



stem

March 2024

# 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 our financial and performance targets and other forecasts or expectations regarding, or dependent on, our business outlook; our ability to secure sufficient and timely inventory from suppliers; our ability to meet contracted customer demand; our ability to manage our supply chains and distribution channels; 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; 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; and expected improvements in interconnection and permitting timelines. 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; severe 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 those concerning data protection, consumer privacy, sustainability 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; continued delays in interconnection and permitting timelines; 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. 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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.

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# Today's Presenters



**John Carrington**  
CEO and Director



**Bill Bush**  
Chief Financial Officer



**Prakesh Patel**  
Chief Strategy Officer



**Ted Durbin**  
Vice President,  
Investor Relations

# Agenda

- Company Update
- Industry Outlook
- 4Q & FY 2023 Financial and Operating Results and Outlook
- Appendix

# 2024 Guiding Principles

Grow free cash flow by leveraging our software leadership

## Focus on Cash Flow Generation

- Generate free cash flow to fund operations
- Reduce working capital intensity
- Do not issue equity

## Build software services revenue

- Expand gross margin by converting Contracted Annual Recurring Revenue (CARR) to Annual Recurring Revenue (ARR)
- Dedicated team and retooled leadership focused on professional services and software-only opportunities

## Extend technology leadership position

- Accelerate cadence of software product launches into markets where Stem has differentiated advantage (eg. Co-Op's, Public Power, CCAs)
- Leverage generative AI and India Center of Excellence to enhance software development productivity

## Execution on Commitments

- ✓ Achieved positive adjusted EBITDA in 2H23
- ✓ Achieved FY23 gross margin, bookings, and CARR within guidance range
- ✓ Expect to achieve non-GAAP cash OpEx target of 10-20% of revenue in 2024

# Fourth Quarter 2023 Results & Highlights

Key adjusted EBITDA positive milestone achieved, strong software momentum to begin 2024

## Continued Q4 Momentum\*

Revenue

**\$167M**

+25% QoQ / +8% YoY

Contracted Annual  
Recurring Revenue

**\$91M**

+4% QoQ / +39% YoY

GAAP/Non-GAAP

Gross Margin

**7% / 13%**

Bookings

**\$256M**

(62%) QoQ / (44%) YoY

Adjusted EBITDA

**\$4.6M**

+\$6M QoQ / +\$14M YoY

Operating Cash  
Flow

**(\$2.1M)**

+\$2M QoQ / +\$35M YoY

## Q4 Highlights



Positive Adj. EBITDA in 2H23



~800 MWh of software-only contracts signed since YE23 including Athena® PowerBidder™ Pro contract with Mercuria



Strong customer satisfaction with top Net Promoter Scores and high retention rates



ERCOT benchmarking: Stem outperforms competitors by +28% average in internal simulation

**Expect to generate >\$50M of operating cash flow in 2024, with no need for equity issuance**

# 2024 Guidance

Revenue	2024E:	1Q24E	2Q24E	3Q24E	4Q24E
	<b>\$600M - \$700M</b> 15–20% Non-GAAP Gross Margin	<b>8%</b>	<b>10%</b>	<b>32%</b>	<b>50%</b>
		% of annual revenue			

Bookings	2024E: <b>\$1.5B - \$2.0B</b>
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Adjusted EBITDA	2024E: <b>\$5M - \$20M</b>
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CARR	2024E: <b>\$115M - \$130M</b>
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Operating Cash Flow	2024E: <b>&gt;\$50M</b>
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See Appendix for definitions and reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

See our Q4/FY 2023 earnings press release section titled “Reconciliations of Non-GAAP Financial Measures” for information regarding why the Company is unable to reconcile adjusted EBITDA guidance to its most comparable financial measure calculated in accordance with GAAP.

# Creating Value with Software, Services & Hardware

Expect to grow recurring software and services cash flows driven by superior technology

## 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**

## 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**

## Hardware

### Turnkey BESS



Integrated BESS from  
Tier 1 OEMs  
Fully equipped storage  
solution

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

### Modular ESS



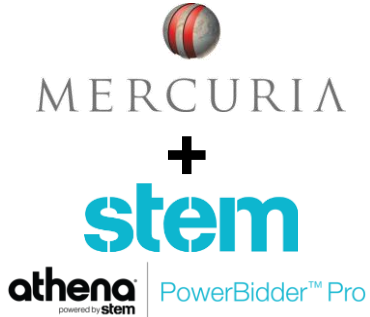
Modular Components  
from Tier 1 OEMs  
Enables hardware  
flexibility

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

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

# Strong Initial Demand for PowerBidder Pro

Software-only solution for wholesale market forecasting and bid optimization



## Mercuria Selects PowerBidder Pro

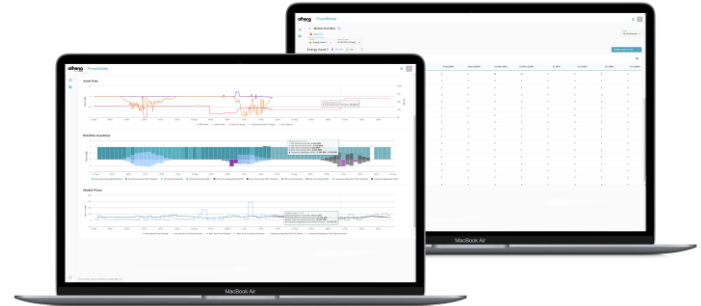
- Marquee customer in energy trading
- First contracted PowerBidder Pro asset in ERCOT
- Opportunity for future growth as customer portfolio expands

## PowerBidder Pro Selected by CCAs

- Portfolio of software-only awards with community choice aggregators
- First contracted PowerBidder Pro solution for CAISO
- Continued public power / muni / co-op momentum

## Mercuria Global Energy Solutions

- Leading independent energy and commodity group
- 20 GW renewable energy pipeline
- Operations in 50+ countries with 1,100+ professionals



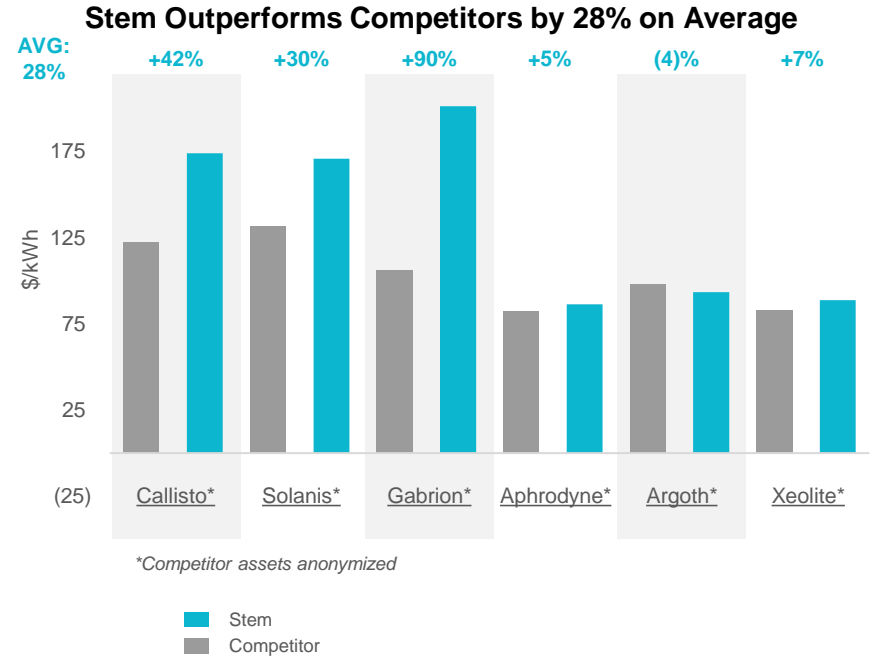
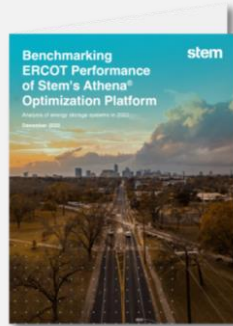
Expect to generate high-margin recurring revenue on operational assets

# Athena Delivers Best-in-Class Performance in ERCOT

Stem outperforms competitors by +28% on average in ERCOT internal simulation

## Key Athena Takeaways

- Optimization captured 75% of the theoretical maximum revenue, versus competitors at 61%
- Probabilistic price forecasts enabled a +53% uplift in revenue compared to a naïve persistence-based approach
- Stem program management could enhance automated results



# 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

FROST & SULLIVAN

**#1 in Innovation in Energy Asset Performance Optimization**  
Frost & Sullivan  
November 2023



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

Environment + Energy LEADER

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



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

**Solar Power World**

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

FROST & SULLIVAN

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

# Industry Outlook

# Continued Macro Tailwinds

Strong underlying demand for renewables

## Robust Demand Environment

- Energy storage and solar remains in demand catalyzed by sustainability initiatives, IRA, decreasing equipment prices and improving project economics
- Solar back to double-digit growth trend: four consecutive quarters of revenue, AUM and ARR growth for Solar business

