

September 28, 2023

# **Go-Forward Plan Capstone Green Energy Corporation**

**Smarter Energy  
for a Cleaner Future**



# Safe Harbor

## Disclaimer

This Presentation and any oral statements made in connection with this Presentation do not constitute an offer to sell, or a solicitation of an offer to buy, or a recommendation to purchase, any securities in any jurisdiction.

## Forward-Looking Statements

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: attendant to the Chapter 11 bankruptcy process, including the Company's ability to obtain court approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 process; the effects of Chapter 11, including increased legal and other professional costs necessary to execute the Chapter 11 process and on the Company's liquidity and results of operations (including the availability of operating capital during the pendency of Chapter 11); the length of time that the Company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of Chapter 11; the Company's ability to continue funding operations through the Chapter 11 bankruptcy process, and the possibility that it may be unable to obtain any additional funding as needed; the Company's ability to meet its financial obligations during the Chapter 11 process and to maintain contracts that are critical to its operations; the Company's ability to comply with the restrictions imposed by the terms and conditions of the DIP Facility and other financing arrangements; objections to the DIP Facility, or other pleadings filed that could protract Chapter 11; the effects of Chapter 11 on the interests of various constituents and financial stakeholders; the effect of the Chapter 11 filings on the Company's relationships with vendors, regulatory authorities, employees and other third parties; possible proceedings that may be brought by third parties in connection with the Chapter 11 process and risks associated with third-party motions in Chapter 11; employee attrition and the Company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the impact and timing of any cost-savings measures and related local law requirements in various jurisdictions; the impact of litigation and regulatory proceedings; risks related to the restatement (including discovery of additional information relevant to the financial statements subject to restatement; changes in the effects of the restatement on the Company's financial statements or financial results and delay in the filing of the amended 10-K and amended 10-Q's due to the Company's efforts to complete the restatement; the time, costs and expenses associated with the restatement; potential inquiries from the SEC and/or Nasdaq; the potential material adverse effect on the price of the Company's common stock and possible stockholder lawsuits); and expectations regarding financial performance, strategic and operational plans, and other related matters. 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.

## Use of Projections

This Presentation contains financial forecasts with respect to Capstone's projected financial results. Capstone's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this Presentation, and accordingly, they did not express an opinion or provide any other form of assurance with respect thereto for the purpose of this Presentation. These projections should not be relied upon as being necessarily indicative of future results. The assumptions and estimates underlying the prospective financial information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of Capstone or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Presentation should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved. See "Forward-Looking Statements" above.

## Non-GAAP Financial Measure

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.

Adjusted EBITDA is defined as Net Income before interest, depreciation and amortization, non-cash compensation and restructuring related costs.

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 methods of calculation. Management compensates for these limitations by relying primarily on the company's GAAP results and by using Adjusted EBITDA only supplementally.

Non-GAAP financial measures are not in accordance with 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.

# Agenda

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- Company History
- Restructuring Overview
- 10-K & 10-Q Update
- Capitalization, Projections, & Valuations
- Market Outlook
- Going Forward
- Q&A



# Company History

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**Robert Flexon**  
Executive Chairman  
Interim President & Chief Executive Officer



