

2.10.2022

# Third Quarter Fiscal Year 2022

Earnings Conference Call/Webcast

**Smarter Energy  
for a Cleaner Future**

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# Safe Harbor

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This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the financial outlook, business strategy and plans and market trends, opportunities and positioning of Capstone Green Energy Corporation (the “Company,” “Capstone,” “we,” “our” or “us”). These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company’s control. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, but not limited to, the following: the ongoing effects of the COVID-19 pandemic, including the impact of the Omicron variant; the availability of credit and compliance with the agreements governing the Company’s indebtedness; the Company’s ability to develop new products and enhance existing products; product quality issues, including the adequacy of reserves therefor and warranty cost exposure; intense competition; financial performance of the oil and natural gas industry and other general business, industry and economic conditions; the Company’s ability to adequately protect its intellectual property rights; and the impact of pending or threatened litigation. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. For a detailed discussion of factors that could affect the Company’s future operating results, please see the Company’s filings with the Securities and Exchange Commission, including the disclosures under “Risk Factors” in those filings. There may be additional risks, including risks of which we are not presently aware or that we currently believe are immaterial, which could have an adverse impact on our business. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events, or for any other reason.



# BUSINESS OVERVIEW

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**DARREN JAMISON**  
Chief Executive Officer



# Capstone Business Strategy

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**Capstone Green Energy is focused on sustaining and achieving its strategic business goals as we continue to work to grow our competitive advantages and total addressable markets (TAM).**

## ***Our goals include:***

- Broadening our diverse energy products and service offerings to provide custom tailored green energy solutions
- Direct Solutions Sales team focused on growing top line revenue and the Energy-as-a-Service (EaaS) business
- Expanding the long-term rental fleet to 21 MW and beyond
- Increasing aftermarket margins and escalating parts availability to drive customers satisfaction and repeat orders
- Focusing on managing working capital and inventory turns
- Growing the Distributor Support System (DSS) subscription program to drive marketing and customer acquisition efforts
- Seeking strategic opportunities that are accretive to the business

# Solutions For a Low Carbon World

## Decarbonization Solutions For a Cleaner Future

### Microgrids For Primary Power



### Hydrogen Systems



### Plant Efficiency and Resiliency

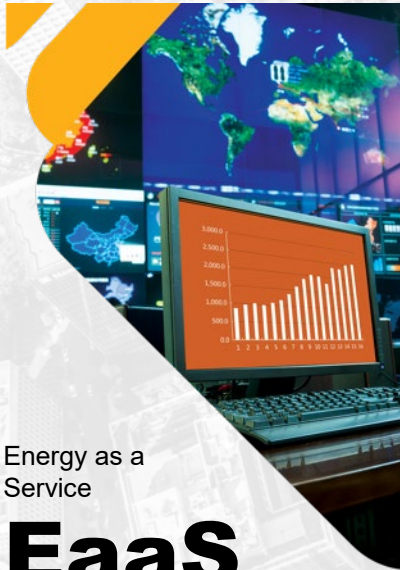


- Capstone Microturbines
- Hybrid DC Charging
- Global RAIS - Solar PV
- KORE Power Batteries
- Northern Reliability

- Capstone Microturbines
- Baker Hughes Turbines
- PowerTap Hydrogen

- Capstone Microturbines
- Baker Hughes Turbines
- Alpha Laval
- Waste2ES

# Comprehensive Clean Energy Solutions



Energy as a Service

## EaaS

As a long-term partner, Capstone and its partners provide 24/7 strategic energy management with factory technicians that handle scheduled and unscheduled maintenance, and constant remote data monitoring.

