

The logo for Stem, consisting of the word "stem" in a lowercase, white, sans-serif font. The background of the slide is a blurred office scene with several computer monitors displaying data charts and graphs. A grid of small, glowing green dots is overlaid on the bottom half of the image.

stem

Q2 2022

Financial Results

August 4, 2022

Cautionary Statement Regarding Forward-Looking Statements

This presentation, as well as other statements we make, contain “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; the expected synergies of the combined Stem/AlsoEnergy company; our ability to successfully integrate the combined companies; our joint ventures, partnerships and other alliances; reduction of greenhouse gas (“GHG”) emissions; the integration and optimization of energy resources; our business strategies and those of our customers; the global commitment to decarbonization; 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, such as the COVID-19 pandemic and variants thereof, and government and business responses thereto; the impact of the ongoing conflict in Ukraine; our ability to meet contracted customer demand; and future results of operations, including revenue and Adjusted EBITDA. 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Agenda

- Second Quarter 2022 Highlights
- Commercial Execution
- Inflation Reduction Act
- Supply Chain Update
- Technology Innovation
- Financial and Operating Results
- Guidance Update



Second Quarter 2022 Results & Highlights

Record bookings and revenue growth driving momentum in 2022 and beyond

Continued Q2 Momentum

Record Revenue

\$67M

+246% YoY

GAAP / Non-GAAP

Gross Margin

12% / 17%

+1,300 / +800 bps YoY

Record Contracted
Backlog

\$727M

+191% YoY

Bookings

\$226M

+402% YoY

Record Pipeline

\$5.6B

+229% YoY

Contracted Annual
Recurring Revenue

\$58M

+12% QoQ

Q2 Highlights



Q2 revenue above high end of guidance range; Raising 2022 Bookings and CARR guidance*



Now offering all 13 services on “RMI wheel”; Athena GHG optimization >100% of target

AlsoEnergy

Ranked #1 again by Guidehouse; significant momentum on software integration



Continued focus on operating leverage utilizing India platform; contracted hardware requirements for remainder of 2022, contracting supply for 2023 / 2024

Market leadership driving strong execution on all key metrics; raising guidance

Solid Commercial Execution

Bookings momentum and software services pricing power drive growth and margins

- Improved unit economics and ESG initiatives driving strong end market demand
- Contracted Annual Recurring Revenue (CARR) up +12% QoQ at \$58M underscores leading software differentiation
- AlsoEnergy commercial synergies on track for 2022 bookings
- 10x YoY growth in pipeline of software-only deals
- EV offering momentum: closed multi-million dollar win with Fortune 50 customer
- Unique capabilities and technology leadership support pricing power:
 - Implemented double digit price increases on solar asset performance management in Q1'22; no material impact to churn
 - Launched professional services offering for energy storage solutions to further monetize operations and program management capabilities



Expanding Markets and Customer Diversity

Positioned to capture strong end market growth

Energy storage systems

- More than 90% of our remaining 2022 revenue plan at midpoint is not solar module dependent; driven by recurring revenue & standalone storage projects
- Deepening relationships with developer and distribution partners; >50% of bookings from repeat customers in Q2
- Monitoring solar + storage projects to ensure panel supply and project milestones

