

The logo for Stem, consisting of the word "stem" in a lowercase, white, sans-serif font. The background of the entire slide is a blurred office scene with several computer monitors displaying data dashboards. The monitors show various charts, including bar graphs and line graphs, with green and orange data points. The overall color palette is dark blue and grey, with a grid of small, glowing green dots at the bottom of the page.

stem

September 2022

# Leader in AI-Driven Energy Solutions

## Cautionary Statement Regarding Forward-Looking Statements

This presentation, as well as other statements we make, contain “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 our financial and performance targets and other forecasts or expectations regarding, or dependent on, our business outlook; impact of the Inflation Reduction Act; the expected synergies of the combined Stem/AlsoEnergy company; our ability secure sufficient inventory from suppliers to meet customer demand; our ability to manage supply chain issues and manufacturing or delivery delays; our ability to continue to successfully integrate the combined companies; our joint ventures, partnerships and other alliances; reduction of greenhouse gas (“GHG”) emissions; the integration and optimization of energy resources; our business strategies and those of our customers; the global commitment to decarbonization; our ability to retain or upgrade current customers, further penetrate existing markets or expand into new markets; our ability to manage our supply chains and distribution channels and the effects of natural disasters and other events beyond our control, such as the COVID-19 pandemic and variants thereof, and government and business responses thereto; our ability to meet contracted customer demand; and future results of operations, including revenue and Adjusted EBITDA. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including but not limited to changing business, economic and political conditions in the markets in which Stem and AlsoEnergy operate; the ongoing effects of the COVID-19 pandemic on the workforce, operations, financial results and cash flows of the combined company; the effects of the ongoing conflict in Ukraine; our inability to secure sufficient inventory from our suppliers to meet customer demand, and provide us with contracted quantities of equipment; supply chain interruptions and manufacturing or delivery delays; disruptions in sales, production, service or other business activities; the risk that the total addressable market as a result of the Inflation Reduction Act is not as expected; the results of operations and financial condition of our customers and suppliers; our inability to achieve our financial and performance targets and other forecasts and expectations; the risk that the global commitment to decarbonization may not materialize as we predict, or even if it does, that we might not be able to benefit therefrom; our inability to help customers reduce GHG emissions to the extent desired; our inability to integrate and optimize energy resources; pricing pressure; inflation; weather and seasonal factors; general economic, geopolitical and business conditions in key regions of the world, including inflationary pressures, general economic slowdown or a recession, increasing interest rates, and changes in monetary policy; challenges, disruptions and costs of integrating the combined companies and achieving anticipated synergies, or such synergies taking longer to realize than expected; risks that the integration disrupts current plans and operations that may harm the combined company’s business; uncertainty as to the effects of the transaction on the long-term value of Stem’s common stock; the combined company’s ability to continue to grow and to manage its growth effectively; the combined company’s ability to attract and retain qualified employees and key personnel; the combined company’s ability to comply with, and the effect on their businesses of, evolving legal standards and regulations, particularly concerning data protection and consumer privacy and evolving labor standards; our ability to grow and manage growth profitably; risks relating to the development and performance of our energy storage systems and 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 set forth in our most recent Forms 10-K, 10-Q and 8-K filed with or furnished to 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, actual outcomes may vary materially from those reflected in our forward-looking statements. Forward-looking and other statements in this presentation regarding our environmental, social, and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our SEC filings. 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. Statements in this presentation are made as of the date of this presentation, and Stem disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise..

## Non-GAAP measures

This presentation includes financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Such non-GAAP financial measures are in addition to, and should not be considered superior to, or a substitute for, financial statements prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation and are subject to significant inherent limitations. The non-GAAP measures presented herein may not be comparable to similar non-GAAP measures presented by other companies. Stem believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Stem’s financial condition and results of operations. Stem believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing Stem’s financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures are included in the appendix to this presentation.

## Industry and Market Data

In this presentation, Stem relies on and refers to certain information and statistics obtained from third-party sources which it believes to be reliable, including reports by market research firms. Stem has not independently verified the accuracy or completeness of any such third-party information.

This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners.

