

Posted April, 2023

C3 AI Baker Hughes Alliance

Initiated in 2019, and amended and expanded three times as the term of the agreement was repeatedly extended and the financial commitments to C3 AI were repeatedly increased, the agreement between Baker Hughes and C3 AI has accrued enormous value to C3 AI and its shareholders.

As a result of this partnership and the credibility and sales and service capacity it has provided C3 AI in the oil and gas, chemical, and fertilizer markets, C3 AI has booked more than \$650 million in contracts and recognized more than \$350 million in revenue as of the end of Q3'23 from 87 contracts with some of the world's leading companies in these markets including: Shell, Koch Industries, LyondellBasell, ExxonMobil, ENI, Petronas, Braskem, Qatargas, Dow, Yokogawa, Saudi Aramco, ADNOC, Baker Hughes, and others.

To date, C3 AI has collected over \$270 million in cash from these bookings.

History of the Baker Hughes Agreement

In June of 2019, C3 AI and Baker Hughes, at that time a GE company, entered into a three-year agreement. Under the terms of that agreement:

- Baker Hughes agreed to standardize on the C3 AI platform and application solutions for its digital predictive analytics solutions both for internal use and for its digital software offerings to its customers and prospects, to the exclusion of other software products competitive with the C3 AI offerings.
- C3 AI named Baker Hughes as a distributor into the oil and gas, petrochemical, and fertilizer markets (the Baker Hughes Field).
- Baker Hughes distribution rights were exclusive of other oil and gas service companies, e.g. Haliburton, Schlumberger, Siemens, etc.
- C3 AI retained all rights to sell directly into the oil & gas, chemical, and fertilizer markets.
- Baker Hughes and C3 AI agreed to jointly market the C3 AI solutions under the brand BHC3.ai.
- Baker Hughes guaranteed C3 AI minimum annual commitments totaling \$320 million over the three-year term.
- Sales concluded by C3 AI directly into the oil and gas market applied to the minimum \$320 million commitment, with the exception of one supermajor oil and gas company that was carved out of the agreement.

- C3 AI agreed to pay Baker Hughes sales commissions on sales into the Baker Hughes Field in excess of the minimum annual commitments made to C3 AI.
- Baker Hughes purchased approximately 12% equity position in C3 AI for \$69.5 million, the fair market value at that time.
- Baker Hughes purchased AI stock (88% common stock, 12% preferred stock) at an average of \$6.42 per share. Four months prior, the company sold preferred shares to TPG at the same price.
- Lorenzo Simonelli, Baker Hughes CEO, joined the C3 AI board of directors.
- As of the most recent published report, Baker Hughes still held 80% of its original AI stock position.
- The agreement had no provisions for extension or renewal beyond the initial three-year term.

In June of 2020, C3 AI and Baker Hughes amended the agreement.

- The term of the agreement was extended by two years, to five years in duration.
- The 5-year commitment from Baker Hughes expanded to \$450 million, an increase of \$130 million.

In October of 2021, C3 AI and Baker Hughes again amended the agreement to extend it to a 6-year term ending in June of 2025.

- The 6-year total Baker Hughes commitment increased to \$495 million, an increase of \$45 million.
- The agreement eliminated sales commission payments from C3 AI to Baker Hughes.
- Terms were included to further simplify the sales process for Baker Hughes.
- The amendment provided Baker Hughes revenue credits for the sales of C3 AI products and services that Baker Hughes or C3 AI sold into the oil and gas, petrochemicals, and fertilizer markets. For each dollar of revenue sold into the market, Baker Hughes outstanding payment obligations to C3 AI for products and services would be reduced dollar for dollar (the total amount remaining of \$320 million). This provision required C3 AI to recognize revenue from Baker Hughes consistent with the GAAP rules of variable consideration.

- C3 AI agreed to deliver to Baker Hughes additional products and services.
- Invoicing terms were changed to be annually at the end of each year starting FY23 year-end.

In January of 2023, C3 AI and Baker Hughes again revised and expanded the agreement.

- The agreement was amended to provide Baker Hughes access to additional C3 AI products and services.
- Baker Hughes made specific additional commitments to OEM the C3 AI solutions in its Baker Hughes digital offerings.
- Baker Hughes obtained expanded reseller rights.
- Importantly, this amendment eliminated revenue credits for any subsequent deals in the Baker Hughes Field, resulting in a \$32.5 million contract value increase for C3 AI. This change eliminated the requirement for C3 AI to recognize revenue based upon the rules of variable consideration, significantly simplifying the revenue reporting process.
- Invoicing frequency accelerated from annual to quarterly on a go forward basis, accelerating our cash receivables.
- This amendment included specific terms under which Baker Hughes could extend the C3 AI agreement for additional year or years for additional payments.

