

The logo for Stem, consisting of the word "stem" in a white, lowercase, sans-serif font. The background of the entire slide is a photograph of a solar farm at dusk or dawn, with solar panels in the foreground and utility buildings in the distance under a blue sky with soft clouds. A decorative graphic of white, wavy lines is overlaid on the bottom half of the image.

stem

October 30, 2024

Q3 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 and strategy; our expectations regarding future estimates of variable consideration in connection with guarantees of certain customer contracts, and the resulting effects on revenue and net income; our ability to secure sufficient and timely inventory from our suppliers; our ability to meet contracted customer demand; our ability to manage manufacturing or delivery delays; 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 armed conflicts between Russia and Ukraine and in the Gaza Strip and nearby areas; the expected benefits of the Inflation Reduction Act of 2022 on our business; and our future results of operations, including revenue, 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 execute on, and achieve the expected benefits from, our operational and strategic initiatives; our inability to successfully execute on our new software and services-centric strategy; 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 instability in financial institutions; the direct and indirect effects of widespread health emergencies on our workforce, operations, financial results and cash flows; geopolitical instability, such as the armed conflicts between Russia and Ukraine and in 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 execute on our ongoing management transition and 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; our inability to regain and maintain compliance with New York Stock Exchange listing 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. 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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

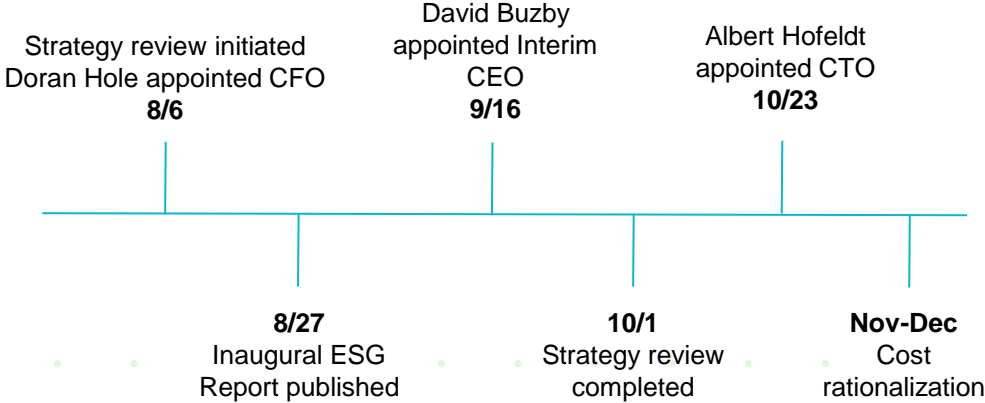
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Agenda

- Strategy Review
- Third Quarter 2024 Results
- FY2024 Guidance
- Key Takeaways



The last few months were transformational for Stem



A refined strategy to drive sustainable profitability and scalable expansion



Refining our go-to-market strategy centered around software and services versus hardware resale



Expanding and emphasizing consultative energy services as a competitive differentiator



Enhancing commitment to software innovation and improving edge device capabilities

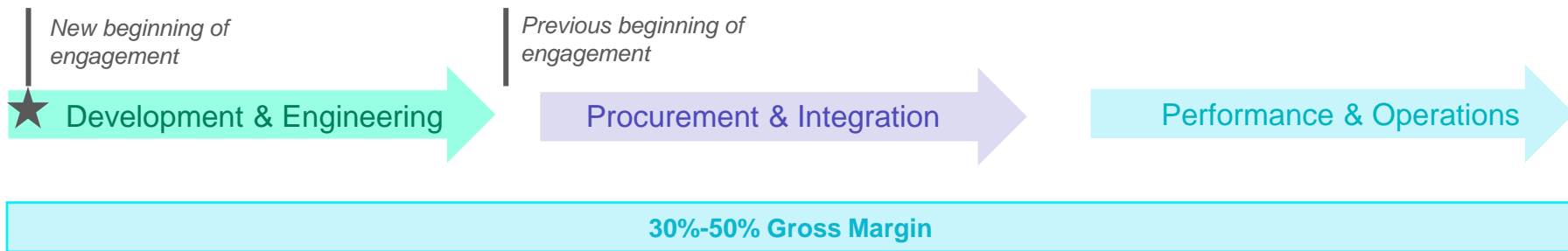


Updating approach to battery hardware focused on procurement advisory; hardware reselling on a limited basis where it satisfies strictly defined terms and cash flow thresholds

