

Stem (STPK)

Looking Beyond Tesla – The Most Compelling and REAL ESG story On the Market... Price TGT – \$100

When Citron reversed its opinion on Tesla from short to long 2 years ago when the stock was at \$52 (adjusted for splits) is when we recognized that this is not just a car company, but rather Tesla is going to lead the world in new energy.

But unlike electric cars whose biggest problem is charging and range as the electric gets used immediately, the transformation to a greater dependence on batteries is going to depend on the storage and distribution of electricity.

Citron believes that with the new green initiatives under the Biden administration, the ESG story and \$2 trillion green revolution is underway in full force and investors must look for real disruptive companies with leading positions, where Tesla was 2 years ago.

Introducing Stem, Inc. (STPK)

As the world moves away from carbon to wind and solar power, smart storage of clean power is more important than ever. **The global energy storage market represents a \$1.2 trillion opportunity and is expected to increase 25x by 2030.**

Without smart storage, the build out of renewable generation is not possible. Since 2019, 90% of grid interconnection requests have been for renewables and storage. California has already mandated that all new vehicles be carbon free by 2035 and its entire power grid be carbon free by 2045.

Which company stands to benefit the most from this booming secular trend?

Stem, Inc. (STPK)

Below we explain why STPK should power its way to over \$100.

Background

Last week, billionaire tech investor Chamath Palihapitiyav was interviewed about his views on Tesla and Elon Musk on CNBC. Palihapitiyav stated:

- *“He built a great car company and somewhere along the way you know about 5-6 years ago **what I thought he was building was an energy company**”*
- *“**The reality is that Tesla is a distributed energy business. They are figuring out how to harness energy, how to store it, and then how to use it in a way to allow humans to be productive. Cars are a manifestation. But solar panels are as well. Power walls are as well. I’m telling you right now the big disruption that’s coming is to power utilities. There are trillions of dollars of bonds, of capex, of value sitting inside the energy generation infrastructure of the world that is going to go upside down**”*

<https://www.youtube.com/watch?v=CyNtwHoXC9w>

As Palihapitiyav explains that Tesla’s \$830 billion market cap is due to the company “figuring out how to harness energy” and “how to store it”, we believe STPK is beyond mispriced at just \$3 billion given it is the leading AI powered energy storage system and is DOMINATING Tesla at this game.

STPK is the 800-pound gorilla in this market. In 2019, Stem installed 3x the energy storage of its largest competitor in California, which is the largest energy market in the US.

Top Commercial Energy Storage Installers in California in 2019

Installer	Commercial Installations	
	kW	Number
1. Stem	26,991	106
2. Arrow Energy Consulting	9,006	15
3. Engie	8,364	20
4. Tesla	4,938	40
5. SunPower	3,100	9

<https://www.globenewswire.com/news-release/2020/06/15/2048030/0/en/Stem-Named-Top-California-Commercial-Energy-Storage-Installer.html>

As noted by STPK Chief Revenue Officer Alan Russo:

- "We have a 10-year head start"

<https://www.greentechmedia.com/articles/read/stem-confirms-its-looking-for-potential-buyers>

Market Leading AI Platform

STPK is the industry leading provider of AI-driven energy storage systems through its proprietary software platform, Athena, that empowers customers and partners to optimize energy usage by automatically switching between battery power, onsite generation and grid power.

We believe it is a foregone conclusion that smart energy storage will be a critical component of Biden’s \$2 trillion green plan as more efficient storage and use of power will only further drive adoption of renewable energy generation.

By operating the world’s largest network of energy storage systems powered by the company’s Athena AI platform, STPK couldn’t be better positioned.

STPK has over 900 systems operating/contracted currently in 200+ cities that represent 1 GWh of storage capacity. The platform has operated globally with over 16 million runtime hours and has a backlog of significant business that will drive growth for years to come.

Athena: The brains behind the batteries

A battery is only as valuable as the software that operates it. As the industry-leading platform, Athena performs critical decision-making in real time, unlocking hidden cashflows for customers.

Whitepaper: How Athena works

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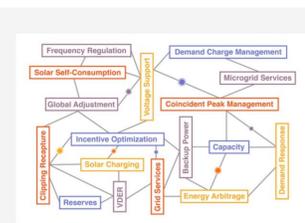


Energy forecasting

Athena accurately forecasts energy demand onsite and energy demand on the grid. With each product update, forecasting improves. We take pride in delivering the most precise and accurate predictions in the industry, proven by a track record of customer success.

Real-time optimization

To deliver the most value possible from a storage project, Athena optimizes across multiple applications such as demand charge management, energy arbitrage, wholesale market participation, and backup power. Athena constantly makes economic tradeoffs when determining how much energy to deploy or store up for later.