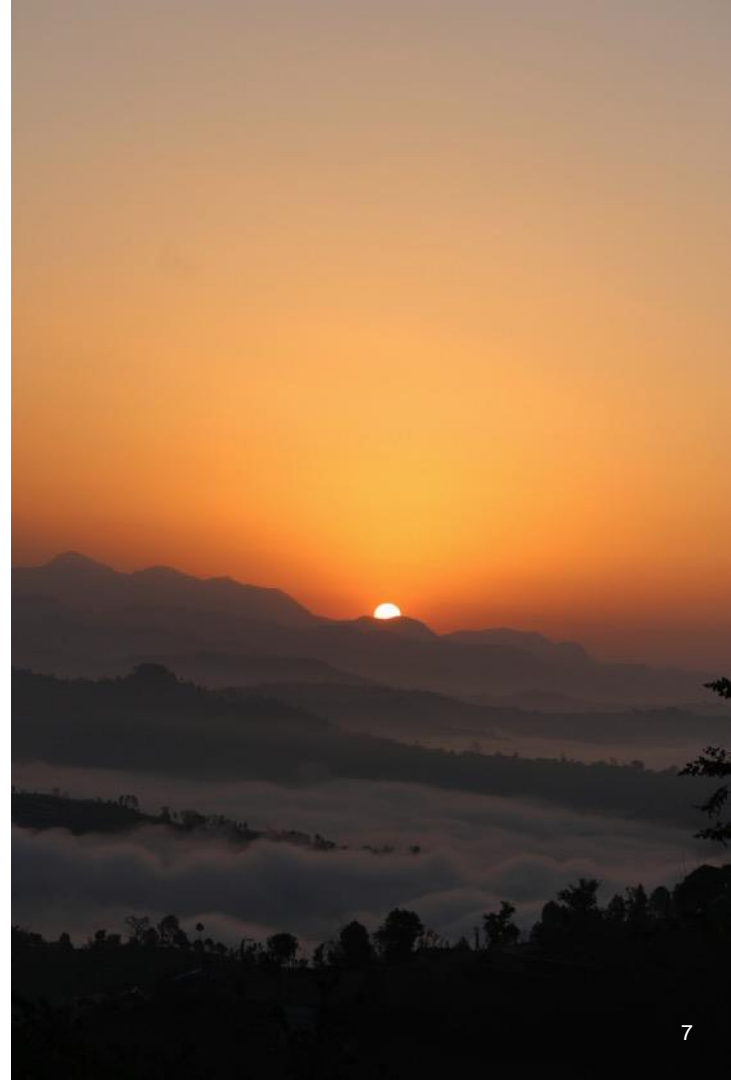
Solar asset performance management

- AD / CVD relief a positive; limited impact on C&I / BTM, but utility-scale / FTM business slower to recover
- Monitoring potential impact from Uyghur Forced Labor Prevention Act (UFLPA)
- Introduced AlsoEnergy into distribution channel in June 2022; booked first deal



Inflation Reduction Act

- The Inflation Reduction Act is a promising step forward for our country's clean energy future and we strongly support its passage
- Standalone storage investment tax credit (ITC) improves returns for customers
- Between +20-300% projected increase in total addressable market for storage based on analyses from Wood Mackenzie and BNEF, subject to final details in the legislation
- Prior estimates do not include several key factors that may provide synergistic demand for Stem offerings:
 - Extension of solar and wind tax credits
 - Tax credits, manufacturing incentives and permitting reform for electric vehicles, power infrastructure and renewable technologies
- ***Impact is not currently reflected in financial guidance***, though Stem is well positioned to capitalize on this opportunity
 - Enhances value of AlsoEnergy 32 GW of solar AUM for storage retrofit
 - Active dialogue and track record with corporate buyers, coops / munis and renewable asset managers
 - Deep relationships with strategic OEMs in the energy storage supply chain



Industry Leadership Drives Advantaged Sourcing

Global supply constraints managed through strategic OEM relationships

Energy storage systems

- Contracted 100% of full year 2022 supply, continuing to execute on 2023 / 2024 supply
- Contracted significant quantity of BTM supply for 2023 / 2024
- Evaluating potential impact of storage ITC on supply
- Analysts expect increased manufacturing capacity in 2023+

Solar asset performance management

- AD / CVD and UFLPA potentially impact near-term panel deliveries for customers; utility-scale projects being pushed out
- Focus on BTM and international markets
- Software price increases offset pushouts in deployment timelines



AlsoEnergy PowerTrack Ranked #1 Solar and Storage Monitoring and Control Vendor

“AlsoEnergy takes a holistic view of its M&C [measurement and control] capabilities, targeting an integrated offering across varied application segments, giving the company an edge in the market.”