# Agenda

- Overview and Business Highlights
- Technology Innovation
- Commercial Execution
- Supply Chain and Operational Update
- Financial and Operating Results



# Today's 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



# Second Quarter 2022 Results & Highlights

Record bookings and revenue growth driving momentum in 2022 and beyond

## Continued Q2 Momentum

Record Revenue

**\$67M**

+246% YoY

GAAP / Non-GAAP

Gross Margin

**12% / 17%**

+1,300 / +800 bps YoY

Record Contracted  
Backlog

**\$727M**

+191% YoY

Bookings

**\$226M**

+402% YoY

Record Pipeline

**\$5.6B**

+229% YoY

Contracted Annual  
Recurring Revenue

**\$58M**

+12% QoQ

## Q2 Highlights



Q2 revenue above high end of guidance range; Raised 2022 Bookings and CARR guidance\*



Now offering all 13 services on “RMI wheel”; Athena GHG optimization >100% of target

**AlsoEnergy**

Ranked #1 again by Guidehouse; significant momentum on software integration



Continued focus on operating leverage utilizing India platform; contracted hardware requirements for remainder of 2022, contracting supply for 2023 / 2024

**Market leadership driving strong execution on all key metrics; raised guidance**

# Solid Commercial Execution

Bookings momentum and software services pricing power drive growth and margins

- Improved unit economics and ESG initiatives driving strong end market demand
- Contracted Annual Recurring Revenue (CARR) up +12% QoQ at \$58M underscores leading software differentiation
- AlsoEnergy commercial synergies on track for 2022 bookings
- 10x YoY growth in pipeline of software-only deals
- EV offering momentum: closed multi-million dollar win with Fortune 50 customer
- Unique capabilities and technology leadership support pricing power:
  - Implemented double digit price increases on solar asset performance management in Q1'22; no material impact to churn
  - Launched professional services offering for energy storage solutions to further monetize operations and program management capabilities



# 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 or kW)  
(x) Project Hardware ASP (\$/kWh or \$/kW)  
= Total Hardware Revenues

**FTM ~10%, BTM ~20-40%**

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%+**

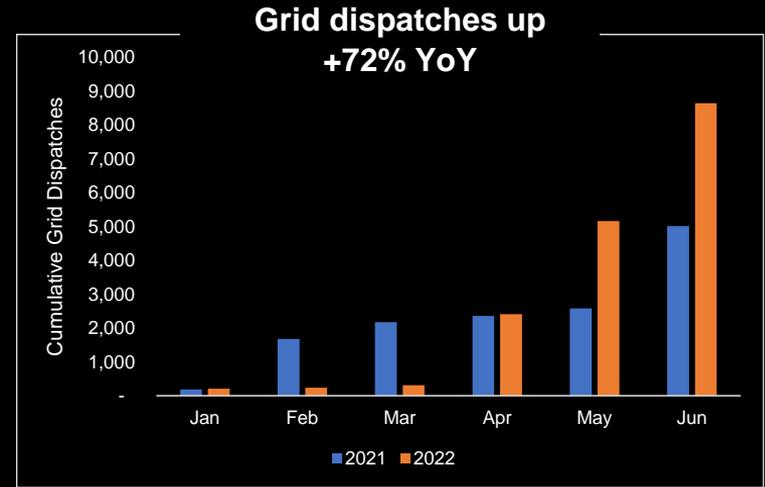
Market Participation Gross Margin

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

# Driving Technology Performance and Innovation

Athena overperformance versus target despite sharply higher dispatch volumes

- Industry leading software capability: Added two value streams on Rocky Mountain Institute “wheel” – now offering all 13 storage services
- Executing on 100% of utility obligations while experiencing 72% YoY increase in grid dispatches YTD
- Strong performance across multiple market segments:
  - ISO-New England: achieved 96% of perfect foresight revenues
  - California: earned 143%/133% of eligible grid incentive payments in June/July 2022, exceeding target YTD across 500+ MWh
  - Greenhouse gas optimization: delivered full year reduction target in under four months for over 40% of customers in program



# AlsoEnergy PowerTrack Ranked #1 Solar and Storage Monitoring and Control Vendor

“AlsoEnergy takes a holistic view of its M&C [measurement and control] capabilities, targeting an integrated offering across varied application segments, giving the company an edge in the market.”

