

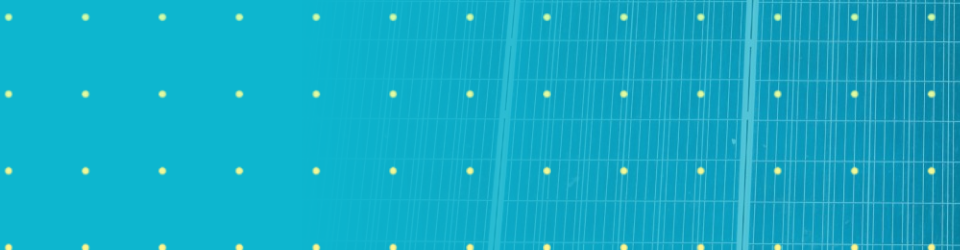


stem

May 4, 2023

Q1 2023

Financial Results



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 our 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; the expected benefits of the combined Stem/AlsoEnergy company; 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; the effects of natural disasters and other events beyond our control; our response to the COVID-19 pandemic and our preparedness for other widespread health emergencies (and government and business responses thereto); the ongoing conflict in Ukraine; the expected benefits of the Inflation Reduction Act of 2022 on our business; and future results of operations. 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, and provide us with 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 economic, geopolitical and business conditions in key regions of the world, including inflationary pressures, general economic slowdown or a recession, increasing interest rates, changes in monetary policy and instability in financial institutions; the ongoing effects of the COVID-19 pandemic on our workforce, operations, financial results and cash flows; the ongoing conflict in Ukraine; the results of operations and financial condition of our customers and suppliers; pricing pressure; inflation; 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, particularly concerning data protection and consumer privacy and evolving labor standards; risks relating to the development and performance of our energy storage systems and software-enabled services; our inability to retain or upgrade current customers, further penetrate existing markets or expand into new markets; the risk that our business, financial condition and results of operations may be adversely affected by other political, economic, business and competitive factors; and other risks and uncertainties 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 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 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

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Agenda

- First Quarter 2023 Highlights
- Commercial Execution
- Business Updates
- Technology Leadership
- Financial and Operating Results
- Key Takeaways



First Quarter 2023 Results & Highlights

Strong sequential Services revenue drives improving Gross Margin

Strong Q1 Momentum

Revenue

\$67M

+63% YoY

Bookings

\$364M

+141% YoY

Contracted
Backlog

\$1.24B

+120% YoY

Contracted Annual
Recurring Revenue

\$72M

+10% QoQ

Adjusted EBITDA

(\$14)M

GAAP/Non-GAAP

Gross Margin

1% / 19%

Q1 Highlights



Q1 revenue above high end of guidance range; Software Services revenue +14% QoQ



Reaffirming full-year guidance with enhanced profitability from accelerating services growth



Named largest Virtual Power Plant provider in North America by Wood Mackenzie



Continued eMobility momentum with Sysco Riverside EV project

Well positioned to achieve EBITDA positive in H2'23

Strong Commercial Momentum

Service revenue growth from differentiated offering

Strong growth in software services revenue

- Software Services Revenue, which excludes Project Services, increased +14% QoQ
 - Project Services Revenue fluctuates with project timing

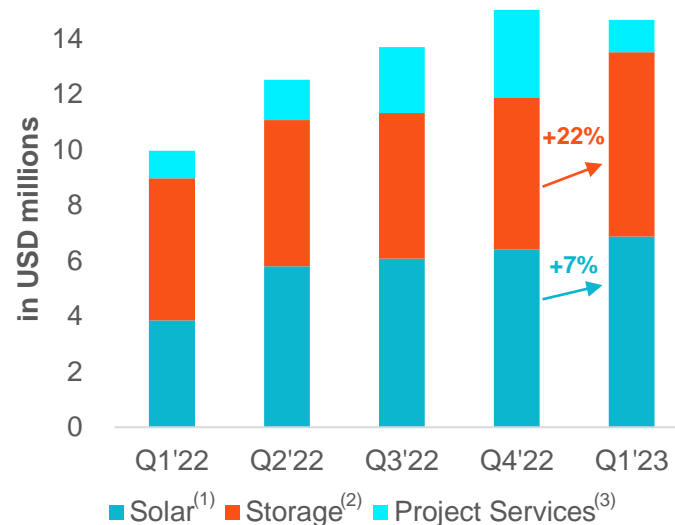
Record backlog and pipeline provides growth visibility

