



stem

Energy Superintelligence™

**Leader in AI-Driven
Storage Solutions**

•
December 2020

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Star Peak and its directors and executive officers may be deemed participants in the solicitation of proxies from Star Peak's stockholders with respect to the proposed Business Combination. A list of the names of those directors and executive officers and a description of their interests in Star Peak is contained in Star Peak's final prospectus related to its initial public offering dated August 17, 2020, which was filed with the SEC and is available free of charge at the SEC's web site at www.sec.gov or by directing a request to: Star Peak Energy Transition Corp., 1603 Orrington Avenue, 13th Floor, Evanston, IL 60201. Additional information regarding the interests of such participants will be contained in the proxy statement/prospectus for the proposed Business Combination when available. Stem and its directors and executive officers may also be deemed to be participants in the solicitation of proxies from the stockholders of Star Peak in connection with the proposed Business Combination. A list of the names of such directors and executive officers and information regarding their interests in the proposed Business Combination will be included in the proxy statement for the proposed Business Combination when available.

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Star Peak has identified Stem as a market leader in the clean energy ecosystem

Leader in AI-Driven Storage Solutions

The Business

- Founded in 2009, Stem is an industry leading AI-driven storage solutions business

Offering Size

- Star Peak Energy Transition Corp. (NYSE: STPK) is a special purpose acquisition company with over \$383MM of cash in trust
- PIPE size of \$225MM

Valuation

- Pro forma equity value of \$1.4B
- Attractively valued entry multiple

Capital Structure

- Stem shareholders rolling 100% of their equity
- ~\$525MM net cash (assuming no redemptions) retained to fully finance all forecasted growth

Stem's Investors



Leadership



John Carrington
CEO & Director



Larsh Johnson
CTO



Bill Bush
CFO



Eric Scheyer
CEO



Mike C. Morgan
Chairman



Adam Daley
Director

Star Peak overview

Magnetar Capital and Triangle Peak Partners Experienced Sponsor with Proven Track Record

Mike C. Morgan Chairman

- Co-founding partner, Chairman, and CEO of Triangle Peak Partners, LP
- Founding team member at Kinder Morgan, Inc. (NYSE: KMI), former President, current Lead Director of KMI
- Former Lead Director, current Director of Sunnova Energy International (NYSE: NOVA)
- Co-Chair, Stanford Precourt Institute Energy Advisory Council

Eric Scheyer CEO

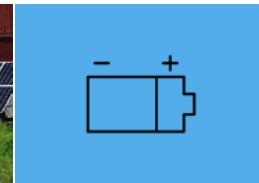
- Head of Magnetar Energy & Infrastructure Group since its inception in 2005
- Member of Magnetar Investment Committee & Management Committee
- Former Director, Arc Logistics (NYSE: ARCX)

Star Peak's Climate Focused Mission Backed by Compelling Economics

- Provide growth capital to a market-leading business focused on climate change initiatives, emissions reductions, and energy efficiency
- Capitalize on scarcity of high quality, public companies with attractive ESG characteristics



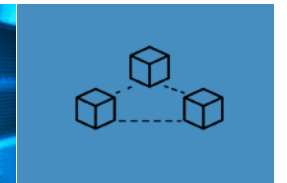
RENEWABLES



ENERGY STORAGE



TECHNOLOGY



SUPPLY CHAIN & LOGISTICS

Successful investment track record ⁽¹⁾

>12yrs

PARTNERSHIP HISTORY

>\$6B

EQUITY CAPITAL COMMITTED

64

PRIVATE INVESTMENTS

48

VENTURE CAPITAL DEALS



EV INFRASTRUCTURE



ELECTRIC VEHICLES



TRANSPORTATION TECHNOLOGY



FOOD TECHNOLOGY

(1) Star Peak Energy Transition Corp. as of 9/30/2020.

Climate Change is the problem

27%

Electricity production is the #2 polluter responsible for 27% of greenhouse gas emissions⁽¹⁾

60%

Fossil fuels still accounted for 60% of global electricity generation in 2019⁽⁴⁾

3x

Natural catastrophe-related loss events since 1980⁽²⁾

72%

Companies actively publicize their sourcing of renewable energy⁽⁵⁾

Risk

Investors recognize climate change is one of the biggest risks impacting businesses⁽³⁾

\$200bn

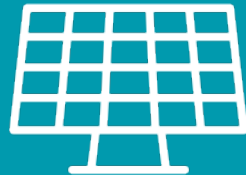
Over \$200bn cumulative inflows into ESG funds since the beginning of 2019 versus ~\$600bn cumulative outflows from non-ESG funds⁽⁶⁾

A revolutionized grid, with Stem, is the solution

Grid



Since 2019, 90% of new interconnection requests were renewables and/or storage, but renewable generation suffers from intermittency⁽¹⁾



Distributed, renewable generation is supplementing and replacing traditional generation

Storage



Battery production is becoming cheaper and more commercialized

STEM



Energy storage is key to the build out of renewable generation, and represents a \$1.2 trillion revenue opportunity through 2050⁽²⁾



Battery optimization is difficult. Energy intelligence amplifies performance by anticipating demand cycle, energy prices, generation profile and other factors in real time

(1) Wood Mackenzie Energy Storage Service. (2) Bloomberg New Energy Finance.

Stem is the first pure play smart energy storage company to go public in the US

Large Addressable Market + Strong Macro Tailwinds

- ~\$1.2 trillion in new revenue opportunities for integrated storage expected to be deployed by 2050⁽¹⁾
- Battery storage capacity expected to increase by 25x by 2030⁽²⁾

Market Leader with Best in Class Technology

- 900+ systems operating or contracted with Stem's Athena software⁽³⁾
- 75% market share in CA BTM storage market, largest in the US⁽²⁾
- First mover AI platform that operates with 40+ utilities, 5 grid operators and over 16MM runtime hours

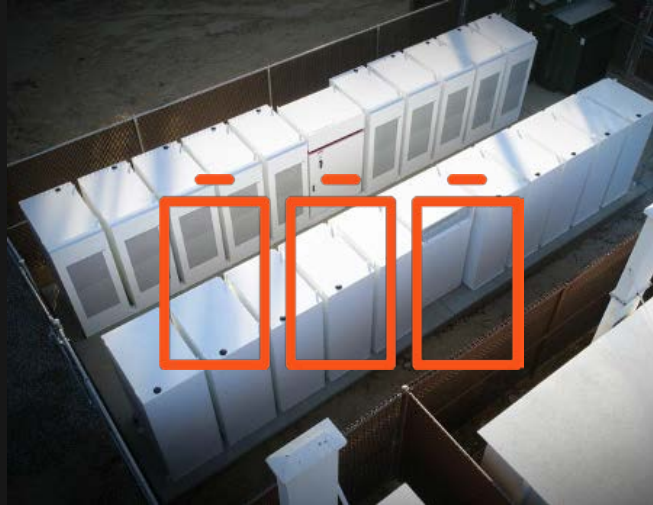
Balance Sheet Positioned to Capitalize on Growth

- Ready to deploy net cash balance of ~\$525m to target and fund high growth markets
- Transaction fully finances all forecasted growth

Highly Visible Growth

- Recurring revenue streams provide strong financial position to accelerate growth
- Revenues projected to grow at ~51% CAGR from 2021 to 2026

(1) Bloomberg New Energy Finance. (2) Wood Mackenzie. (3) As of 31-Oct-2020.



Hardware + Network Integration

- ✓ Tier 1 standard hardware solutions



Software


- ✓ Battery optimization via Athena AI





Market Participation


- ✓ Upside sharing through sales into energy markets


Smart Energy Storage Drives The Grid Transformation

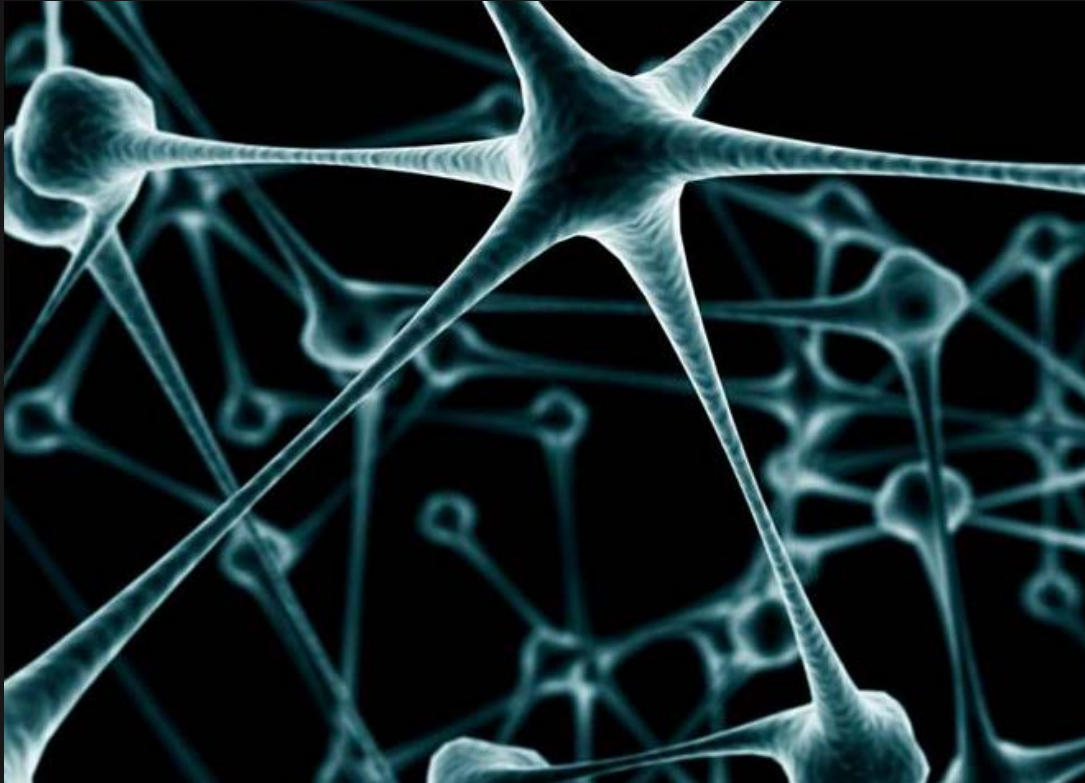
 Lowers Energy Costs

 Stabilizes the Grid

 Reduces Carbon Emissions

 Solves Intermittency

 Creates VPPs and Storage Networks



Stem operates the world's largest network of energy storage systems



As cumulative installs grow, Athena becomes more intelligent, creating more value and a larger moat

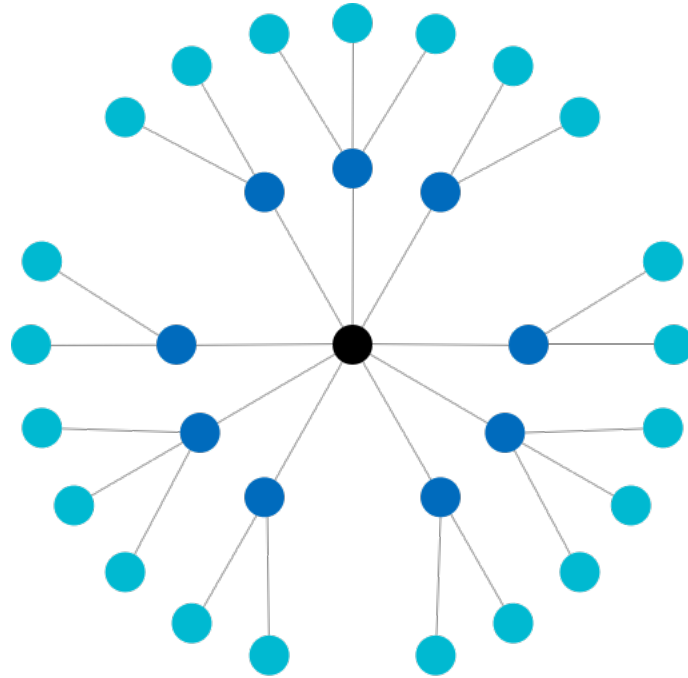
With the world committed to decarbonization, Stem is well positioned to capture this tailwind.



UTILITIES & ASSET OWNERS •

• CORPORATES

Source: Company filings, EEI, S&P Global Market Intelligence.



