

The background of the slide features a photograph of a solar farm. In the foreground, there are rows of solar panels. In the middle ground, there are several large, white, rectangular power equipment units, likely inverters or transformers, situated on a grassy area. The sky is filled with large, white, fluffy clouds. The overall color palette is dominated by blues and greens, with a teal overlay on the left side.

stem

November 2023

# Investor Presentation

## Cautionary Statement Regarding Forward-Looking Statements

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 financial and performance targets and other forecasts or expectations regarding, or dependent on, our business outlook; the expected benefits of the combined Stem/AlsoEnergy company; our ability to secure sufficient and timely inventory from suppliers; our ability to meet contracted customer demand; our ability to manage supply chain issues and manufacturing or delivery delays; our joint ventures, partnerships and other alliances; forecasts or expectations regarding energy transition and global climate change; reduction of greenhouse gas (“GHG”) emissions; the integration and optimization of energy resources; our business strategies and those of our customers; 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; the direct or indirect effects on our business of macroeconomic factors and geopolitical instability, such as the ongoing conflict in Ukraine; the expected benefits of the Inflation Reduction Act of 2022 on our business; and future results of operations, including 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 and timely inventory from our suppliers, as well as contracted quantities of equipment; our inability to meet contracted customer demand; supply chain interruptions and manufacturing or delivery delays; disruptions in sales, production, service or other business activities; general macroeconomic and business conditions in key regions of the world, including inflationary pressures, general economic slowdown or a recession, rising interest rates, changes in monetary policy, instability in financial institutions, and the prospect of a shutdown of the U.S. federal government; the direct and indirect effects of widespread health emergencies on our workforce, operations, financial results and cash flows; geopolitical instability, such as the ongoing conflict in Ukraine; the results of operations and financial condition of our customers and suppliers; pricing pressures; weather and seasonal factors; our inability to continue to grow and manage our growth effectively; our inability to attract and retain qualified employees and key personnel; our inability to comply with, and the effect on our business of, evolving legal standards and regulations, including 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 discussed in this presentation and 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 results or outcomes, or the timing of these results or 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 filings with the SEC. 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, except as required by law.

## Non-GAAP Measures

In addition to financial measures in accordance with U.S. GAAP, this presentation includes references to non-GAAP financial measures, including adjusted EBITDA, non-GAAP gross profit 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.

## 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

- Company Update
- Industry Outlook
- Q3'23 Financial and Operating Results
- Appendix



# Today's Presenters



**John Carrington**  
CEO and Director



**Bill Bush**  
Chief Financial Officer



**Prakesh Patel**  
Chief Strategy Officer

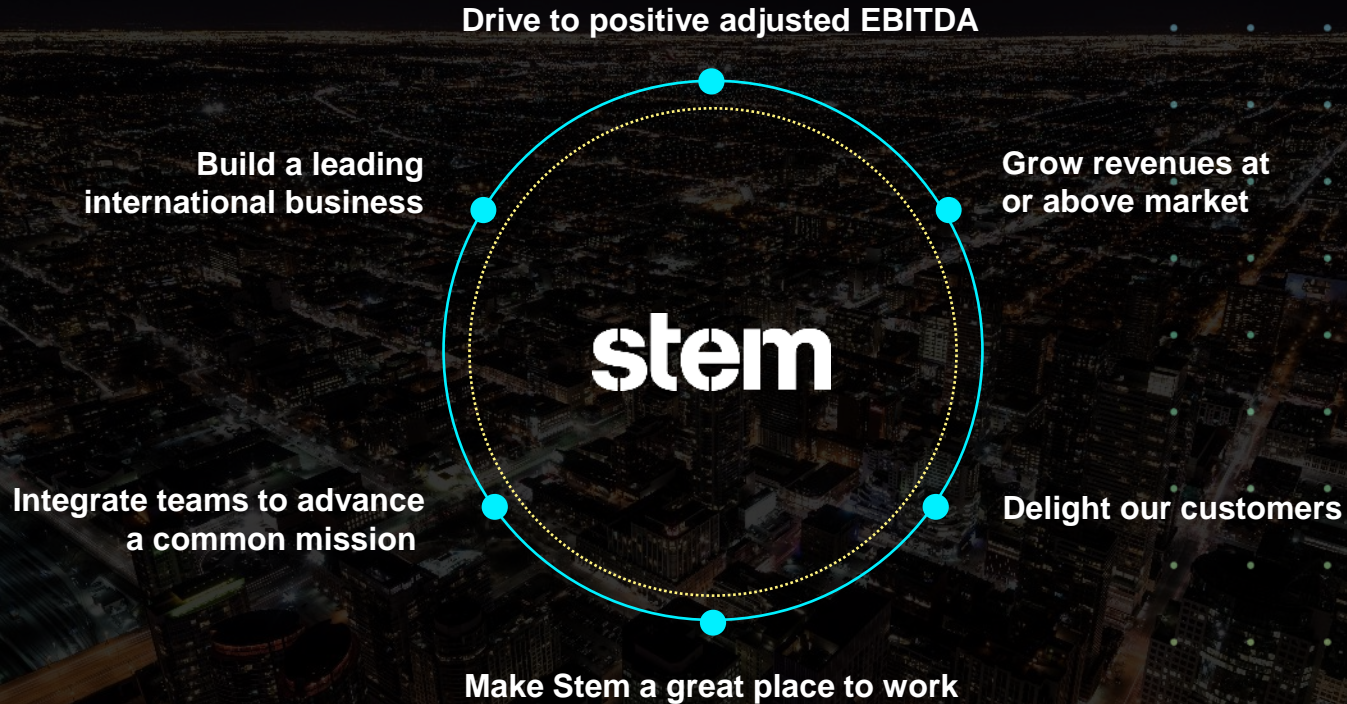


**Ted Durbin**  
Vice President,  
Investor Relations

Seasoned leadership team with extensive experience in software, energy and industrial companies



# Our Guiding Principles



# Third Quarter 2023 Results & Highlights

Positioned to meet full year performance targets with strong bookings momentum into 2024

## Strong Q3 Momentum\*

Revenue  
**\$134M**

+34% YoY

Contracted  
Backlog

**\$1.84B**

+125% YoY

Adjusted  
EBITDA

**\$(0.9)M**

Bookings  
**\$676M**

+203% YoY

Contracted Annual  
Recurring Revenue

**\$88M**

+43% YoY

GAAP/Non-GAAP  
Gross Margin

**(15%) / 12%**

## Q3 Highlights



Record Q3 Bookings, +186% QoQ  
Strong CARR growth, +17% QoQ



On track to achieve positive adjusted  
EBITDA in 2H 2023\*

 SB Energy

SB Energy agreement for software and  
services across a 10GWh development  
pipeline

 **athena** | PowerBidder™ Pro  
by stem

Launched PowerBidder Pro for asset  
owners and traders

**Expect positive FY 2024 adjusted EBITDA**

# Third Quarter Highlights (continued)

## Bookings reach all-time high

### Record bookings growth

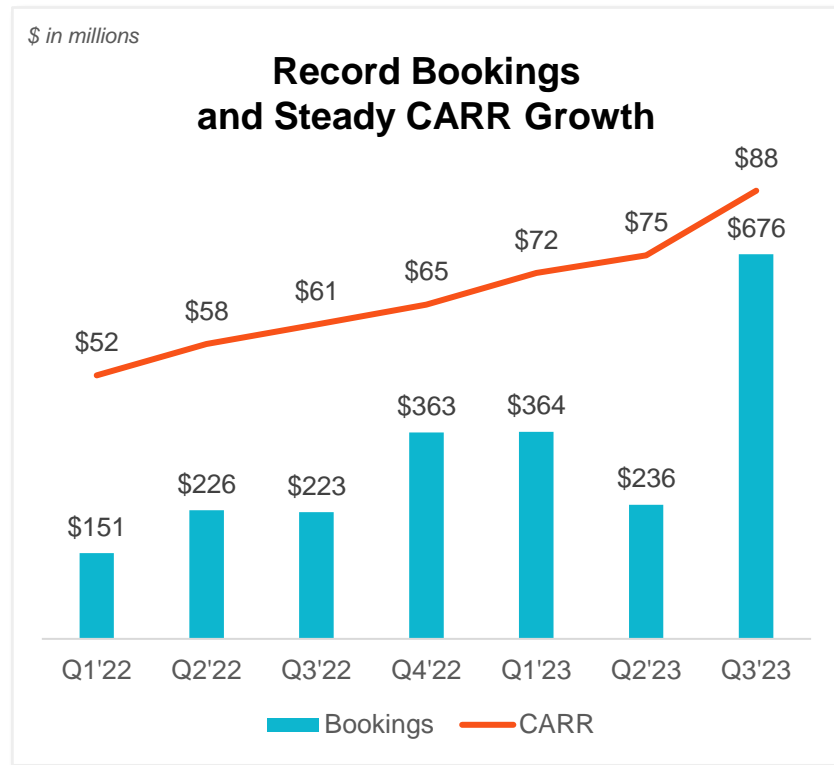
- Strength in FTM storage, driven by muni / co-op segment
- Solar backlog +41% YoY
- Consistent strong contracted margins demonstrate differentiation

### Strong AUM, CARR growth in both Storage and Solar

- Storage AUM +1.2 GWh or +32% QoQ
- Solar AUM +5% YoY
- CARR +\$13M or +17% QoQ; raising CARR guidance

### Demand remains resilient

- Project returns are higher despite rising interest rates
- Declining equipment prices and clarity on tax incentives further improve project economics

