

November 22, 2022

Management Presentation

Jim Crouse
President, Capstone Engineered Solutions

Scott Robinson
Chief Financial Officer

**Smarter Energy
for a Cleaner Future**

Safe Harbor

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 our 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; 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. 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. 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.

Further information on these and other factors that could affect the Company's results, performance, and achievements is included under the heading “Risk Factors” and otherwise in the reports on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission from time to time. 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. 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. We undertake no obligation, and specifically disclaim any obligation, to release any revision to any forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.



Capstone Overview

Capstone provides high efficiency, low emission power generation products and services that enable our customers to:

- *Lower their energy costs*
- *Increase their power resilience*
- *Reduce their carbon emissions*

- 1 \$11.7B Addressable Market**
- 2 Positioned for Continued and Accelerating Growth**
- 3 Compelling High Margin Recurring Business Model**

"Improving the Global Climate Through Sustainable Energy as a Service Solutions"

Aligning With Customers & Stakeholders

Financial & Environmental Savings

To date, Capstone has shipped over 10,000 units to 83 countries and estimates that in FY22, it saved customers over \$213 million in annual energy costs and approximately 388,000 tons of carbon.

Total savings over the last four years are estimated at:



\$911M

IN FINANCIAL
SAVINGS



1.5M Tons

OF CARBON
SAVINGS



10,000

MICROTURBINES
SHIPPED

DID YOU KNOW?

1.5 MILLION TONS OF CARBON IS COMPARABLE TO THE ANNUAL CO₂ OUTPUT OF ABOUT 291,862 U.S. HOMES RUNNING ON ELECTRICITY



Capstone Market Trends

Capstone Expanded Product Line-up Addresses On-site Resiliency Concerns from Changing Grid Generation Mix & Customer Sustainability Demands

- Global energy demand continues to rise with the electrification of vehicles and buildings
- Rising share of renewables introduces the need for grid balancing and resiliency
- On-site distributed energy resources and natural gas/low-carbon fuels can support these needs
- Battery energy storage is seen as the technology of choice for balancing and arbitrage with a huge market growth forecast
- Combined heat and power (CHP) is a clean technology and reduces emissions vs the grid even out to 2050, especially with greater availability and affordability of renewable/low carbon fuels
- Oil and Gas sector increasingly looking to valorize waste gases vs flaring/venting as gas prices rise and investors/shareholders demand sustainability in the oil field
- Customers want to hear how solutions can adapt to low carbon/zero emission requirements and deliver results for 25+ years



Capstone Technology Markets

Energy Efficiency

Generate on-site power and capture thermal energy from the exhaust in CHP and CCHP applications for **Hotels, Large Residential Complexes, Retail Buildings and Office Buildings.**

Microgrids

Provide reliable, resilient on-site power through a dual-mode microturbine or in conjunction with other distributed energy resources that can operate independently of the utility grid to balance loads and generation.

EV Charging

Use renewable energy to power the EV charging infrastructure and eliminate strain on the grid and the environment, especially when paired with smart EV charging solutions.

Oil, Gas and Other Natural Resources

Produce on-site power for all phases of O&G production in both onshore & offshore applications for **Drilling Operations, Flare Gas Reduction, Gas Compression, Mining & Water Conversion.**

Renewable Energy

Cleanly and efficiently generate on-site power from biogas and other waste products to create high-efficiency renewable power and heat for **Farm Digesters, Landfills, Food Waste and Solid Waste Management.**