Driving more predictable and recurring software and services revenue

Energy Services: adding value at each step

A trusted strategic partner throughout the entire energy project lifecycle



From Service clients to Software customers

Deep service-based relationships provide opportunities to upsell Stem software and associated edge devices

Edge Hardware



30-40% GM

Software

PowerCore™ EMS

PowerBidder™ Pro

PowerTrack™ APM

powered by
athena

70-80% GM

Offering differentiated services to customers

Uniquely positioned to provide value-added services to customers throughout the lifecycle of a project and across their portfolios



Market Experience

- Clean energy subject matter experts
- ~37 million Athena runtime hours



- Smarter initial designs
- More efficiently managed systems



Technical Expertise

- Vetted and worked with every major solar and storage OEM
- Hardware agnostic



- Minimize cost and risk
- Maximize flexibility



Software Capabilities

- In-house development
- Specialized tools



- Data-driven insights
- Efficiencies
- Scalable deliverables

We are not entering energy services for the first time

Example engagements highlight diversity of energy service customers and offerings

Customer	Long-Term Asset Owner	Distributed Generation Storage Developer	Family-owned Storage Developer	Utility-scale Storage Developer (10 GW total AUM)
Deployment	Potential energy storage addition to 240 MW PV site	Two 40 MWh energy storage systems	100 MWh energy storage system	200 MWh energy storage system
Stem Service	Feasibility & Preliminary Design	Revenue Modeling & Market Advisory	Interconnection Support	Performance Engineering & Reporting

Our Software Offerings Enhance Customer Value

Driving better technical & commercial performance across clean energy assets

powered by
athena

PowerBidder™ Pro



Purpose

**Wholesale Power Market
Forecasting & Bid Optimization**

Key Features

AI-driven price forecasting
Automated bid optimization
Control over strategy & performance

Key Benefits

Confidence – high-accuracy forecasts
Control – you define the strategies
Scalability – automate processes

PowerTrack™ APM

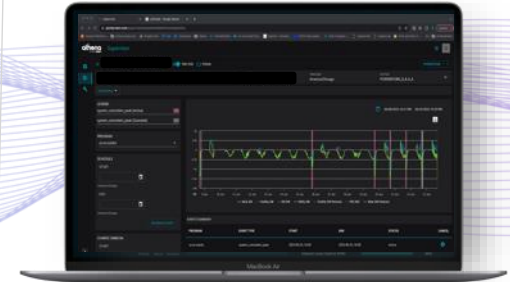


Asset Performance Management

Technical and financial monitoring
From device level to portfolio level
Intuitive and user-centric workflows

Faster action with better collaboration
Productivity – automation and insights
Confidence – single source of truth

PowerCore™ EMS



Energy Management System

Technical monitoring and control
Edge-to-cloud data flow
Designed for ESS and hybrid assets

Reliability - maximize uptime
Flexibility - modular and agnostic
Transparency - performance insights

A new approach to energy storage hardware

Emphasizing procurement advisory services in go-to-market strategy



Procurement Advisory Services

Use our depth of OEM knowledge to advise customers on hardware selection



Strict Terms

Selectively pursue opportunities for hardware resale when they satisfy strictly defined terms and cash flow thresholds



Honor our commitments

Work through our identified backlog of hardware opportunities that meet our strictly defined terms

Financial and Operating Results

Third Quarter 2024 Results & Updates

The last few months were transformational for Stem

Q3 Results*

Revenue

\$29M

(78%) YoY

Contracted Annual
Recurring Revenue

\$92M

2% QoQ / +5% YoY

GAAP/Non-GAAP

Gross Margin

21% / 46%

+36 p.p. / +34 p.p. YoY

Bookings

\$29M

(96%) YoY

Adjusted EBITDA

(\$3.5)M

(\$3)M YoY

Operating Cash

Flow

\$(9.4)M

(\$5)M YoY

Q3 Updates



Strategy review complete, focused on software and services



Successful first PowerBidder™ Pro deployment with Mercuria



Record edge device shipments
Increased ARR by over \$3M; software revenue +19% YoY / +10% QoQ



