

stem

September 2023

# Investor Presentation



## 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; 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; the effects of natural disasters and other events beyond our control; 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, and provide us with contracted quantities of equipment; our inability to meet contracted customer demand; supply chain interruptions and manufacturing or delivery delays; disruptions in sales, production, service or other business activities; general economic, geopolitical and business conditions in key regions of the world, including inflationary pressures, general economic slowdown or a recession, increasing interest rates, changes in monetary policy, 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; 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 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

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# Agenda

- Company Update
- Industry Outlook
- Q2'23 Financial and Operating Results
- Appendix



# Today's Presenters



**John Carrington**  
CEO and Director



**Bill Bush**  
Chief Financial Officer



**Prakesh Patel**  
Chief Strategy Officer

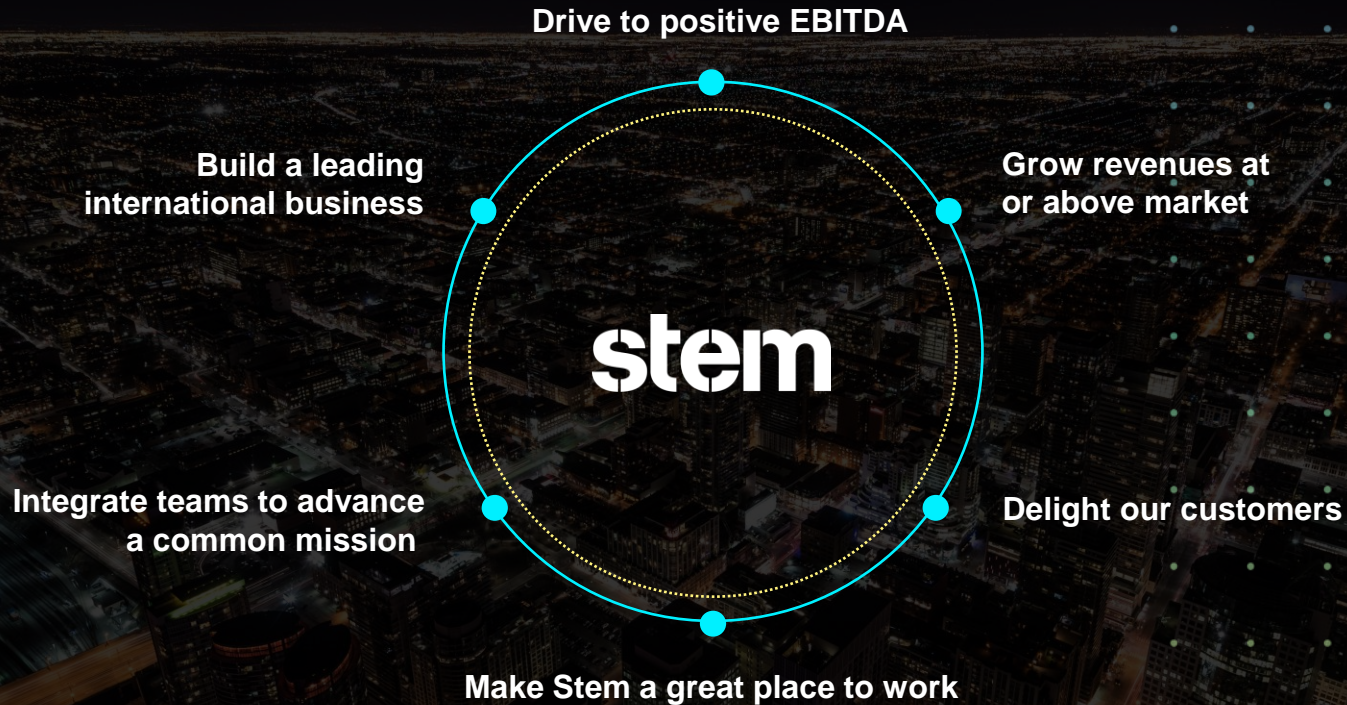


**Ted Durbin**  
Vice President,  
Investor Relations

Seasoned leadership team with extensive experience in software, energy and industrial companies



# Our Guiding Principles



# Second Quarter 2023 Results & Highlights

Strong revenue growth and solid margins drive improved adjusted EBITDA

## Strong Q2 Momentum

Revenue

**\$93M**

+39% YoY

Bookings

**\$236M**

+5% YoY

Contracted  
Backlog

**\$1.36B**

+88% YoY

Contracted Annual  
Recurring Revenue

**\$75M**

+5% QoQ

Adjusted  
EBITDA

**\$(9)M**

GAAP/Non-GAAP

Gross Margin

**13% / 18%**

## Q2 Highlights



Q2 revenue above midpoint of guidance; Services revenue +11% QoQ



313 MWh Ameresco and 304 MW Hungary transactions highlight large deal momentum; average FTM site size 2x YoY



Reaffirming full-year guidance; continued Services revenue growth, visibility from 2H backlog



Continued technology leadership evidenced by multiple industry awards

**On track to achieve positive adjusted EBITDA in 2H 2023**

# Creating Value with Software, Hardware & Services

Strong recurring software cash flows driven by edge solution deliveries

## Software



Recurring SaaS revenue  
Secured by 5-20 year contracts  
Ratable revenue recognition  
Up/cross-sell opportunities

Revenue calculation:  
**Operating AUM x  
Software Subscription**

**~80% Gross Margin**

## Hardware

### Turnkey BESS



Sourced from Tier 1  
OEMs  
Leverage subject matter  
expertise

Revenue calculation:  
**Total Deliveries x  
Project Hardware ASP**

**~5%-15% Gross Margin**

### Modular ESS



Proprietary smart  
controller  
Enables hardware  
flexibility; capital-light

Revenue calculation:  
**Total units x  
Device ASP**

**~10%-40% Gross Margin**

## Services



Project configuration & deployment  
Ongoing reporting and other  
software-related services  
Expert services  
Post-COD Asset Management

Revenue calculation:  
**Up-front fee +  
ongoing subscription**

**~30%-50% Gross Margin**

# Demand and Differentiation Drives Margin Expansion

Service revenue growth from differentiated offering

## Strong 11% growth in Services revenue

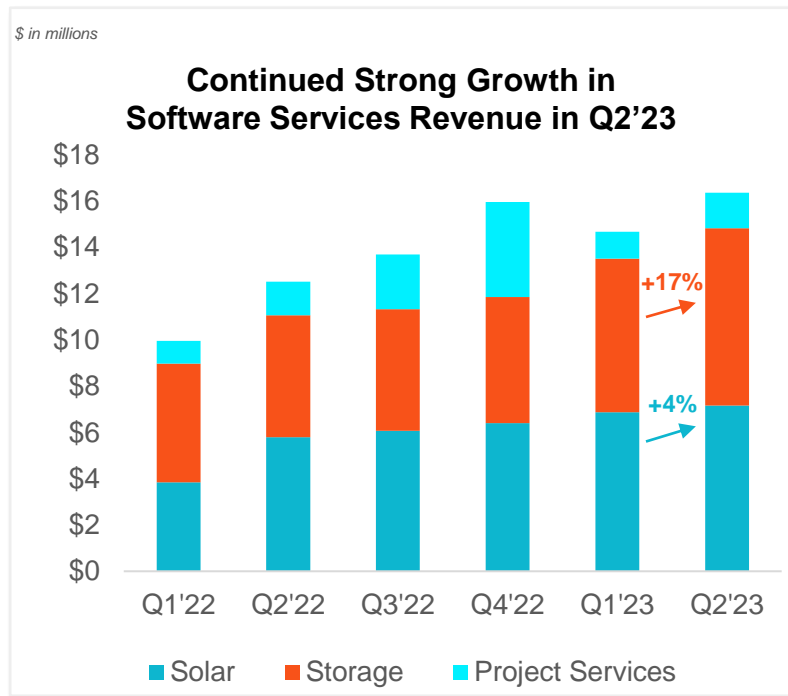
- Software Services Revenue +10% QoQ
- Expect Project Services to increase in 2H'23 based on project timing

## Gross margins continue to improve

- GAAP: 2Q'23 13% vs. 2Q'22 12%
- Non-GAAP: 2Q'23 18% vs. 2Q'22 17%
- Improvement driven by system commissioning, strong solar revenue and increased market participation revenue

## On track to achieve positive Adj. EBITDA in 2H'23

- Supported by continued execution, OPEX discipline, and strengthened customer demand