- Strong Q1 bookings of \$364M drives backlog to \$1.24B, +120% YoY
- Several significant software-only and professional services deals in FY'23 pipeline
 - Higher margin, accelerated revenue conversion, less balance sheet usage

Strong CARR growth

- +10% QoQ / +39% YoY demonstrates strength of software offering

Continued Strong Growth in Software Services Revenue in Q1'23



Business Updates

Solar: Business continues to recover

- Services revenue +4% QoQ; Backlog +58% YoY; AUM +0.6 GW QoQ
- Some evidence of easing of supply chain issues and labor shortages
- Expect normalization beginning in 2H'23

Storage: eMobility momentum, FTM market strength

- **Sysco** announced in April 2023 it is integrating Athena into an EV charging project at first-of-its-kind Riverside EV Hub
 - 4 MWh energy storage system with Stem managing power flows for the entire facility
 - First InCharge joint deployment
- Strong growth in core FTM markets with developers standardizing on the Athena platform as a result of differentiated economics



Supply Chain Update

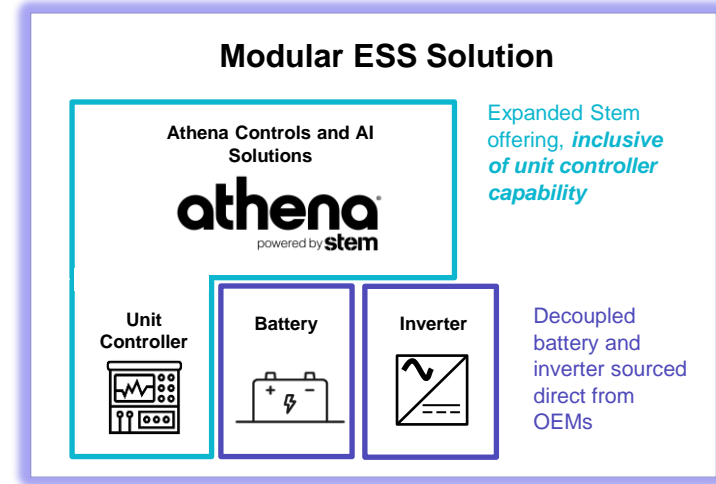
Diversifying supplier base, reducing reliance on hardware

Storage

- Contracted hardware into 2024, but slowing growth of future purchases
 - Reaffirm expected long-term revenue growth rates:
 - Hardware 25 - 35%
 - Services 65 - 85%
- Aggressively pursuing Modular ESS solution
 - Increases sourcing flexibility, reduces working capital, enables additional high margin software and services
 - Adding multiple Tier 1 vendors to provide batteries and inverters

Solar

- Panel availability improving
- BTM: solid momentum
- FTM: strong bookings, but activity / revenue still lagging in larger FTM due to UFLPA and interconnection delays



Technology Leadership

Strong Athena execution for the grid and customers

Continued strength in multiple markets

- ISO New-England: Cleared 68% more megawatts in FCA17 ('26/'27) than FCA16 ('25/'26); expect to clear more capacity in FCA18
- California: Site events +110% YoY Q1'23 vs Q1'22, Demand Response events +250% YoY