- *Guidehouse Insights Leaderboard*

- Strategy and execution
- Comprehensive suite of offerings
- Advanced technology
- Significant global partnerships



*Guidehouse Insights Leaderboard: Solar and Storage Monitoring and Control Vendors  
Published Q3'22*

*Guidehouse Insights is a premier market intelligence and advisory firm covering the global energy transformation with a focus on emerging resilient infrastructure systems*

# Leadership and Experience Drives Long-term Value

## Market Entry

## Market Development

## Market Leadership



Ontario - BTM

- Coincident Peak management to large industrial enterprise customers

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

- 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



Massachusetts - FTM

- Distributed FTM offering targeting solar + storage in wholesale market

- Follow on software offerings enhance economics
  - Co-optimize six value streams across wholesale energy and ancillary services market

- Improved hardware margins over time
- Market participation +16% above initial forecast
- Leading market share as of August 2022<sup>(1)</sup>:
  - 39% of MA active energy storage facilities
  - 24% of ISO-NE



Texas - Large FTM

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

- Future market participation opportunities will enhance economics

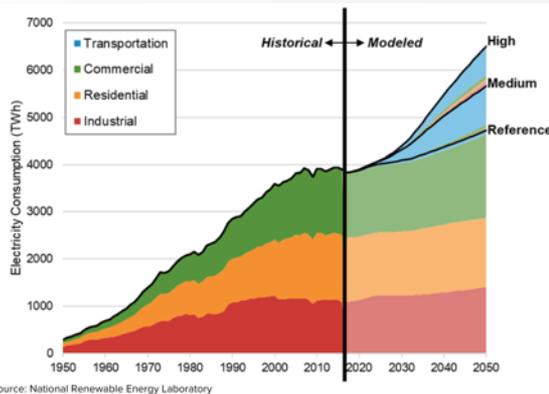
- Line of sight to \$500M+ bookings activity and multi-billion pipeline within first year of market entry

# Athena for Fleet EV Charging

New fleet electrification offering opens multi-billion dollar Total Addressable Market

## Capitalizing on strong growth in EV charging demand

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



Electrification of transportation is creating a new load category equal to one third of existing US load.

## 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

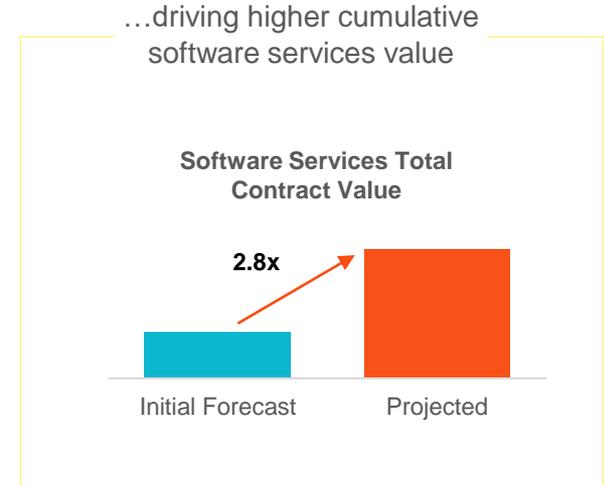
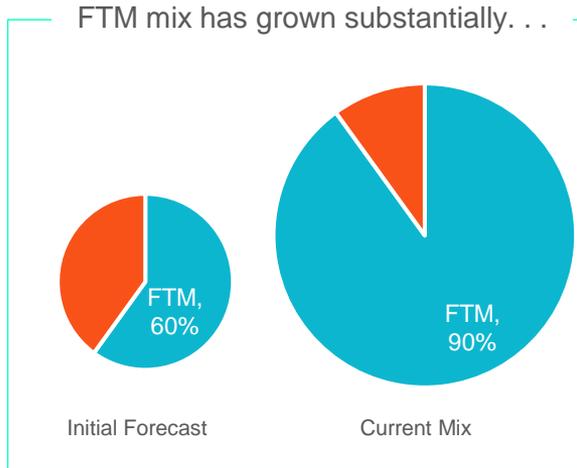
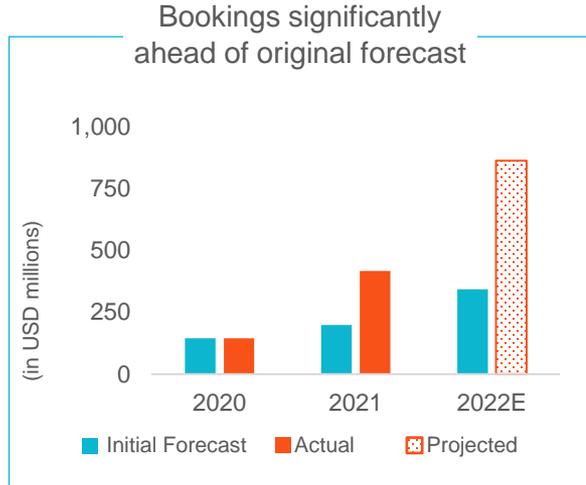