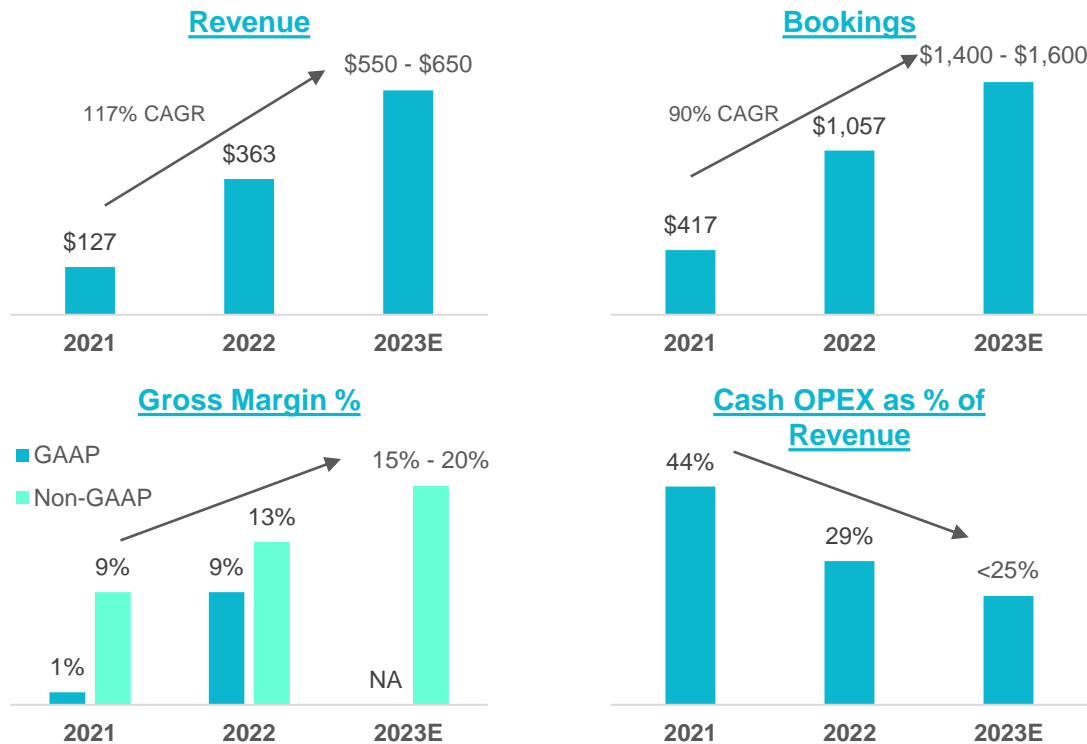


# Operational Excellence

Successful growth in revenue and profitability across the business

- ✓ 4-5x estimated revenue growth over past two years driven by strong execution and significant industry tailwinds
- ✓ ~3x growth in bookings since 2021, evidencing continued momentum in 2023+
- ✓ Gross margin expansion driven by successful growth in mix of higher-margin Services business
- ✓ Improved operating leverage: declining cash OPEX as % of revenue

\$ in millions unless otherwise noted.



# AI Technology Leadership

Customer proof points and industry recognition drive pricing power



## Best Predictive Analytics Platform

AI Breakthrough, June 2023

*"Athena's footprint and the myriad data points that constantly hone its machine learning algorithms result in a vast and growing repository of real-world data that simply can't be replicated."*

**Athena continues to win recognition as the best-in-class AI software platform advantaged by:**

Training from one of the largest proprietary datasets in the industry

Significant track record across multiple generations of hardware, 75+ utility jurisdictions and the entire RMI wheel



**Product of the Year**  
Business Intelligence  
Group Sustainability  
Awards  
August 2023



**2023 Top Product of the Year**  
Environment +  
Energy Leader  
Awards  
July 2023



**Largest Virtual Power Plant Provider in North America**  
Wood Mackenzie  
March 2023



**2022 Top Solar Software and Monitoring Products**  
Solar Power World  
November 2022



**#1 in Innovation in Renewable Energy and Battery Storage Optimization and Trading Platforms**  
Frost & Sullivan  
November 2022



**#1 in Solar and Storage Monitoring and Control**  
Guidehouse Insights  
August 2022

# Our Services Deliver Value Across the Entire Clean Energy Project Lifecycle

## Advisory Services

### Solution Engineering

System design and review

Economic modeling and analysis

Custom engineering advisory



## Deployment Services

### Provisioning and Commissioning

Support field commissioning

Site provisioning

Athena operations readiness



## Managed Services

### Market & Program Revenue Services

Wholesale market administration

Grid service program participation

Capacity market participation

Incentive management

### Remote Operations Center

24/7 site monitoring

Asset performance management

Issue detection

Remote remediation

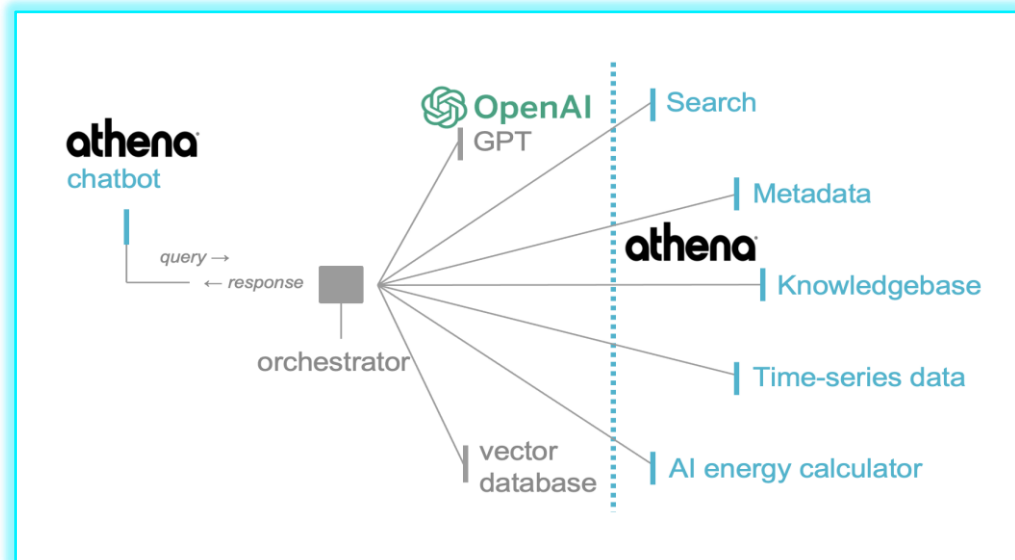
← Accelerate time-to-deployment | Maximize revenue | Minimize operational risk | Streamline operations | Leverage expertise →

# Accelerating Innovation and Profitability

Leveraging AI tools to drive operational efficiency and increase customer value

Best positioned to leverage predictive analytics and generative AI tools to drive operational leverage

- Deliver scalable professional service offerings via technology
- High throughput iteration of AI-assisted trading strategies in the wholesale energy market
- Up to 50% boost in coding productivity experienced by Stem software engineering team using AI tools in 1H 2022; accelerating product roadmap



# Industry Outlook

# Significant Market Opportunity

Well positioned to monetize strong industry growth

## FTM Storage: large deployments, strong growth

- FTM represents ~85% of current/forecasted storage deployments and ~90% of recent bookings
- Strong muni / co-op / CCA growth expected
- Modular ESS a key enabler for customers

## BTM Storage: improving outlook

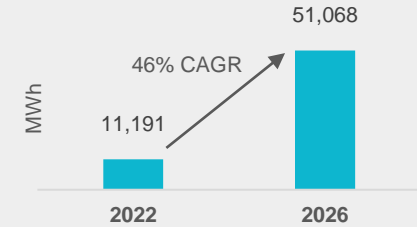
- Rebound in installations in 2023
- Fleet electric vehicle deployments to accelerate growth, spurred by release of NEVI funds

## US Solar: steady growth

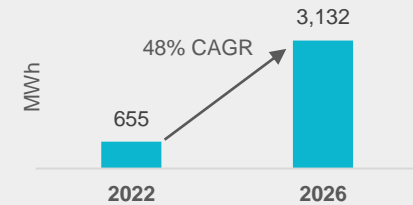
- High margin, low churn business
- Strong market share in C&I, growing presence in utility-scale

## Deployments

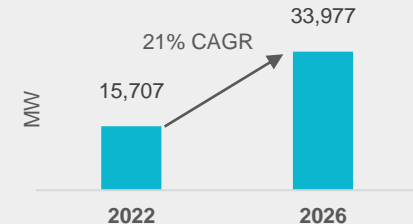
### US FTM Storage



### US BTM Storage



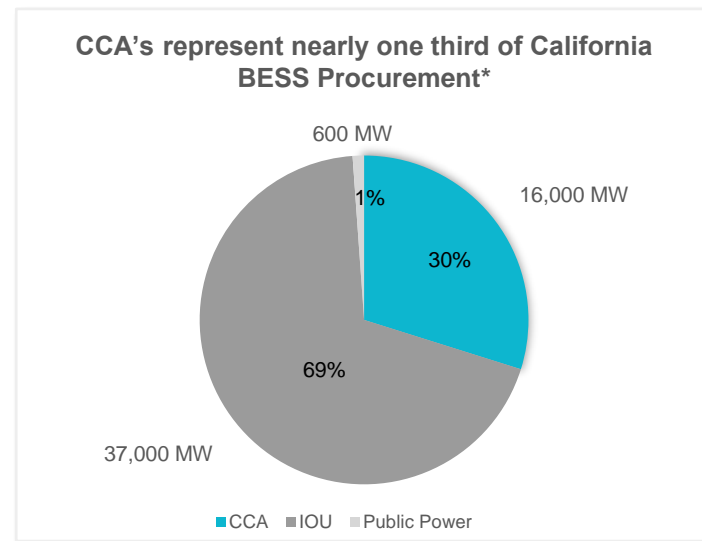
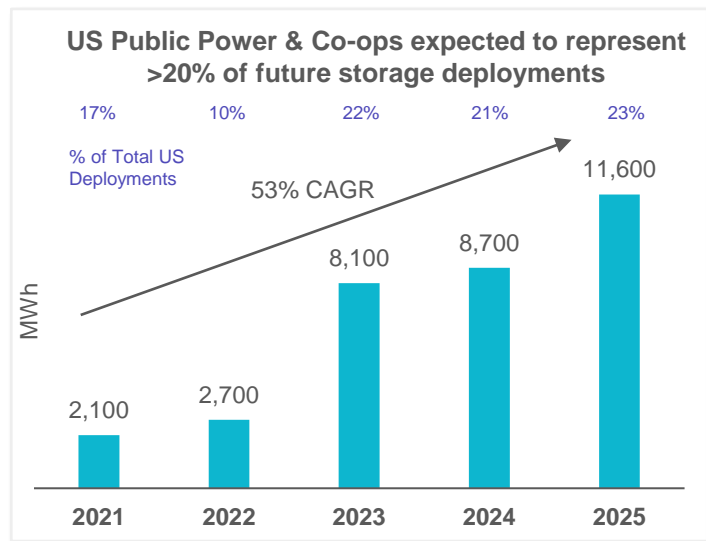
### US Solar