Unbilled Receivables

- An unbilled receivable occurs when a subscription or service is provided to a customer that requires revenue recognition under US GAAP earlier than when contractual billing occurs.
- As Baker Hughes contractual invoice dates occur, these amounts accrue to accounts receivable, and then to cash when paid.
- There are no collection concerns with Baker Hughes.
- The revenue, invoice, and unbilled receivables schedule resulting from the Baker Hughes agreement subsequent to the Jan 2023 amendment are provided below:

Baker Hughes Agreement*

(in millions)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1'FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Revenue	\$28.9	\$14.6	\$15.9	\$16.2	\$17.0	\$17.8	\$18.1	\$18.1	\$18.1	\$18.1	\$9.1
Invoicing	\$2.9	\$39.2	\$19.0	\$9.2	\$9.0	\$68.8	\$12.0	\$12.1	\$12.0	\$86.0	\$0.0
Unbilled Receivables	\$79.6	\$57.4	\$54.2	\$61.4	\$69.3	\$18.3	\$24.3	\$30.3	\$36.3	-	-

- The revenue and invoice amounts shown above are irrevocable noncancellable minimum time-certain commitments under the terms of the agreement.
- There is an additional revenue commitment from Baker Hughes of \$22.6 million as part of the agreement that will be recognized as the licenses or subscriptions are provided and as services are completed.
- The agreement provides extended payment terms for the approximate amount of the unbilled receivables that existed immediately prior to the Jan 2023 amendment.
- Invoices are issued to Baker Hughes on the 10th day of the second month of each fiscal quarter.
- Payment terms are Net 30 days.

*N.B. All amounts are as of yet unaudited.

Use of Forward-Looking Statements

This foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts, including schedules of future revenue, invoices and unbilled receivables or other activities by us or Baker Hughes, whether pursuant to our agreement with Baker Hughes or otherwise, are forward-looking statements. We have based these forward-looking statements based on the terms of the agreement and our current expectations and projections. These forward-looking statements are subject to a number of risks and uncertainties. Some of these risks are described in greater detail in our filings with the Securities and Exchange Commission. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future financial results or that the events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations.

Financial disclosures

All financial statement disclosures related to the Baker Hughes relationship been reviewed by outside counsel and by our independent audit firm and have been properly disclosed each quarter, and our annual financial statements have received unqualified audit opinions by our independent auditors.



Investor Supplemental April 2023

April 18, 2023

Disclaimer

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation other than statements of historical facts, including the business strategy, plans, and objectives for future operations of C3.ai, Inc. and its subsidiaries ("we," "us," or "our"), and our financial outlook, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "will" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including difficulties in evaluating our prospects and future results of operations given our limited operating history, our dependence on a limited number of existing customers that account for a substantial portion of our revenue, our ability to attract new customers and retain existing customers, market awareness and acceptance of enterprise AI solutions in general and our products in particular, and our history of operating losses. Some of these risks are described in greater detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2022, and other filings and reports we make with the Securities and Exchange Commission from time to time, including our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 31, 2022, October 31, 2022 and January 31, 2023, although new and unanticipated risks may arise. The future events and trends discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

In addition to the financials presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes non-GAAP financial information. We believe that non-GAAP financial information, when taken collectively with financial information presented in accordance with GAAP, may be helpful to investors because it provides consistency and comparability with past financial performance. There are a number of limitations related to the use of non-GAAP financial metrics versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP metrics differently or may use other metrics to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial metrics as tools for comparison. We urge you to review the non-GAAP financial information with the financial information presented in accordance with GAAP, and not to rely on any single financial measure to evaluate our business.

Baker Hughes Agreement

Baker Hughes Relationship Results Up to Q3'23

Baker Hughes 

ExxonMobil

lyondellbasell



aramco



قطر غاز
QATARGAS

YOKOGAWA 

Braskem 



- Strategic partnership expanded with Baker Hughes
- Closed 87 contracts in the Oil & Gas and Chemical industry
- Closed deals worth over \$650 million in bookings and recognized over \$350 million in revenue through Q3 FY 23

History of the Baker Hughes Agreement

2019

- C3 AI and Baker Hughes entered into a 3-year contract ending in June 2022
- Baker Hughes became the exclusive reseller of C3 AI products and services in the Oil and Gas industry
- Baker Hughes agreed to a commitment of \$320 million to C3 AI over the 3-year term
- Baker Hughes purchased approximately 12% equity stake in C3 AI

History of the Baker Hughes Agreement

2020

- C3 AI and Baker Hughes extended the agreement to a 5-year term ending in June 2024
- The 5-year commitment expanded to \$450 million, an increase of \$130 million