- *Guidehouse Insights Leaderboard*

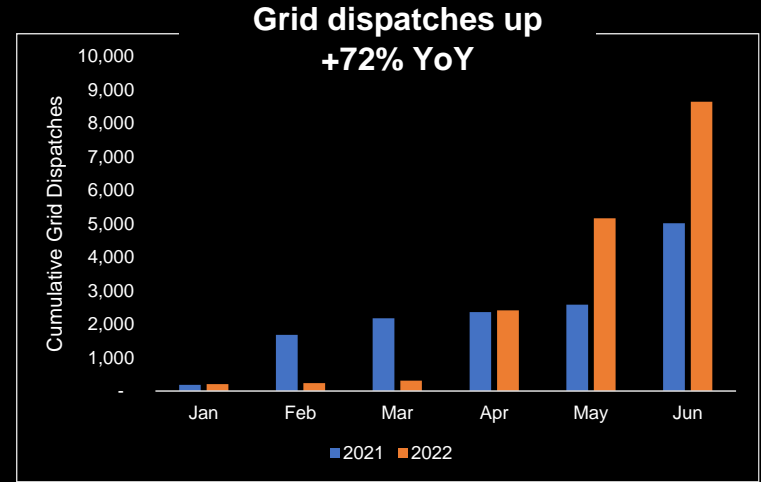
- Strategy and execution
- Comprehensive suite of offerings
- Advanced technology
- Significant global partnerships



Driving Technology Performance and Innovation

Athena overperformance versus target despite sharply higher dispatch volumes

- Industry leading software capability: Added two value streams on Rocky Mountain Institute “wheel” – now offering all 13 storage services
- Executing on 100% of utility obligations while experiencing 72% YoY increase in grid dispatches YTD
- Strong performance across multiple market segments:
 - ISO-New England: achieved 96% of perfect foresight revenues
 - California: earned 143% of eligible grid incentive payments in June 2022, exceeding target YTD across 500+ MWh
 - Greenhouse gas optimization: delivered full year reduction target in under four months for over 40% of customers in program

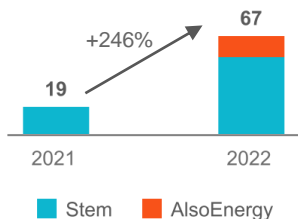


Financial Metrics

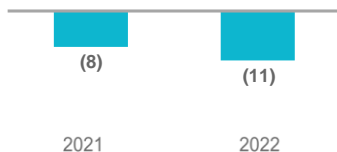
Revenue, Adjusted EBITDA and Gross Margin

Period ending June 30, \$ millions unless otherwise noted

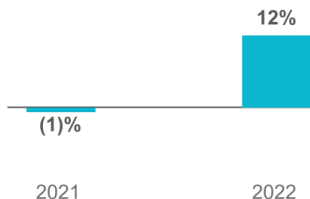
Revenue



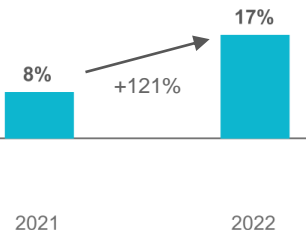
Adjusted EBITDA



GAAP Gross Margin %



Non-GAAP Gross Margin %



See Appendix for definitions and reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

Strong Revenue and Margin Growth

- 1H'22 Revenue of \$108M (+210% YoY)
- Software momentum driving Q2'22 GAAP Gross Margin to 12% (+33% QoQ)
- Contracted backlog increased to \$727M (+29% QoQ) driving strong commercial momentum into 2H'22

