



stem

March 2022

Leader in AI-Driven Energy Solutions

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Agenda

- Business Highlights
- Available Power Announcement
- AlsoEnergy Integration Update
- Supply Chain Update
- Athena Software Platform
- Financial Highlights and 2022 Guidance



Introduction to Presenters



John Carrington

CEO and Director



Bill Bush

Chief Financial Officer



Prakesh Patel

Chief Strategy Officer



Ted Durbin

Vice President,
Investor Relations

Seasoned Leadership Team

- Seasoned leadership team with 150+ years of experience in software and energy
- Leadership experience at technology, energy, and industrial companies



Leading Strategic Investors



Market Leader in AI-Driven Energy Solutions

Large Addressable Market + Strong Macro Tailwinds

- ~\$1.2 trillion in new revenue opportunities for integrated storage expected to be deployed by 2050⁽¹⁾
- Battery storage capacity expected to increase by 35x by 2030⁽²⁾
- Compelling value proposition to customers

Market Leader with Best in Class Technology

- 950+ systems operating or contracted with Stem's Athena® software⁽³⁾
- First mover AI-driven Athena platform that operates with 35+ utilities, 6 grid operators and 26M runtime hours (2,900 years)

Capital to Focus on Expansion Opportunities

- ~\$921M⁽⁴⁾ of cash on hand
- Well positioned for continued investment in the Athena platform, including software-focused tech acquisitions

Highly Visible Growth

- Recurring software revenue streams under 10-20 year contracts provide strong financial position to accelerate growth
- Revenues projected to grow at ~50% CAGR from 2021 to 2026

Strong Recurring Software Cash Flows Enabled by Hardware Deliveries



Software

Total AUM (kWh)
(x) Software Subscription (\$/kWh/month)
= Total Software (Recurring) Revenues

~80%

Software Gross Margin

- Recurring SaaS model
- Secured by 10-20 year contracts with monthly recurring cash flow
- Revenue recognized ratably during life of the contract
- Additional upsell revenue from Athena applications



Hardware + Network Integration

Total Deliveries (kWh)
(x) Project Hardware ASP (\$/kWh)
= Total Hardware Revenues

~10-30%

Hardware Gross Margin

- Upfront payment for initial purchase
- Hardware-agnostic platform
- Turnkey approach with focus on customer value



Market Participation

Total AUM (kWh)
(x) Stem's Market Participation Revenues (\$/kWh)
= Total Software (Variable) Revenues

~80%

Market Participation Gross Margin

- Revenues from differentiated Athena capabilities and VPPs
- Secured by 3-20 year contracts
- Revenue recognized when realized
- Significant long-term value

Fourth Quarter Results and 2021 Highlights

Strong bookings and expansion of Athena platform drive momentum into 2022 and beyond

Strong Q4 Momentum

Revenue of

\$53M

+184% y/y

Record Bookings of

\$217M

+400% y/y

Record Contracted
Backlog of

\$449M

+144% y/y

Record 12-month
Pipeline of

\$4.0B

+150% y/y

2021 & Recent Highlights



Extended Athena platform into new
geographies and verticals



Issued \$460M of oversubscribed
0.50% green convertible notes

AlsoEnergy

Closed acquisition of AlsoEnergy
(Feb 2022)



Secured hardware for most of 2022 despite
ongoing supply chain challenges



Bookings 2x greater than full-year plan,
+3x y/y vs. full-year 2020

Significant commercial momentum: expect to book over \$1B in 2H 2021 / 2022

Available Power: Project Win of Up to 1 GW

Value of award expected to exceed \$500M across the project portfolio



Strategic partnership with developer Available Power to provide smart energy solutions in Electric Reliability Council of Texas (ERCOT) market

Exclusive rights to provide Athena optimization software under a 20-year contract for a portfolio of up to 100 sites

First 20 systems expected to be commissioned in early 2023

Demonstrates continued momentum in large scale front-of-the-meter (“FTM”) market driven by:

- Strong supply chain relationships
- Differentiated software, including wholesale energy market bidding

Demonstrates strength of channel strategy and customer diversity

AlsoEnergy: A Leader in Solar Monitoring & Control

Best-in-class intelligence and optimization SaaS for clean energy assets



- Mission-critical, market leading software for solar energy with 33 GW AUM in over 50 countries
- Extends Athena data advantage
- Significant cross-sell opportunities
- High-margin recurring revenue
- ~90 software engineers
- Significant patent and IP portfolio
- Accretive on gross margin and EBITDA