## Deflationary Hardware Prices and Domestic Supply Ramping

- Decline in energy storage hardware costs expected to continue downward trajectory driven by destocking and oversupply<sup>(1)</sup>
- 38 battery gigafactories are either operational (8), under construction (13), or planned (17) in the US<sup>(1)</sup>

## Increasing State Mandates for Energy Storage

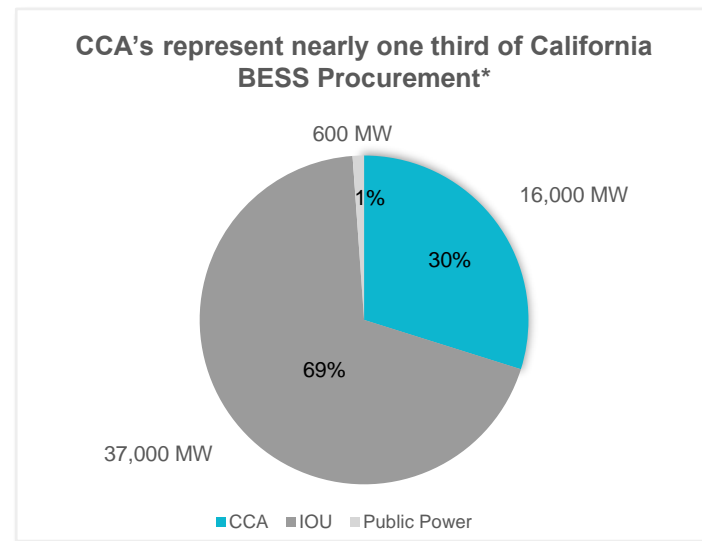
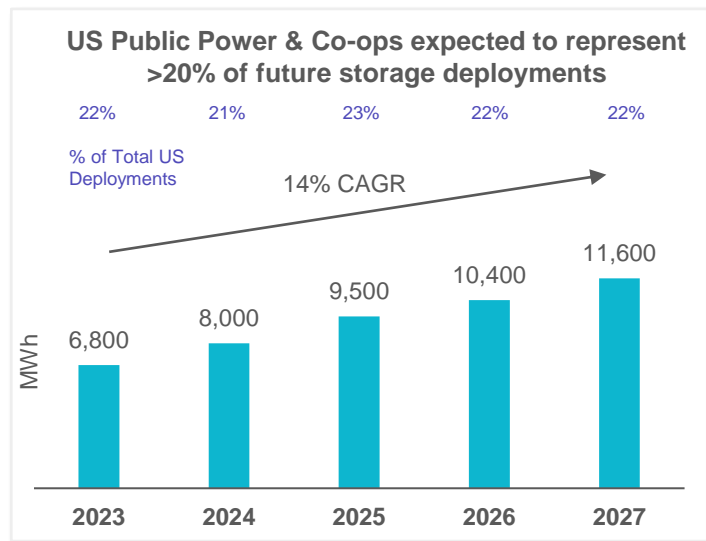
- Maryland, New Mexico, and Michigan enact new energy storage mandates
- Continued strong demand in California and Texas



# Munis and Co-ops Represent an Attractive Market

## Direct Pay Provision provides enhanced economics for customers

- Direct Pay Provision in the IRA driving demand amongst municipalities, community choice aggregators (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 muni/co-op bookings of \$1B+ translate into ~15% market share of US Public Power & Co-op TAM in 2024

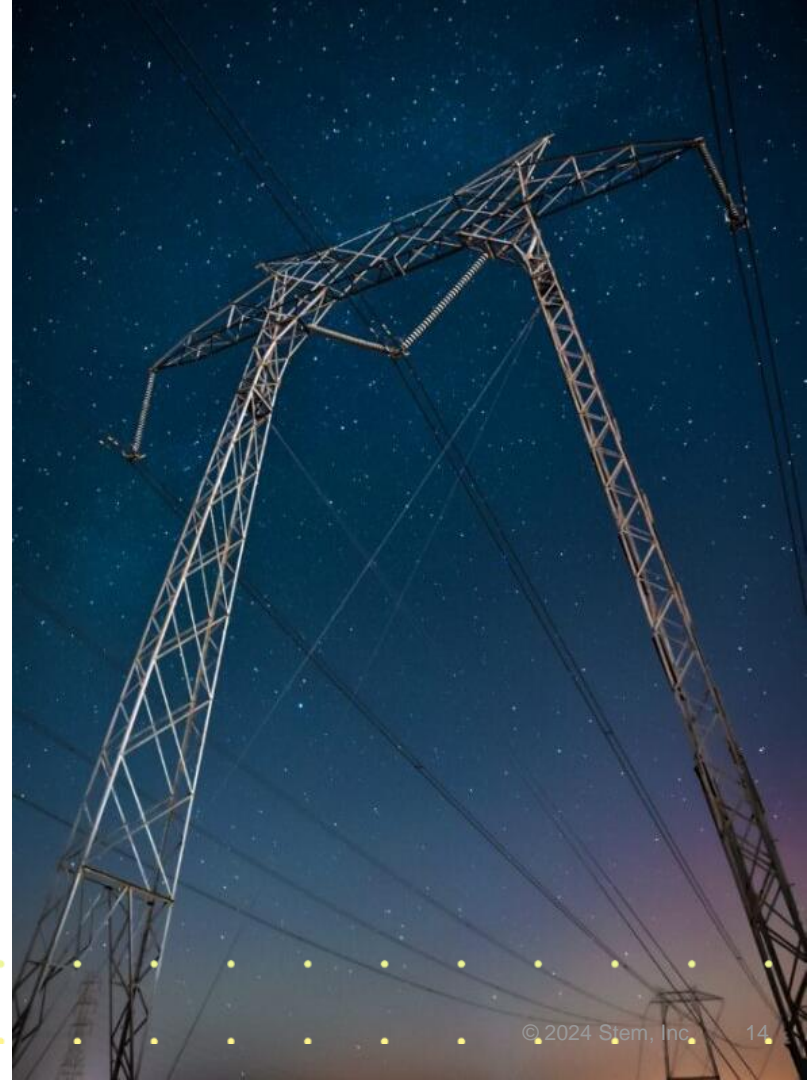


# Interconnection and Permitting

FERC, Congress taking steps to improve interconnection and permitting queues

**FERC Order No. 2023, Congressional debt limit deal provide pathways to improvement**

- FERC Order 2023: Prioritizes readiness through withdrawal penalties, site control, and deposits; requires cluster studies; applies significant penalties (\$1.0k-\$2.5k/day) for delays
- Congressional debt limit deal: improves efficiency and limits complexity, length, and scope of environmental reviews
- Strong momentum with state level and regional initiatives to accelerate project timelines



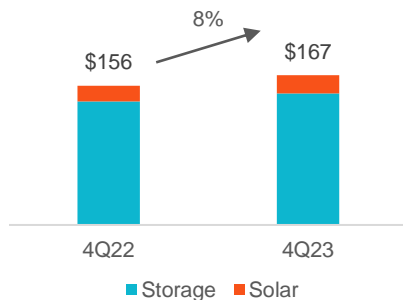
# 4Q & FY 2023 Financial and Operating Results and 2024 Outlook

# 4Q23 Financial Metrics

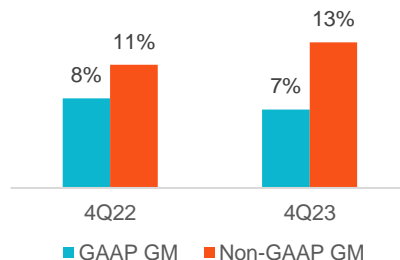
## Revenue, GM, Adj. EBITDA, & Operating Cash Flow

\$ millions unless otherwise noted

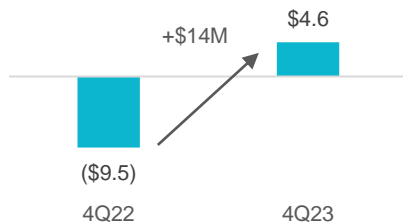
### Revenue



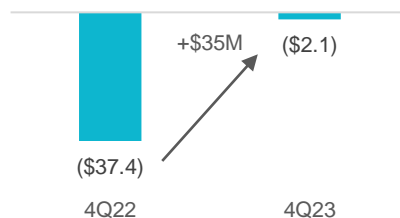
### GAAP & Non-GAAP Gross Margin %



### Adjusted EBITDA



### Operating Cash Flow



## Improved financial metrics in 4Q23

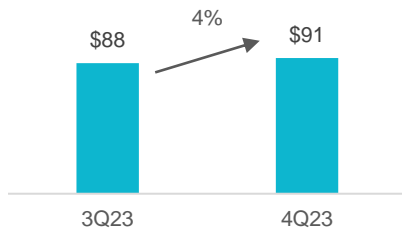
- Revenue +25% QoQ
- Solar +27% YoY, outperforming the C&I market growth
- Achieved positive adjusted EBITDA in 2H2023 of \$3.7M
- Driving operating leverage:
  - Cash operating expense as percentage of revenue of 13% in 4Q23 vs 19% in 4Q22
  - Achieved 24% cash OpEx as percentage of revenue for FY23 vs 31% in FY22
  - FY23 cash OpEx flat versus FY22
  - Restructured BTM business to exclusively focus on partner / channel and lead with software services