# Munis and Co-ops Represent an Attractive Market

## Direct Pay Provision provides enhanced economics for customers

- Treasury clarification on the Direct Pay Provision in the IRA driving demand amongst municipalities, community choice aggregations (CCAs) and cooperatives
- Tax-exempt and government entities can receive a payment equal to the full value of tax credits for building qualifying clean energy projects
- Direct Pay Provision allows entities to receive payment if requirements are met for both direct pay and the underlying tax credit
- Recent Ameresco announcement (313 MWh) demonstrates increasing strength in co-op / muni market



# Interconnection and Permitting

FERC, Congress taking steps to improve interconnection and permitting queues

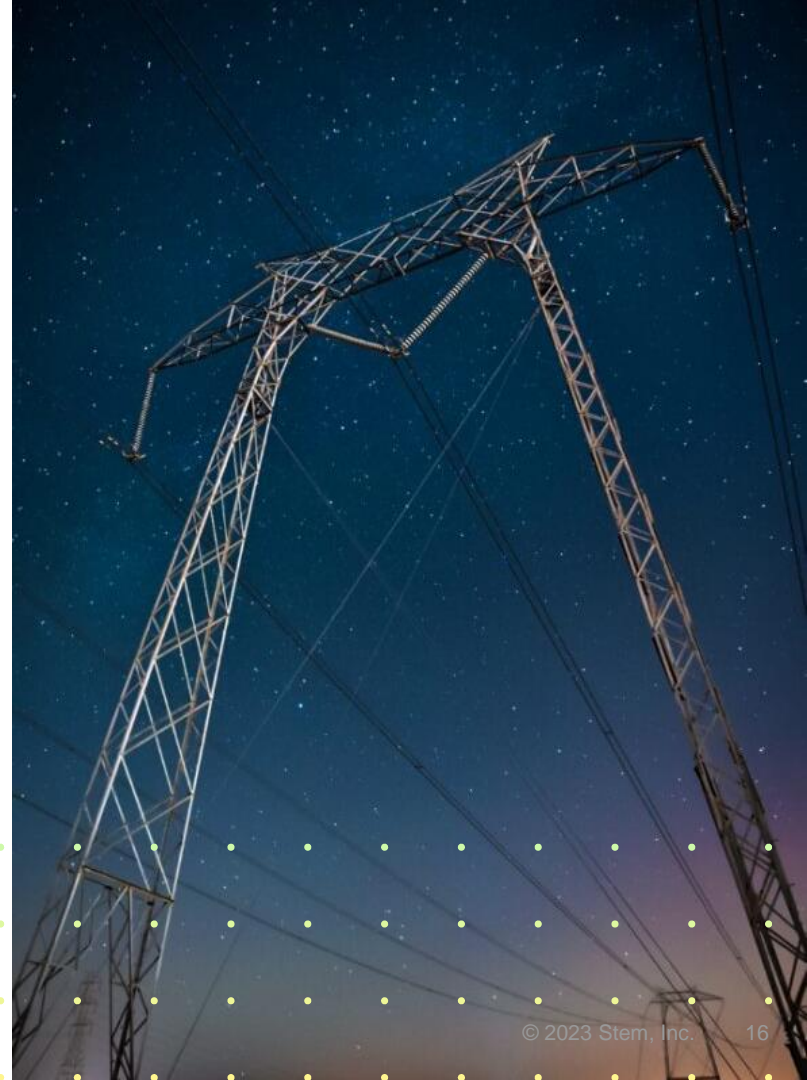
## FERC Order No. 2023 provides a pathway to improvement

- Prioritizes readiness through study withdrawal penalties, site control, and readiness deposits
- Requires projects to be studied as groups (“clusters”)
- Applies significant penalties to transmission providers that do not complete interconnection studies on time

## Recent debt limit deal made progress to streamline permitting

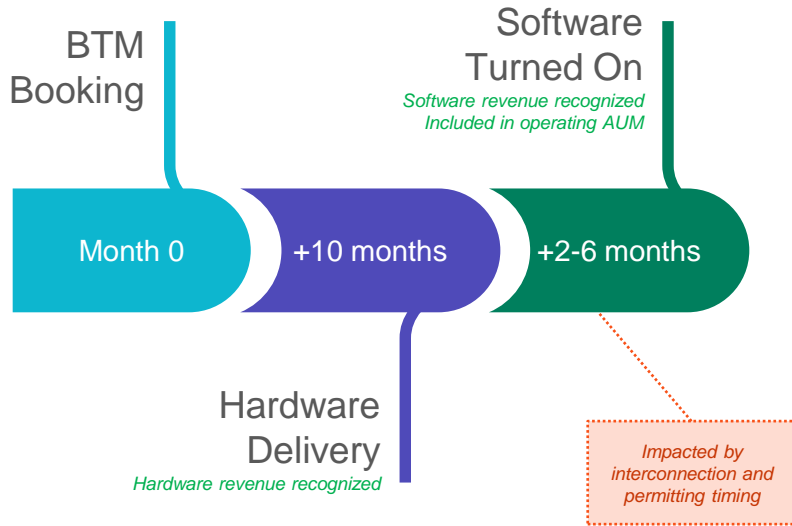
- Improves efficiency and limits complexity, length, and scope of environmental reviews

Stem continues to work with various regulatory partners to accelerate project timelines



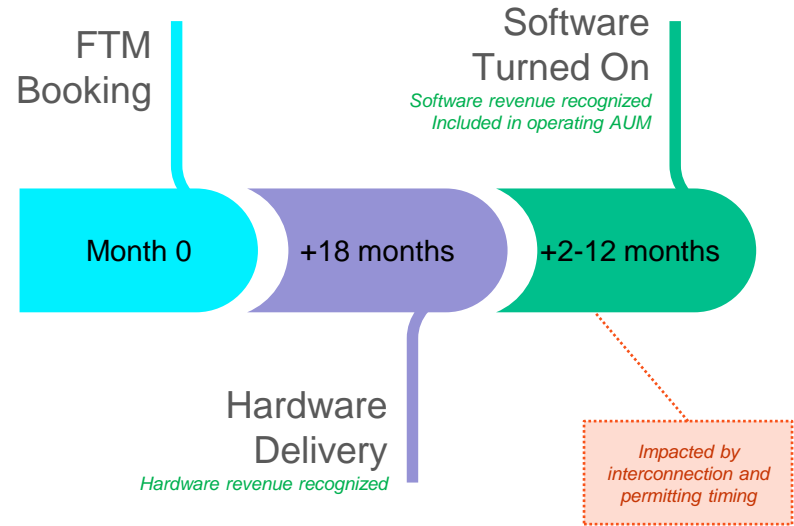
# Storage Revenue Conversion Timelines

## BTM Project Timeline



Note: BTM hardware is delivered in 8-12 months on average. This example uses 10 months as a midpoint.

## FTM Project Timeline



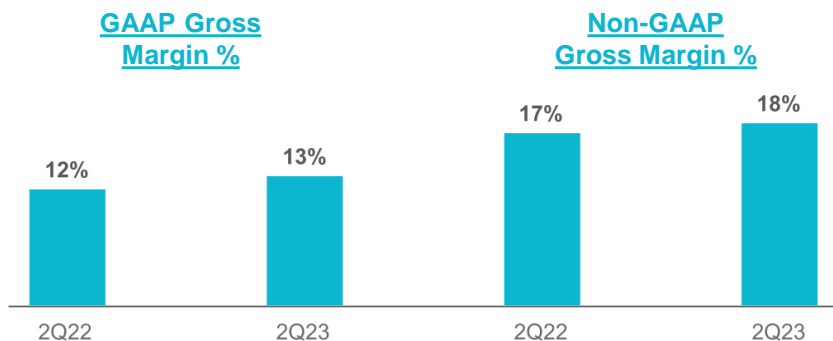
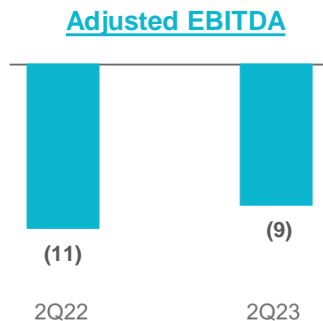
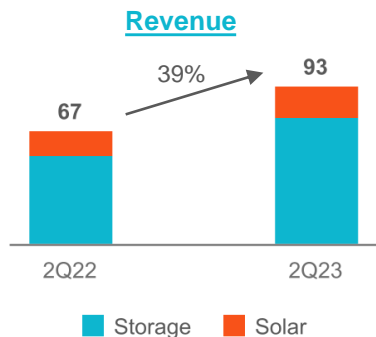
Note: FTM hardware is delivered in 12-24 months on average. This example uses 18 months as a midpoint.

