to Cost of services and other revenue, and operating expenses.

Depreciation expense for property and equipment was \$0.6 million and \$0.9 million and \$0.7 million for the years ended December 31, 2025 and 2024 and 2023, respectively.

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2025	2024
Accrued payables ⁽¹⁾	\$ 9,102	\$ 14,481
Accrued interest – convertible notes	1,307	2,674
Accrued interest – senior secured notes	4,573	—
Other accrued liabilities	11,893	8,615
Total accrued liabilities	<u>\$ 26,875</u>	<u>\$ 25,770</u>

(1) During the year ended December 31, 2025, the Company terminated a contract with a customer. The result was a \$23.1 million reduction to Prepaid warranties and maintenance and a \$36.3 million reduction of Accrued payables. The offset was a \$13.2 million decrease to Cost of services and other revenue.

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Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	December 31,	
	2025	2024
Lease liabilities – current portion	\$ 2,997	\$ 2,758
Due to related parties	31	31
Other	3,804	3,640
Total other current liabilities	\$ 6,832	\$ 6,429

10. NOTES PAYABLE

2021 Credit Agreement

In January 2021, the Company, through a wholly-owned Canadian entity, entered into a credit agreement to provide a total of \$2.7 million towards the financing of certain energy storage systems. The credit agreement is structured on a non-recourse basis and the system will be operated by the Company. The credit agreement has a stated interest of 5.45% and a maturity date of June 2031. The Company received an advance under the credit agreement of \$1.8 million in January 2021. The repayment of advances received under this credit agreement is determined by the lender based on the proceeds generated by the Company through the operation of the underlying energy storage systems.

On April 6, 2023, the Company repaid the remaining outstanding balance under the 2021 Credit Agreement with a portion of the net proceeds from the issuance of the 2030 Convertible Notes (as described in Note 11 — *Debt*). Upon prepayment of this facility, the Company incurred a \$0.3 million loss on extinguishment of debt, which is recorded in the Company’s statements of operations. The facility was terminated after the repayment in April 2023.

11. DEBT

2028 Convertible Notes and Capped Call Options

2028 Convertible Notes

On November 22, 2021, the Company issued \$460.0 million aggregate principal amount of its 2028 Convertible Notes in a private placement offering to qualified institutional buyers (the “2021 Initial Purchasers”) pursuant to Rule 144A under the Securities Act of 1933, as amended.

The 2028 Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 0.5% per year, payable in cash semi-annually in arrears in June and December of each year, beginning in June 2022. The 2028 Convertible Notes will mature on December 1, 2028, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Upon conversion, the Company may choose to pay or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock. The 2028 Convertible Notes are redeemable for cash at the Company’s option at any time given certain conditions (as discussed below), at an initial conversion rate of 34.1965 shares of common stock per \$1,000 principal amount of 2028 Convertible Notes, which is equivalent to an initial conversion price of approximately \$29.24 (the “2028 Conversion Price”) per share of the Company’s common stock. As a result of the reverse stock split discussed in Note 2 — *Summary of Significant Accounting Policies* under “*Basis of Presentation*”, the conversion rate was adjusted to 1.7098 shares of common stock per \$1,000 principal amount, which is equivalent to a conversion price of approximately \$584.86 (the “2028 Conversion Price”) per share of the Company’s common stock. The conversion rate is subject to customary adjustments for certain events as described in the related indenture.

The Company may redeem for cash all or any portion of the 2028 Convertible Notes, at the Company’s option, on or after December 5, 2025 if the last reported sale price of the Company’s common stock has been at least 130% of the 2028 Conversion Price then in effect for at least 20 trading days at a redemption price equal to 100% of the principal amount of the 2028 Convertible Notes to be redeemed, plus accrued and unpaid interest.

The Company’s net proceeds from this offering were approximately \$445.7 million, after deducting the 2021 Initial Purchasers’ discounts and debt issuance costs. To minimize the impact of potential dilution to the Company’s common stockholders upon conversion of the 2028 Convertible Notes, the Company entered into separate capped calls transactions (the “2028 Capped Calls”) as described below. In connection with the issuance of the 2030 Convertible Notes during the second

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quarter of 2023, the Company used approximately \$99.8 million of the net proceeds to purchase and surrender for cancellation approximately \$163.0 million aggregate principal amount of the Company's 2028 Convertible Notes, which resulted in a \$59.4 million gain on debt extinguishment. See *2030 Convertible Notes* below for further details of the 2030 Convertible Notes. On June 30, 2025, the Company exchanged \$228.8 million aggregate principal amount of the Company's 2028 Convertible Notes for a portion of the Senior Secured PIK Toggle Notes due 2030 (the "2030 Senior Secured Notes"), as part of a privately negotiated exchange agreement with holders of 2028 Convertible Notes. See *2030 Senior Secured Notes* below for further details.

In accordance with accounting guidance for debt with conversion and other options, the Company separately accounted for the liability and equity components of the 2028 Convertible Notes by allocating the proceeds between the liability component and the equity component, due to the Company's ability to settle the 2028 Convertible Notes in cash, its common Stock, or a combination of cash and common Stock at the option of the Company. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated conversion feature. The equity component of the 2028 Convertible Notes was recognized as a debt discount and represents the difference between the gross proceeds from the issuance of the 2028 Convertible Notes and the fair value of the liability component of the 2028 Convertible Notes on the date of issuance. The debt discount is amortized to interest expense using the effective interest method over approximately seven years, or the expected life of the 2028 Convertible Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

After allocating the proceeds of the liability and equity components, the Company further allocated \$14.3 million initial purchasers' debt discount and debt issuance cost of \$12.4 million and \$1.9 million, respectively. The initial purchaser's discount and debt issuance costs primarily consisted of underwriters, advisory, legal, and accounting fees. These costs were allocated to the debt and equity components based on the allocation of the proceeds as follows (in thousands):

	Amount	Equity Component	Debt Component
Initial Purchaser's Debt Discount	\$ 12,420	\$ 3,650	\$ 8,770
Debt Issuance Costs	1,871	550	1,321
Total	<u>\$ 14,291</u>	<u>\$ 4,200</u>	<u>\$ 10,091</u>

The portion allocated to the debt component is amortized to interest expense using the effective interest method over the expected life of the 2028 Convertible Notes, or approximately its seven-year term. The effective interest rate on the liability component of the 2028 Convertible Notes for the period from the date of issuance through December 2028 is 5.96%, which remains unchanged from the date of issuance.

At the original issuance date, the fair value of the debt component of the Company's 2028 Convertible Notes was \$324.8 million and the estimated fair value of the equity component was \$135.2 million, as measured on the date of issuance, resulting in a total fair value of \$460.0 million for the 2028 Convertible Notes. The 2028 Convertible Notes were priced at par at the valuation date resulting in the fair value of the 2028 Convertible Notes equal to the principal amount of \$460.0 million. The fair value of the equity component has been calculated as the residual amount between the fair value of the 2028 Convertible Notes and the fair value of the debt component.

Upon adoption of ASU 2020-06, the Company allocated all of the debt discount to long-term debt. The debt discount is amortized to interest expense using the effective interest method, computed to be 0.9%, over the life of the 2028 Convertible Notes or approximately its seven-year term. The outstanding 2028 Convertible Notes balances as of December 31, 2025 and 2024 are summarized in the following table (in thousands):

	December 31, 2025	December 31, 2024
Long Term Debt		
Outstanding principal	\$ 68,206	\$ 297,024
Unamortized 2021 Initial Purchasers' debt discount and debt issuance cost	(893)	(5,200)
Net carrying amount	<u>\$ 67,313</u>	<u>\$ 291,824</u>

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The following table presents total interest expense recognized related to the 2028 Convertible Notes during the year ended December 31, 2025 and 2024 (in thousands):

	December 31, 2025	December 31, 2024
Cash interest expense		
Contractual interest expense	\$ 913	\$ 1,485
Non-cash interest expense		
Amortization of debt discount and debt issuance cost	805	1,301
Total interest expense	<u>\$ 1,718</u>	<u>\$ 2,786</u>

2028 Capped Call Options

On November 17, 2021, in connection with the pricing of the 2028 Convertible Notes, and on November 19, 2021, in connection with the exercise in full by the 2021 Initial Purchasers of their option to purchase additional Notes, the Company entered into 2028 Capped Calls with certain counterparties. The Company used \$66.7 million of the net proceeds to pay the cost of the 2028 Capped Calls.

At the time of issuance, the 2028 Capped Calls had an initial strike price of \$29.2428 per share, which corresponds to the initial conversion price of the 2028 Convertible Notes, and is subject to anti-dilution adjustments. The 2028 Capped Calls had an initial cap price of \$49.6575 per share, subject to certain adjustments. As a result of anti-dilution adjustments arising from the reverse stock split described in Note 2 — *Summary of Significant Accounting Policies* under “*Basis of Presentation*”, the strike price and cap price were adjusted to \$584.856 and \$993.15, respectively.

The 2028 Capped Calls are considered separate transactions entered into by and between the Company and the 2028 Capped Calls counterparties, and are not part of the terms of the 2028 Convertible Notes. The Company recorded a reduction to additional paid-in capital of \$66.7 million during the year ended December 31, 2021 related to the premium payments for the 2028 Capped Calls. These instruments meet the conditions outlined in FASB ASU 2022-01 Topic 815, *Derivatives and Hedging* (“ASC 815”) to be classified in stockholders’ deficit and are not subsequently remeasured as long as the conditions for equity classification continue to be met.

2030 Convertible Notes and 2030 Capped Call Options

2030 Convertible Notes

On April 3, 2023, the Company issued \$240.0 million aggregate principal amount of its 2030 Convertible Notes in a private placement offering to qualified institutional buyers (the “2023 Initial Purchasers”) pursuant to Rule 144A under the Securities Act of 1933, as amended.

The 2030 Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 4.25% per year, payable in cash semi-annually in arrears in April and October of each year, beginning on October 1, 2023. The 2030 Convertible Notes will mature on April 1, 2030, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Upon conversion, the Company may choose to pay or deliver cash, shares of common stock or a combination of cash and shares of common stock. The 2030 Convertible Notes are redeemable for cash at the Company’s option at any time given certain conditions (as discussed below). At the time of issuance, the initial conversion rate was 140.3066 shares of common stock per \$1,000.00 principal amount of the 2030 Convertible Notes, which is equivalent to an initial conversion price of approximately \$7.1272 (the “2030 Conversion Price”) per share of the Company’s common stock. As a result of the reverse stock split described in Note 2 — *Summary of Significant Accounting Policies* under “*Basis of Presentation*”, the conversion rate was adjusted to 7.0153 shares of common stock per \$1,000.00 principal amount, which is equivalent to a conversion price of approximately \$142.55 (the “2030 Conversion Price”) per share of the Company’s common stock. The conversion rate is subject to customary adjustments for certain events as described in the related indenture.

The 2030 Convertible Notes will be redeemable, in whole or in part, at the Company’s option, on or after April 5, 2027 if the last reported sale price of the Company’s common stock has been at least 130% of the 2030 Conversion Price then in effect for at least 20 trading days at a redemption price equal to 100% of the principal amount of the 2030 Convertible Notes to be redeemed, plus accrued and unpaid interest.

The Company’s net proceeds from this offering were approximately \$232.4 million, net of \$7.6 million in debt issuance costs primarily consisting of underwriters, advisory, legal, and accounting fees. The Company used approximately \$99.8 million of the net proceeds to purchase and surrender for cancellation approximately \$163.0 million aggregate principal amount of the Company’s 2028 Convertible Notes. See *2028 Convertible Notes* above for further details on the impacts of the

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debt extinguishment. On June 30, 2025, the Company exchanged approximately \$121.3 million aggregate principal amount of its 2030 Convertible Notes for a portion of the 2030 Senior Secured Notes, as part of a privately negotiated exchange agreement with certain holders of the 2030 Convertible Notes. See *2030 Senior Secured Notes* below for further details.

The outstanding 2030 Convertible Notes balances as of December 31, 2025 and 2024 are summarized in the following table (in thousands):

	December 31, 2025	December 31, 2024
Long Term Debt		
Outstanding principal	\$ 118,690	\$ 240,000
Unamortized 2023 Initial Purchasers' debt discount and debt issuance cost	(2,410)	(5,901)
Net carrying amount	<u>\$ 116,280</u>	<u>\$ 234,099</u>

The debt discount and debt issuance costs are amortized to interest expense using the effective interest method, computed to be 4.70%, over the life of the 2030 Convertible Notes or its approximately seven-year term.

The following table presents total interest expense recognized related to the 2030 Convertible Notes during the three months ended December 31, 2025 and 2024 (in thousands):

	December 31, 2025	December 31, 2024
Cash interest expense		
Contractual interest expense	\$ 7,622	\$ 10,200
Non-cash interest expense		
Amortization of debt discount and debt issuance cost	766	989
Total interest expense	<u>\$ 8,388</u>	<u>\$ 11,189</u>

2030 Capped Call Options

On March 29, 2023 and March 31, 2023, in connection with the pricing of the 2030 Convertible Notes, and on April 3, 2023, in connection with the exercise in full by the 2023 Initial Purchasers of their option to purchase additional 2030 Convertible Notes, the Company entered into Capped Calls (the "2030 Capped Calls") with certain counterparties. The Company used \$27.8 million of the net proceeds from the 2030 Convertible Notes to pay the cost of the 2030 Capped Calls.