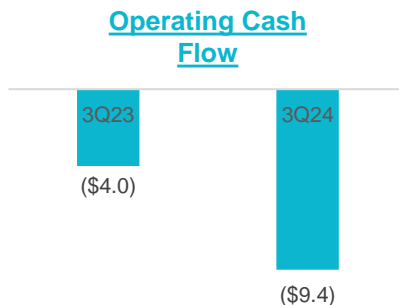
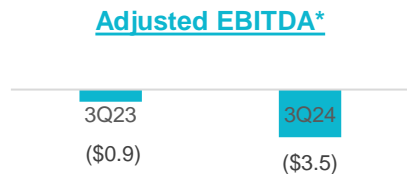
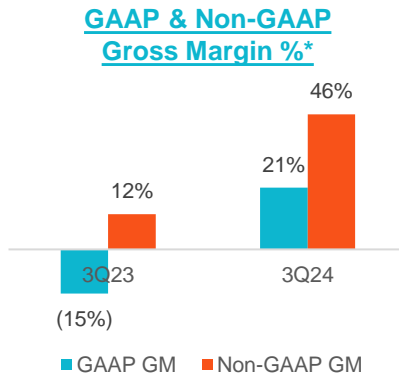
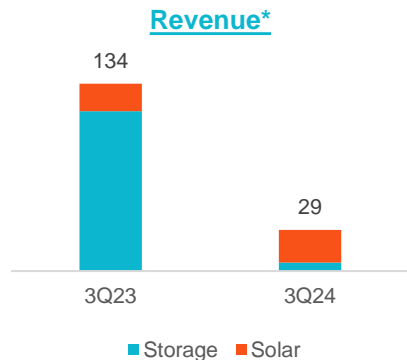
Revising FY24 guidance

Refined strategy expected to drive more predictable, recurring revenue

3Q24 Financial Metrics

Revenue, GM, Adj. EBITDA, and Operating Cash Flow

\$ millions unless otherwise noted



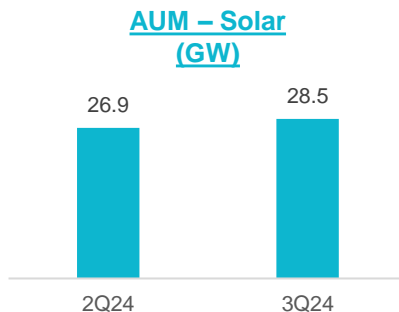
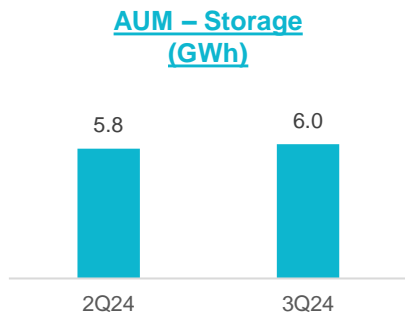
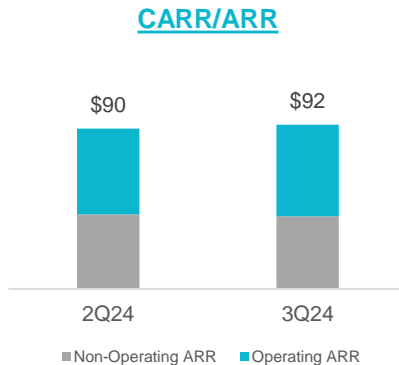
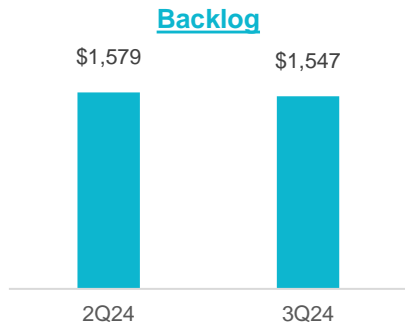
Revenue, Gross Margin, Adj. EBITDA, and Operating Cash Flow

- Consolidated revenue down 78% YoY due to lower storage hardware resale revenue
- Solar revenue remains strong, up 19% YoY
- Record services revenue, +33% YoY
- GAAP and non-GAAP gross margin up due to increased software revenue and reduced hardware revenue
- Lower EBITDA and cash flow driven by lower gross profit dollars

3Q24 Operating Metrics

CARR, Backlog, and AUM

\$ millions unless otherwise noted



CARR, Backlog, and AUM Growth

- Backlog down slightly QoQ due to low bookings
- Operating ARR +7% QoQ, driven by storage activations and steady solar growth
- Storage AUM increased +3% QoQ, +20% YoY
- Solar AUM +6% QoQ, +8% YoY