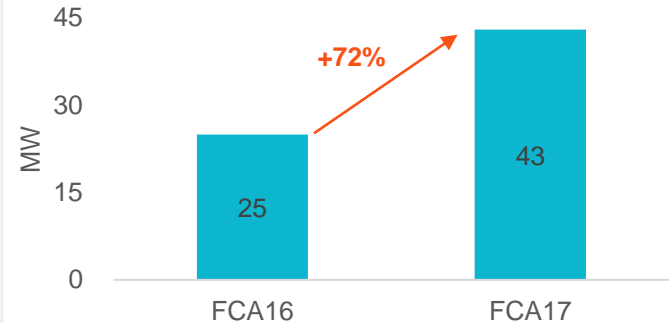
Innovating to improve results

- Development: leveraging AI-assisted coding to increase productivity
- Investing to improve market forecasting capabilities
- Growing data advantage: 8,000 simulations per month

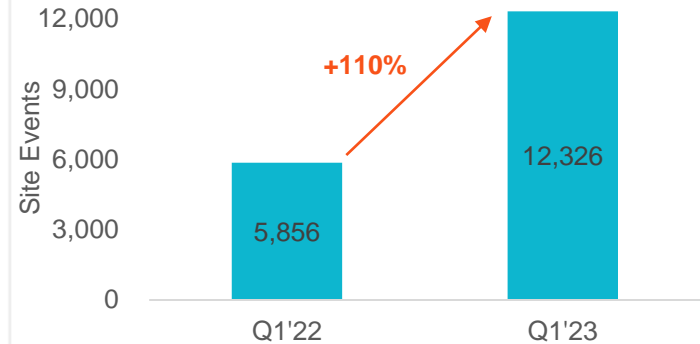


Stem Recognized by Wood Mackenzie as the Largest Virtual Power Plant Operator in North America

ISO-NE: Cleared 72% More Capacity in Recent Auction



Monthly Site Events

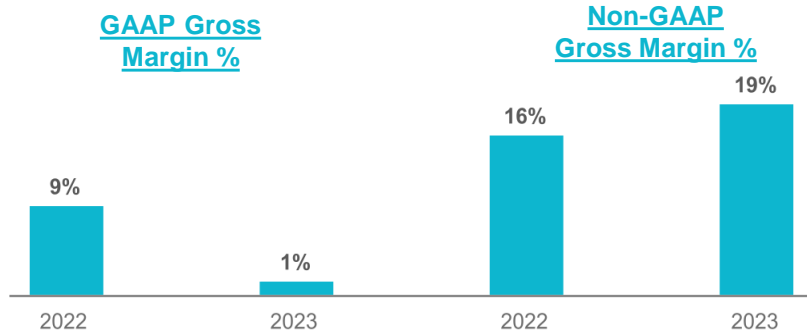
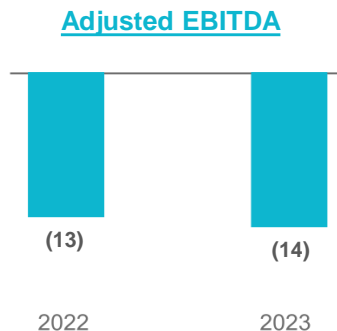
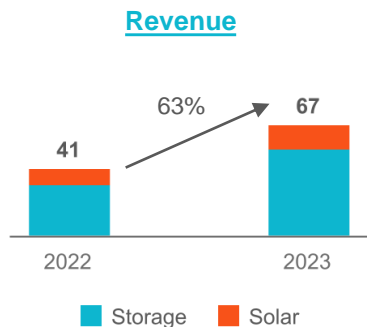


Financial and Operating Results

Financial Metrics

Revenue, Adj. EBITDA and GAAP / Non-GAAP Gross Margin

Period ending March 31, \$ millions unless otherwise noted



Q1 Highlights

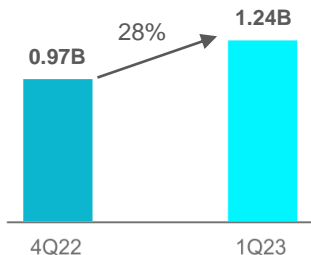
- Revenue up 63% YoY in Q1'23
- On track for full-year Revenue, Non-GAAP Gross Margin and adjusted EBITDA guidance
- Executing on initiatives to drive operating leverage
 - Cash opex as % of revenue of 46% in Q1'23 vs. 56% in Q1'22
 - India represents >50% of YTD headcount additions (through 3/31)