EV offerings will increase SW revenue 2X+ per site, enhancing margins

Extends Athena platform into management of other DERs besides storage

# Enhancing Enterprise Value

Driving higher aggregate cash flows from accelerating software services



Expecting a fourth straight year of >100% bookings growth

# Industry Leadership Drives Advantaged Sourcing

Global supply constraints managed through strategic OEM relationships

## Energy storage systems

- Contracted 100% of full year 2022 supply, executing on 2023 / 2024
- Added significant BTM supply for 2023 / 2024 with major US OEM
- Evaluating potential impact of storage ITC on supply and interconnection timelines
- Analysts expect increased manufacturing capacity in 2023+\*

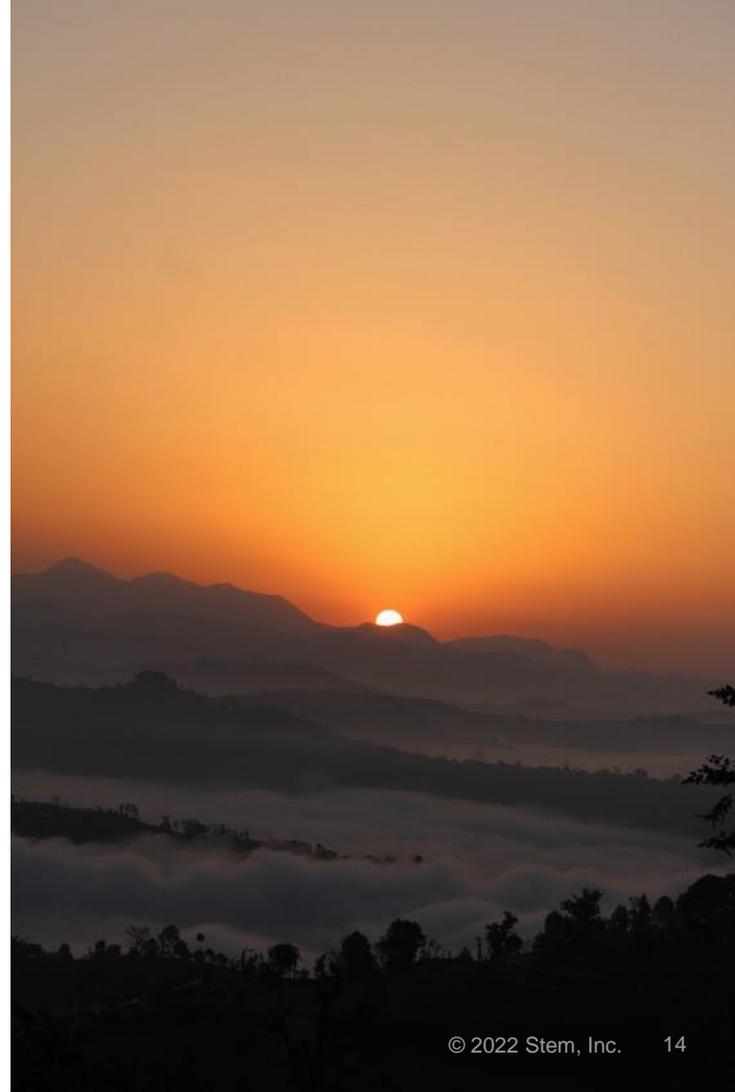
## Solar asset performance management

- AD / CVD and UFLPA impacting near-term panel deliveries for customers; utility-scale projects being pushed out
- Focus on BTM and international markets
- Software price increases offset pushouts