The 2030 Capped Calls had an initial strike price of \$7.1272 per share, which corresponds to the initial conversion price of the 2030 Convertible Notes and is subject to anti-dilution adjustments. The 2030 Capped Calls had a cap price of \$11.1800 per share, subject to certain adjustments. As a result of anti-dilution adjustments arising from the reverse stock split described in Note 2 — *Summary of Significant Accounting Policies* under "*Basis of Presentation*", the strike price and cap price were adjusted to \$142.544 and \$223.60, respectively.

The 2030 Capped Calls are considered separate transactions entered into by and between the Company and the 2030 Capped Calls counterparties, and are not part of the terms of the 2030 Convertible Notes. The Company recorded a reduction to additional paid-in capital of \$27.8 million during the second quarter of 2023 related to the premium payments for the 2030 Capped Calls. These instruments meet the conditions outlined in ASC 815 to be classified in stockholders' equity and are not subsequently remeasured as long as the conditions for equity classification continue to be met.

2030 Senior Secured Notes and 2030 Private Placement Warrants

2030 Senior Secured Notes

On June 30, 2025, the Company issued \$155.4 million aggregate principal amount of its 2030 Senior Secured Notes to holders of the Company's 2028 Convertible Notes and the Company's 2030 Convertible Notes in a privately negotiated exchange (the "Exchange") pursuant to Rule 144A under the Securities Act of 1933, as amended.

The transaction included an exchange of approximately (i) \$228.8 million principal amount of the 2028 Convertible Notes and (ii) \$121.3 million principal amount of the 2030 Convertible Notes, less amounts in lieu of fractional notes, for the 2030 Senior Secured Notes, warrants to purchase 439,919 shares of common stock (the "2030 Private Placement Warrants"), (iii) \$10.0 million of cash proceeds, and accrued and unpaid interest on the exchanged 2028 Convertible Notes and 2030 Convertible Notes. The exchange resulted in a \$220.0 million gain on debt extinguishment recorded within other income

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(expenses), net in the consolidated statements of operations. The gain on debt extinguishment represented the proportional carrying value of the exchanged 2028 Convertible Notes and 2030 Convertible Notes, which in aggregate was \$343.9 million, reduced by the collective fair value of the 2030 Senior Secured Notes of \$132.0 million and the fair value of the 2030 Private Placement Warrants of \$1.9 million, offset by cash received. The fair value of the 2030 Senior Secured Notes was estimated using a Black Derman-Toy lattice model with a yield of approximately 14.6%, synthetic credit rating for the Company, volatility of 32%, and the risk free rate of 3.79% for the expected term associated with the 2030 secured notes. The fair value of the 2030 Private Placement Warrants was estimated using the Black-Scholes-Merton model based on the Company's closing strike price on the date of extinguishment of \$6.23, volatility of 118.6%, and the risk free rate of 3.79% for the expected term associated with the 2030 secured notes. The Company accrued \$5.2 million in debt issuance costs primarily consisting of financial advisory, legal, and accounting fees.

At the Company's election for any interest period, the 2030 Senior Secured Notes bear interest at a rate of (i) 12.0% per year, if interest is paid in kind, subject to a maximum amount of interest able to be paid in kind, and (ii) 11.0% per year if interest is paid in cash. In each case, interest is payable semi-annually in arrears in January and July of each year, beginning on January 1, 2026. The 2030 Senior Secured Notes will mature on December 30, 2030 unless redeemed in accordance with their terms prior to such date.

The 2030 Senior Secured Notes will be redeemable, in whole or in part, for cash at the Company's option at any time, and from time to time, at the following redemption prices: on or after the date of issuance to December 31, 2027, at 105.0% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest; from January 1, 2028 to December 31, 2028, at 102.5% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest; and on or after January 1, 2029, at 100.0% of the principal amount of the notes being redeemed, including interest paid in kind, if any, plus accrued and unpaid interest.

The 2030 Senior Secured Notes are guaranteed by certain of the Company's current and future restricted subsidiaries on a senior secured basis. The 2030 Senior Secured Notes and the guarantees has been secured by a first priority lien on substantially all of the assets of the Company and the guarantors, subject to certain exceptions.

The outstanding 2030 Senior Secured Notes balances as of December 31, 2025 are summarized in the following table (in thousands):

	<u>December 31, 2025</u>
Long Term Debt	
Outstanding principal	\$ 155,427
Unamortized debt discount and debt issuance cost	(26,631)
Net carrying amount	<u>\$ 128,796</u>

The debt discount and debt issuance costs are amortized to interest expense using the effective interest method computed to be 17.2% at the time of issuance of the 2030 Senior Secured Notes.

The following table presents total interest expense recognized related to the 2030 Senior Secured Notes during the year ended December 31, 2025 (in thousands):

	<u>December 31, 2025</u>
Cash interest expense	
Contractual interest expense	\$ 8,930
Non-cash interest expense	
Amortization of debt discount and debt issuance cost	2,087
Total interest expense	<u>\$ 11,017</u>

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12. WARRANTS**Legacy Stem Warrants**

Prior to the Merger, the Company had issued warrants to purchase shares of Legacy Stem's preferred stock in conjunction with various debt financings. The Company has also issued warrants to purchase shares of Legacy Stem's common stock. Upon effectiveness of the Merger, the Company had 2,510,372 warrants outstanding, of which substantially all were converted into 137,999 shares of common stock of Stem. Upon conversion of the warrants, the existing warrant liabilities were remeasured to fair value resulting in a gain on remeasurement of \$100.9 million and a total warrant liability of \$60.6 million, which was then reclassified to additional paid-in-capital. As of December 31, 2025, there were 127 Legacy Stem Warrants outstanding. These instruments are exercisable into the Company's common stock and are equity classified.

2030 Private Placement Warrants

In connection with the Exchange, the Company issued 439,919 of 2030 Private Placement Warrants, under a warrant agreement dated June 30, 2025, each of which entitles the holder to purchase one share of common stock at an exercise price of \$30.00.

Upon issuance, these warrants met the criteria for liability classification, resulting in a warrant liability of \$1.9 million. The 2030 Private Placement Warrants were remeasured to fair value as of December 31, 2025, resulting in a warrant liability of \$5.1 million. During the year ended December 31, 2025, the Company recorded a related loss on remeasurement of \$3.2 million in "change in fair value of warrant liability" in the consolidated statements of operations. See Note 4 — *Fair Value Measurements* and Note 11 — *Debt* for additional details.

13. COMMON STOCK

The Company had reserved shares of common stock for issuance as follows:

	December 31, 2025
Shares reserved for legacy warrants	127
Shares reserved for private placement warrants	439,919
RSUs outstanding	601,260
Options outstanding	169,919
Shares available for future issuance under the 2021 Equity Incentive Plan	345,746
Shares available for future issuance under the 2024 Equity Incentive Plan	466,596
Conversion of 2030 Convertible Notes	832,620
Conversion of 2028 Convertible Notes	116,620
Total	2,972,807

As of December 31, 2025, the Company had 345,746 shares of common stock reserved for future issuance under equity incentive plans corresponding to the 2021 Equity Incentive Plan. As of December 31, 2025, 215,288 stock options and 1,140,099 RSUs had been granted to employees under the 2021 Equity Incentive Plan.

As of December 31, 2025, the Company had 466,596 shares of common stock reserved for future issuance under equity incentive plans corresponding to the 2024 Equity Incentive Plan. As of December 31, 2025, 75,551 stock options and 888,469 RSUs had been granted to employees under the 2024 Equity Incentive Plan.

14. STOCK-BASED COMPENSATION

Under both the Stem, Inc. 2009 Equity Incentive Plan (the "2009 Plan") and the Stem, Inc. 2021 Equity Incentive Plan (the "2021 Plan," and together with the 2009 Plan, the "Plans"), the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance stock units ("PSUs"), and other awards that are settled in shares of the Company's common stock. The Company does not intend to grant new awards under the 2009 Plan and 2021 Plan. In May 2024, the Company adopted the 2024 Equity Incentive Plan (the "2024 Plan"). Under the 2024 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, RSUs, and other awards that are settled in shares of the Company's common stock. All shares that remain available for future grants are under the 2024 Plan.

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Stock Options

Under the Plans, the exercise price of an option cannot be less than 100% of the fair value of one share of common stock for incentive or non-qualified stock options, and not less than 110% of the fair value for stockholders owning greater than 10% of all classes of stock, as determined by the Company's Board of Directors (the "Board"). Options under the Plans generally expire after 10 years. Under the Plans, the Compensation Committee of the Board determines when the options granted will become exercisable. Options granted under the Plans generally vest 1/4 one year from the grant date and then 1/48 each month over the following three years and are exercisable for 10 years from the date of the grant. The Plans allow for exercise of unvested options with repurchase rights over the restricted common stock issued at the original exercise price. The repurchase rights lapse at the same rate as the options vest.

The following table summarizes the stock option activity for the year ended December 31, 2025:

	Number of Options Outstanding	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Balances as of December 31, 2024	427,463	\$ 111.77	2.8	—
Options granted	39,413	7.64		
Options exercised	—	—		
Options forfeited	(296,957)	100.01		
Options expired	—	—		
Balances as of December 31, 2025	169,919	\$ 106.55	6.1	\$ 241
Options vested and exercisable — December 31, 2025	120,401	\$ 124.57	5.1	\$ —

The weighted-average grant date fair value of stock options granted to employees was \$7.64, \$41.40 and \$128.80 during the years ended December 31, 2025, 2024, and 2023, respectively. The intrinsic value of options exercised was immaterial and \$0.5 million during the years ended December 31, 2024, and 2023, respectively. There were no options exercised during the year ended December 31, 2025.

Significant Assumptions in Estimating Option Fair Value

The Company uses the Black-Scholes model for estimating the fair value of options granted. The weighted-average assumptions used in the Black-Scholes are as follows:

	2025	December 31, 2024	2023
Expected volatility	110.82 %	91.02 %	69.05 %
Risk-free interest rate	3.94 %	4.53 %	3.97 %
Expected term (years)	6.00	6.00	6.01
Dividend yield	—	—	—

Restricted Stock Units

RSUs represent a right to receive one share of the Company's common stock that is both non-transferable and forfeitable unless and until certain conditions are satisfied. RSUs generally, either cliff vest on the third anniversary of the award grant date, vest 1/4 per year over a four-year period, or vest 1/3 per year over a three-year period, subject to continued employment through each anniversary. The fair value of restricted stock units is determined on the grant date and is amortized over the vesting period on a straight-line basis.

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The following table summarizes the RSU activity for the period ended December 31, 2025:

	Number of RSUs Outstanding ⁽¹⁾	Weighted- Average Grant Date Fair Value Per Share
Balances as of December 31, 2024	614,103	\$ 61.14
RSUs granted	616,926	9.04
RSUs vested	(349,746)	77.06
RSUs forfeited	(280,023)	38.60
Balances as of December 31, 2025	<u>601,260</u>	<u>\$ 19.86</u>

(1) Includes certain restricted stock units with service and market-based vesting criteria.

During the year ended December 31, 2024, the Company issued 0.1 million shares of fully vested RSU awards through the Company's stock bonus program under the Company's 2021 Equity Incentive Plan.

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense recorded in each component of operating expenses in the Company's consolidated statements of operations and comprehensive loss (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Sales and marketing	\$ 979	\$ 2,514	\$ 6,293
Research and development	3,621	6,953	13,463
General and administrative	5,616	9,004	25,353
Total stock-based compensation expense	<u>\$ 10,216</u>	<u>\$ 18,471</u>	<u>\$ 45,109</u>

As of December 31, 2025, the Company had approximately \$0.6 million of remaining unrecognized stock-based compensation expense for stock options, which is expected to be recognized over a weighted average period of 1.0 years. As of December 31, 2025, the Company had approximately \$5.6 million of remaining unrecognized stock-based compensation expense for RSUs, which is expected to be recognized over a weighted average period of 1.3 years. Research and development expenses of \$1.0 million and \$2.8 million corresponding to internal-use software, were capitalized during the years ended December 31, 2025 and 2024, respectively.

During the year ended December 31, 2025 and 2024, stock-based compensation expense included stock modifications in connection with the separation agreements for certain of the Company's former executive officers. For the year ended December 31, 2025, the net reduction of stock-based compensation expense was immaterial and was recorded within general and administrative expense. For the year ended December 31, 2024, a net reduction of stock-based compensation expense of \$2.0 million was recorded within general and administrative expense and an additional charge of \$0.7 million was recorded within research and development expense.

Awards under the Company's stock bonus program issued through the 2021 Plan are accounted for as liability-classified awards, because the obligations are based predominantly on a fixed monetary amount determined at a future date to be settled with a variable number of shares of the Company's common stock. The Company recognized an actual payout related to such bonuses in the amount of \$0.6 million during the year ended December 31, 2024.