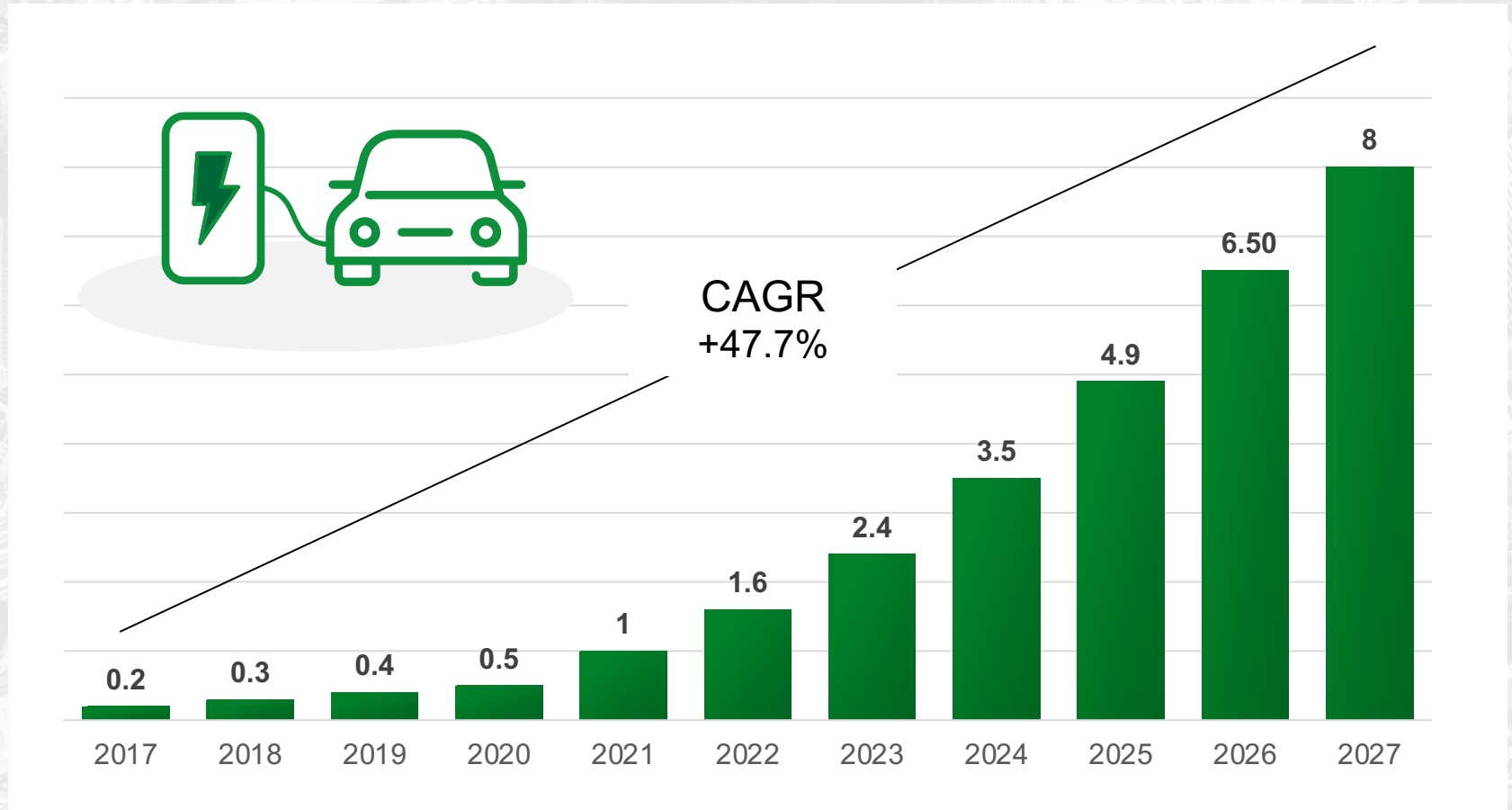
Critical Power Supply

Mission-critical businesses have an uninterruptible power source with the world's only microturbine-powered UPS solution for **Data Centers, Hospitals, Telecom and Power Rentals.**



Electric Vehicle Infrastructure

Forecast global electric vehicle infrastructure revenues (in billions U.S. dollars)



