

The background of the slide features a blurred office environment with several computer monitors. The leftmost monitor displays a 3D architectural rendering of a modern building with a grid-like facade. The middle and right monitors show data dashboards with various charts, including bar graphs and line plots, with green dots highlighting specific data points. The overall color palette is dark blue and grey, with a grid of small, glowing green dots at the bottom of the slide.

stem

January 2023

Leader in AI-Driven Energy Solutions

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This presentation, as well as other statements we make, contains “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; the expected synergies of the combined Stem and AlsoEnergy company; our ability to continue to successfully integrate the combined companies; our ability to security sufficient inventory from suppliers to meet customer demand; our ability to manage supply chain issues and manufacturing or delivery delays; 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; the impact of the ongoing conflict in Ukraine; our ability to meet contracted customer demand; the expected impact of the Inflation Reduction Act on our business; 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 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; 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; the ongoing effects of the COVID-19 pandemic on our workforce, operations, financial results and cash flows; the effects of the ongoing conflict in Ukraine; the results of operations and financial condition of our customers and suppliers; pricing pressure; inflation; weather and seasonal factors; challenges, disruptions and costs of integrating AlsoEnergy 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 our business; uncertainty as to the effects of the transaction on the long-term value of our common stock; our ability to continue to grow and to manage our growth effectively; our ability to attract and retain qualified employees and key personnel; our 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; 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. 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In addition to disclosing financial results in accordance with U.S. GAAP, this presentation includes references to non-GAAP financial measures, including adjusted EBITDA and non-GAAP gross margin. We believe these non-GAAP measures provide useful supplemental information regarding certain financial and business trends relating to our financial condition and results of operations. We also believe that these non-GAAP financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial performance with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are in addition to, and should not be considered superior to, or a substitute for, financial results 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. Reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures are included in the Appendix to this presentation.

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Agenda

- Overview
- Third Quarter 2022 Results and Highlights
- Full Year 2022 Guidance Commentary
- Technology Innovation
- Operational Excellence



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 with extensive experience in software, energy and industrial companies



The Journey to Today

Industry Leadership, Innovation, and Execution

- ✓ **First to market C&I storage** to the Fortune 500
- ✓ **First California ISO** wholesale market participation
- ✓ **Largest Virtual Power Plant** with utility (420 MWh in southern CA)
- ✓ **Largest fleet** of Front-of-the-Meter storage in ISO-New England
- ✓ **#1 solar asset** performance management software
- ✓ **#1 in storage optimization** innovation
- ✓ **Only software platform** capable of executing on all 13 Rocky Mountain Institute storage services

Market leadership driving strong execution

stem



Third Quarter 2022 Results & Highlights

Continued Q3 Momentum

Record Revenue

\$100M

+150% YoY

+49% QoQ

GAAP/Non-GAAP

Gross Margin

9% / 13%

flat YoY

Record Contracted
Backlog

\$817M

+162% YoY

Strong Bookings

\$223M

+115% YoY

Record Pipeline

\$7.2B

+200% YoY

+29% QoQ

Contracted Annual
Recurring Revenue

\$61M

+5% QoQ

Q3 Highlights



Record revenue, both year-to-date
and year-over-year



YTD bookings 150% above
full year 2021



Athena ranked #1 for innovation
in optimization and trading by
Frost & Sullivan



Integrating Stem + AlsoEnergy
edge controls to improve supply
chain resilience

Strong execution despite market turbulence

Solid Q3 Commercial Execution

Bookings momentum and software services pricing power drive growth and margins

- Contracted Annual Recurring Revenue (CARR) up +5% QoQ at \$61M underscores leading software differentiation
- Services revenue increased 9% QoQ; expect acceleration in 2023+
- Continuing margin increase in Bookings; hardware supply availability a key differentiator
- Pipeline up +29% QoQ:
 - Inflation Reduction Act driving strong demand
 - Multi-billion dollar cross-sell potential
- EV offering momentum: more than double average Behind-The Meter (BTM) system size and 2X software fee