# Inflation Reduction Act | Industry

- The Inflation Reduction Act is a promising step forward for our country's clean energy future and we applaud its passage
- Standalone storage investment tax credit (ITC) improves returns for customers
- Between +20-300% projected increase in total addressable market for storage based on analyses from Wood Mackenzie and BNEF
- Prior estimates do not include several key factors that may provide synergistic demand for Stem offerings:
  - Extension of solar and wind tax credits
  - Addition of solar production tax credit
  - Expanded tax credits for electric vehicles
  - Manufacturing incentives and permitting reform for power infrastructure and renewable technologies



# Inflation Reduction Act | Stem

- **Impact is not currently reflected in financial guidance**, though Stem is well positioned to capitalize on this opportunity
- Mine AlsoEnergy data for storage retrofit opportunities:
  - 32 GW of solar AUM
  - >41k C&I sites
  - <10% storage attached
- Active dialogue and track record with corporate buyers, coops / munis and renewable asset managers
- Position AlsoEnergy to capture value from solar production tax credit
- Flex pricing levers in existing markets to enhance gross margin
- Accelerate roadmap for new offerings (eg. EV and grid resiliency)
- Deep relationships with strategic energy storage OEMs

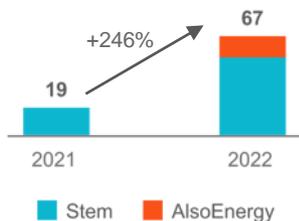


# Financial Metrics

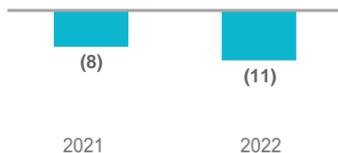
## Revenue, Adjusted EBITDA and Gross Margin

Period ending June 30. In \$ millions, unless otherwise noted

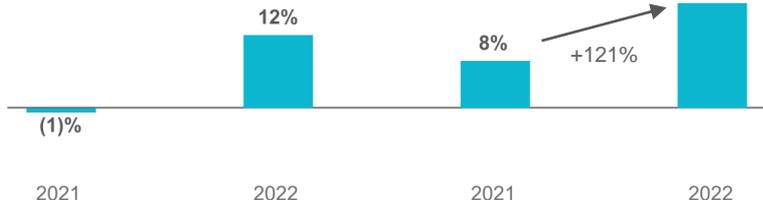
### Revenue



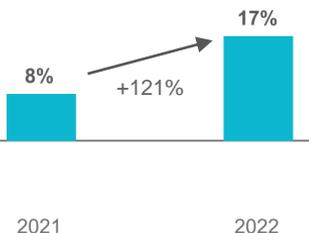
### Adjusted EBITDA



### GAAP Gross Margin %



### Non-GAAP Gross Margin %



See Appendix for definitions and reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

## Strong Revenue and Margin Growth

- 1H'22 Revenue of \$108M (+210% YoY)
- Software momentum driving Q2'22 GAAP Gross Margin to 12% (+33% QoQ)
- Contracted backlog increased to \$727M (+29% QoQ) driving strong commercial momentum into 2H'22

## Adjusted EBITDA

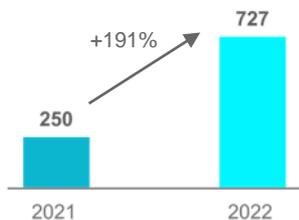
- FTM projects impact near-term gross margin but add significant CARR and market participation upside
- Executing on initiatives to drive operating leverage including expansion of team in India
- On track for full-year adjusted EBITDA guidance

# Operating Metrics

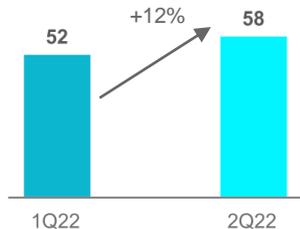
## Strong Momentum in Backlog, CARR and AUM

Period ending June 30. In \$ millions, unless otherwise noted

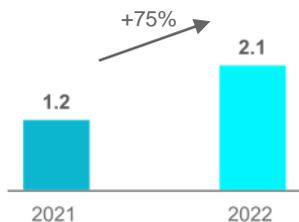
**Backlog**



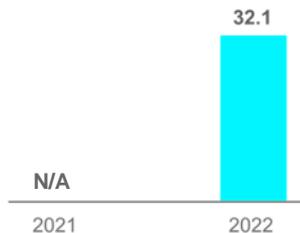
**CARR**



**AUM - storage (GWh)**



**AUM - solar (GW)**



See appendix for definitions.

