



**stem**

May 2, 2024

**Q1 2024**

**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 expectations around future estimates of variable consideration in connection with guarantees of certain customer contracts, and the resulting effects on revenue; our ability to secure sufficient and timely inventory from our 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; our ability to manage our supply chains and distribution channels; 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 our future results of operations, including adjusted EBITDA and the other metrics presented herein. 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, 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 conflicts in Ukraine and the Gaza Strip and nearby areas; 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; 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 statements 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

- First Quarter 2024 Results
- Product Announcement
- Guiding Principles
- Financial and Operating Results
- Key Takeaways



# First Quarter 2024 Results & Highlights

Driving free cash flow generation and reducing working capital intensity

## Q1 Results\*

Revenue

**\$25M**

(62%) YoY

Contracted Annual  
Recurring Revenue

**\$89M**

(2%) QoQ / +25% YoY

GAAP/Non-GAAP

Gross Margin

**(95%) / 24%**

Bookings

**\$24M**

(93%) YoY

Adjusted EBITDA

**(\$12.2)M**

+\$2M YoY

Operating Cash  
Flow

**\$(0.6)M**

+\$35M YoY

## Q1 Highlights



Non-GAAP gross margin of 24%;  
Near break-even Operating Cash  
Flow of \$(0.6) million



Improved outlook for CARR-to-ARR  
conversion (+42% since Jan. 2024)



Athena® PowerBidder Pro contract with  
two Community Choice Aggregators



Launched PowerTrack Asset  
Performance Management suite with  
positive customer feedback

**Increased confidence in >\$50M of operating cash flow in 2024 with no equity issuance**

# PowerTrack™ Asset Performance Management Suite

Maximizing performance of clean energy portfolios for asset owners and operators

## Benefits for Customers

### User-centric scalability

**Automated workflows** to drive operational efficiency  
Tools for **transparency and collaboration** across users  
Unified space for **commercial and technical** information

### Multi-asset support

**One suite** for solar, storage, and hybrid assets  
Support for **gigawatt-scale assets and portfolios**  
**Data and KPI** standardization across OEMs & asset classes

### Extendible suite

**Wide range of compatibility** with 3rd party data acquisition and energy management systems  
**Seamless integration** with Stem EMS & PowerBidder™ Pro

## Benefits for stem

### New Software Offering

Drives additional **high margin software revenue**  
**Expands** addressable market (no Stem hardware required)  
Allows for **brownfield overlays** on existing assets



# 2024 Guiding Principles: Continued Progress

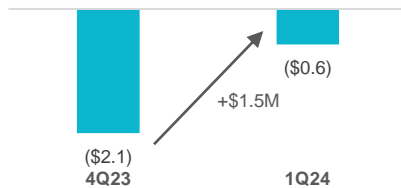
Grow free cash flow by leveraging our software leadership

## Focus on Cash Flow Generation



Operating cash flow +\$1.5M QoQ  
 Significant reduction in working capital intensity