Adjusted EBITDA

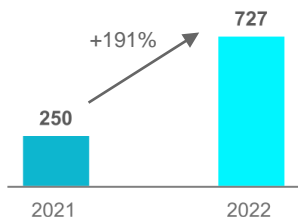
- FTM projects impact near-term gross margin but add significant CARR and market participation upside
- Executing on initiatives to drive operating leverage including expansion of team in India
- On track for full-year adjusted EBITDA guidance

Operating Metrics

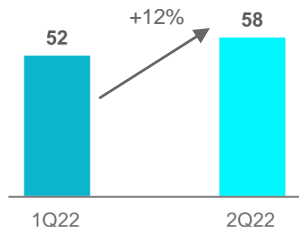
Strong Momentum in Backlog, CARR and AUM

Period ending June 30, \$ millions unless otherwise noted

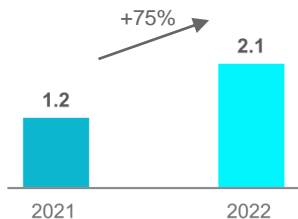
Backlog



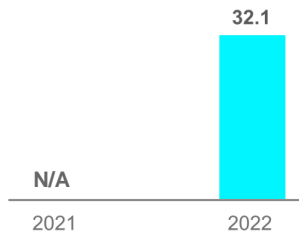
CARR



AUM - storage
(GWh)



AUM - solar (GW)



See appendix for definitions.

Backlog, CARR and AUM Growth

- Backlog up 191% YoY, driven by strong bookings
- CARR at \$58M at quarter end, up 12% since Q1'22; raising full-year guidance from \$60 - \$80M to \$65 - \$85M
- Storage AUM up 75% YoY
- Solar monitoring AUM provides strong foundation for growth and cross-selling
- Low penetration of storage into solar AUM creates commercial opportunities

Raising Full Year 2022 Guidance for Bookings and CARR

Revenue	2022E:	Q1'22A	Q2'22A	Q3'22E	Q4'22E
	\$350 - \$425M → 15-20% Non-GAAP Gross Margin	\$41M 16%	\$67M 17%	\$70- 95M	\$175- 225M
Bookings	2022E:	Q1'22A	Q2'22A	Q3'22E	Q4'22E
	\$775 - \$950M → <i>Prior: \$650 - \$750M</i>	\$151M	\$226M	\$150- 225M	\$250- 350M
Adjusted EBITDA	2022E:	CARR		Year-End 2022E:	
	(\$60) – (\$20)M			\$65 – \$85M <i>Prior: \$60 - \$80M</i>	

Full year 2022 guidance originally issued February 24, 2022. See appendix for definitions. See the section in the Company's earnings release titled "Reconciliations of Non-GAAP Financial Measures" for additional information.

Key Takeaways

Exceptional execution across all metrics while extending software capabilities and differentiation

- Q2 momentum driven by strong end market demand
 - Solid revenue above high end of guidance
 - Substantial bookings growth: 5x YoY
- CARR drives enhanced margin and financial visibility
- Unique capabilities and technology leadership support pricing power
- Raising 2022 Bookings and CARR guidance based on commercial momentum
- Driving ESG impact, focused on Diversity, Equity and Inclusion initiatives
- Integration of AlsoEnergy on track: focused on commercial synergies and driving operational leverage through India infrastructure

Building the leading clean energy intelligence platform



Q&A

Appendix

Financial and Operating Metrics

Solid Second Quarter Results

\$ millions unless otherwise noted

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$66.9	\$19.3	\$108.0	\$34.8
GAAP Gross Margin	7.7	(0.1)	11.4	(0.2)
GAAP Gross Margin %	12%	(1)%	11%	(1) %
Non-GAAP Gross Margin	11.3	1.5	17.9	3.5
Non-GAAP Gross Margin %	17%	8%	17%	10%
Net Loss	(32.0)	(100.2)	(54.5)	(182.8)
Adjusted EBITDA	(11.1)	(8.3)	(23.9)	(11.4)
Operating Metrics:				
12 Month Pipeline (\$ billions)	\$5.6	\$1.7	\$5.6	\$1.7
Bookings	225.7	45.1	376.5	95.9
Contracted Backlog	726.6	249.7	726.6	249.7
Contracted Storage AUM (GWh)	2.1	1.2	2.1	1.2
Solar Monitoring AUM (GW)	32.1	**	32.1	**
CARR	57.6	**	57.6	**