Revising 2024 Guidance

	2024E:	1Q24A	2Q24A	3Q24A	4Q24E
Revenue⁽¹⁾	\$135M - \$155M → <i>Prior: \$200M-\$270M</i> 32-36% Non-GAAP Gross Margin <i>Prior: 25-30%</i>	\$25M 24%	\$34M 40%	\$29 46%	\$45M- \$65M <i>Prior: \$110M- \$160M</i>
Bookings	2024E: \$100M - \$500M <i>Prior: \$0.6B-\$1.1B</i>				
Adjusted EBITDA				2024E: (\$45)M - (\$30)M <i>Prior: (\$30)M-(\$20)M</i>	
CARR	2024E: \$90M - \$100M <i>Prior: \$100M-\$110M</i>				
Operating Cash Flow				2024E: (\$30)M - \$0M <i>Prior: >\$15M</i>	

Future financial profile of Stem

Lower revenue base
More predictable revenue
Much more attractive margin profile

Lower bookings
Lower hardware revenue

Operating expense reductions to support refined strategy

Cost savings expected to reduce run-rate cash OpEx in 2025 by ~15%

Utilizing the right metrics for software and services-centric business

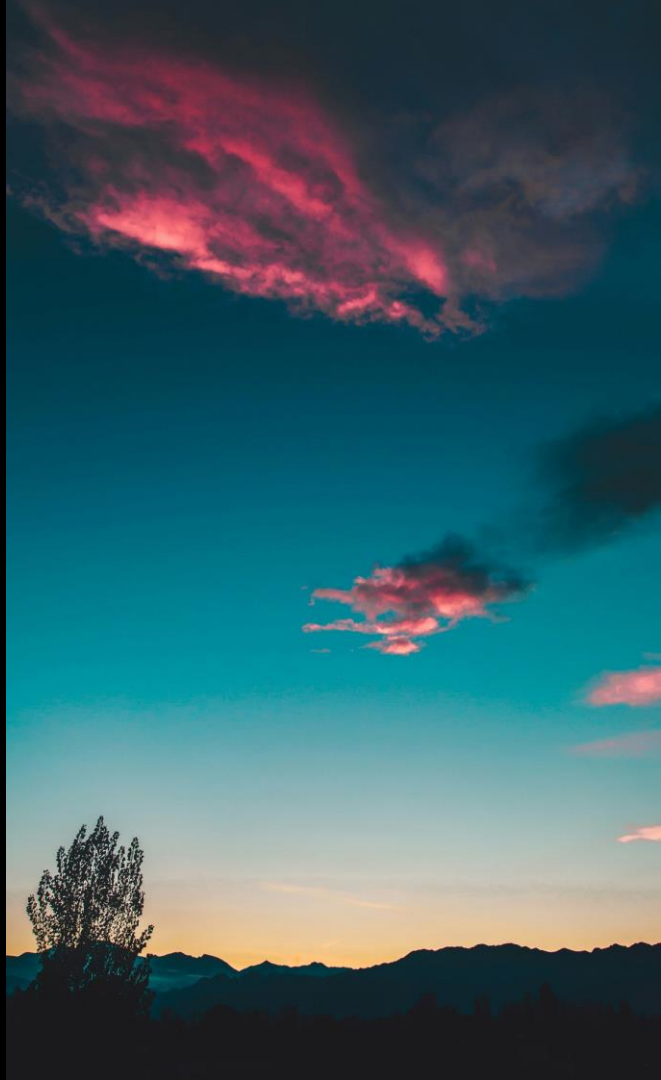
Evaluating changes in reporting and guidance metrics

Key Takeaways

Refined strategy expected to drive more predictable, recurring revenue

- The Strategy Review process is complete
 - We will continue to identify ways to optimize and maximize the value of the business
- Commercial focus on Software and Services expected to drive more predictable, recurring, high-margin revenue
- Continued investment in software and technology platform expected to drive differentiation and growth
- Consultative Energy Services will make Stem a critical partner in all stages of development and asset operations, and further enable Software sales
- Hardware “procurement as a service”; only direct if it meets strict financial criteria

Building the leading clean energy intelligence platform



Q&A

About Stem

Stem (NYSE: STEM) is a global leader in AI-enabled software and services that enable its customers to plan, deploy, and operate clean energy assets.

Stem (NYSE: STEM) is a global leader in AI-enabled software and services that enable its customers to plan, deploy, and operate clean energy assets. The company offers a complete set of solutions that transform how solar and energy storage projects are developed, built, and operated, including an integrated suite of software and edge products, and full lifecycle services from a team of leading experts. More than 16,000 global customers rely on Stem to maximize the value of their clean energy projects and portfolios.

