

# Stem Shifts Gears: New Software and Services Strategy for Scalable, Profitable Growth

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**Stem, Inc. (NYSE: STEM), a leader in clean energy software and services, announced a significant shift in its strategic direction. This move prioritizes software and services to drive predictable, recurring revenue and higher profitability.**

Stem will transition to a software and services-centric model, leveraging its industry-leading offerings to create tangible value for customers. This approach promises several key benefits:

- **More predictable revenue:** Recurring software and services provide a steadier income stream compared to hardware sales.
- **Higher margins:** Software and services typically boast higher profit margins than hardware.
- **Reduced complexity:** By prioritizing software and services, Stem can streamline operations.
- **Improved cash flow:** Predictable revenue and reduced reliance on hardware sales will lead to faster cash collection.

Stem will now prioritize consultative energy services as the foundation of customer relationships. This service-based approach allows for better project management and addresses challenges like supply chain delays.

Stem will further develop its AI-powered software and edge device capabilities. The focus will be on creating innovative, customer-centric solutions built on platforms like PowerTrack and Athena. This includes combining these platforms into a single, unified solution for managing and optimizing both solar

and storage assets.

Hardware procurement will become a specialized service within Stem's broader offerings. Moving forward, hardware sales will be subject to stricter criteria focusing on profitability, zero working capital requirements, and bundled software and edge device components.

This new strategy is expected to benefit both existing customers (over 16,000) and open doors to new ones. Stem will continue fulfilling its existing hardware backlog while implementing its new strategy.