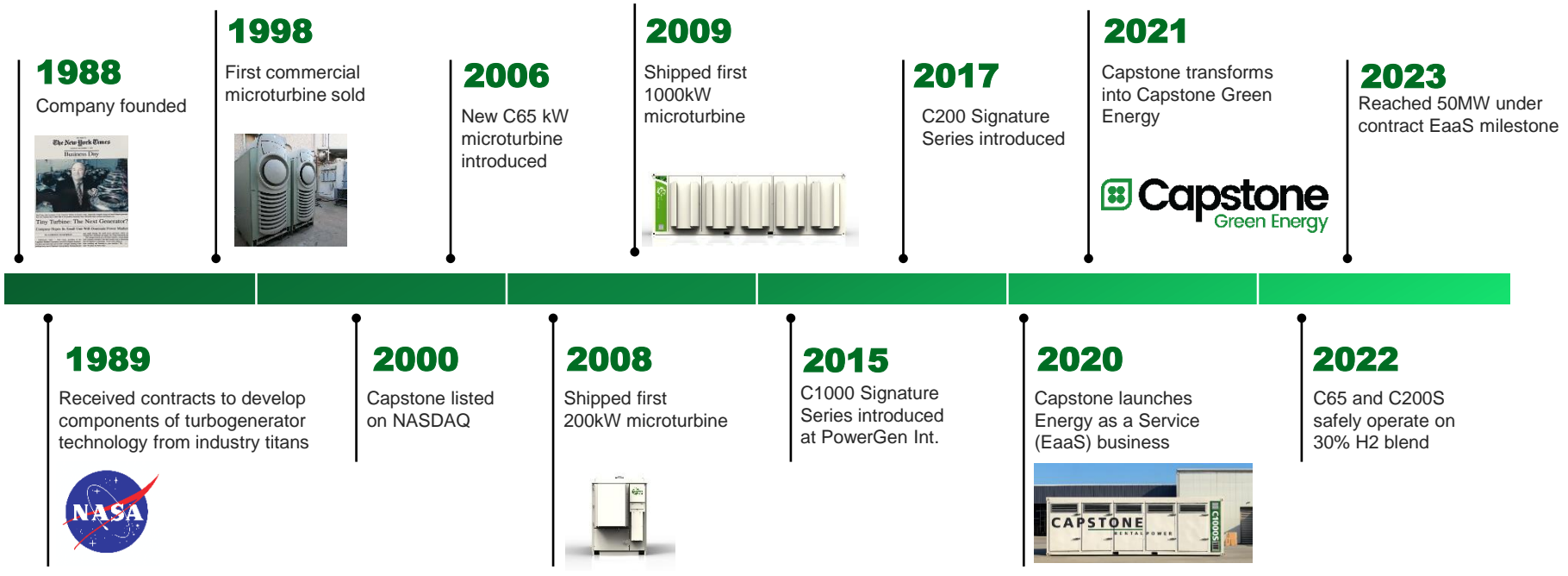
# Capstone Green Energy History

Capstone Green Energy is a world leading low-emission smart energy solutions provider focused on lowering carbon footprint, increasing cost efficiency, and building resiliency for businesses.

Capstone is committed to enhancing its customer's business models and helping them achieve their environmental goals.



Capstone Signature Series  
600kW - 1MW



# Value Proposition

## Customer

### Wants

#### Reliability and Resiliency

Capstone microturbines are known for their reliability and durability. They are designed for continuous operation with minimal maintenance thereby limiting system downtime and business operational disruptions.

#### Fuel Flexibility

Capstone microturbines can run on a variety of fuels, including natural gas, biogas, landfill gas, propane and diesel.

### Concerns

#### Environmental Impact

Capstone microturbines contribute to reducing greenhouse gas emissions, helping organizations meet sustainability and environmental goals.

#### Energy Cost

Capstone microturbines empower customers to significantly reduce their energy costs, enhance power resilience while reducing carbon emissions.

### Goals

#### Cost Savings

By improving energy efficiency, reducing emissions, and offering CHP capabilities, Capstone microturbines can lead to significant cost savings over the long term, making them financially attractive for businesses and institutions.

## Capstone Microturbines

### Features

#### Scalability

Capstone offers a range of microturbine models with different power outputs and can be used individually or in combination to create microgrid solutions.

#### Availability

Capstone technology leverages built-in redundancies while also requiring 20% of power output for required maintenance giving customers access to a reliable source of off-grid power.

### Benefits

#### Energy Efficiency

Capstone microturbines can achieve overall energy efficiency rates of over 80%, making them a cost-effective and environmentally friendly energy solution.

#### Low Emissions

Capstone microturbines produce extremely low emissions, making them an environmentally friendly choice that aligns with sustainability and emissions reduction goals.

### Experience

#### Units Shipped

Capstone has shipped over 10,000 units to over 83 countries with an estimated savings of over \$1.08 billion in energy costs and approximately 1.9 million tons of carbon savings in the last five years.



# Global Distribution Partners



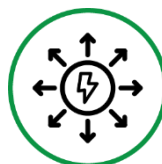
**53**

Distributor Partners



**7**

National Account & OEMs



**150+**

Distributor Locations



**9 years**

Distributor Average Tenure

# Restructuring Overview

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**Robert Flexon**  
Executive Chairman  
Interim President & Chief Executive Officer





# Restructuring Overview

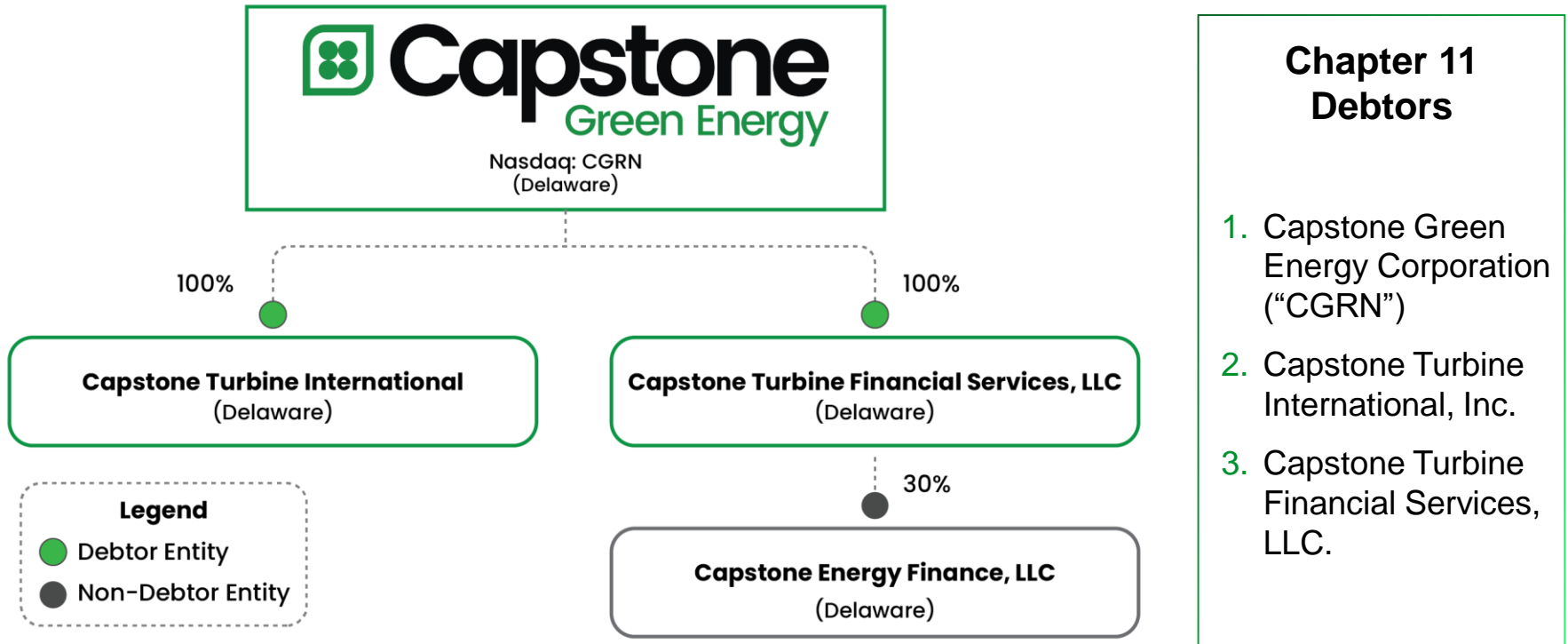
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- Pre-Packaged Chapter 11 Plan.
- The only impaired creditor is the senior secured lender of the \$53 million Amended and Restated Note.
- All vendors and unsecured creditors will receive payment in full in the ordinary course.
- Prepetition debt of \$53 million plus accrued interest drops to \$25 million plus accrued DIP interest and fees rolling from DIP financing (comprised of \$20 million of DIP term loan roll-up and \$5 million new money revolver).
- DIP financing provides \$12 million in new money (in addition to the \$3 million provided on September 22), and Exit financing adds a \$5 million revolver.
- Public shareholders will receive 100% of the reorganized public company (subject to dilution from shares issued as equity incentive compensation).
  - 62.5% fully diluted ownership interest in a new operating subsidiary which holds the majority of prepetition assets and liabilities.