# Q2'23 Financial and Operating Results

# Financial Metrics

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

Period ending June 30, \$ millions unless otherwise noted



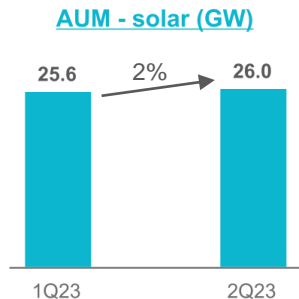
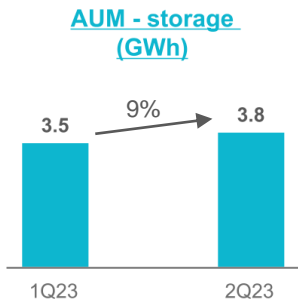
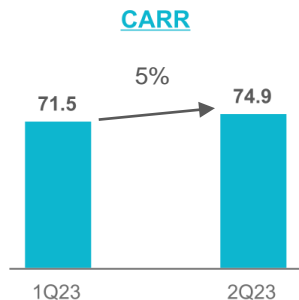
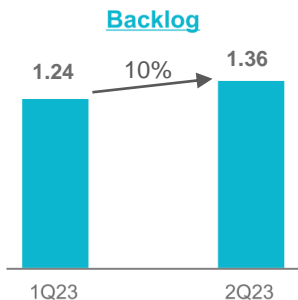
## Q2 2023 Highlights

- Revenue up 39% YoY
- Continued improvement in GAAP/Non-GAAP Gross Margin and adjusted EBITDA; fifth consecutive quarter of Software Services growth
- Driving operating leverage:
  - Cash operating expense as percentage of revenue of 33% in Q2'23 vs. 36% in Q2'22
  - Continue to expect <25% cash OPEX as % of revenue for full year 2023

# Operating Metrics

## Strong momentum in Backlog, CARR and AUM

Period ending June 30, \$ millions unless otherwise noted



## Backlog, CARR and AUM Growth

- Backlog +10% QoQ / +88% YoY, driven by strong end market demand
- CARR up 5% QoQ; on track for year-end guidance of \$80 - \$90M
- Storage AUM up 9% QoQ, continued commercial success
- Second consecutive quarter of Solar AUM growth; 75%+ of customers agreed to migrate from legacy platform

# Working Capital



## **\$138M of cash and equivalents exiting 2Q'23**

- Change in cash vs. 1Q'23 driven by outflows of ~\$102M for purchases of hardware, plus higher accounts receivable
- Hardware will convert to revenue primarily in 2H23



## **Expect to exit FY2023 with no less than \$150M in cash and equivalents**

Drivers of increase in cash

- Higher adjusted EBITDA and continued operating leverage
- Modular ESS and improved supply chain conditions
- Accounts receivables collection



## **Expect accounts receivable to normalize**

Actively driving customer collections with project management and detailed scheduling of cash inflows

# Reaffirming Full-Year 2023 Guidance

	2023E:	Q1'23A	Q2'23A	Q3'23E	Q4'23E
Revenue	<b>\$550M - \$650M</b>	<b>\$67M</b>	<b>\$93M</b>	<b>\$165M- \$195M</b>	<b>\$230M- \$290M</b>
	15–20% Non-GAAP Gross Margin	<b>19%</b>	<b>18%</b>		
Bookings	<b>\$1.4B - \$1.6B</b>	<b>\$364M</b>	<b>\$236M</b>	<b>\$350M- \$425M</b>	<b>\$450M- \$575M</b>
Adj. EBITDA	2023E: <b>(\$35)M - (\$5)M</b>				
				Year-End 2023E: <b>\$80M - \$90M</b>	
			<b>CARR</b>		

# Key Takeaways

## Reaffirming FY2023 Guidance

### ✓ Solid second quarter results:

- Revenue above midpoint of guidance and strong gross margin results
- Continued strength in Services revenue growth +11% QoQ

### ✓ Consistent commercial execution:

- Robust end market demand with significant FTM deals executed and in pipeline
- Record contracted backlog at \$1.4B with consistent CARR growth

### ✓ Strong Macro Tailwinds:

- Robust demand for renewable solutions catalyzed by IRA
- Continued growth in both BTM and FTM storage and solar

### ✓ Differentiated software and services:

- Award-winning Athena platform drives stronger customer economics and attractive SaaS margins
- Professional services provide incremental value at solid gross margins

About Stem

**Stem (NYSE: STEM) provides clean energy solutions and services designed to maximize the economic, environmental, and resiliency value of energy assets and portfolios.**

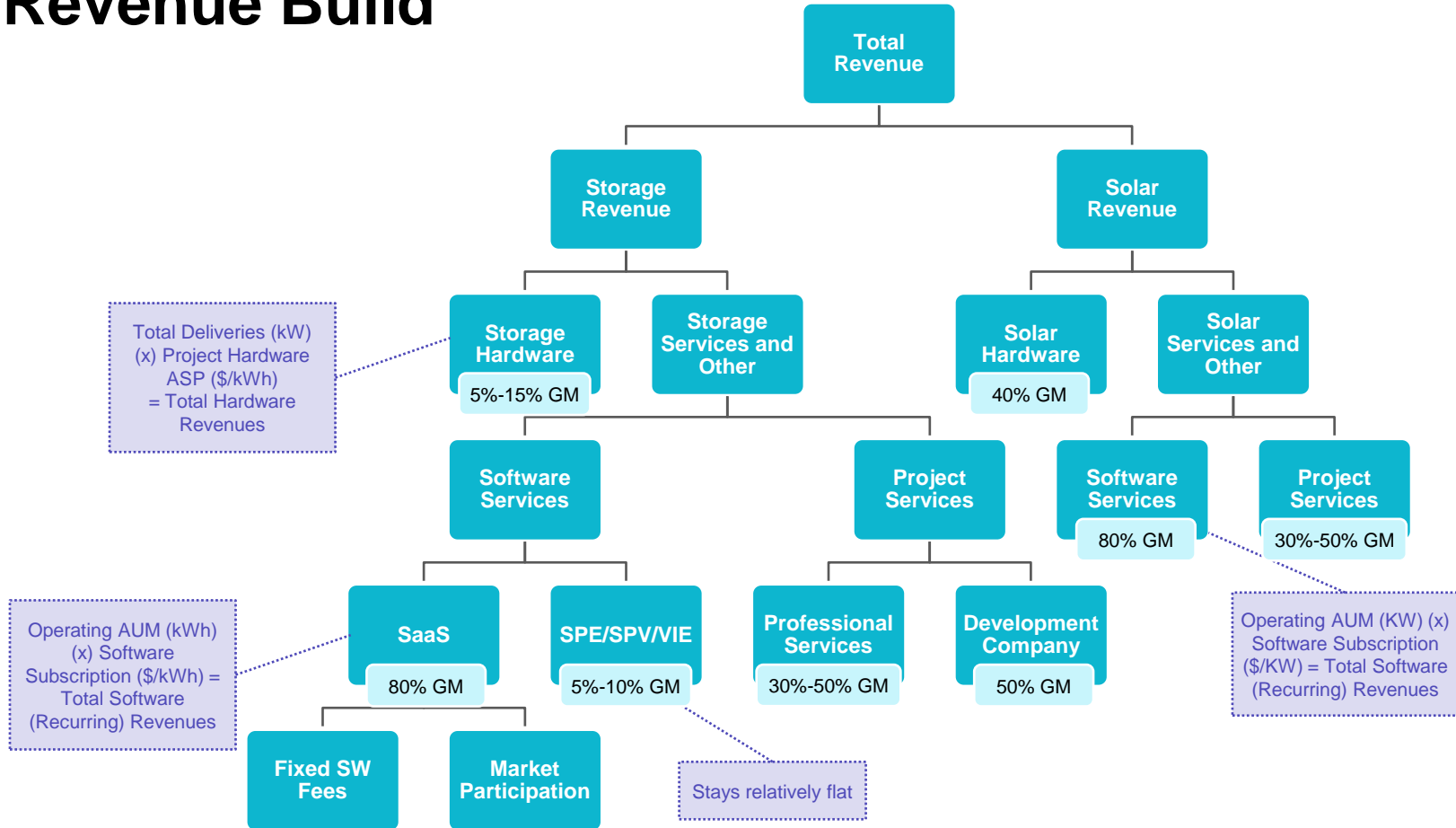
Stem's leading AI-driven enterprise software platform, Athena® enables organizations to deploy and unlock value from clean energy assets at scale. Powerful applications, including AlsoEnergy's PowerTrack, simplify and optimize asset management and connect an ecosystem of owners, developers, assets, and 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 A