Source: Statista Mobility Market Outlook

Capstone Green Energy Product Offerings



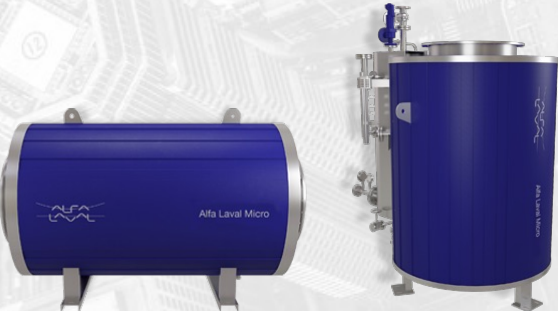
MICROTURBINE SYSTEMS FROM 65KW – 5MW



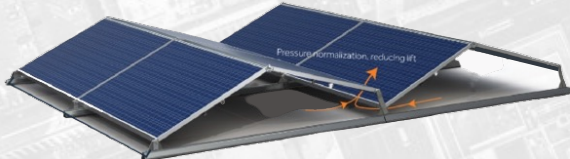
BAKER HUGHES TURBINES FROM 5MW-16MW



KORE POWER BATTERY STORAGE SYSTEMS



ALFA LAVAL HEAT RECOVERY CHP SYSTEMS



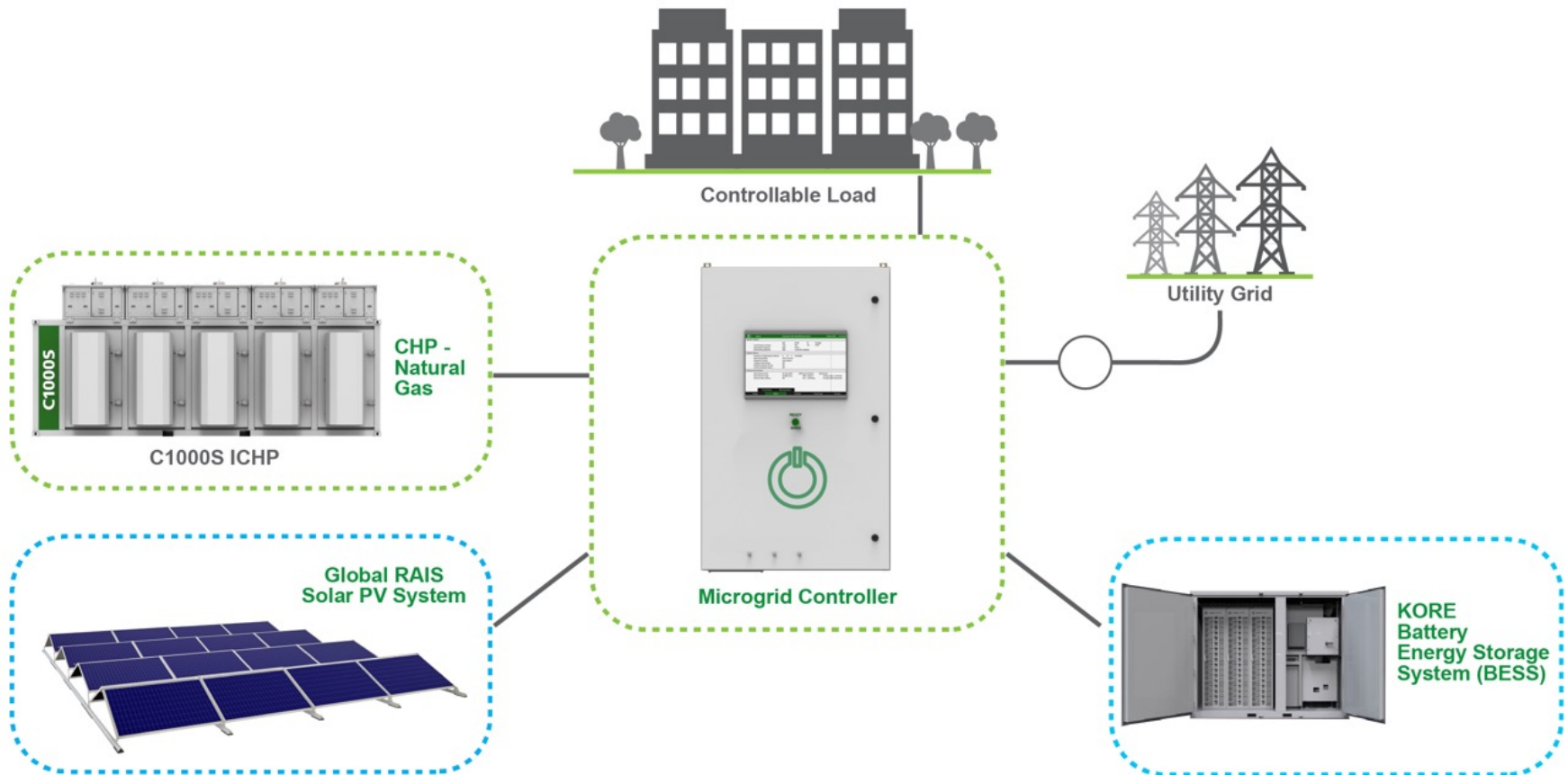
SOLAR PV SOLUTIONS



POWERTAP HYDROGEN GENERATION & FUELING SYSTEMS

Smart Microgrid Overview

Pre-Engineered Capstone Microgrid Solution for On or Off the Grid



Recent U.S. Policy Changes

Jim Crouse
President, Capstone Engineered Solutions



Inflation Reduction Act 2022

Opportunities for Project and R&D Funding for Microturbine Projects as Well as New Technology (Bess, PV, Etc.)