**Operations are uninterrupted with added liquidity for vendor payments.**

# Prepetition Organizational Structure

## Current Legal Entity Structure of Capstone



- Capstone Turbine Financial Services, LLC owns a 30% stake in a joint venture (Capstone Energy Finance, LLC), which will not be a Debtor.
- The joint venture does not conduct business operations and owns *de minimis* cash.

# Restructuring Transaction Steps

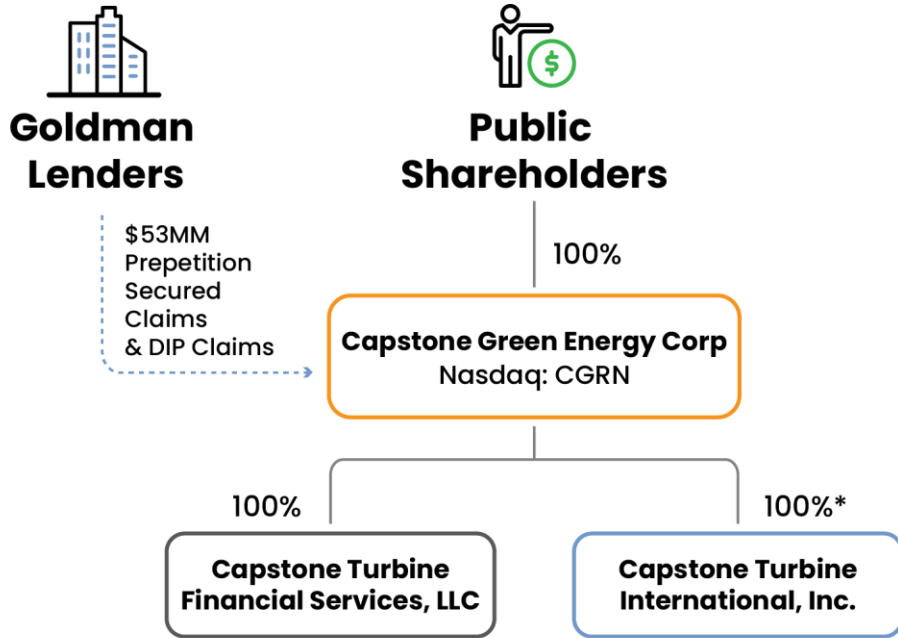
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- Capstone will effectuate a series of restructuring transactions (the “Restructuring Transactions”) in connection with the Chapter 11 Cases.
- Capstone will form a new entity to be the operating company, referred to as “New Subsidiary.”
- Capstone Turbine International, Inc. expects to succeed CGRN as the public company reporting with the Securities & Exchange Commission, referred to herein as “Reorganized PublicCo.”
- Public Shareholders will receive 100% of the equity in Reorganized PublicCo (subject to dilution from shares issued as equity compensation), which will in turn own 100% of the common equity of New Subsidiary, which will be equivalent to 62.5% of the total equity when fully diluted. All other existing equity interests of the Company, including warrants, options, restricted stock units and performance stock units, will be canceled.
- Goldman Lenders, through Broad Street Credit Holdings, LLC, as purchaser of \$53 million of Capstone’s senior secured notes (“Purchaser”) and provider of the Capstone’s debtor-in-possession financing facility, will equitize a portion of its secured claim and a portion of the DIP claim into 100% of the preferred units in New Subsidiary, which will be equivalent to 37.5% of the common equity when fully diluted.
- Purchaser’s holdings of New Subsidiary’s preferred units will be held by the former CGRN entity and will be converted to a private company, referred to as “Reorganized PrivateCo,” which will keep the “Retained Assets,” which include the right to use the name “Capstone” and all assets related to distributor support services.