*Revenue model, disclosures,  
upcoming events, glossary*

# Revenue Build



# Financial and Operating Metrics

*\$ millions unless otherwise noted*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$93.0	\$66.9	\$160.4	\$108.0
GAAP Gross Profit	11.9	7.7	12.9	11.4
GAAP Gross Margin %	13%	12%	8%	11%
Non-GAAP Gross Profit	16.4	11.3	31.5	17.9
Non-GAAP Gross Margin %	18%	17%	18%	17%
Net Income (Loss)	19.1	(32.0)	(25.7)	(54.5)
Adjusted EBITDA	(9.5)	(11.1)	(23.2)	(23.9)
<b>Operating metrics</b>				
Bookings	\$236.4	\$225.7	\$599.9	\$376.5
Contracted Backlog	\$1,364.3	\$726.6	\$1,364.3	\$726.6
Contracted Storage AUM (GWh)	3.8	2.4	3.8	2.4
Solar Monitoring AUM (GW)	26.0	32.1	26.0	32.1
CARR	\$74.9	\$57.6	\$74.9	\$57.6

# Supplemental Revenue Detail

## Solar - Supplemental Revenue Detail

*\$ millions unless otherwise noted*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Solar Hardware Revenue	\$9.9	\$6.9	\$16.8	\$11.7
Solar Services and Other Revenue	8.7	7.2	16.7	12.0
<b>Total Solar Revenue</b>	<b>\$18.6</b>	<b>\$14.1</b>	<b>\$33.5</b>	<b>\$23.7</b>

## Services - Supplemental Revenue Detail

*\$ millions unless otherwise noted*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Solar Software Services Revenue	\$7.2	\$5.8	\$14.1	\$9.7
Storage Software Services Revenue	7.7	5.3	14.3	10.4
Project Services Revenue	1.5	1.5	2.7	2.4
<b>Total Services Revenue</b>	<b>\$16.4</b>	<b>\$12.6</b>	<b>\$31.1</b>	<b>\$22.5</b>

# Reconciliation of GAAP and Non-GAAP Gross Profit

\$ millions unless otherwise noted	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	\$93.0	\$66.9	\$160.4	\$108.0
Cost of Revenue	(81.1)	(59.2)	(147.5)	(96.6)
GAAP Gross Profit	11.9	7.7	12.9	11.4
GAAP Gross Margin (%)	13%	12%	8%	11%
Adjustments to Gross Profit and Margin				
GAAP Revenue	\$93.0	\$66.9	\$160.4	\$108.0
Add: Revenue Constraint	--	--	10.2	--
Subtotal	93.0	66.9	170.6	108.0
Less: Cost of Revenue	(81.1)	(59.2)	(147.5)	(96.6)
Add: Amortization of Capitalized Software	3.3	2.6	6.3	4.7
Add: Impairments	1.2	1.0	2.1	1.8
Non-GAAP Gross Profit	16.4	11.3	31.5	17.9
Non-GAAP Gross Margin (%)	18%	17%	18%	17%

# Reconciliation of Net Income (Loss) to Adjusted EBITDA

\$ thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) attributable to Stem	\$19,122	\$(32,019)	\$(25,656)	\$(54,502)
Adjusted to exclude the following:				
Depreciation and amortization	12,609	12,910	24,567	21,806
Interest expense, net	3,903	2,691	5,680	5,909
Gain on extinguishment of debt, net	(59,121)	--	(59,121)	--
Stock-based compensation	9,920	6,467	17,122	12,732
Revenue constraint	--	--	10,200	--
Change in fair value of derivative liability	2,576	--	2,576	--
Transaction costs in connection with business combination	--	--	--	6,068
Litigation settlement	--	(1,127)	--	(727)
Provision for (benefit from) income taxes	491	(7)	400	(15,220)
Other expenses	1,021	--	1,021	--
Adjusted EBITDA	\$ (9,479)	\$ (11,085)	\$ (23,211)	\$ (23,934)

# Upcoming events

**September 6, 2023** Barclays CEO Energy-Power Conference / NYC

**September 11-14, 2023** RE+ Conference / Las Vegas

**September 28, 2023** Wolfe Clean Energy Conference / NYC

**Early November** Third Quarter Earnings Call



# 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"><li>• Customer contracts are typically executed 6-24 months ahead of installation</li><li>• 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) Software revenue, which represents total nominal software contract value recognized ratably over the contract period</li></ol></li><li>• Market participation revenue is excluded from booking value</li></ul>
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"><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")	<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"><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>

# Glossary

- **ASP** – Average selling price
- **AUM** – Assets under management
- **BESS** – Battery energy storage system
- **BTM** – Behind-the-meter
- **C&I** – Commercial and industrial
- **CAGR** – Compounded annual growth rate
- **CARR** – Contracted annual recurring revenue
- **CCA** – Community choice aggregations
- **COD** – Commercial Operations Date
- **EPC** – Engineering, procurement, construction
- **ESG** – Environmental, social, governance
- **ESS** – Energy storage system
- **FERC** – Federal Energy Regulatory Commission
- **FTM** – Front-of-the-meter
- **GW** – Gigawatts
- **GWh** – Gigawatt hours
- **HW** – Hardware
- **IOU** – Investor owned utility
- **IPP** – Independent power producer
- **IRA** – Inflation Reduction Act
- **IRP** – Integrated resource plan
- **ISO** – Independent system operator
- **ITC** – Investment tax credit
- **KW** – Kilowatts
- **O&M** – Operations and maintenance
- **OEM** – Original equipment manufacturer
- **OPEX** – Operating expenses
- **LFP** – Lithium iron phosphate
- **MW** – Megawatts
- **MWh** – Megawatt hours
- **NEVI** – National Electric Vehicle Infrastructure
- **NMC** – Nickel manganese cobalt
- **PCS** – Power conversion system
- **PTC** – Production tax credit
- **SPE** – Special purpose entities
- **SPV** – Special purpose vehicles
- **RMI** – Rocky Mountain Institute
- **ROC** – Remote operations center
- **RTO** – Regional transmission organization
- **SW** – Software
- **VIE** – Variable interest entities
- **VPP** – Virtual power plant

# Appendix B

## *Stem Overview*

# The Journey to Today

Industry leadership, innovation, and execution

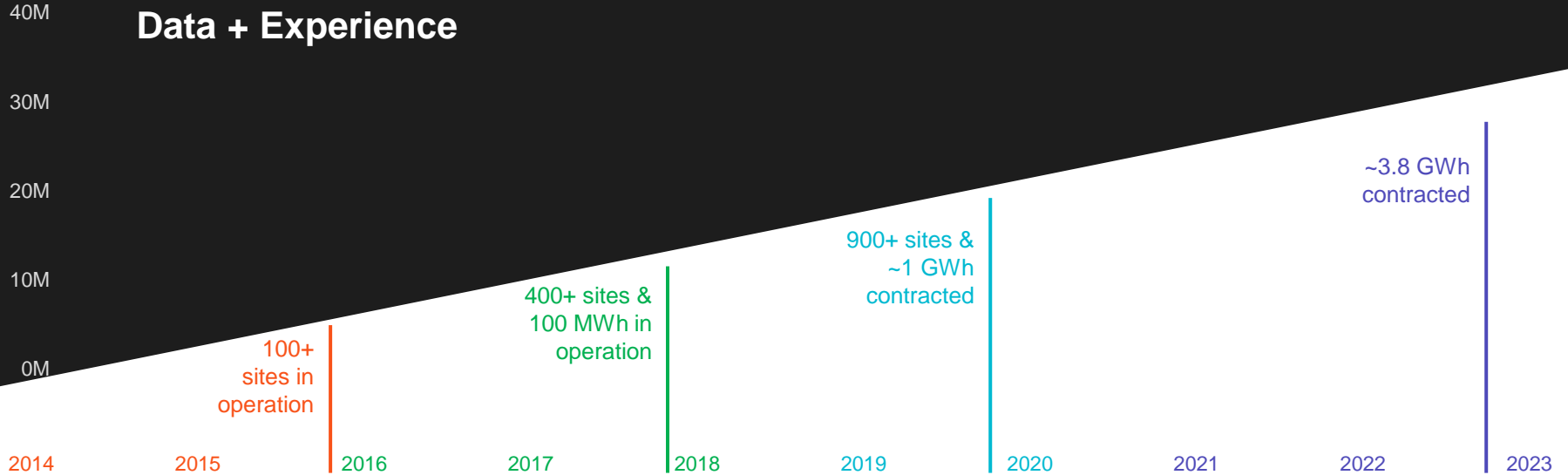
- ✓ **First to market C&I storage** to the Fortune 500
- ✓ **First California ISO** wholesale market participation
- ✓ **Largest Virtual Power Plant** provider in North America
- ✓ **Largest fleet** of FTM storage in ISO-New England
- ✓ **#1 solar asset** performance management software
- ✓ **#1 in storage optimization** innovation
- ✓ **Best Predictive Analytics Platform**
- ✓ **Only software platform** capable of executing on all 13 Rocky Mountain Institute storage services

Market leadership driving strong execution



# Stem's Athena AI Platform is Built on Over 10 Years of Data + Experience

ATHENA CUMULATIVE RUNTIME HOURS



## Gen 1

2009 – 2015 **5+ years inventing the market**

- **First** to market with C&I storage
- **First** Hawaii Electric VPP
- **First** California ISO wholesale market participation

