



February 24, 2022

# Q4 and FY2021 Financial Results

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# Agenda

- Fourth Quarter and Full-Year 2021 Highlights
- Available Power Announcement
- AlsoEnergy Integration Update
- Supply Chain Update
- Athena Software Platform
- Financial Results and 2022 Guidance



# 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  
0.5% green convertible notes

**AlsoEnergy**

Announced acquisition of AlsoEnergy  
(closed Feb '22)



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 positioned 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 opportunity
- 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



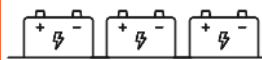
Solar Plant



Hybrid Solar + ESS



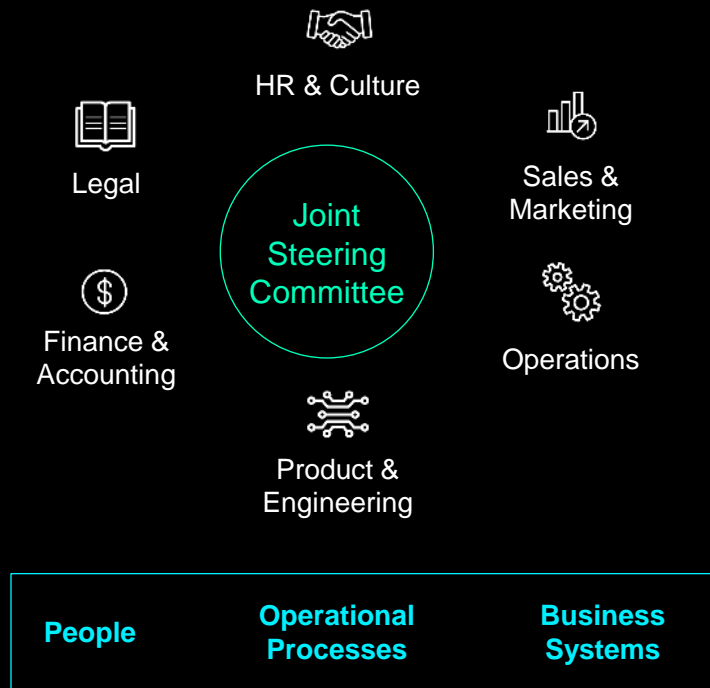
Energy Storage System



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

# 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

# Proactively Managing Supply Chain

Global supply constraint managed through strategic OEM relationships

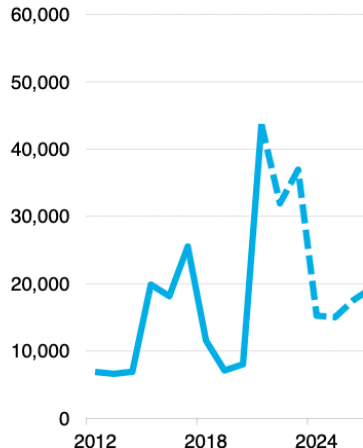
Supply has been secured well into Q4'22, expect full year capacity secured by the end of Q1'22