Full Year 2022 Guidance

Revenue	2022E: \$350 – \$425M 15–20% Non-GAAP Gross Margin	→ Q1'22A \$41M 16%	Q2'22A \$67M 17%	Q3'22A \$100M 13%	Q4'22E \$145– 220M
Bookings	2022E: \$850 – \$950M	→ Q1'22A \$151M	Q2'22A \$226M	Q3'22A \$223M	Q4'22E \$250– 350M
Adjusted EBITDA	2022E: (\$60) – (\$20)M	CARR		Year-End 2022E: \$65 – \$85M	

Commentary on 2022 Guidance

Expect 2022 bookings >\$1 billion, continued cost management

	Guidance	Commentary
Revenue and Non-GAAP Gross Margin	<u>Revenue Q4'22</u> \$145 – \$220M <u>Non-GAAP GM (FY'22)</u> 15% – 20%	<ul style="list-style-type: none">▪ Revenue: Forecast Q4'22 revenue towards lower end of previously provided guidance range, primarily due to port delays for battery deliveries<ul style="list-style-type: none">▪ Impacted projects expected to be placed in-service in 1H'23▪ Gross Margin: Full-year 2022 non-GAAP gross margin tracking slightly below low end of guidance range due to lower solar monitoring and storage software revenue, impacted by UFLPA and delays in interconnection and permitting
Adjusted EBITDA	<u>Adjusted EBITDA (FY'22)</u> (\$60) – (\$20)M	<ul style="list-style-type: none">▪ Adjusted EBITDA: Operating expenses trending lower than forecast, driven in part by hiring ~10-15% below budget<ul style="list-style-type: none">▪ Ongoing cost management in uncertain macro environment▪ Continue to expect adjusted EBITDA positive in 2H'23
Bookings and Backlog	<u>Bookings (Q4'22)</u> \$250 - \$350M	<ul style="list-style-type: none">▪ Bookings: Expect quarterly bookings above high end of range; full-year 2022 bookings >\$1 billion▪ Backlog: Expect approximately \$1 billion in backlog as of Q4'22; strong bookings partially offset by Stem-initiated contract cancellation (~\$130M) due to partner non-performance on agreed timeline

Will issue 2023 guidance on 4Q/FY'22 earnings call in February

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



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



Market Participation

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

~80%+

Market Participation Gross Margin

- Recurring SaaS model
- Secured by 5-20 year contracts with recurring cash flow
- Revenue recognized ratably during life of the contract
- Additional upsell revenue opportunities

- Upfront payment for initial purchase
- Hardware-neutral platform
- Unit controller provides sourcing flexibility
- Leverage subject matter expertise in ESS hardware

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

Market Leading Value Proposition

Behind-the-Meter “BTM”



Commercial & Industrial Services

Reduce Consumer Energy Bills 10–30%

Electric Vehicle Offerings

Asset Performance Management

Corporate ESG Objectives

Representative Customers



Alphabet



Walmart



Cargill



amazon



Meta

Front-of-the-Meter “FTM”



Utilities, IPPs, Developers

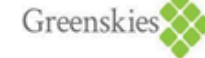
Increasing Asset Returns 10-40%

Supports Grid Stability

Asset Performance Management

Grid Decarbonization

Representative Partners



Athena Ranked #1

Stem ranked #1 for innovation by Frost & Sullivan in its Frost Radar™: Digital Platforms for Renewable Energy and Battery Storage Optimization and Trading report

Report highlights:

- Top software solution with a track record of delivering tangible, high-value ROI
- Fully automated model selection to constantly improve optimization and forecasting
- Industry-leading team of specialists that support the entire value chain



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

Best Positioned to Benefit from Inflation Reduction Act (IRA)

Expect additional upside to financial plan as provisions are implemented

IRA Section	Impact to Stem
Standalone storage ITC – greenfield	<ul style="list-style-type: none">Improves customer economics with 30-60% reduction in project costs
Standalone storage ITC – retrofit	<ul style="list-style-type: none">~\$6B potential AlsoEnergy storage retrofit opportunity in core markets; ~\$20B for entire AlsoEnergy portfolio
Solar production tax credit	<ul style="list-style-type: none">Athena + PowerTrack can enable 500+ bps improvement in project IRRs by electing PTC in lieu of ITC