# Go-Forward Organizational Structure

## Capstone Green Energy Corporation

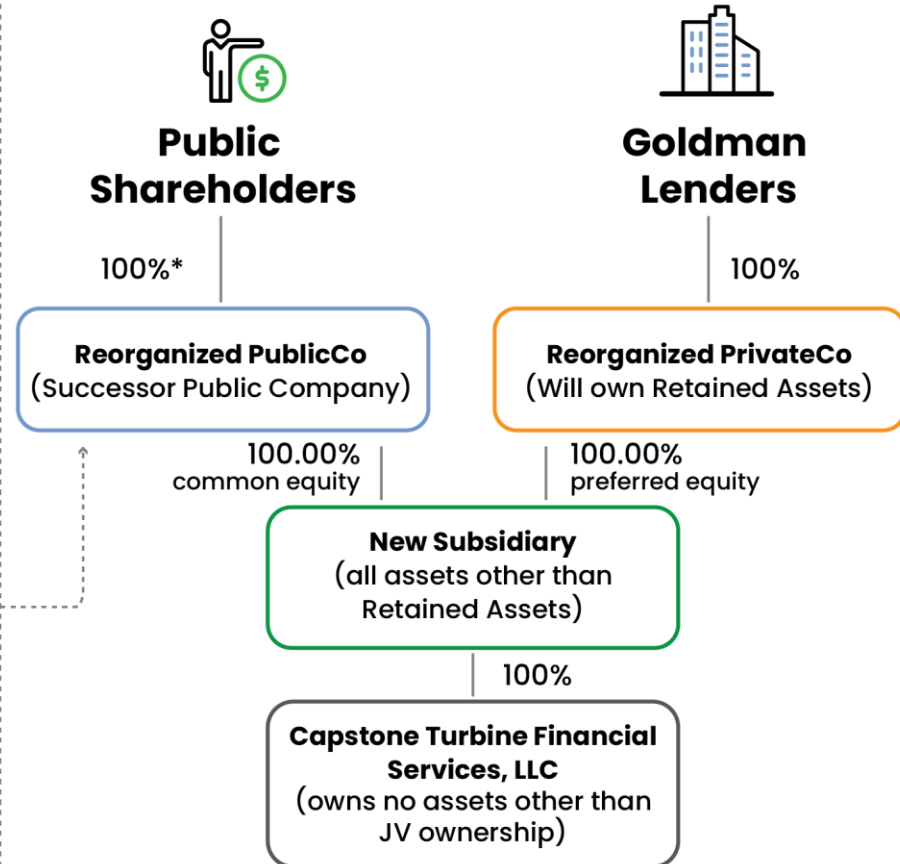
### Pre-Restructuring Corporate Structure



#### Legend

- Legacy operating public company → wholly owned/privately held subsidiary of Goldman lenders.
- Previous non-debtor entity → becomes a wholly owned subsidiary of the new operating company.
- Previously a non-public subsidiary of the public company → becomes the reorganized public company.

### Post-Restructuring Corporate Structure



\*Subject to dilution for shares issued for equity incentive plans

# Financial & Claims Management

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## DIP and Exit Facilities, and Treatment of Purchaser's Claims

### Reorganized Public Co

- Capstone's only pre-petition funded debt consists of \$53 million principal outstanding under the Amended & Restated Note Purchase Agreement by and among Capstone and Purchaser.
- Purchaser will also be the DIP Lender and will have both prepetition secured claims and DIP claims.
- The DIP Facility will total \$30 million, consisting of:
  - \$12 million of new money (the "New Money DIP"); and
  - A \$18 million roll-up of the Prepetition Secured Debt Claim (the "Prepetition Secured Claim Roll-Up").
- The Exit Facility will total \$25 million plus accrued DIP interest:
  - \$12 million plus accrued interest roll-up from the New Money DIP;
  - \$8 million plus accrued interest roll-up on the \$18 million Prepetition Secured Claim Roll-Up; and
  - \$5 million of new money.

### Reorganized Private Co

- Through the Restructuring Transactions, Purchaser will own 100% of Reorganized PrivateCo.

# 10-K & 10-Q Update

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- The Audit Committee and Company Management reviewed past “Bill and Hold” transactions and other matters.
- Concluded that restatement of prior financials are necessary.
- Issued 8-K to notify non-reliance on previously issued financial statement.
- Restatements expected to be completed within next 60 days.
  - First three quarters for fiscal year ended March 31, 2023, and comparable periods for 2022.
  - Fiscal year ended March 31, 2022
  - Fiscal year ended March 31, 2021
- Upon completion, required fiscal 2023 10-K and fiscal 2024 10-Q filings will be made.