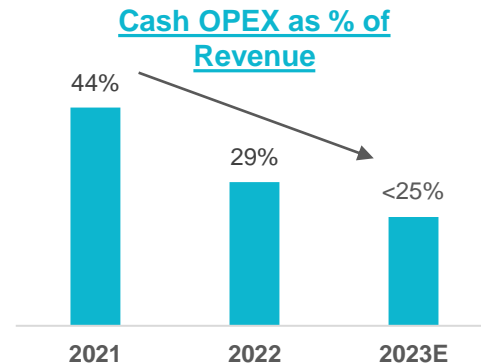
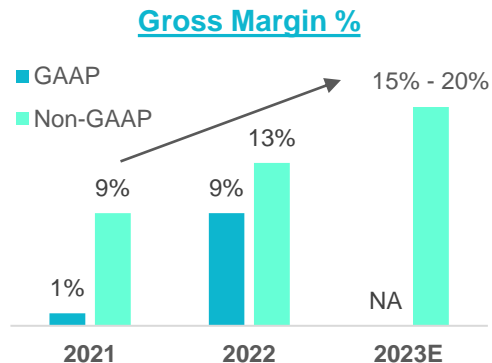
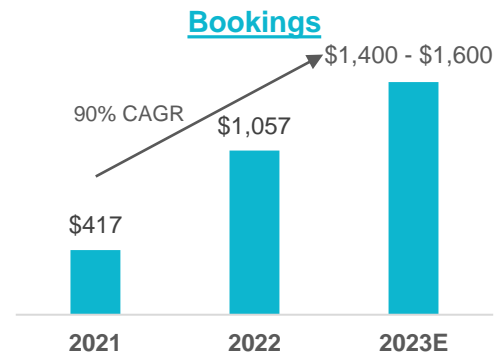
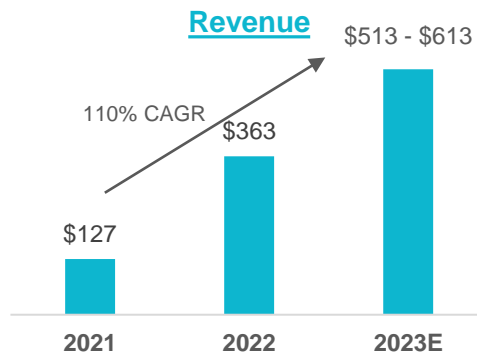


# Operational Excellence

Successful growth in revenue and profitability across the business

- ✓ 4-5x estimated revenue growth over past two years driven by strong execution and significant industry tailwinds
- ✓ ~3x growth in bookings since 2021, evidencing continued momentum in 2023+
- ✓ Gross margin expansion driven by successful growth in mix of higher-margin Services business
- ✓ Improved operating leverage: declining cash OPEX as % of revenue

\$ in millions unless otherwise noted.



# Creating Value with Software, Hardware & Services

Growing recurring software cash flows driven by edge solution deliveries

## Software



Recurring SaaS revenue  
Secured by 5-20 year contracts  
Ratable revenue recognition  
Up/cross-sell opportunities

Revenue calculation:  
**Operating AUM x  
Software Subscription ASP**

**~80% GAAP Gross Margin**

## Hardware

### Turnkey BESS

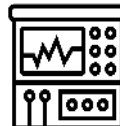


Sourced from Tier 1  
OEMs  
Leverage subject matter  
expertise

Revenue calculation:  
**Total Deliveries x  
Project Hardware ASP**

**~5%-15% GAAP Gross  
Margin**

### Modular ESS



Proprietary smart  
controller  
Enables hardware  
flexibility; capital-light

Revenue calculation:  
**Total units x  
Device ASP**

**~10%-40% GAAP Gross  
Margin**

## Services



Project configuration & deployment  
Ongoing reporting and other  
software-related services  
Post-COD Asset Management

Revenue calculation:  
**Up-front fee +  
ongoing subscription**

**~30%-50% GAAP Gross Margin**

# Stem + SB Energy Global

Software & services opportunity across 10GWh+ project pipeline

## SB Energy (SBE)

- SoftBank Group's utility scale solar, energy storage and technology platform

## Technology and Commercial Alliance

- Offer Stem modular ESS software and services across multi-year 10GWh SBE project portfolio in North America
- Integrate Athena AI into SBE Digital Platform to extend capabilities for 24/7 Renewables offering

## Programmatic engagement to drive Services Revenue

- Template to offer Stem's software and services across the project lifecycle
- Targeting additional leading asset owners, developers and energy trading platforms with partnership model



# Accelerating Momentum with Munis and Coops

- Stem playbook of investing in markets to gain foothold and then building a leadership position
  - 2020/2021: entered ISO-NE market and built >50% market share in 18 months
  - 2022/2023: recent wins translate into ~15% market share of US Public Power & Co-ops TAM in 2024<sup>(1)</sup>
- Strategic focus on this growing market segment has yielded significant returns
  - Engaged early with municipalities, community choice aggregators and cooperatives in bulk power system / large-scale FTM market
  - Onboarded key partners in late 2022 with preferential access to Stem supply chain

Notable Wins: \$1B+

**200MWh**

Cooperative

**\$100M+**

**313MWh**

Ameresco

**\$100M+**

**1.3GWh**

Cooperative

**\$500M+**

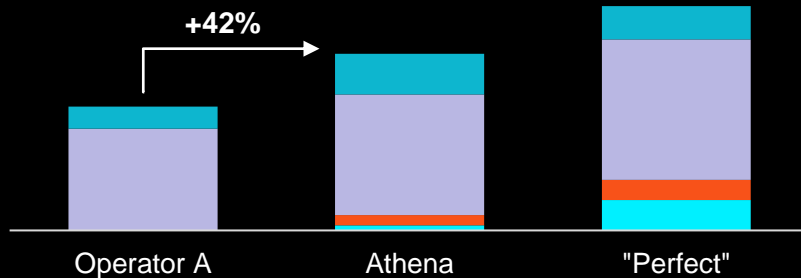
Multi-GWh expected to be delivered 2024 - 2027

# Technology Leadership

New products driving additional value for customers

- Solutions are resonating with customers in multiple markets:
  - New York Storage: co-optimizing real-time grid calls, local and seasonal peaks; expect 700+ MWh under Athena control in NY in coming years
  - Solar: introduced Event Manager app to improve downtime resolution; added ~1GW for existing customers in one year
  - ERCOT storage: simulation modeling indicates PowerBidder offers a potential 10-40% revenue uplift versus existing operators

## Athena: Up to 40%+ Revenue Uplift versus Competitive Software



## Athena named Sustainability Product of the Year



Product of the Year  
Sustainability Awards  
August 2023

# AI Technology Leadership

Customer proof points and industry recognition drive pricing power



## Best Predictive Analytics Platform

AI Breakthrough, June 2023

*"Athena's footprint and the myriad data points that constantly hone its machine learning algorithms result in a vast and growing repository of real-world data that simply can't be replicated."*

**Athena continues to win recognition as the best-in-class AI software platform advantaged by:**

Training from one of the largest proprietary datasets in the industry

Significant track record across multiple generations of hardware, 75+ utility jurisdictions and the entire RMI wheel



**Product of the Year**  
Business Intelligence  
Group Sustainability  
Awards  
August 2023



**2023 Top Product of the Year**  
Environment +  
Energy Leader  
Awards  
July 2023



**Largest Virtual Power Plant Provider in North America**  
Wood Mackenzie  
March 2023



**2022 Top Solar Software and Monitoring Products**  
Solar Power World  
November 2022



**#1 in Innovation in Renewable Energy and Battery Storage Optimization and Trading Platforms**  
Frost & Sullivan  
November 2022



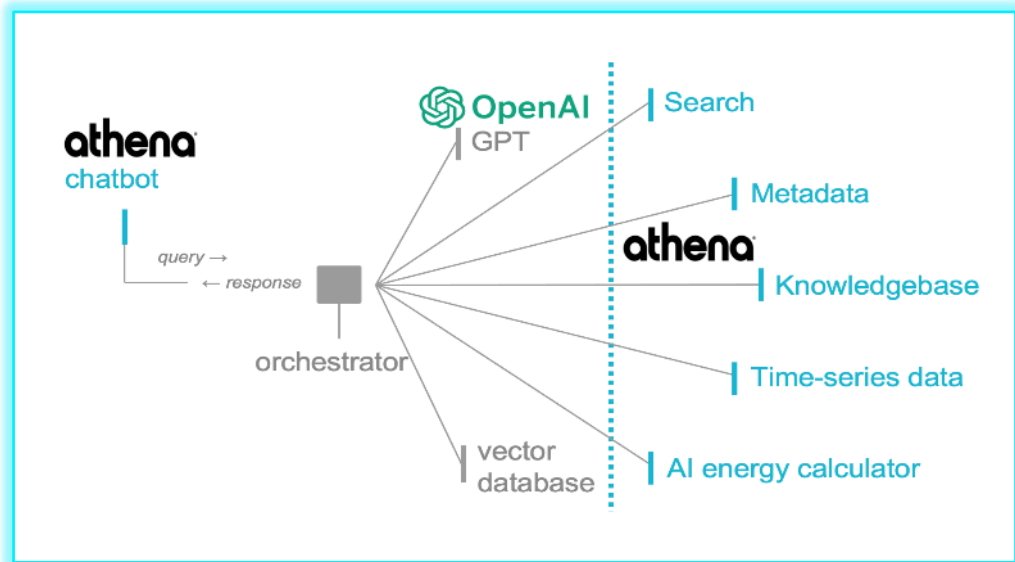
**#1 in Solar and Storage Monitoring and Control**  
Guidehouse Insights  
August 2022

# Accelerating Innovation and Profitability

Leveraging AI tools to drive operational efficiency and increase customer value

Strongly positioned to leverage predictive analytics and generative AI tools to drive operational leverage

- Deliver scalable professional service offerings via technology
- High throughput iteration of AI-assisted trading strategies in the wholesale energy market
- Up to 50% boost in coding productivity experienced by Stem software engineering team using AI tools in 1H 2023; accelerating product roadmap



# Our Services Deliver Value Across the Entire Clean Energy Project Lifecycle

## Advisory Services

### Solution Engineering

System design and review

Economic modeling and analysis

Custom engineering advisory



## Deployment Services

### Provisioning and Commissioning

Support field commissioning

Site provisioning

Athena operations readiness



## Managed Services

### Market & Program Revenue Services

Wholesale market administration

Grid service program participation

Capacity market participation

Incentive management

### Remote Operations Center

24/7 site monitoring

Asset performance management

Issue detection

Remote remediation

← Accelerate time-to-deployment | Maximize revenue | Minimize operational risk | Streamline operations | Leverage expertise →

# Industry Outlook

# Significant Market Opportunity

Well positioned to monetize strong industry growth

## FTM Storage: large deployments, strong growth

- FTM represents ~85% of current/forecasted storage deployments and ~90% of recent bookings
- Strong muni / co-op / CCA growth expected
- Modular ESS a key enabler for customers