AlsoEnergy Outperforming the Broader Solar Industry

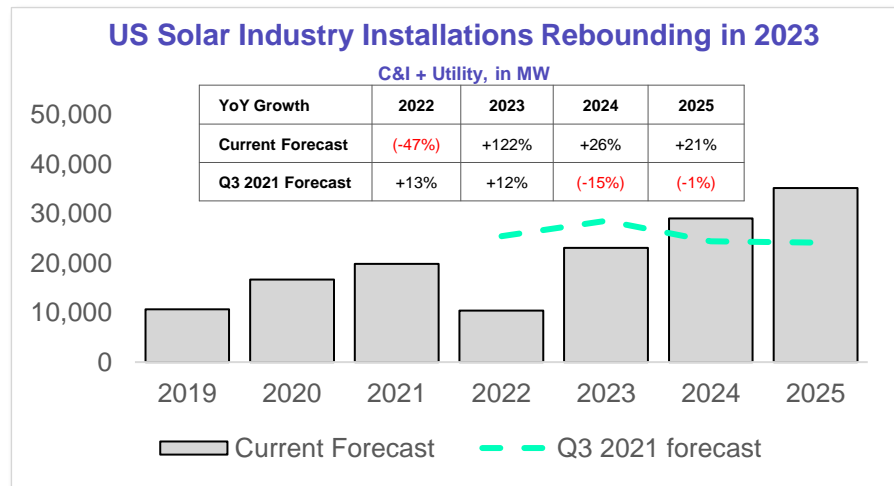
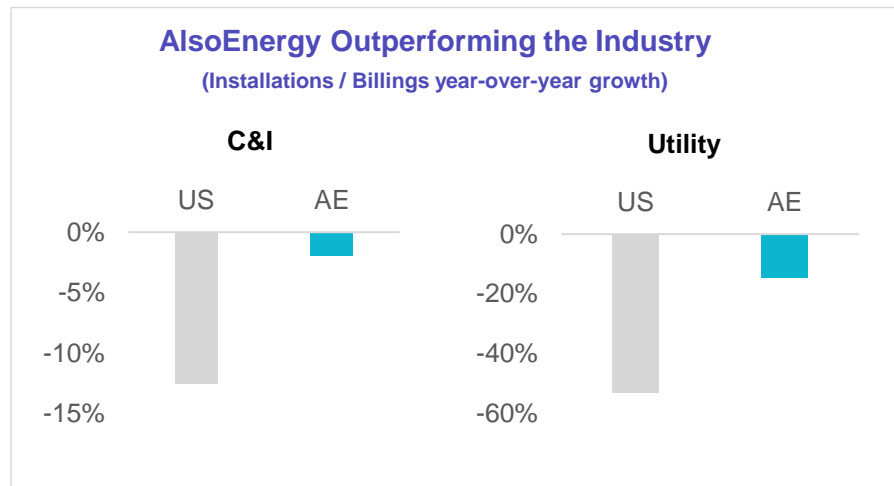
Negative impact on near-term demand, but significant growth expected in 2023 and beyond

Supply chain issues, labor shortages and related regulatory actions have dampened 2022 growth

- Sharply lower volumes in 2022, particularly in utility-scale solar
- Revenue decline partially offset by (1) mix shift to C&I and (2) price increases driven by strength of customer base
- Expect normalization of port logistics in 1H 2023

Pipeline growth is accelerating heading into 2023, with continued strength in 2024+

- Following passage of the Inflation Reduction Act, significant uptick particularly in C&I demand driven by Fortune 500 accounts and the Utility segment



Improving Access to Large Scale Solar + Storage

Athena Unit Controller enables more customer choice while driving better margin

Initiative

- Develop universal “unit controller” edge device for Athena-enabled control
- Decouple battery, inverter, and balance of plant on large scale sites

Customer benefits

- Enables supplier optionality to dampen supply chain volatility
- Creates lock-in and flexibility for interconnection applications

Stem benefits

- Increases penetration into large solar / storage FTM market
- Drives higher software revenues
- Every PowerTrack site is Athena-ready

Current Offerings

Existing Stem offering

Athena Controls and AI Solutions

athena
powered by stem

3rd party integrator offering

Unit Controller



Battery



Inverter



Unit Controller Strategy

Athena Controls and AI Solutions

athena
powered by stem

Expanded Stem offering, *inclusive of unit controller capability*

Unit Controller



Battery



Inverter



Decoupled battery and inverter sourced direct from OEMs

Simplifying Deployment and Operations to Monetize Professional Services

Design & Engineering

- Building Athena-ready sites
- Storage sizing & specification
- Storage integration
- Interconnection & permitting
- Monitoring & control design