- **New** Long-term microturbine rental fleet
- Long-term service contracts (FPP)
- Service and spare parts

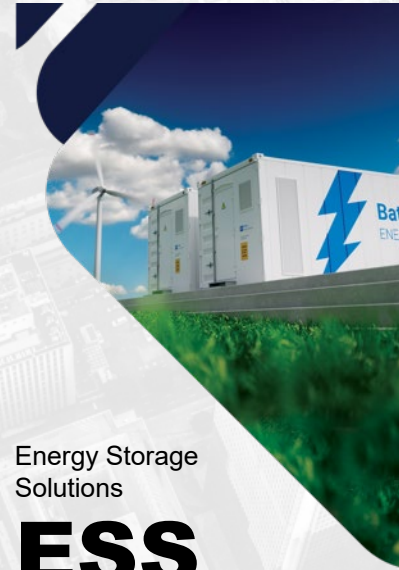


Energy Generation Technologies

## EGT

Energy Generation Technologies include products such as Capstone's microturbine technology that can operate on a wide range of fuels. These products produce high-efficiency CHP and CCHP.

- Capstone Microturbine (65kW-5MW)
- **New** Hybrid DC Solutions (5kW-50kW)
- **New** Baker Hughes Turbine (5MW-16MW)

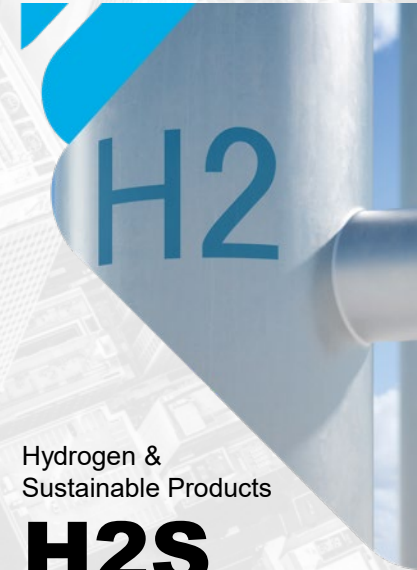


Energy Storage Solutions

## ESS

Capstone works to build a smart energy infrastructure using a custom tailored combination of multiple technologies, energy storage and monitoring software that maximize energy efficiencies, lower emissions and create resilient systems that meet clients' specific needs.

- **New** Lithium-Ion Batteries
- **New** Thermal Storage
- **New** Microgrid Controls



Hydrogen & Sustainable Products

## H2S

Capstone is currently developing a hydrogen version of its products & developing strategic relationships with technology partners. These OEMs will use the Capstone core technology for zero-carbon solutions in concentrated solar & biomass.

- **New** Hydrogen Blend Microturbines
- **New** Baker Hughes Hydrogen Turbines
- Waste2ES Biogas



A grayscale photograph of an industrial facility, likely a power plant or refinery, featuring large buildings, pipes, and a tall chimney stack. The image is semi-transparent, serving as a background for the text.

# THIRD QUARTER HIGHLIGHTS

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**DARREN JAMISON**  
Chief Executive Officer