## Gen 2

2016 – 2018 **2+ years commercial growth**

- **First** storage VPP for California Resource Adequacy & distribution deferral
- **First** municipal storage VPP with Austin Energy
- **First** C&I storage in Arizona
- **First** storage VPP in Japan

## Gen 3

2019 – 2020 **2+ years accelerating growth**

- **First Stem as a service** contract
- Serving **40 utilities** & markets
- **Partnering with solar IPP** & energy market
- Supplying **backup power**
- **>20,000** market dispatches/year

## Gen 4

2021 – 2023 **2+ years as public company**

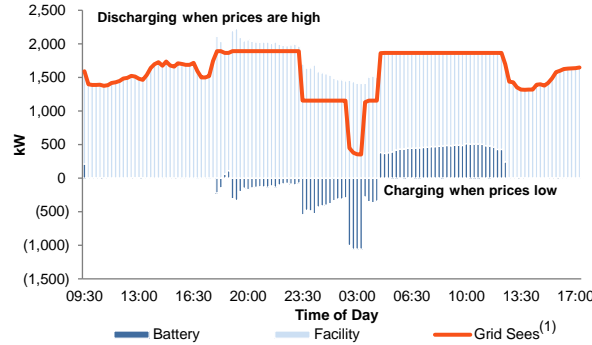
- Acquired solar monitoring **industry leader AlsoEnergy**
- Momentum in **Software Services** offering
- Introduction of **Modular ESS** offering
- Increased **operating efficiency**
- Path to **positive Adj EBITDA**
- Robust demand from **Inflation Reduction Act**

# Stem Offers Leading Solutions to both BTM and FTM Customers

## Behind-the-Meter “BTM”

### Commercial and Industrial Services

- Reducing consumer energy bills 10% - 30%
- Electric vehicle offerings
- Corporate ESG Objectives
- Asset performance management



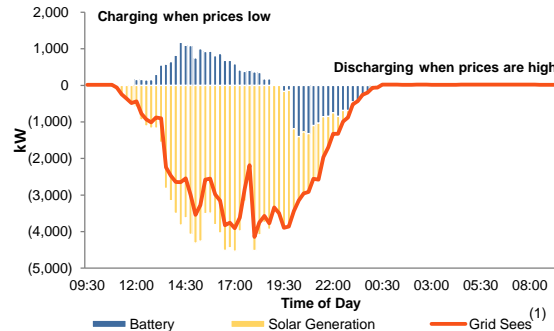
## Representative Customers



## Front-of-the-Meter “FTM”

### Utilities, IPPs, Developers

- Increasing asset returns 10% - 40%
- Supports grid stability
- Grid decarbonization
- Asset performance management



## Representative Partners

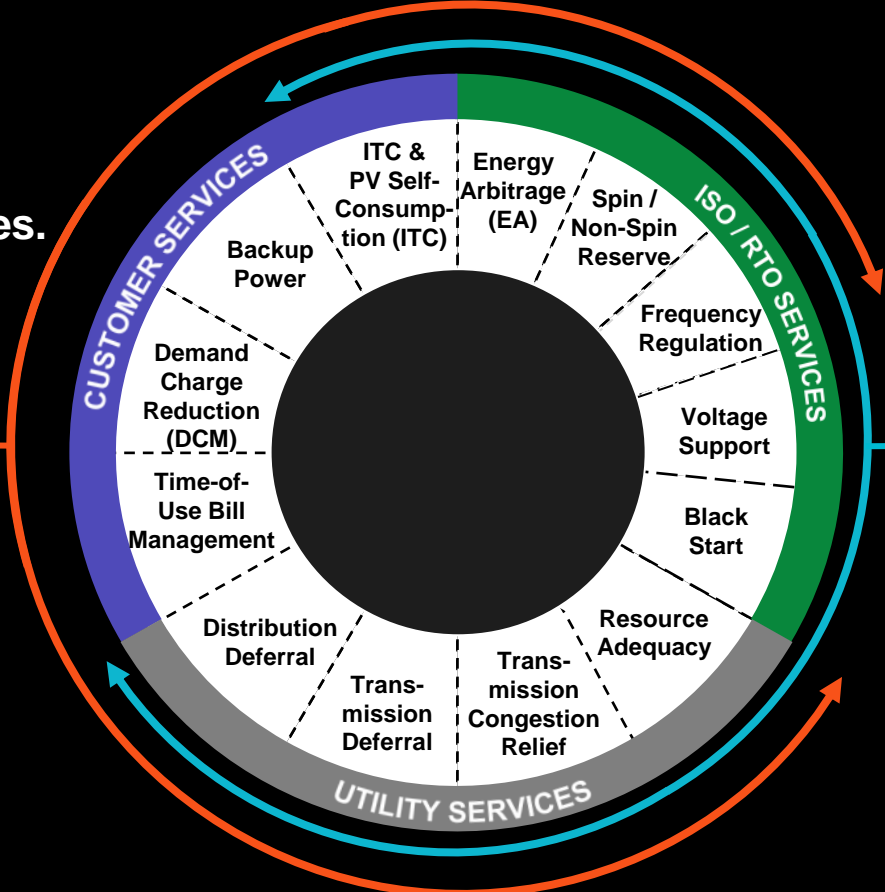


# Stem Offers More Value with BTM & FTM Services

Athena's clean energy solutions provide services to multiple markets and asset types.

**Stem's Behind-the-Meter Services**

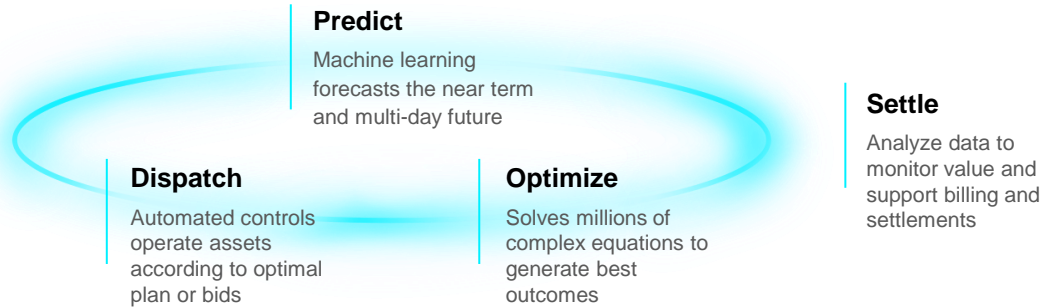
**Stem's Front-of-the-Meter Services**



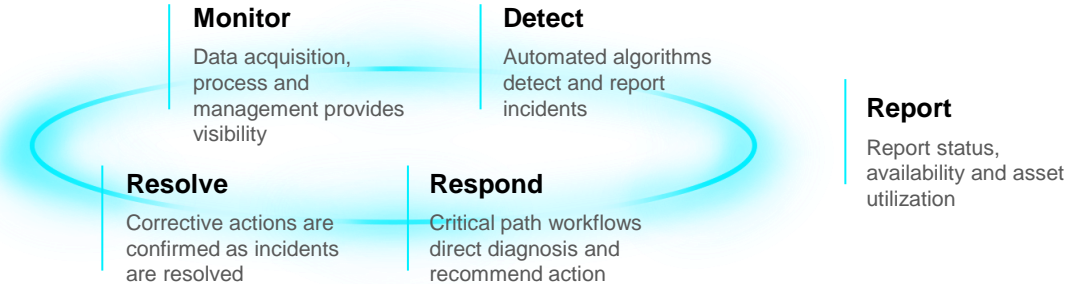
■ Services that Stem currently offers

# Athena AI Simplifies Operations

## Economic Optimization



## Asset Performance Management



**Increased Yield**



**Improved Efficiency**



**Reduced Risk**

# Athena Learns and Adapts, Automatically and Continuously

Unparalleled data management and complex co-optimization capabilities

Updates multi-day forecasts, running millions of scenarios to create market bids and operating plans

Automated forecast model selection adapts to changing conditions

Every Second



Real-time weather, asset, and load conditions

Hourly



Daily



Adjusts day-ahead awards and KPIs for operational constraints

Monthly



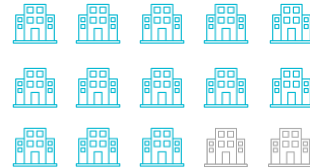
# PowerTrack is the Industry Standard for Solar Asset Performance Management



## Asset Performance Management

Integrated edge-to-cloud solution that simplifies clean energy management

Monitoring and control offering reduces operating costs by enabling better O&M decisions



**13 of the top 15**

US C&I Asset Owners  
standardized on PowerTrack



**9 of the top 10**

US Community Solar Asset  
Owners standardized on PowerTrack

# Improving Access to Large Scale Solar + Storage

Modular ESS enhances customer flexibility while driving better Stem margin

## Initiative

- Develop universal “unit controller” edge device for Athena-enabled control
- Decouple battery, inverter, and balance of plant on large scale sites

## Customer benefits

- Enables supplier optionality to dampen supply chain volatility
- Creates lock-in and flexibility for interconnection applications