## BTM Storage: improving outlook

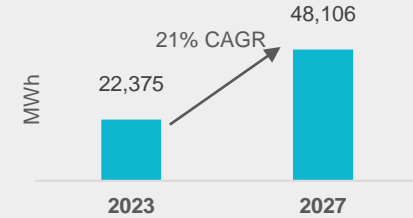
- Rebound in installations in 2023
- Fleet electric vehicle deployments to accelerate growth, spurred by release of \$5 billion of NEVI funds

## US Solar: steady growth

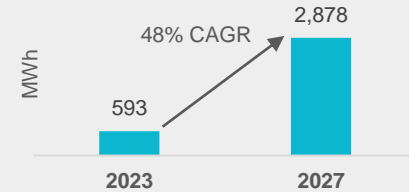
- High margin, low churn business
- Strong market share in C&I, growing presence in utility-scale

## Deployments

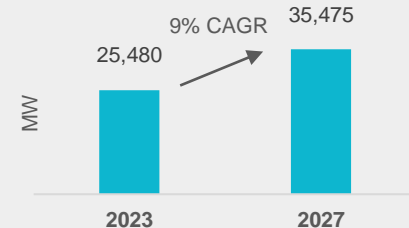
### US FTM Storage



### US BTM Storage



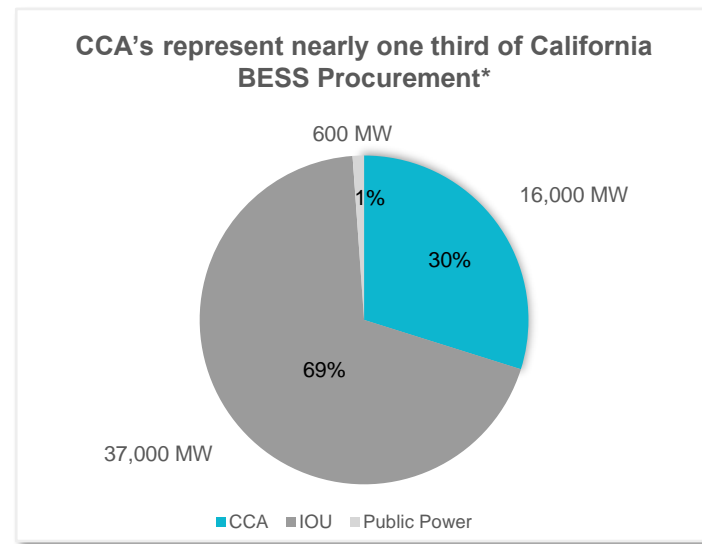
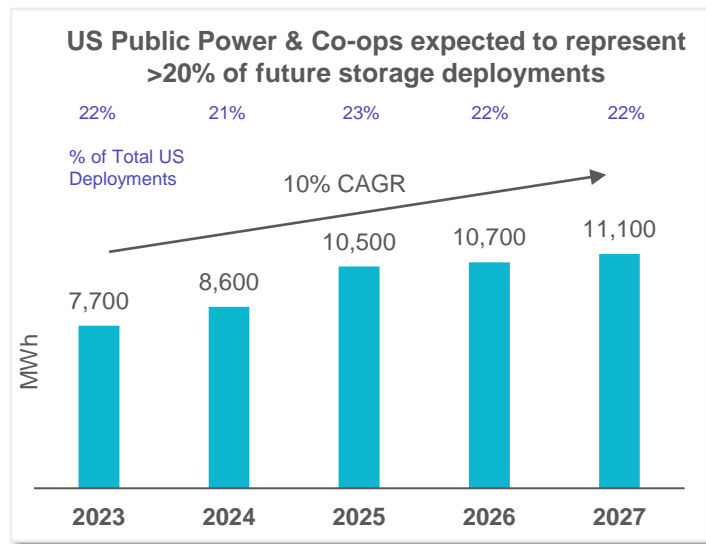
### US Solar



# Munis and Co-ops Represent an Attractive Market

## Direct Pay Provision provides enhanced economics for customers

- Treasury clarification on the Direct Pay Provision in the IRA driving demand amongst municipalities, community choice aggregations (CCAs) and cooperatives
- Tax-exempt and government entities can receive a payment equal to the full value of tax credits for building qualifying clean energy projects
- Direct Pay Provision allows entities to receive payment if requirements are met for both direct pay and the underlying tax credit
- Recent Ameresco announcement (313 MWh) demonstrates increasing strength in co-op / muni market



# Interconnection and Permitting

FERC, Congress taking steps to improve interconnection and permitting queues

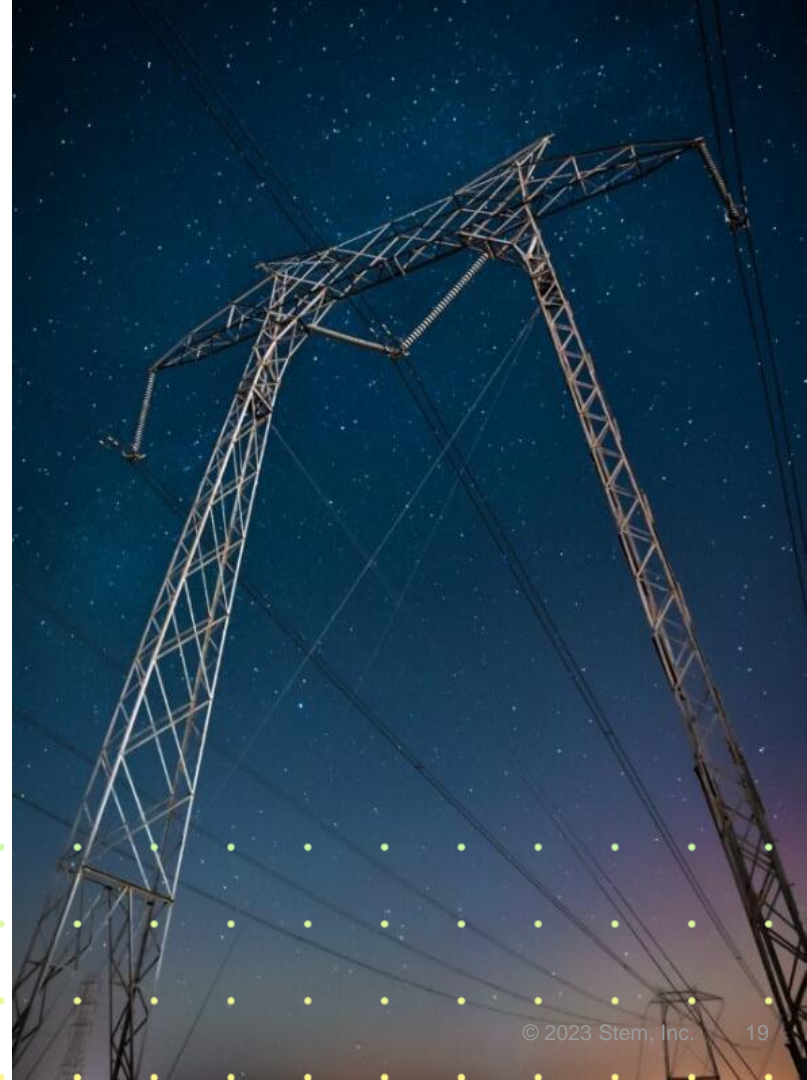
## FERC Order No. 2023 provides a pathway to improvement

- Prioritizes readiness through study withdrawal penalties, site control, and readiness deposits
- Requires projects to be studied as groups (“clusters”)
- Applies significant penalties (\$1.0k-\$2.5k/day) to transmission providers that do not complete interconnection studies on time

## Recent debt limit deal made progress to streamline permitting

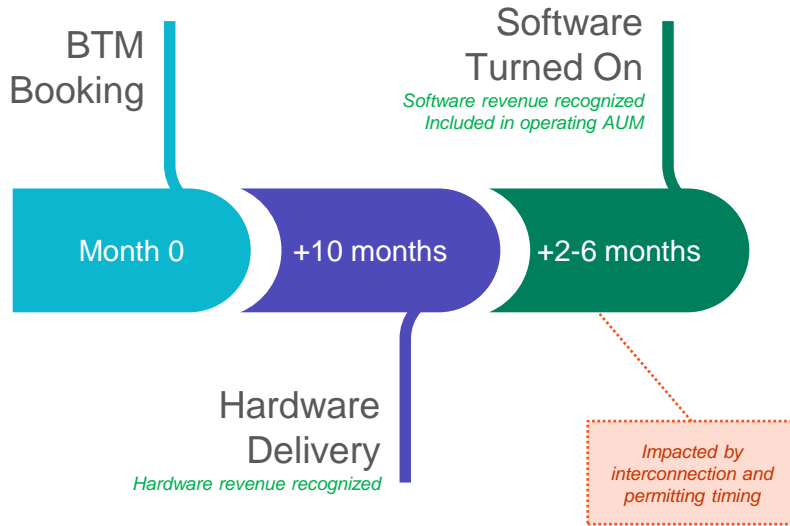
- Improves efficiency and limits complexity, length, and scope of environmental reviews

Stem continues to work with various regulatory partners to accelerate project timelines



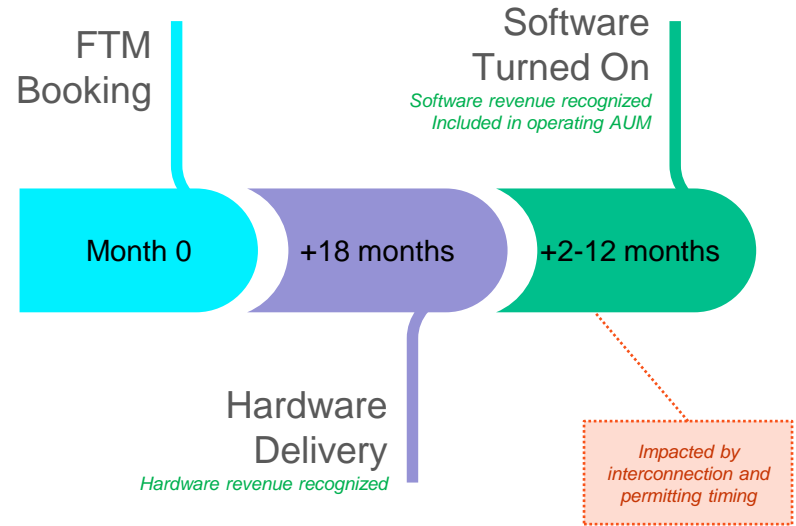
# Storage Revenue Conversion Timelines

## BTM Project Timeline



Note: BTM hardware is delivered in 8-12 months on average. This example uses 10 months as a midpoint.