# Capitalization, Projections, & Valuation

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**John Juric**  
Chief Financial Officer

# Terms of New Debt

Capstone Secured Credit Facility Shift Through Restructuring \$ in Thousands	Petition Date	DIP Period	Exit Credit Facility
<b>Notes Payable</b>	\$ 50,000		
Notes Accrued Interest & Fees	\$ 3,791		
<b>Term Loan</b>			
Roll-over Debt		\$ 15,000	\$ 5,000
DIP Advance	\$ 3,000	\$ 3,000	\$ 3,000
DIP New Money		\$ 12,000	\$ 12,000
<b>Revolver, New Money</b>			\$ 5,000
<b>Total Secured Debt</b>	\$ 56,791	\$ 30,000	\$ 25,000

	Interest Rate	Maturity
<b>DIP Terms</b>	DIP SOFR +8.75%	At Emergence
Exit Facility Interest Rate	SOFR +7%	
Exit Facility – Interest Payment	Year 1 – PIK*	
	Year 2 – Cash SOFR + 1%; plus 6% PIK*	
	Year 3 – Cash SOFR + 7%	
<b>Exit Facility Term</b>	Term Loan	3 years
	Revolver	2 years

\*PIK – Payment in Kind



# Pro Forma Capitalization & Valuation

## Revolving Credit Facility

Pro Forma Capitalization Thousands, except for Indicative Common Share Price	15-Sep-23	Pro Forma	Indicative Valuation
First Lien Secured	\$ 53,000	\$ 20,000	\$ 20,000
First Lien Secured – PIK* & Fees	\$ 3,791	\$ -	\$ -
Revolving Credit Facility		\$ 5,000	\$ 5,000
Total Secured Debt	\$ 56,791	\$ 25,000	\$ 25,000
Implied Equity Value	\$ 11,725 <sup>(1)</sup>	\$ 43,516 <sup>(2)</sup>	\$ 32,801 <sup>(3)</sup>
Total Capitalization	\$ 68,516	\$ 68,516	\$ 57,801
Preferred Units	0	\$ 16,318	\$ 12,300
Common Units	\$ 11,725	\$ 27,197	\$ 20,501
Common % of Total Cap	17.1%	39.7%	35.5%
Indicative Common Share Price	\$ 0.63 <sup>(1)</sup>	\$ 1.47 <sup>(2)</sup>	\$ 1.11 <sup>(3)</sup>
# Shares	18,534	18,534	18,534

(1) Based on September 15, 2023, 15 Day Average VWAP.

(2) Based on current capitalization, adjusted for pro forma debt balances.

(3) Based on Income Approach DCF

\*PIK – Payment in Kind

# Preferred Units

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## Terms

- Reorganized PrivateCo will be issued Preferred Units of New Subsidiary
  - Will represent 37.5% of the Equity Value
  - Non-dilutable
  - Rank senior to Common Units
  - Certain Approval Rights
- The estimated Purchase Price of Preferred Equity \$12.3 million
  - The Purchase Price will be the required minimum redemption value
  - Redemption rights in six years for a six month period
    - Greater of Purchase Price + unpaid dividends or
    - FMV of the Preferred Units on an as converted to common basis
- Other Entitlements
  - No regular dividends except in limited circumstances
  - Receive dividends as and if declared on Common Units
  - Preemptive Rights, subject to customary exceptions
  - Liquidation preference, greater of
    - Purchase Price + unpaid dividends, if any or
    - As converted to Common Liquidation Value



# Financial Projections

Select Income Statement Projections (\$ in thousands)	Stub Period March FY 24 <sup>(1)</sup>	Year End March FY25	Year End March FY26	Year End March FY27
Revenue	\$ 43,579	\$ 107,575	\$ 114,632	\$ 123,133
<b>Gross Margin</b>	11,628	29,276	34,236	37,657
Gross Margin as a % of Revenue	26.7%	27.2%	29.9%	30.6%
Total Operating Expenses	12,261	22,214	22,214	22,214
OPEX as a % of Revenue	28.1%	20.7%	19.4%	18.0%
<b>(Loss) Income from Operations</b>	(633)	7,062	12,022	15,442
<b>Net (Loss) Income</b>	\$ (2,143)	\$ 2,776	\$ 7,319	\$ 10,740
<b>Adjusted EBITDA **</b>	\$ 4,194	\$ 11,702	\$ 17,353	\$ 21,697
Select Balance Sheet Projections (\$ in thousands)	Year End March FY24	Year End March FY25	Year End March FY26	Year End March FY27
<b>Assets</b>				
Current Assets - Cash	\$ 6,690	\$ 13,018	\$ 16,074	\$ 24,675
<b>Liab &amp; S/H Equity</b>				
Total Secured Debt	\$ 26,509	\$ 30,795	\$ 30,795	\$ 30,795
Total Stockholders' Equity	\$ 19,596	\$ 23,844	\$ 32,929	\$ 45,787
<i>Preferred Equity – 37.5%</i>	\$ 7,349	\$ 8,941	\$ 12,348	\$ 17,170
<i>Common Equity – 62.5%</i>	\$ 12,247	\$ 14,903	\$ 20,581	\$ 28,617

(1) November 2023 – March 2024

\*\* Non-GAAP financial measure. See Appendix, Slide 32



# Market Outlook

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**Jen Derstine**

**Vice President of Marketing & Distribution**



# Structural Market Shifts Benefit Capstone

Regulatory tailwinds greatly enhance Capstone's value proposition as governments and corporations shift towards clean energy and net zero targets.



