

The logo for STEM, consisting of the lowercase letters 'stem' in a bold, white, sans-serif font. The background of the entire slide is a blue sky with a grid of small white dots, and a photograph of solar panels and electrical equipment at the bottom.

December 16, 2021

The Global Leader in AI-driven Energy Intelligence

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Stem + AlsoEnergy = Leading Energy Intelligence

Enhanced software offering drives higher win rates and expanded share of wallet

Expanded Software Offering

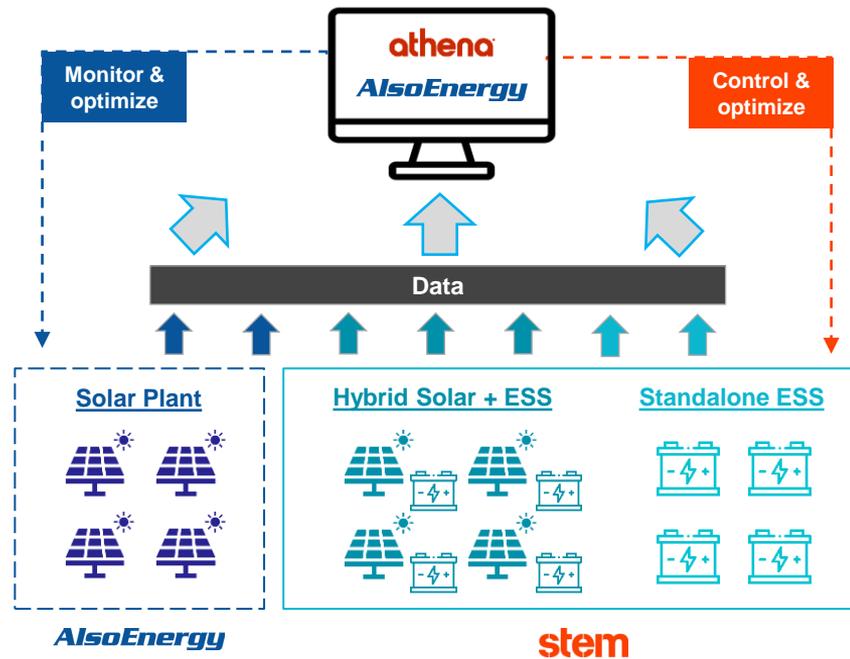
- Industry-leading renewable monitoring & control
- Extends Athena data advantage
- \$57 MM revenue, ~\$23 MM ARR¹

Commercial Expansion

- 50+ countries
- 32.5 gigawatts of AUM¹
- Significant cross-sell opportunity (~30% customer relationship overlap)

Financial Accretion

- 60% gross margin
- ~\$11 MM adjusted EBITDA
- No financing needed
- Upside from standalone storage ITC



AlsoEnergy: A Leader in Solar Monitoring & Control

Mission-critical software for solar

AlsoEnergy

Key Operating and Financial Highlights

- SaaS software + Edge IoT controllers
- Historical revenue CAGR of 23%¹;
\$57 MM LTM total revenue, \$23 MM² annual recurring revenue
- 99% gross revenue retention rate³
- ARR mix: 75% BTM (distributed) / 25% FTM (utility)⁴
- Significant patent & intellectual property portfolio
- 300+ employees, ~90 software engineers
- Founded 2007; headquarters in Boulder, CO



AlsoEnergy Value Proposition

- **Mission-critical software** for solar energy
- **Drives output**, maximizes efficiency & up-time, monitors issues
- **Manages costs** with analytics to inform preventive maintenance schedules
- **Enables single-solution** for all assets, regardless of location, hardware & asset type
- **Flexible, hardware-agnostic platform** that scales with customer growth



The AlsoEnergy PowerTrack Integrated Solution

Edge solution provides monitoring, control, maintenance dispatch, and reporting



A Complete Solution for the Renewable Energy Transition

Simplicity of a managed service & common operating platform supporting the full DER life cycle

AlsoEnergy

Core Values: AlsoEnergy Platform

- Monitoring and asset management offering reduces operating costs by enabling better O&M decisions
- Improved troubleshooting and maintenance to maximize production uptime and project revenue
- Integrated edge solution and software offering simplifies time to data across heterogeneous onsite configurations

Data & Asset
Management



AI &
Optimization

athena
powered by **stem**

Core Values: Stem's Athena Platform

- Offering C&I and FTM asset owners the benefits of an AI-automated operating platform
- Complete software solution providing energy optimization and predictive analytics for O&M and asset management
- Enhanced data and network effects, including virtual power plants, that become more valuable to members as the network grows and evolves

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Complementary Customer Base and Cross-Sale Opportunity

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Leading storage intelligence platform