## FTM Project Timeline



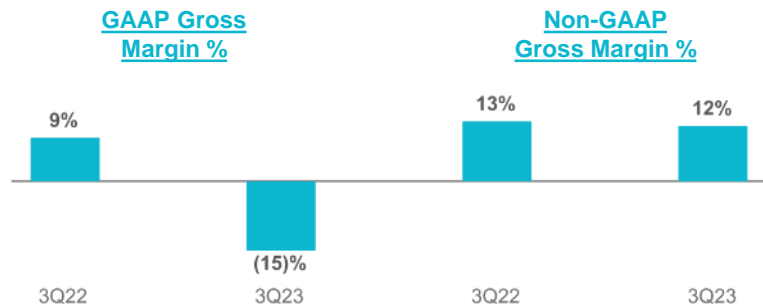
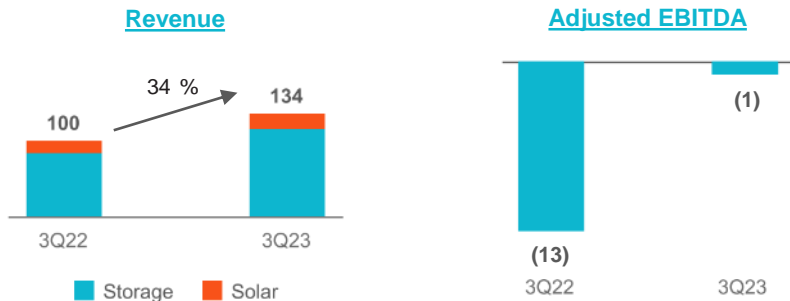
Note: FTM hardware is delivered in 12-24 months on average. This example uses 18 months as a midpoint.

# Q3'23 Financial and Operating Results

# Financial Metrics

## Revenue, Adjusted EBITDA and Gross Margin\*

\$ millions unless otherwise noted



\*Revenue and GAAP Gross Margin were negatively impacted by the \$37.4 million reduction in revenue for guarantees issued related to hardware delivered in 2022 and 2023. Adjusted EBITDA and non-GAAP Gross Margin have been adjusted to exclude the impact of the reduction in revenue. See Appendix for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

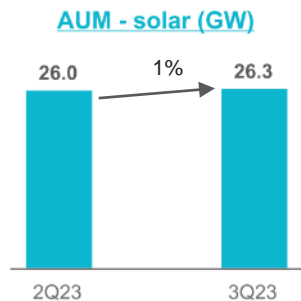
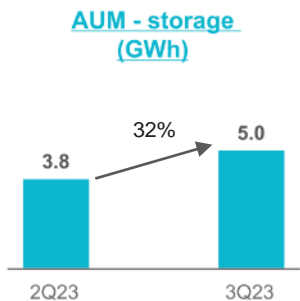
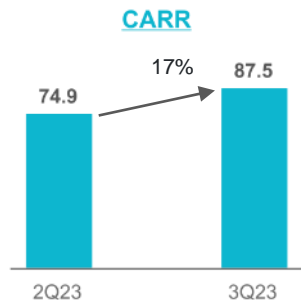
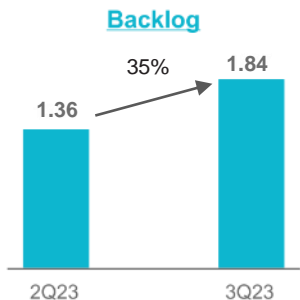
## Q3 Highlights

- Adjusted EBITDA tracking towards positive 2H goal
- Driving operating leverage:
  - Cash operating expense as percentage of revenue of 20% in Q3'23 vs. 29% in Q3'22
    - (13%) QoQ, (9%) YoY
  - Continue to expect <25% cash opex as % of revenue for FY2023

# Operating Metrics

## Strong Momentum in Backlog, CARR and AUM

\$ millions unless otherwise noted



See appendix for definitions

## Backlog, CARR and AUM Growth

- Backlog +35% QoQ / +125% YoY, driven by strong bookings
- CARR up 17% QoQ; raising full-year guidance to \$90 - \$95M
- Storage AUM up 32% QoQ, continued commercial success
- Solar AUM up 1% GW QoQ, second consecutive quarter of growth; good progress on legacy platform migration

# Working Capital



## **\$125M of cash and equivalents exiting 3Q'23**

- Expect net cash generation in 4Q'23



## **Expect to exit FY2023 with no less than \$150M in cash and equivalents**

Drivers of expected increase in cash

- Higher adjusted EBITDA and continued operating leverage
- Modular ESS and improved supply chain conditions
- Accounts receivables collection
- Drive down on inventory



## **Expect accounts receivable to normalize**

Actively driving customer collections with project management and detailed scheduling of cash inflows

# Full-Year 2023 Guidance

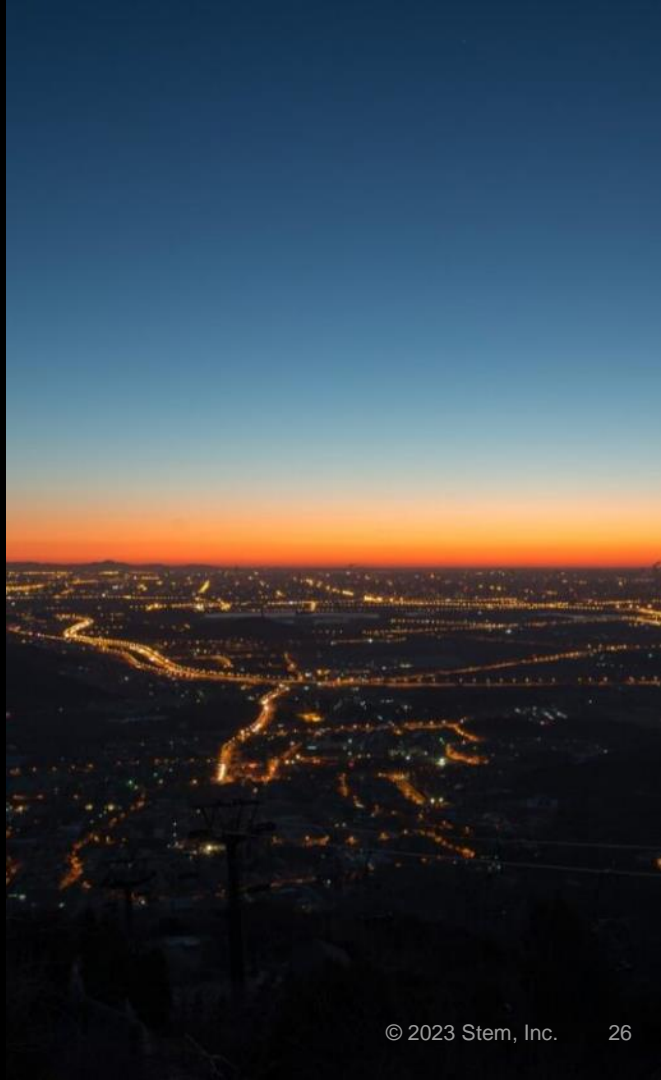
	2023E:	Q1'23A	Q2'23A	Q3'23A	Q4'23E
Revenue <sup>(1)</sup>	<b>\$513M - \$613M</b> <i>Prior: \$550M - \$650M</i>	<b>\$67M</b>	<b>\$93M</b>	<b>\$134M</b>	<b>\$219M- \$319M</b>
	15-20% Non-GAAP Gross Margin	<b>19%</b>	<b>18%</b>	<b>12%</b>	<i>Prior: \$230M - \$290M</i>
Bookings	2023E: <b>\$1.4B - \$1.6B</b>	<b>\$364M</b>	<b>\$236M</b>	<b>\$676M</b>	<b>\$125M- \$325M</b>
Adj. EBITDA <sup>(1)</sup>	2023E: <b>(\$25)M - (\$15)M</b> <i>Prior: (\$35)M - (\$5)M</i>	CARR		Year-End 2023E: <b>\$90M - \$95M</b> <i>Prior: \$80M - \$90M</i>	

# Key Takeaways

## Expect Full Year adjusted EBITDA Positive in 2024

- Third quarter momentum driven by strong end market demand:
  - Record bookings growth
  - Significant storage backlog, AUM, and CARR growth
  - Solid solar asset management growth and execution
- Software and services deal execution, underscored by SBE agreement
- Athena continues to add additional value for solar and storage customers with new products in multiple markets
- Muni / co-op momentum continues with \$1B in contracted bookings YTD
- On track for full year guidance targets

**Building the leading clean energy intelligence platform**



About Stem

**Stem (NYSE: STEM) provides clean energy solutions and services designed to maximize the economic, environmental, and resiliency value of energy assets and portfolios.**