Generation



Substation



End Consumers



Transmission

HISTORICAL POWER SECTOR

More distributed

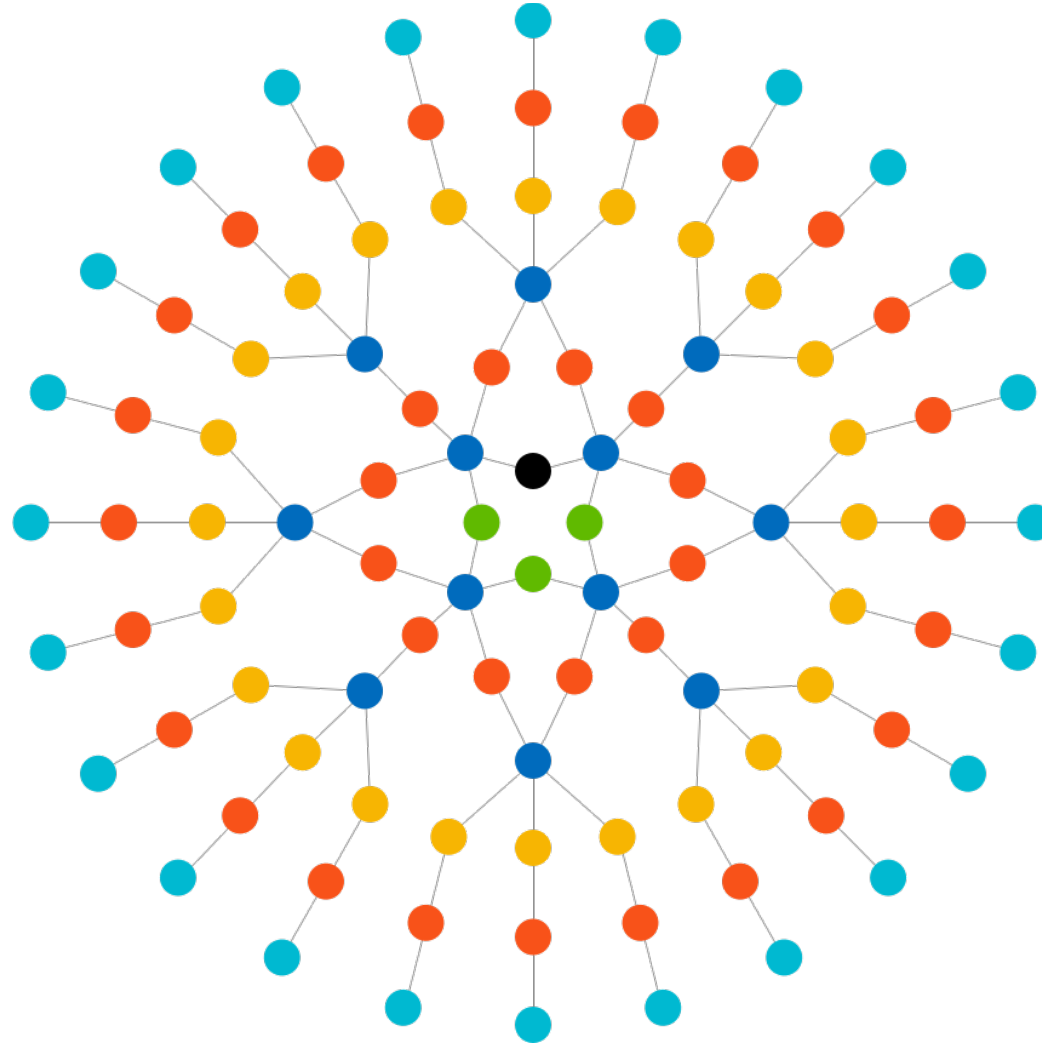
Power used to be all bulk centralized generation...now it is distributed and islanded to enhance reliability & resilience – requiring new solutions and business models

More complex

Power used to flow in one direction... now it flows bi-directionally – requiring new coordination and optimization systems

More dynamic

Power used to be predictable and controllable...now it is generated from a multitude of intermittent assets – requiring intelligent, adaptable 24/7 management



Intermittent Generation



Generation



Distributed Generation



Substation



STEM



End Consumers



Transmission

STEM AI POWER SECTOR

Renewables

Lowest Cost Generation



Battery Hardware

Rapid Cost Reductions

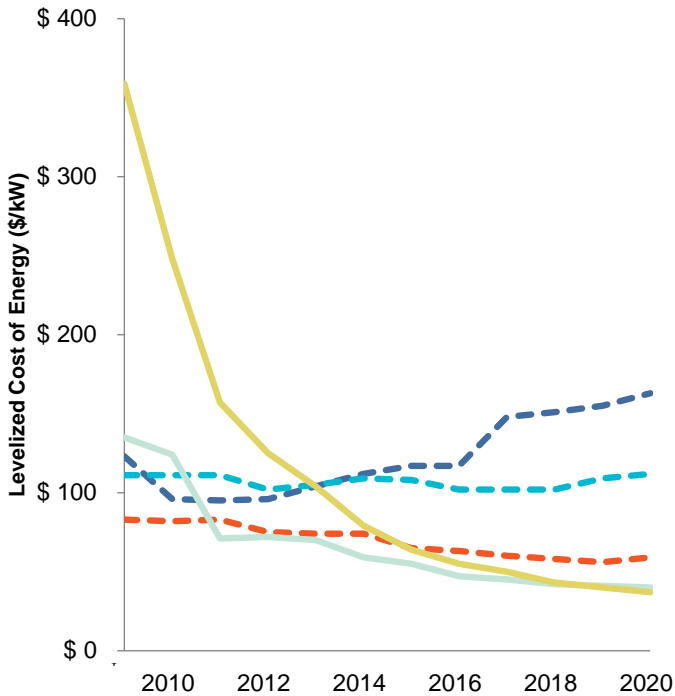


Storage Market

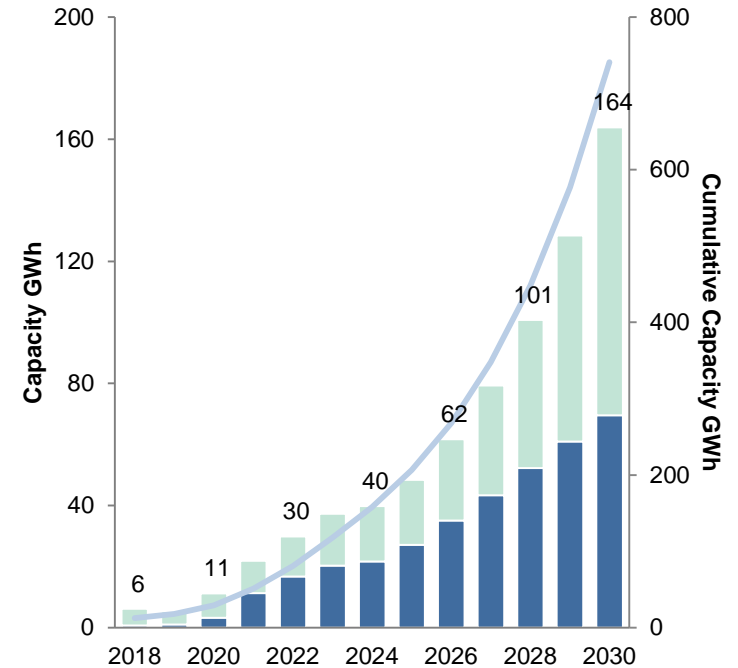
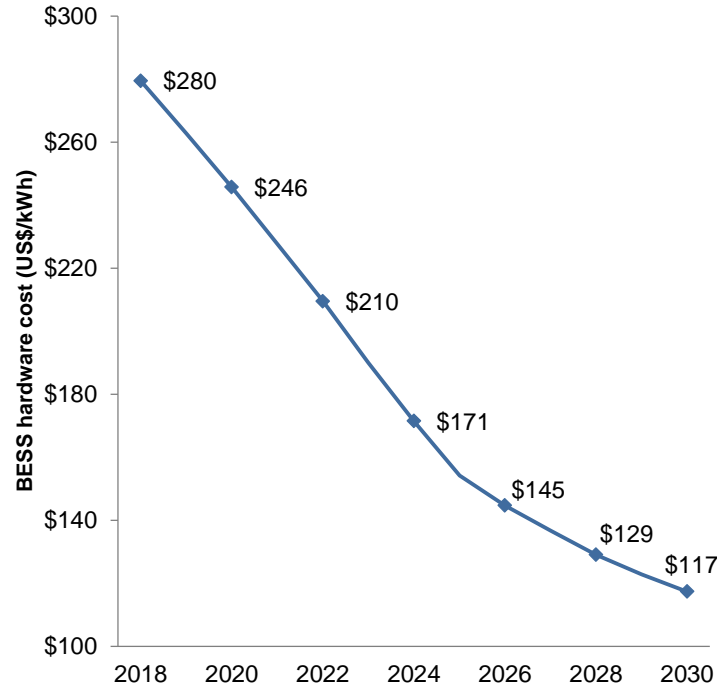
25x Growth⁽¹⁾

Market Opportunity

\$1.2 Trillion⁽²⁾



--- Nuclear --- Coal --- CCGT
 --- Wind --- Solar PV



■ United States ■ Rest of World — Cumulative Capacity⁽³⁾

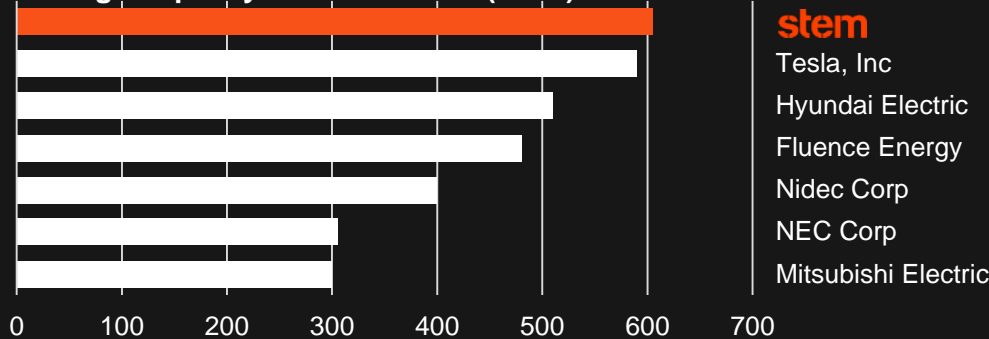
Source: Bloomberg New Energy Finance, Wood Mackenzie, Lazard LCOE.

Note: BESS includes battery rack, PCS, balance of system, energy management system and transformer costs. (1) Wood Mackenzie. (2) Bloomberg New Energy Finance. (3) Includes all FTM, non-residential and residential storage.

stem Stem is a Market Leader with Significant Scale and Visible Growth

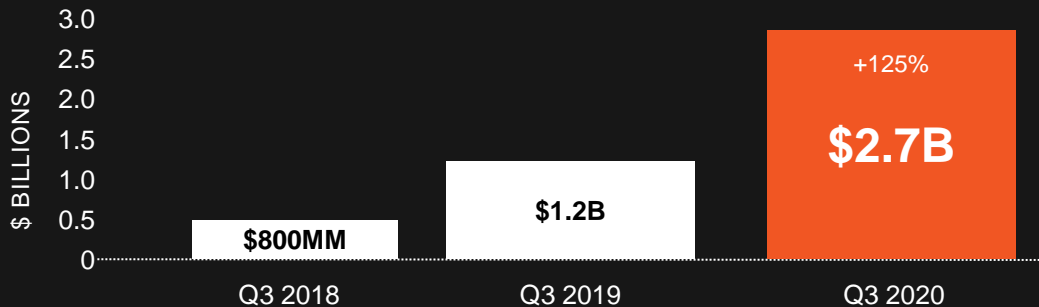
Stem is a Leader in Deployments Worldwide⁽¹⁾
 One of the Top Systems Integrators by
 Disclosed Commissioned Projects 2014-3Q20

Storage Capacity Commissioned (MWh)



Stem's Total Pipeline Growth

125% Pipeline Growth Since Q3 2019



Note: Includes only lithium ion providers.

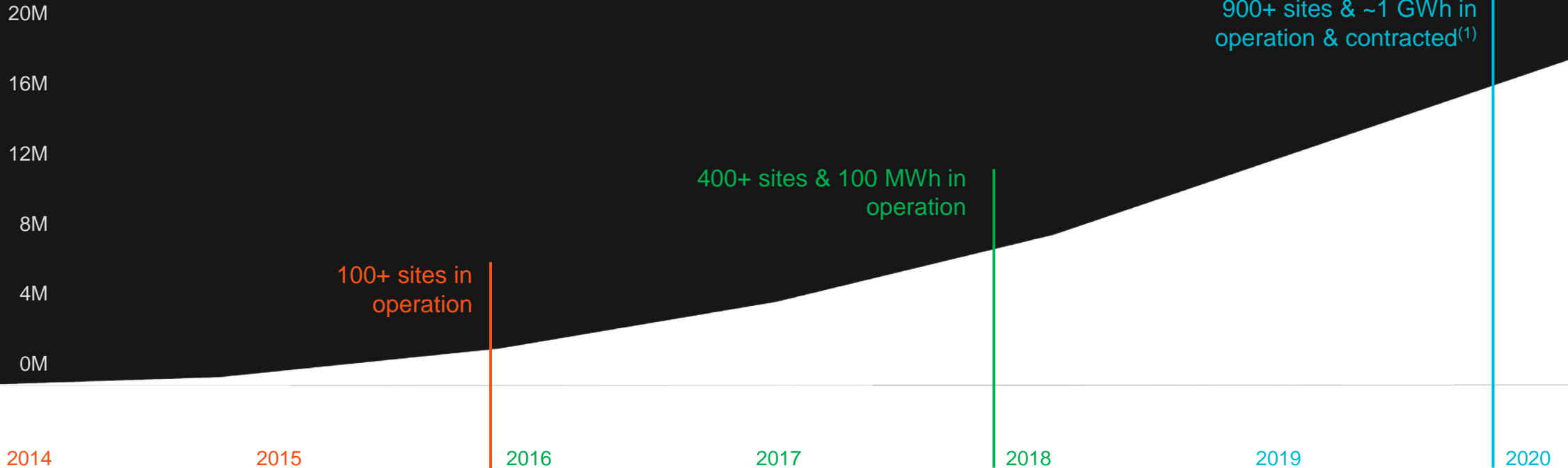
(1) Bloomberg New Energy Finance – Storage Assets Interactive Dataset; Reflects System Integrators by Capacity (MWh), filtered by Commissioning Date and Commissioned Status as of 11/04/2020; Stem data from Company.