## Stem benefits

- Increases penetration into large solar / storage FTM market
- Drives higher software revenues
- Every PowerTrack site is Athena-ready

### Current Turnkey Storage Offering

Existing Stem offering

Athena Controls and AI Solutions

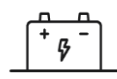
**athena**  
powered by stem

3rd party integrator offering

Unit Controller



Battery



Inverter



### Modular ESS Strategy

Athena Controls and AI Solutions

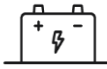
**athena**  
powered by stem

Expanded Stem offering, *inclusive of unit controller capability*

Unit Controller



Battery



Inverter



Decoupled battery and inverter sourced direct from OEMs

# Appendix C

## *Market Outlook*

# Resurgent Behind-the-Meter Storage Market Outlook

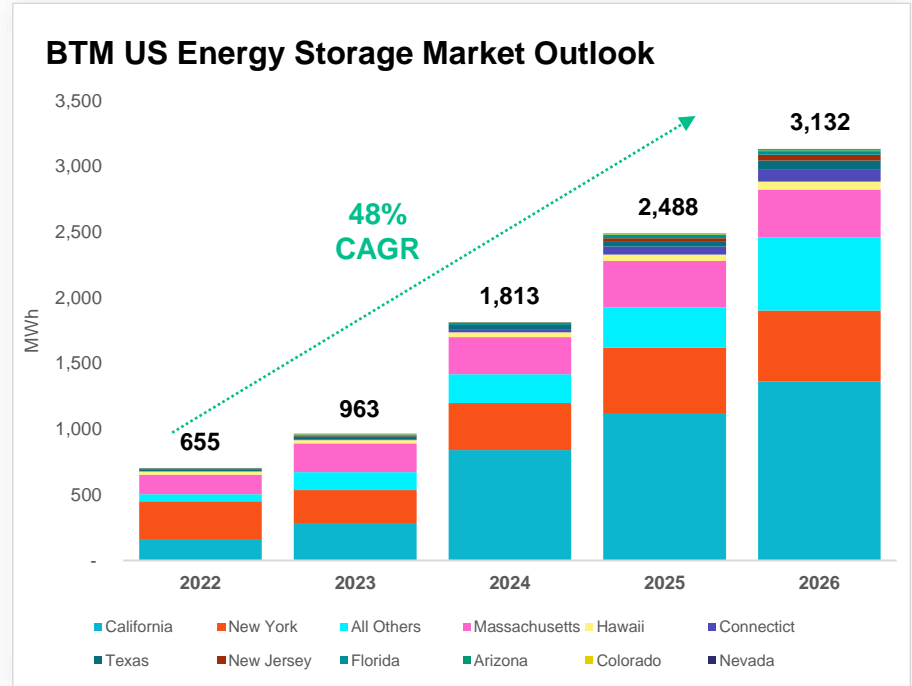
Leading market share and technology differentiation

## Key Metrics

- Customers include community, commercial and industrial
- Typically 10-year software contract
- Average system of 2MWh and \$1M HW+SW booking value with strong HW margins

## Growth drivers

- Standalone storage ITC
- Lower battery hardware prices
- Fleet electrification
- Corporate ESG goals
- Site resiliency
- Market participation upside



# Strong Front-of-the-Meter Storage Market Outlook

Proven track record in driving higher revenue and project returns

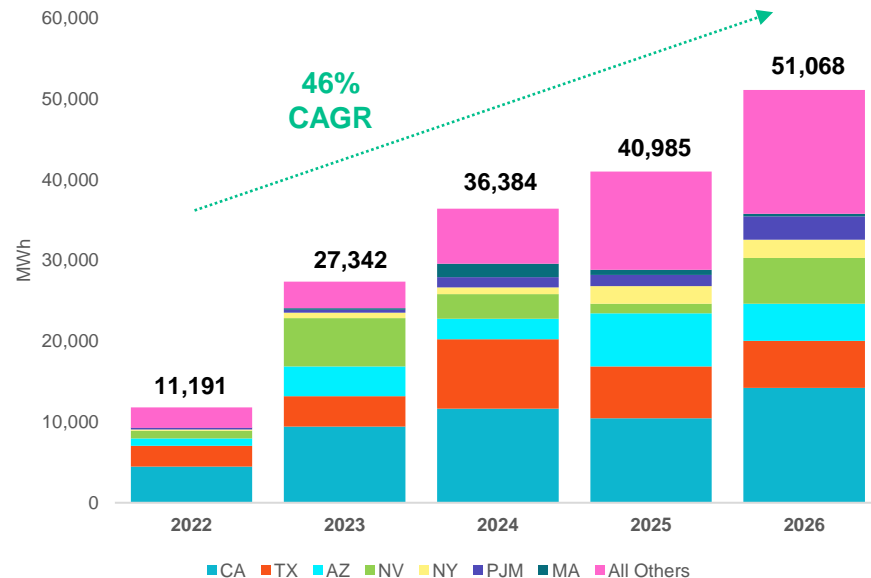
## Key Metrics

- Customers include Utilities, IPPs, and Renewable Asset Owners
- ~25% of total FTM bookings are software-only by 2025
- Typically 20-year software contract
- Average system of 25MWh and \$10MM HW+SW booking value

## Growth Drivers

- Standalone storage ITC
- Lower battery hardware prices
- Increased power market complexity, driving additional ancillary services revenue
- Grid resiliency

## FTM US Energy Storage Market Outlook



# Solar Asset Performance Management Market Outlook

#1 in the industry and positioned to move upstream into large portfolios integrated with storage

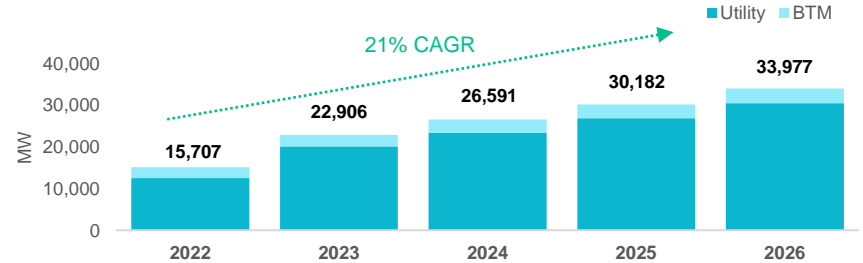
## Key Metrics

- AlsoEnergy PowerTrack reduces operating costs and enhances project revenues for solar projects
- 26 GW solar AUM as of Q2 2023
  - +41,000 C&I locations
  - <10% storage attached

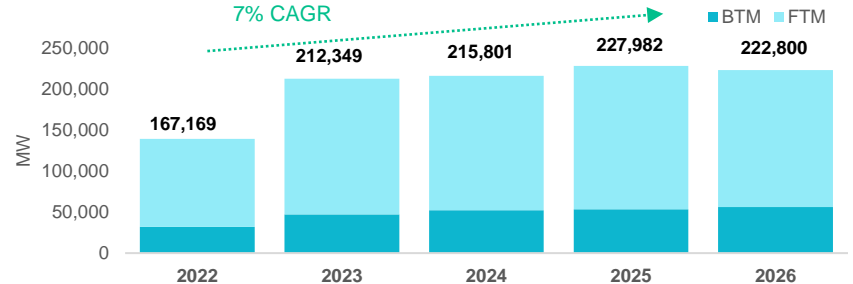
## Growth Opportunities

- Inflation Reduction Act increases deployments by 40% over the next five years
- Solar PTC presents opportunity for compelling economics uniquely available from Stem + AlsoEnergy
- Macro growth drivers include continued growth in demand for renewable energy generation, rapidly declining levelized cost of energy and growing focus by corporates on 24/7 clean power