## Shift to Net Zero

Prime power customers will focus on how solutions can **adapt to low carbon / zero emission** requirements and deliver results to their businesses for 20+ years



## Regulatory Tailwinds

ITC and Energy Policy tailwinds provide **significant levels of government investment**, incentivizing customers to transition to **clean energy** and efficient **power generation**



## Distributed Power as a Facilitator

Customers in **diverse end markets** (hospitality, industrial, energy, etc.) will see modular power generating units as a key component of efficiently meeting emission requirements and improving reliability

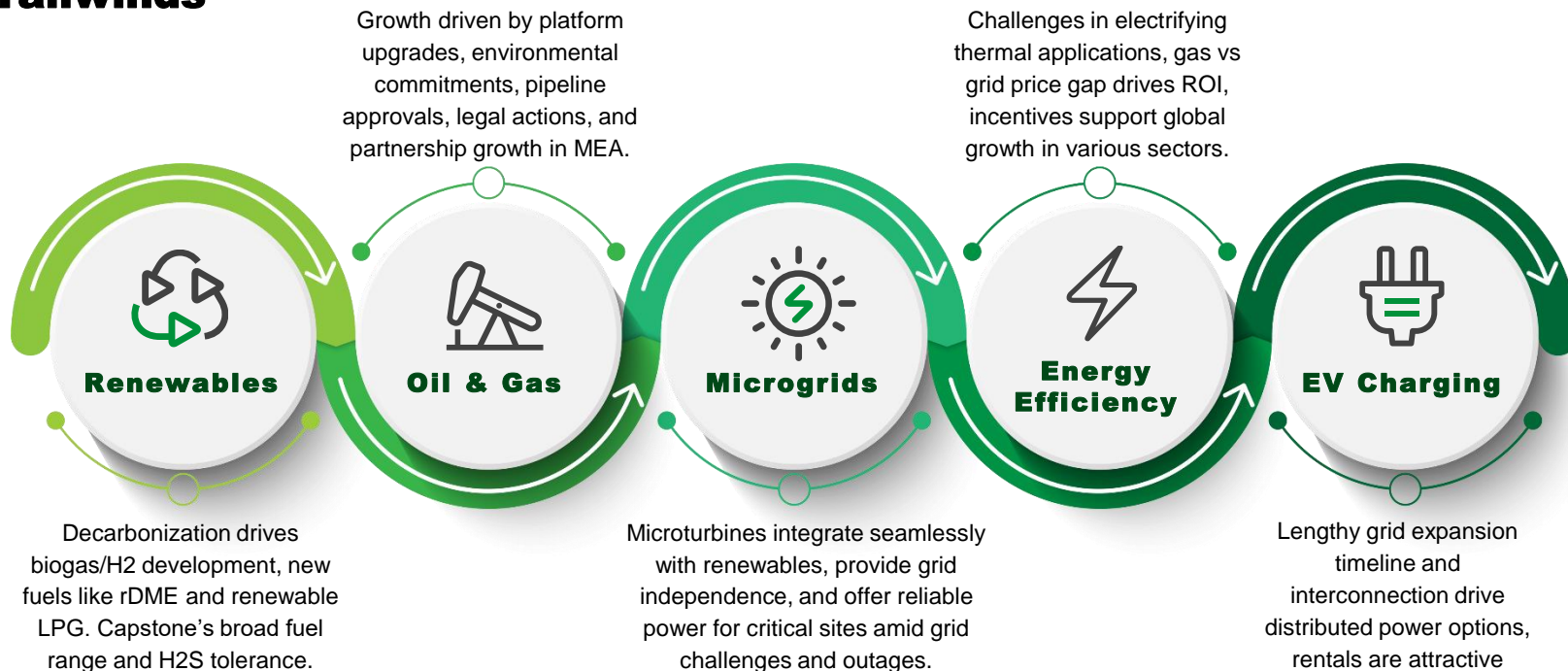


## Prime Power Generators

are designed to be run continuously and can operate at variable loads. Capstone's EaaS offers lower life-cycle costs, allowing for greater penetration in various end-markets targeting shift to net-zero emissions.