\$1.2 trillion, including \$65 billion for grid infrastructure and \$50 billion for cyber/climate resilience

- **\$6 billion** cost share program for grid reliability R&D and \$5 billion grant program for utilities, states to bolster grid against extreme weather, wildfire, and disaster
- **\$7.5 billion** to set up a national EV charging system
- **\$7 billion** in the supply chain for batteries
- **\$8 billion** for at least four clean hydrogen hubs
- On November 5, 2021, it was passed 228–206 by the House, and ten days later was signed into law by President Biden.

The New Package, is Expected to Raise \$739 Billion, of Which \$369 Billion Would Be Dedicated to Climate and Energy Programs.

The biggest impact for Capstone Green Energy is related to Tax Credits – Section 45 (Production Tax Credit) and 48 (Investment Tax Credit).

- Section on 45d – The Biomass/Biogas Tax Credit, which expired Jan 1, 2022. **The new legislation would amend it to expire for projects that start construction on/after Jan 1, 2025.**
- Bonus for Domestic Content: **10% for qualified facilities with 100% U.S. iron/steel and manufactured products produced in the United States.**
- **ITC will increase from 10% to 30% through 1/1/25 and up to 30-40% through 2035** (if meeting zero-emission, labor requirements, and domestic content) for CHP and biogas projects. Labor requirements waived for projects <1MW.
- Energy storage, qualified Biogas property, and Microgrid Controllers are added in as eligible technologies eligibility through 2034 with a 6% ITC.
- Energy storage includes hydrogen storage and thermal energy storage.

Note: Energy storage specifically excludes CHP but hydrogen storage and thermal storage are included.