History of the Baker Hughes Agreement

2021

- C3 AI and Baker Hughes extended the agreement to a 6-year term ending in June 2025
- Added terms relating to credits from C3 AI to Baker Hughes for any revenue from certain customers in Baker Hughes's exclusive field (variable consideration)
- The 6-year total Baker Hughes revenue commitment expanded to \$495 million, an increase of \$45 million
- Invoicing frequency changed to annual, at the end of each year

History of the Baker Hughes Agreement

2023

- C3 AI and Baker Hughes amended the agreement to simplify Baker Hughes go to market motion
- C3 AI agreed to deliver to Baker Hughes additional products and services
- Eliminated all revenue credits (variable consideration) for any other deals in the Baker Hughes exclusive field, resulting in a \$32.5 million contract value increase (or booking in Q3)
- Invoicing frequency accelerated to quarterly

Baker Hughes Unbilled Receivables

- Unbilled receivable occurs when a subscription or service is provided, but billing occurs after.
- Software companies often have unbilled receivables, such as Alteryx, Datadog, SAP, IBM, Adobe, and Salesforce.
- As of January 31, 2023, the unbilled receivable balance related to Baker Hughes is \$79.6M.
- No collection concerns exist between C3 AI and Baker Hughes.
- The revenue, invoice, and unbilled receivables schedule resulting from the Baker Hughes agreements subsequent to the Jan 2023 amendment (on an unaudited basis) are provided below:

All BH Internal contracts

(in millions)	FY23-Q3	FY23-Q4	FY24-Q1	FY24-Q2	FY24-Q3	FY24-Q4	FY25-Q1	FY25-Q2	FY25-Q3	FY25-Q4	FY25Q1
Revenue	\$28.9	\$14.6	\$15.9	\$16.2	\$17.0	\$17.8	\$18.1	\$18.1	\$18.1	\$18.1	\$9.1
Invoicing	\$2.9	\$39.2	\$19.0	\$9.2	\$9.0	\$68.8	\$12.0	\$12.1	\$12.0	\$86.0	\$0.0
Unbilled Receivables	\$79.6	\$57.4	\$54.2	\$61.4	\$69.3	\$18.3	\$24.3	\$30.3	\$36.3	-	-

- The revenue and invoice amounts shown above are irrevocable noncancellable minimum time-certain commitments under the terms of the agreement.
- There is an additional revenue commitment from Baker Hughes of \$22.6 million (unaudited) as part of the agreement that will be recognized as the licenses or subscriptions are provided and as services are completed.
- The agreement provides extended payment terms for the approximate amount of the unbilled receivables that existed immediately prior to the Jan 2023 amendment.
- Generally, invoices are issued to Baker Hughes on the 10th day of the second month of each fiscal quarter.
- Payment terms are Net 30 days.

Baker Hughes Revenue Trend

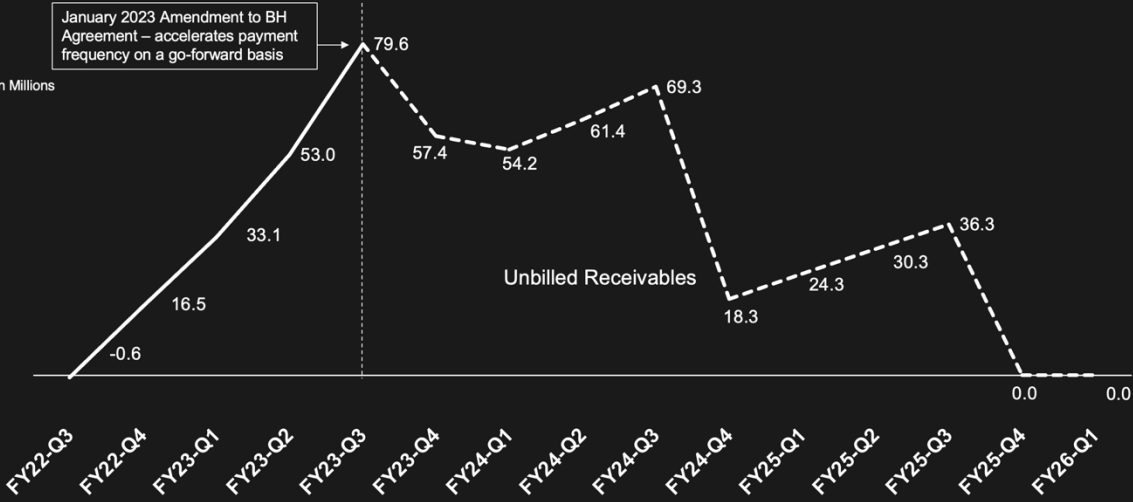
\$ in Millions



Note: Numbers are rounded for presentation purposes.

Baker Hughes Unbilled Receivable Balance*

\$ in Millions



* There is an anticipated additional revenue commitment from Baker Hughes of \$22.6 million (unaudited), subject to change, as part of the agreement that will be recognized as the licenses or subscriptions are provided and as services are completed.