Network Operations

- Real-time asset operations
- 24/7 monitoring & site management
- Asset management services
- OEM warranty management
- Compliance reporting

Program Operations

- Asset and customer enrollment
- Market integration and testing
- Tariff management
- Asset strategy and bidding oversight
- Program compliance reporting and support

Key Takeaways

- Positioned for EBITDA positive in 2H'23
- Technology leadership validated by Guidehouse & Frost & Sullivan #1 rankings
- Unit controller software strategy expected to dampen supply chain volatility
- Integration of AlsoEnergy on track: introduced unified customer experience, consolidation of manufacturing operations
- Inflation Reduction Act accelerates solar and storage demand

Building the leading clean energy intelligence platform

Appendix

Resurgent Behind-the-Meter Storage Market Outlook

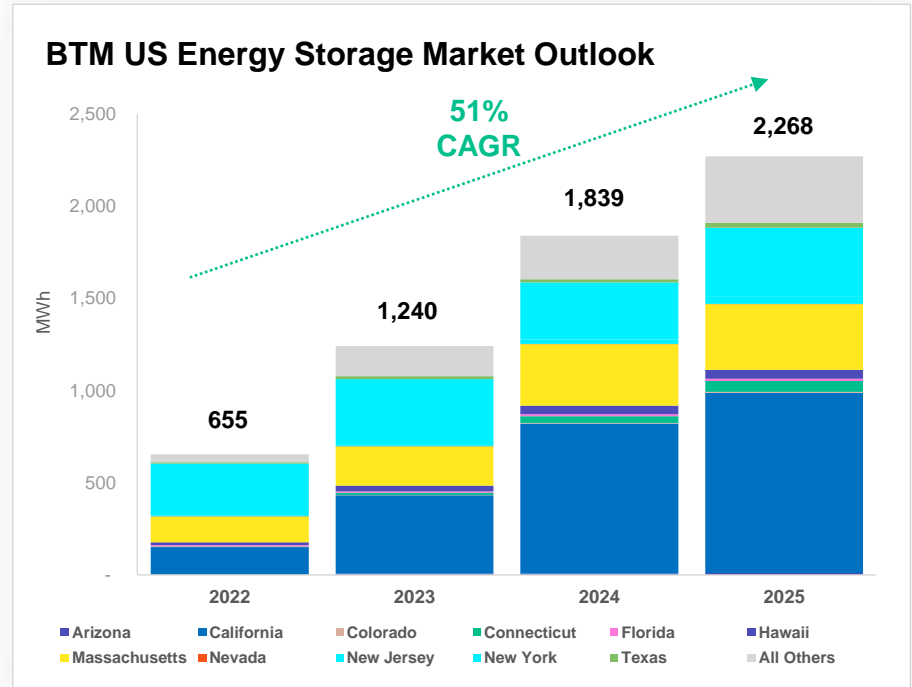
Leading market share and technology differentiation

Key Metrics

- Customers include community, commercial and industrial
- Typically 10-year software contract
- Average system of 2MWh and \$1M HW+SW booking value with strong HW margins

What has changed since 2021?

- IRA accelerates growth of this segment
 - Opportunity for storage retrofit at existing solar locations
 - EV incentives increase demand for larger sized BTM
 - Standalone Storage ITC enhances economics and supports national rollout plans across Fortune 500
- Market participation upside from completion of FERC 2222 & 841 implementation and related policies to drive distributed energy resources into the grid



Accelerating eMobility Market Outlook

Energy storage paired with fleet electric vehicles and vehicle-to-grid opportunities