# 4Q23 Operating Metrics

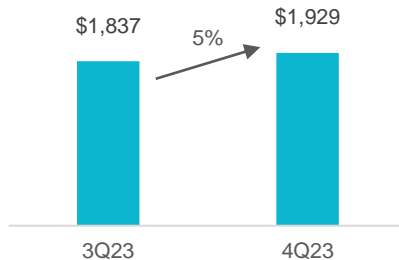
## CARR, Backlog, and AUM

\$ millions unless otherwise noted

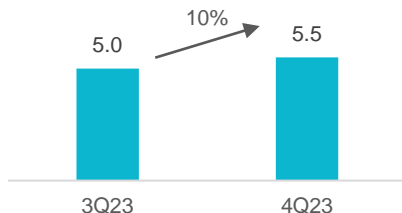
### CARR



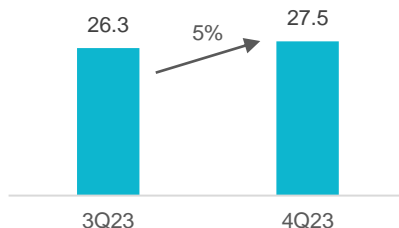
### Backlog



### AUM – Storage (GWh)



### AUM – Solar (GWh)



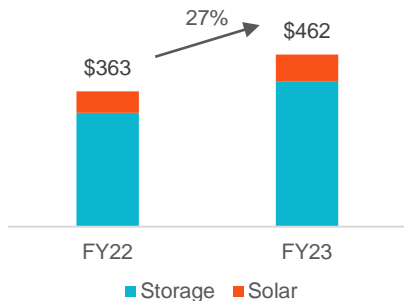
## CARR, Backlog and AUM Growth

- CARR +39% YoY, focused on ARR conversion
- Backlog +99% YoY
- Storage AUM +77% YoY, strong demand environment
- Solar AUM +10% YoY
  - Fourth consecutive quarter of growth; continued progress on legacy platform migration

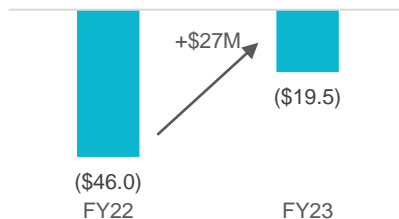
# FY23 Financial Metrics

## Revenue, Gross Margin, Adjusted EBITDA

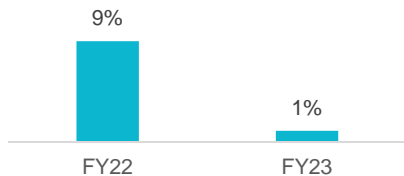
### Revenue



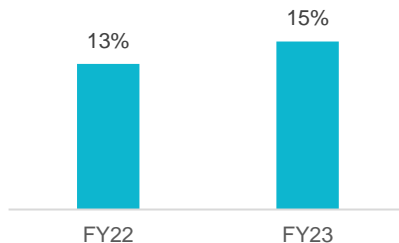
### Adjusted EBITDA



### GAAP Gross Margin %



### Non-GAAP Gross Margin %



## Revenue, Gross Margin, Adjusted EBITDA

- Revenue +27% YoY due to growing customer momentum and standardization on Athena platform across storage and solar
- Non-GAAP gross margin improves to 15% in line with our guidance range
- Adjusted EBITDA +\$27M YoY due to higher revenue, expanded gross margins, and operating cost discipline

# 2024 Guidance

Revenue	2024E:	1Q24E	2Q24E	3Q24E	4Q24E
	<b>\$600M - \$700M</b> 15–20% Non-GAAP Gross Margin	<b>8%</b>	<b>10%</b>	<b>32%</b>	<b>50%</b>
		% of annual revenue			

Bookings	2024E: <b>\$1.5B - \$2.0B</b>
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Adjusted EBITDA	2024E: <b>\$5M - \$20M</b>
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CARR	2024E: <b>\$115M - \$130M</b>
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Operating Cash Flow	2024E: <b>&gt;\$50M</b>
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See Appendix for definitions and reconciliation of non-GAAP financial measures to most directly comparable GAAP measures. See the earnings press release section titled “Reconciliations of Non-GAAP Financial Measures” for information regarding why the Company is unable to reconcile adjusted EBITDA guidance to its most comparable financial measure calculated in accordance with GAAP.

# 2024 Guidance Commentary

Metric	Range	Comments
<b>GAAP Revenue</b>	\$600M - \$700M	<ul style="list-style-type: none"> <li>Potential upside from large FTM deals in pipeline</li> </ul>
<b>Non-GAAP Gross Margin</b>	15-20%	<ul style="list-style-type: none"> <li>Mix of hardware and software / services drives variability</li> <li>Assumes conservative pace of activating non-operational CARR</li> </ul>
<b>Bookings</b>	\$1.5B – \$2.0B	<ul style="list-style-type: none"> <li>Modular ESS bookings may include hardware if Stem working capital is not utilized</li> </ul>
<b>Adjusted EBITDA</b>	\$5M - \$20M	<ul style="list-style-type: none"> <li>Expect continued operating leverage to achieve targets</li> </ul>
<b>CARR</b>	\$115M - \$130M	<ul style="list-style-type: none"> <li>Focus on accelerating Annual Recurring Revenue</li> </ul>
<b>Operating Cash Flow</b>	>\$50M	<ul style="list-style-type: none"> <li>Reduce working capital intensity</li> <li>No significant capex increase planned → free cash flow generation</li> </ul>

# Focus on Accelerating Annual Recurring Revenue

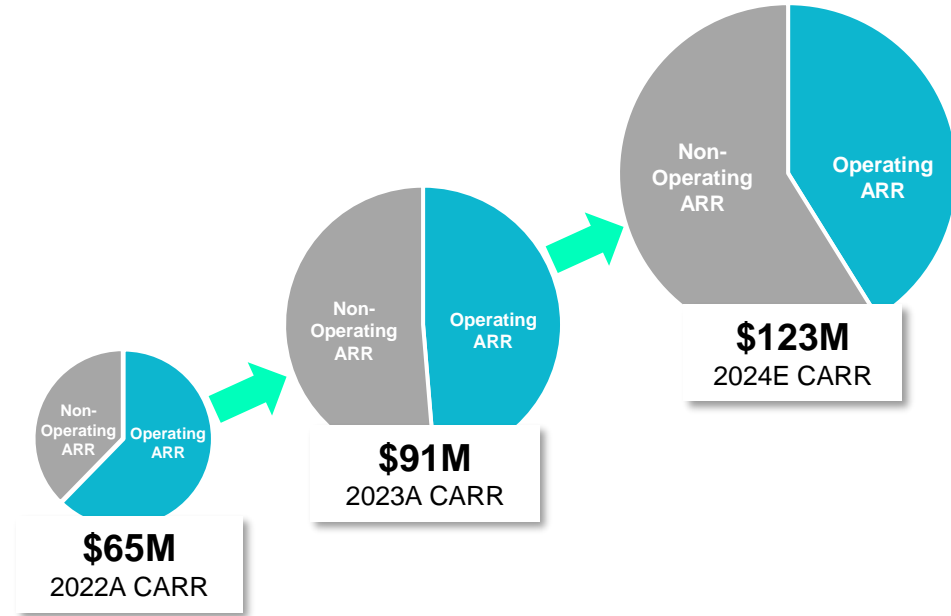
Targeting converting CARR to ARR within 2-12 months from hardware delivery

## CARR represents substantial unrealized earnings power

- Significant gross profit unlocked as systems are commissioned
  - Converting an additional ~50% of 2023 CARR would add \$20M+ of services revenue implying ~60% YoY growth
- Storage: \$1B of bookings (20-year contract) represents:
  - ~\$23M CARR
  - ~\$200M+ of Gross Profit or ~\$10M+ annualized\*
- Solar: bookings convert to ARR within 3-4 months

## Initiatives to accelerate conversion of CARR to ARR through 2025

- Software-only offerings: PowerBidder Pro, Event Manager
- Focus on public power: buying entity controls permitting and interconnection timelines
- Operational and contracting changes



~\$65M annual Gross Profit embedded in YE2024 CARR\*\*

Note: Charts represent total contracted ARR with blue highlighted segment representing ARR from operational systems. 2024E ARR assumes midpoint of guidance range and historical pace of CARR to ARR conversion.