# Third Quarter Financial Highlights

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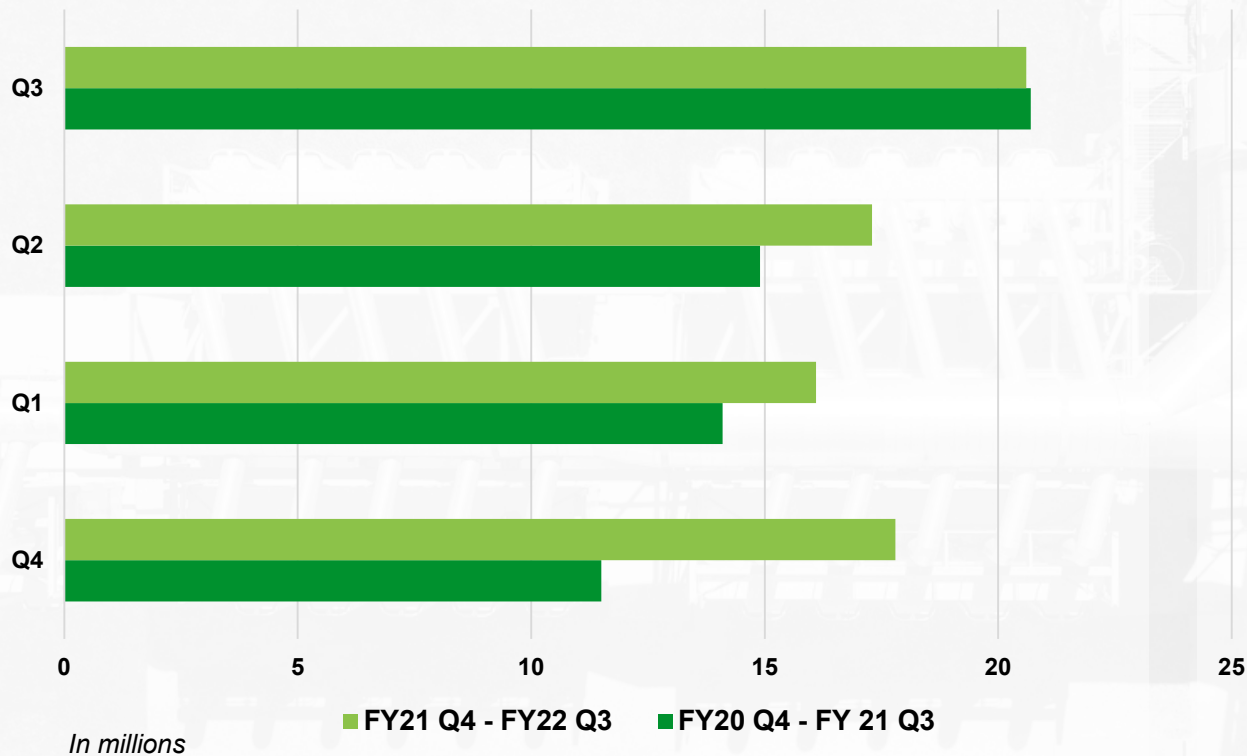
## Highlights of Q3 Fiscal 2022 vs. Q3 Fiscal 2021:

- Revenue in the third quarter was \$20.6 million, which was flat compared to \$20.7 million in the third quarter last year. **Revenue has been up sequentially each quarter of Fiscal 2022** as orders and shipments continue to rebound despite continued negative impacts from the ongoing COVID-19 global pandemic.
- **Revenue in the last four quarters was \$71.7 million, up 17%, compared to \$61.3 million in the prior four quarters** as the Company continues its focus on growing its top line revenues.
- The long-term microturbine rental fleet increased 4.6 megawatts (MWs) to 17.7 MWs from 13.1 MWs during the quarter, as the **Company continues to execute against its plan to increase the fleet to 21.1 MWs by March 31, 2022.**
- The book-to-bill ratio was 0.5:1 for the quarter, and new gross product orders were \$5.8 million, down from \$10.8 million in the prior quarter, partially due to the new Omicron variant pushing projects into the new year.
- **First orders for Solar PV and battery storage received during the third quarter, with a value of \$0.7 million.**



# Revenue Comparison – Last Twelve Months (LTM)

## LTM Q/Q Revenue Comparison



## LTM



**Sequential Quarterly Revenue Growth Through Fiscal 2022  
Total Revenue Growth of 17% Year-Over-Year for LTM Period**

A grayscale photograph of an industrial facility, likely a power plant or refinery, featuring large buildings, pipes, and machinery. The image is semi-transparent, serving as a background for the text.