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

Appendix

Financial and Operating Metrics

\$ millions unless otherwise noted

Three Months Ended September 30,

2024

2023

Key Financial Results⁽¹⁾

Revenue	\$29.3	\$133.7
GAAP gross (loss) profit	6.2	(20.3)
GAAP gross margin %	21%	(15%)
Non-GAAP gross profit*	16.2	21.4
Non-GAAP gross margin %*	46%	12%
Net Loss	(148.3)	(77.1)
Adjusted EBITDA*	(3.5)	(0.9)

Operating metrics

Bookings	\$29.1	\$676.4
Contracted Backlog**	\$1,547.4	\$1,836.6
Contracted Storage AUM (GWh)**	6.0	5.0
Solar Monitoring AUM (GW)**	28.5	26.3
CARR**	\$92.3	\$87.5



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 \$5.6 million reduction in revenue in 3Q 2024 and a \$37.4 million reduction in revenue in 3Q 2023..

*Non-GAAP financial measures. See later slides in Appendix for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

** At period end.

Supplemental Revenue Detail

\$ millions unless otherwise noted

	Three Months Ended September 30,	
	2024	2023
Solar Hardware Revenue	\$13.2	\$11.0
Solar Services and Other Revenue	10.0	8.5
Total Solar Revenue	\$23.2	\$19.5

\$ millions unless otherwise noted

	Three Months Ended September 30,	
	2024	2023
Solar Software Services Revenue	\$8.5	\$7.2
Storage Software Services Revenue	6.8	5.5
Project Services Revenue	6.8	3.9
Total	\$22.1	\$16.6

Reconciliation of GAAP and Non-GAAP Gross Margin

<i>\$ millions unless otherwise noted</i>	Three Months Ended September 30,	
	2024	2023
Revenue	\$29.3	\$133.7
Cost of revenue	(23.1)	(154.0)
GAAP gross (loss) profit	6.2	(20.3)
GAAP gross margin (%)	21%	(15%)
Non-GAAP Gross Profit		
GAAP Revenue	\$29.3	\$133.7
Add: Revenue reduction, net ⁽¹⁾	5.6	37.4
Subtotal	34.9	171.1
Less: Cost of revenue	(23.1)	(154.0)
Add: Amortization of capitalized software & developed technology	4.1	3.5
Add: Impairments	0.3	0.8
Non-GAAP gross profit	16.2	21.4
Non-GAAP gross margin (%)	46%	12%

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 reduction in revenue 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 September 30,	
	2024	2023
Net loss	\$(148,300)	\$(77,072)
Adjusted to exclude the following:		
Depreciation and amortization ⁽¹⁾	11,516	11,531
Interest expense, net	4,512	4,405
Gain on extinguishment of debt, net	--	--
Stock-based compensation	6,532	11,198
Revenue reduction ⁽²⁾	5,525	37,377
Change in fair value of derivative liability	--	5,155
Contract termination payment ⁽³⁾	10,000	--
Impairment and accounts receivable write off ⁽⁴⁾	104,134	
Provision for income taxes	129	(46)
Other expenses ⁽⁵⁾	2,460	6,591
Adjusted EBITDA	\$(3,492)	\$(861)

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, impairment loss of project assets, and impairment loss of right-of-use assets.

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

(3) Contract termination payment to a vendor for the delivery of hardware.

(4) Refer to the discussion of write-offs relating to parent company guarantee in the earnings press release.

(5) Adjusted EBITDA for the three months ended September 30, 2024 reflects other expenses of \$2.5 million, which is comprised of \$1.2 million for advisory services relating to strategy and \$1.3 million in connection with separation agreements for certain of the Company's former executive officers.

Reconciliation of GAAP Operating Expense to Cash Operating Expense

\$ millions unless otherwise noted

	Three Months Ended September 30,	
	2024	2023
GAAP Operating Expense ⁽¹⁾	\$150.6	\$48.0
Less: Non-cash adjustments		
Depreciation and Amortization	(3.5)	(4.2)
Stock Compensation	(6.5)	(11.2)
Other adjustments	(102.6)	(5.7)
Cash Operating Expense	\$38.0	\$26.9

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">• Customer contracts are typically executed 6-24 months ahead of installation• The Booking amount typically includes:<ol style="list-style-type: none">1. Hardware revenue, which is typically recognized at delivery of system to customer,2. Services revenue, which represents total nominal software and services contract value recognized ratably over the contract period,• Market participation revenue is excluded from booking value
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">• 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")	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">• 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
Operating Cash Flow	<ul style="list-style-type: none">• 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.
Free Cash Flow	<ul style="list-style-type: none">• Cash flow from operating activities less cash flows from investing activities.

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.

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