Compelling Value Proposition

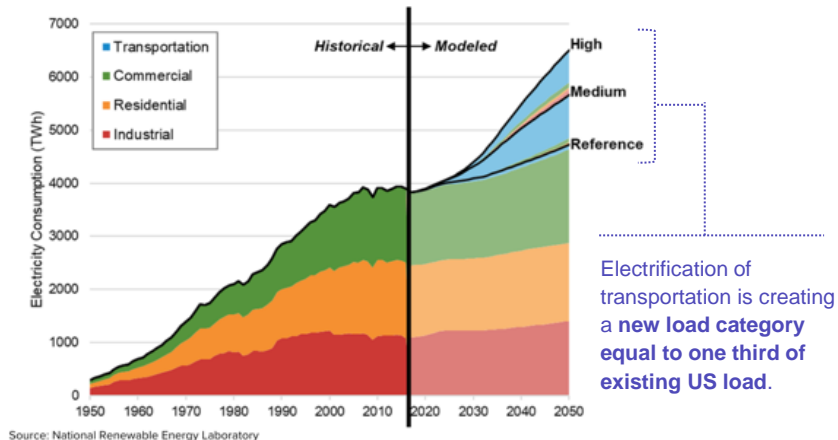
- Enhanced resiliency for EV fleets and charging infrastructure with utility bill optimization and vehicle-to-grid (V2G) monetization
- 10-year software contract with up to 2x typical software fee
- New offerings such as sustainability reporting, GHG optimized charging, and software-only apps augment growth

Sizing the Opportunity

- Substantial increase in customer load from fleet EVs drives larger average energy storage system sizes at BTM locations (+2-5x)
- eMobility expected to represent ~50% of BTM activity in 3 years
 - Leverage Stem MSAs across Fortune 500
 - Deep storage experience makes Stem a valued strategic partner to incumbent leading EV charging players
- Additional BTM storage volumes from above **not included** in BTM Market Outlook on the prior page
- Upside from V2G in market participation revenue

Strong Growth in EV Charging Demand

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



Strong Front-of-the-Meter Storage Market Outlook

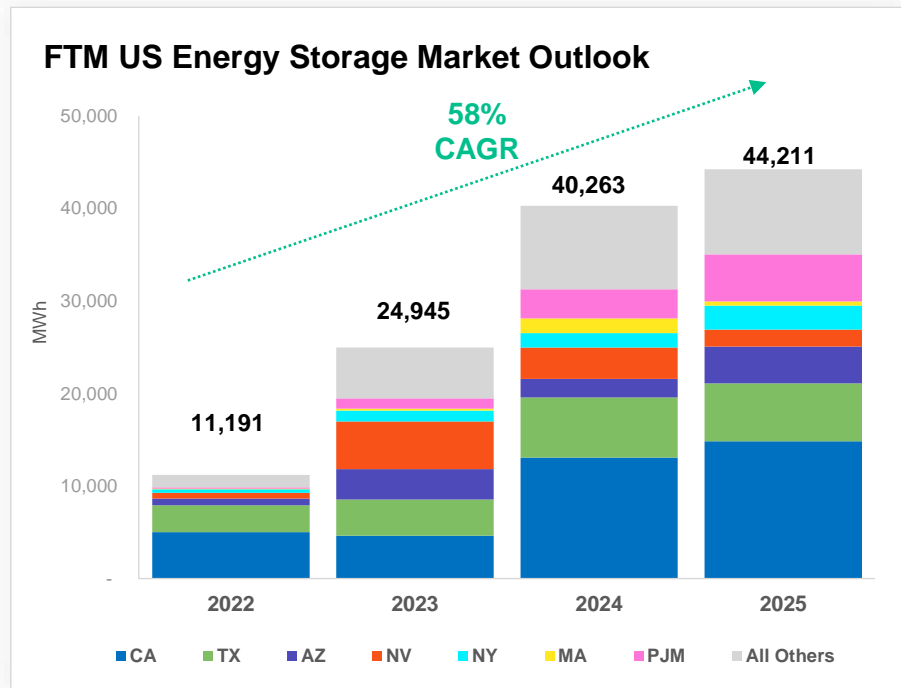
Proven track record in driving higher revenue and project returns

Key Metrics

- Customers include Utilities, IPPs, and Renewable Asset Owners
- ~25% of total FTM bookings are software-only by 2025
- Typically 20-year software contract
- Average system of 25MWh and \$10MM HW+SW booking value

What has changed since 2021?