# FINANCIAL REVIEW

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**ERIC HENCKEN**  
Chief Financial Officer



# Q3 FY22 vs. Q3 FY21 Financial Results

<i>(In millions)</i>	Q3 FY22	Q3 FY21
Microturbine Product and Accessories	\$12.3	\$12.8
Parts & Service	\$8.3	\$7.9
Total Revenue	\$20.6	\$20.7
Gross Margin	\$2.2	\$3.5
Gross Margin Percent	<b>11%</b>	<b>17%</b>
R&D Expenses	\$0.8	\$0.7
SG&A Expenses	\$5.3	\$4.9
Total Operating Expenses	\$6.1	\$5.6
Net Loss	\$(5.1)	\$(7.6)*
<b>Adjusted EBITDA **</b>	<b>\$(3.0)</b>	<b>\$(1.3)</b>

\* Includes loss on extinguishment of debt of \$4.3 million

\*\* Non-GAAP financial measure. See Appendix, Slide 21



# YTD Q3 FY22 vs. YTD Q3 FY21 Financial Results

<i>(In millions)</i>	YTD FY22	YTD FY21
Microturbine Product and Accessories	\$29.2	\$26.6
Parts & Service	\$24.7	\$23.2
Total Revenue	\$53.9	\$49.8
Gross Margin	\$7.6	\$9.4
Gross Margin Percent	<b>14%</b>	<b>19%</b>