15. SPECIAL PURPOSE ENTITIES

The Company has formed various SPEs to finance the development and construction of its energy storage systems. These SPEs, which are structured as limited liability companies, obtain financing from outside investors and purchase projects from the Company under master purchase agreements by making an upfront payment to the Company for such energy storage systems. As discussed in Note 2 — *Summary of Significant Accounting Policies*, the Company accounts for the large upfront payment received from the SPE as a financing obligation. The legal purchase of the energy storage system does not affect the Company's legal or constructive obligation to the host customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unconsolidated VIEs**SPV II, SPV III, and SPV IV**

On January 23, 2015, June 7, 2016, and June 30, 2017 the Company entered into agreements to form three Limited Liability Companies: Stem Finance SPV II, LLC (“SPV II”), Stem Finance SPV III, LLC (“SPV III”), and Generate-Stem LCR, LLC (“SPV IV”), respectively. These agreements are accounted for as unconsolidated VIEs because the Company lacks the power to direct the activities that most significantly impact the economics of these entities. Although the Company is not the primary beneficiary of these entities, due to its significant continuing involvement in the generation of cash flows of the energy storage systems and legal responsibilities under the host customer contract, the Company is required to include the assets, liabilities, revenues, and expenses of these entities in its consolidated financial statements. The significant activities involve deciding which energy storage systems to be purchased by the SPE and setting of the annual operating budgets which govern the ongoing operation and maintenance of the energy storage systems. Both of these activities significantly impact the revenue, expenses, and resulting residual returns or losses that will accrue to the investors of the SPE and require approval by both Stem and the other third-party investor. Stem, the non-managing member of the SPE, shares power through its rights to (i) agree on SPE purchases of energy storage systems in the master purchase agreement, and (ii) approve the annual operating budgets in the operating and maintenance agreement. The other investor shares power through its rights as the managing member in the SPE. As a result, power is shared with the other investors in the SPE who are not considered related parties (including de facto agency relationships) of the Company. Investments in such SPEs are accounted for under the equity method of accounting and are recorded within other noncurrent assets on the consolidated balance sheets. The Company’s maximum loss exposure from these entities is limited to the aggregate carrying amount of its equity method investments. As of December 31, 2025, the Company had not provided, and is not required to provide, financial support through a liquidity arrangement or otherwise, to its SPEs, including circumstances in which it could be exposed to further losses (e.g., cash shortfalls). The Company’s cumulative share of the earnings/(losses) in SPV II, SPV III and SPV IV was immaterial for the year ended December 31, 2025, immaterial for the year ended December 31, 2024, and \$0.1 million for the year ended December 31, 2023.

Copec

During March 2020, the Company entered into a joint venture agreement with *Compania de Petroleos de Chile Copec S.A.* (“Copec”), a leading wholesaler and distributor of petroleum products, that supplies fuel, lubricants, and other retail services such as carwash and foods through its series of service stations (the “JV Agreement”). The Company operates more than 650 service stations in Chile and more than 2,500 through different subsidiaries companies around South America, Central America, and the United States.

The purpose of the JV Agreement is to form an entity with equity contributions from both Stem and Copec to explore and develop business opportunities within the commercial and industrial space, including utilities and grid operators, in Latin America with the focus of providing intelligent energy storage solutions that leverage advanced software analytics and controls (principally through the PowerTrack Platform developed by Stem) (the “JV Entity”). Stem’s technology and expertise will be combined with the strength of Copec’s scale, distribution network, energy knowledge and other expertise areas to develop business in certain territories as defined in the JV Agreement.

The JV Entity is a VIE and the Company holds a variable interest in the JV Entity. However, the Company does not have the power to direct activities that most significantly impact the economics of the JV Entity and, as such, is not the primary beneficiary. Accordingly, the Company does not consolidate the JV Entity. The Company has concluded that it has the ability to exercise significant influence over the JV Entity, and accounts for the investment using the equity method.

The following table summarizes additional information about the Company’s equity method investments, SPV II, SPV III, SPV IV and Copec:

	SPV II	SPV III	SPV IV	COPEC
Date formed	January 23, 2015	June 7, 2016	June 30, 2017	March 24, 2020
Initial ownership %	49 %	50 %	50 %	49 %
Stem’s interest	100% of Class A shares	100% of Class B shares	100% of Class B shares	100% of Class A shares
Initial distributions:				
Class A	10% (Stem)	80% (Stem — 50%)	97.5 %	To be determined
Class B	90 %	20% (Stem — 100%)	2.5% (Stem)	N/A

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As of December 31, 2025 and 2024, the Company's investment in its unconsolidated SPEs, recorded within other noncurrent assets on the consolidated balance sheets, was as follows (in thousands):

	December 31,	
	2025	2024
Investment in SPV II	\$ —	\$ —
Investment in SPV III	428	388
Investment in SPV IV	345	361
Copec	1,433	1,428
Other equity method investments	68	72
Total equity method investments	\$ 2,274	\$ 2,249

As discussed in Note 2 — *Summary of Significant Accounting Policies*, the Company accounts for the legal sales of the energy storage systems to the SPEs as a financing obligation. This is because the Company has significant continuing involvement in the generation of cash flows of the energy storage systems and continue to be legally responsible under the host customer contract. Accordingly, in addition to the equity method investment, the Company has the following financing obligations associated with energy storage systems legally sold to the unconsolidated SPEs (in thousands):

	December 31,	
	2025	2024
Financing obligation, current portion	\$ 13,792	\$ 16,521
Financing obligation, noncurrent	29,590	41,627

Interest expense related to the financing obligations was \$2.6 million, \$4.4 million, and \$5.6 million for the years ended December 31, 2025, 2024, and 2023, respectively.

As a result of being the accounting owner of energy storage systems sold to the SPEs and retaining the obligation to provide energy optimization services to host customers, the Company records the carrying value of energy storage system assets and obligations under the customer host contracts on its consolidated balance sheets. These balances were as follows as of December 31, 2025 and 2024 (in thousands):

	December 31,	
	2025	2024
Energy storage systems, net	\$ 35,995	\$ 53,824
Deferred revenue, current	4,134	4,500
Deferred revenue, noncurrent	5,837	8,340
Other liabilities	3,951	3,813

Because the Company is the legal party responsible for providing services to the host customer and significantly involved in generating the revenue under the host customer arrangements, the Company records the revenue associated with services, and separately records payments to the VIE as debt and interest payments. Revenues recognized by the Company associated with energy storage systems legally sold to the unconsolidated SPEs were \$16.1 million, \$15.5 million, and \$18.0 million for the years ended December 31, 2025, 2024, and 2023, respectively. Such revenues are inclusive of incentive fees, consistent with the Company's revenue policy. Depreciation expense recognized within cost of services and other revenue in the consolidated statement of operations by the Company for the energy storage systems legally sold to the unconsolidated SPEs was \$10.3 million, \$11.7 million and \$12.0 million for the years ended December 31, 2025, 2024, and 2023, respectively.

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16. NET INCOME (LOSS) PER SHARE

Net income (loss) per share is computed by dividing net loss by the basic weighted-average number of shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the diluted weighted-average number of shares outstanding during the period and, accordingly, reflects the potential dilutive effect of all issuable shares of common stock, including as a result of stock options, restricted stock units, warrants and convertible notes. The diluted weighted-average number of shares used in our diluted net loss per share calculation is determined using the treasury stock method for stock options, restricted stock units, and warrants, and the if-converted method for convertible notes. For periods in which we recognize losses, the calculation of diluted loss per share is the same as the calculation of basic loss per share.

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net income (loss) attributable to common stockholders, basic	\$ 137,761	\$ (854,014)	\$ (140,413)
Numerator - Diluted:			
Net income (loss) attributable to common stockholders, basic	\$ 137,761	\$ (854,014)	\$ (140,413)
Less: Gain on extinguishment of debt, net of tax	(215,736)	—	—
Net loss attributable to Stem common stockholders, diluted	\$ (77,975)	\$ (854,014)	\$ (140,413)
Denominator:			
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic	8,338,759	8,072,127	7,779,198
Dilutive potential common shares	151,120	—	—
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, diluted	8,489,879	8,072,127	7,779,198
Net income (loss) per share attributable to common stockholders, basic	\$ 16.52	\$ (105.80)	\$ (18.05)
Net loss per share attributable to common stockholders, diluted	\$ (9.18)	\$ (105.80)	\$ (18.05)

The following table shows total outstanding potentially dilutive shares excluded from the computation of diluted net loss per share attributable to common stockholders as their effect would have been anti-dilutive, adjusted on a retroactive basis to reflect the reverse stock split as discussed in Note 2 — *Summary of Significant Accounting Policies* under “*Basis of Presentation*” as of December 31, 2025, 2024, and 2023:

	December 31,		
	2025	2024	2023
Outstanding 2028 Convertible Notes (if converted)	116,620	507,859	507,859
Outstanding 2030 Convertible Notes (if converted)	832,620	1,683,679	1,683,679
Outstanding stock options	169,919	427,614	450,581
Outstanding legacy warrants	127	127	127
Outstanding RSUs	601,260	614,215	557,964
Outstanding private placement warrants	439,919	—	—
Total	2,160,465	3,233,494	3,200,210

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17. INCOME TAXES

The components of income (loss) before provision for income taxes for the years ended December 31, 2025, 2024, and 2023 are as follows (in thousands):

	December 31,		
	2025	2024	2023
Domestic	\$ 141,087	\$ (852,576)	\$ (138,934)
Foreign	(2,790)	(1,106)	(1,046)
Income (loss) before provision for income taxes	<u>\$ 138,297</u>	<u>\$ (853,682)</u>	<u>\$ (139,980)</u>

Due to the Company's net losses, the Company did not record a provision for federal income taxes during the years ended December 31, 2025, 2024 and 2023, respectively. The Company continues to maintain a full valuation allowance for its net U.S. federal and state deferred tax assets.

The components of the provision for income tax expense for the years ended December 31, 2025, 2024, and 2023 are as follows (in thousands):

	December 31,		
	2025	2024	2023
Current:			
Federal	\$ —	\$ —	\$ —
State	376	200	490
Foreign	399	242	381
Total current	<u>775</u>	<u>442</u>	<u>871</u>
Deferred:			
Federal	—	—	(294)
State	—	—	(41)
Foreign	(239)	(110)	(103)
Total deferred	<u>(239)</u>	<u>(110)</u>	<u>(438)</u>
Total provision for income taxes	<u>\$ 536</u>	<u>\$ 332</u>	<u>\$ 433</u>

In accordance with the adoption of ASU 2023-09, a reconciliation of income tax provision and the amount computed by applying the statutory federal income tax rate of 21% to income before income taxes is as follows:

	December 31, 2025	
	Amount	Percentage (%)
	(In thousands, except percentages)	
Tax expense computed at U.S. federal statutory income tax rate:	\$ 29,042	21.00 %
Nontaxable or nondeductible items:		
Nondeductible executive compensation	1,503	1.09 %
Debt extinguishment	1,307	0.95 %
Other	2,638	1.90 %
Changes in valuation allowance	(34,629)	(25.04) %
Domestic state and local income taxes, net of federal effect ⁽¹⁾	376	0.27 %
Foreign tax effects:		
Other foreign jurisdictions	299	0.22 %
Changes in unrecognized tax benefits	—	— %
Provision for Income Taxes / Effective Tax Rate	<u>\$ 536</u>	<u>0.39 %</u>

(1) Taxes in Maryland make up the majority (greater than 50 percent) of the tax effect in this category.

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For the years ended December 31, 2024 and 2023, prior to the adoption of ASU 2023-09, the effective tax rate of the Company's provision for income taxes differs from the federal statutory rate as follows:

	December 31,	
	2024	2023
Statutory rate	21.00 %	21.00 %
State tax	(0.02)%	(0.32)%
Foreign income and withholding taxes	(0.04)%	(0.36)%
Non-deductible goodwill impairment	(13.42)%	— %
Stock-based compensation	(0.29)%	(1.48)%
Other	(0.19)%	(3.16)%
Non-deductible interest expense	(0.11)%	(0.85)%
Valuation allowance	(6.97)%	(15.14)%
Total	(0.04)%	(0.31)%

In accordance with the adoption of ASU 2023-09, the Company paid cash for income taxes, net of refunds for the year ended December 31, 2025 as follows (in thousands):

	December 31, 2025
U.S. Federal	\$ —
U.S. State	
Maryland	138
New York	45
Pennsylvania	127
Other jurisdictions	38
Foreign	
India	128
Other jurisdictions	5
Total Cash Paid	\$ 481

Prior to the adoption of ASU 2023-09, the Company paid cash for income taxes, net of refunds, of \$0.7 million and \$0.2 million for the years ended December 31, 2024, and 2023, respectively.

Deferred income taxes arise from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes, as well as net operating losses ("NOLs") and tax credit carryforwards.

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Significant components of the Company's deferred tax assets and liabilities as of December 31, 2025 and 2024 are as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating losses	\$ 191,335	\$ 215,283
Tax credits	367	367
Operating lease liabilities	3,316	3,929
Accruals and allowances	4,981	5,031
Stock-based compensation	2,617	4,274
Deferred revenue	27,311	31,154
Interest expense	8,937	4,515
Other	5,010	4,618
Total gross deferred tax assets	243,874	269,171
Less: Valuation allowance	(212,842)	(252,757)
Net deferred tax assets	31,032	16,414
Deferred tax liabilities:		
Amortization of asset retirement obligation	(564)	(650)
Intangibles	(27,413)	(12,047)
Right-of-use assets	(2,408)	(2,954)
Depreciable assets	(176)	(516)
Total gross deferred tax liabilities	(30,561)	(16,167)
Net deferred taxes	\$ 471	\$ 247

As of December 31, 2025 and 2024, the Company had federal NOL carryforwards of approximately \$630.6 million and \$736.0 million, respectively, and state NOL carryforwards of approximately \$505.1 million and \$624.5 million, respectively. Of the \$630.6 million federal net operating loss, \$97.0 million will begin to expire in 2029, while the remaining amount does not expire. The state NOL carryforwards will begin to expire in 2029. As of December 31, 2025 and 2024, the Company had foreign NOL carryforwards of approximately \$35.6 million and \$32.2 million, respectively. The foreign net operating loss carryforwards expire in 2039.