## Backlog, CARR and AUM Growth

- Backlog up 191% YoY, driven by strong bookings
- CARR at \$58M at quarter end, up 12% since Q1'22; raising full-year guidance from \$60 - \$80M to \$65 - \$85M
- Storage AUM up 75% YoY
- Solar monitoring AUM provides strong foundation for growth and cross-selling
- Low penetration of storage into solar AUM creates commercial opportunities

# Full Year 2022 Guidance

Revenue	2022E:	Q1'22A	Q2'22A	Q3'22E	Q4'22E
	<b>\$350 - \$425M</b> →	<b>\$41M</b>	<b>\$67M</b>	<b>\$70- 95M</b>	<b>\$175- 225M</b>
	15-20% Non-GAAP Gross Margin	16%	17%		
Bookings	2022E:	Q1'22A	Q2'22A	Q3'22E	Q4'22E
	<b>\$775 - \$950M</b> →	<b>\$151M</b>	<b>\$226M</b>	<b>\$150- 225M</b>	<b>\$250- 350M</b>
Adjusted EBITDA	2022E:				
	<b>(\$60) – (\$20)M</b>				
CARR		Year-End 2022E: <b>\$65 – \$85M</b>			

# Key Takeaways

Exceptional execution across all metrics while extending software capabilities and differentiation

- Q2 momentum driven by strong end market demand
  - Solid revenue above high end of guidance
  - Substantial bookings growth: 5x YoY
- CARR drives enhanced margin and financial visibility
- Unique capabilities and technology leadership support pricing power
- Raised 2022 Bookings and CARR guidance based on commercial momentum
- Driving ESG impact, including Diversity, Equity and Inclusion initiatives
- Integration of AlsoEnergy on track: focused on commercial synergies and driving operational leverage through India infrastructure
- Well positioned to capitalize on Inflation Reduction Act opportunities

**Building the leading clean energy intelligence platform**



**Investor & Analyst Day**  
**New York, NY**  
**September 28, 2022**

# Appendix

# Financial and Operating Metrics

## Solid Second Quarter Results

*\$ millions unless otherwise noted*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$66.9	\$19.3	\$108.0	\$34.8
GAAP Gross Margin	7.7	(0.1)	11.4	(0.2)
GAAP Gross Margin %	12%	(1)%	11%	(1) %
Non-GAAP Gross Margin	11.3	1.5	17.9	3.5
Non-GAAP Gross Margin %	17%	8%	17%	10%
Net Loss	(32.0)	(100.2)	(54.5)	(182.8)
Adjusted EBITDA	(11.1)	(8.3)	(23.9)	(11.4)
Operating Metrics:				
12 Month Pipeline (\$ billions)	\$5.6	\$1.7	\$5.6	\$1.7
Bookings	225.7	45.1	376.5	95.9
Contracted Backlog	726.6	249.7	726.6	249.7
Contracted Storage AUM (GWh)	2.1	1.2	2.1	1.2
Solar Monitoring AUM (GW)	32.1	**	32.1	**
CARR	57.6	**	57.6	**

*See slide 23 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.*

# Supplemental AlsoEnergy Financial Detail

*\$ millions unless otherwise noted*

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Hardware Revenue	\$6.9	\$11.7
Services Revenue	7.2	12.0
Total Revenue	14.1	23.7
GAAP Gross Margin	\$5.2	\$8.8
GAAP Gross Margin (%)	37%	37%
Labor Expense in Cost of Sales*	\$2.3	\$3.8
Amortization of Intangibles	1.1	1.8
Pro Forma Gross Margin	8.6	14.4
Pro Forma Gross Margin (%)	61%	61%