AlsoEnergy

Leading solar asset management platform



Compelling Combined Financial & Operating Profile

stem		AlsoEnergy
950+ Systems	Immediately accretive before synergies	>41k Sites across C&I and Utility ¹
1.4 GWh Storage AUM	Highly complementary solar portfolio	32.5 GW Solar AUM ¹
\$93 MM LTM GAAP revenue	Gross profit & EBITDA margin accretive	\$57 MM LTM GAAP Revenue
\$4 MM LTM GAAP Gross Profit	Drives higher win rate & expands wallet	\$34 MM LTM GAAP Gross Profit
4% LTM GAAP Gross Margin	Meaningfully expands financial scale	60% LTM GAAP Gross Margin
(\$25 MM) LTM Adj. EBITDA		\$11 MM LTM Adj. EBITDA
(27%) LTM Adj. EBITDA Margin		20% Adj. EBITDA Margin

AlsoEnergy Has Three High Margin Business Lines

Strong recurring software cash flows driven by edge solution deliveries

1

Software



- Asset monitoring & control
- Automatic O&M dispatch
- Centralized portfolio reporting
- Recurring SaaS revenue

Revenue calculation:

**Total AUM x
subscription fee**

~80% Gross Margin

2

Edge Solutions



- Proprietary, high-value smart controller
- Provides onsite data access
- Integrates with SCADA and other third-party systems

Revenue calculation:

**Total deliveries x
edge controller ASP**

~30-40% Gross Margin

3

Services



- Upfront commissioning fee
- Ongoing reporting and other software-related services
- Site monitoring and control engineering services

Revenue calculation:

**Upfront fee +
ongoing subscription**

~30-40% Gross Margin

Stem + AlsoEnergy Transaction Overview

Purchase Price

- \$695 million Enterprise Value
- Purchase price adjusted for cash, debt, working capital and certain other items

Cash Consideration

- Approximately \$521 million (75% of purchase price) in cash

Stock Consideration

- Approximately 9 million shares (25% of purchase price) in Stem common stock
- Number of shares issued based on Stem VWAP during the calendar month of December 2021
- 180 day lock-up period for AlsoEnergy sponsor; 1-3 year lock-ups for AlsoEnergy management

Financing

- Cash consideration funded from Stem balance sheet
- No additional external capital required

Timing and Approvals

- Unanimously approved by Stem Board of Directors
- Approved by AlsoEnergy shareholders
- Pending: Hart-Scott-Rodino approval
- Expected to close Q1 2022

Pro Forma Capitalization and Share Count

	As of September 30, 2021		Green Convertible Notes	Pro Forma	
	Stem	AlsoEnergy ¹		Acquisition Consideration	Pro Forma
Cash²	\$576 MM	--	\$381 MM ³	\$(521) MM	\$436 MM
Non-recourse Debt	\$2 MM	--	--	--	\$2 MM
0.50% Green Convertible Senior Notes due 2028	--	--	\$460 MM	--	\$460 MM
Common Shares Outstanding (MM)	144 MM	N/A	--	~9 MM ⁴	~153 MM

1. AlsoEnergy to be acquired on a cash free, debt free basis.
2. Includes cash and cash equivalents and short-term investments.
3. Net of fees and capped call
4. Assumes December-to-date VWAP.

Highly Accretive Acquisition

A powerhouse energy intelligence software platform

- Combination will create leading energy intelligence software platform
- Combined company will extend Athena data advantage
- Commercial synergies and market expansion: 32.5 GW, 50+ countries
- Upside from standalone storage ITC
- Expect 1Q 2022 close
- Immediately accretive on gross margin and EBITDA margin



Q&A

Appendix

AlsoEnergy Audited Financial Statement

Consolidated Income Statement

<i>\$000s unless otherwise noted</i>	Twelve Months Ended December 31, 2020
GAAP Revenue	48,910
Cost of Sales	19,443
Gross Profit	29,466
Compensation	21,468
Outside Services	3,307
Facilities	1,195
Depreciation and Amortization	11,535
Other Expenses	1,920
Expenses	39,426
Net Ordinary Income	(9,960)
Net Other Income	(1,164)
Earnings Before Tax	(11,124)
Income Tax Expense / (Recovery)	(518)
Net Income	(10,606)

AlsoEnergy Reconciliation of Non-GAAP Financial Measures

Reconciliation of Adjusted EBITDA to Net Income

<i>\$000s unless otherwise noted</i>	Twelve Months Ended September 30, 2021
Net Income	(11,178)
Net Interest	959
Income Taxes	(446)
Depreciation and Amortization	11,600
Reported EBITDA	935
Deferred Revenue Adjustment	7,115
Non-Cash Compensation	583
Capitalized Expenses	1,728
Other Adjustments	764
Adjusted EBITDA	11,124

Stem Reconciliation of Non-GAAP Financial Measures

Reconciliation of Adjusted EBITDA to Net Income (Loss)

<i>\$000s unless otherwise noted</i>	Last Twelve Months Ended September 30, 2021
Net Income (loss)	(168,044)
Adjusted to exclude the following:	
Depreciation and amortization	19,587
Interest expense	19,815
Vesting of warrants	9,183
Loss of extinguishment of debt	5,064
Stock-based compensation	11,098
Change in fair value of warrants and embedded derivative	78,026
Provision for income taxes	(137)
Adjusted EBITDA	(25,408)
Adjusted EBITDA margin	-27%
Net Income % of Revenue	-180%

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