As of December 31, 2025, the Company did not have federal research and development tax credit carryforwards. As of December 31, 2024, the Company did not have federal research and development tax credit carryforwards. As of December 31, 2025 and 2024, the Company had California research and development tax credit carryforwards of \$0.7 million and \$0.7 million, respectively, which do not expire.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of a history of taxable losses and uncertainties as to future profitability, the Company recorded a full valuation allowance against its deferred tax assets with exception of a foreign subsidiary which has been profitable historically. During the year ended December 31, 2025, the Company decreased its valuation allowance by \$39.9 million. During the year ended December 31, 2024, the Company increased its valuation allowance by \$84.5 million.

Utilization of the net operating loss carryforwards and tax credit forwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by the Internal Revenue Code Section 382, as well as similar state provisions. In general, an "ownership change," as defined by the code, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. Any limitation may result in expiration of all or a portion of the NOL or tax credit carryforwards before utilization. The Company performed a detailed analysis in FY2023 to determine whether an ownership change under Section 382 of the Code has previously occurred. As a result, the Company's NOLs available after the Section 382 limitation is approximately \$630.6 million as of December 31, 2025.

STEM, INC.
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A reconciliation of the beginning and ending amount of unrecognized tax benefits are as follows (in thousands):

	2025	2024
Balance at January 1	\$ 367	\$ 367
Additions based on tax positions related to the current year	—	—
Additions for tax positions of prior years	—	—
Reductions for tax positions of prior years	—	—
Settlements	—	—
Balance at December 31	<u>\$ 367</u>	<u>\$ 367</u>

The Company expects resolution of unrecognized tax benefits, if created, would occur while the full valuation allowance of deferred tax assets is maintained. The Company does not expect to have any unrecognized tax benefits that, if recognized, would affect the effective tax rate. As of December 31, 2025, the Company does not have a liability for potential penalties or interest.

In the normal course of business, the Company is subject to examination by taxing authorities throughout the United States of America, Canada, Germany, Japan and India. The Company is not currently under audit by the Internal Revenue Service or other foreign revenue agencies, or similar state or local authorities. The tax return years 2021 through 2025 remain open to examination by the major domestic taxing jurisdictions to which the Company is subject. Net operating losses generated on a tax return basis by the Company for calendar years 2012 through 2025 remain open to examination by the major domestic taxing jurisdictions.

18. SEGMENT INFORMATION

The Company's CODM manages the business and evaluates operating performance based on consolidated net income (loss). The Company's CODM uses consolidated net income (loss) to monitor budget versus actual results. The Company operates as one operating segment and has one reportable segment that constitutes consolidated results.

The following table sets forth the Company's segment information for revenue and significant expenses (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Revenue	\$ 156,266	\$ 144,584	\$ 461,515
Less (add):			
Cost of revenue	96,310	155,642	457,850
Compensation expense excluding stock-based compensation	52,304	69,152	69,780
Stock-based compensation	10,216	18,471	45,109
Depreciation and amortization	17,775	15,906	18,956
Gain on debt extinguishment	(220,047)	—	(59,121)
Other segment expenses, net ⁽¹⁾	61,411	739,095	68,921
Provision for income taxes	536	332	433
Net income (loss)	<u>\$ 137,761</u>	<u>\$ (854,014)</u>	<u>\$ (140,413)</u>

(1) Other segment expenses, net includes impairment of goodwill, impairment of parent company guarantees, other impairments, and other income (expense), net.

19. COMMITMENTS AND CONTINGENCIES

Non-cancelable Purchase Obligations

In the normal course of business, we enter into non-cancelable purchase commitments with various parties to purchase primarily software-based services. As of December 31, 2025, we had outstanding non-cancelable purchase obligations with a term of less than 12 months of \$1.9 million and non-cancelable purchase obligations with a term 12 months or longer of \$1.1 million.

During the year ended December 31, 2024 the Company incurred \$10.0 million in termination expenses in relief of \$116.0 million of prior purchase commitments with suppliers.

STEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingencies

The Company is party to various legal proceedings from time to time arising in the ordinary course of its business. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss with respect to any currently pending legal proceeding is remote. However, litigation is inherently uncertain and it is not possible to definitively predict the ultimate disposition of any of these proceedings. The Company does not believe that there are any pending legal proceedings or other loss contingencies that will, either individually or in the aggregate, have a material adverse effect on the Company's consolidated financial statements.

Commitments

In September 2025, the Company recognized a \$0.8 million operating lease liability and a corresponding operating lease right-of-use asset, which are included in the consolidated balance sheets as of December 31, 2025, consisting of 4,263 square feet of leased office in Berlin, Germany. As of the commencement date of the lease, the remaining lease term was 60 months and base rent is approximately \$16,025 per month with escalating payments over the lease term.

In September 2025, the Company terminated the lease for its office in Gurugram, India. As a result, the Company derecognized the related right-of-use asset and lease liability. The Company recorded net lease termination costs of \$0.1 million recorded within other (expenses) income, net in the consolidated statements of operations. No future lease commitments remain under this agreement. The Company now leases office space under a month-to-month arrangement that qualifies as a short-term lease under ASC 842. As such, the Company has elected not to recognize a right-of-use asset or lease liability for this lease.

Non-Income Related Taxes

During 2023, the Company was selected for sales and use tax examination by the state of California and determined that it was not appropriately charging certain customers sales tax and remitting the applicable amounts to the taxing authority for certain revenue arrangements from 2018 through 2021. The Company determined it was probable that it would be subject to sales tax liabilities plus applicable interest in certain states, principally California, and estimated a probable tax liability of \$5.6 million. The Company accrued this amount and included it in general and administrative expense in the consolidated statement of operations in 2023. During 2025, the Company accrued additional interest of \$0.2 million on the unpaid tax liability, included in interest expense in the consolidated statements of operations. During 2025, the sales and use tax examination was extended by the state of California to include revenue arrangements for 2022 and 2024. The California sales and use tax examination is ongoing for the period from 2022 through 2024 and the Company is awaiting final ruling on its sales tax administration process and clarity on the required settlement amount.

20. EMPLOYER RETIREMENT PLAN

The Company sponsors a 401(k) profit sharing plan covering all eligible employees. Participants may elect to defer a percentage of their compensation ranging from 1% to 100%, up to the maximum allowable by law by making contributions to the plan. The Company may match, at its discretion, the employee contributions according to the terms of the plan. During the years ended December 31, 2025, 2024 and 2023, the Company made matching contributions of \$1.6 million, \$2.2 million and \$2.2 million to the plan, respectively.

21. SUBSEQUENT EVENTS

On January 1, 2026, the Company elected to exercise its option to pay interest in kind of \$4.6 million on its 2030 Senior Secured Notes. As of December 31, 2025, the accrued interest was recorded within accrued liabilities on the consolidated balance sheets. Interest paid in kind will increase the capitalized principal amount of the 2030 Senior Secured Notes.

On January 13, 2026, the Company entered into a new lease for 15,000 square feet of office space in Gurugram, India. The Company will account for this office lease as an operating lease under ASC 842. The lease will commence in the first quarter of 2026 and ends in the third quarter of 2029. Base rent is approximately \$44,995 per month.

On February 10, 2026, the Company, through its indirect consolidated subsidiary, Stem Finance SPV VI ULC, entered into a Share Purchase Agreement to sell 100% of the outstanding shares of Logan Energy Storage ULC ("Logan") for approximately \$1.5 million. Logan owns and operates four battery energy storage system projects in Ontario, Canada, with a net book value of approximately \$4.9 million as of December 31, 2025. In connection with the transaction, intercompany balances of approximately \$5.5 million owed by Logan to affiliated entities of the Company are expected to be forgiven. The transaction is expected to close on or before March 17, 2026, subject to the satisfaction of customary closing conditions. The Company expects to recognize a loss on disposal of approximately \$3.4 million, subject to final working capital adjustments, and transaction costs.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (“Disclosure Controls”) within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our Disclosure Controls are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Our Disclosure Controls are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure.

Based on management’s evaluation (under the supervision and with the participation of our CEO and our CFO) of the effectiveness of the design and operation of our Disclosure Controls, as of December 31, 2025, our CEO and CFO have concluded that our Disclosure Controls were effective at a reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on the evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2025, as stated in its report which is included in Item 9A.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) under the Exchange Act) that occurred during the quarterly period ended December 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Internal Controls

Our management, including the CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in business conditions or deterioration in the degree of compliance with policies or procedures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Stem, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Stem, Inc. and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated March 4, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California

March 4, 2026

ITEM 9B. OTHER INFORMATION

(b) Trading Plans

During the three months ended December 31, 2025, no Section 16 officer or director of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K promulgated under the Exchange Act).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See Part I, Item I, “Business —Information About Our Executive Officers” of this Report for information regarding our executive officers. Information concerning our Securities Trading Policy will be included in the 2026 Proxy Statement under the caption “Corporate Governance—Other Corporate Governance Practices and Policies—Insider Trading Policy.” A copy of our Insider Trading Policy is filed as Exhibit 19 to this Form 10-K. Such information is incorporated herein by reference. The other information required for this Item will be included in the 2026 Proxy Statement, including under the headings “Corporate Governance” and “Delinquent Section 16(a) Reports,” if applicable, and is incorporated by reference.

We maintain a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions. Our Code of Business Conduct and Ethics is published on our website at investors.stem.com/governance. We intend to disclose on our website future amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of the code granted to executive officers and directors, in accordance with SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item will be included in the 2026 Proxy Statement, including under the headings “Executive Compensation,” “Executive Compensation Tables,” “Director Compensation,” “Compensation Committee Interlocks,” and “Report of the Compensation Committee,” and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNER AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this Item will be included in the 2026 Proxy Statement, including under the headings “Equity Compensation Plan Information,” “Certain Information About Our Common Stock,” and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required under this Item will be included in the 2026 Proxy Statement, including under the headings “Certain Relationships and Related Party Transactions” and “Corporate Governance,” and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this Item will be included in the 2026 Proxy Statement, including under the heading “Ratification of Independent Auditor Selection,” and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements: The financial statements filed as part of this Report are listed on the index to financial statements on page 58.

(2) Financial Schedules: All schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is otherwise included.

(b) Exhibits. The exhibits listed on the Exhibit Index are included, or incorporated by reference, in this Report.

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation, dated April 28, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on May 4, 2021).
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Stem, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June, 16, 2025).
3.3	Second Amended and Restated Bylaws, dated October 15, 2025 (incorporated by reference to Exhibit 3.3 to Stem's Quarterly Report on Form 10-Q filed on October 30, 2025).
4.1	Indenture dated as of November 22, 2021, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Stem's Current Report on Form 8-K filed on November 22, 2021).
4.2	Form of 0.50% Convertible Senior Note due 2028 (included in Exhibit 4.1).
4.3	Indenture dated as of April 3, 2023, between the Company and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on April 3, 2023).
4.4	Form of 4.25% Convertible Senior Note due 2030 (included in Exhibit 4.3).
4.5	Indenture dated June 30, 2025, by and between Stem, Inc. and U.S. Bank Trust Company, National Association as Trustee and Notes Collateral Agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June, 30, 2025).
4.6	Form of 12.00%/11.00% Senior Secured PIK Toggle Notes due 2030 (incorporated by reference to Exhibit A of Exhibit 4.2 to the Current Report on Form 8-K filed on June 30, 2025).
4.7	Warrant Agreement between Stem, Inc., Computershare Inc. and Computershare Trust Company, N.A., as Warrant Agent (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed on June, 30, 2025).
4.8	Description of the Registrant's Securities (incorporated by reference to Exhibit 4.3 to Stem's Annual Report on Form 10-K filed on February 28, 2022) as supplemented by the Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Stem, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June, 16, 2025).
10.1	Form of Confirmation for 2028 Capped Call Transactions (incorporated by reference to Exhibit 10.1 to Stem's Current Report on Form 8-K filed on November 22, 2021).
10.2	Purchase Agreement dated as of November 17, 2021, between the Company and the Initial Purchasers (incorporated by reference to Exhibit 10.2 to Stem's Current Report on Form 8-K filed on November 22, 2021).
10.3	Form of Confirmation for 2030 Capped Call Transactions (incorporated by reference to Exhibit 10 to the Current Report on Form 8-K filed on April 3, 2023).
10.4†	Stem, Inc. 2009 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to Stem's Annual Report on Form 10-K filed on February 28, 2022).
10.5†	Form of Stock Option Agreement under the Stem, Inc. 2009 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Stem's Annual Report on Form 10-K filed on February 28, 2022).
10.6†	Stem, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Stem's Registration Statement on Form S-8 filed on July 2, 2021)
10.7†	Form of Stock Option Agreement under the Stem, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to Stem's Annual Report on Form 10-K filed on February 29, 2024)