### Operating Cash Flow



## Build Software Services Revenue

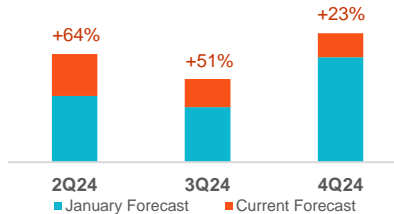


Solar / storage software revenue  
 +4% / +6% QoQ

Improved outlook for CARR-to-ARR conversion

### Storage ARR Activation

+42% through YE24 since Jan 2024



## Extend Technology Leadership Position

PowerBidder™ Pro | PowerTrack™ APM | **athena** powered by

PowerBidder Pro launch in 3Q23  
 PowerTrack APM launch in 2Q24

### PowerTrack APM User Interface



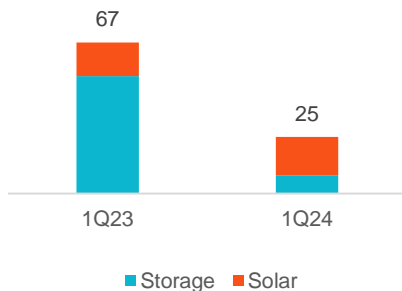
# Financial and Operating Results

# 1Q24 Financial Metrics

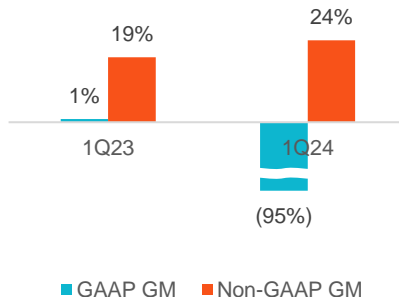
## Revenue, GM, Adj. EBITDA, & Operating Cash Flow

\$ millions unless otherwise noted

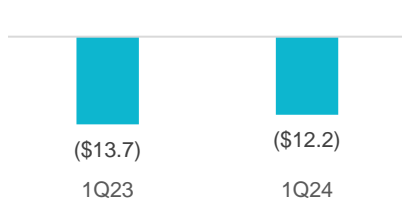
### Revenue\*



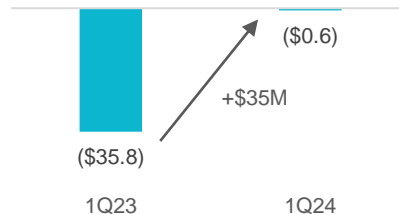
### GAAP & Non-GAAP Gross Margin %\*



### Adjusted EBITDA\*



### Operating Cash Flow



## Revenue, Gross Margin, Adj. EBITDA, & Operating Cash Flow

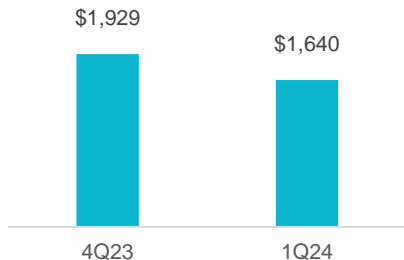
- Consolidated revenue down 62% YoY due to \$33M adjustment to revenue and increased seasonality of revenue
- Solar revenue +16% YoY
- GAAP gross margin down due to revenue adjustment
- 24% Non-GAAP gross margin +500 bps YoY, driven by more favorable services mix
- Operating cash flow up ~\$2M QoQ, continued working capital management

# 1Q24 Operating Metrics

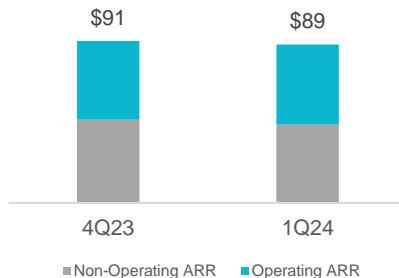
## CARR, Backlog, and AUM

\$ millions unless otherwise noted

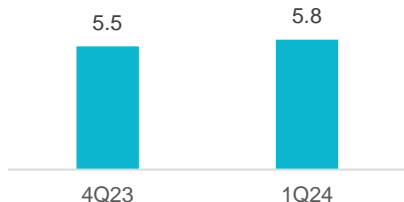
### Backlog



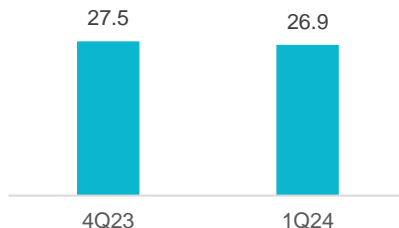
### CARR



### AUM – Storage (GWh)



### AUM – Solar (GWh)



## CARR, Backlog and AUM Growth

- CARR +25% YoY, focused on ARR conversion
- CARR and Backlog down QoQ due to backlog profitability review
- Storage AUM +5% QoQ and +66% YoY, strong demand, including software-only deals
- Solar AUM +5% YoY
  - Down QoQ due to review of lower-margin contracts