Energy as a Service (EaaS) Business

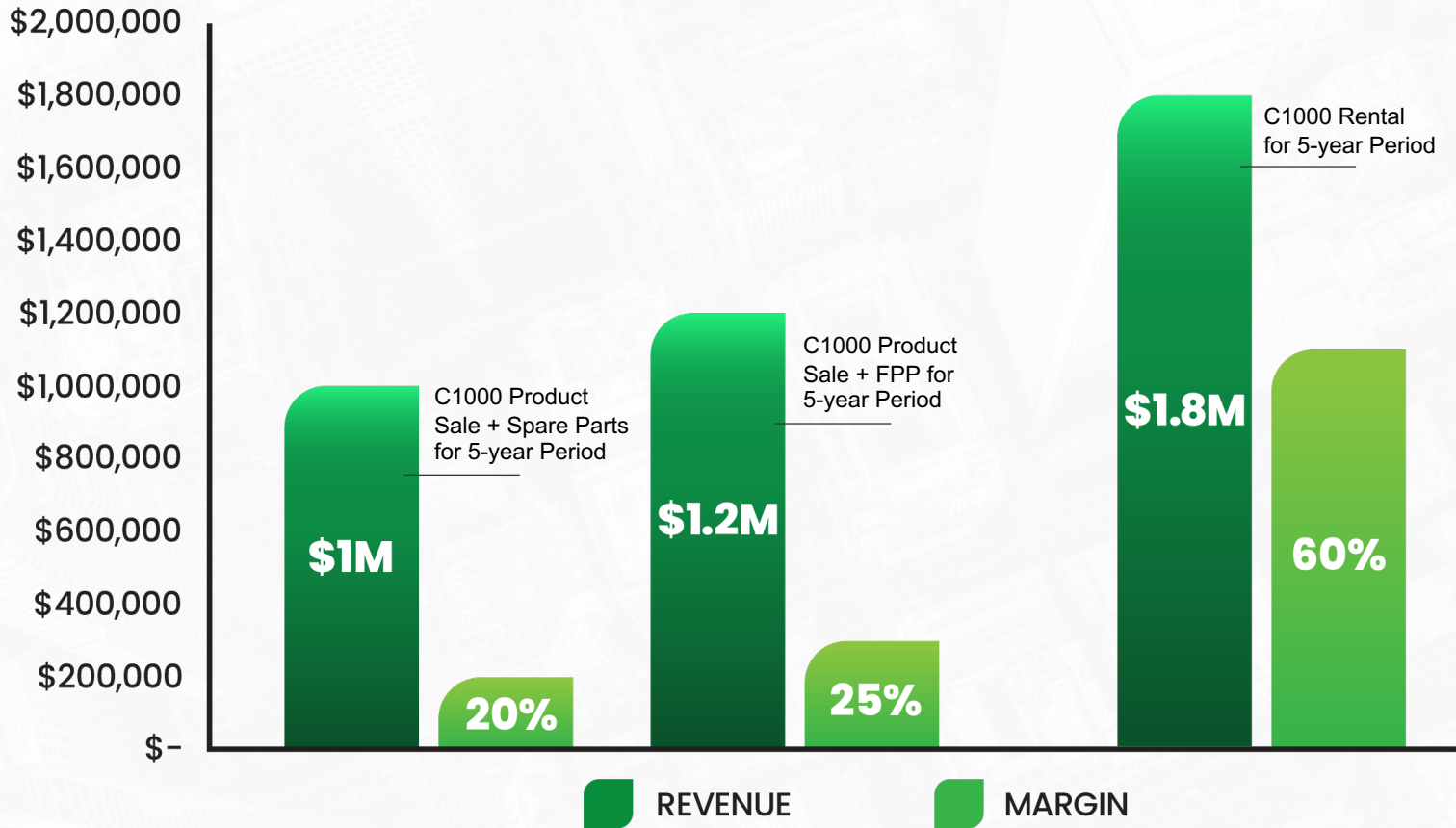
SCOTT ROBINSON
Chief Financial Officer



EaaS Rental Fleet Business Case

Hypothetical Example for Capstone Owned Rental Units

Rental vs. Traditional Product Sales

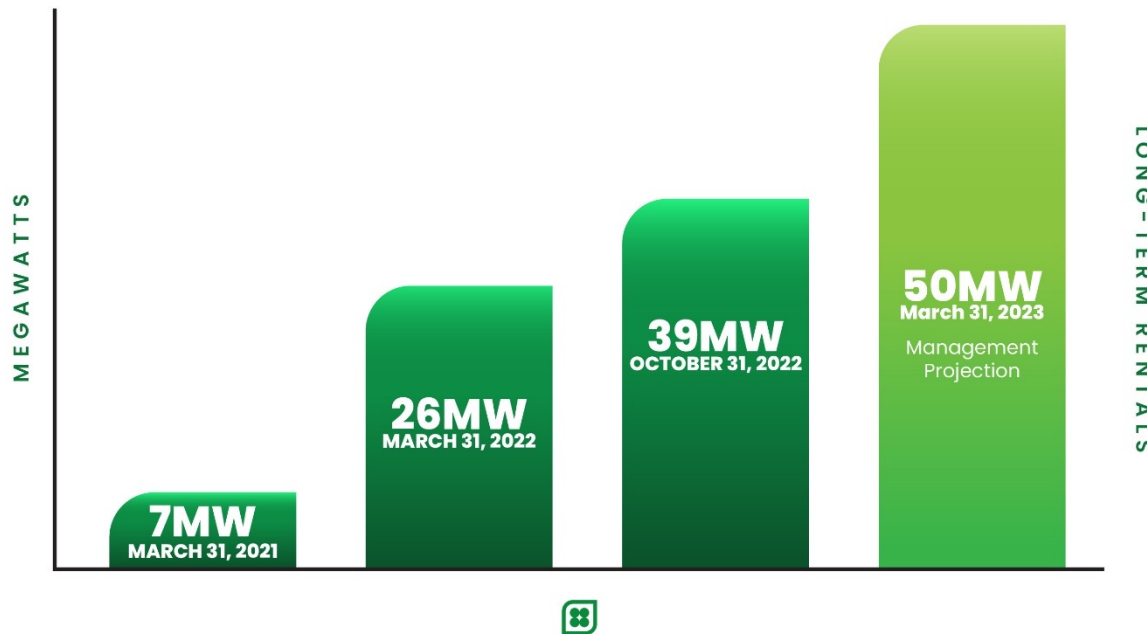


Note: the above rental data is approximately equal to the average of our current rental fleet financial performance