*\*Represents a portion of operating expenses reclassified to Cost of Sales for AlsoEnergy*

# Key Balance Sheet Figures

<i>\$ millions</i>	June 30, 2022	December 31, 2021
Cash and cash equivalents	\$151.0	\$747.8
Short-term investments	183.9	173.0
Total Assets	1,426.7	1,191.8
Convertible notes	446.9	316.5
Total Liabilities	823.3	524.0
Stockholders' equity	603.4	667.8
Total Liabilities & Stockholders' equity	1,426.7	1,191.8

# Reconciliation of GAAP Gross Margin to Non-GAAP Gross Margin

*\$ millions unless otherwise noted*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$66.9	\$19.3	\$ 108.0	\$34.8
Cost of Revenue	(59.2)	(19.4)	(96.6)	(35.0)
GAAP Gross Margin	7.7	(0.1)	11.4	(0.2)
GAAP Gross Margin (%)	12%	(1) %	11%	(1) %
Adjustments to Gross Margin:				
Amortization of Capitalized Software	\$2.6	\$1.3	\$4.7	\$2.5
Impairments	1.0	0.3	1.8	1.2
Non-GAAP Gross Margin	11.3	1.5	17.9	3.5
Non-GAAP Gross Margin (%)	17%	8%	17%	10%

*We define non-GAAP gross margin as gross margin excluding amortization of capitalized software and impairments related to decommissioning of end-of-life systems. Prior to Q1'22, "Other Adjustments" reclassified data communication and cloud production expenses from cost of revenue to operating expenses.*

# Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	(\$32,019)	(\$100,216)	(\$54,502)	(\$182,769)
Adjusted to exclude the following:				
Depreciation and amortization	12,910	5,543	21,806	11,555
Net interest expense	2,691	3,929	5,909	10,162
Loss on extinguishment of debt	—	5,064	—	5,064
Stock-based compensation	6,467	1,024	12,732	1,784
Vesting of warrants	—	9,184	—	9,184
Change in fair value of warrants and embedded derivative	—	67,179	—	133,577
Transaction costs in connection with business combination	—	—	6,068	—
Litigation settlement	(1,127)	—	(727)	—
Provision for income taxes	(7)	—	(15,220)	—
Adjusted EBITDA	(\$11,085)	(\$8,293)	(\$23,934)	(\$11,443)

*We define Adjusted EBITDA as net loss before depreciation and amortization, including amortization of internally developed software, net interest expense, further adjusted to exclude stock-based compensation and other income and expense items, including transaction and acquisition-related charges, the change in fair value of warrants and embedded derivatives, and income tax benefit.*

# Definitions

Item	Definition
12-Month Pipeline	Pipeline represents the total value (excluding market participation revenue) of uncontracted, potential energy storage 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"><li>• Customer contracts are typically executed 6-18 months ahead of installation</li><li>• Booking amount typically includes:<ol style="list-style-type: none"><li>1) Hardware revenue, which is typically recognized at delivery of system to customer,</li><li>2) Software revenue, which represents total nominal software contract value recognized ratably over the contract period,</li></ol></li><li>• Market participation revenue is excluded from booking value</li></ul>
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"><li>• Backlog increases as new contracts are executed (bookings)</li><li>• Backlog decreases as integrated storage systems are delivered and recognized as revenue</li></ul>
Contracted Assets Under Management ("AUM")	Total GWh or GW 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"><li>• Total Hardware Revenues = Total Deliveries (kWh) x Project Hardware ASP (\$/kWh)</li><li>• ASP / margin based on value added services including hardware selection, project design and interconnection / permitting advisory and warranty design and compliance</li></ul>
Software Revenue	<p>Recurring SaaS payment driven by storage assets under management (AUM)</p> <ul style="list-style-type: none"><li>• Total Software (Recurring) Revenues = Total AUM (kWh) x Software subscription (\$/kWh/month)</li><li>• SaaS contracts range up to 20 years comprising recurring monthly payments</li></ul>
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"><li>• Total Software (Variable) Revenues = Total AUM (kWh) x Stem's Market Participation Revenues (\$/kWh)</li></ul>



**stem**