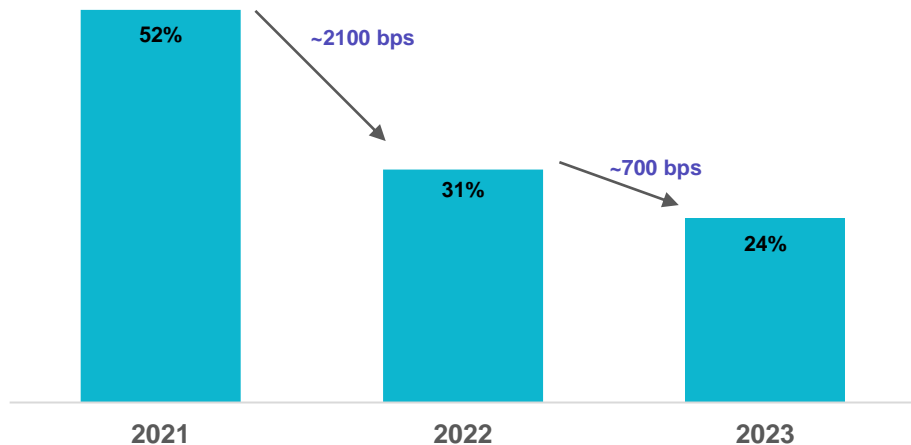
\* Excludes solar software.

\*\* Includes solar software.

# Improving Operating Leverage

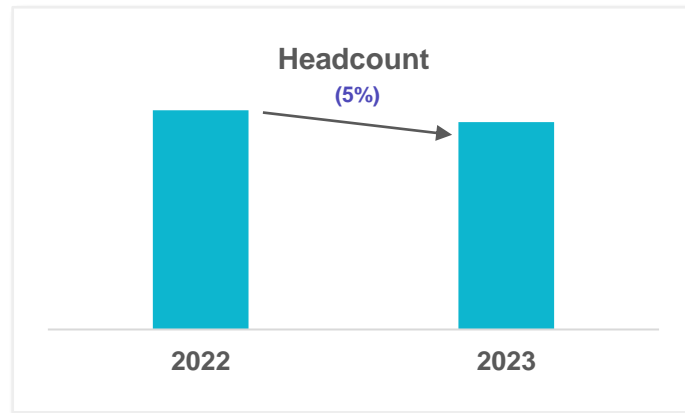
Achieving long-term OpEx goal ahead of schedule

## 2024 Target Cash OpEx of 10-20% of Revenue

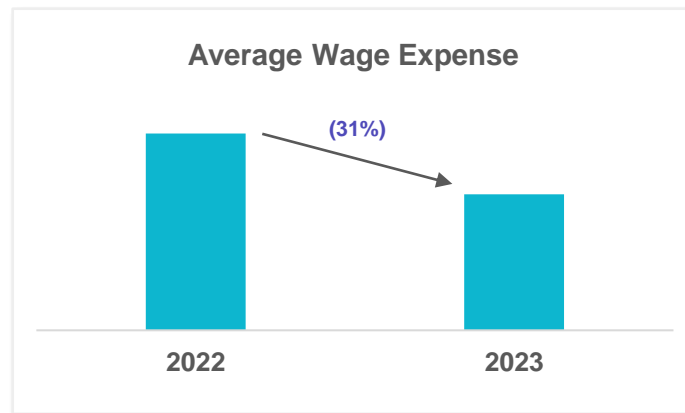


Note: Cash Operating Expenses are Total Operating Expenses less Non-Cash Items. 2024 forecast for Non-Cash Items include Depreciation and Amortization and Stock Based Compensation tracking change in Cash Operating Expenses. Average Wage Expense includes all salaried employees globally.

Doing more with less...



...increased hiring in low-cost geographies

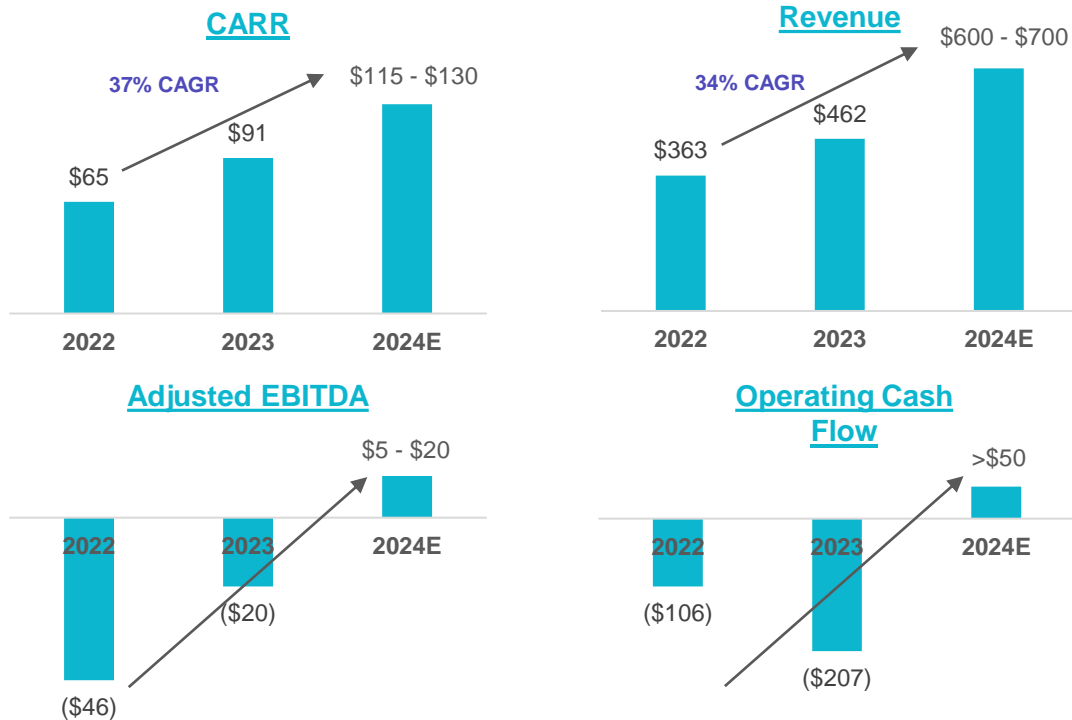


# Driving to Operational Excellence

Enhancing profitability across the business

- ✓ Expect nearly 2x CARR growth over two years – continued focus on conversion of CARR to ARR
- ✓ Expect positive full year 2024 adjusted EBITDA with continued OpEx discipline
- ✓ Generate operating cash flow driven by increased profitability and reduced working capital intensity

\$ in millions unless otherwise noted.



# Key Takeaways

Expect to generate positive operating cash flow in 2024

## Solid 2023 Execution

- Achieved positive adjusted EBITDA in 2H2023
- Within guidance range for Non-GAAP Gross Margin, Bookings, and CARR

## 2024 is inflection point for building long-term, profitable growth

- Expect to Generate Free Cash Flow to fund operations without issuing equity
- Build recurring software revenue
- Extend technology leadership position

## Operating Expense discipline is core to the 2024 plan

- Cash OpEx was flat 2022 to 2023 and we expect continued efficiency in 2024+

**Building the leading clean energy intelligence platform**

About Stem

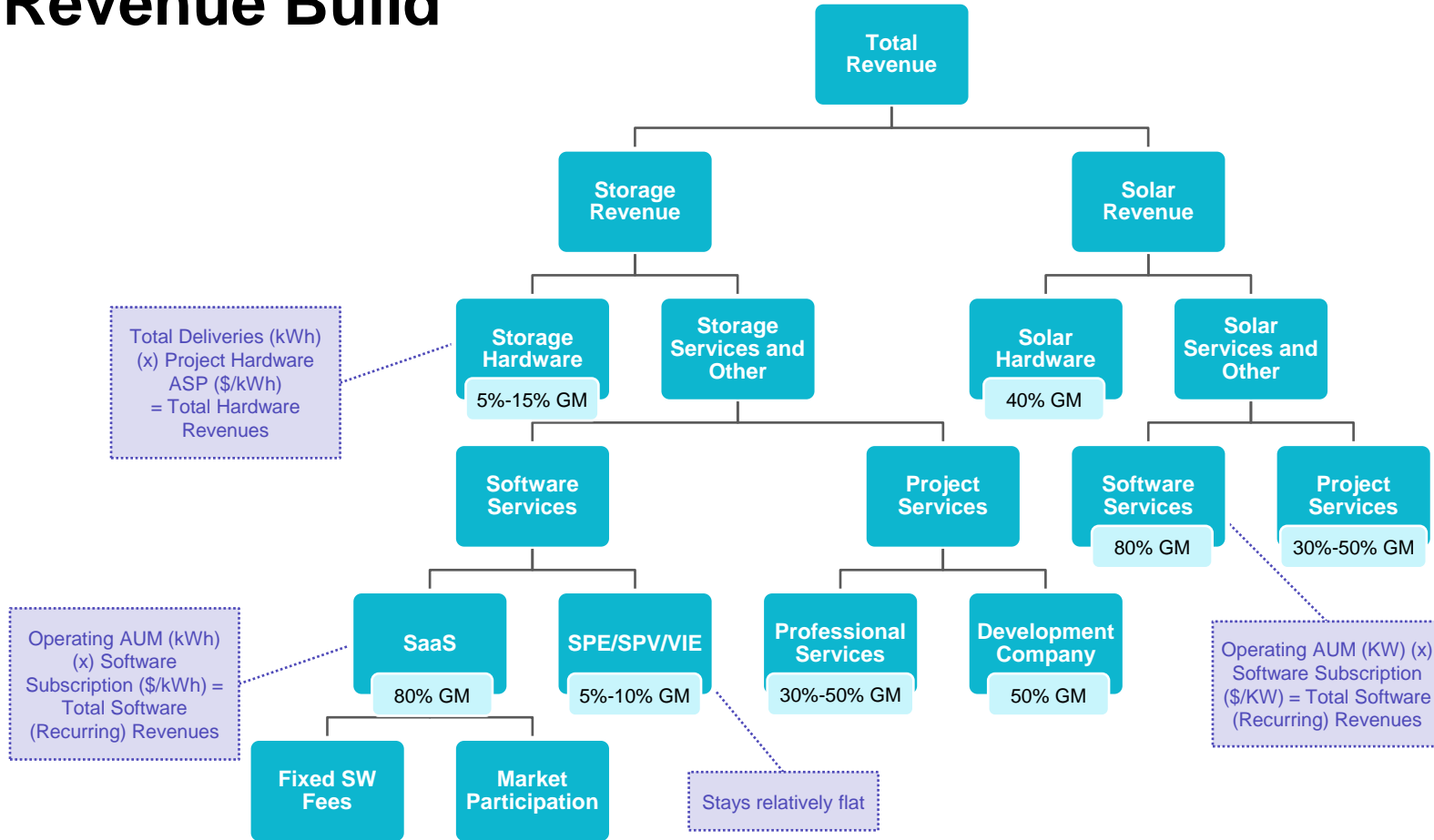
**Stem (NYSE: STEM) provides clean energy solutions and services designed to maximize the economic, environmental, and resiliency value of energy assets and portfolios.**