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Asset Integration

- Data acquisition
- Networking
- Powerplant controls
- Site controllers

Asset Monitoring

- Asset management
- Diagnostics
- Supervisory dashboard
- O&M integration & automated ticketing



Asset Optimization

- AI Forecasting
- Demand charge
- Energy arbitrage
- Incentive compliance

Market Participation

- Automated bids
- Constraint management
- Energy arbitrage
- Ancillary services



AlsoEnergy
Edge Controllers



Athena
Edge Controllers



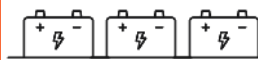
Solar Plant



Hybrid Solar + ESS



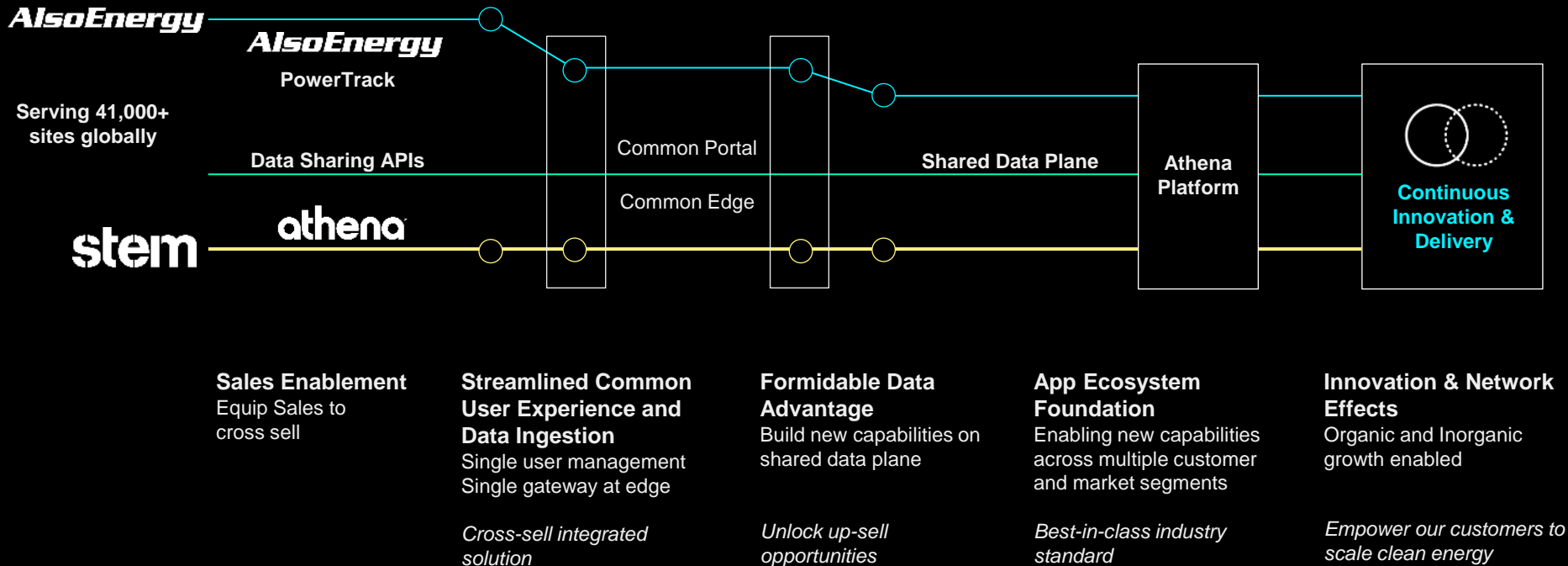
Energy Storage System



**Stem + AlsoEnergy =
Complete Solar and Storage Offering**

Unmatched Clean Energy Intelligence Platform

Building the global leading performance management and optimization solution



Unique capability with significant global reach and market leading AUM

Proactively Managing Supply Chain

Global supply constraint managed through strategic OEM relationships

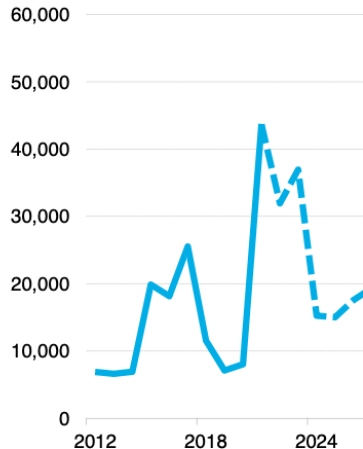
Secured 100% of full year 2022 supply

Supply Chain Dynamics – 2022+

- Commodity costs expected to moderate
- Semiconductor shortage continues but not impacting supply
- Suppliers continue to onboard additional cell manufacturers, which increases available capacity, provides supply chain flexibility, and reduces system pricing
- Recent BNEF / Guidehouse forecasts point to increasing supply in 2022+