Operating Metrics

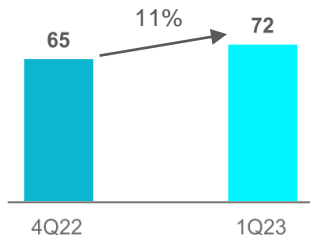
Strong Momentum in Backlog, CARR, and AUM

\$ millions unless otherwise noted

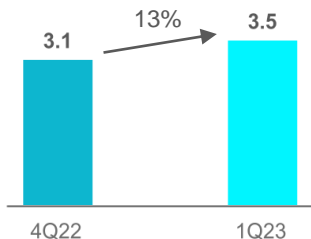
Backlog



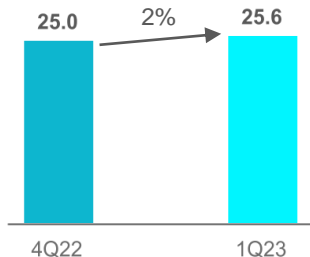
CARR



AUM – Storage (GWh)



AUM – Solar (GW)



Backlog, CARR and AUM Growth

- Backlog up 120% YoY, driven by strong bookings
- CARR up 11% QoQ; on track for full-year guidance of \$80 - \$90M
- Storage AUM up 13% QoQ
- Solar AUM up 2% QoQ; continuing to migrate customers away from legacy applications

\$240M Green Convertible Senior Notes

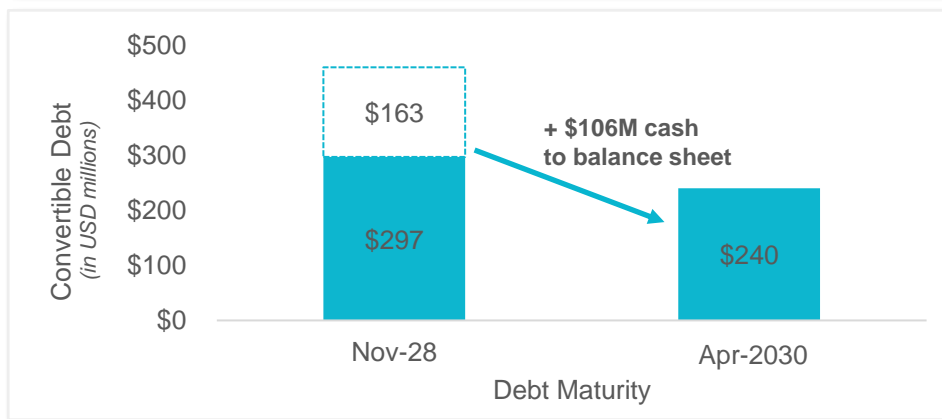
Transaction Overview

- On April 3, 2023 Stem issued \$240M aggregate principal amount of 4.25% Green Convertible Senior Notes due Apr-2030
- Net proceeds: \$234M
 - \$106M of cash to balance sheet
 - \$100M used to retire \$163M aggregate principal amount of the Nov-2028 Convertible Notes
 - \$28M to purchase “capped call” to mitigate dilution

Rationale

- Stronger cash position and extends debt maturity schedule
- Pay down Nov-2028 convertible notes trading at a deep discount (~60% of par); net deleveraging
- Reduce potential equity dilution with capped call (\$11.18 / share conversion)
- Stronger position with supply chain to improve hardware pricing and payment terms

(in USD millions)	December 31, 2022	March 31, 2023	April 3, 2023
Cash	\$88	\$118	\$224
Short-Term Investments	162	88	88
Cash + Short-Term Investments	\$250	\$206	\$312
Long-Term Debt*	450	450	527
Net Debt	\$200	\$244	\$216
		Net de-leveraging	