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)

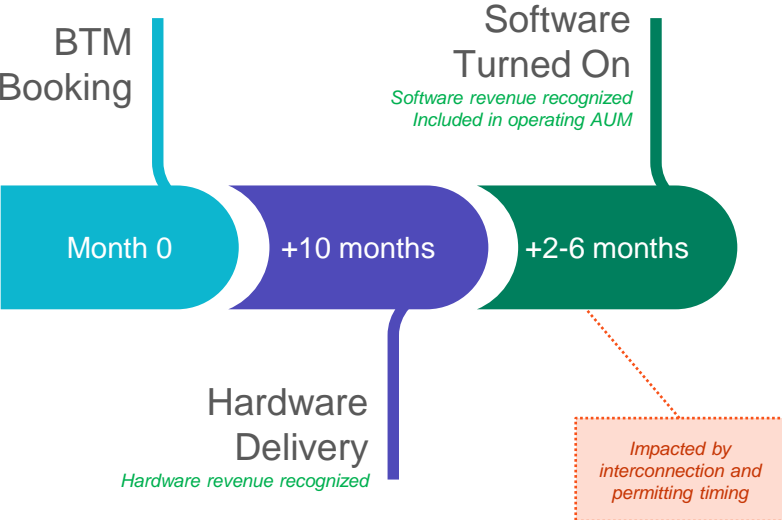
# Appendix A

# Revenue Build



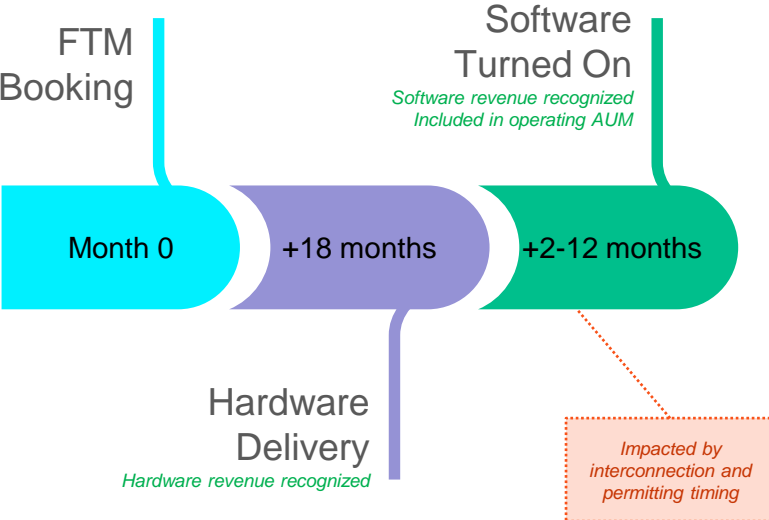
# Storage Revenue Conversion Timelines

## 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.

# Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$167.4	\$155.5	\$461.5	\$363.0
GAAP (Loss) Gross Profit	11.0	12.6	3.6	33.1
GAAP Gross Margin %	7%	8%	1%	9%
Non-GAAP Gross Profit	22.2	17.0	75.1	47.3
Non-GAAP Gross Margin %	13%	11%	15%	13%
Net Loss	(37.7)	(35.3)	(140.4)	(124.1)
Adjusted EBITDA	4.6	(9.5)	(19.5)	(46.0)
Operating metrics				
Bookings	\$256.1	\$457.5	\$1,523.4	\$1,056.9
Contracted Backlog**	\$1,929.3	\$969.0	\$1,929.3	\$969.0
Contracted Storage AUM (GWh) <sup>(1)**</sup>	5.5	3.1	5.5	3.1
Solar Monitoring AUM (GW)**	27.5	25.0	27.5	25.0
CARR**	\$91.0	\$65.3	\$91.0	\$65.3

See slides 31 and 32 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

(1) Contracted storage AUM as of December 31, 2022 has been adjusted from 2.5 GWh, as previously disclosed, to 3.1 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.

\*\* At period end.

# Supplemental Revenue Detail

## Solar - Supplemental Revenue Detail

\$ millions

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Solar Hardware Revenue	\$11.0	\$9.9	\$38.9	\$31.1
Solar Services and Other Revenue	9.4	7.7	34.6	26.8
<b>Total Solar Revenue</b>	<b>\$20.4</b>	<b>\$17.6</b>	<b>\$73.5</b>	<b>\$57.9</b>

## Services - Supplemental Revenue Detail

\$ millions

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Solar Software Services Revenue	\$7.5	\$6.4	\$28.7	\$22.1
Storage Software Services Revenue	5.4	5.4	25.2	21.1
Project Services Revenue	2.0	4.1	8.6	8.9
<b>Total Services Revenue</b>	<b>\$14.9</b>	<b>\$15.9</b>	<b>\$62.5</b>	<b>\$52.1</b>



Solar revenue reflects AlsoEnergy's operations from February 1, 2022.  
Project Services includes professional services and revenue tied to Development Company investments.

# Reconciliation of GAAP and Non-GAAP Gross Profit

\$ millions unless otherwise noted	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$167.4	\$155.5	\$461.5	\$363.0
Cost of Revenue	(156.4)	(142.9)	(457.9)	(329.9)
GAAP Gross Profit	11.0	12.6	3.6	33.1
GAAP Gross Margin (%)	7%	8%	1%	9%
<b>Adjustments to Gross Profit and Margin</b>				
GAAP Revenue	\$167.4	\$155.5	\$461.5	\$363.0
Add: Revenue Constraint <sup>(1)</sup>	--	--	10.2	--
Add: Revenue Reduction <sup>(2)</sup>	(2.3)	--	35.1	--
Add: Liquidated Damages <sup>(3)</sup>	4.8	--	4.8	--
Subtotal	169.9	155.5	511.6	363.0
Less: Cost of Revenue	(156.4)	(142.9)	(457.9)	(329.9)
Add: Amortization of Capitalized Software & developed technology	3.7	3.1	13.5	10.7
Add: Impairments	2.3	1.3	5.2	3.5
Add: Excess supplier costs <sup>(3)</sup>	2.7	--	2.7	--
Non-GAAP Gross Profit	\$22.2	\$17.0	\$75.1	\$47.3
Non-GAAP Gross Margin (%)	13%	11%	15%	13%

Non-GAAP gross margin as used in the Company's full year 2024 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 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 2024 GAAP financial results.

(1) Refer to the discussion of revenue constraint in "Definitions of Non-GAAP Financial Measures" in the Company's fourth quarter and full year 2023 earnings press release

(2) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the Company's fourth quarter and full year 2023 earnings press release.

(3) Refer to the discussion of excess supplier costs and resulting liquidated damages and in "Definitions of Non-GAAP Financial Measures" in the Company's fourth quarter and full year 2023 earnings press release.

# Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net loss attributable to Stem	\$(37,685)	\$(35,273)	\$(140,413)	\$(124,054)
Adjusted to exclude the following:				
Depreciation and amortization <sup>(1)</sup>	15,036	15,430	51,134	48,783
Interest expense	4,892	2,039	14,977	10,468
Gain on extinguishment of debt, net	--	--	(59,121)	--
Stock-based compensation	16,789	8,251	45,109	28,661
Revenue constraint <sup>(2)</sup>	--	--	10,200	--
Revenue reduction, net <sup>(3)</sup>	(2,326)	--	35,051	--
Excess supplier costs and resulting liquidated damages <sup>(4)</sup>	7,554	--	7,554	--
Change in fair value of derivative liability	--	--	7,731	--
Transaction costs in connection with business combination	--	--	--	6,068
Litigation settlement	--	--	--	(727)
(Benefit from) provision for income taxes	79	40	433	(15,161)
Other expenses <sup>(5)</sup>	277	--	7,889	--
Adjusted EBITDA	\$4,616	\$(9,513)	\$(19,456)	\$(45,962)

Adjusted EBITDA, as used in the Company's full year 2024 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 2024 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 Company's fourth quarter and full year 2023 earnings press release

(3) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in the Company's fourth quarter and full year 2023 earnings press release.

(4) Refer to the discussion of excess supplier costs and resulting liquidated damages in the Company's fourth quarter and full year 2023 earnings press release.

(5) Adjusted EBITDA for the year ended December 31, 2023 reflects other expenses of \$7.9 million. Other expenses includes \$5.6 million in accruals for sales taxes, \$1.3 million for expenses related to restructuring costs, \$0.5 million for impairments, and \$0.5 million of other non-recurring expenses. Restructuring expenses consisted of employee severance and other exit costs.

# Reconciliation of GAAP Operating Expense to Cash Operating Expense

\$ millions	Three Months Ended				Twelve Months Ended	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023
GAAP Operating Expense	\$43.6	\$46.7	\$48.0	\$44.6	\$164.2	\$182.9
Less: Non-cash adjustments						
Depreciation and Amortization	(4.5)	(4.5)	(4.2)	(5.5)	(20.1)	(18.7)
Stock Compensation	(7.2)	(9.9)	(11.2)	(16.8)	(28.8)	(45.1)
Other adjustments	(0.6)	(1.4)	(5.7)	0.2	(4.3)	(7.5)
Cash Operating Expense	\$31.3	\$30.9	\$26.9	\$22.5	\$111.0	\$111.6
Revenue	\$67.4	\$93.0	\$133.7	\$167.4	\$363.0	\$461.5
Cash Operating Expense as % of Revenue	46%	33%	20%	13%	31%	24%

# Upcoming events

**March 18, 2024**

36th Annual ROTH Conference

**March 19, 2024**

Piper Sandler 24<sup>th</sup> Annual Energy Conference

**March 26, 2024**

Wells Fargo 2024 Clean Energy Symposium

**May 2024**

First Quarter Earnings Call



# Definitions

Item	Definition
Bookings	<p>Total value of executed customer agreements, as of the end of the relevant period (e.g. quarterly bookings or annual bookings)</p> <ul style="list-style-type: none"> <li>Customer contracts are typically executed 6-24 months ahead of installation</li> <li>The Booking amount typically includes:               <ol style="list-style-type: none"> <li>Hardware revenue, which is typically recognized at delivery of system to customer,</li> <li>Services revenue, which represents total nominal software and services contract value recognized ratably over the contract period,</li> </ol> </li> <li>Market participation revenue is excluded from booking value</li> </ul>
Annual Recurring Revenue ("ARR")	Annual run rate for all executed software services contracts excluding contracts for systems that are not yet commissioned
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 storage systems in operation or under contract
Solar Monitoring AUM	Total GW of solar systems in operation
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>
Operating Cash Flow	<ul style="list-style-type: none"> <li>Net cash provided by (used in) operating activities. Does not represent the change in balance sheet cash which will be further impacted by investing and financing activities.</li> </ul>
Free Cash Flow	<ul style="list-style-type: none"> <li>Cash flow from operating activities less cash flows from investing activities.</li> </ul>
Cash Operating Expenses ("Cash OpEx")	<ul style="list-style-type: none"> <li>Total operating expenses less non-cash items</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

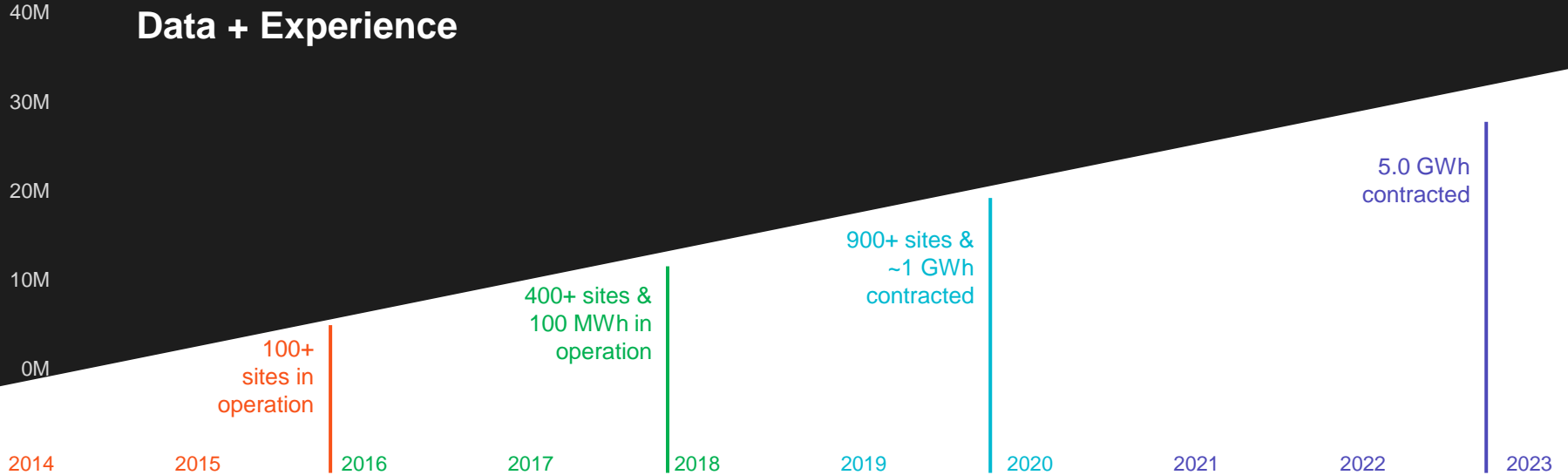
- ✓ **First to market C&I storage** to the Fortune 500
- ✓ **First California ISO** wholesale market participation
- ✓ **Largest Virtual Power Plant** provider in North America
- ✓ **Largest fleet** of FTM storage in ISO-New England
- ✓ **#1 solar asset** performance management software
- ✓ **#1 in storage 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**

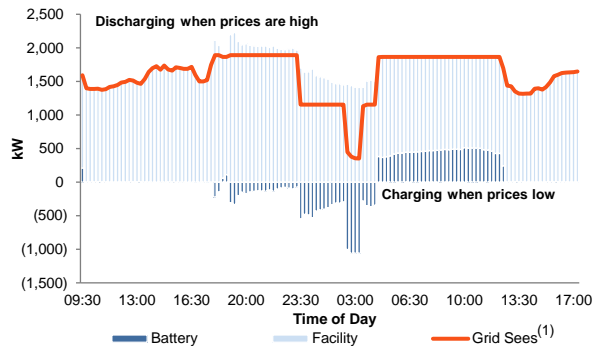
- Acquired solar monitoring **industry leader AlsoEnergy**
- Momentum in **Software Services** offering
- Introduction of **Modular ESS** offering
- Increased **operating efficiency**
- Path to **positive Adj EBITDA**
- Robust demand from **Inflation Reduction Act**

# Industry Leading Solutions for BTM and FTM Markets

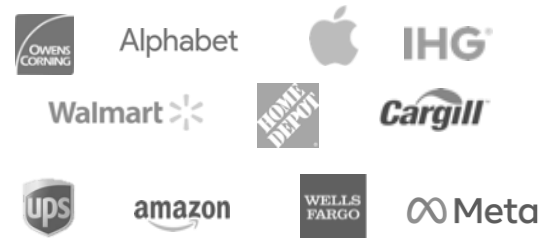
## Behind-the-Meter “BTM”