Lithium Carbonate

\$/metric ton LCE



Source: BloombergNEF, January 2022. Solid lines are historical prices, dotted lines are forecasts.

Investment Builds Long-term Value

Market entry and product development drive increased market share and recurring revenue

Market Entry



Ontario - BTM

- Coincident Peak management to large industrial enterprise customers

Market Development



Massachusetts - FTM

- Distributed FTM offering targeting solar + storage in wholesale market

- Follow on software offerings enhance economics
 - DRAM
 - Operating Reserves



Texas - Large FTM

- Manage portfolios of large FTM deployments co-optimizing merchant wholesale energy market services

- Future market participation opportunities will enhance economics

Market Leadership

- One of the largest providers of AI-enabled, automatically dispatched energy storage solutions for Global Adjustment Fee management within the Province
- +20% increase in customer and Stem economics added via follow on offerings

- Improved hardware margins over time
- Market participation +16% above initial forecast
- Leading market share as of February 2022⁽¹⁾:
 - 49% of MA active energy storage facilities
 - 27% of ISO-NE

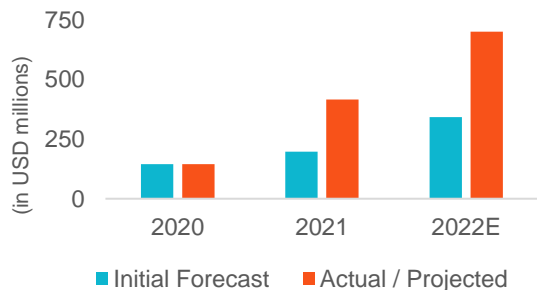
- Line of sight to \$500M+ bookings activity and multi-billion pipeline within first year of market entry

Enhancing Enterprise Value

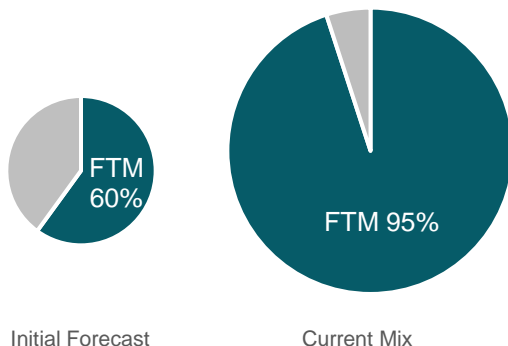
Driving higher aggregate cash flows from accelerating software services

Segment	Project Cycle	Contract Size	Contract Term	Hardware Gross Margin	Services Value	Total Contract Value
BTM	Shorter	1-5 MWh	10 years	Higher	High	Lower
FTM	Longer	10-100 MWh+	20 years	Lower	High	Higher

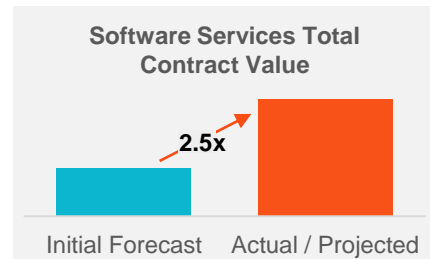
Bookings significantly ahead of original forecast



FTM mix has grown substantially. . .