(2) As of 31-Oct-2020. (3) Wood Mackenzie.



- **900+ systems** operating or contracted (~1 GWh)⁽²⁾
- **75% BTM market share** in California, largest storage market in the US⁽³⁾
- **Systems operating in**
 - **75 jurisdictions**
 - **200+ cities**
- **\$145MM bookings** in 2020E
- **~4.5x revenue growth** in 2021E

ATHENA CUMULATIVE RUNTIME HOURS



2014

2015

2016

2017

2018

2019

2020

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

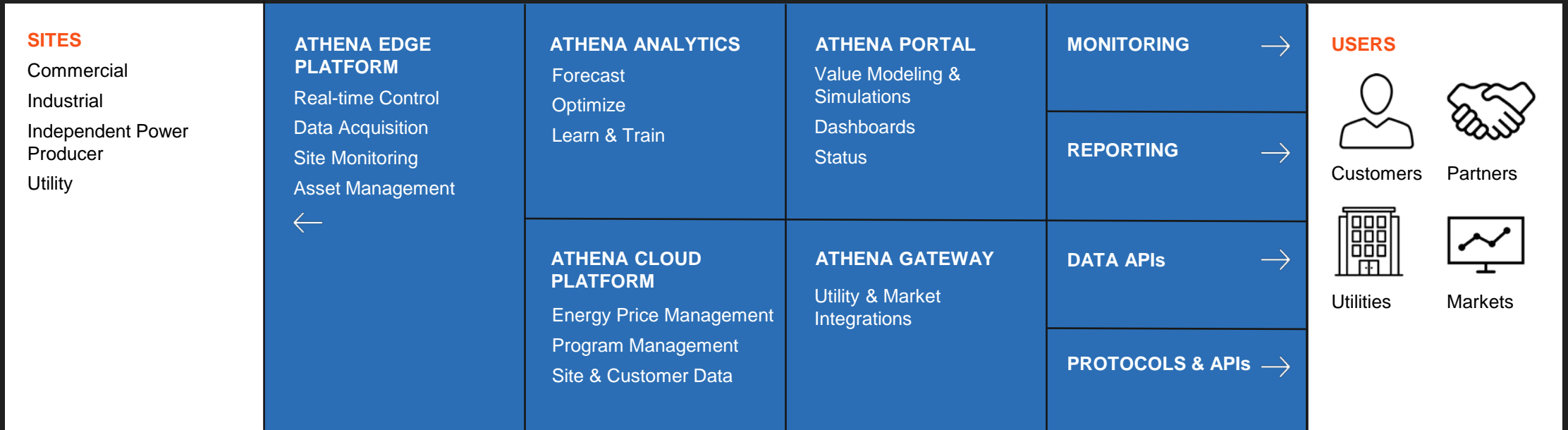
2019 – 2020 **2+ years accelerating growth**

- **First Stem as a service** contract via SK SUSI RFP award
- Serving **40 utilities** & markets
- Delivering multiple value streams in **Ontario** market
- **Partnering with solar IPP** & energy market
- Supplying **backup power**
- **>20,000** market dispatches/year

Source: Stem. (1) As of 31-Oct-2020.

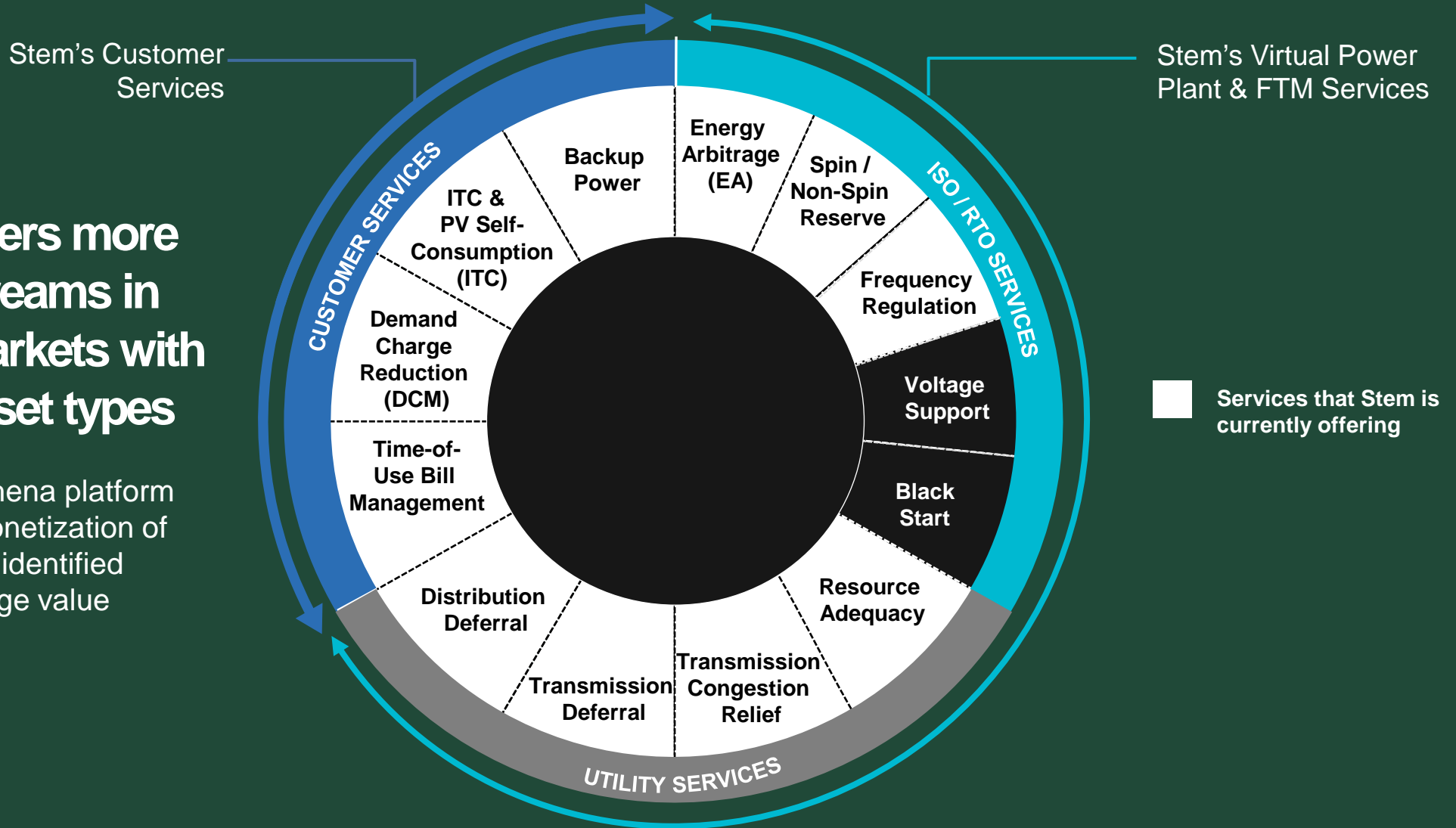
**24 PATENTS GRANTED
COVERING STEM'S SOFTWARE
AND STORAGE**

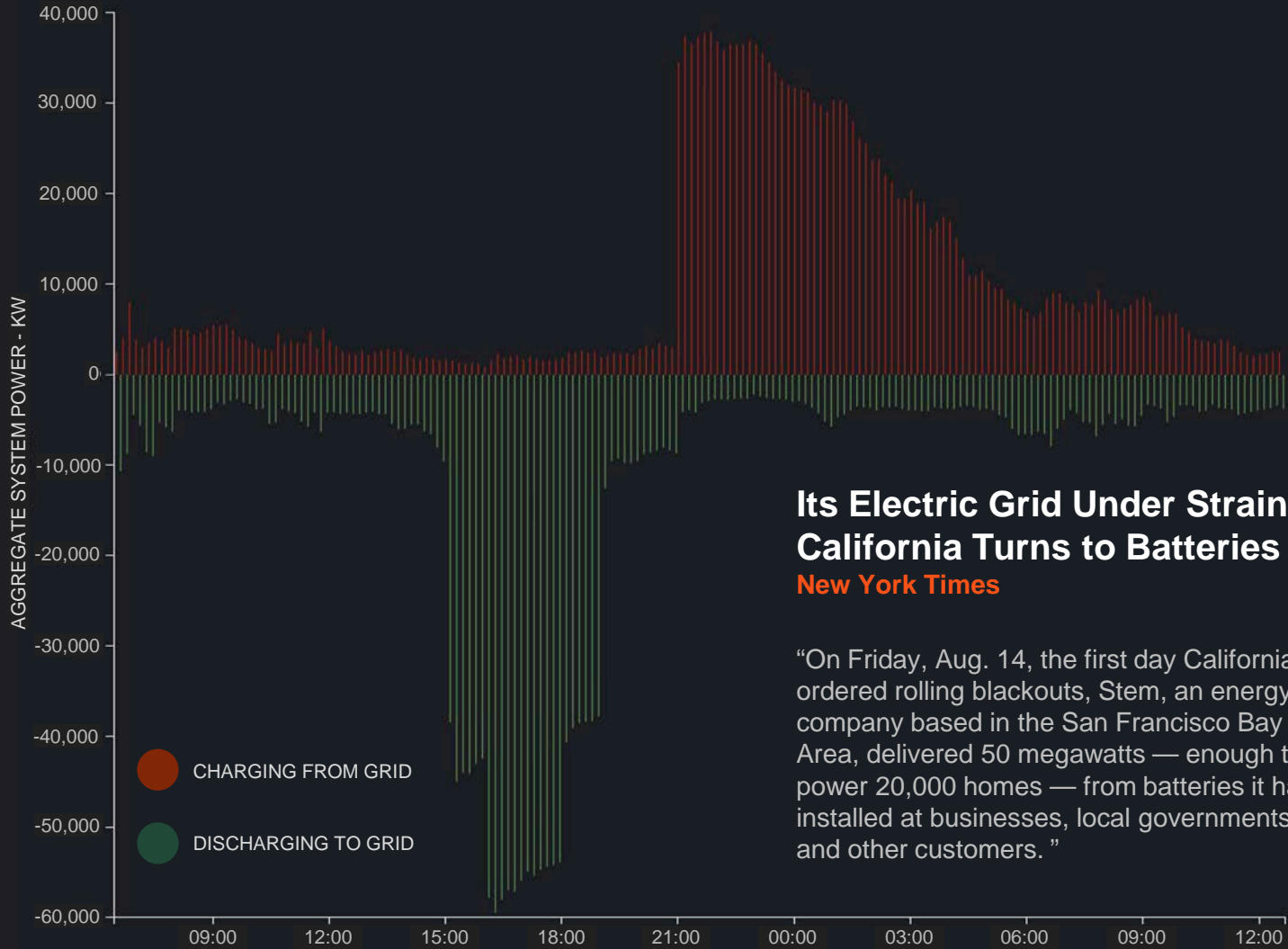
DATA INTEGRATION
Weather Prices Markets Grid



Stem offers more value streams in more markets with more asset types

AI-Driven Athena platform facilitates monetization of **11 out of 13** identified energy storage value streams





Its Electric Grid Under Strain, California Turns to Batteries

New York Times

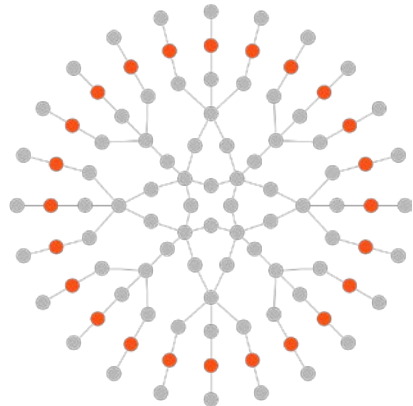
“On Friday, Aug. 14, the first day California ordered rolling blackouts, Stem, an energy company based in the San Francisco Bay Area, delivered 50 megawatts — enough to power 20,000 homes — from batteries it had installed at businesses, local governments and other customers.”