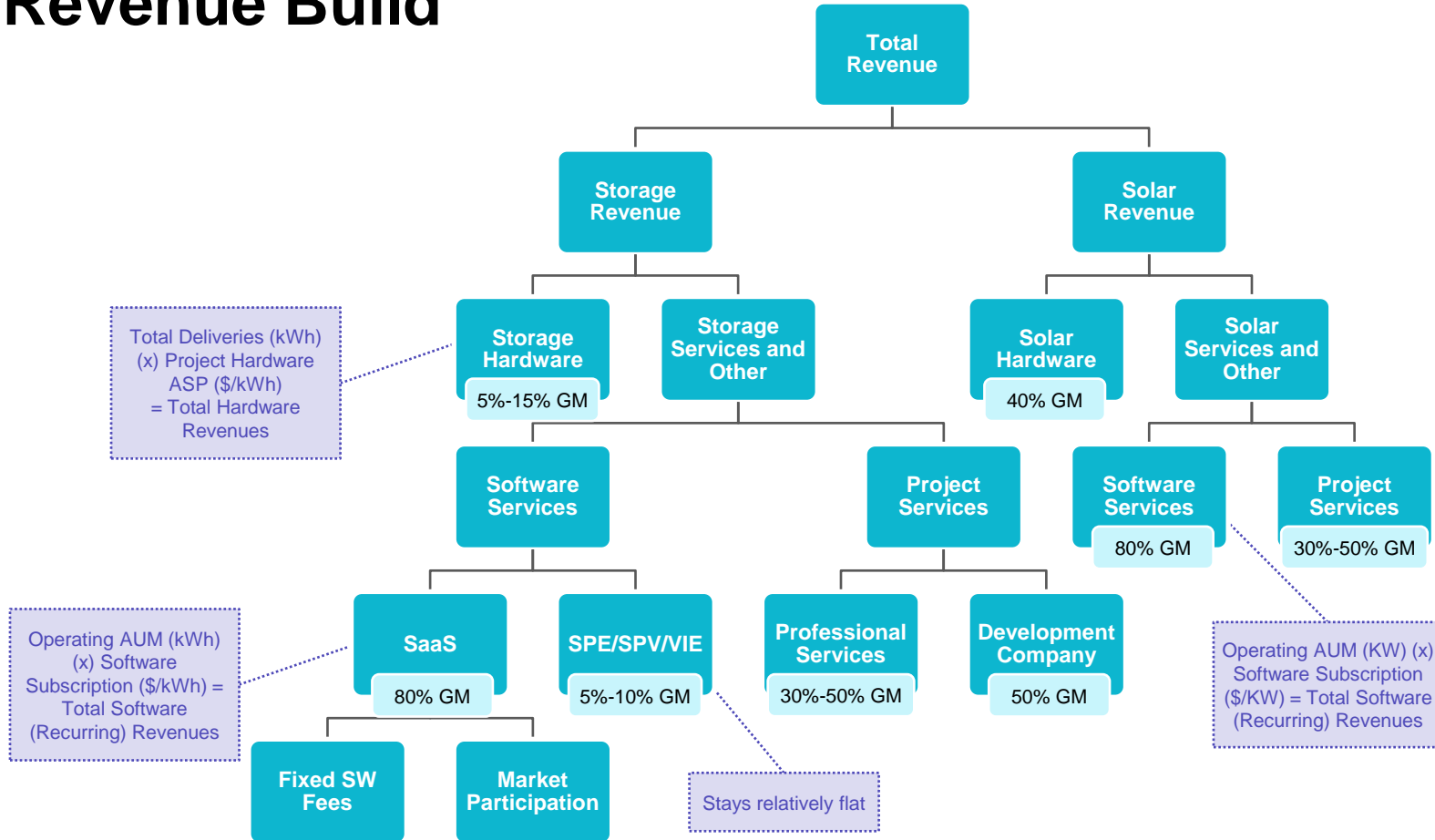
Stem's leading AI-driven enterprise software platform, Athena® enables organizations to deploy and unlock value from clean energy assets at scale. Powerful applications, including AlsoEnergy's PowerTrack, simplify and optimize asset management and connect an ecosystem of owners, developers, assets, and markets. Stem also offers integrated partner solutions to help improve returns across energy projects, including storage, solar, and EV fleet charging.

For more information, visit [www.stem.com](http://www.stem.com)

# Appendix A

*Revenue model, disclosures,  
upcoming events, glossary*

# Revenue Build



# Supplemental Revenue Detail

## Solar - Supplemental Revenue Detail

<i>\$ millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Solar Hardware Revenue	\$11.0	\$9.5	\$27.8	\$21.2
Solar Services and Other Revenue	8.5	7.1	25.2	19.1
<b>Total Solar Revenue</b>	<b>\$19.5</b>	<b>\$16.6</b>	<b>\$53.0</b>	<b>\$40.3</b>

## Services - Supplemental Revenue Detail

<i>\$ millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Solar Software Services Revenue	\$7.2	\$6.1	\$21.2	\$15.7
Storage Software Services Revenue	5.5	5.2	19.8	15.6
Project Services Revenue	3.9	2.4	6.6	4.8
<b>Total Services Revenue</b>	<b>\$16.6</b>	<b>\$13.7</b>	<b>\$47.6</b>	<b>\$36.2</b>

# Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue <sup>(1)</sup>	\$133.7	\$99.5	\$294.1	\$207.5
GAAP (Loss) Gross Profit	(20.3)	9.1	(7.4)	20.5
GAAP Gross Margin %	(15%)	9%	(3%)	10%
Non-GAAP Gross Profit*	21.4	12.4	52.9	30.3
Non-GAAP Gross Margin %*	12%	13%	15%	15%
Net Loss	(77.1)	(34.3)	(102.7)	(88.8)
Adjusted EBITDA*	(0.9)	(12.5)	(24.1)	(36.4)
Operating metrics				
Bookings	\$676.4	\$222.9	\$1,276.3	\$599.4
Contracted Backlog**	\$1,836.6	\$817.2	\$1,836.6	\$817.2
Contracted Storage AUM (GWh) <sup>(2)**</sup>	5.0	2.7	5.0	2.7
Solar Monitoring AUM (GW)**	26.3	25.0	26.3	25.0
CARR**	\$87.5	\$61.4	\$87.5	\$61.4

See slides 20 and 21 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

(1) Revenue, gross (loss) profit, and net loss were negatively impacted by a \$37.4 million reduction in revenue as discussed below.

(2) Contracted storage AUM as of September 30, 2022 has been adjusted from 2.4 GWh, as previously disclosed, to 2.7 GWh. Revised AUM reflects adjustments to total GWh of energy storage as a result of revisions to the contracted system configuration or changes in hardware specifications due to updates from the original equipment manufacturer.

\*Non-GAAP financial measures. Adjusted EBITDA and non-GAAP gross profit and margin have been adjusted to exclude the impact of the reduction in revenue, as discussed below. See the section below titled

\*\* At period end.

# Reconciliation of GAAP and Non-GAAP Gross Profit

\$ millions unless otherwise noted	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$133.7	\$99.5	\$294.1	\$207.5
Cost of Revenue	(154.0)	(90.4)	(301.5)	(187.0)
GAAP Gross (Loss) Profit	(20.3)	9.1	(7.4)	20.5
GAAP Gross Margin (%)	(15%)	9%	(3%)	10%
<b>Adjustments to Gross Profit and Margin</b>				
GAAP Revenue	\$133.7	\$99.5	\$294.1	\$207.5
Add: Revenue Constraint <sup>(1)</sup>	--	--	10.2	--
Add: Revenue Reduction <sup>(2)</sup>	37.4	--	37.4	--
Subtotal	171.1	99.5	341.7	207.5
Less: Cost of Revenue	(154.0)	(90.4)	(301.5)	(187.0)
Add: Amortization of Capitalized Software	3.5	2.9	9.8	7.6
Add: Impairments	0.8	0.4	2.9	2.2
Non-GAAP Gross Profit	\$21.4	\$12.4	\$52.9	\$30.3
Non-GAAP Gross Margin (%)	12%	13%	15%	15%

Non-GAAP gross margin as used in the Company's full-year 2023 guidance, is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability. The Company is unable to reconcile projected non-GAAP gross margin to GAAP gross margin, its most directly comparable forward-looking GAAP financial measure, without unreasonable efforts, because the Company is currently unable to predict with a reasonable degree of certainty its change in amortization of capitalized software, impairments, and other items that may affect GAAP gross margin. The unavailable information could have a significant effect on the Company's full-year 2023 GAAP financial results.

(1) Refer to the discussion of revenue constraint in "Definitions of Non-GAAP Financial Measures" in the earnings press release  
 (2) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

# Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss attributable to Stem	\$(77,072)	\$(34,279)	\$(102,728)	\$(88,781)
Adjusted to exclude the following:				
Depreciation and amortization <sup>(1)</sup>	11,531	11,547	36,098	33,353
Interest expense, net	4,405	2,520	10,085	8,429
Gain on extinguishment of debt, net	--	--	(59,121)	--
Stock-based compensation	11,198	7,678	28,320	20,410
Revenue constraint <sup>(2)</sup>	--	--	10,200	--
Revenue reduction <sup>(3)</sup>	37,377	--	37,377	--
Change in fair value of derivative liability	5,155	--	7,731	--
Transaction costs in connection with business combination	--	--	--	6,068
Litigation settlement	--	--	--	(727)
(Benefit from) provision for income taxes	(46)	19	354	(15,201)
Other expenses <sup>(4)</sup>	6,591	--	7,612	--
Adjusted EBITDA	\$(861)	\$(12,515)	\$(24,072)	\$(36,449)

Adjusted EBITDA, as used in the Company's full-year 2023 guidance, is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability. The Company is unable to reconcile projected adjusted EBITDA to net income (loss), its most directly comparable forward-looking GAAP financial measure, without unreasonable effort, because the Company is unable to predict with a reasonable degree of certainty its change in stock-based compensation expense, depreciation and amortization expense, revenue constraint and other items that may affect net loss. The unavailable information could have a significant effect on the Company's full-year 2023 GAAP financial results.

(1) Depreciation and amortization includes depreciation and amortization expense, impairment loss of energy storage systems, and impairment loss of project assets.

(2) Refer to the discussion of revenue constraint in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(3) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(4) Adjusted EBITDA for the three and nine months ended September 30, 2023 reflects other expenses of \$6.6 million and \$7.6 million, respectively. For the three months ended September 30, 2023, other expenses include \$5.6 million in accruals for sales taxes, \$0.5 million for impairments, \$0.3 million for expenses related to restructuring costs, and \$0.2 million of other non-recurring expenses. For the nine months ended September 30, 2023, other expenses include \$5.6 million in accruals for sales taxes, \$0.5 million for impairments, \$0.3 million of other non-recurring expense, and \$1.2 million for expenses related to restructuring costs to pursue greater efficiency and to realign our business and strategic priorities. Restructuring expenses consisted of employee severance and other exit costs.