900+

Sites operating or contracted

20 patents

Proprietary software

16+ million

Runtime hours

STPK’s moat will only grow larger with time. As cumulative installs grow, Athena becomes more intelligent, creating further value and larger barriers to entry for competitors.

Top Notch Management

STPK CEO John Carrington was previously an Executive Vice President at First Solar where he grew the company’s revenue from \$400 million to \$2 billion. Prior to that, Carrington was the Chief Marketing Officer at General Electric.

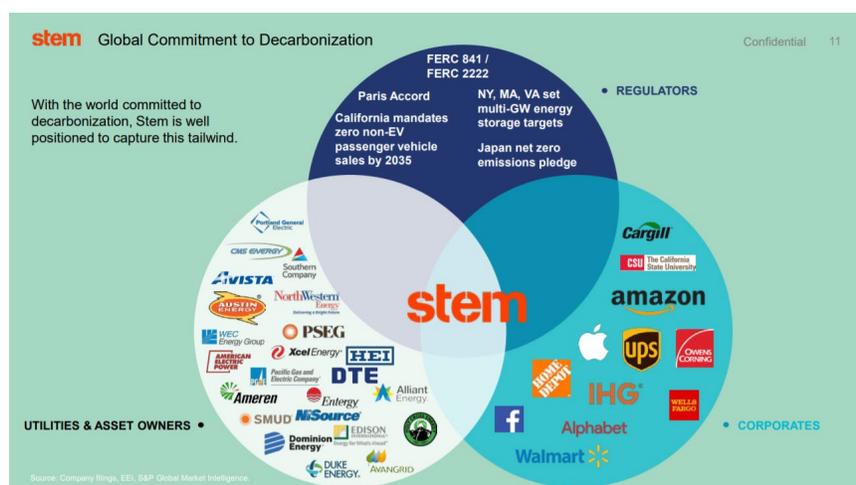
STPK CTO Larsh Johnson was previously CTO for the digital grid of >\$100 billion market cap Siemens.

Simply put, this is not some Nikola BS. The management team at STPK is as high quality as they come in the ESG sector.

Bigger and Better than QuantumScape

QuantumScape has clearly caught the attention of investors with a valuation of \$25 billion today. However, it is important to note that QuantumScape remains nothing more than a science project with no revenue until 2024/2025.

In stark contrast, STPK operates in a TAM that is 3x larger than that of QuantumScape and already has 75% market share in California, which is the largest energy market in the US. In addition, STPK has an amazing blue chip customer base including Amazon, Apple, Facebook, Google and Walmart.



Valuation

Let's put things into perspective: STPK is targeting a TAM that is bigger than that of QuantumScape, ChargePoint, and Luminar combined. Yet, these three companies collectively have a valuation of close to \$50 billion vs. STPK as just \$3 billion.

On 2025 Revenue, STPK trades at just 3x vs. QS at 636x, SBE at 9x, and LAZR at 13x.

(\$ in millions)

	<u>Stem</u>	<u>QuantumScape</u>	<u>ChargePoint</u>	<u>Luminar</u>
TAM	\$1.2 Trillion	\$450 Billion	\$190 Billion	>\$150 Billion
Stock Price	\$28	\$58	\$42	\$33
Shares Outstanding	135.4	447.6	304.9	338.8
Market Cap	\$3,791	\$25,961	\$12,806	\$11,180
Net Cash	(\$525)	(\$1,155)	(\$648)	(\$488)
Enterprise Value	\$3,266	\$24,806	\$12,158	\$10,692
2025 Revenue	\$944	\$39	\$1,427	\$837
EV / 2025 Revenue	3x	636x	9x	13x

Therefore, it is easy to see why STPK could power its way materially higher than \$100.

		<u>Stem</u>	
2025 Revenue	\$944	\$944	\$944
EV / 2025 Revenue	20x	30x	40x
Enterprise Value	\$18,880	\$28,320	\$37,760
Net Cash	(\$525)	(\$525)	(\$525)
Market Cap	\$19,405	\$28,845	\$38,285
Shares Outstanding	135.4	135.4	135.4
Stock Price	\$143	\$213	\$283

ESG ETF Buying Spree on the Horizon

As ESG ETF buying is set to explode, STPK stands out vs. many of the other ESG junk companies that are hitting the market today. STPK is a REAL company with tremendous growth potential.

As a result, we expect STPK to become a core holding of every ESG ETF in the market and for the float to be quickly gobbled up sending the stock materially higher.

Conclusion

It's not often you get the opportunity to invest in a disruptive market leader within a >\$1 trillion TAM with industry leading technology at a \$3 billion valuation.

See you at over \$100.

Cautious Investing to All

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