SK SUSI select Stem

- Competitive RFP in 2020 to select software provider for **345 MWh**
- **25 Tier 1 commercial and municipal customers** in Los Angeles and Southern California Edison service territory
- Stem beat **10 bidders**, including energy services firms, based on Athena’s advanced AI capability, demonstrated record of success and world-class management team as key differentiators



BEHIND THE METER “BTM”



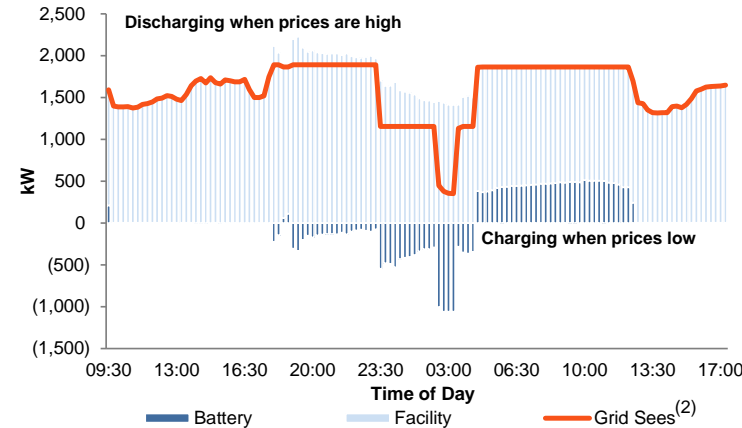
COMMERCIAL & INDUSTRIAL

Reducing Consumer Energy Bill

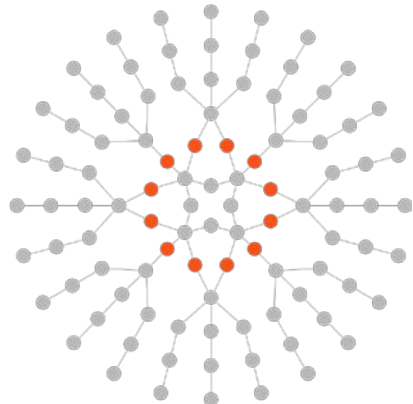
Athena AI optimizes time-of-use and demand charges, resulting in 10% - 30% monthly electricity bill reductions

Corporate ESG Objectives

35% of Fortune 500 have committed to carbon neutrality⁽¹⁾



FRONT OF THE METER “FTM”



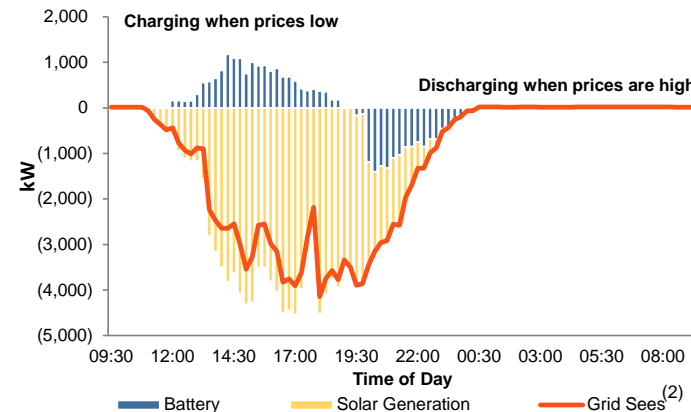
UTILITIES, IPPS, DEVELOPERS

Increasing Asset Returns

Athena AI enables solar generation time-shifting and participation in ancillary revenue streams, resulting in 10% - 30% unlevered IRRs

Supports Grid Stability

Athena AI reduces volatility and supports local grid capacity needs



Source: Stem

(1) Natural Capital Partners. (2) In the top chart, Grid Sees is the net power draw from the grid after the activity of the battery; In the bottom chart, Grid Sees is the net delivery to the grid including the activity of the battery.

Direct sales

Drives demand and “spec in” Stem solutions into enterprise procurement solicitations



Deep relationships across the Fortune 500

Sales channel partners

Sells into commercial customers



500+ sales executives across EPC / developer channels with Stem University

Distributors

Reach broad based solar, electrical, building automation, HVAC market



Distributor relationships cover entire US market

Large renewable project developers

Drive demand within project developer and financing ecosystem



Consistently delivering differentiated returns to renewable asset managers

**Net Cash Available
for Growth**

~\$525MM

Debt on Balance Sheet

\$0⁽¹⁾

Balance Sheet Strength

Supports credit requirements to convert large projects in pipeline

Supply Chain Savings

Capital to further reduce cost structure with OEMs

Geographic Expansion

Expansion into rapidly growing international markets with new and existing partners

Athena Expansion & Tech Acquisitions

Product development to further extend Athena AI leadership position and accelerate roadmap

Joint Venture Opportunities

Capture enhanced economics

(1) Pro forma for transaction.



John Carrington
CEO and Director



Larsh Johnson
Chief Technology Officer



Bill Bush
Chief Financial Officer



Mark Triplett
Chief Operating Officer



Alan Russo
Chief Revenue Officer



Sylvia Lan
Senior Director, HR



Prakesh Patel
VP of Capital Markets & Strategy

- Seasoned leadership team with 150+ years of experience in the software and energy space
- Leadership experience at technology, energy, and industrial companies
- 145 employees

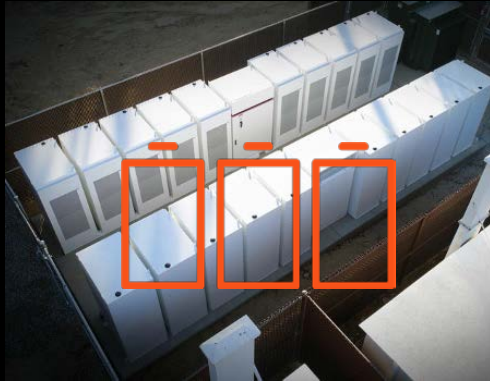


Majority Independent Board

- | | |
|----------------------------|-----------------------------|
| 1. John Carrington (Stem) | 5. TBD (Stem Designee) |
| 2. Anil Tammineedi (Stem) | 6. TBD (Stem Designee) |
| 3. David Buzby (Stem) | 7. TBD (Star Peak Designee) |
| 4. Mike Morgan (Star Peak) | |

Section 2

Financial Forecast



Hardware + Network Integration

Total Deliveries (kWh)
(x) Project Hardware ASP (\$/kWh)
= Total Hardware Revenues

~10-30%

Hardware Gross Margin

- ✓ Upfront payment for initial purchase
- ✓ Hardware agnostic platform
- ✓ Turnkey approach with focus on customer value

Software

Total AUM (kWh)
(x) Software Subscription (\$/kWh/month)
= Total Software (Recurring) Revenues

~80%

Software Gross Margin

- ✓ Recurring SaaS model
- ✓ 100% attach rate secured by 10-20 year contracts with monthly recurring cash flow
- ✓ Revenue recognized ratably during life of the contract
- ✓ Additional upsell revenue from Athena applications

Market Participation

Total AUM (kWh)
(x) Stem's Market Participation Revenues (\$/kWh)
= Total Software (Variable) Revenues

~80%

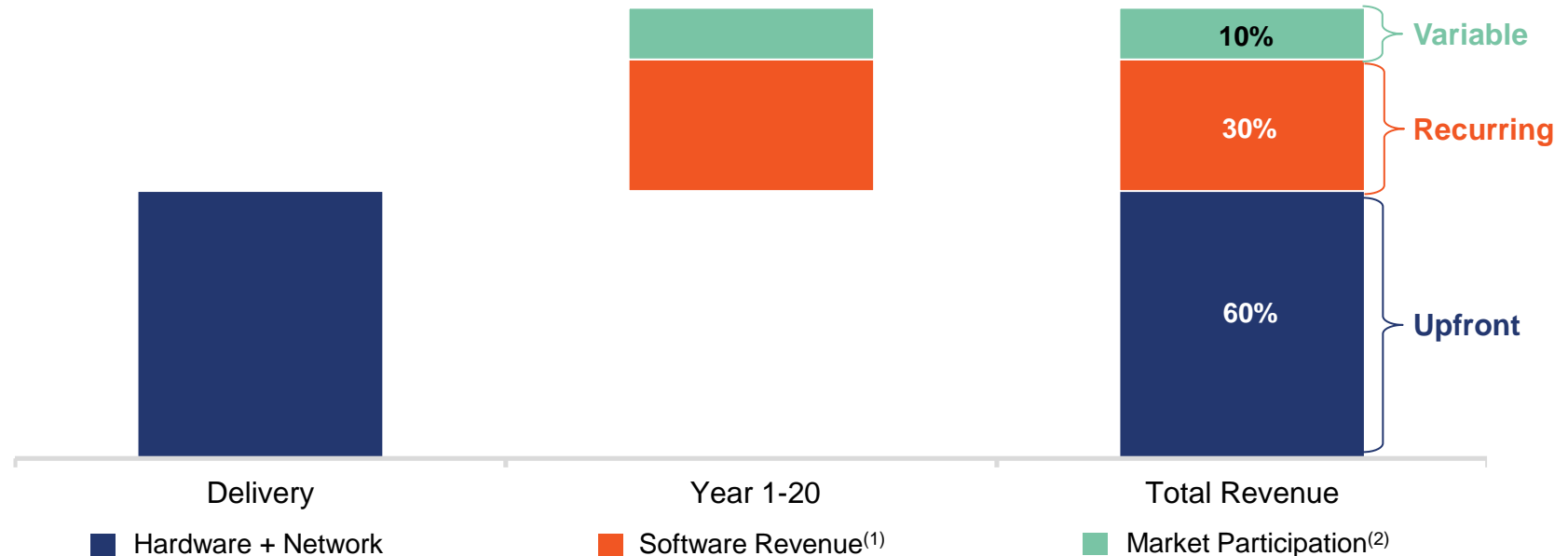
Market Participation Gross Margin

- ✓ Revenues from differentiated Athena capabilities and VPPs
- ✓ Secured by 3-20 year contracts
- ✓ Revenue recognized when realized
- ✓ Significant long term value

Illustrative project revenue contribution

Case Study

- Front of the Meter, New York Market
- Hardware + Software
- 5 MW / 20 MWh Standalone Storage Solution
- ~\$10MM customer lifetime value

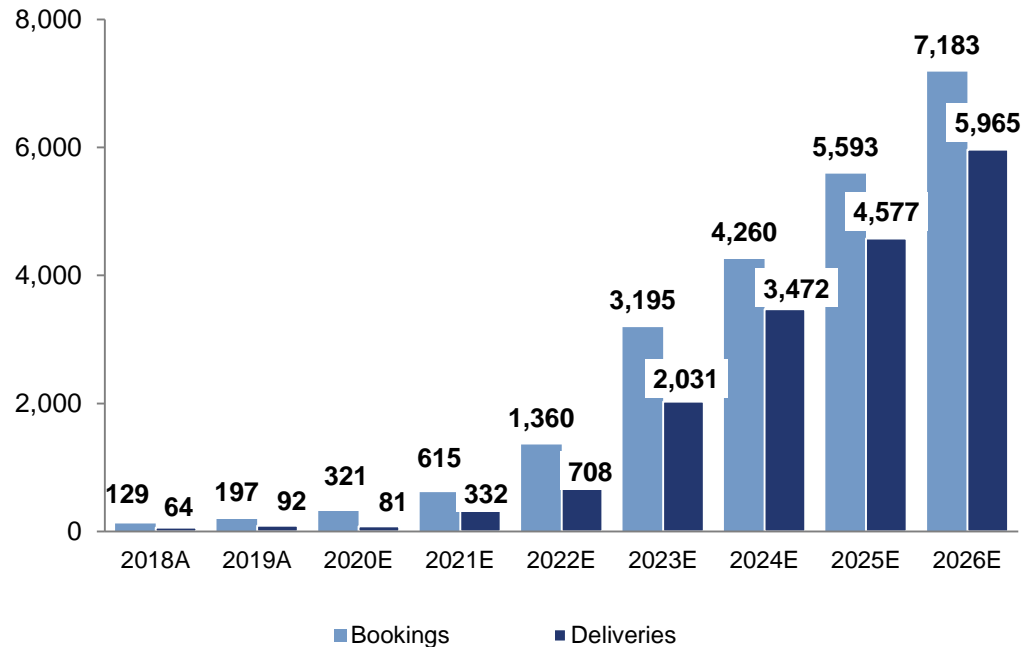


Source: Stem.

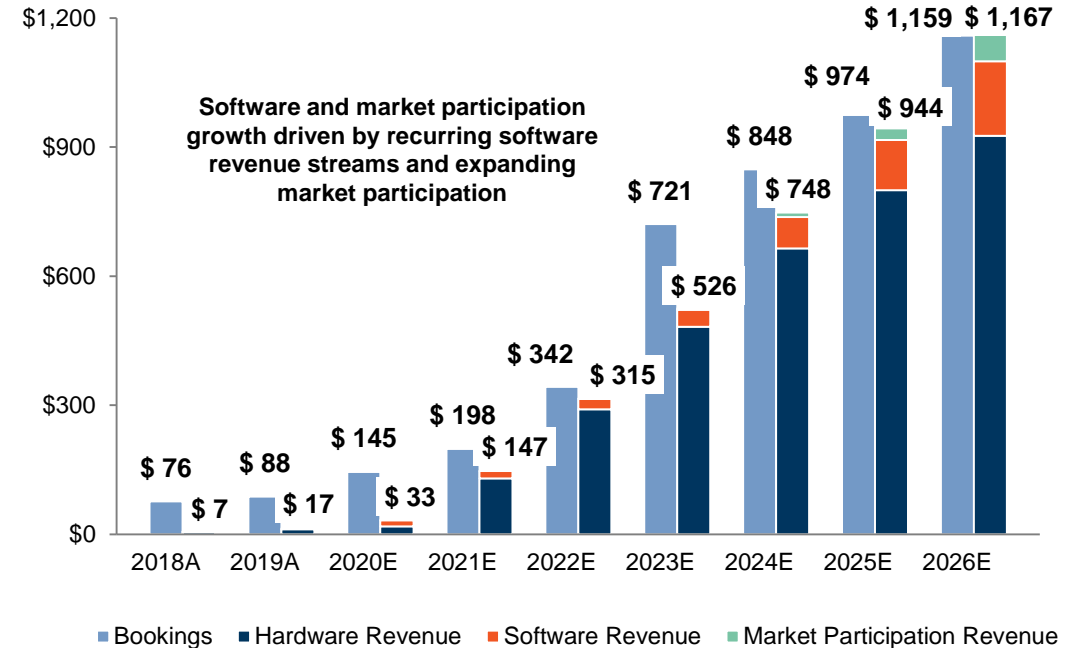
Note: Values estimated based on historical experience and consultant forecasts. (1) Average of \$0.84 / kWh per month (Year 1-20) starting at \$0.39 / kWh per month with annual escalator. (2) Average of \$0.33 / kWh per month (Year 1-20).