# Market Outlook

## Tailwinds



## Headwinds



### Sentiment

Anti-natural gas sentiment



### Pricing

Price competition from engines



### Competition

Competition w/biogas clean-up and injection



### Volatility

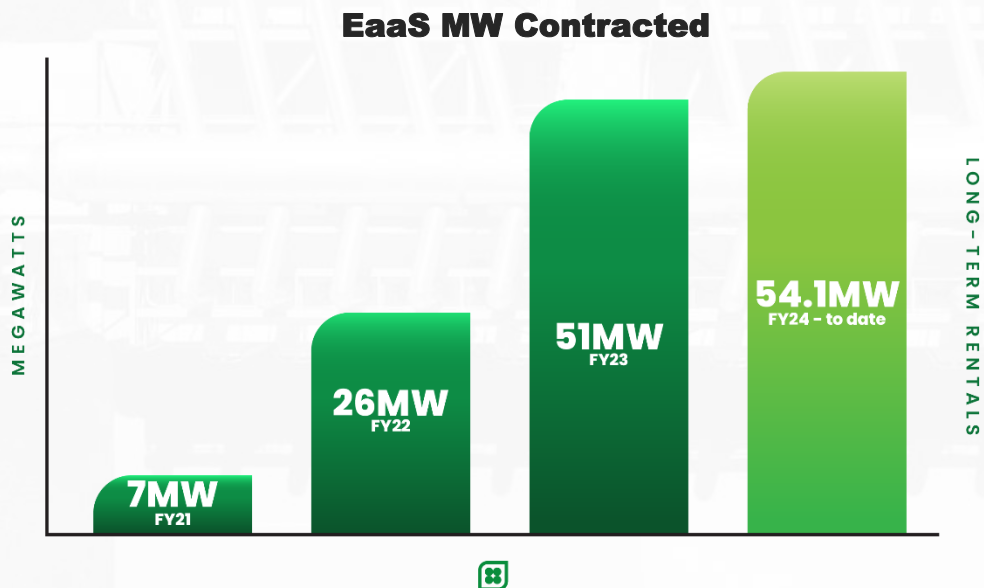
Volatile gas prices



# EaaS System Growth

## Healthier Margins with Constant and Predictable Revenue Streams

Our EaaS fleet has seen tremendous growth with high levels of utilization. Future growth is limited by available capital and likely to be led by availability of used equipment Capstone can acquire through reverse rental arrangements.



### EaaS Systems At-a-Glance FY24 Activity

**15.3 MW**

New & Renewed  
EaaS Contracts

**12.7 MW**

EaaS Shipped

**23.4 MW**

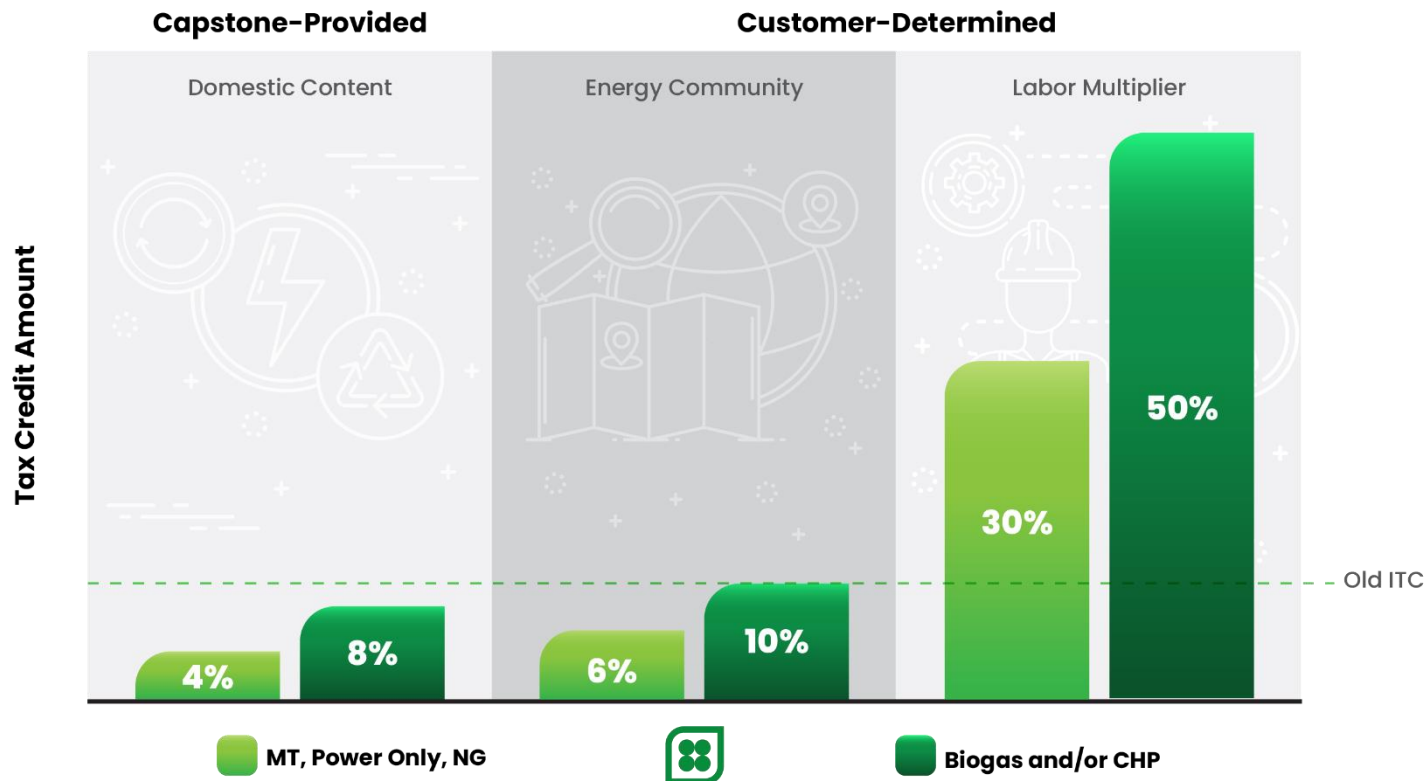
Leased Units with Our  
Option to Buy



# Section 48 – Energy Credits

**New Energy ITC maximums are driven by Biden Administration priorities of boosting domestic manufacturing, lowering emissions and training a clean energy workforce.**