# Upcoming events

**December 4, 2023**

BMO Growth and ESG Conference

**December 6, 2023**

Janney Clean Energy Investment Symposium

**January 4, 2024**

Goldman Sachs Energy, CleanTech & Utilities Conference

**February 2024**

Fourth Quarter Earnings Call



# Definitions

Item	Definition
Bookings	<p>Total value of executed customer agreements, as of the end of the relevant period</p> <ul style="list-style-type: none"><li>• Customer contracts are typically executed 6-24 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")	<p>Annual run rate for all executed software services contracts including contracts signed in the period for systems that are not yet commissioned or operating</p>
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")	<p>Total GWh of storage systems in operation or under contract</p>
Solar Monitoring AUM	<p>Total GW of solar systems in operation</p>
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>
Project Services	<ul style="list-style-type: none"><li>• Professional services and revenue tied to Development Company investments</li></ul>

# Glossary

- **ASP** – Average selling price
- **AUM** – Assets under management
- **BESS** – Battery energy storage system
- **BTM** – Behind-the-meter
- **C&I** – Commercial and industrial
- **CAGR** – Compounded annual growth rate
- **CARR** – Contracted annual recurring revenue
- **CCA** – Community choice aggregations
- **COD** – Commercial Operations Date
- **EPC** – Engineering, procurement, construction
- **ESG** – Environmental, social, governance
- **ESS** – Energy storage system
- **FERC** – Federal Energy Regulatory Commission
- **FTM** – Front-of-the-meter
- **GW** – Gigawatts
- **GWh** – Gigawatt hours
- **HW** – Hardware
- **IOU** – Investor owned utility
- **IPP** – Independent power producer
- **IRA** – Inflation Reduction Act
- **IRP** – Integrated resource plan
- **ISO** – Independent system operator
- **ITC** – Investment tax credit
- **KW** – Kilowatts
- **O&M** – Operations and maintenance
- **OEM** – Original equipment manufacturer
- **OPEX** – Operating expenses
- **LFP** – Lithium iron phosphate
- **MW** – Megawatts
- **MWh** – Megawatt hours
- **NEVI** – National Electric Vehicle Infrastructure
- **NMC** – Nickel manganese cobalt
- **PCS** – Power conversion system
- **PTC** – Production tax credit
- **SPE** – Special purpose entities
- **SPV** – Special purpose vehicles
- **RMI** – Rocky Mountain Institute
- **ROC** – Remote operations center
- **RTO** – Regional transmission organization
- **SW** – Software
- **VIE** – Variable interest entities
- **VPP** – Virtual power plant

# Appendix B

## *Stem Overview*

# The Journey to Today

Industry leadership, innovation, and execution

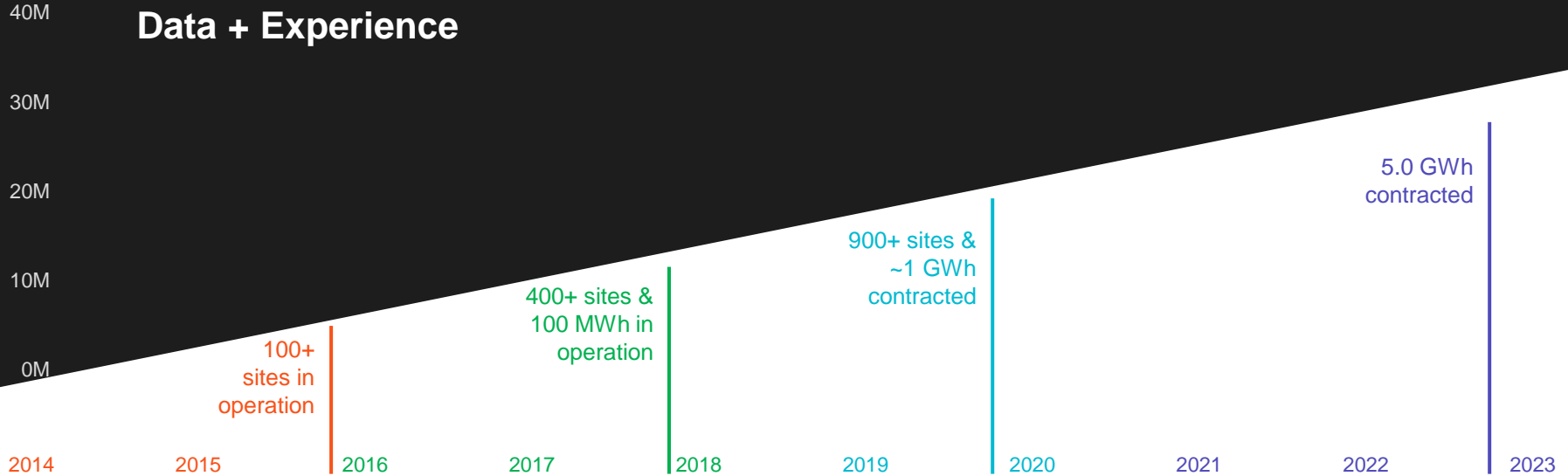
- ✓ **First to market C&I storage** to the Fortune 500
- ✓ **First California ISO** wholesale market participation
- ✓ **Largest Virtual Power Plant** provider in North America
- ✓ **Largest fleet** of FTM storage in ISO-New England
- ✓ **#1 solar asset** performance management software
- ✓ **#1 in storage optimization** innovation
- ✓ **Best Predictive Analytics Platform**
- ✓ **Only software platform** capable of executing on all 13 Rocky Mountain Institute storage services

Market leadership driving strong execution



# Stem's Athena AI Platform is Built on Over 10 Years of Data + Experience

ATHENA CUMULATIVE RUNTIME HOURS



## Gen 1

2009 – 2015 **5+ years inventing the market**

- **First** to market with C&I storage
- **First** Hawaii Electric VPP
- **First** California ISO wholesale market participation

## Gen 2

2016 – 2018 **2+ years commercial growth**

- **First** storage VPP for California Resource Adequacy & distribution deferral
- **First** municipal storage VPP with Austin Energy
- **First** C&I storage in Arizona
- **First** storage VPP in Japan

## Gen 3

2019 – 2020 **2+ years accelerating growth**

- **First Stem as a service** contract
- Serving **40 utilities** & markets
- **Partnering with solar IPP** & energy market
- Supplying **backup power**
- **>20,000** market dispatches/year

## Gen 4

2021 – 2023 **2+ years as public company**

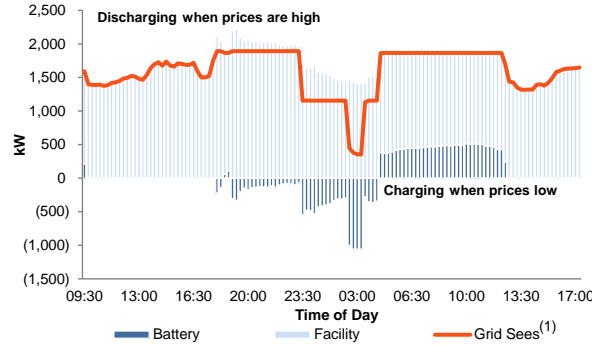
- Acquired solar monitoring **industry leader AlsoEnergy**
- Momentum in **Software Services** offering
- Introduction of **Modular ESS** offering
- Increased **operating efficiency**
- Path to **positive Adj EBITDA**
- Robust demand from **Inflation Reduction Act**

# Stem Offers Leading Solutions to both BTM and FTM Customers

## Behind-the-Meter “BTM”

### Commercial and Industrial Services

- Reducing consumer energy bills 10% - 30%
- Electric vehicle offerings
- Corporate ESG Objectives
- Asset performance management



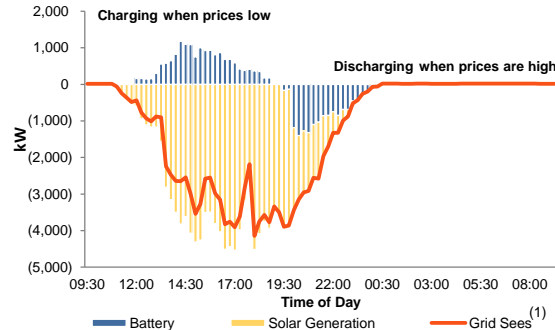
## Representative Customers



## Front-of-the-Meter “FTM”

### Utilities, IPPs, Developers

- Increasing asset returns 10% - 40%
- Supports grid stability
- Grid decarbonization
- Asset performance management



## Representative Partners

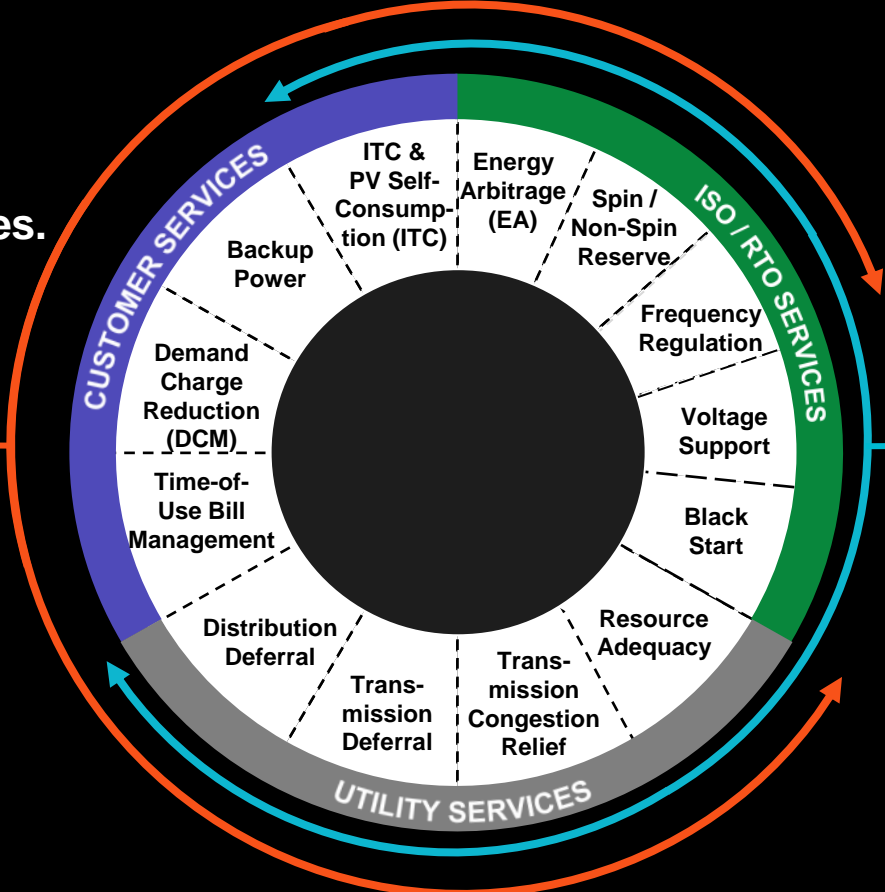


# Stem Offers More Value with BTM & FTM Services

Athena's clean energy solutions provide services to multiple markets and asset types.