10.8†	Global Restricted Stock Unit Award Agreement under the Stem, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to Stem's Annual Report on Form 10-K filed on February 29, 2024)
10.9	Investor Rights Agreement dated April 28, 2021, by and among the Company and certain of its stockholders (incorporated by reference to Exhibit 10.3 of the Company Current Report on Form 8-K filed on May 4, 2021)
10.10††	Framework BESS Sale and Purchase Agreement, dated as of August 17, 2021, by and between Tesla, Inc. and Stem, Inc. (Incorporated by reference to Exhibit 10.1 to Stem's Quarterly Report on Form 10-Q filed on August 5, 2021)
10.11††	First Amended and Restated Master Supply Agreement for Purchase and Sale of Energy Storage Systems, dated as of February 28, 2020, by and between Sungrow USA Corporation, Sungrow Samsung SDI Energy Storage Power Supply Co., Ltd. and Stem, Inc. (incorporated by reference to Exhibit 10.3 to Stem's Quarterly Report on Form 10-Q filed on August 5, 2022).
10.12††	First Amended and Restated Master Supply Agreement for Purchase and Sale of Energy Storage Equipment, dated as of September 14, 2022, by and between Powin Energy Corporation and Stem, Inc. (incorporated by reference to Exhibit 10.2 to Stem's Quarterly Report on Form 10-Q filed on November 4, 2023).
10.13†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.10 to Stem's Annual Report on Form 10-K filed on February 28, 2022).
10.14†	Form of Executive Employment Agreement (incorporated by reference to Exhibit 10.11 to Stem's Annual Report on Form 10-K filed on February 28, 2022).
10.15†	Stem, Inc. Amended and Restated 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed on July 9, 2025).
10.16†	Form of Stock Option Agreement under the Stem, Inc. 2009 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Stem's Quarterly Report on Form 10-Q filed on August 6, 2024).
10.17†	Form of Stock Option Agreement under the Stem, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to Stem's Quarterly Report on Form 10-Q filed on August 6, 2024).
10.18†	Form of Stock Option Agreement under the Stem, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to Stem's Quarterly Report on Form 10-Q filed on August 6, 2024).
10.19†	Separation and Release of Claims Agreement dated September 21, 2024, by and between the Company and Prakesh Patel (incorporated by reference to Exhibit 10.1 to Stem's Quarterly Report on Form 10-Q filed on October 30, 2024).
10.20†	Executive Employment Agreement dated September 16, 2024 by and between the Company and David Buzby.
10.21†	Separation and Release of Claims Agreement, dated July 21, 2025, by and between the Company and Spencer Doran Hole (incorporated by reference to Exhibit 10.2 to Stem's Quarterly Report on Form 10-Q filed on October 30, 2025).
10.22†	Advisor Agreement, dated July 21, 2025, by and between the Company and Spencer Doran Hole (incorporated by reference to Exhibit 10.3 to Stem's Quarterly Report on Form 10-Q filed on October 30, 2025).
10.23†	Amendment to Executive Chair and Interim CEO Employment Agreement dated September 16, 2024 by and between the Company and David Buzby (incorporated by reference to Exhibit 10.1 to Stem's Quarterly Report on Form 10-Q filed on April 30, 2025).
10.24†	Separation and Release of Claims Agreement dated March 24, 2025 by and between the Company and John Carrington (incorporated by reference to Exhibit 10.3 to Stem's Quarterly Report on Form 10-Q filed on April 30, 2025).
10.25†	Separation and Release of Claims Agreement dated January 30, 2025 by and between the Company and William Bush (incorporated by reference to Exhibit 10.2 to Stem's Quarterly Report on Form 10-Q filed on April 30, 2025).
19*	Stem, Inc. Insider Trading Policy
21*	Subsidiaries of the Registrant.
23*	Consent of Independent Registered Public Accounting Firm.
24*	Powers of Attorney.
31.1*	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

97	Stem, Inc. Clawback Policy (incorporated by reference to Exhibit 97 to Stem's Annual Report on Form 10-K filed on March 5, 2025).
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

† Management or compensatory plan or arrangement

†† Information in this exhibit (indicated by brackets) has been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 4, 2026

STEM, INC.

By: /s/ Brian Musfeldt

Brian Musfeldt

Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title
<u>*</u> Arun Narayanan	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Brian Musfeldt</u> Brian Musfeldt	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Jeffrey Cabot</u> Jeffrey Cabot	Chief Accounting Officer (Principal Accounting Officer)
<u>*</u> David Buzby	Chairman of the Board
<u>*</u> Adam E. Daley	Director
<u>*</u> Anil Tammineedi	Director
<u>*</u> Laura D'Andrea Tyson	Director
<u>*</u> Ira Birns	Director
<u>*</u> Vasudevan Guruswamy	Director
<u>*</u> Krishna Shivram	Director
<u>/s/ Saul R. Laureles</u> * By Saul R. Laureles, Attorney-in-Fact	March 4, 2026

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the “**Agreement**”) is entered into as of September 16, 2024, by and between David Buzby (“**Executive**”) and Stem, Inc., a Delaware corporation (the “**Company**”).

WHEREAS, Executive is a member of the Board of Directors of the Company (the “**Board**”); and

WHEREAS, the Chief Executive Officer (“**CEO**”) of the Company stepped down as CEO effective September 11, 2024; and

WHEREAS, the Company wishes to employ Executive, and Executive wishes to accept employment with the Company, as (a) the Executive Chairman of the Company, effective as of July 1, 2024 (the “**Effective Date**”) and (b) the interim CEO of the Company, effective as of September 11, 2024, in both cases pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed by and between the parties hereto as follows:

ARTICLE I EMPLOYMENT BY THE COMPANY

1.1. Position and Duties. Subject to terms set forth herein, Executive shall serve in an executive capacity and shall perform such duties as are customarily associated with the position of Executive Chairman and of interim CEO, and such other duties as are assigned to Executive by the Board. During the term of Executive’s employment with the Company, Executive shall devote Executive’s best efforts and substantially all of Executive’s business time and attention (except for vacation periods and absences due to reasonable periods of illness or other incapacities permitted by the Company’s general employment policies or as otherwise set forth in this Agreement) to the business of the Company; provided, that Executive, subject to Section 5.1(b), shall be permitted to continue serving in the current role he has as a Chairman of the board of directors of Wondrwall Group Ltd. and as a member of the board of directors of Spring Valley Acquisition, II.

1.2. Term. The term of this Agreement shall be deemed to have commenced on the Effective Date and shall terminate on the earlier of (a) the six (6) month anniversary of the Effective Date and (b) the termination of Executive’s employment under this Agreement. The period from the Effective Date until the termination of Executive’s employment under this Agreement is referred to as the “**Term**.”

1.3. Employment at Will. The Company will have the right to terminate Executive’s employment with the Company at any time, with or without cause, and, in the case of a termination by the Company, with or without prior notice. Executive will have the right to resign at any time and for any reason or no reason at all, upon 45 days’ advance written notice to the Company; provided, however, that if Executive has provided a resignation notice to the Company, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Executive’s termination of

employment nor be construed or interpreted as a termination of Executive's employment by the Company) and any requirement to continue salary or benefits shall cease as of such earlier date. Upon Executive's termination of employment, Executive shall receive any accrued but unpaid Base Salary and employee benefits through the date of termination

1.4. Employment Policies. The employment relationship between the parties shall also be governed by the general employment policies and practices of the Company, including those relating to protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

ARTICLE II COMPENSATION

2.1. Base Salary. As of the Effective Date, Executive shall receive for services to be rendered hereunder a base salary at an annualized rate of \$600,000 ("**Base Salary**"), less applicable taxes and withholdings, payable on the regular payroll dates of the Company (but no less often than monthly), subject to increase in the sole discretion of the Board or a committee of the Board. For the avoidance of doubt, Executive shall not be entitled to any compensation for service as a member of the Board during the Term other than the compensation provided for under this Agreement and continued vesting of any equity awards previously granted to Executive in connection with his Board service.

2.2. Annual Bonus. For the 2024 calendar year, Executive shall be eligible to receive a performance bonus (the "**Annual Bonus**") targeted at one hundred twenty five percent (125%) of Base Salary, prorated for the portion of the year Executive serves as Executive Chairman and interim CEO, on such terms and conditions determined by the Board or a committee of the Board. The actual amount of any Annual Bonus (if any) will be determined in the discretion of the Board or a committee of the Board and will be (a) subject to achievement of any applicable bonus objectives and/or conditions determined by the Board or a committee of the Board and (b) subject to Executive's continued employment with the Company through the date the Annual Bonus is earned; provided, however, that in no event shall the Annual Bonus be less than 50% of the target Annual Bonus, prorated for the portion of the year Executive serves as Executive Chairman and interim CEO. The Annual Bonus will be paid at the same time as bonuses for other Company executives are paid related annual bonuses generally.

2.3. Standard Company Benefits. During the Term, Executive shall be entitled to all rights and benefits for which Executive is eligible under the terms and conditions of the standard Company benefits and compensation practices that may be in effect from time to time and are provided by the Company to its executive employees generally. Notwithstanding the foregoing, this Section 2.3 shall not create or be deemed to create any obligation on the part of the Company to adopt or maintain any benefits or compensation practices at any time.

2.4. Additional Benefits. During the Term, Executive will be entitled to (a) a housing allowance in the amount of \$6,700 per month to obtain a residence in San Francisco, and (b) reimbursement for reasonable and documented (i) travel expenses for travel between San Francisco (or other Company offices) and Executive's personal residence, (ii) travel expenses for Executive's spouse to travel to San Francisco one-two times per month, (iii) car rental expenses

for Executive's automobile use in San Francisco, and (iv) parking expenses related to Executive's automobile use in San Francisco.

2.5. Paid Time Off. During the Term, Executive shall be entitled to such periods of paid time off ("PTO") as provided from time to time under the Company's PTO policies and as otherwise provided for executive officers, as it may be amended from time to time.

2.6. Equity Award. Executive will be eligible to receive an equity incentive grant in the form of stock options to acquire 400,000 shares of Company common stock at an exercise price equal to \$1.00 per share, vesting in monthly installments over the six (6) months following the Effective Date (the "**Option Grant**"), subject to Executive's continued employment with the Company as Executive Chairman/interim CEO through each vesting date; provided, that the Option Grant shall vest in full upon the occurrence of a Change in Control (as defined in the Company's 2024 Equity Incentive Plan (the "**2024 Plan**")). The Option Grant will be subject to the terms and conditions of the 2024 Plan and the applicable award agreement approved by the Board or a committee thereof (the "**Award Agreement**"), which shall be consistent with this Section 2.6.

ARTICLE III SECTION 409A

3.1. Section 409A. Notwithstanding any provision to the contrary in this Agreement:

(a) All provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "**Section 409A**") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall the Company or any of its affiliates be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

(b) If Executive is deemed at the time of Executive's "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) ("**Separation from Service**") to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code which would subject Executive to a tax obligation under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service or (ii) the date of Executive's death. Upon the expiration of the applicable Section 409A(a)(2)(B)(i) of the Code period, all payments deferred pursuant to this Section 3.3(b) shall be paid in a lump sum to Executive, and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

(c) Any reimbursements payable to Executive pursuant to the Agreement shall be paid to Executive no later than 30 days after Executive provides the Company with a written request for reimbursement, and to the extent that any such reimbursements are deemed to constitute “nonqualified deferred compensation” within the meaning of Section 409A (i) such amounts shall be paid or reimbursed to Executive promptly, but in no event later than December 31 of the year following the year in which the expense is incurred, (ii) the amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and (iii) Executive’s right to such payments or reimbursement shall not be subject to liquidation or exchange for any other benefit; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(d) For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive’s right to receive installment payments under the Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment.

3.2. Mitigation. Executive shall not be required to mitigate damages or the amount of any payment provided under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or by any retirement benefits received by Executive after termination of employment.

3.3. Equity Coordination. For the avoidance of doubt, all equity awards, including stock options, restricted stock units and other equity-based compensation granted by the Company to Executive under the Company’s equity-based compensation plans shall be subject to the terms of such plans and Executive’s equity award agreements with respect thereto.

ARTICLE IV PROPRIETARY INFORMATION AND CONFIDENTIALITY OBLIGATIONS

4.1. Proprietary Information. All Company Innovations shall be the sole and exclusive property of the Company without further compensation and are “works made for hire” as that term is defined under the United States copyright laws. Executive shall promptly notify the Company of any Company Innovations that Executive solely or jointly Creates. “**Company Innovations**” means all Innovations, and any associated intellectual property rights, which Executive may solely or jointly Create, during Executive’s employment with the Company, which (a) relate, at the time Created, to the Company’s business or actual or demonstrably anticipated research or development, or (b) were developed on any amount of the Company’s time or with the use of any of the Company’s equipment, supplies, facilities or trade secret information, or (c) resulted from any work Executive performed for the Company. Executive is notified that Company Innovations does not include any Innovation which qualifies fully under the provisions of California Labor Code Section 2870. “**Create**” means to create, conceive, reduce to practice, derive, develop or make. “**Innovations**” means processes, machines, manufactures, compositions of matter, improvements, inventions (whether or not protectable under patent laws), works of authorship, information fixed in any tangible medium of expression

(whether or not protectable under copyright laws), mask works, trademarks, trade names, trade dress, trade secrets, know-how, ideas (whether or not protectable under trade secret laws), and other subject matter protectable under patent, copyright, moral rights, mask work, trademark, trade secret or other laws regarding proprietary rights, including new or useful art, combinations, discoveries, formulae, manufacturing techniques, technical developments, discoveries, artwork, software and designs. Executive hereby assigns (and will assign) to the Company all Company Innovations. Executive shall perform (at the Company's expense), during and after Executive's employment, all acts reasonably deemed necessary or desirable by the Company to assist the Company in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Innovations. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of patent, copyright, mask work or other applications, (ii) in the enforcement of any applicable Proprietary Rights, and (iii) in other legal proceedings related to the Company's Innovations. "**Proprietary Rights**" means patents, copyrights, mask work, moral rights, trade secrets and other proprietary rights. No provision in this Agreement is intended to require Executive to assign or offer to assign any of Executive's rights in any invention for which Executive can establish that no trade secret information of the Company were used, and which was developed on Executive's own time, unless the invention relates to the Company's actual or demonstrably anticipated research or development, or the invention results from any work performed by Executive for the Company.