R&D Expenses	\$2.6	\$1.7
SG&A Expenses	\$17.1	\$13.2
Total Operating Expenses	\$19.7	\$14.9
Net Loss	\$(13.3) <sup>^</sup>	\$(13.6) <sup>*</sup>
Adjusted EBITDA <sup>**</sup>	\$(8.1)	\$(3.1)

<sup>^</sup> Includes gain on extinguishment of debt of \$2.6 million

<sup>\*</sup> Includes loss on extinguishment of debt of \$4.3 million

<sup>\*\*</sup> Non-GAAP financial measure. See Appendix, Slide 21

# Select Balance Sheet & Cash Flow Items

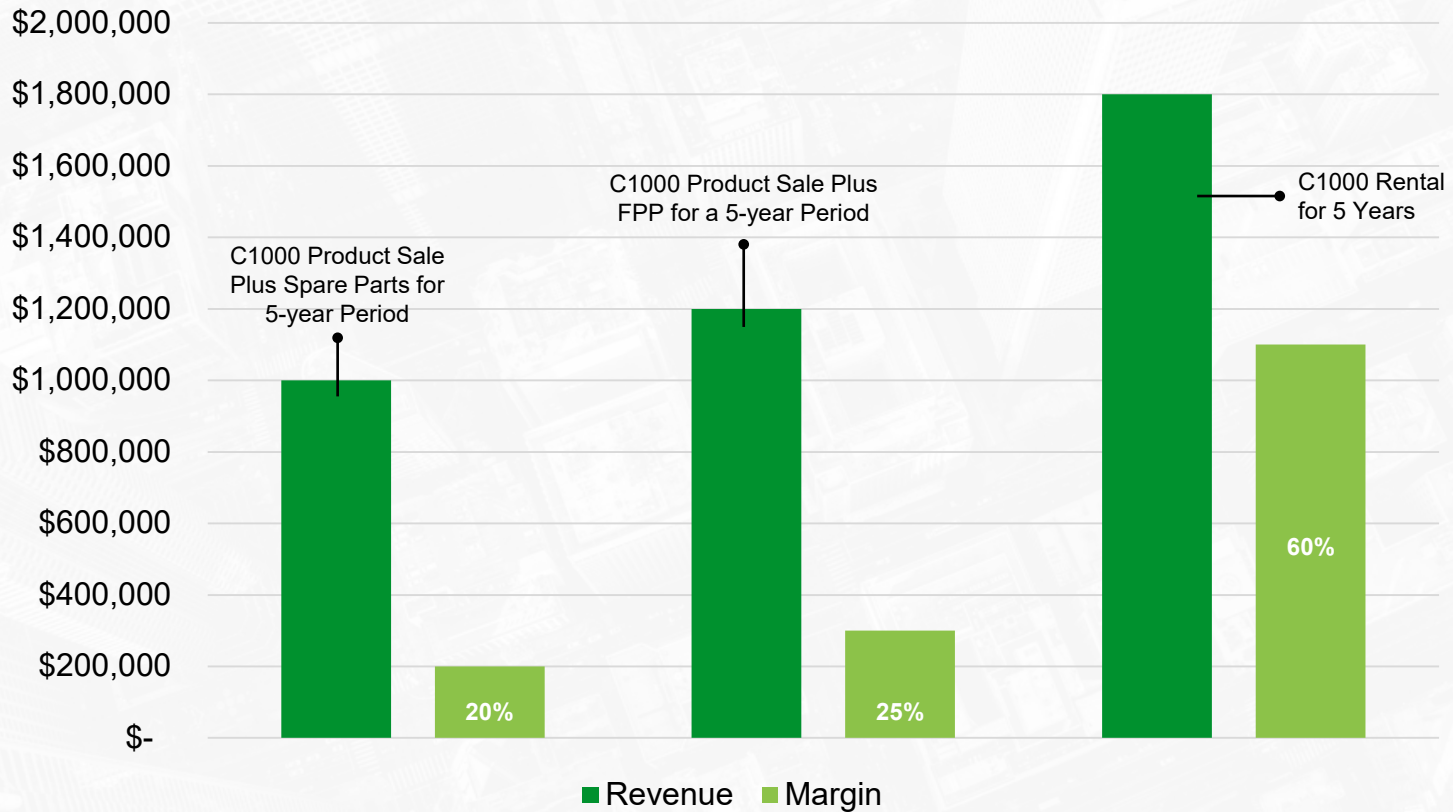
<i>(In millions)</i>	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Cash & Cash Equivalents	\$31.3	\$38.3	\$49.2	\$49.5	\$32.0
Cash Provided by (Used in) Operating Activities for the Three Months Ended	\$(3.6)	\$(9.2)	\$(10.1)	\$5.1*	\$(3.3)
Accounts Receivable, Net of Allowances	\$26.8	\$25.4	\$23.9	\$20.6	\$19.1
Total Inventories	\$18.9	\$19.8	\$16.7	\$13.7	\$13.1
Accounts Payable & Accrued Expenses	\$26.3	\$24.8	\$22.4	\$19.8	\$14.6