# Revising 2024 Guidance

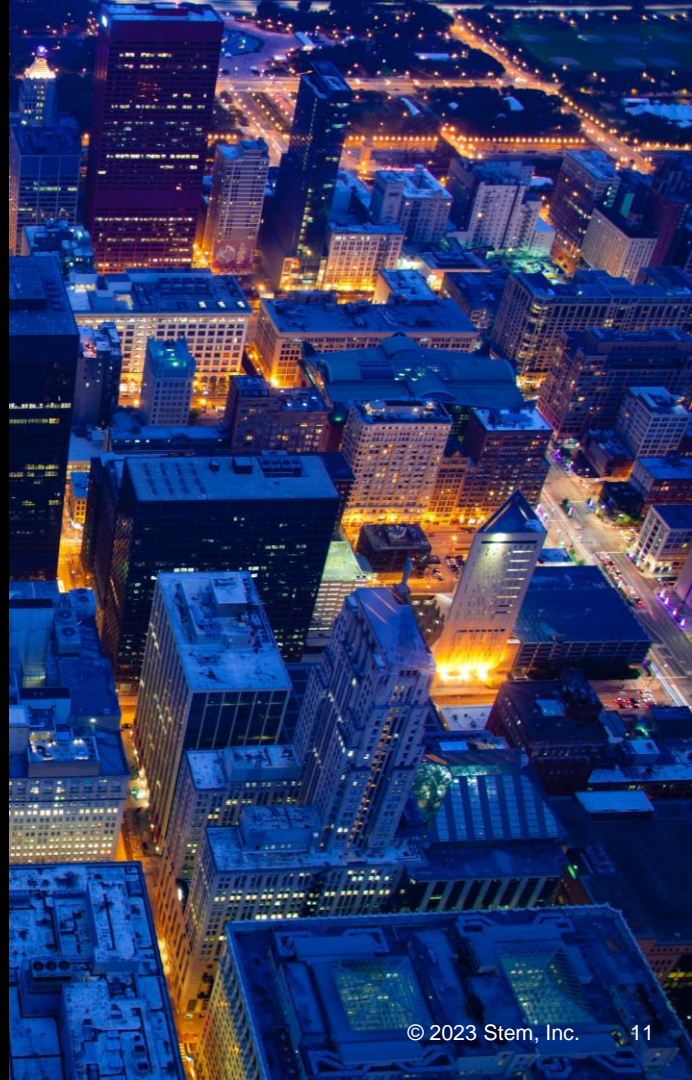
	2024E:	1Q24A	2Q24E	3Q24E	4Q24E
Revenue <sup>(1)</sup>	<b>\$567M - \$667M</b> → <i>Prior: \$600M-\$700M</i> 15–20% Non-GAAP Gross Margin	<b>\$25M</b> 24%	<b>10%</b>	<b>32%</b>	<b>54%</b>
			% of annual revenue		
Bookings	2024E: <b>\$1.5B - \$2.0B</b>				
CARR	2024E: <b>\$115M - \$130M</b>				
Adjusted EBITDA			2024E: <b>\$5M - \$20M</b>		
Operating Cash Flow			2024E: <b>&gt;\$50M</b>		

# Key Takeaways

## Strengthening the balance sheet for success

- Focus on Cash Flow Generation
  - Near break-even Operating Cash Flow performance in Q1
  - Taking action to accelerate conversion of accounts receivable to cash
- Build software services revenue
  - Storage activation forecast improvement of +42% since January 2024 driven by operational rigor focused on faster conversion of CARR to ARR
  - Strong customer uptake of recently released software-only offerings
- Extend technology leadership position
  - Introduced PowerTrack Asset Performance Management suite
  - India COE enhancing productivity across software development teams

**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](http://www.stem.com)

# Appendix

# Financial and Operating Metrics

\$ millions unless otherwise noted

	Three Months Ended March 31,	
	2024	2023
<i>Key Financial Results<sup>(1)</sup></i>		
Revenue	\$25.5	\$67.4
GAAP gross (loss) profit	(24.2)	1.0
GAAP gross margin %	(95)%	1%
Non-GAAP gross profit*	13.8	15.1
Non-GAAP gross margin %*	24%	19%
Net Loss	(72.3)	(44.8)
Adjusted EBITDA*	(12.2)	(13.7)
<i>Operating metrics</i>		
Bookings	23.8	363.5
Contracted Backlog**	1,639.6	1,242.6
Contracted Storage AUM (GWh)**	5.8	3.5
Solar Monitoring AUM (GW)**	26.9	25.6
CARR**	89.3	71.5

See later slides in Appendix 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 \$33 million reduction in revenue.