### Commercial and Industrial Services

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



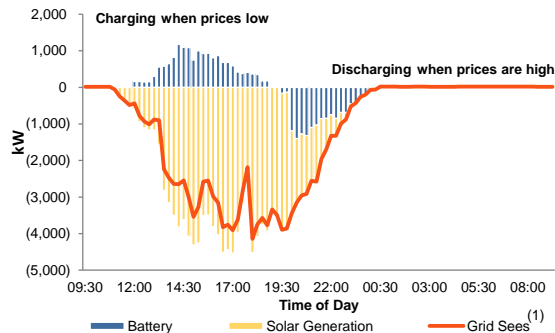
## Representative Customers



## Front-of-the-Meter “FTM”

### Utilities, IPPs, Developers

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



## Representative Partners

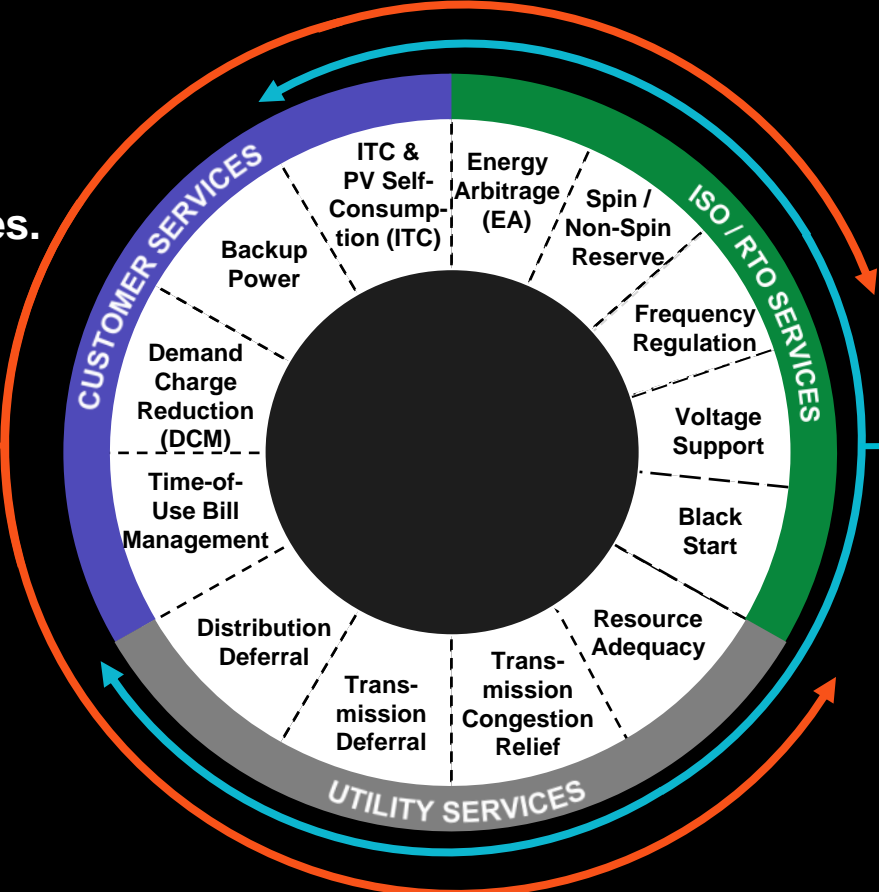


# Stem Offers More Value with BTM & FTM Services

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

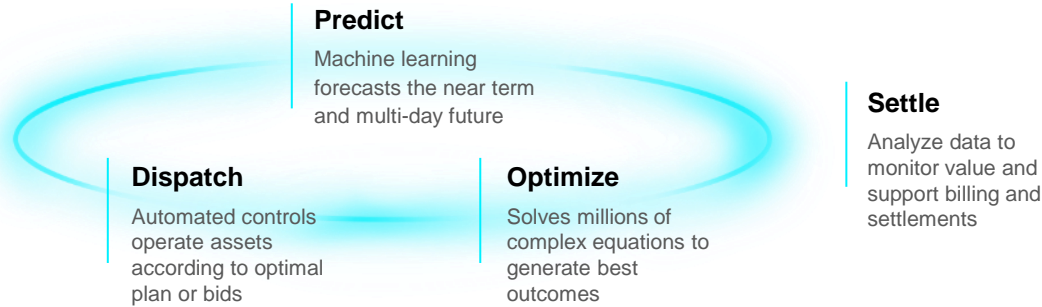
**Stem's Behind-the-Meter Services**

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

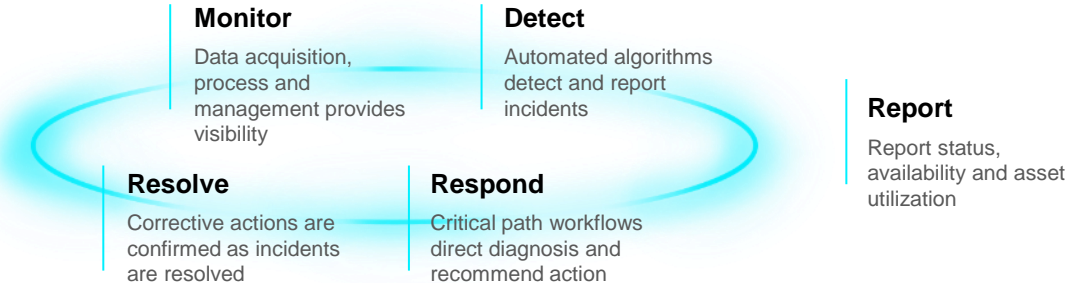


# Athena AI Simplifies Operations

## 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



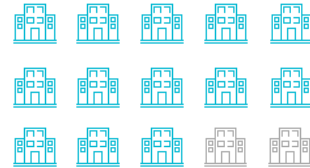
# PowerTrack is the Industry Standard for Solar Asset Performance Management



## 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

# 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 →

# 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

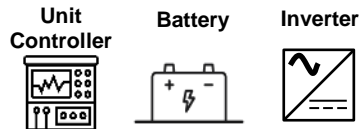
### Current Turnkey Storage Offering

Existing Stem offering

Athena Controls and AI Solutions

**athena**  
powered by stem

3rd party integrator offering



### Modular ESS Offering

Athena Controls and AI Solutions

**athena**  
powered by stem

Expanded Stem offering, *inclusive of unit controller capability*



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

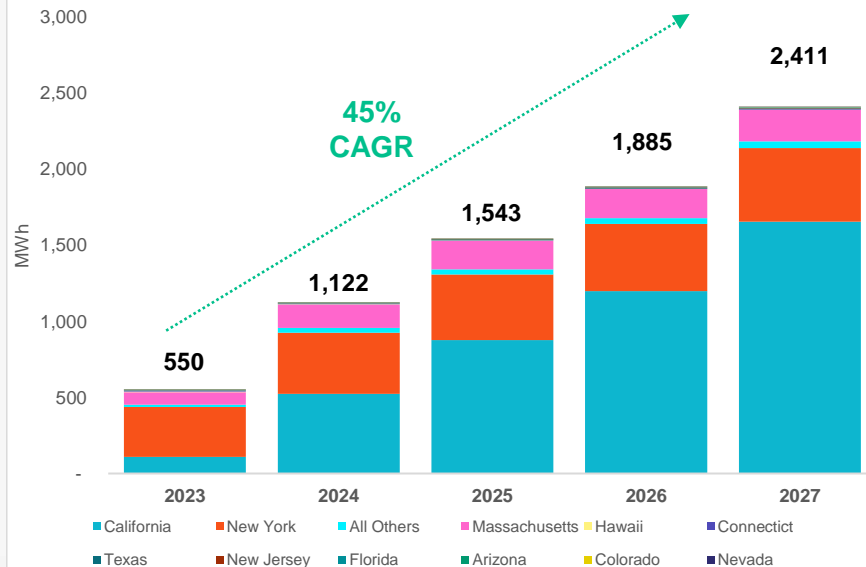
## Key Metrics

- 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

## BTM US Energy Storage Market Outlook



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

Proven track record in driving higher revenue and project returns

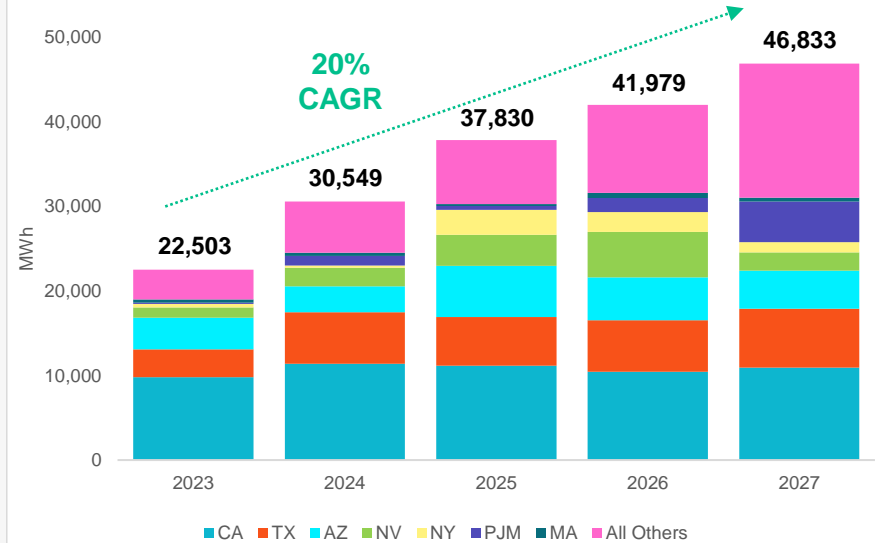
## Key Metrics

- 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

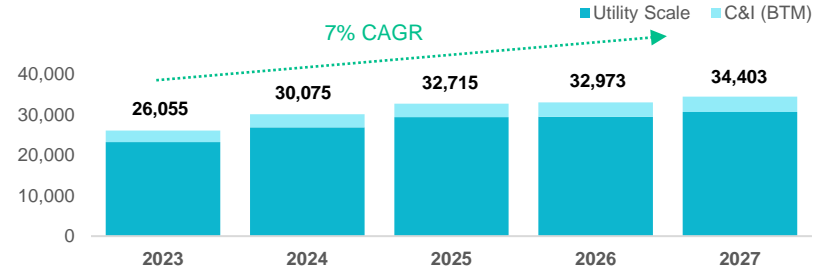
## Key Metrics

- AlsoEnergy PowerTrack reduces operating costs and enhances project revenues for solar projects
- 27.5 GW solar AUM as of 4Q23
  - +41,000 C&I locations
  - <10% storage attached