\*Includes \$5 million received from supplier legal settlement

# Long-Term Rental Fleet Business Case

## Hypothetical

### Rental vs. Traditional Product Sale

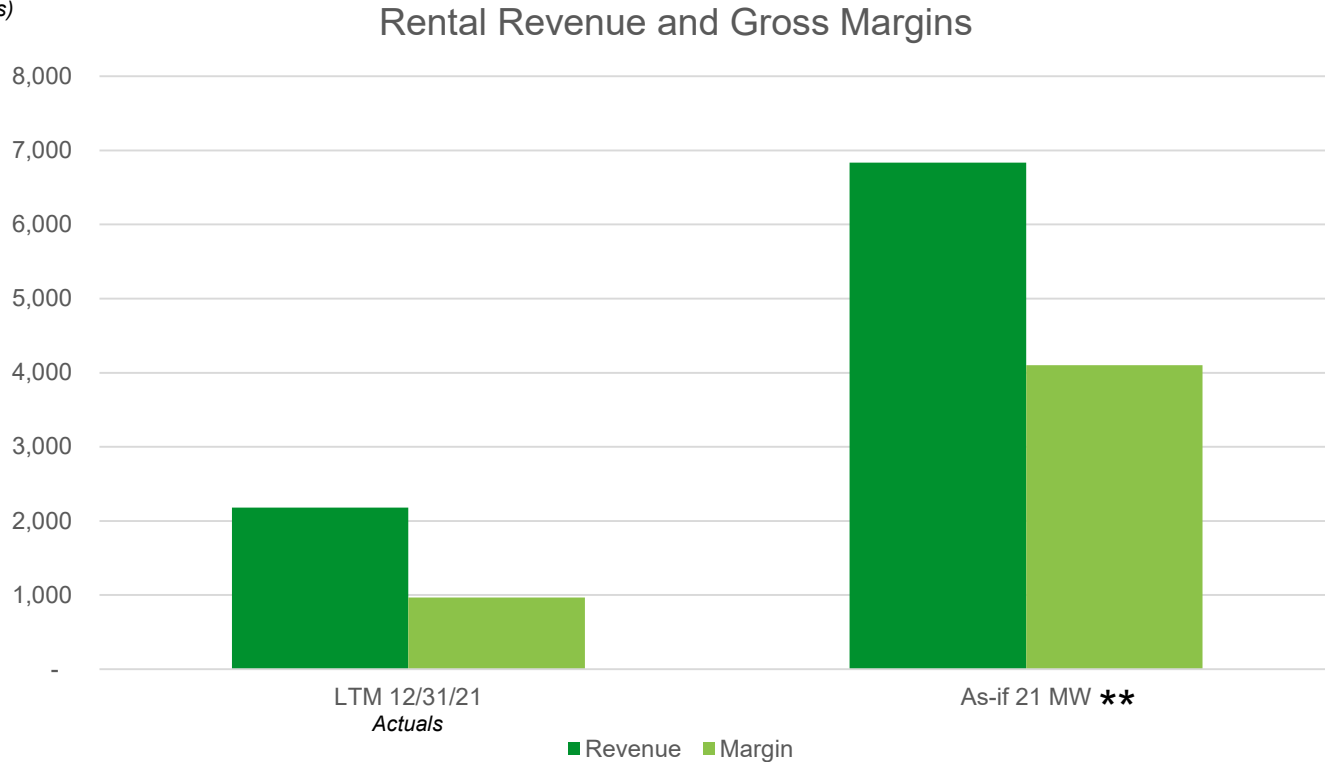


*Note: the above rental data is approximately equal to the average of our current rental fleet financial performance*



# Rental Revenue and Gross Margins – As-if 21 MW

(in thousands)



\*\* As-if 21MW assumes a rental fleet of 21 MW, with a 90% rental utilization rate (units on rent divided by rental fleet). We assume average revenue per MW of \$90K per quarter with a 60% gross margin rate which is based on our average financial experience of the rental fleet since its inception

Note: the above as-if pro forma P&L information is provided as an example for discussion purposes, is based upon a variety of assumptions developed specifically for purposes of such example (certain of which assumptions are discussed above) and is not, is not intended to be, and should not be construed as, a representation of any historical results or a forecast of any future operating results.

A grayscale photograph of an industrial facility, likely a refinery or chemical plant. The image shows several large, cylindrical storage tanks or processing units arranged in rows. These units are connected by a complex network of pipes and metal walkways. In the background, there are large industrial buildings with corrugated metal roofs. The overall scene is industrial and technical.

# FUTURE BUSINESS CATALYSTS

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**DARREN JAMISON**  
Chief Executive Officer

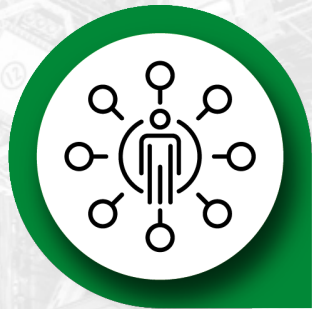
# Capstone Green Energy Growth Rates



## SOLUTIONS & SERVICE

Growth Type: High

Growth Rate: Organic & Non Organic



**GLOBAL DISTRIBUTOR SALES**

Growth Type: Low

Growth Rate: Organic



**ENERGY-as-a-SERVICE (EaaS)**

Growth Type: Medium

Growth Rate: Organic



**DIRECT SALES SOLUTION**

Growth Type: High

Growth Rate: Organic



**STRATEGIC M&A**

Growth Type: High

Growth Rate: Non-Organic

Note: the growth rates assigned above represent management's expectations of the growth potential of each part of the business



# Capstone Business Catalyst Summary

## New Capstone Green Energy (CGRN)

- ✓ New strategic business plan is creating a larger TAM.
- ✓ Continuing the expansion of the higher margin EaaS.
- ✓ Rentals expected to improve cash flow and margin rates.
- ✓ Revenue growth strategy in place.
- ✓ Direct Sales Solution team focused on top line revenue growth – Larger customers with larger rollouts.
- ✓ Strong Balance Sheet reduces customers' perception of project adoption risk and EaaS risk.
- ✓ Dedicated executive to find strategic acquisitions or partnerships – Leverage Network Partners.