Business scales with accelerating storage adoption

Bookings & Deliveries⁽¹⁾ (MWh)



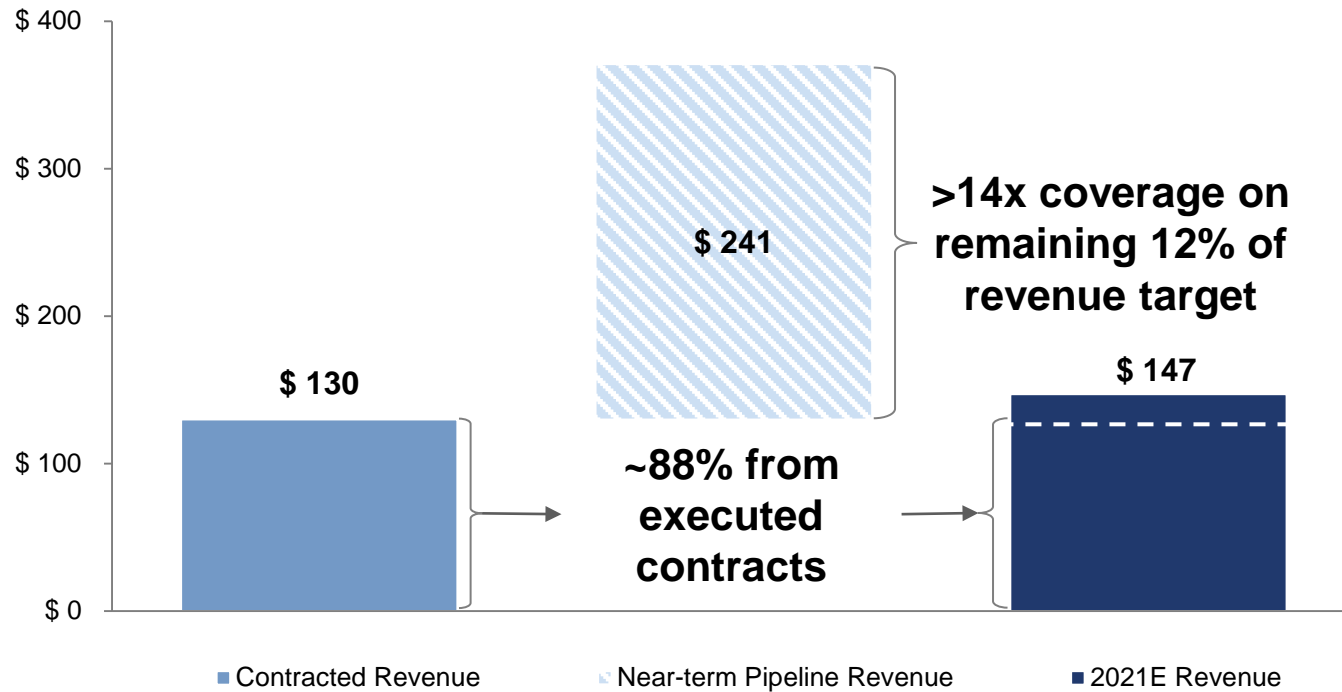
Bookings & Revenues (\$MM)



Source: Stem.

Note: Bookings represent value of executed customer contracts excluding Market Participation revenue. Stem total revenue calculation assumes recognition of all contracted backlog at system delivery and ratable recognition of software services over the contractual period; Hardware revenue assumes all contracted backlog recognized at system delivery; Software revenue includes SaaS Fees, revenue within the period from systems on balance sheet and O&M. (1) Excludes ~350MW of deliveries and bookings from Q32020 SK SUSI contract and excludes software bookings and deliveries.

Bookings underpin significant visibility of 2021



All figures above as of end of October 2020

Current Contracted Backlog

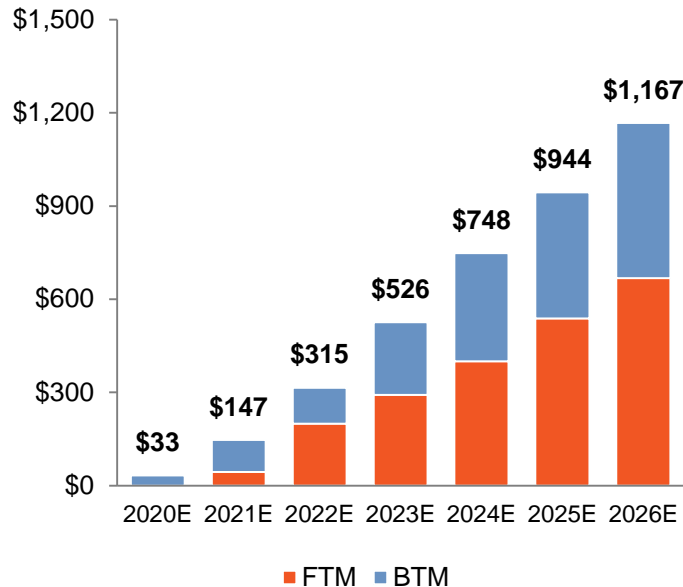
140
Projects in Process

43
Customers

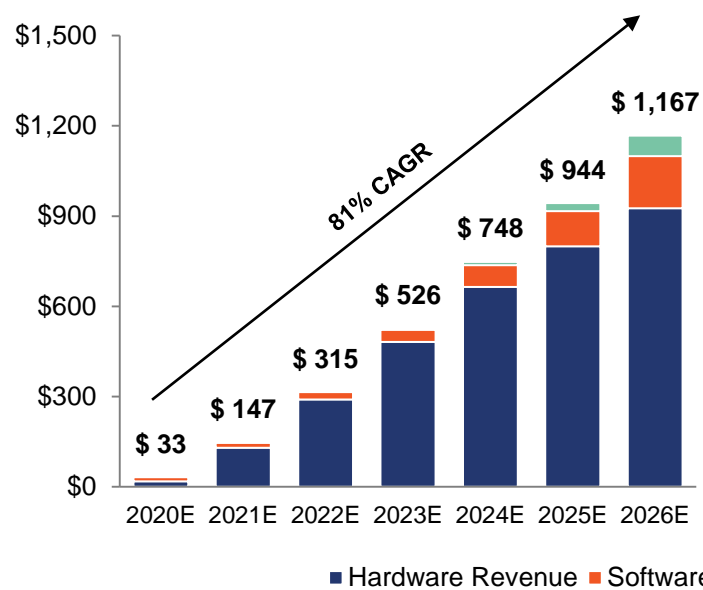
2.5 MWh
Average System Size

Robust revenue growth by customer type and segment

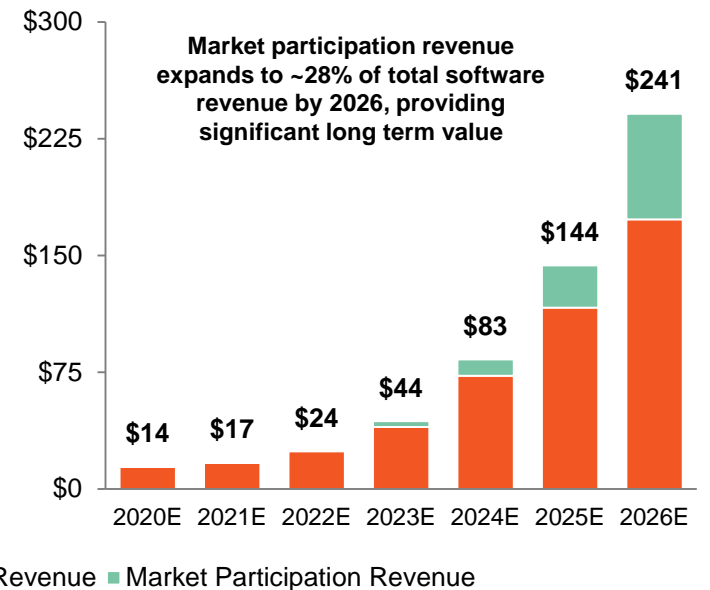
By Customer Type (\$MM)



By Segment (\$MM)



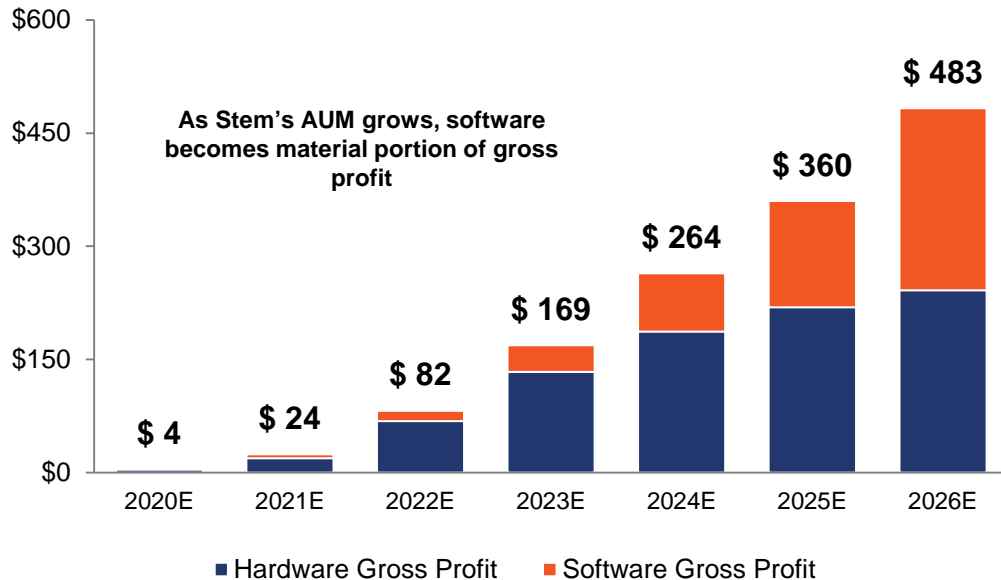
By Software Type (\$MM)



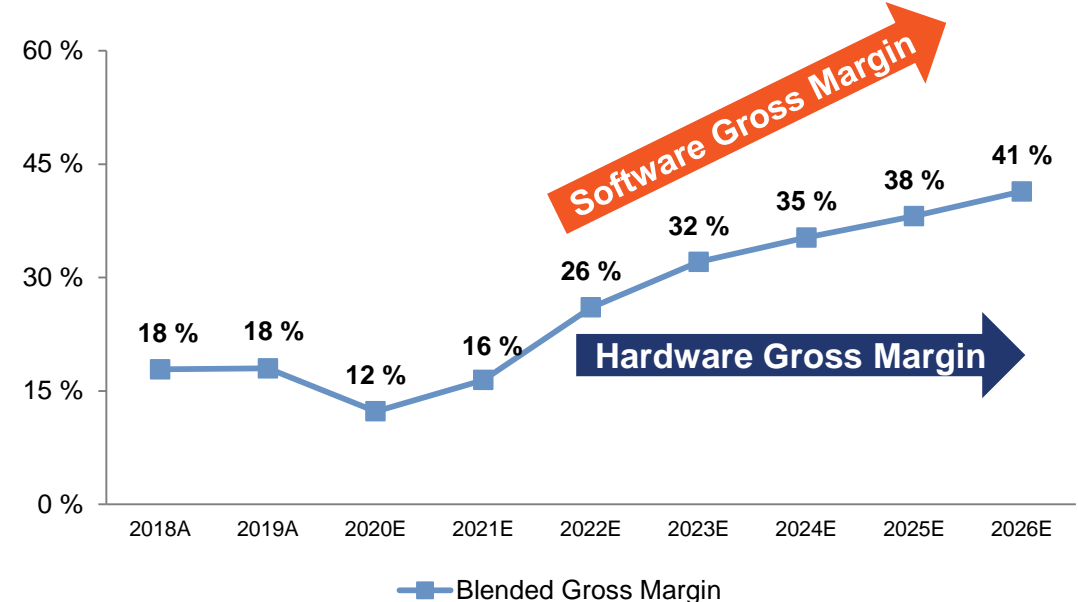
Source: Stem.
 Note: Stem total revenue calculation assumes recognition of all contracted backlog at system delivery and ratable recognition of software services over the contractual period; Hardware revenue assumes all contracted backlog recognized at system delivery; Software revenue includes SaaS Fees, revenue within the period from systems on balance sheet and O&M.

Gross margin expands with increasing scale and software growth

Pro Forma Gross Profit by Type (\$MM)⁽¹⁾



Gross Margins Driven by Increasing Software Margin⁽²⁾



Source: Stem.