## 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 forecast increasing supply in 2022+

### Lithium Carbonate

\$/metric ton LCE

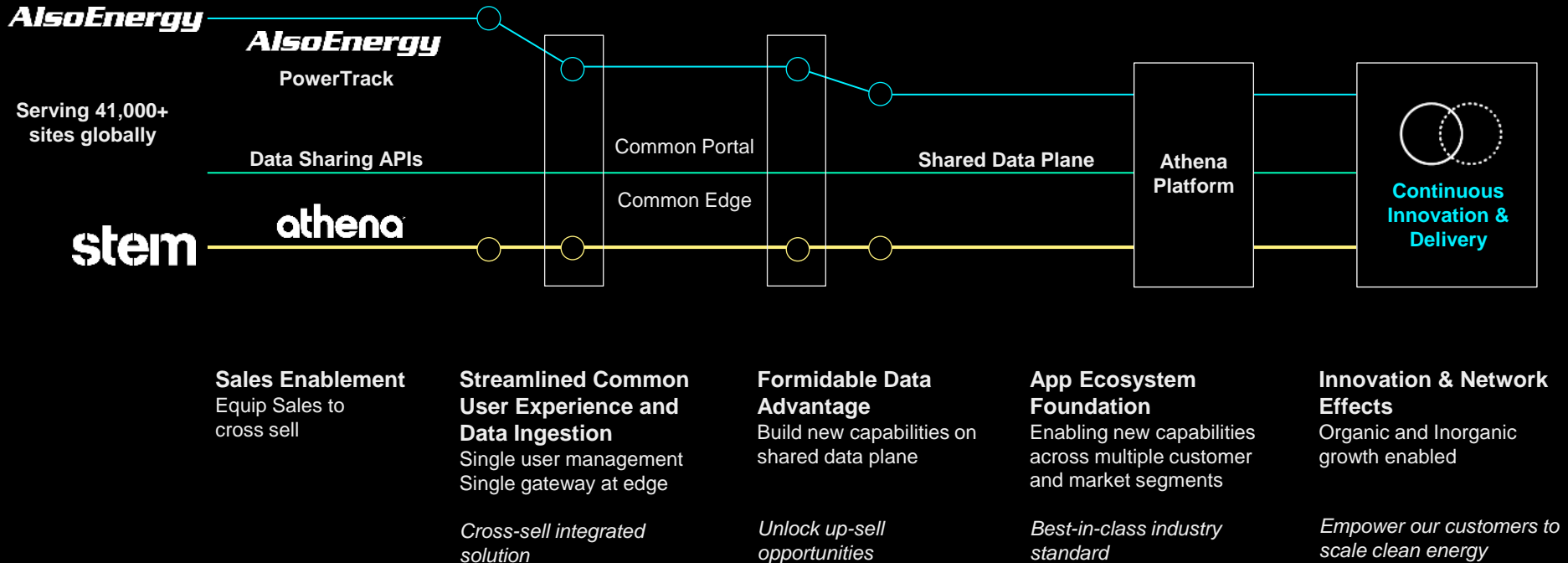


Source: BloombergNEF, January 2022. Solid lines are historical prices, dotted lines are forecasts.



# Unmatched Clean Energy Intelligence Platform

Building the global leading performance management and optimization solution



**Unique capability with significant global reach and market leading AUM**

# 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



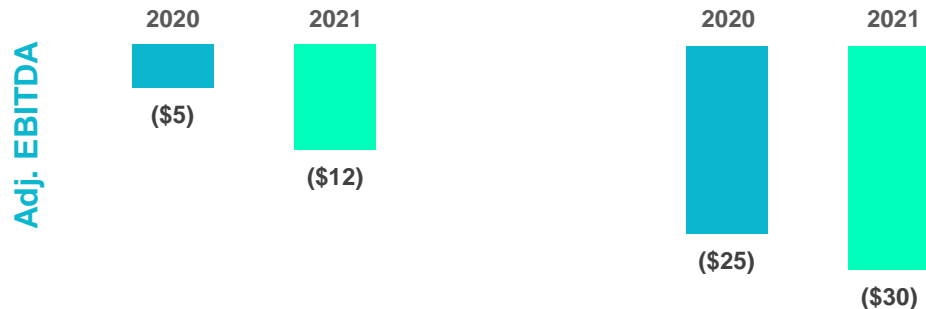
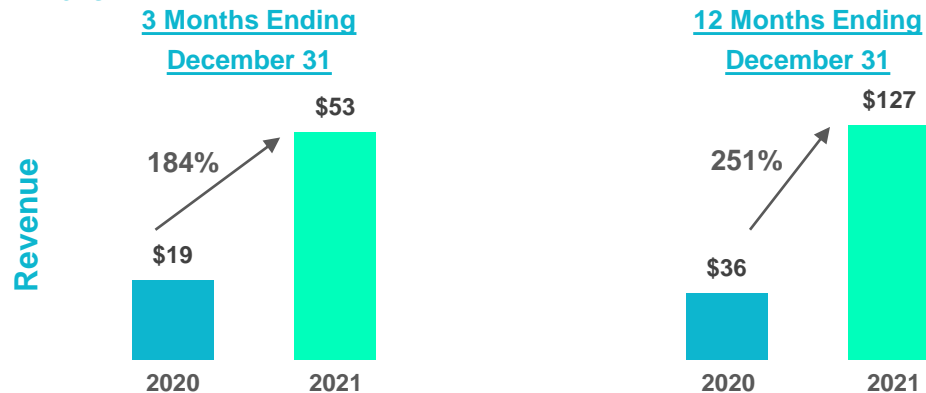
EV offerings will increase SW revenue 2X+ per site, enhancing margins

Extends Athena platform into management of other DERs besides storage

# 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

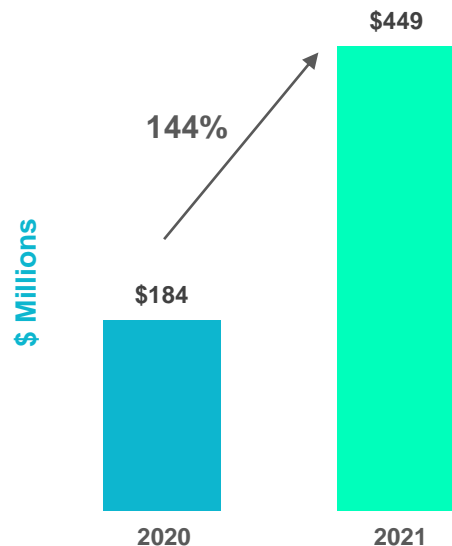
## Adjusted EBITDA impacted by:

- 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

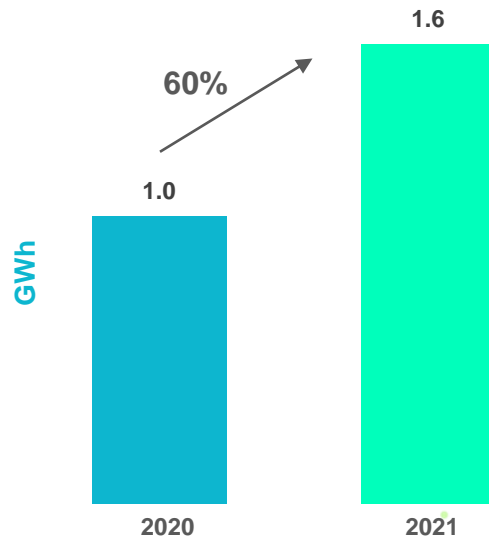
# Financial and Operating Metrics

## Backlog and AUM Results

As of December 31<sup>st</sup>



Backlog



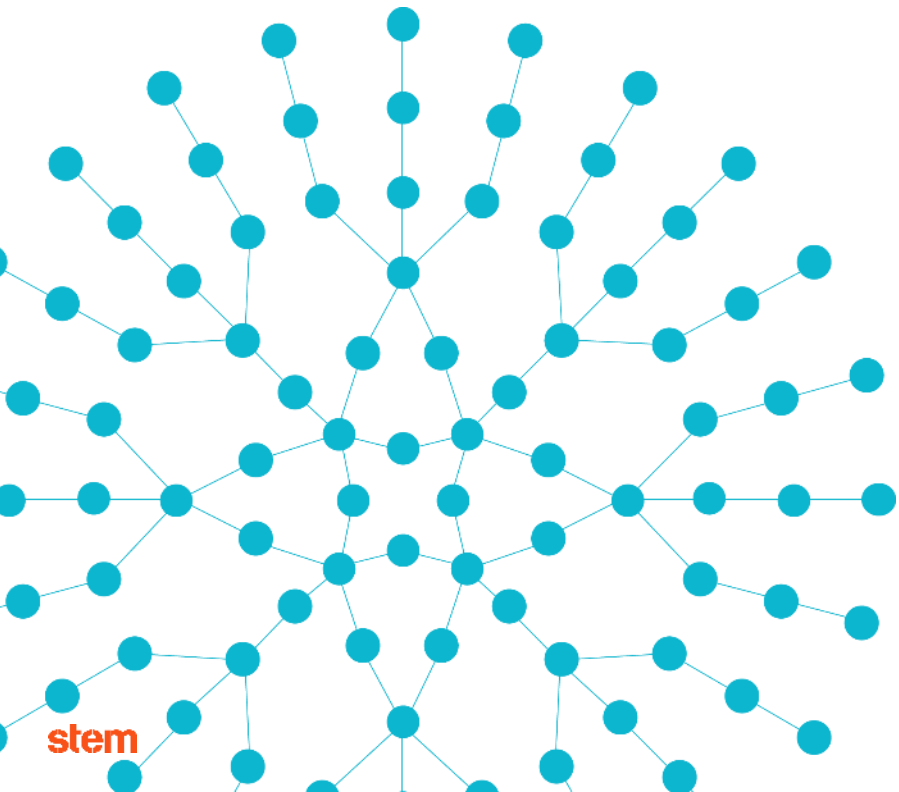
AUM

## 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

# Contracted Annual Recurring Revenue (“CARR”)

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



## Beginning Q1'22, introducing CARR as a key metric

Represents the value of the intelligent energy network

- 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

- FTM systems in Massachusetts running +16% above initial forecasts for wholesale energy revenue

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

# 2022 Guidance

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



# 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**



# Q&A

# Supplemental Information

# 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

# Q4'2021 Financials

## Reconciliation of Non-GAAP Financial Measures

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

	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 Good 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
Impairments	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

# Q4'2021 Financials

## Reconciliation of Non-GAAP Financial Measures

### Reconciliation of Adjusted EBITDA to Net Loss

	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

Source: Stem.

- 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 the change in fair value of warrants and embedded derivatives.



# 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"> <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 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>



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