Reaffirming Full-Year 2023 Guidance

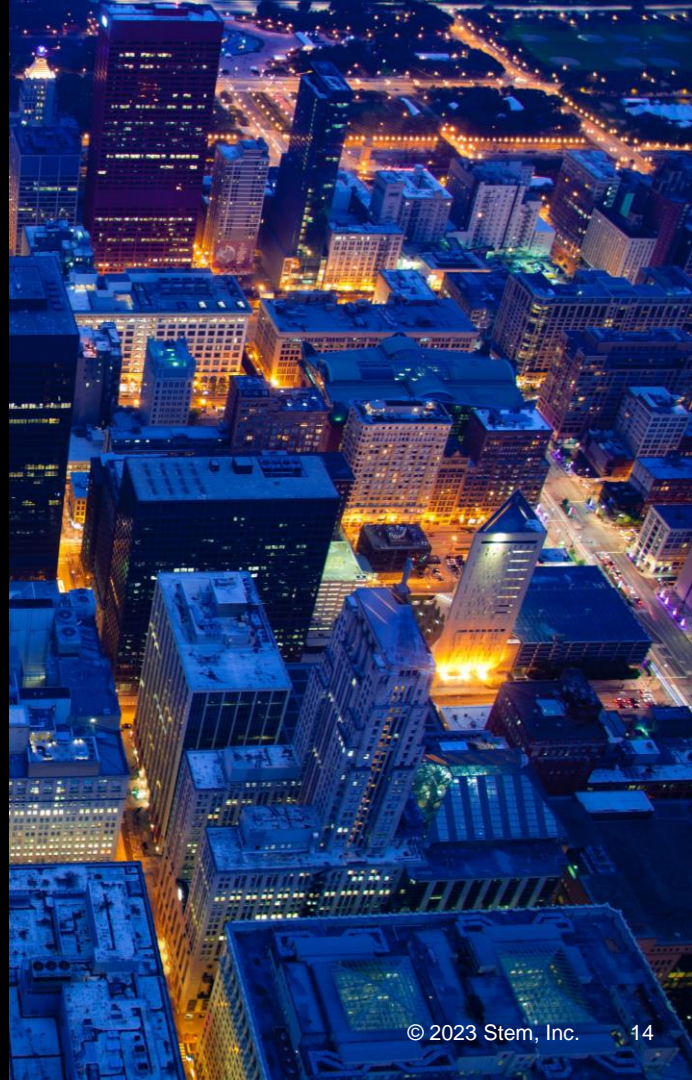
	2023E:	Q1'23A	Q2'23E	Q3'23E	Q4'23E
Revenue	\$550M - \$650M	\$67M	15%	30%	45%
	15–20% Non-GAAP Gross Margin	19%	% of annual revenue		
Bookings	\$1.4B - \$1.6B	\$364M	20%	25%	30%
			% of annual bookings		
Adj. EBITDA	2023E: (\$35) – (\$5)M				
CARR				Year-End 2023E: \$80 – \$90M	

Key Takeaways

Reaffirming full-year 2023 guidance

- Strong first quarter results:
 - Revenue above high end of guidance and non-GAAP gross margin at high end of range
 - Record contracted backlog at \$1.2B
 - Substantial and consistent CARR growth
- Building momentum for a strong year:
 - Bookings of \$364M, +141% YoY
 - Double-digit quarterly growth in software and services with large software-only deals in pipeline
 - Advancing hardware-light modular ESS offering
 - Recent eMobility bookings validate differentiated Stem software value
 - Demonstrated technology leadership with continued third-party validation

Building the leading clean energy intelligence platform



Q&A

About Stem

Stem (NYSE: STEM) is a global leader in AI-driven clean energy solutions and services.