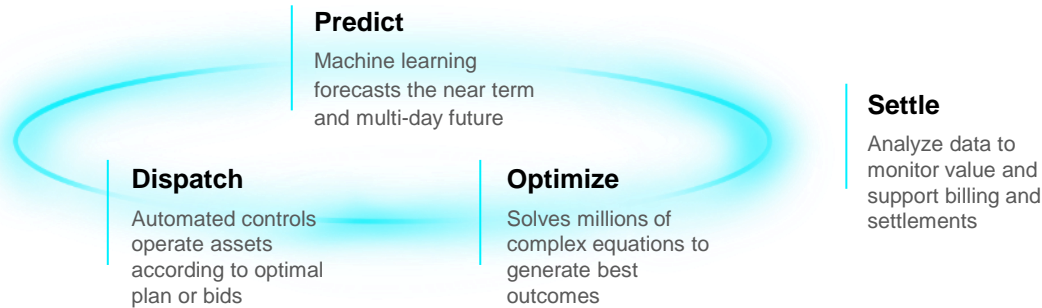
**Stem's Behind-the-Meter Services**

**Stem's Front-of-the-Meter Services**

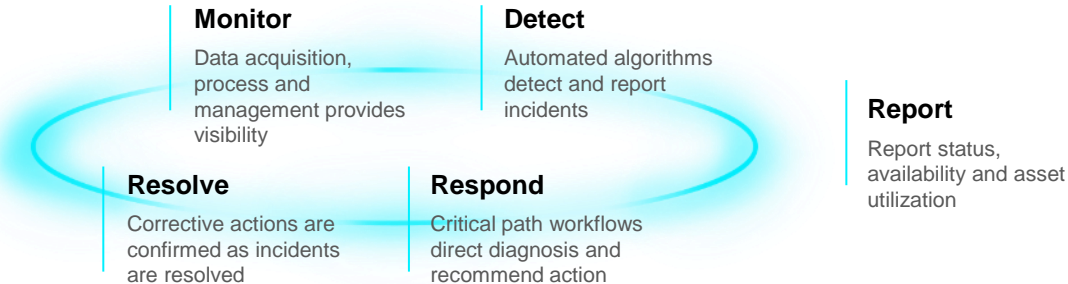


# Athena AI Simplifies Operations

## Economic Optimization



## Asset Performance Management



**Increased Yield**



**Improved Efficiency**



**Reduced Risk**

# Athena Learns and Adapts, Automatically and Continuously

Unparalleled data management and complex co-optimization capabilities

Updates multi-day forecasts, running millions of scenarios to create market bids and operating plans

Automated forecast model selection adapts to changing conditions

Every Second



Real-time weather, asset, and load conditions

Hourly



Daily



Adjusts day-ahead awards and KPIs for operational constraints

Monthly



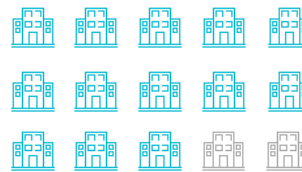
# PowerTrack is the Industry Standard for Solar Asset Performance Management



## Asset Performance Management

Integrated edge-to-cloud solution that simplifies clean energy management

Monitoring and control offering reduces operating costs by enabling better O&M decisions



**13 of the top 15**

US C&I Asset Owners  
standardized on PowerTrack



**9 of the top 10**

US Community Solar Asset  
Owners standardized on PowerTrack

# Improving Access to Large Scale Solar + Storage

Modular ESS enhances customer flexibility while driving better Stem margins and cash flows

## 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
- Less working capital intensive

### Current Turnkey Storage Offering

Existing Stem offering

Athena Controls and AI Solutions

**athena**  
powered by stem

3rd party integrator offering

Unit Controller



Battery



Inverter



### Modular ESS Offering

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

# Appendix C

## *Market Outlook*

# Resurgent Behind-the-Meter Storage Market Outlook

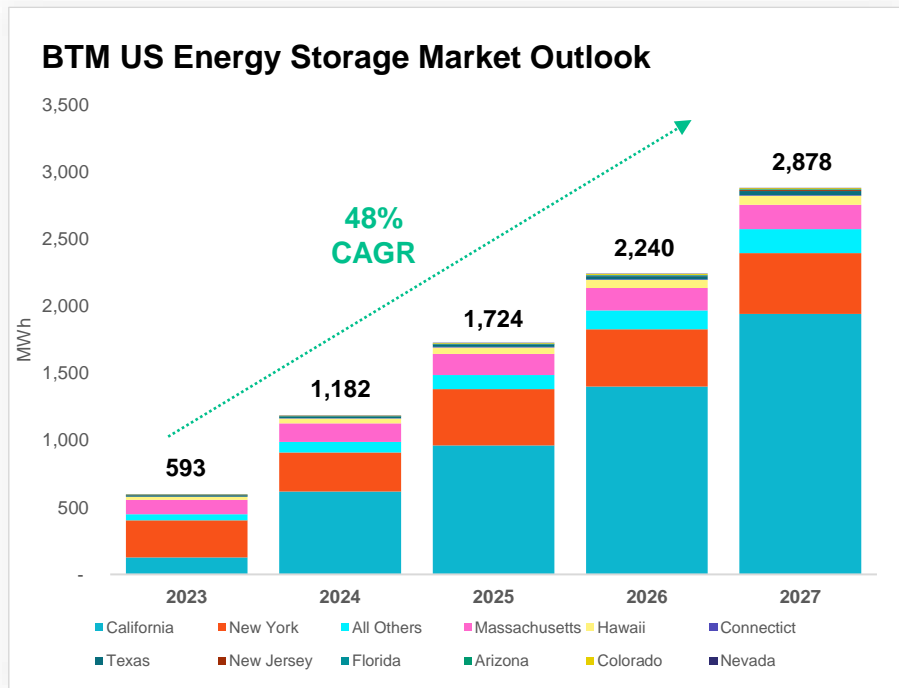
Leading market share and technology differentiation

## 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

## Growth drivers

- Standalone storage ITC
- Lower battery hardware prices
- Fleet electrification
- Corporate ESG goals
- Site resiliency
- Market participation upside



# Strong Front-of-the-Meter Storage Market Outlook

Proven track record in driving higher revenue and project returns

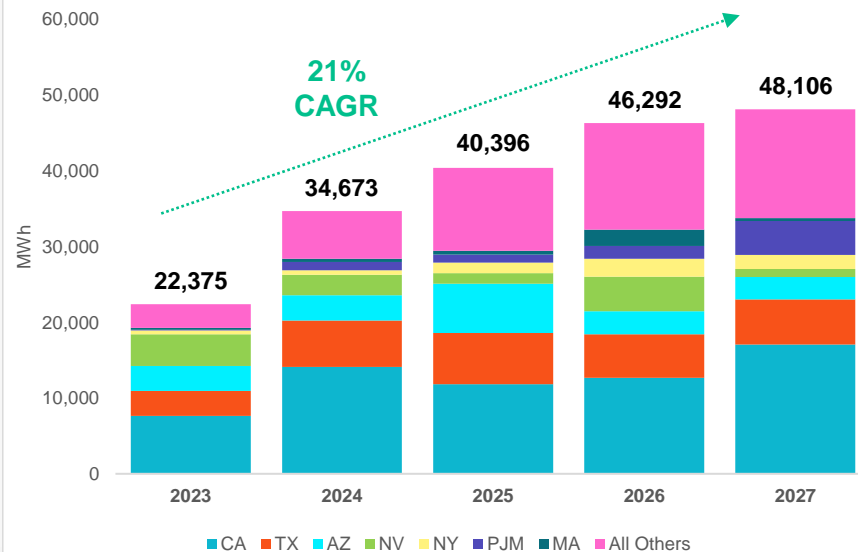
## Key Metrics

- 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

## Growth Drivers

- Standalone storage ITC
- Lower battery hardware prices
- Increased power market complexity, driving additional ancillary services revenue
- Grid resiliency

## FTM US Energy Storage Market Outlook



# Solar Asset Performance Management Market Outlook

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

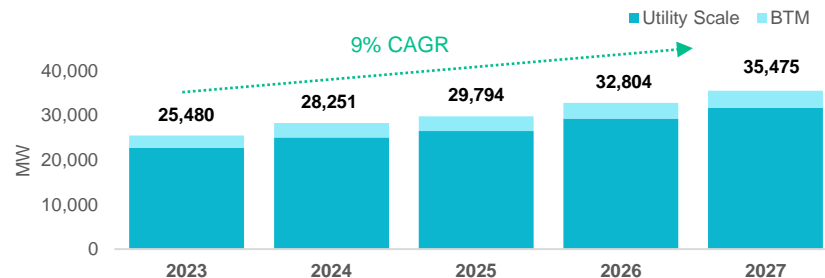
## Key Metrics

- AlsoEnergy PowerTrack reduces operating costs and enhances project revenues for solar projects
- 26 GW solar AUM as of Q3 2023
  - +41,000 C&I locations
  - <10% storage attached