\*Non-GAAP financial measures. Adjusted EBITDA and non-GAAP gross profit and margin have been adjusted to exclude the impact of the \$33 million reduction in revenue.

\*\* At period end.

# Supplemental Revenue Detail

*\$ millions unless otherwise noted*

	Three Months Ended March 31,	
	2024	2023
Solar Hardware Revenue	\$8.0	\$6.9
Solar Services and Other Revenue	9.2	8.0
Total Solar Revenue	17.2	14.9

*\$ millions unless otherwise noted*

	Three Months Ended March 31,	
	2024	2023
Solar Software Services Revenue	\$7.8	\$6.9
Storage Software Services Revenue	5.6	6.6
Project Services Revenue	1.4	1.2
<b>Total</b>	<b>\$14.8</b>	<b>\$14.7</b>

# Reconciliation of GAAP and Non-GAAP Gross Margin

<i>\$ millions unless otherwise noted</i>	Three Months Ended March 31,	
	2024	2023
Revenue	\$25.5	\$67.4
Cost of revenue	(49.7)	(66.4)
GAAP gross (loss) profit	(24.2)	1.0
GAAP gross margin (%)	(95)%	1%
<b>Non-GAAP Gross Profit</b>		
GAAP Revenue	\$25.5	\$67.4
Add: Revenue constraint <sup>(1)</sup>	--	10.2
Add: Revenue reduction, net <sup>(2)</sup>	33.1	--
Subtotal	58.6	77.6
Less: Cost of revenue	(49.7)	(66.4)
Add: Amortization of capitalized software & developed technology	3.9	3.0
Add: Impairments	--	0.9
Add: Excess supplier costs <sup>(3)</sup>	1.0	
Non-GAAP gross profit	13.8	15.1
Non-GAAP gross margin (%)	24%	19%

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 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 2024 GAAP financial results.

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

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

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

# Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands unless otherwise noted

	Three Months Ended March 31,	
	2024	2023
Net loss	\$(72,307)	\$(44,778)
Adjusted to exclude the following:		
Depreciation and amortization <sup>(1)</sup>	11,154	11,958
Interest expense, net	4,707	1,777
Stock-based compensation	8,374	7,202
Revenue constraint <sup>(2)</sup>	--	10,200
Revenue reduction, net <sup>(3)</sup>	33,128	
Excess supplier costs <sup>(4)</sup>	1,012	
Provision for (benefit from) income taxes	153	(91)
Other expenses <sup>(5)</sup>	1,540	--
Adjusted EBITDA	\$(12,239)	\$(13,732)

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 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) Refer to the discussion of excess supplier costs in "Definitions of Non-GAAP Financial Measures" in the earnings press release.

(5) Adjusted EBITDA for the three months ended March 31, 2024 reflects the exclusion of other expenses of \$1.5 million. For the three months ended March 31, 2024, other expenses are comprised of \$0.4 million of other non-recurring expenses, and \$1.1 million of 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.

# Reconciliation of GAAP Operating Expense to Cash Operating Expense

*\$ millions unless otherwise noted*

	Three Months Ended March 31,	
	2024	2023
GAAP Operating Expense	\$43.8	\$43.6
Less: Non-cash adjustments		
Depreciation and Amortization	(4.0)	(4.5)
Stock Compensation	(8.4)	(7.2)
Other adjustments	1.0	(0.6)
Cash Operating Expense	\$32.4	\$31.3
Revenue	\$25.5*	\$67.4
Cash Operating Expense as % of Revenue	127%	46%

# 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>1. Hardware revenue, which is typically recognized at delivery of system to customer,</li><li>2. 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>

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 a precise, repeating pattern across the entire frame.

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