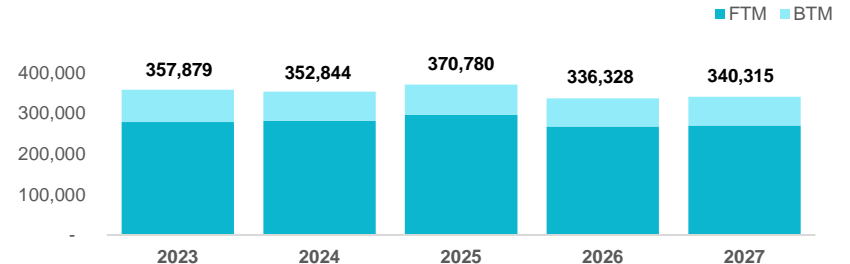
## Growth Opportunities

- 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

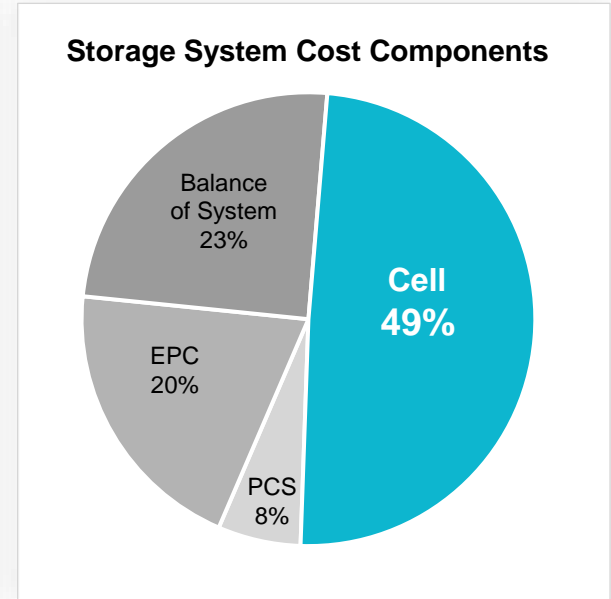
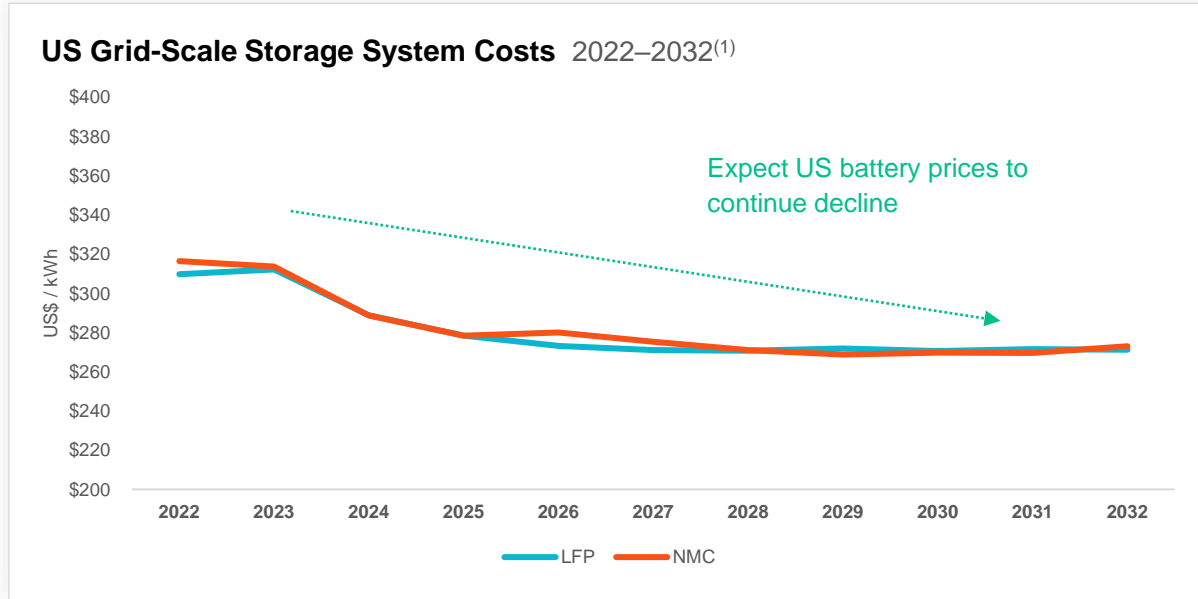


## ROW Solar PV Market Outlook



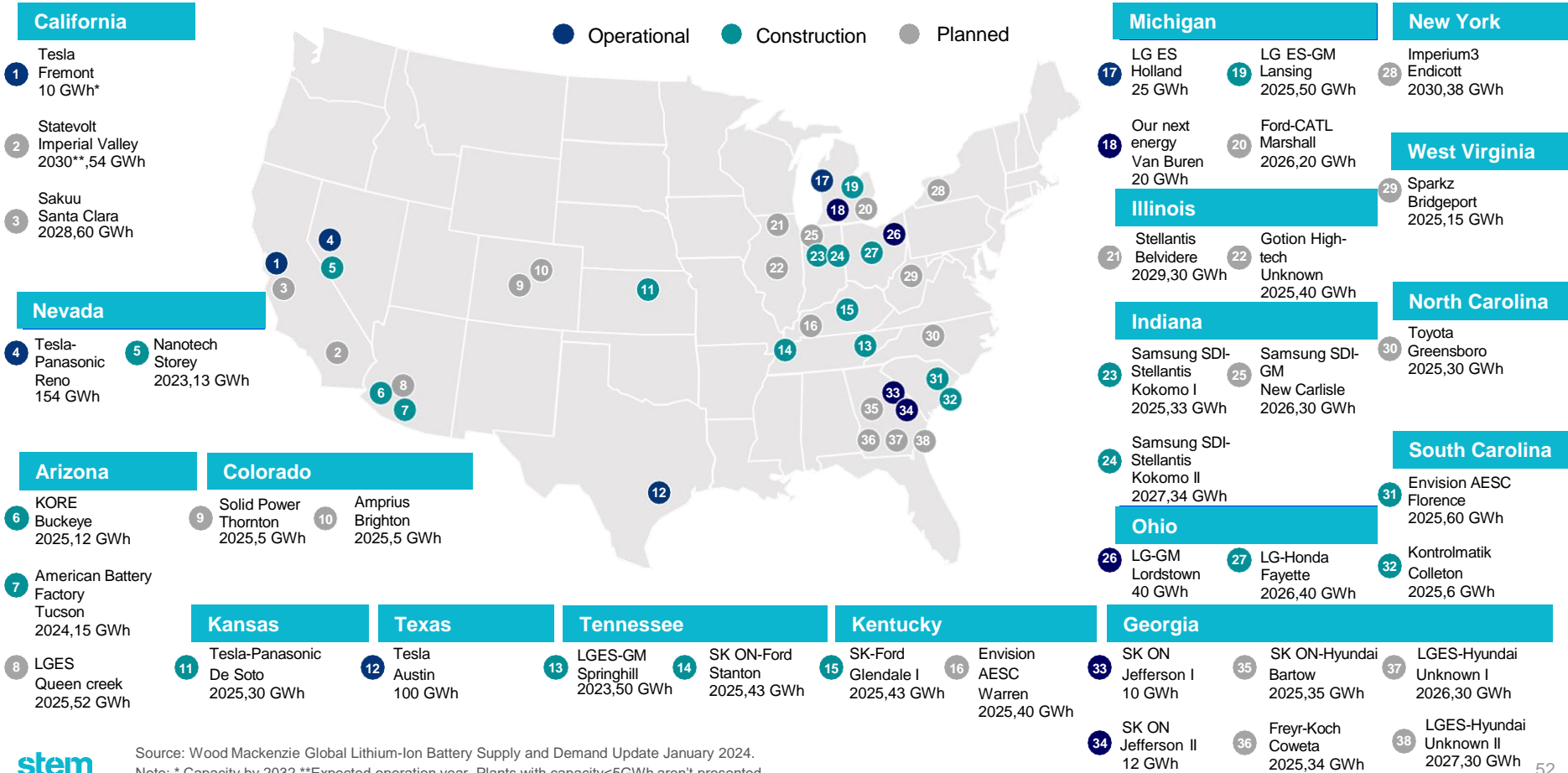
# Battery Prices Continue to Decline

Lower battery system prices should increase demand



- ✓ Industry analysts expect lower prices driven by manufacturing efficiencies, US domestic manufacturing, 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 reminiscent of a dot grid or a starry sky.

**stem**