### Wood Mackenzie

*“Energy storage is seeing a rapid increase because of lower battery cost and will be a \$7.6B annual market in 2025.”*

### Navigant Research

*“Total microgrid capacity is expected to grow multi-fold over the next decade – reaching 20 GW by 2028 from 3.5 GW in 2019.”*

A grayscale photograph of an industrial facility, likely a power plant or refinery. The image shows large buildings with corrugated metal siding, a complex network of pipes and metal structures, and several large cylindrical tanks or storage units. The scene is brightly lit, possibly from an overcast sky. The text is overlaid on the center of the image.

# ANALYST Q&A SESSION

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**Darren Jamison & Eric Hencken**



A grayscale photograph of an industrial facility, likely a power plant or refinery. The scene is dominated by large, complex machinery with numerous pipes, valves, and structural supports. In the foreground, there are several large, rectangular units with multiple cylindrical components on top, connected by a network of pipes. The background shows large industrial buildings with corrugated metal roofs. The overall atmosphere is industrial and technical.

# APPENDIX

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# Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)	Three months ended December 31,		Nine Months ended December 31,	
	2021	2020	2021	2020
Net loss, as reported	\$ (5,146)	\$ (7,595)	\$ (13,322)	\$ (13,630)
Interest expense	1,287	1,230	3,800	3,835
Provision for income taxes	—	—	10	10
Depreciation and amortization	493	369	1,337	1,072
EBITDA	\$ (3,366)	\$ (5,996)	\$ (8,175)	\$ (8,713)
Gain on debt extinguishment	—	4,282	(1,950)	4,282
Additional PPP Loan forgiveness	—	—	(660)	—
Stock-based compensation and other expense	335	378	1,985	1,340
Legal settlements	—	—	750	—
Adjusted EBITDA	\$ (3,031)	\$ (1,336)	\$ (8,050)	\$ (3,091)

To supplement the company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA, a non-GAAP financial measure. This non-GAAP financial measure is among the indicators management uses as a basis for evaluating the company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon this metric. Accordingly, disclosure of this non-GAAP financial measure provides investors with the same information that management uses to understand the company's economic performance year-over-year.

EBITDA is defined as net income before interest, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before gain on debt extinguishment, additional PPP loan forgiveness, stock-based compensation and other expense, and legal settlements. Gain on debt extinguishment and additional PPP loan forgiveness relates to the Paycheck Protection Program loan forgiveness. Stock-based compensation and other expense represents expense related to stock issued to employees, directors, and vendors. Legal settlements represent legal settlements for employment related matters.

Adjusted EBITDA is not a measure of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to, net income (loss) or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of its liquidity.

While management believes that the non-GAAP financial measure provides useful supplemental information to investors, there are limitations associated with the use of this measure. This measure is not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies due to potential differences in the method of calculation. Management compensates for these limitations by relying primarily on the company's GAAP results and by using Adjusted EBITDA only supplementally and by reviewing the reconciliation of the non-GAAP financial measure to its most comparable GAAP financial measure.

Non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.





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in your hands.**

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*Clients come to us looking to meet a new environmental, social and governance standard, or maybe they simply want to attain a LEED green building certification. At Capstone Green Energy, we provide thoughtful custom solutions to improve their cost of on-site energy and reduce their carbon footprint, while also providing critical energy resiliency. Businesses shouldn't wait for the government to make them innovate or let the competition innovate first. Businesses need to take control of their energy future now because with Capstone Green Energy, the power is in their hands.*

**DARREN R. JAMISON**  
President & CEO