(1) Stem total gross profit calculation assumes recognition of all contracted backlog at system delivery and ratable recognition of software services over the contractual period; Hardware gross profit assumes all contracted backlog recognized at system delivery; Software gross profit includes SaaS Fees, gross profit within the period from systems on balance sheet, O&M and ongoing Market Participation gross profits. (2) Historical gross margin adjusted for non-recurring and non-system related items.

Stem delivers consistent growth and improving margins

(\$MM)	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E
Cumulative AUM (MWh)	714	1,046	1,754	3,785	7,257	11,834	17,799
<i>YoY Growth</i>	153%	46%	68%	116%	92%	63%	50%
Bookings	\$145	\$198	\$342	\$721	\$848	\$974	\$1,159
<i>YoY Growth</i>	65%	37%	72%	111%	18%	15%	19%
Revenue	\$33	\$147	\$315	\$526	\$748	\$944	\$1,167
<i>YoY Growth</i>	94%	348%	115%	67%	42%	26%	24%
Pro Forma Gross Profit	\$4	\$24	\$82	\$169	\$264	\$360	\$483
<i>Gross Margin⁽¹⁾</i>	12%	16%	26%	32%	35%	38%	41%
Total Operating Expenses	39	49	54	55	60	65	66
Adjusted EBITDA	(\$35)	(\$25)	\$28	\$113	\$204	\$295	\$417
<i>EBITDA Margin %</i>	NM	NM	9%	22%	27%	31%	36%
CapEx	NM	(\$17)	(\$34)	(\$39)	(\$37)	(\$35)	(\$25)
Free Cash Flow	NM	(\$49)	(\$7)	\$70	\$162	\$253	\$381

~88% of Forecasted 2021 Revenues From Executed Contracts

Source: Stem.

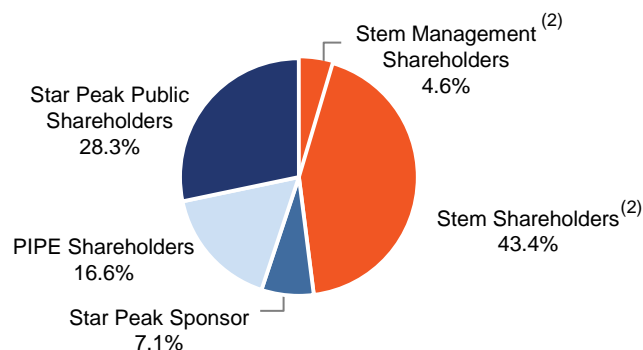
Note: Stem's fiscal year is 31-Dec. (1) Pro Forma Gross Profit adjusted for non-recurring, non-system related items and amortization related with product development (IDS) costs.

Detailed transaction overview

Transaction Highlights

Cash Sources	<ul style="list-style-type: none"> Star Peak has ~\$383MM in cash held in the trust account PIPE size of \$225MM
Valuation	<ul style="list-style-type: none"> Attractive entry multiple relative to clean energy peer group
Capital Structure	<ul style="list-style-type: none"> ~\$525MM net cash to balance sheet (assuming no redemptions) to fund growth

Pro Forma Ownership at \$10.00 / Share⁽¹⁾



Source: Stem, Star Peak.

(1) Pro forma ownership structure based on PIPE of \$225MM, assuming no redemptions. Excludes Star Peak warrants. (2) Stem shareholdings includes common and preferred equity as well as warrants and equity which may be net settled at the transaction date. (3) \$45MM debt pay down reflects repayment of all outstanding indebtedness at closing (inclusive of make whole). (4) Equity value to Stem's existing shareholders is calculated as \$650MM at \$10.00 share price.

Sources and Uses

Sources	\$MM	%	Uses	\$MM	%
Committed Equity PIPE	225	17.9%	Stock to Stem Shareholders	650	51.7%
Star Peak Trust	383	30.4%	Estimated Fees and Expenses	51	4.1%
Stem Shareholder Equity Rollover	650	51.7%	Estimated Repayment of Debt ⁽³⁾	45	3.6%
			Cash to Stem Balance Sheet	512	40.7%
Total Sources	\$ 1,258		Total Uses	\$ 1,258	











Pro Forma Valuation

Pro Forma Shares Outstanding	135.4
Share Price	\$10.00
Stem Equity Value	\$1,354
Pro Forma 3Q20 Net Debt (Cash)	(525)
Stem Enterprise Value	\$829

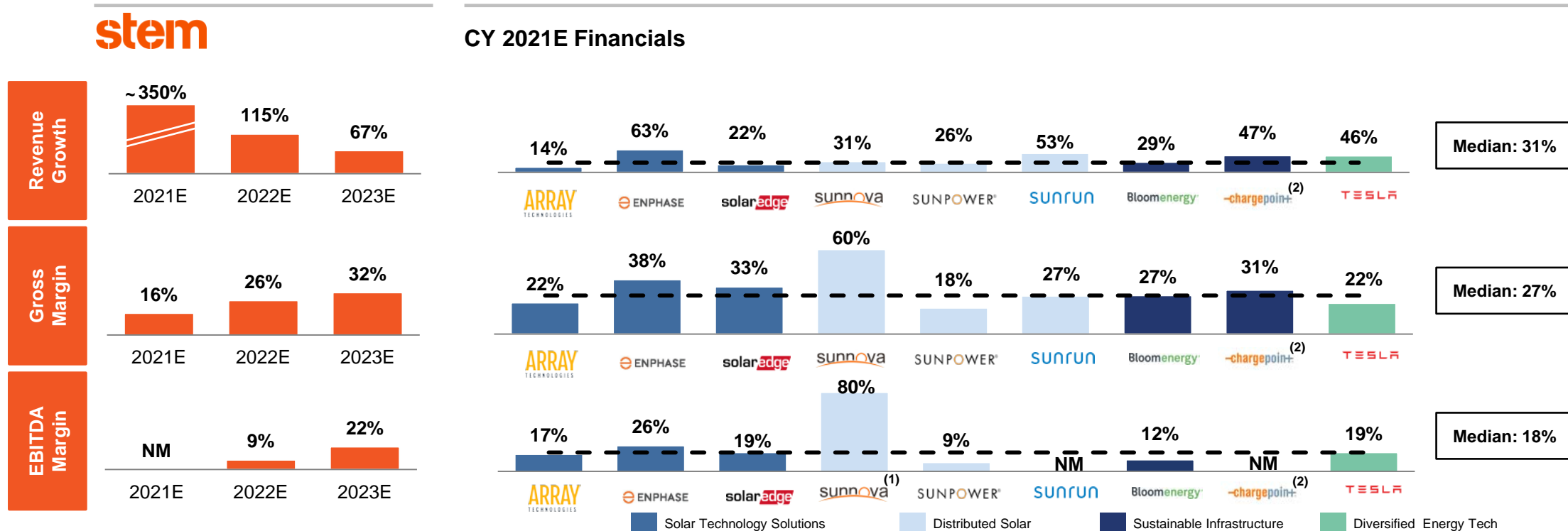
Pro Forma Ownership

Ownership Breakdown	Shares (MM)	%
Stem Shareholders ⁽⁴⁾	65.0	48.0%
Star Peak Public Shareholders	38.3	28.3%
Star Peak Sponsor	9.6	7.1%
PIPE Shareholders	22.5	16.6%
Equity Ownership	135.4	100.0%

Public comparable universe

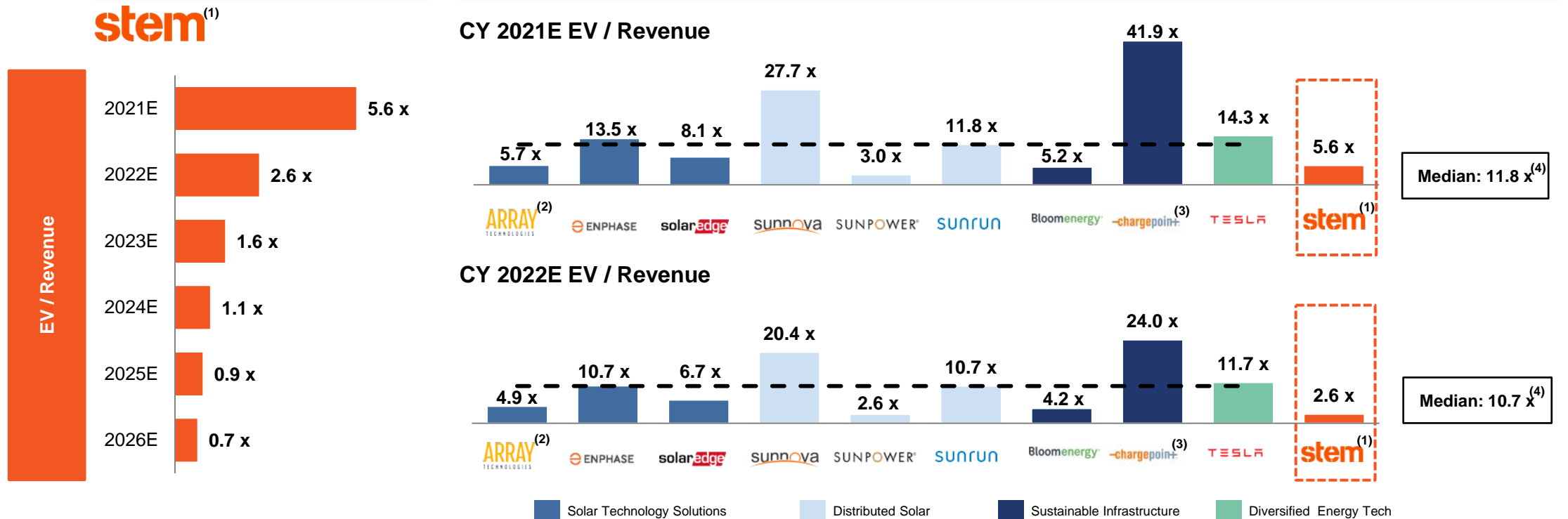
	Solar Technology Solutions	Distributed Solar	Sustainable Infrastructure	Diversified Energy Tech
Stem Peers	  	  	 	
Relevance to Stem	<ul style="list-style-type: none"> • Robust upfront cash generation • Serves similar end markets 	<ul style="list-style-type: none"> • Diversified long-term contracted cash flows • Increasing BTM storage attachment rates 	<ul style="list-style-type: none"> • Upfront equipment margins augmented by recurring cash flows 	<ul style="list-style-type: none"> • Emphasis on FTM and BTM energy storage business
<ul style="list-style-type: none"> • ESG-friendly • High growth supported by large TAM <ul style="list-style-type: none"> • Strong fundamental tailwinds • Scarcity premium 				
				

Operational benchmarking



Source: Stem, Bloomberg, CapIQ, IBES consensus estimates, analyst estimates and company disclosures; market data as of 01-Dec-2020.
 (1) Sunnova EBITDA adjusted to include loan business income (principal and interest). (2) Chargepoint forward-looking metrics based on management estimates.

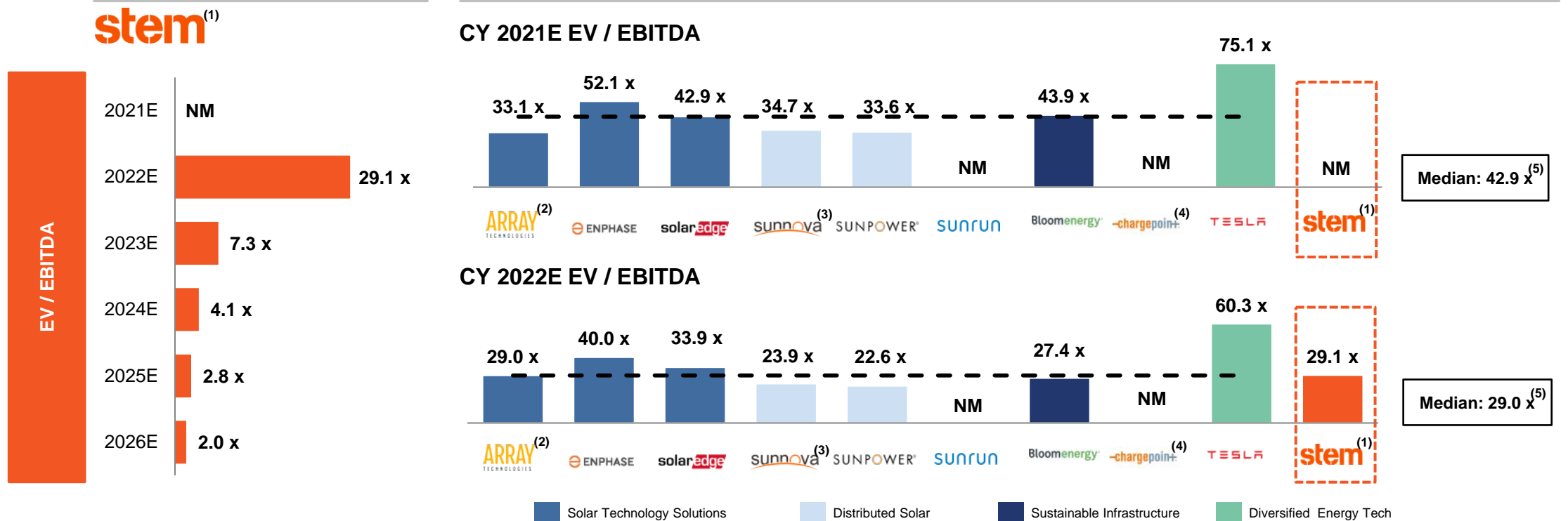
Valuation benchmarking



Source: Stem, Bloomberg, CapIQ, IBES consensus estimates, analyst estimates and company disclosures; market data as of 01-Dec-2020.