4.2. Confidentiality. In the course of Executive's employment with the Company and the performance of Executive's duties on behalf of the Company and its affiliates hereunder, Executive will be provided with, and will have access to, Confidential Information (as defined below). In consideration of Executive's receipt and access to such Confidential Information, and as a condition of Executive's employment, Executive shall comply with this Section 4.2

(a) Both during the Term and thereafter, except as expressly permitted by this Agreement, Executive shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company or its affiliates. Executive shall follow all Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). Except to the extent required for the performance of Executive's duties on behalf of the Company or any of its affiliates, Executive shall not remove from facilities of the Company or any of its affiliates any information, property, equipment, drawings, notes, reports, manuals, invention records, computer software, customer information, or other data or materials that relate in any way to the Confidential Information, whether paper or electronic and whether produced by Executive or obtained by the Company or any of its affiliates. The covenants of this Section 4.2(a) shall apply to all Confidential Information, whether now known or later to become known to Executive during the period that Executive is employed by or affiliated with the Company or any of its affiliates.

(b) Notwithstanding any provision of Section 4.2(a) to the contrary, Executive may make the following disclosures and uses of Confidential Information:

- (i) disclosures to other employees, officers or directors of the Company or any of its affiliates who have a need to know the information in connection with the businesses of the Company or any of its affiliates;
- (ii) disclosures to customers and suppliers when, in the reasonable and good faith belief of Executive, such disclosure is in connection with Executive's performance of Executive's duties;
- (iii) disclosures and uses that are approved in writing by the Board; or
- (iv) disclosures to a person or entity that has (A) been retained by the Company or any of its affiliates to provide services to the Company and/or its affiliates and (B) agreed in writing to abide by the terms of a confidentiality agreement.

(c) Upon the expiration of the Term, and at any other time upon request of the Company, Executive shall promptly and permanently surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company property (including any Company-issued computer, mobile device or other equipment) in Executive's possession, custody or control and Executive shall not retain any such documents or other materials or property of the Company or any of its affiliates. Within ten (10) days of any such request, Executive shall certify to the Company in writing that all such documents, materials and property have been returned to the Company or otherwise destroyed.

(d) **"Confidential Information"** means all confidential, competitively valuable, non-public or proprietary information that is conceived, made, developed or acquired by or disclosed to Executive (whether conveyed orally or in writing), individually or in conjunction with others, during the period that Executive is employed or engaged by the Company or any of its affiliates (whether during business hours or otherwise and whether on the Company's premises or otherwise) including: (i) technical information of the Company, its affiliates, its investors, customers, vendors, suppliers or other third parties, including computer programs, software, databases, data, ideas, know-how, formulae, compositions, processes, discoveries, machines, inventions (whether patentable or not), designs, developmental or experimental work, techniques, improvements, work in process, research or test results, original works of authorship, training programs and procedures, diagrams, charts, business and product development plans, and similar items; (ii) information relating to the Company or any of its affiliates' businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) or pursuant to which the Company or any of its affiliates owes a confidentiality obligation; and (iii) other valuable, confidential information and trade secrets of the Company, its affiliates, its customers or other third parties. Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas,

concepts, improvements, discoveries, inventions and other similar forms of expression are and shall be the sole and exclusive property of the Company or its other applicable affiliates and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (A) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Executive or any of Executive's agents; (B) was available to Executive on a non-confidential basis before its disclosure by the Company or any of its affiliates; (C) becomes available to Executive on a non-confidential basis from a source other than the Company or any of its affiliates; provided, however, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, the Company or any of its affiliates; or (D) is required to be disclosed by applicable law.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Executive from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Executive from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Executive to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Executive has engaged in any such conduct.

4.3. Nondisparagement. Subject to Section 4.2(e) above, Executive agrees that from and after the Effective Date, Executive will not, directly or indirectly, make, publish, or communicate any disparaging or defamatory comments regarding the Company or any of its current or former directors, officers, members, managers, partners, or executives. The Company agrees that it will counsel its senior officers and directors to not make, publish, or communicate any disparaging or defamatory comments regarding Executive. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), and the foregoing limitation on the Company's senior executives and directors shall not be violated by statements that they in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to the Company or any of its affiliates.

4.4. Remedies. Executive's and the Company's duties under this Article IV shall survive termination of Executive's employment with the Company and the termination of this Agreement. Because of the difficulty of measuring economic losses to the Company and its affiliates as a result of a breach or threatened breach of the covenants set forth in this Article IV, Section 5.2 and Article VI, and because of the immediate and irreparable damage that would be caused to the Company and its affiliates for which they would have no other adequate remedy, Executive acknowledges that a remedy at law for any breach or threatened breach by Executive of Article IV, as well as Executive's obligations pursuant to Section 5.2 and Article VI below, would be inadequate, and Executive therefore agrees that the Company shall be entitled to seek injunctive relief in case of any such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any of its affiliates' exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each of its affiliates at law and equity.

4.5. Modification. The covenants in this Article IV, Section 5.2 and Article VI, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). If it is determined by an arbitrator or a court of competent jurisdiction in any state that any restriction in this Article IV, Section 5.2 and Article VI is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the arbitrator or the court to render it enforceable to the maximum extent permitted by the law of that state.

ARTICLE V OUTSIDE ACTIVITIES

5.1. Other Activities.

(a) Except as otherwise provided in Section 5.1(b), Executive shall not, during the term of this Agreement undertake or engage in any other employment, occupation or business enterprise, other than ones in which Executive is a passive investor, unless Executive obtains the prior written consent of the Board.

(b) Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder. In addition, Executive shall be allowed to serve as chairman of the board of directors of Wondrwall Group, Ltd., so long as such service does not materially interfere with the performance of Executive's duties hereunder. The Company acknowledges that, historically, the time requirement for Wondrwall board service has been approximately four hours per week of calls and four days in, or traveling to, the United Kingdom every three months. In addition, Executive shall be allowed to serve as a member of the board of directors of Spring Valley Acquisition, II, so long as such service does not materially interfere with the performance of Executive's duties hereunder. The Company acknowledges that, historically, the time requirement for Spring Valley board service is 2 hours every 3 months.

5.2. Competition/Investments. During the term of Executive's employment by the Company, Executive shall not (except on behalf of the Company) directly or indirectly, whether as an officer, director, stockholder, partner, proprietor, associate, representative, consultant, or in any capacity whatsoever engage in, become financially interested in, be employed by or have any business connection with any other person, corporation, firm, partnership or other entity whatsoever which are known by Executive to compete directly with the Company or any of its affiliates, throughout the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that anything above to the contrary notwithstanding, Executive may own, as a passive investor, securities of any competitor corporation, so long as Executive's direct holdings in any one such corporation do not, in the aggregate, constitute more than 1% of the voting stock of such corporation.

5.3. Defense of Claims; Cooperation. During the Term and thereafter, upon reasonable request from the Company, Executive shall use commercially reasonable efforts to cooperate with the Company and its affiliates in the defense of any claims or actions that may be made by or against the Company or any of its affiliates that relate to Executive's actual or prior areas of responsibility or knowledge. Executive shall further use commercially reasonable efforts to provide reasonable and timely cooperation in connection with any actual or threatened claim, action, inquiry, review, investigation, process, or other matter (whether conducted by or before any court, arbitrator, regulatory, or governmental entity, or by or on behalf of the Company or any of its affiliates), that relates to Executive's actual or prior areas of responsibility or knowledge.

ARTICLE VI NONINTERFERENCE

Executive shall not, during the Term and, solely with respect to clause (b) below, for twelve (12) months thereafter, either on Executive's own account or jointly with or as a manager, agent, officer, employee, consultant, partner, joint venturer, owner or stockholder or otherwise on behalf of any other person, firm or corporation, directly or indirectly solicit, induce attempt to solicit any of the Company's (a) customers or clients to terminate their relationship with the Company or to cease purchasing services or products from the Company or (b) officers or employees or offer employment to any person who is an officer or employee of the Company; *provided, however*, that a general advertisement to which an employee of the Company responds shall in no event be deemed to result in a breach of this Article VI. If it is determined by a court of competent jurisdiction in any state that any restriction in this Article VI is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

ARTICLE VII GENERAL PROVISIONS

7.1. Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile or electronic mail) or the third day after mailing by first class mail, to the Company at its primary office location and to Executive at Executive's address as listed on the Company's books and records.

7.2. Tax Withholding. Executive acknowledges that all amounts and benefits payable under this Agreement are subject to deduction and withholding to the extent required by applicable law.

7.3. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

7.4. Clawback. Amounts paid or payable under this Agreement shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company or any of its affiliates applicable to Executive, including, but not limited to, the Stem Inc. Clawback Policy, designed to comply with the requirements of Rule 10D-1 promulgated under the U.S. Securities Exchange Act of 1934, as amended, which clawback policies or procedures may provide for forfeiture and/or recoupment of amounts paid or payable under this Agreement. Notwithstanding any provision of this Agreement to the contrary, the Company and each of its affiliates reserves the right, without the consent of Executive, to adopt any such clawback policies and procedures, including such policies and procedures applicable to this Agreement with retroactive effect.

7.5. Waiver. Any waiver of this Agreement must be executed by the party to be bound by such waiver. If either party should waive any breach of any provisions of this Agreement, they shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

7.6. Complete Agreement. This Agreement constitutes the entire agreement between Executive and the Company and is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter, and will supersede all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect to the subject matter hereof. This Agreement is entered into without reliance on any promise or representation other than those expressly contained herein or therein, and cannot be modified or amended except in a writing signed by a duly-authorized officer of the Company and Executive.

7.7. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

7.8. Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

7.9. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign Executive's rights or

delegate Executive's duties or obligations hereunder without the prior written consent of the Company.

7.10. Effect of Termination. The provisions of Articles III, IV, VI and VII and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Executive and the Company.

7.11. Third-Party Beneficiaries. Each affiliate of the Company that is not a signatory to this Agreement shall be a third-party beneficiary of Executive's obligations under Section 7.14 and Articles IV, V and VI and shall be entitled to enforce such obligations as if a party hereto.

7.12. Executive Acknowledgement. Executive acknowledges and agrees that (a) Executive was represented by counsel in connection with the negotiation of this Agreement, and (b) that Executive has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on Executive's own judgment.

7.13. Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the law of the State of California without regard to the conflicts of law provisions thereof. With respect to any claim or dispute related to or arising under this Agreement, the parties hereby consent to the arbitration provisions of Section 7.14 and recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in California.

7.14. Arbitration.

(a) Subject to Section 7.14(b), any dispute, controversy or claim between Executive and the Company or any of its affiliates arising out of or relating to this Agreement or Executive's employment or engagement with the Company or any of its affiliates ("**Disputes**") will be finally settled by confidential arbitration in the State of California in accordance with the then-existing American Arbitration Association ("**AAA**") Employment Arbitration Rules. The arbitration award shall be final and binding on both parties. Any arbitration conducted under this Section 7.14 shall be private, shall be heard by a single arbitrator (the "**Arbitrator**") selected in accordance with the then-applicable rules of the AAA and shall be conducted in accordance with the Federal Arbitration Act. The Arbitrator shall expeditiously hear and decide all matters concerning the Dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to (i) gather such materials, information, testimony and evidence as the Arbitrator deems relevant to the Dispute before him or her (and each party will provide such materials, information, testimony and evidence requested by the Arbitrator), and (ii) grant injunctive relief and enforce specific performance. All Disputes shall be arbitrated on an individual basis, and each party hereto hereby foregoes and waives any right to arbitrate any Dispute as a class action or collective action or on a consolidated basis or in a representative capacity on behalf of other persons or entities who are claimed to be similarly situated, or to participate as a class member in such a proceeding. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, except as provided under this Section 7.14, each party will pay all of its own costs and

expenses, including its own legal fees and expenses, and the arbitration costs will be shared equally by the Company and Executive.

(b) Notwithstanding Section 7.14(a), either party may make a timely application for, and obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Articles IV through VI; provided, however, that the remainder of any such Dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 7.14.

(c) By entering into this Agreement and entering into the arbitration provisions of this Section 7.14, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.

(d) Nothing in this Section 7.14 shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award, or (ii) joining the other party to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement. Further, nothing in this Section 7.14 precludes Executive from filing a charge or complaint with a federal, state or other governmental administrative agency.

[Signature page follows]

In Witness Whereof, the parties have executed this Agreement as of the date first written above.

STEM, INC.

By: __

Name: Saul R. Laureles

Title: Chief Legal Officer and Corporate Secretary

Accepted and Agreed:

—
David Buzby

Signature Page to Executive Chair and Interim CEO Employment Agreement



INSIDER TRADING POLICY

(effective as of October 15, 2025)

This Policy supersedes all previous Stem, Inc. insider trading policies. Stem reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different policies and procedures at any time. In the event of any conflict or inconsistency between this Policy and any other materials distributed by Stem relating to transactions in Stem securities, this Policy will govern.

If a law or regulation conflicts with this Policy, you must comply with that law or regulation.

Executive Summary

The following description is a summary of select material provisions of Stem's Insider Trading Policy. Because this summary does not restate the Policy in its entirety or purport to cover all the information that may be important to you, you should read the Policy in its entirety. If you are a director or executive officer of the Company, you should also read the Section 16 Compliance and Reporting Memorandum.