...driving higher cumulative software services value



Contracted Annual Recurring Revenue (“CARR”)

Enhances enterprise value with projected \$60-\$80M in contracted recurring revenue by YE2022

In Q1'22, introduced CARR as a key metric

Represents the value of the intelligent energy network

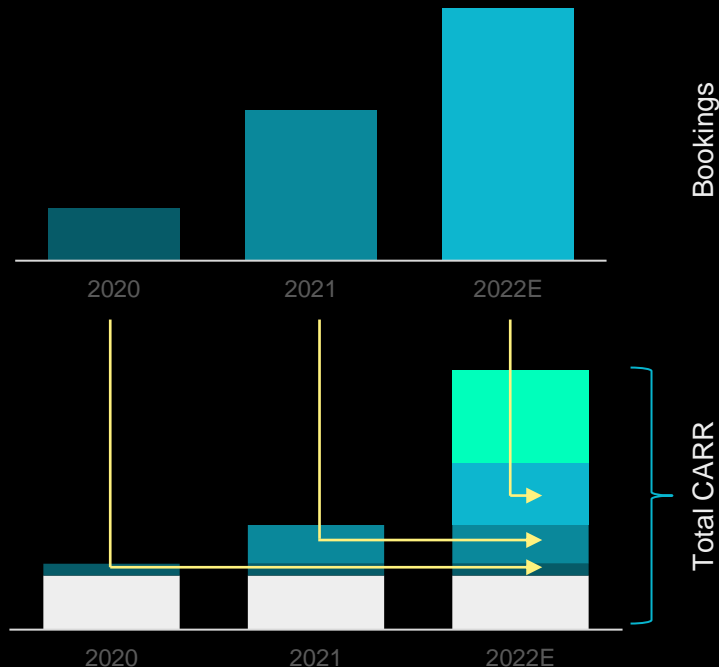
- Annual run rate for all executed software services contracts
- 80%+ gross margin, low churn
- Provides multi-year visibility of revenue

AlsoEnergy acquisition expands SaaS offerings in energy intelligence and optimization

Market participation revenue is incremental to CARR

CARR provides solid foundation driving operating leverage via long-term, high-margin revenue

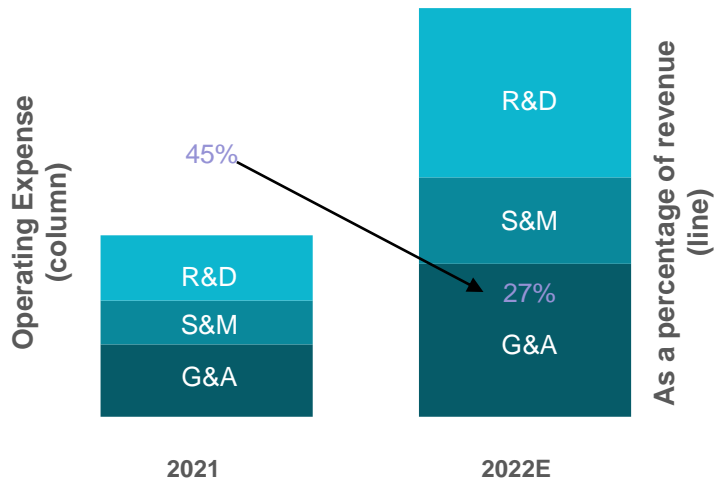
Annual Bookings Drive Additions to CARR



Investing in Growth and Profitability

Focused on new markets and enhanced margin to drive operating leverage

Operating expense as percentage of revenue is declining rapidly



Initiative	Impact	
Large Front-of-the-Meter	R&D S&M	<ul style="list-style-type: none">Access large FTM and portfolio opportunitiesAccelerate booking and revenue momentumAdaptable to other markets with minimal new development
Fleet EV GHG Co-optimization	R&D	<ul style="list-style-type: none">Enhance BTM offerings targeting Fortune 500 accountsIncrease in average deal size2X+ software revenue
Public Company Expenses	G&A	<ul style="list-style-type: none">Additions to finance and controls to support global operationsAudit and D&O insurance

Athena for Fleet EV Charging

New fleet electrification offering opens \$4B 5-year TAM

Athena for Fleet EV Charging

Stem core value streams applied to EV loads with Athena digitally integrated to the EV Charging system



eMobility is Natural Evolution of Athena-driven Capability

Increased utility bill optimization:
Integration enhances Athena AI



GHG Energy tagging for ESG goal achievement



Microgrid operation for short & long-duration outages



DER asset monitoring & management-as-a-service



EV route and charge schedule optimization

Strong Customer Demand

Marquee Fortune 500 customer engagement today with pilot projects operational



EV offerings will increase SW revenue 2X+ per site, enhancing margins

Extends Athena platform into management of other DERs besides storage

2022 Guidance

Revenue	2022E: \$350 - \$425M → 15-20% Gross Margin	Q1'22E 7.5%	Q2'22E 15%	Q3'22E 22.5%	Q4'22E 55%
		% of annual revenue			
Bookings	2022E: \$650 - \$750M →	Q1'22E 20%	Q2'22E 20%	Q3'22E 25%	Q4'22E 35%
		% of annual bookings			
Adjusted EBITDA	2022E: (\$60) – (\$20)M	CARR		Year-End 2022E: \$60 – \$80M	