(1) Based on Stem enterprise value of \$829MM. (2) Array enterprise value calculated using pro forma debt and cash figures from S-1 (as of 13-Oct-2020). (3) Based on Chargepoint EV of ~\$8.3B; forward-looking metrics based on management estimates. (4) Median calculation excludes Stem.

Valuation benchmarking (cont'd)

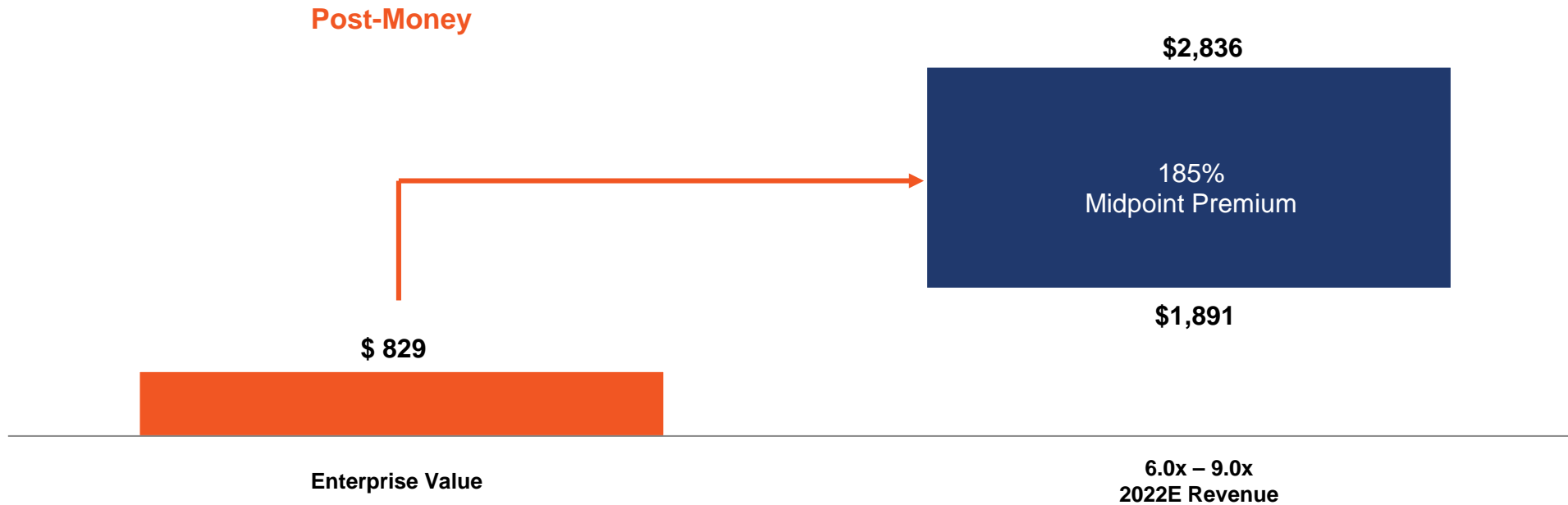


Source: Stem, Bloomberg, CapIQ, IBES consensus estimates, analyst estimates and company disclosures; market data as of 01-Dec-2020.

(1) Based on Stem enterprise value of \$829MM. (2) Array enterprise value calculated using pro forma debt and cash figures from S-1 (as of 13-Oct-2020). (3) Sunnova EBITDA adjusted to include loan business income (principal and interest). (4) Based on Chargepoint EV of ~\$8.3B; forward-looking metrics based on management estimates. (5) Median calculation excludes Stem.

Stem has significant upside potential

Enterprise Value (\$MM)



Investment thesis

Stem is the first pure play smart energy storage company to go public in the US



Large Addressable Market and Strong Macro Tailwinds



Market Leader with Industry Leading Technology



Balance Sheet Well Positioned to Capitalize on Significant Expected Growth



Highly Visible Growth



Unique Opportunity to Gain Exposure to Energy Transition and ESG

Appendix A
**Supplemental
Information**

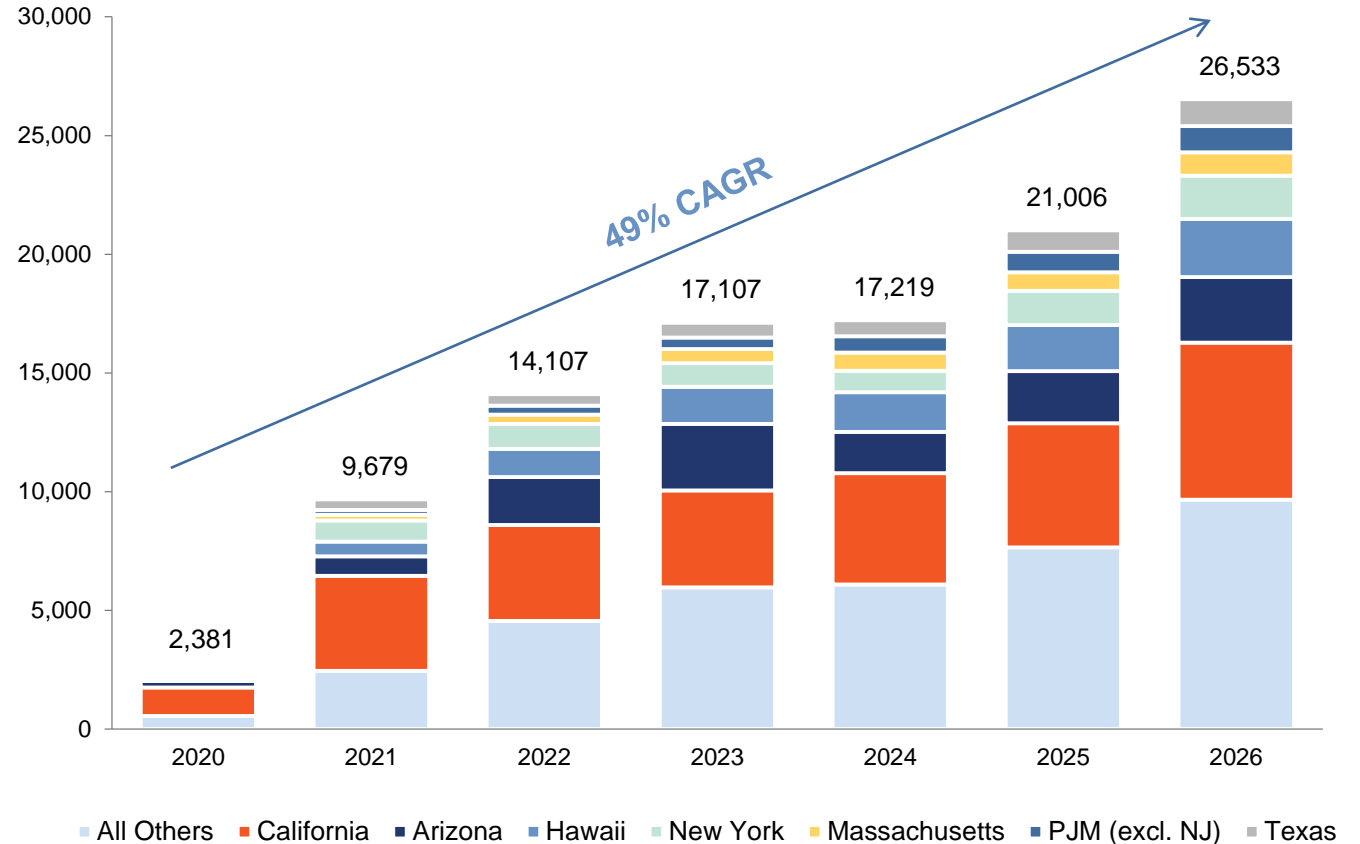
Item	Definition
Pipeline	<p>Total value of uncontracted, potential hardware and software revenue from total opportunities currently in process by Stem direct salesforce and channel partners (see page 15)</p> <ul style="list-style-type: none"> Market participation revenue is excluded from pipeline
Booking	<p>Total value of executed customer agreements, as measured during a given period (e.g. quarterly booking or annual booking)</p> <ul style="list-style-type: none"> Customer contracts are typically executed 6-12 months ahead of installation Booking amount typically includes: <ol style="list-style-type: none"> Hardware revenue, which is typically recognized at delivery of system to customer, Software revenue, which represents total nominal software contract value recognized ratably over the contract period, Market participation revenue is excluded from booking value
Backlog	<p>Total value of bookings, 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
Behind-the-meter (“BTM”)	<p>Segment of market focused on customer-sited installations of energy storage systems (see page 20). Stem excludes residential market when evaluating expected market share in this segment</p>
Front-of-the-meter (“FTM”)	<p>Segment of market focused on independent power producers, renewable project developers and utility / grid operator customers with installations of energy storage systems interconnected to distribution or transmission networks or in connection with a generation asset (see page 20)</p>
Hardware Revenue	<p>Payment for initial purchase of system, which is typically recognized at delivery of system to customer</p> <ul style="list-style-type: none"> Total Hardware Revenues = Total Deliveries (kWh) x Project Hardware ASP (\$/kWh) ASP / margin based on value added services including hardware selection, project design and interconnection / permitting advisory and warranty design and compliance
Software Revenue	<p>Recurring SaaS payment driven by storage assets under management (AUM)</p> <ul style="list-style-type: none"> Total Software (Recurring) Revenues = Total AUM (kWh) x Software subscription (\$/kWh/month) SaaS contracts range 10-20 years comprising recurring monthly payments
Market Participation Revenue	<p>Revenues from monetization of energy storage capacity into energy markets and VPPs secured by contracts 3-20 years</p> <ul style="list-style-type: none"> Total Software (Variable) Revenues = Total AUM (kWh) x Stem’s Market Participation Revenues (\$/kWh)
BNEF	<p>Bloomberg New Energy Finance</p>
WoodMac	<p>Wood Mackenzie</p>

Stem has a proven track record of helping owners maximize the value of their assets, driving higher revenue and ROI

Overview of Front of the Meter Market

- ✓ Utilities, IPPs and other asset owners
- ✓ Typically 20 year software contracts
- ✓ System spec size of 27MWh and \$10MM
- ✓ Wholesale market participation

FTM US Energy Storage Outlook (MWh)

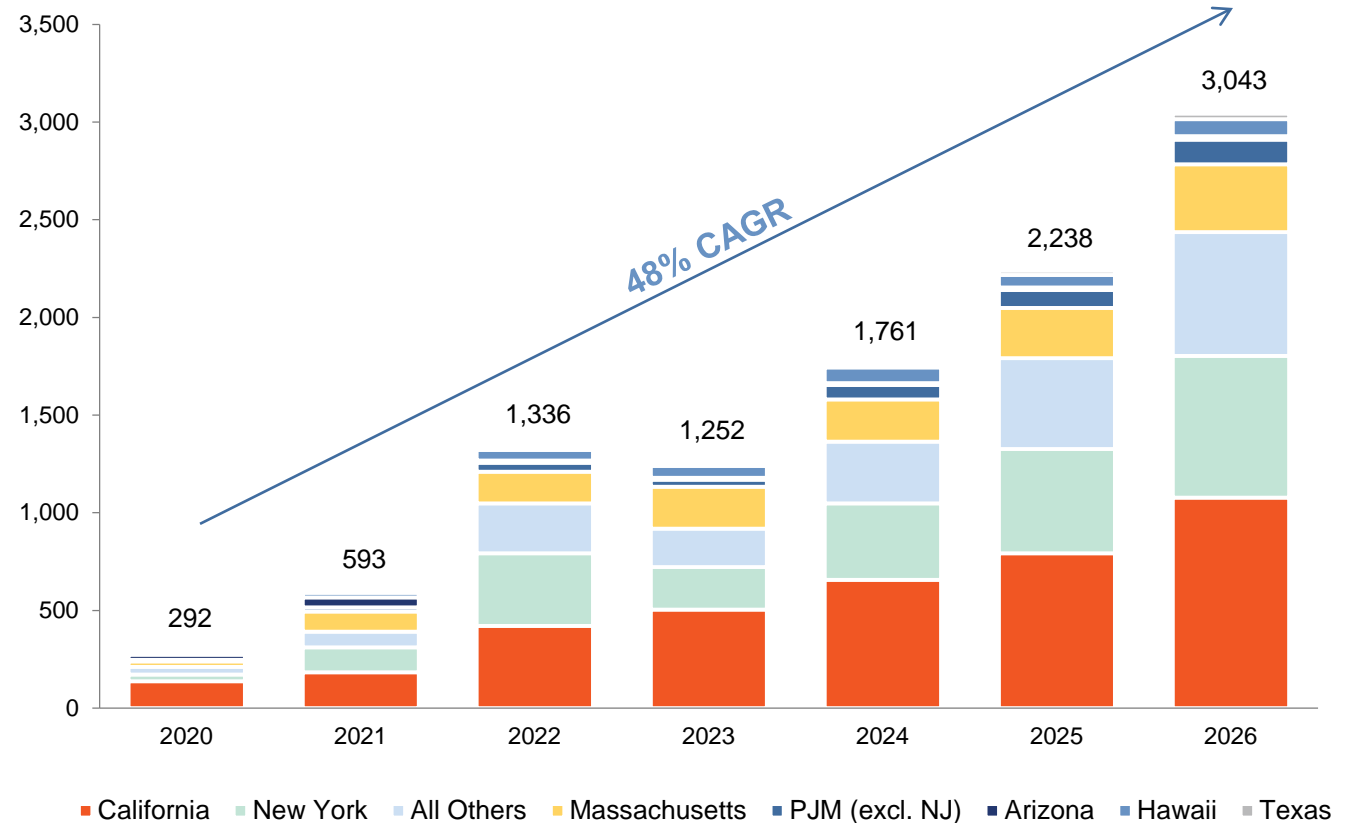


Stem delivers lower net bill and clean power to C&I customers

Overview of Behind the Meter Market

- ✓ Commercial, industrial and corporate customers
- ✓ Typically 10 year software contracts
- ✓ System spec size of 2.2MWh and \$1MM
- ✓ Wholesale market participation