EaaS Long-Term Rental Fleet Growth

14MW of Current Contracts Using Re-rented Equipment

EaaS Contract Growth



- Includes re-rented equipment with lower capital costs but lower margin rates
- Most re-rent contracts have a future purchase option

Positive Adjusted EBITDA Strategy

SCOTT ROBINSON
Chief Financial Officer



FY2023 Positive Adjusted EBITDA Strategy

Plan is to Deliver Positive Adjusted EBITDA through a Mix of Restructuring, Price Increases and EaaS Business Growth

1 Reduce Operating Expenses *\$4.3M by Restructuring the Business Around an EaaS Model – **DONE**

- Executive Staff decreased from 10 to 6
- Capstone Direct Sales Team reduced by approximately 50% - Assets moved into Distribution where possible
- Strategic mix of employee pay cuts, furloughs, and part-time status to reduce OpEx

2 New Price Increases on Product, FPP, and Spare Parts – **DONE**

- New product price increase effective May 1, 2022 - C65 price increase of 10% and C1000 Increase of 7%
- Existing FPP contracts increased to 5% for CPI and increase the pricing on new FPP contracts 5%
- Spare parts pricing increased to offset inflation factors and focus on supply chain integrity

3 Increase DSS From 3% to 5% – **DONE**

- DSS Fee increased from 3% to 5% to generate approximately \$1M in additional revenue and margin
- Minimum DSS Fee increased from \$10,000 to \$20,000 with a maximum of \$500,000

4 Increase Energy-as-a-Service Business – **IN PROCESS**

- 7 MW under contract in March 2021
- 26 MW under contract in March 2022
- 39 MW under contract in November 2022
- **50 MW target under contract by March 2023**

*The \$4.3M OpEx reduction is an estimate for the full fiscal year 2023

Second Quarter Financial Highlights

SCOTT ROBINSON
Chief Financial Officer



Second Quarter Financial Highlights

- Revenues for the second quarter ending September 30, 2022, were **\$20.8 million, up 11% from \$18.7 million** in revenue during the first quarter ended June 30, 2022, **and up 21% from \$17.2 million in the year-ago September quarter.**
- Revenues for the first half of fiscal 2023 totaled **\$39.4 million, up 18% from \$33.3 million from the first half of fiscal 2022** as the Company continues to execute against its EaaS growth strategy.
- Gross margins for the second quarter ending September 30, 2022, were 11% compared to 25% in the first quarter ended June 30, 2022. Gross margins decreased primarily due to increased costs in the company's supply chain specifically related to C1000 enclosures and the need to source alternative recuperator materials to meet customer delivery requirements.
- Net loss of \$4.9 million for the second quarter ending September 30, 2022, **improved 18% from a net loss of \$6.0 million in the year-ago September quarter.** Net Loss increased from \$2.1 million from the first quarter 2023, in large part due to approximately \$1.6 million of additional supply chain expenses, freight and expediting charges.
- **Adjusted EBITDA improved 19% to negative \$2.2 million** from negative \$2.7 million in the second quarter year-over-year but decreased from a positive \$0.4 million for the first quarter ending June 30, 2022, as a result of the approximately \$1.6 million of additional supply chain expenses, freight and expediting charges.
- **Adjusted EBITDA improved 66% to negative \$1.7 million for the first half of fiscal 2023** compared to negative \$5.0 million in the first half of fiscal 2022 as a result of the continued growth of the high-margin Energy as a Service (EaaS) business offset by the increased supply chain costs, freight and expediting charges.
- Total EaaS long-term rental units and re-rental under contract on September 30, 2022, was approximately 34MW versus 12.7MW on September 30, 2021, **representing 168% growth year-over-year.** Today, the EaaS long-term rental units under contract is 39MW against the company's goal of 50MW by March 31, 2023.