- Significant increase in demand from this segment
 - 58% CAGR (+900 bps) and +210% from prior 2025 estimate
 - Potential upside as storage now lower cost than many conventional T&D assets → acceleration into utility IRPs
- Standalone Storage ITC presents upside to initial forecasts for market participation revenue



Solar Asset Performance Management Market Outlook

#1 in the industry and positioned to move upstream into large portfolios integrated with storage

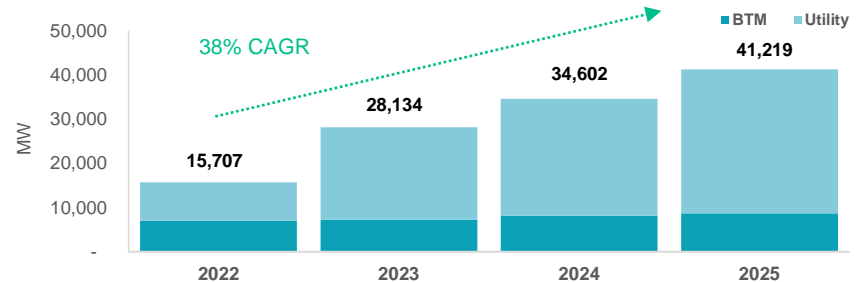
Key Metrics

- AlsoEnergy PowerTrack reduces operating costs and enhances project revenues for solar projects
- 25 GW solar AUM as of Q3 2022
 - +41,000 C&I locations
 - <10% storage attached

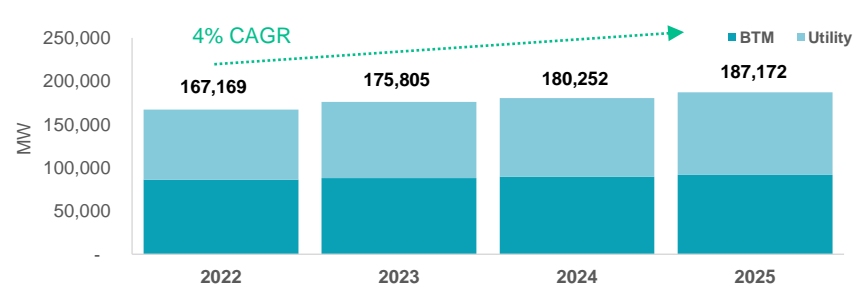
Growth Opportunities

- Inflation Reduction Act increases deployments by 40% over the next five years
- Solar PTC presents opportunity for compelling economics uniquely available from Stem + AlsoEnergy
- Macro growth drivers include continued growth in demand for renewable energy generation, rapidly declining levelized cost of energy and growing focus by corporates on 24/7 clean power

US Solar PV Market Outlook



ROW Solar PV Market Outlook



Reconciliation of Non-GAAP Gross Margin

\$ millions unless otherwise noted	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$99.5	\$39.8	\$207.5	\$74.6
Cost of Revenue	(90.4)	(36.7)	(187.0)	(71.7)
GAAP Gross Margin	9.1	3.1	20.5	2.9
GAAP Gross Margin (%)	9%	8%	10%	4%
Adjustments to Gross Margin				
Amortization of Capitalized Software	\$2.9	\$1.4	\$7.6	\$3.8
Impairments	0.4	0.7	2.2	2.0
Non-GAAP Gross Margin	12.4	5.2	30.3	8.7
Non-GAAP Gross Margin (%)	13%	13%	15%	12%

We define non-GAAP gross margin as gross margin excluding amortization of capitalized software and impairments related to decommissioning of end-of-life systems.

Reconciliation of Adjusted EBITDA

\$ thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income attributable to Stem	\$(34,279)	\$(115,612)	\$(88,781)	\$(67,157)
Adjusted to exclude the following:				
Depreciation and amortization	11,547	6,003	33,353	17,558
Interest expense	2,520	2,674	8,429	12,835
Loss on extinguishment of debt	---	---	---	5,064
Stock-based compensation	7,678	6,199	20,410	7,983
Vesting of warrants	---	---	---	9,183
Change in fair value of warrants and embedded derivative	---	(137,001)	---	(3,424)
Transaction costs in connection with business combination	---	---	6,068	---
Litigation settlement	---	---	(727)	---
Provision for income taxes	19	---	(15,201)	---
Adjusted EBITDA	\$(12,515)	\$(6,513)	\$(36,449)	\$(17,958)

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">• 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 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">• 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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