



stem

November 2, 2023

Q3 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 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

- Third Quarter 2023 Highlights
- Technology & Product
- Commercial Execution
- Financial and Operating Results
- Key Takeaways



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

Bookings
\$676M

+203% YoY

Contracted
Backlog

\$1.84B

+125% YoY

Contracted Annual
Recurring Revenue

\$88M

+43% YoY

Adjusted
EBITDA

\$(0.9)M

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

 | PowerBidder™ Pro
powered 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

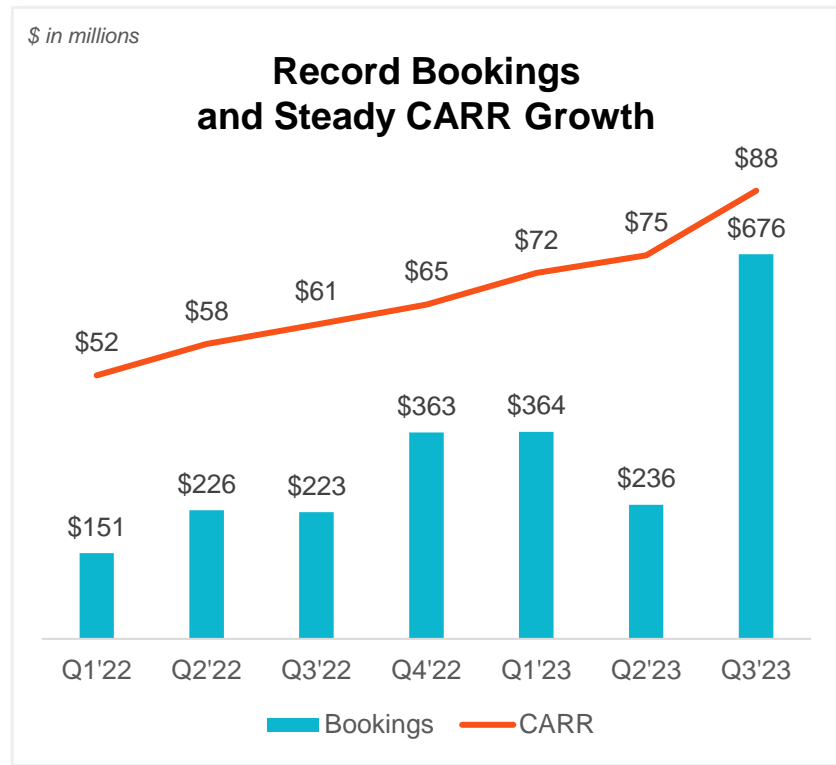
- Strength in FTM storage, driven by muni / co-op segment
- Solar backlog +41% YoY
- Consistent strong contracted margins demonstrate differentiation

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

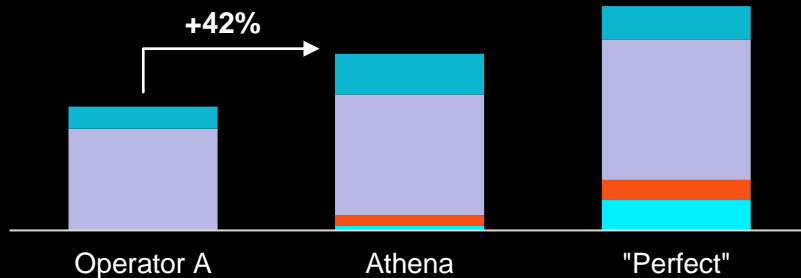


Technology Leadership

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

Expanded software-only offering: PowerBidder Pro

Full-featured energy trading toolkit for asset owners and traders

Existing offering



Managed Services

Stem manages:

- Wholesale market participation
- Optimal risk-adjusted returns
- Automated execution and settlements

PowerBidder

New offering

athena
powered by **stem** | PowerBidder™ Pro

Self-Service Platform

Client actively controls:

- Bespoke trading strategies
- Tailored risk management tools
- Market forecasts

PowerBidder Pro



Traders

Asset Owners

Offtakers

Strong initial customer interest, multiple GWh potential

Stem + SB Energy Global

Software & services 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

 SB Energy



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⁽¹⁾
- 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+

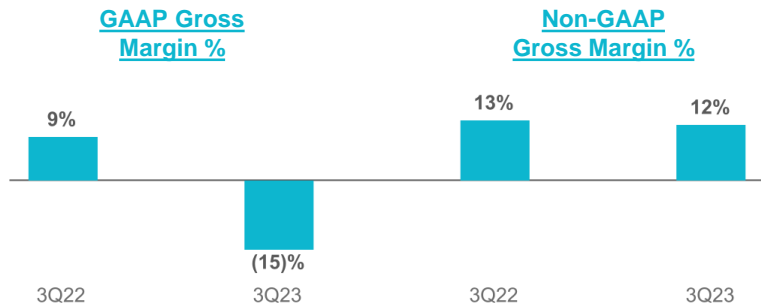
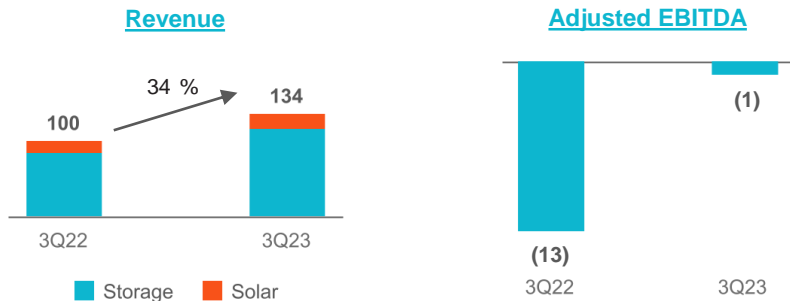
Multi-GWh expected to be delivered 2024 - 2027

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.