See slide 18 for reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

Reconciliation of Non-GAAP Financial Measures

\$ millions unless otherwise noted

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$66.9	\$19.3	\$ 108.0	\$34.8
Cost of Revenue	(59.2)	(19.4)	(96.6)	(35.0)
GAAP Gross Margin	7.7	(0.1)	11.4	(0.2)
GAAP Gross Margin (%)	12%	(1) %	11%	(1) %
Adjustments to Gross Margin:				
Amortization of Capitalized Software	\$2.6	\$1.3	\$4.7	\$2.5
Impairments	1.0	0.3	1.8	1.2
Non-GAAP Gross Margin	11.3	1.5	17.9	3.5
Non-GAAP Gross Margin (%)	17%	8%	17%	10%

We define non-GAAP gross margin as gross margin excluding amortization of capitalized software and impairments related to decommissioning of end-of-life systems. Prior to Q1'22, "Other Adjustments" reclassified data communication and cloud production expenses from cost of revenue to operating expenses.

Supplemental AlsoEnergy Financial Detail

\$ millions unless otherwise noted

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Hardware Revenue	\$6.9	\$11.7
Services Revenue	7.2	12.0
Total Revenue	14.1	23.7
GAAP Gross Margin	\$5.2	\$8.8
GAAP Gross Margin (%)	37%	37%
Labor Expense in Cost of Sales*	\$2.3	\$3.8
Amortization of Intangibles	1.1	1.8
Pro Forma Gross Margin	8.6	14.4
Pro Forma Gross Margin (%)	61%	61%

**Represents a portion of operating expenses reclassified to Cost of Sales for AlsoEnergy*

Reconciliation of Net Loss to Adjusted EBITDA

\$ thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	(\$32,019)	(\$100,216)	(\$54,502)	(\$182,769)
Adjusted to exclude the following:				
Depreciation and amortization	12,910	5,543	21,806	11,555
Interest expense	2,691	3,929	5,909	10,162
Loss on extinguishment of debt	—	5,064	—	5,064
Stock-based compensation	6,467	1,024	12,732	1,784
Vesting of warrants	—	9,184	—	9,184
Change in fair value of warrants and embedded derivative	—	67,179	—	133,577
Transaction costs in connection with business combination	—	—	6,068	—
Litigation settlement	(1,127)	—	(727)	—
Provision for income taxes	(7)	—	(15,220)	—
Adjusted EBITDA	(\$11,085)	(\$8,293)	(\$23,934)	(\$11,443)

We define Adjusted EBITDA as net loss before depreciation and amortization, including amortization of internally developed software, net interest expense, further adjusted to exclude stock-based compensation and other income and expense items, including transaction and acquisition-related charges, the change in fair value of warrants and embedded derivatives, and income tax benefit.

Definitions

Item	Definition
12-Month Pipeline	Pipeline represents the total value (excluding market participation revenue) of uncontracted, potential energy storage hardware and software contracts that are currently being pursued by Stem direct salesforce and channel partners with developers and independent power producers seeking energy optimization services and transfer of energy storage systems that have a reasonable likelihood of execution within 12 months of the end of the relevant period based on project timelines published by such developers and independent power producers. We cannot guarantee that our pipeline will result in meaningful revenue or profitability.
Bookings	<p>Total value of executed customer agreements, as of the end of the relevant period (e.g. quarterly booking or annual booking)</p> <ul style="list-style-type: none">• Customer contracts are typically executed 6-18 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 customer,2) 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")	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 or GW of systems in operation or under contract
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)



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