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

Appendix

Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended March 31,	
	2023	2022
Revenue	\$67.4	\$41.1
GAAP Gross Margin	1.0	3.7
GAAP Gross Margin %	1%	9%
Non-GAAP Gross Margin	15.1	6.5
Non-GAAP Gross Margin %	19%	16%
Net Loss	(44.8)	(22.5)
Adjusted EBITDA	(13.7)	(12.8)
Operating metrics		
Bookings	363.5	150.8
Contracted Backlog	1,242.6	565.1
Contracted Storage AUM (GWh)	3.5	2.1
Solar Monitoring AUM (GW)	25.6	32.4
CARR	71.5	51.5

See slide 20 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

Supplemental Revenue Detail

\$ millions unless otherwise noted

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Solar Hardware Revenue	\$6.9	\$4.8
Solar Services and Other Revenue	8.0	4.8
Total Solar Revenue	14.9	9.6

\$ millions unless otherwise noted

	Three Months Ended				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Solar Software Services Revenue	\$ 3.9	\$5.8	\$6.1	\$6.4	\$6.9
Storage Software Services Revenue	5.1	5.3	5.2	5.4	6.6
Project Services Revenue	1.0	1.5	2.4	4.1	1.2
Total	\$10.0	\$12.6	\$13.7	\$15.9	\$14.7

Reconciliation of GAAP and Non-GAAP Gross Margin

<i>\$ millions unless otherwise noted</i>	Three Months Ended March 31,	
	2023	2022
Revenue	\$67.4	\$41.1
Cost of Revenue	(66.4)	(37.4)
GAAP Gross Margin	1.0	3.7
GAAP Gross Margin (%)	1%	9%
Adjustments to Gross Margin		
GAAP Revenue	\$67.4	\$41.1
Add: Revenue Constraint	10.2	--
Subtotal	77.6	41.1
Less: Cost of Revenue	(66.4)	(37.4)
Add: Amortization of Capitalized Software	3.0	2.0
Add: Impairments	0.9	0.8
Non-GAAP Gross Margin	15.1	6.5
Non-GAAP Gross Margin (%)	19%	16%

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

Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended March 31,	
	2023	2022
Net loss	\$(44,778)	\$(22,483)
Adjusted to exclude the following:		
Depreciation and amortization	11,958	8,896
Interest expense	1,777	3,218
Stock-based compensation	7,202	6,265
Revenue constraint	10,200	---
Transaction costs in connection with business combination	---	6,068
Litigation settlement	---	400
Provision for income taxes	(91)	(15,213)
Adjusted EBITDA	\$(13,732)	\$(12,849)

Contracted Storage Assets Under Management (AUM)

From time to time, following execution of customer contracts, we may adjust the total kWh of energy storage systems based on revisions to the system configuration or as a result of changes in hardware specifications due to updates from the original equipment manufacturer.

The table below represents the current value of Contracted Storage AUM (in GWh) for the prior five quarters.

<i>In GWh</i>	Three Months Ended				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Contracted Storage AUM					
As reported, at period end	1.8	2.1	2.4	2.5	3.5
Revised, current	2.1	2.4	2.7	3.1	3.5

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">• Customer contracts are typically executed 6-24 months ahead of installation• Booking amount typically includes:<ol style="list-style-type: none">1) Hardware revenue, which is typically recognized at delivery of system to customer2) Software revenue, which represents total nominal software contract value recognized ratably over the contract period• Market participation revenue is excluded from booking value
Contracted Annual Recurring Revenue ("CARR")	<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">• Backlog increases as new contracts are executed (bookings)• Backlog decreases as integrated storage systems are delivered and recognized as revenue
Contracted Assets Under Management ("AUM")	<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">• Total Hardware Revenues = Total Deliveries (kWh) x Project Hardware ASP (\$/kWh)• ASP / margin based on value added services including hardware selection, project design and interconnection / permitting advisory and warranty design and compliance
Software Revenue	<p>Recurring SaaS payment driven by storage assets under management (AUM)</p> <ul style="list-style-type: none">• Total Software (Recurring) Revenues = Total AUM (kWh) x Software subscription (\$/kWh/month)• SaaS contracts range up to 20 years comprising recurring monthly payments
Market Participation Revenue	<p>Revenues from monetization of energy storage capacity into energy markets and VPPs secured by contracts ranging up to 20 years</p> <ul style="list-style-type: none">• Total Software (Variable) Revenues = Total AUM (kWh) x Stem's Market Participation Revenues (\$/kWh)
Project Services	<ul style="list-style-type: none">• Professional services and revenue tied to Development Company investments



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