## US Solar PV Market Outlook

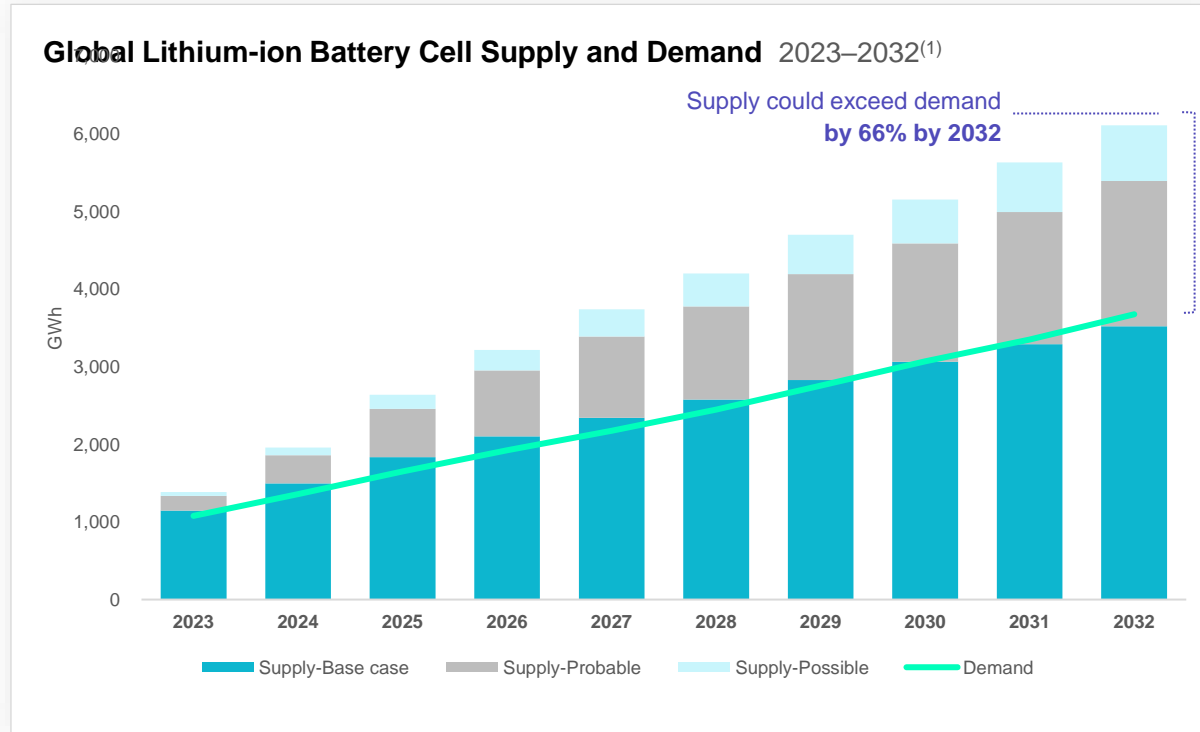


## ROW Solar PV Market Outlook



# Expect Battery Supply Chain to Improve

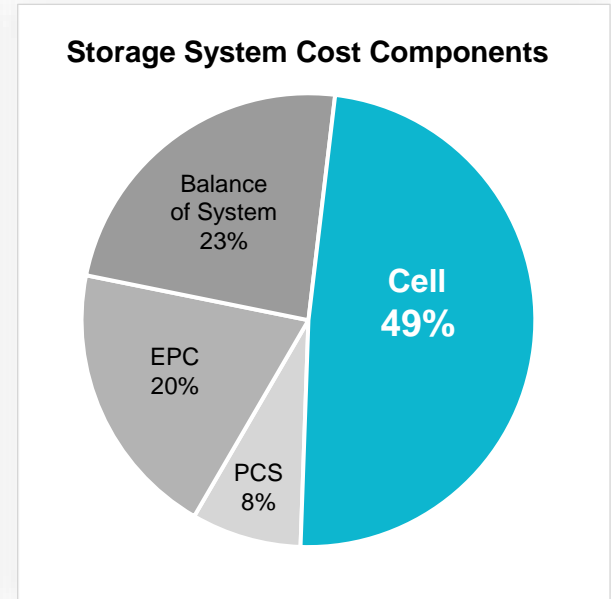
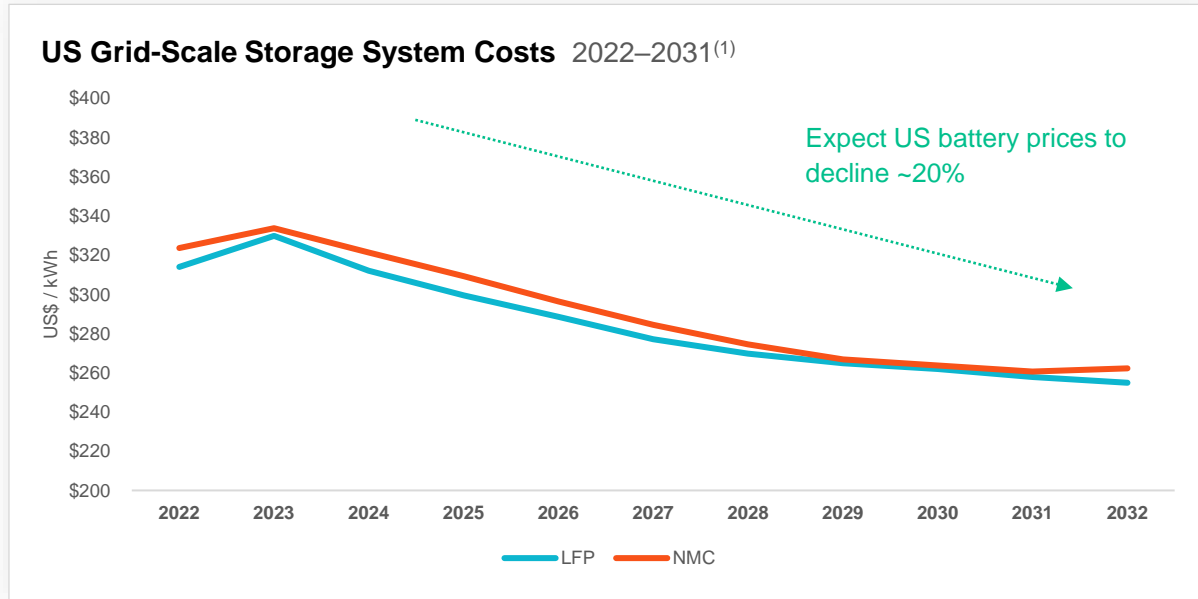
Global battery supply expected to exceed demand in coming years



- ✓ OEMs building dedicated stationary storage manufacturing facilities
- ✓ Announcements of 717 GWh<sup>(1)</sup> of capacity additions in North America
- ✓ Global supply could exceed demand by 66%

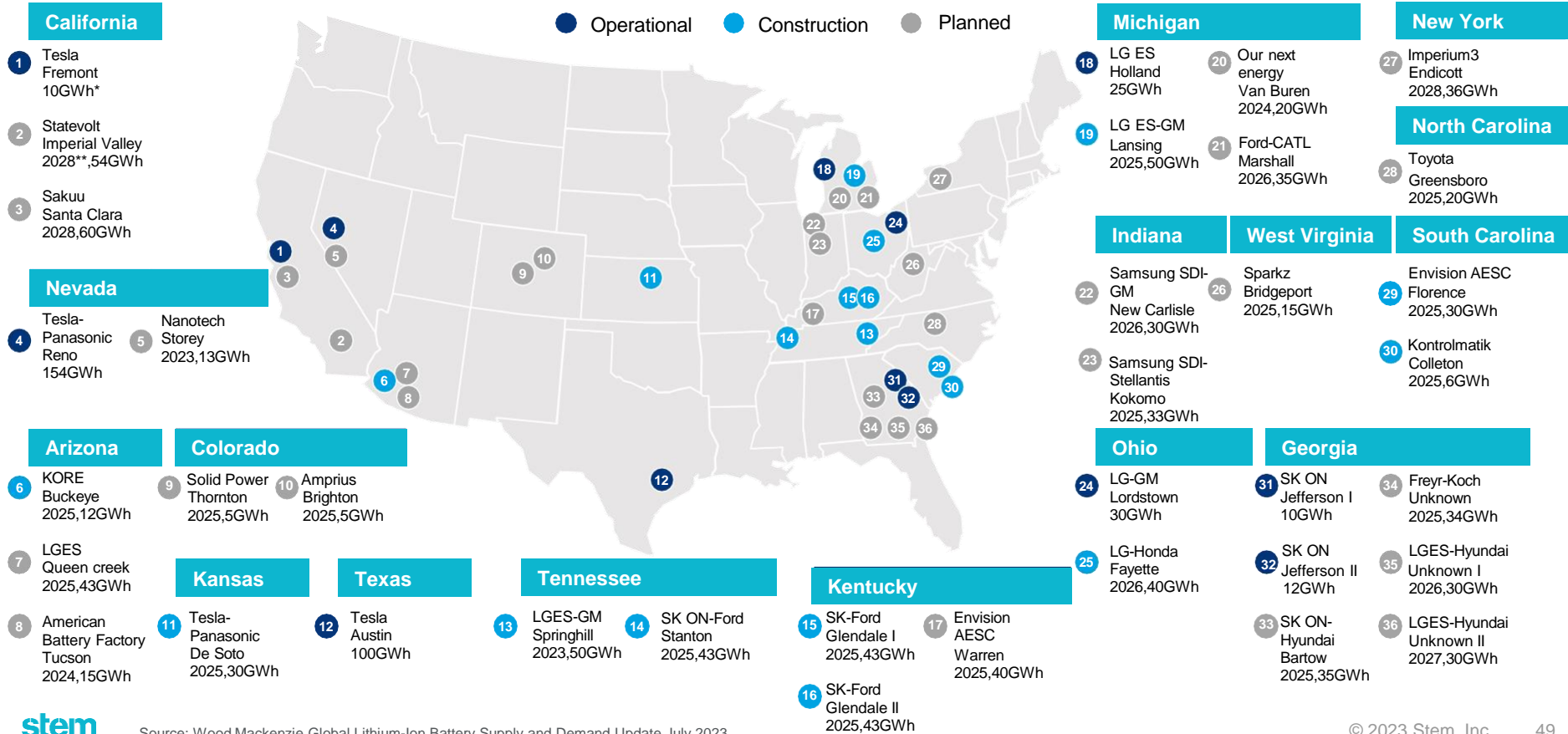
# Expect Battery Prices to Decline

Lower battery system prices should increase demand



- ✓ Industry analysts expect ~20% lower prices driven by manufacturing efficiencies and declines in commodity and shipping costs
- ✓ Expect lower costs to drive global TAM expansion

# Domestic Battery Manufacturing Plants



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**