- *Prohibition on Insider Trading.* Buying, selling or making other transfers of Stem securities when in possession of material nonpublic information is illegal and a violation of this Policy. It is also illegal and a violation of this Policy for persons with material nonpublic information to pass on such information to others who then trade or to engage in speculative transactions in Stem securities. *See Section II.A-II.B of the Policy.*
 - *What is "Material"?* Information is "material" if a reasonable investor would consider the information important in deciding whether to buy, hold or sell securities. Information that would reasonably be expected to affect Stem's common stock price should be considered material. *See Section II.D of the Policy.*
 - *Trading Windows.* Employees who are not Restricted Individuals (as defined below) may trade in Stem securities at any time when they are not in possession of material nonpublic information. Restricted Individuals may trade in Stem securities only during open trading windows. A trading window generally begins on the date that is one full trading day after the date of public release of Stem's earnings results and ends two weeks prior to the end of each quarter (i.e., two weeks prior to the last day of each December, March, June and September). *See Section III.B of the Policy.*
 - *Pre-clearance of all Transactions for the "Pre-Clearance Group".* All directors, executive officers and other select member of the Restricted Individuals group must obtain pre-approval of any purchase, sale or other trade in Stem securities, even during trading windows. Approvals will be effective for only 48 hours. *See Section III.B of the Policy.*
 - *Individual Responsibility.* Each individual is responsible for ensuring that he or she does not violate this Policy, the U.S. or any other applicable securities laws regarding trading or communicating information regarding securities. The restrictions and prohibitions in this Policy also apply to your family members who reside with you and, in some cases, those who do not.
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I. INTRODUCTION

Purpose. Stem, Inc. (the “**Company**”) is listed on the New York Stock Exchange (the “**NYSE**”), and is subject to its rules, as well as the rules and regulations of the Securities and Exchange Commission (“**SEC**”). U.S. Federal and state laws prohibit buying, selling or making other transfers of securities by persons who have material, nonpublic information that has not been disclosed by the Company. These laws also prohibit persons with such material nonpublic information from disclosing this information to others for purposes of trading.

The SEC, the NYSE and the various non-U.S. securities regulators maintain vigorous programs of enforcement against persons who engage in illegal insider trading. The SEC has successfully prosecuted cases against employees who engage in transactions through foreign accounts, transactions by family members and friends, and transactions involving only a small number of shares. Therefore, it is important that you understand the breadth of activities that constitute illegal insider trading.

The Company has adopted the following policy (this “**Policy**”) regarding trading in the securities of the Company and the handling of confidential information about the Company and the companies with which the Company does business. The Company’s Board of Directors (the “**Board**”) has adopted this Policy to promote compliance with federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

The principles discussed in this Policy also apply to nonpublic information that you obtain in the course of your employment or other involvement with the Company about another public company (such as a client, customer or a company with which Stem is involved in a transaction). If you obtain material nonpublic information about another public company, then you must not trade in the securities of that company until the information has been publicly disseminated.

Persons Subject to this Policy. This Policy applies to all officers of the Company and its subsidiaries, all members of the Board and all employees of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to Related Persons (defined below), including family members, other members of a person’s household and entities controlled by a person covered by this Policy.

No Exceptions. The prohibition against trading while in possession of material nonpublic information is absolute and unconditional. There is no exception for small transactions or transactions that may seem necessary or justifiable, such as the need to raise money for an emergency expenditure. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company’s reputation for adhering to the highest standards of conduct.

Additional Restrictions on Directors and Executive Officers. If you are designated as a Section 16 officer under the U.S. Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), you are subject to the restrictions and reporting requirements described in a separate Section 16 Compliance and Reporting Memorandum, which has been delivered to you concurrently with this Policy. Individuals who are so designated will be notified by the Company’s Chief Legal Officer and Secretary (the “**CLO**”).

Transactions Subject to Policy. This Policy applies to transactions, whether direct or indirect, in Stem’s securities, including its common stock, options to purchase common stock, restricted stock or restricted stock units, or any other type of securities that Stem may issue, including but not limited to preferred stock and convertible debentures, as well as derivative securities relating to Stem but that are not issued by Stem, such as exchange-traded put or call options or swaps relating to Stem securities (collectively referred to as “*Stem securities*”). Transactions subject to this Policy include purchases, sales and bona fide gifts of Stem securities.

When this Policy refers to another entity’s “*securities*,” it refers to its common stock, options to purchase common stock, or any other type of securities that that the entity may issue, as well as derivative securities relating to that company but that are not issued by that entity.

The Company will review, evaluate and revise this Policy from time to time in light of regulatory changes, developments in the Company’s business and other factors.

Applicability.

- Sections I and II of this Policy apply to all directors, officers and other employees of Stem.
- Section III of this Policy applies to all directors and executive officers of Stem, Inc., as well as other key personnel, defined in Section III as “Restricted Individuals.”
- To the extent this Policy applies to you, it also applies to any Related Persons (as defined in Section III.A.2), including (a) your family members who reside with you or who are financially supported by you (including children at college); (b) anyone else who lives in your household; and (c) any family members who do not live in your household but whose transactions in Stem securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Stem securities). Please refer to Section III.A.2 for the full definition of Related Persons.

Individual Responsibility. Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and not to engage in transactions in Stem securities while in possession of material nonpublic information. Persons subject to this policy must not engage in illegal trading and must avoid the appearance of improper trading. Each individual is responsible for making sure that they comply with this Policy, and that any family member, household member or entity whose transactions are subject to this Policy, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer (defined below) or any other employee, officer or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading “Consequences of Violations.”

Consequences of Violations. If you violate the insider trading laws, you may go to prison for up to 20 years. You may also have to pay civil fines for up to three times the profit gained or loss avoided by such trading, as well as criminal fines of up to \$5 million. In addition, the Company may face civil penalties up to the greater of \$1 million, or three times the profit gained or loss avoided as a result of your insider trading violations, as well as criminal fines of up to \$25 million.

Administration of Policy. The Company's Chief Legal Officer administers this policy and serves as the Insider Trading Policy Compliance Officer (the "**Compliance Officer**"). In his or her absence, Stem's Chief Financial Officer will serve as the Compliance Officer. The Compliance Officer may also designate one or more individuals in the legal department who may perform the functions of the Compliance Officer. The Compliance Officer will review and either approve or prohibit all proposed trades requiring preapproval under this policy according to the procedures set forth in this policy, except that with respect to the Chief Legal Officer, any proposed trades must be approved by Stem's Chief Financial Officer. All determinations and interpretations by the Compliance Officer will be final and not subject to further review.

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II. TRADING POLICIES AND PROCEDURES

A. No Trading on Material Nonpublic Information; No “Tipping” Others

General Prohibition. No director, officer or other employee of Stem (or any other person designated by this Policy) may, directly or indirectly, through family members or other persons or entities, engage in transactions in Stem securities when that person is aware of have material nonpublic information about Stem, except as otherwise specified in this Policy under the headings “Permitted Transactions” and “Rule 10b5-1 Trading Plans.” For guidance on what is “material” or “nonpublic,” see Section II.D below.

This prohibition against illegal “insider trading” also applies to transactions in the securities of other entities when you learn of material nonpublic information about such entities as a result of your employment or other association with Stem. Examples include learning material nonpublic information from the Company’s customers and suppliers, or another entity with which the Company is negotiating a major transaction, such as a joint venturer, strategic partner or acquisition target.

No tipping. You must also not convey material nonpublic information about the Company or another company to anyone else, including family members. You also must not recommend that anyone purchase or sell any company’s securities while you are aware of material nonpublic information about that company. These practices, known as “*tipping*,” also violate the U.S. securities laws and can result in the same civil and criminal penalties that would apply if you engage in insider trading directly, even if you do not receive any money or derive any benefit from trades made by persons to whom you passed material nonpublic information. This policy against “tipping” applies to information about the Company and its securities, as well as to information about other entities. This Policy does not restrict legitimate business communications on a “need to know” basis.

B. Prohibition on Speculative Transactions; Special Transactions

Additional restrictions and prohibitions with respect to pledges, margin accounts and “limit” or “stop loss” orders apply to Stem directors, officers and other Restricted Individuals (as defined in Section III.A.1). Directors, officers and other Restricted Individuals should see Section III of this Policy.

Short-term trading of Stem securities may be distracting to the person and may unduly focus the person on the Company’s short-term stock market performance instead of the Company’s long-term business objectives. For these reasons, any director, officer or other employee of the Company who purchases Stem securities in the open market may not sell any Stem securities of the same class during the six months following the purchase (or vice versa).

Short sales of Stem securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve the Company’s performance. For these reasons, short sales of Stem securities are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales.

Publicly-traded options, given their relatively short-term nature, may create the appearance that a director, officer or employee is trading based on material nonpublic information and focus a director’s,

officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy.

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer or employee to continue to own Stem securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

Margin accounts and Pledges. Although this Policy does not prohibit employees from including Stem securities in a margin account or pledging Stem securities as collateral for a loan, employees should exercise caution. Because Stem securities held in a margin account or pledged as collateral may be sold without your consent if you fail to meet a margin call or if you default on a loan, a margin call or foreclosure sale may result in unlawful insider trading.

"Limit" and "Stop Loss" Orders. This Policy does not generally prohibit "limit" or "stop loss" orders for persons subject to this Policy. However, if you have placed a limit or stop loss order in connection with the sale of a security and subsequently become aware of any material nonpublic information relating to that security, you should revoke your order so that there will not be a risk of the sale of that security while you are in the possession of such material nonpublic information.

As stated above, these restrictions also apply to anyone who lives in your household (other than household employees). The SEC and federal prosecutors may presume that trading by family members is based on information you supplied and may treat any such transactions as if you had traded yourself. There is no exception for small transactions or transactions that may seem necessary or justifiable for independent reasons, such as the need to raise money for an emergency expenditure.

C. Permitted Transactions.

The following transactions are exempt from the restrictions in this Policy, except as specifically noted:

- *Stock option exercises.* This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements.
 - However, this Policy *does* apply to any sale of stock as part of a "cashless" broker-assisted exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option. To be clear, this means that during a blackout period, any "cashless" exercise or other market transaction is prohibited.

- *Vesting of RSUs.* This Policy does not apply to the vesting of restricted stock units, or the exercise of a tax withholding right pursuant to which shares of stock are automatically sold to satisfy tax withholding requirements upon the vesting of any restricted stock units.
- *Mutual Funds, etc.* The purchase or sale of Stem securities in or through a “blind” trust, mutual fund, broad market fund such as the Russell 3000 Index (including ETFs that track such a fund), “wrap” account or similar arrangement, provided that the investment in Stem is not discussed with the trustee, money manager or other investment advisor who has discretion over the funds; and
- *Transactions with Stem.* Lastly, this Policy does not prohibit any other purchase of Stem securities from Stem or any sale of Stem securities to Stem.

For purposes of this Policy, references to “*trading*” and “*transactions*” include, among other things:

- purchases and sales of Stem securities in public markets;
- sales of Stem securities obtained through the exercise of employee stock options granted by the Company;
- making gifts of Stem securities; and
- using Stem securities to secure a loan.

D. Definition of “Material Nonpublic Information”

Material Information.

Material information generally means information that a reasonable investor would consider important in making an investment decision to buy, hold, or sell securities. Either positive or negative information may be material. Any information that could reasonably be expected to affect the Company’s stock price should be considered material.

Depending on the circumstances, common examples of information that may be material include:

- financial results;
- projections of future earnings or losses, or other earnings guidance;
- changes to previously announced earnings guidance;
- a pending or proposed merger, acquisition, tender offer or joint venture;
- changes in directors, senior management or auditors;
- significant new technologies, products or services;
- extraordinary borrowing or liquidity problems;

- significant developments regarding customers, joint venture or strategic partners, vendors or suppliers (such as losing or gaining a major contract);
- changes in dividend policies or the declaration of a stock split or the proposed or contemplated issuance, redemption, or repurchase of securities;
- material defaults under agreements or actions by creditors, clients, or suppliers relating to a company's credit rating; and
- impending financial problems;
- institution of, or developments in, major litigation, investigations, or regulatory actions or proceedings; and
- the imposition of a trading "blackout" by Stem on transactions in Stem securities or the securities of another company.

Federal and NYSE investigators will scrutinize a questionable trade after the fact with the benefit of hindsight, so you should always err on the side of deciding that the information is material and not trade. If you have questions regarding specific transactions, please contact the CLO.

One helpful way to determine if you have material nonpublic information is to ask yourself, "Would the person on the other side of this transaction still want to complete the trade at this price if he or she knew what I know about Stem?" If the answer is "no," chances are you possess material nonpublic information.

A good general rule of thumb: WHEN IN DOUBT, DO NOT TRADE.

When Information is Considered Public.

Information is "**nonpublic**" if it is not generally known by or available to the public. Information is considered to be available to the public only when:

- it has been released to the public by the Company through appropriate channels, such as by means of a press release distributed through a widely circulated news or wire service, such as Dow Jones or Bloomberg; and
- one full trading day has lapsed following the date of public disclosure.

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III. ADDITIONAL RESTRICTIONS APPLICABLE TO RESTRICTED INDIVIDUALS AND PRE-CLEARANCE GROUP MEMBERS

To minimize the risk of an inadvertent violation of this Policy and to avoid even the appearance of impropriety, directors, executive officers and certain other employees identified below as “Restricted Individuals” and members of the “Pre-Clearance Group” are subject to the additional restrictions covered below.

Persons who are deemed Section 16 insiders under the U.S. Securities and Exchange Act of 1934 are subject to the restrictions and reporting requirements described in a separate Section 16 Compliance and Reporting Memorandum, which has been delivered concurrently with this Policy. Individuals who are so designated will be notified by the Human Resources or Legal Department.