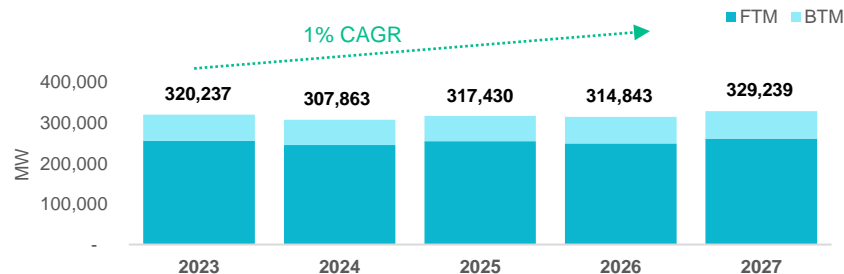
## Growth Opportunities

- 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

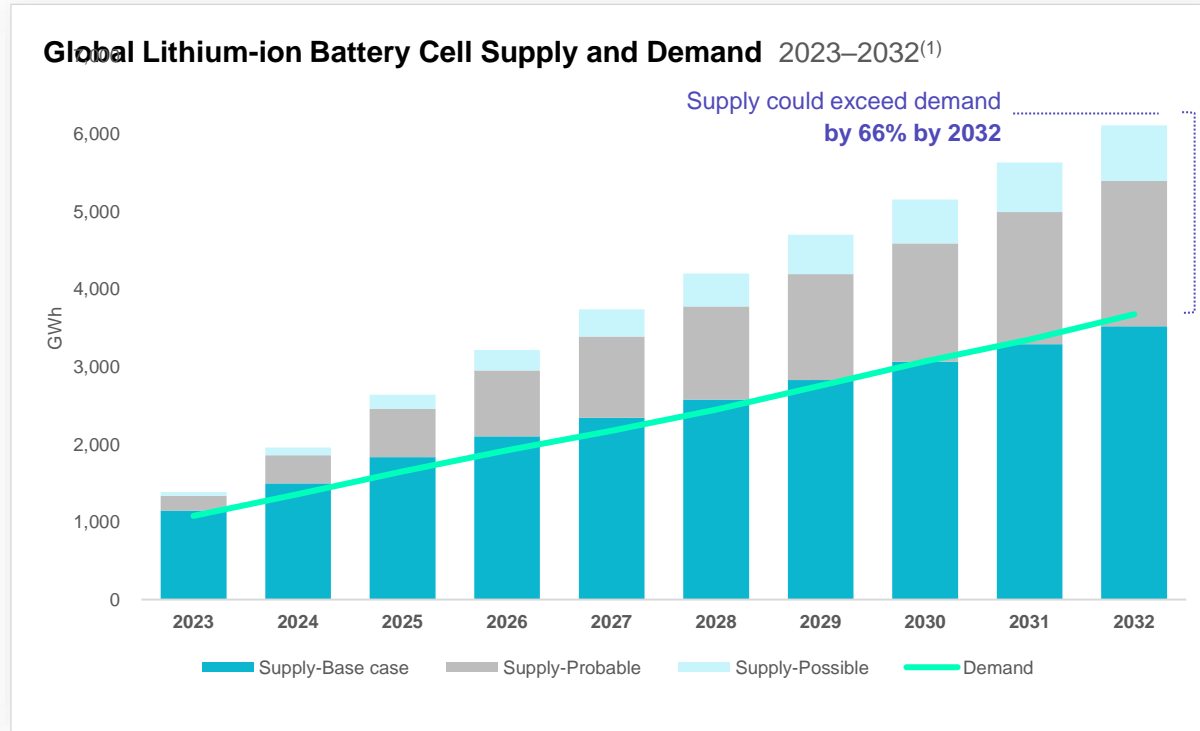


## ROW Solar PV Market Outlook



# Expect Battery Supply Chain to Improve

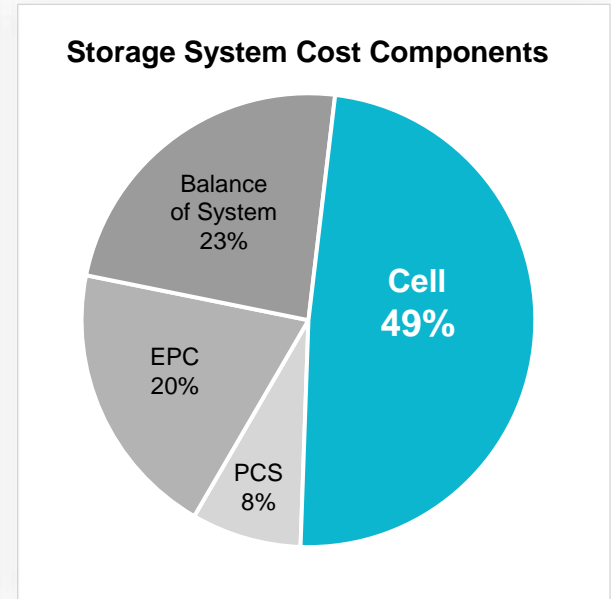
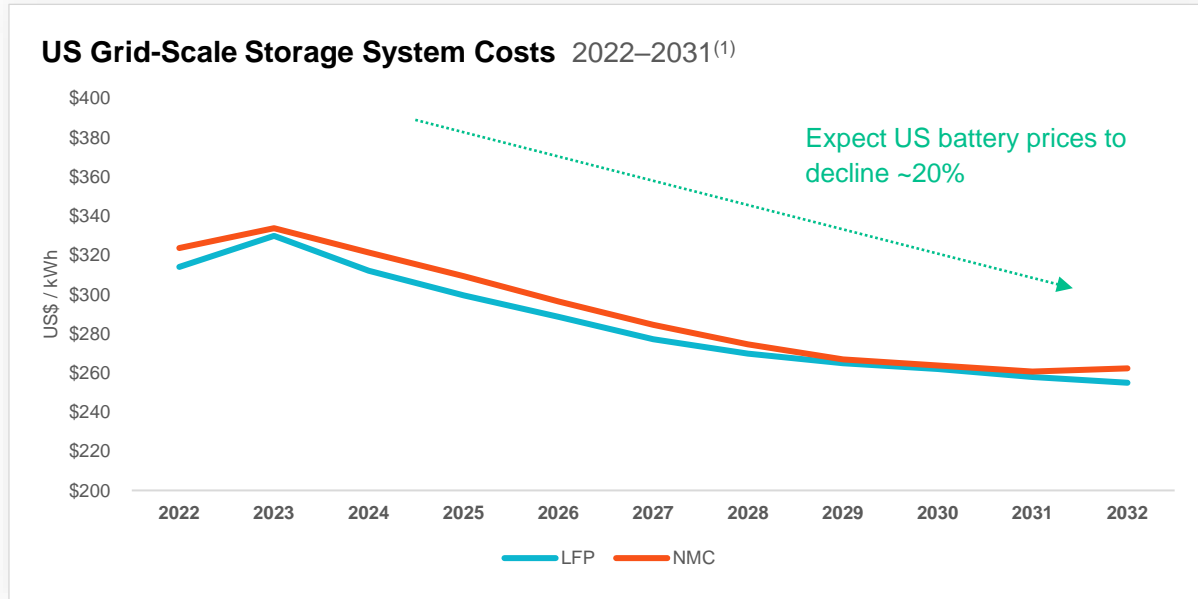
Global battery supply expected to exceed demand in coming years



- ✓ OEMs building dedicated stationary storage manufacturing facilities
- ✓ Announcements of 717 GWh<sup>(1)</sup> of capacity additions in North America
- ✓ Global supply could exceed demand by 66%

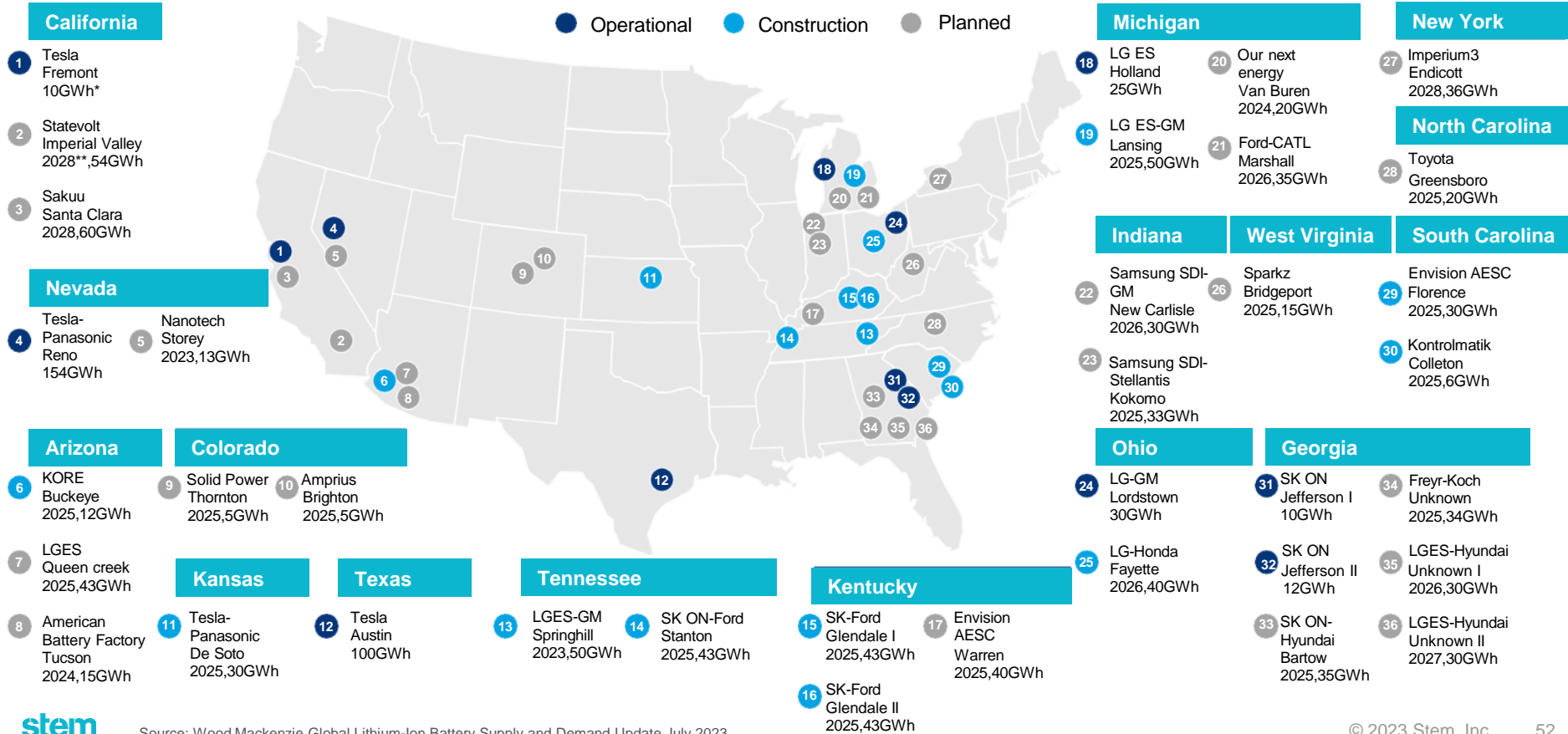
# Expect Battery Prices to Decline

Lower battery system prices should increase demand



- ✓ Industry analysts expect ~20% lower prices driven by manufacturing efficiencies and declines in commodity and shipping costs
- ✓ Expect lower costs to drive global TAM expansion

# Domestic Battery Manufacturing Plants



The background of the image is a solid black field covered with a uniform grid of small, white, circular dots. The dots are arranged in straight horizontal and vertical lines, creating a pattern similar to graph paper or a dot matrix.

**stem**