BTM US Energy Storage Outlook (MWh)

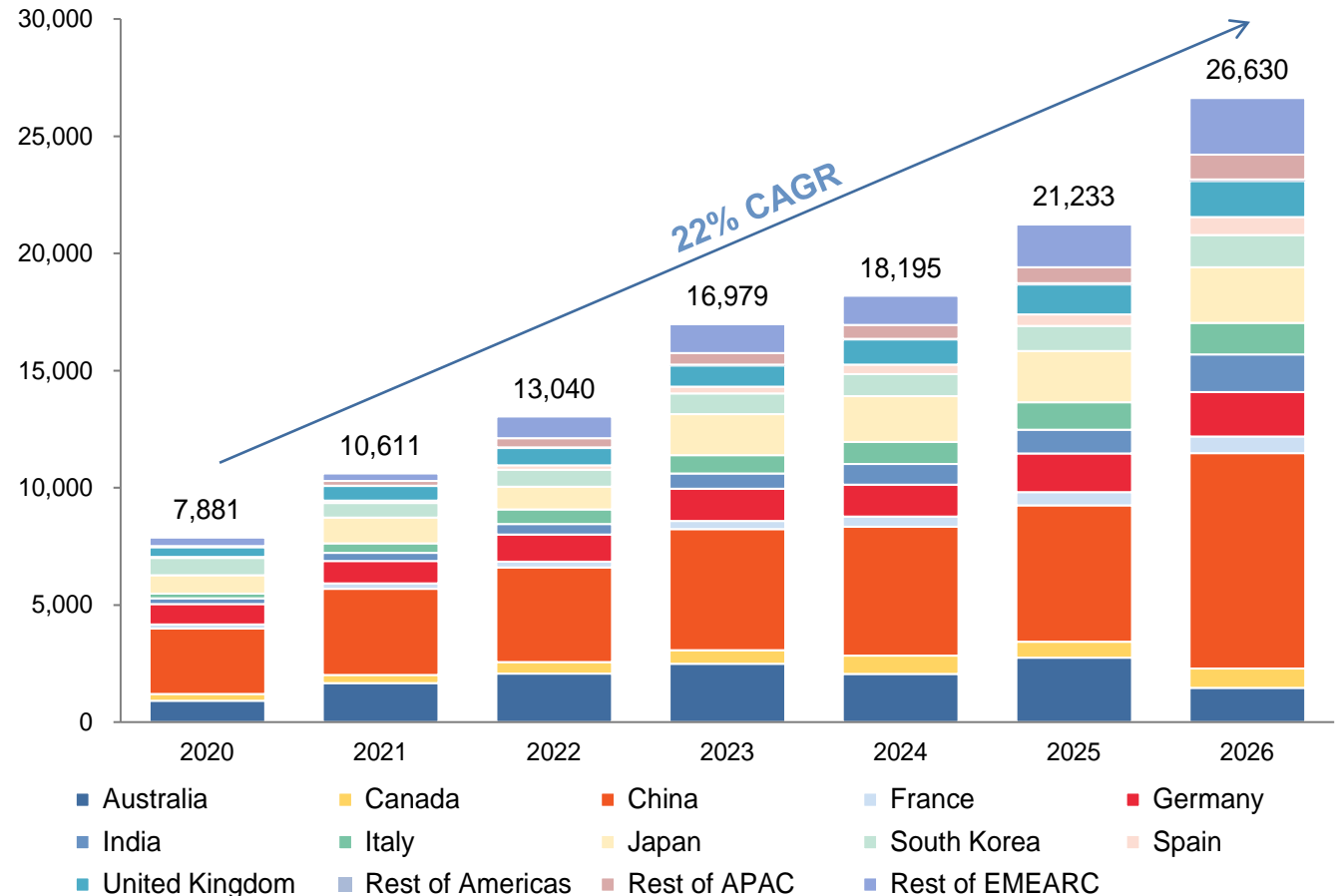


Transaction capital will fuel growth into international markets with expanding TAM

Overview of International TAM

- ✓ System cost declines and demand for renewable energy have led to increasing system durations and MWh capacities
- ✓ 254 GW of capacity expected to be deployed around the world over the next decade
- ✓ APAC expected to drive 70% of global demand growth through 2030
- ✓ Policy tailwinds spurs growth in EMEARC markets

Worldwide Energy Storage Outlook (Ex-US) (MWh)

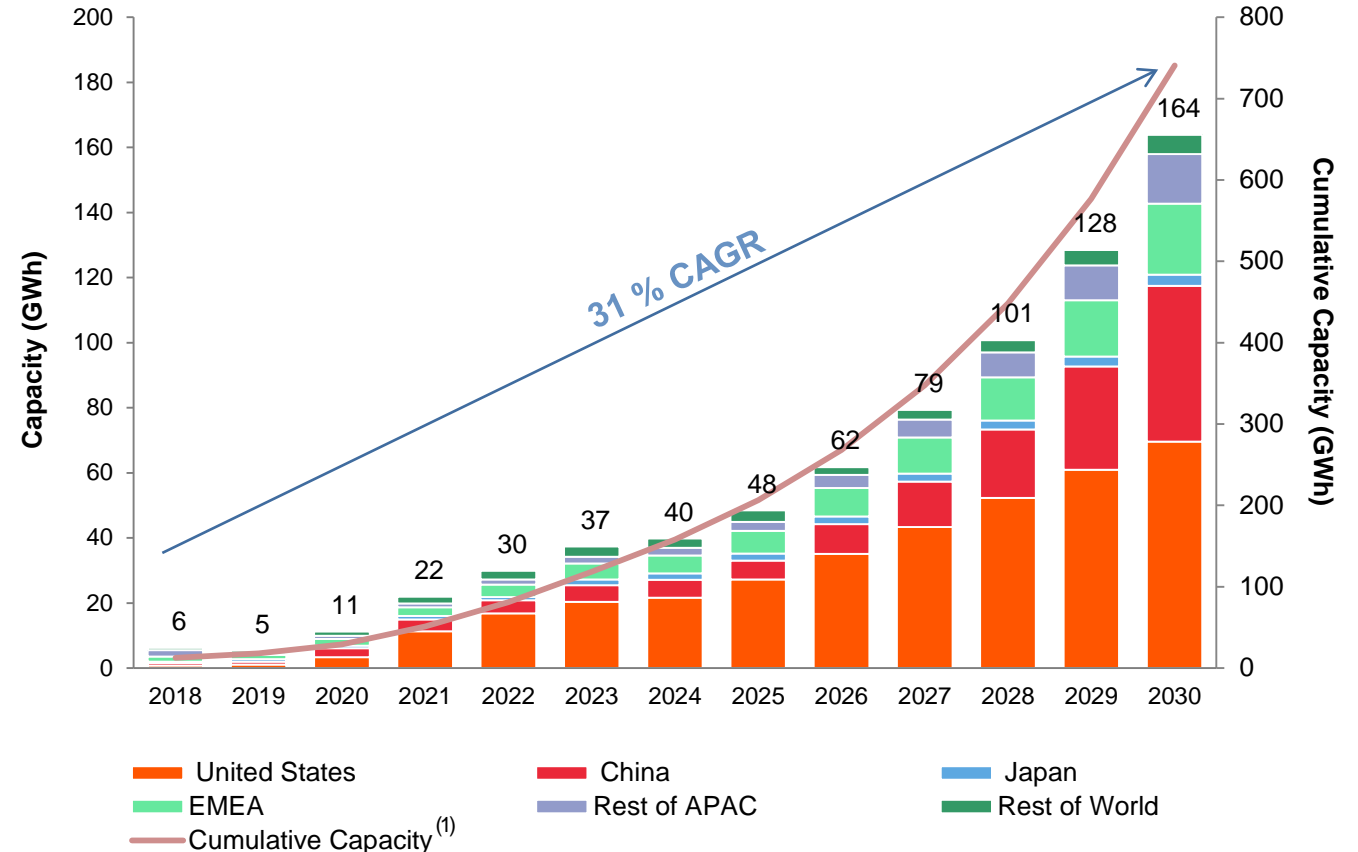


Global energy storage growth remains robust long-term

Overview of Global Growth Trends

- ✓ All major global markets forecasted at double digit storage growth rates over the decade
- ✓ US and China lead energy storage growth with respective CAGRs of ~45% and ~41% respectively through 2030
- ✓ Regulatory environment in Japan spur residential storage market with renewable growth spurring FTM storage to yield ~19% CAGR through 2030
- ✓ Lack of market rules, policies, and incentives for storage markets stifle growth in Latin America

Global Energy Storage Outlook (GWh)



Source: EEI, Wood Mackenzie.

(1) Includes all FTM, non-residential and residential storage.

GAAP Income Statement

(\$000s)

	<u>Year Ended December 31,</u> <u>2019</u>
Revenue	\$ 17,282
Cost of Revenue	20,464
Gross Margin	<u>(3,182)</u>
Operating expenses	
Sales and marketing	17,462
Research and development	14,703
General and administrative	10,725
Total operating expenses	<u>42,890</u>
Operating loss	(46,072)
Interest expense, net	(17,094)
Change in fair value of warrants and emdedded derivative	101
Other expenses, net	(2,203)
Loss before income taxes	<u>\$(65,268)</u>
Income tax expense	(6)
Net Loss	<u>\$(65,274)</u>
Other comprehensive income:	
Foreign currency translation adjustment	54
Comprehensive Loss	<u>\$(65,220)</u>

GAAP Balance Sheet

(\$000s)

	<u>Year Ended December 31,</u> <u>2019</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 12,889
Accounts receivable, net	6,619
Prepaid expenses	868
Inventory	6,426
Due from related parties	483
Other current assets	6,061
Total current assets	<u>33,346</u>
Property and equipment, net	71
Energy storage systems, net	127,428
Contract origination costs, net	8,608
Goodwill, net	1,695
Intangible assets, net	10,694
Right-of-use assets	947
Other assets	5,664
Total Assets	<u>\$ 188,454</u>

GAAP Balance Sheet (Cont'd)

(\$000s)

Liabilities and Total Equity

Current liabilities:

	<u>Year Ended December 31,</u> <u>2019</u>
Accounts payable	\$ 12,691
Accrued liabilities	7,307
Accrued payroll	5,573
Notes payable - short term	28,895
Convertible promissory notes	35,690
Financing obligation - short term	6,373
Deferred Revenue, current	11,005
Other current liabilities	2,636
Total current liabilities	<u>110,170</u>

Deferred revenue	9,996
Asset retirement obligation	5,759
Notes payable	6,568
Financing obligation	74,640
Warrant liabilities	6,276
Lease liability	390
Total liabilities	<u>213,799</u>

Convertible Preferred Stock, \$0.00001 par value; 321,351,021 shares authorized as of December 31, 2019; 191,142,894 shares issued and outstanding as of December 31, 2019	247,390
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Total Equity:

Common stock, \$0.000001 par value, 386,728,323 shares authorized as of December 31, 2019; 9,392,682 shares issued and outstanding as of December 31, 2019	0
Additional paid-in capital	3,024
Accumulated other comprehensive income	54
Accumulated deficit	(275,813)
Total equity	<u>(272,735)</u>

Total Liabilities and Total Equity	\$ 188,454
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GAAP Cash Flow Statement

(\$000s)

	<u>Year Ended December 31,</u> <u>2019</u>
Cash flows from operating activities:	
Net loss	\$(65,274)
Adjustments to reconcile net loss to net cash	28,667
Changes in operating assets and liabilities	14,808
Net cash used in operating activities	\$(21,799)
Cash flows from investing activities:	
Net cash used in investing activities	\$(54,237)
Cash flows from financing activities:	
Net cash provided by financing activities	\$ 67,201
Effect of exchange rate changes on cash and cash equivalents	(170)
Net increase (decrease) in cash and cash equivalents	(9,005)
Cash and cash equivalents - beginning of year	\$ 21,894
Cash and cash equivalents - end of year	\$ 12,889