Second Quarter Financial Highlights

- **Total revenue from EaaS rentals was \$1.8 million for the second quarter up \$1.2 million or 200% from \$0.6 million year-over-year.**
- **Gross margin for the EaaS rental business was strong at 72% for the second quarter.**
- **Gross product bookings for the second quarter ending September 30, 2022, were robust at \$15.4 million, up from \$12.4 million in the previous quarter ended June 30, 2022.**
- **The product Book-to-Bill Ratio improved to 1.6:1 in the second quarter ending September 30, 2022.** Ending product backlog on September 30, 2022, was \$28.9 million up \$4.1 million or 16.5% from \$24.8 million on June 30, 2022.
- **Total cash as of September 30, 2022, was \$23.8M, up from \$16.9M as of June 30, 2022.** The increase of \$6.9M was primarily related to the net proceeds of \$7.3M Lake Street public equity offering on August 23, 2022.
- **Net cash provided by operating activities was \$0.9 million as a result of \$3.8 million in cash provided by working capital** as the company's Days Sales Outstanding, or DSO, dropped from 123 days in the quarter ending June 30, 2022, to 85 days in the most recent quarter.
- To mitigate global supply chain shortages, parts price increases, and higher freight costs, the Company **plans to enact a new across-the-board product, spare parts, and FPP service contract price increases on January 30, 2023**, in addition to remediating the recent higher costs associated with C1000 enclosures and recuperator materials



YTD FY23 vs. YTD FY22 Financial Results

<i>(In millions)</i>	YTD Q2 FY23	YTD Q2 FY22
Microturbine Product and Accessories	\$19.7	\$16.9
Parts & Service	\$19.7	\$16.4
Total Revenue	\$39.4	33.3
Gross Margin	\$6.9	\$5.4
Gross Margin Percent	17%	16%
R&D Expenses	\$1.1	\$1.9
SG&A Expenses	\$10.0	\$11.7
Total Operating Expenses	\$11.1	\$13.6
Net Loss	\$(7.0)	\$(8.2) [^]
Adjusted EBITDA**	\$(1.7)	\$(5.0)

[^] Includes gain on extinguishment of debt of \$2.6 million

** Non-GAAP financial measure. See Appendix, Slide 31

Select Balance Sheet & Cash Flow Items

<i>(In millions)</i>	September 30, 2022	June 30, 2022
Cash & Cash Equivalents	\$23.8	\$16.9
Cash Provided by (Used in) Operating Activities for the Three Months Ended	\$0.9	\$(3.4)
Accounts Receivable, Net of Allowances	\$19.3	\$25.2
Total Inventories	\$24.1	\$20.6
Accounts Payable & Accrued Expenses	\$24.3	\$22.2

Business Summary

Jim Crouse
President, Capstone Engineered Solutions



Capstone Business Catalyst Summary

1. New U.S. Policy driving improved project economics.
2. Strategic business plan is creating a larger TAM.
3. Continuing the expansion of the higher margin EaaS from 39MW to 50MW by March 31, 2023.
4. Rentals expected to improve cash flow and margin rates.
5. Direct Sales Solution team focused on top line revenue growth – Larger customers with larger rollouts.
6. Recent net \$7.3M equity offering strengthens the balance sheet and reduces customers' perception of adoption risk and EaaS risk.
7. Leveraging Network Partners to drive revenue growth.

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 the 'Clear & Green' logo and 'C-10000' model number. The background shows large industrial buildings with corrugated metal siding. The overall atmosphere is industrial and technical.

Q&A Session

Jim Crouse & Scott Robinson



APPENDIX



Microturbine Product Suite

Capstone Green Energy's Core Technology



C65 ICHP

C200 ICHP

C600 ICHP

C800 ICHP

C1000 ICHP



Patented Air Bearing Technology

No lubricants or coolants needed



Inverter Based w/ One Moving Part

Factory guaranteed low operating costs



High Power Density

Compact footprint with small modular design



Stand Alone Or Grid Connect

Supports aging utility infrastructure w/on-site resiliency



Fuel Availability

Natural gas, biogas, liquid fuels & a hydrogen blend



Free Clean Waste Heat

Thermal energy for cogeneration or trigeneration



Remote Monitoring

View performance and diagnostics 24/7/365



Scalable To Match Demand

Multiple applications and industries



Global Rais Solar PV Systems

APEX DUO - Complete Solar Energy System



APEX DUO Wave Rack

Highest Energy Density

- Shade tolerant design allows more PV modules to be packed into a limited space at a higher tilt.