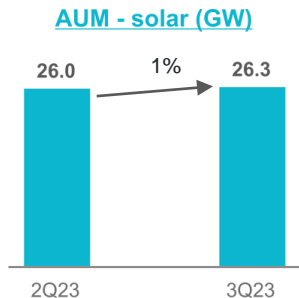
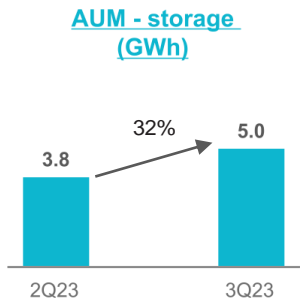
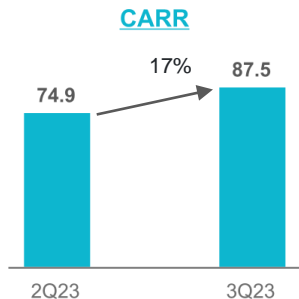
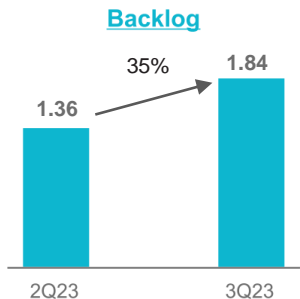
Q3 Highlights

- 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 midpoint full-year guidance of \$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

Full-Year 2023 Guidance

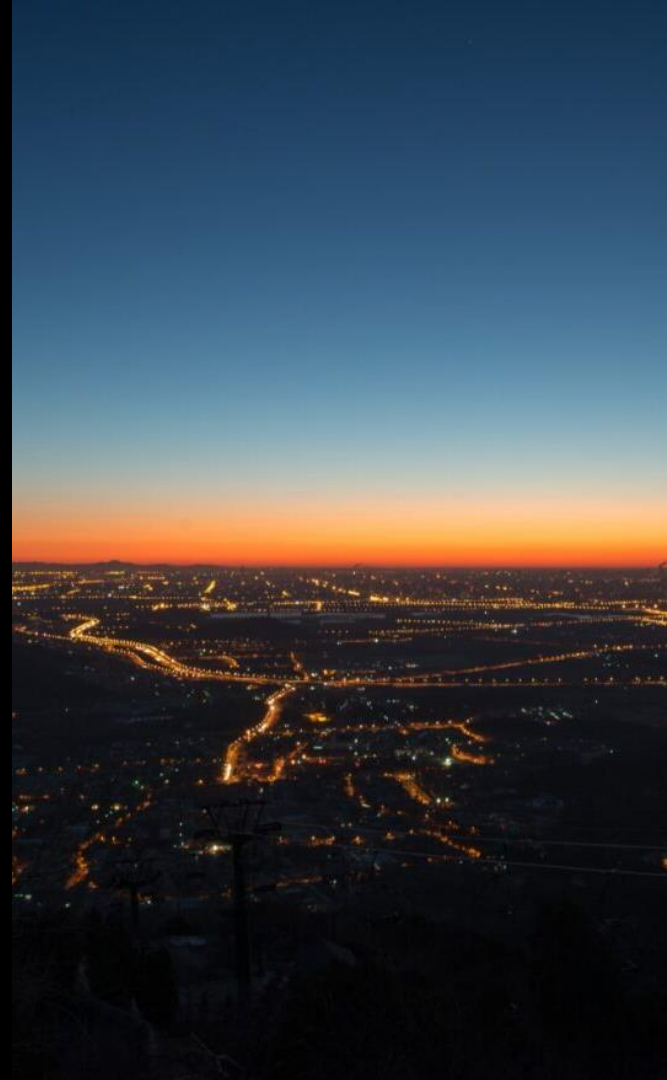
	2023E:	Q1'23A	Q2'23A	Q3'23A	Q4'23E
Revenue ⁽¹⁾	\$513M - \$613M <i>Prior: \$550M - \$650M</i>	\$67M	\$93M	\$134M	\$219M - \$319M <i>Prior: \$230M - \$290M</i>
	15-20% Non-GAAP Gross Margin	19%	18%	12%	
Bookings	\$1.4B - \$1.6B	\$364M	\$236M	\$676M	\$125M - \$325M
Adj. EBITDA ⁽¹⁾	2023E: (\$25)M - (\$15)M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



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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue ⁽¹⁾	\$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) ^{(2)**}	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.

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
Total Solar Revenue	\$19.5	\$16.6	\$53.0	\$40.3

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
Total Services Revenue	\$16.6	\$13.7	\$47.6	\$36.2

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%
Adjustments to Gross Profit and Margin				
GAAP Revenue	\$133.7	\$99.5	\$294.1	\$207.5
Add: Revenue Constraint ⁽¹⁾	--	--	10.2	--
Add: Revenue Reduction ⁽²⁾	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 in the earnings press release
 (2) Refer to the discussion of reduction in revenue in "Definitions of Non-GAAP Financial Measures" in 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 ⁽¹⁾	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 ⁽²⁾	--	--	10,200	--
Revenue reduction ⁽³⁾	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 ⁽⁴⁾	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.

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

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