A. Definitions

1. “*Restricted Individuals*” means the following persons at any time (or any successor to any such person, in the event of a change in title, as applicable):

- a. Directors and executive officers of Stem, Inc;
- b. Head of Investor Relations;
- c. Investor Relations Manager;
- d. Legal Counsel, Corporate;
- e. Sr. Legal Counsel, Operations;
- f. Legal Counsel, Contracts
- g. Sr. Director, Contracts Administrator
- h. Executive/administrative assistants to any of the persons described above;
- i. VP, Corporate Communications;
- j. Manager, Equity Plan Compliance;
- k. VP, Treasurer;
- l. Controller;
- m. Persons who prepare or receive full Stem monthly business reviews (MBRs) or other such financial information;
- n. Persons having access to NetSuite for total Stem, Inc. operations or Stem, Inc. consolidated results;
- o. Any other Stem employees designated as a “Restricted Individual” by the Chief Legal Officer; and

- p. Any “Related Person” (as defined immediately below) of any Restricted Individual.
2. “**Related Person**” means, with respect to any Restricted Individual at any time:
- a. Any family member and anyone else living in the Restricted Individual’s household (excluding household employees);
 - b. Any family member who does not live in a Restricted Individual’s household but who is financially supported by the Restricted Individual (including children at college) or whose transactions in Stem securities are directed by such Restricted Individual or are subject to his or her influence or control (such as parents or children who consult with such Restricted Individual before they trade in Stem securities);
 - c. Partnerships in which the Restricted Individual is a general partner;
 - d. Trusts of which the Restricted Individual is a trustee; and
 - e. Estates of which the Restricted Individual is an executor.
3. “**Pre-Clearance Group**” means (a) all directors and executive officers of Stem, Inc.; (b) Head of Investor Relations; (c) Investor Relations Manager; (d) Legal Counsel, Corporate; (e) Sr. Legal Counsel, Operations; (f) Legal Counsel, Contracts; (g) VP, Corporate Communications; (h) Controller; (i) VP, Treasurer; (j) executive/administrative assistants to any of the foregoing persons; (k) or any successor to any person described in clauses (b) through (j) in the event of a change in title, as applicable; (l) persons preparing, receiving or having access to any corporate-level financial reports or information; (m) any other Stem employees designated by the Chief Legal Officer; and (n) any “Related Person” of any of the foregoing.

B. Additional Restrictions Applicable to Restricted Individuals

Pre-Clearance Trading Windows

Directors, executive officers and other Restricted Individuals may trade in Stem securities only from the date that is one full trading day after the date that earnings results are released until the date that is two weeks prior to the close of business on the last day of each December, March, June and September of each year (each such period, a “**Trading Window**”).

However, even if a Trading Window is open, you may not trade in Stem securities if you are aware of material nonpublic information about the Company. In addition, if you are subject to the Company’s pre-clearance requirement (described below), you must pre-clear transactions even if you intend to initiate them when a Trading Window is open.

As stated above, even if a Trading Window is closed, you may exercise Company stock options if no shares are to be sold on the open market or if you go through “cashless broker-assisted exercises” – you may not, however, effect sales of stock issued to you upon the exercise of stock options (including same-day sales). The vesting of restricted stock units according to their terms is also permitted, but you may not, during a blackout period, effect sales of stock issued to you upon such vesting. Generally, all pending purchase and sale orders regarding Company securities that could be executed while the Trading Window is open must be cancelled before it closes.

In light of these restrictions, if you expect a need to sell Stem securities at a specific time in the future, you should consider entering into a prearranged Rule 10b5-1 trading plan, as discussed below.

“Blackout” Periods

No director, executive officer or other Restricted Individual (including his or her Related Persons) may purchase, sell or enter into any other transaction with respect to Stem securities during any quarterly or (as applicable) special “blackout” period, as more specifically described below (each, a “**blackout period**”).

Quarterly Blackout Periods

A quarterly blackout period will begin two weeks prior to the end of each fiscal quarter (two weeks prior to the end of each December, March, June and September) and end on the date that is one full trading day after the date of public release of Stem’s quarterly or annual earnings results. For example, if Stem publicly releases earnings results on a Wednesday at 4:00 p.m. Eastern time, then trading in Stem securities may commence at the open of market on Friday of the same week. If Stem publicly releases earnings results on Friday, then trading in Stem securities may commence at the open of market on the following Monday. The exact date of the public release of Stem’s earnings results is announced before the end of each quarter via press release. Restricted Individuals who leave the Company during a quarterly blackout period will remain subject to the Blackout Period for that quarter but will not be subject to future quarterly Blackout Periods absent special circumstances of which they will be notified.

Special Blackout Periods

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and employees. So long as the event remains material and nonpublic, the persons designated by the CLO may not trade Stem securities. In addition, the Company’s financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the CLO, designated persons should refrain from trading in Stem securities even sooner than the quarterly blackout period described above. In that situation, the CLO may notify these persons that they should not trade in the Company’s securities, without disclosing the reason for the restriction.

The existence of an event-specific trading restriction period or extension of a blackout period will not be announced to the Company as a whole and should not be communicated to any other person. Even if the CLO has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading restriction period. These blackout periods, which will vary in length, will

be determined by the CLO, and will be communicated to the appropriate personnel via e-mail. Termination of a blackout period will also be communicated to the appropriate personnel via e-mail.

It is not the Company's policy to impose special blackout periods every time that material nonpublic information exists, or every time that a Company employee may be in the possession of material nonpublic information. Thus, the absence of a special blackout period should not be interpreted as permission to trade. In addition, if you are subject to the Company's pre-clearance policy (described below), you must pre-clear transactions even if you intend to initiate them when there is no trading blackout in place.

See the section below entitled "*Permitted Transactions*" for a summary of stock transactions you may effect even during a Blackout Period.

Pre-Clearance Procedures

Members of the Pre-Clearance Group are strongly encouraged to transact in Stem securities pursuant to an approved 10b5-1 trading plan (described below). The procedures immediately below apply to transactions outside of an approved 10b5-1 trading plan.

During a Trading Window, members of the Pre-Clearance Group must submit to the Chief Legal Officer (saul.laureles@stem.com), an e-mail request for pre-approval of any purchase, sale or other trade in Stem securities. The e-mail request must be substantially in the form attached as Exhibit A. Any such request for pre-clearance must be submitted at least two business days in advance of such proposed purchase, sale or other trade. Note that responses to requests for pre-clearance may take up to 24 hours.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company and should describe fully those circumstances to the Chief Legal Officer. The requestor should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file a Form 144, if necessary, at the time of any sale.

The Chief Legal Officer is under no obligation to approve a trade submitted for pre-clearance and may determine not to permit a trade. The Chief Legal Officer may not trade in Stem securities unless the CEO has approved the trade(s) in accordance with these procedures.

Approvals for clearances will be valid for only 48 hours, and only to the extent that you do not acquire material nonpublic information concerning Stem during that time. If a transaction is not completed within the 48-hour period described above, the transaction must be approved again before it may be executed, and a new clearance request will need to be submitted. If a proposed transaction is not approved under the pre-clearance policy, you may not transact in Stem securities, and you should not inform anyone within or outside of the Company of the restriction.

This pre-clearance requirement applies to members of the Pre-Clearance Group even if they are initiating a transaction in a Trading Window.

If a member of the Pre-Clearance Group leaves the Company, they will cease to be required to pre-clear their trading activity; however, they will remain subject to any then-existing quarterly or special blackout period, and they will be subject to the Company's ability to enforce additional restrictions for a reasonable time following termination of employment in the CLO's sole discretion.

In light of the blackout and pre-clearance restrictions described above, if you expect a need to sell Company stock at a specific time in the future, you may wish to consider entering into a prearranged Rule 10b5-1 trading plan, as described below under the heading “Rule 10b5-1 Trading Plans.” Note that the requirement for pre-clearance, the quarterly blackout trading restrictions and special blackout trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 trading plans.

C. Additional Restrictions on Transactions.

Directors, executive officers and other Restricted Individuals are also prohibited from engaging in the following transactions with respect to Stem securities even when not in possession of material nonpublic information:

- purchasing, or carrying, on margin;
- pledging Stem securities as collateral;
- placing a “limit” order or a “stop loss” order;
- short sales (selling stock not owned at the time of sale) and selling short “against the box” (short selling shares that you own but borrowing shares through the market at the time of the sale); and
- buying or selling publicly-traded options (including writing covered calls), and hedging or entering into any other type of derivative arrangement that has a similar economic effect.

Explanatory note: Pledged Securities; Margin Accounts. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Stem directors, officers and other Restricted Individuals are prohibited from holding Stem securities in a margin account or otherwise pledging Stem securities as collateral for a loan, because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Stem securities.

D. Rule 10b5-1 Trading Plans

SEC Rule 10b5-1 provides a defense from insider trading liability if trades occur pursuant to a prearranged trading plan that meets specified conditions. It is possible to pre-arrange trades in Stem securities by entering into a written trading plan. A plan must either specify the number of securities to be bought or sold, along with the price and the date, or provide a written formula for determining this information. Alternatively, a trading plan can delegate investment discretion to a third party, such as a broker, who then makes trading decisions without further input from the person implementing the plan.

Because the SEC rules on trading plans are complex, you should consult with your broker and be sure you fully understand the limitations and conditions of the rules before you establish a trading plan.

All Rule 10b5-1 trading plans must be submitted to the CLO for review and approval at least five (5) business days prior to the entry in the Rule 10b5-1 trading plan, and meet the requirements of Rule

10b5-1 and the Company's "Guidelines for Rule 10b5-1 Plans," which may be obtained from the CLO. No further pre-approval of transactions conducted pursuant to a Rule 10b5-1 trading plan will be required.

E. Noncompliance

Anyone who fails to comply with this Policy will be subject to appropriate disciplinary action, up to and including termination of employment.

Questions about these guidelines should be directed to:

*Saul R. Laureles
Chief Legal Officer and Secretary
saul.laureles@stem.com*

Adopted on October 15, 2025

MODEL E-MAIL REQUEST FORM
PRE-CLEARANCE
TO ENGAGE IN TRANSACTIONS OF STEM, INC. SECURITIES

When seeking pre-clearance, please ensure that your e-mail request is substantially in the following form:

“Please pre-clear me for a purchase, sale or other trade in Stem securities. I am not aware of any material nonpublic information with respect to Stem. [Insert the following if you are a director or executive officer of Stem: I have reviewed the short-swing profit checklist enclosed with the Section 16 Memorandum, and I am permitted to effect the transaction for which I am seeking pre-clearance.]”

Please submit your pre-clearance request to:

Saul R. Laureles
Chief Legal Officer and Secretary
saul.laureles@stem.com

STEM, INC.
SUBSIDIARIES OF REGISTRANT
(as of December 31, 2025)

Subsidiary Name	Country or state of incorporation
AlsoEnergy Holdings, Inc.	Delaware
Stem US Holdings Inc.	Delaware
Stem US Operations Inc.	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-256501 on Form S-1, Registration Statement No. 333-251397 on Form S-4, Registration Statements Nos. 333-289989 and 333-291820 on Form S-3, and Registration Statement Nos. 333-288585 and 333-279788 on Form S-8 of our reports dated March 4, 2026, relating to the financial statements of Stem, Inc. and the effectiveness of Stem, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/DELOITTE & TOUCHE LLP

San Francisco, California
March 4, 2026

Powers of Attorney

Each of the undersigned, in the capacity or capacities set forth below his or her signature as a member of the Board of Directors and/or an officer of Stem, Inc., a Delaware company, hereby appoints Saul R. Laureles and Brian Musfeldt or either of them, the attorney or attorneys of the undersigned, with full power of substitution and revocation, for and in the name, place and stead of the undersigned, to execute and file with the Securities and Exchange Commission the Annual Report on Form 10-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for the fiscal year ending December 31, 2025, and any amendment or amendments to any such Annual Report on Form 10-K, and any agreements, consents or waivers related thereto, and to take any and all such other action for and in the name and place and stead of the undersigned as may be necessary or desirable in order to comply with the Exchange Act or the rules and regulations thereunder.

/s/ Arun Narayanan

Arun Narayanan
Chief Executive Officer and Director

/s/ David Buzby

David Buzby
Chairman of the Board

/s/ Adam E. Daley

Adam E. Daley
Director

/s/ Anil Tammineedi

Anil Tammineedi
Director

/s/ Ira Burns

Ira Burns
Director

/s/ Laura D’Andrea Tyson

Laura D’Andrea Tyson
Director

/s/ Vasudevan Guruswamy

Vasudevan Guruswamy
Director

/s/ Krishna Shivram

Krishna Shivram
Director

Date: March 2, 2026

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Arun Narayanan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Stem, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

STEM, INC.

Date: March 4, 2026

By: /s/ Arun Narayanan

Name: Arun Narayanan

Title: Chief Executive Officer and Director

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brian Musfeldt, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Stem, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

STEM, INC.

Date: March 4, 2026

By: /s/ Brian Musfeldt

Name: Brian Musfeldt
Title: Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Stem, Inc. (the "Company") for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arun Narayanan, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

STEM, INC.

Date: March 4, 2026

By: /s/ Arun Narayanan

Name: Arun Narayanan

Title: Chief Executive Officer and Director

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Stem, Inc. (the "Company") for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Musfeldt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the registrant.

STEM, INC.

Date: March 4, 2026

By: /s/ Brian Musfeldt

Name: Brian Musfeldt
Title: Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.