Redundant Solar

- No single point failure – unlike conventional solar PV, every element of the systems have multiple connections making the entire system highly resilient.

Storage Ready Now

- Modules can charge batteries directly for true DC-DC storage.

Extremely Maintainable

- Smart low voltage design, maintaining a device is safe and easy by trained staff, eliminating the need for costly specialists.

Global RAIS® solutions allow customers to have more power generation over the life of their systems in the same square footage as a conventional solar system.

64% More Energy

THAN A
CONVENTIONAL
SOLAR SYSTEM

2,900+

INSTALLATIONS
WORLDWIDE
SINCE 2010

Battery Energy Storage Systems

Vertically Integrated Energy Storage System (ESS)

 KOREPOWER



Power Quality Management

- Frequency Regulation & Voltage Reduction

Demand Charge Reduction

- Utility scale monthly and annual capacity & transmission reduction
- Commercial application for removing large start-up loads and associated demand charges

Islanding // Microgrid

- Allows system to operate as a stand-alone power disconnected from the grid.

Peak Shaving // Peak Shifting

- Eliminates “ratchet charges” for commercial customers
- Moves PV energy from the daytime generation peak to the late afternoon and evening consumption peak.

Distributed energy storage has followed the same path as distributed generation, moving the storage systems closer to the end user either on the distribution network or behind-the-meter.

110.7 kwh

ENERGY



Baker Hughes Industrial Gas Turbines

NovaLT Family – 5MW, 12MW or 16MW

Baker Hughes 



NovaLT 5MW



NovaLT 16MW

Low maintenance cost with 99% availability

- 3-4 years continuous run without maintenance stops
- NovaLT5-1 ... 30 hours engine swap
- NovaLT12, LT16 ... 24 hours engine swap

New modular design platform

- Leading to competitive cost and reduced activities at site for installation.
- Forward thinking, design flexibility, uniform speed & quality.

Increased Partial Load Performance

- Significantly higher than competition, while being slightly better at full load.

Capstone Green Energy in partnership with Baker Hughes provides commercial and industrial customers with large scale its line of NovaLT gas turbines.

35,000 hrs

OF CONTINUOUS
RUN W/O
PLANNED
INSPECTIONS

UP TO
100%
Hydrogen

PROVEN &
AVAILABLE TODAY



Alfa Laval Heat Recover Systems

Alfa Laval Micro 606 and 718



Product Features

- Designed for heating hot water, TEG, TFO, or generating steam
- As standard, equipped with regulation damper and electrical actuator for easy regulation of capacity
- Horizontal and vertical versions for in and outdoor installation
- Dry run possible, requiring no external exhaust bypass
- Finned spiral tube coil in corten or stainless steel (media side), fitted in a large isolated chamber (gas side).

Alfa Laval
heat recovery
comparison vs Cain
for Hot Water CHP

Alfa LAVAL

\$49,350 COST
TO DISTRIBUTOR
W/ 2.49 MMBTU

VS

CAIN

\$90,700 COST
TO DISTRIBUTOR
W/ 2.43 MMBTU

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)	Three months ended September 30,		Six Months ended September 30,	
	2022	2021	2022	2021
Net loss, as reported	\$ (4,918)	\$ (5,994)	\$ (6,977)	\$ (8,176)
Interest expense	1,361	1,278	2,723	2,513
Provision for income taxes	4	2	6	10
Depreciation and amortization	831	458	1,526	844
EBITDA	\$ (2,722)	\$ (4,256)	\$ (2,722)	\$ (4,809)
Gain on debt extinguishment	—	—	—	(1,950)
Additional PPP Loan forgiveness	—	—	—	(660)
Stock-based compensation and other expense	154	780	386	1,650
Debt compliance cost / legal settlements	387	750	587	750
Adjusted EBITDA	\$ (2,181)	\$ (2,726)	\$ (1,749)	\$ (5,019)

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.

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, consulting and legal expenses related to compliance with debt covenants 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 includes expense related to stock issued to employees, directors, vendors, and for extraordinary, non-recurring expenses.

Reconciliation of Non-GAAP Financial Measures

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 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. The measures are 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 exact 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 reconciliations 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.



**Time to take the power
in your hands.**

www.capstonegreenenergy.com



16640 Stagg Street | Van Nuys, CA | 91406 USA



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

NASDAQ: CGRN