Key Takeaways

Strong bookings and Athena platform expansion drive momentum into 2022

- Expect strong 2022 growth, focus on high-margin software and services
- Substantial bookings growth: > \$1B from 2H'21 to YE'22 | +55% y/y in 2022E
- Extending Athena platform to new geographies (Texas, LATAM)
- Added Athena verticals: EV, Co-Ops, GHG co-optimization
- Enhanced operational leverage with growing long-term CARR
- AlsoEnergy acquisition extends data advantage across 33 GW with international footprint, building an unmatched customer experience

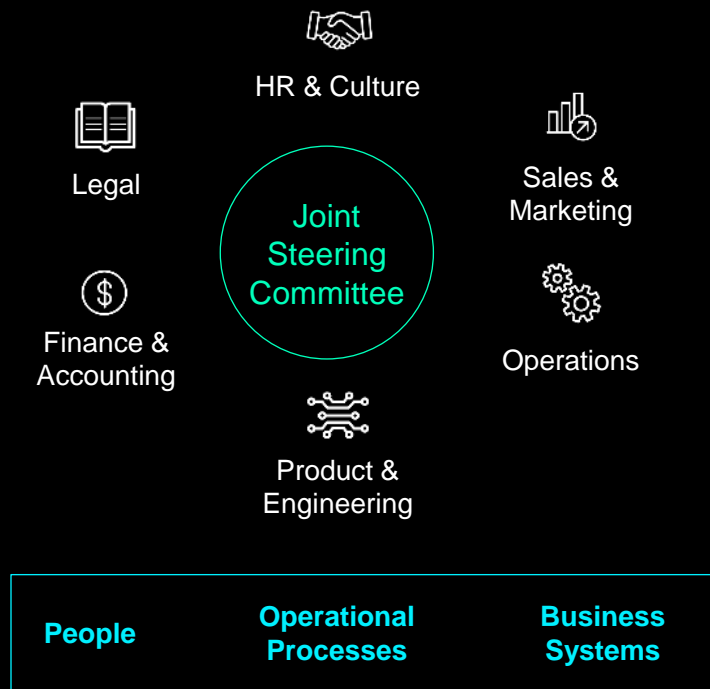
Building the leading clean energy intelligence platform



Appendix

AlsoEnergy Integration on Track

Combining the leaders of solar monitoring & storage optimization to drive software revenue



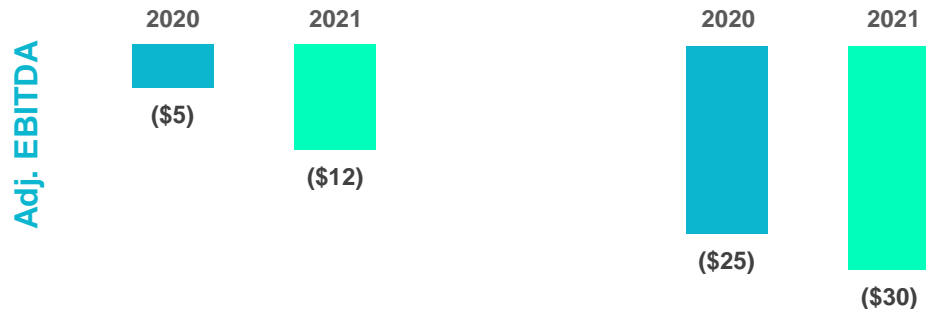
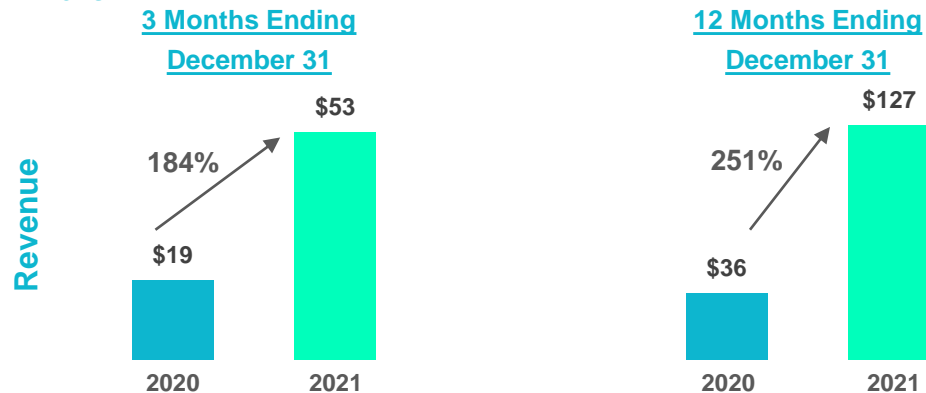
Guiding Principles for Integration and Growth

- Retain & grow talent ... shared mission, vision and values
- Deliver on strategic growth objectives
- Drive cross-sell synergies
- Extend PowerTrack applications
- Implement best practices in every functional area

Financial and Operating Metrics

Revenue and Adjusted EBITDA Results

\$ millions



Strong Revenue Growth

- Up 184% YoY in Q4'21, up 251% for full-year
- Extended interconnection and permitting approvals at utilities caused delayed revenue recognition

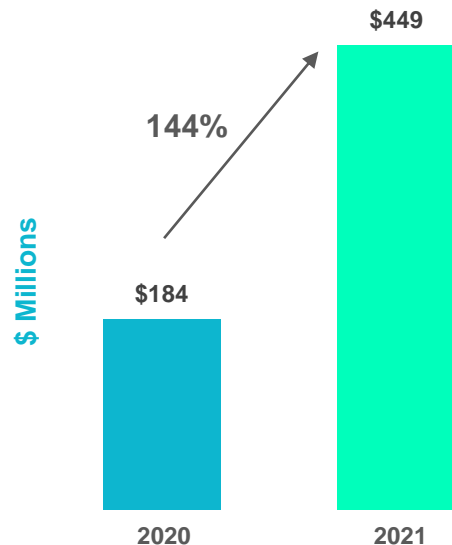
Adjusted EBITDA impacted by:

- FTM projects impact near-term gross margin but add significant CARR and market participation upside
- Head count additions focused on accelerating market expansion opportunities in EV, data science and large FTM
- Public company costs

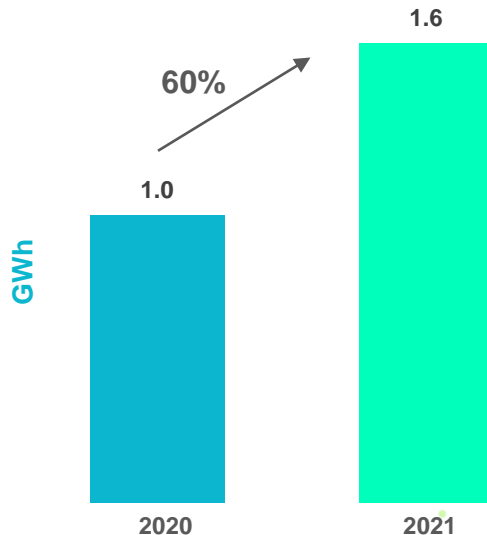
Financial and Operating Metrics

Backlog and AUM Results

As of December 31st



Backlog



AUM

Strong Backlog and AUM Growth

- Record \$217 million in Q4'21 Bookings
- Record \$449 million Contracted Backlog
- Record AUM up 60% year-over-year
- Record \$4 billion Pipeline provides visibility for future bookings
- AlsoEnergy brings additional 33 GW of AUM

Financial and Operating Metrics

Solid Fourth Quarter and Full Year Results

	Three Months ended December 31			Twelve Months ended December 31		
	2021	2020		2021	2020	
Revenue	\$52.8	\$18.6		\$127.4	\$36.3	
GAAP Gross Margin	(1.6)	0.9		1.2	(3.9)	
GAAP Gross Margin %	(3)%	5%		1%	(11)%	
Non-GAAP Gross Margin	3.3	2.5		14.0	3.5	
Non-GAAP Gross Margin %	6%	13%		11%	10%	
Net Loss	(34.1)	(100.9)		(101.2)	(156.1)	
Adjusted EBITDA	(12.4)	(5.1)		(30.3)	(25.4)	
Operating metrics						
12 Month Pipeline (\$ billions)*	\$4.0	\$1.6		\$4.0	\$1.6	
Bookings	216.9	43.4		416.5	137.7	
Contracted Backlog*	449	184		449	184	
Contracted AUM (GWh)*	1.6	1.0		1.6	1.0	

Figures in millions unless otherwise noted

Reconciliation of Non-GAAP Gross Margin to GAAP Gross Margin

Reconciliation of Non-GAAP Financial Measures

	Three Months ended December 31			Twelve Months ended December 31	
	2021	2020		2021	2020
Revenue	\$52.8	\$18.6		\$127.4	\$36.3
Cost of Goods Sold	(54.4)	(17.7)		(126.1)	(40.2)
GAAP Gross Margin	(1.6)	0.9		\$1.2	(3.9)
GAAP Gross Margin (%)	(3)%	5%		1%	(11)%
Adjustments to Gross Margin					
Amortization of Capitalized Software	\$1.5	\$1.2		\$5.3	\$4.0
Impairment of Storage Systems	2.7	0.4		4.6	3.1
Other Adjustments	0.7	--		2.8	0.3
Non-GAAP Gross Margin	3.3	2.5		14.0	3.5
Non-GAAP Gross Margin (%)	6%	13%		11%	10%

Figures in millions, except percentages

Reconciliation of Adjusted EBITDA to Net Loss

Reconciliation of Non-GAAP Financial Measures

Three Months ended December 31

Twelve Months ended December 31

	2021	2020		2021	2020
Net loss	\$(34,054)	\$(100,887)		\$(101,211)	\$(156,124)
Adjusted to exclude the following:					
Depreciation and amortization	11,525	4,335		29,098	20,871
Interest expense	4,560	6,980		17,395	20,806
Loss on extinguishment of debt	--	--		5,064	--
Stock-based compensation	5,564	3,115		13,546	4,542
Issuance of warrants for services	--	--		9,183	--
Change in fair value of warrants	--	81,450		(3,424)	84,455
Provision for income taxes	--	(137)		--	5
Adjusted EBITDA	\$(12,405)	\$(5,144)		\$(30,349)	\$(25,445)

Figures in thousands

Definitions

Item	Definition
12-Month Pipeline	Pipeline represents the total value (excluding market participation revenue) of uncontracted, potential hardware and software contracts that are currently being pursued by Stem direct salesforce and channel partners with developers and independent power producers seeking energy optimization services and transfer of energy storage systems that have a reasonable likelihood of execution within 12 months of the end of the relevant period based on project timelines published by such developers and independent power producers. We cannot guarantee that our pipeline will result in meaningful revenue or profitability.
Bookings	<p>Total value of executed customer agreements, as of the end of the relevant period (e.g. quarterly booking or annual booking)</p> <ul style="list-style-type: none"> • Customer contracts are typically executed 6-18 months ahead of installation • Booking amount typically includes: <ol style="list-style-type: none"> 1) Hardware revenue, which is typically recognized at delivery of system to customer, 2) Software revenue, which represents total nominal software contract value recognized ratably over the contract period, • Market participation revenue is excluded from booking value
Contracted Annual Recurring Revenue ("CARR")	Annual run rate for all executed software services contracts including contracts signed in the period for systems that are not yet commissioned or operating.
Contracted Backlog	<p>Total value of bookings in dollars, as reflected on a specific date</p> <ul style="list-style-type: none"> • Backlog increases as new contracts are executed (bookings) • Backlog decreases as integrated storage systems are delivered and recognized as revenue
Contracted Assets Under Management ("AUM")	Total GWh of systems in operation or under contract
Hardware Revenue	<p>Payment for initial purchase of system, which is typically recognized at delivery of system to customer</p> <ul style="list-style-type: none"> • Total Hardware Revenues = Total Deliveries (kWh) x Project Hardware ASP (\$/kWh) • ASP / margin based on value added services including hardware selection, project design and interconnection / permitting advisory and warranty design and compliance
Software Revenue	<p>Recurring SaaS payment driven by storage assets under management (AUM)</p> <ul style="list-style-type: none"> • Total Software (Recurring) Revenues = Total AUM (kWh) x Software subscription (\$/kWh/month) • SaaS contracts range up to 20 years comprising recurring monthly payments
Market Participation Revenue	<p>Revenues from monetization of energy storage capacity into energy markets and VPPs secured by contracts ranging up to 20 years</p> <ul style="list-style-type: none"> • Total Software (Variable) Revenues = Total AUM (kWh) x Stem's Market Participation Revenues (\$/kWh)



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