**Range of ITC Available to Capstone Projects**

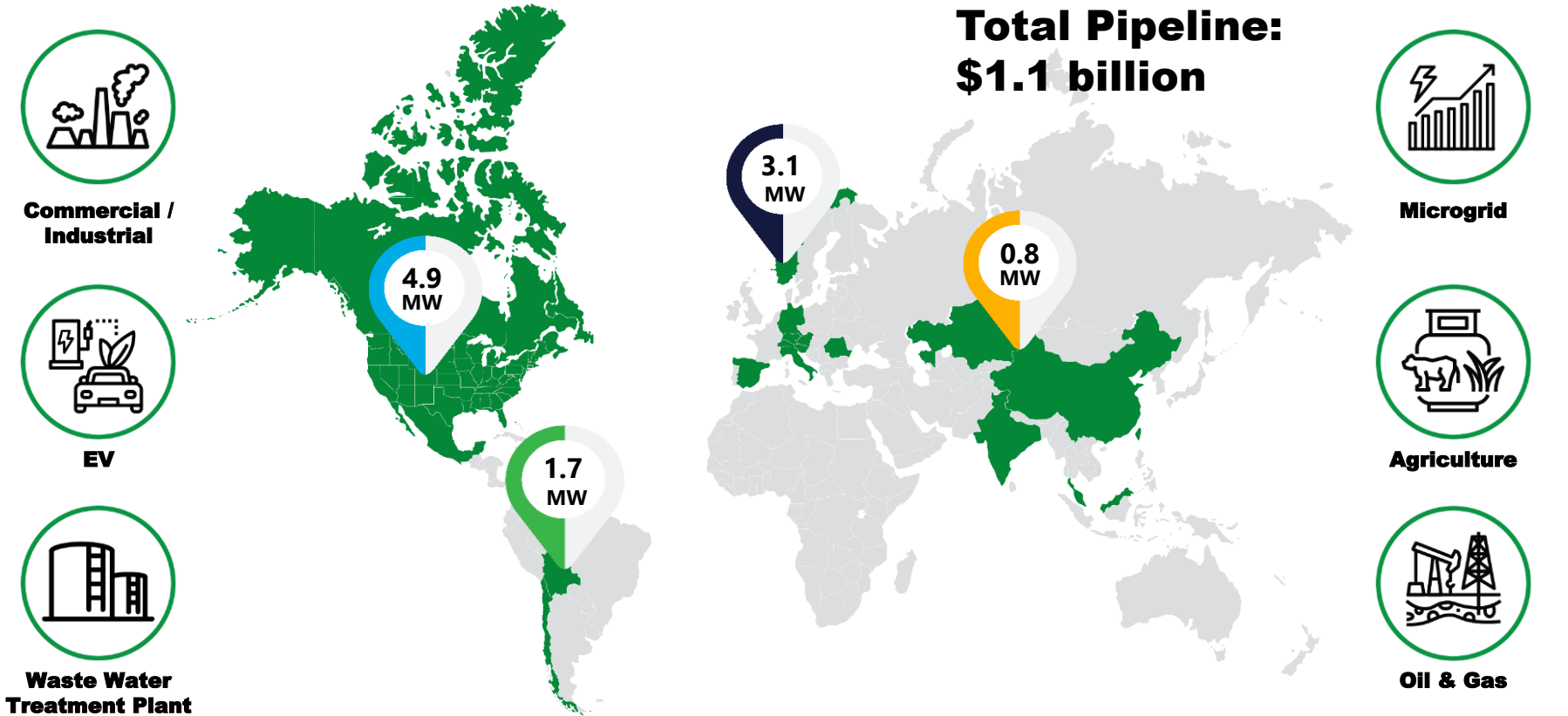


- Capstone believes we meet US manufacturing requirements to qualify projects for domestic content bonus
- Many distributors have energy community areas within their territory (see appendix for map)
- Meeting prevailing wage/apprenticeship requirements boosts tax credits 5x and applies to all energy technologies



# FY24 Sales Highlights

## New System Bookings Q1FY24 to Present



**10.5 MWs**

**MICROTURBINE  
UNITS SOLD**

**11.8 MWs**

**SALES SHIPPED  
THRU 9/13**

**19 COUNTRIES**

**ACROSS FOUR  
CONTINENTS**

**82 UNITS**

**EaaS/SALES  
DEPLOYED IN FY24**

# Looking Ahead

## The Future is Bright

### Strong Pipeline

awaiting clarity on business health and restructuring



### Existing Backlog

of sales, attractive incentives and continued high demand for EaaS



### Dedicated Distributor Network

expanding, growing and maturing



### Diverse Growth

drivers across geographic markets and industry verticals in both sales and EaaS



# Going Forward

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**Robert Flexon**  
Executive Chairman  
Interim President & Chief Executive Officer



# Building a Better Future

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- **Financial Restructuring**

- Q3FY24 emergence
- Balance sheet and liquidity management

- **Operational Restructuring**

- Building efficiency by redesigning our business processes
- Resiliency and reliability of our business
- Better serving our stakeholders

- **Organizational Restructuring**

- Improving alignment of our people resources
- Investing in our employees' development

# Q&A

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**It seems to me  
we have a lot of  
story yet to tell**



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**Walt  
Disney**

# Appendix

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# Adjusted EBITDA Schedule

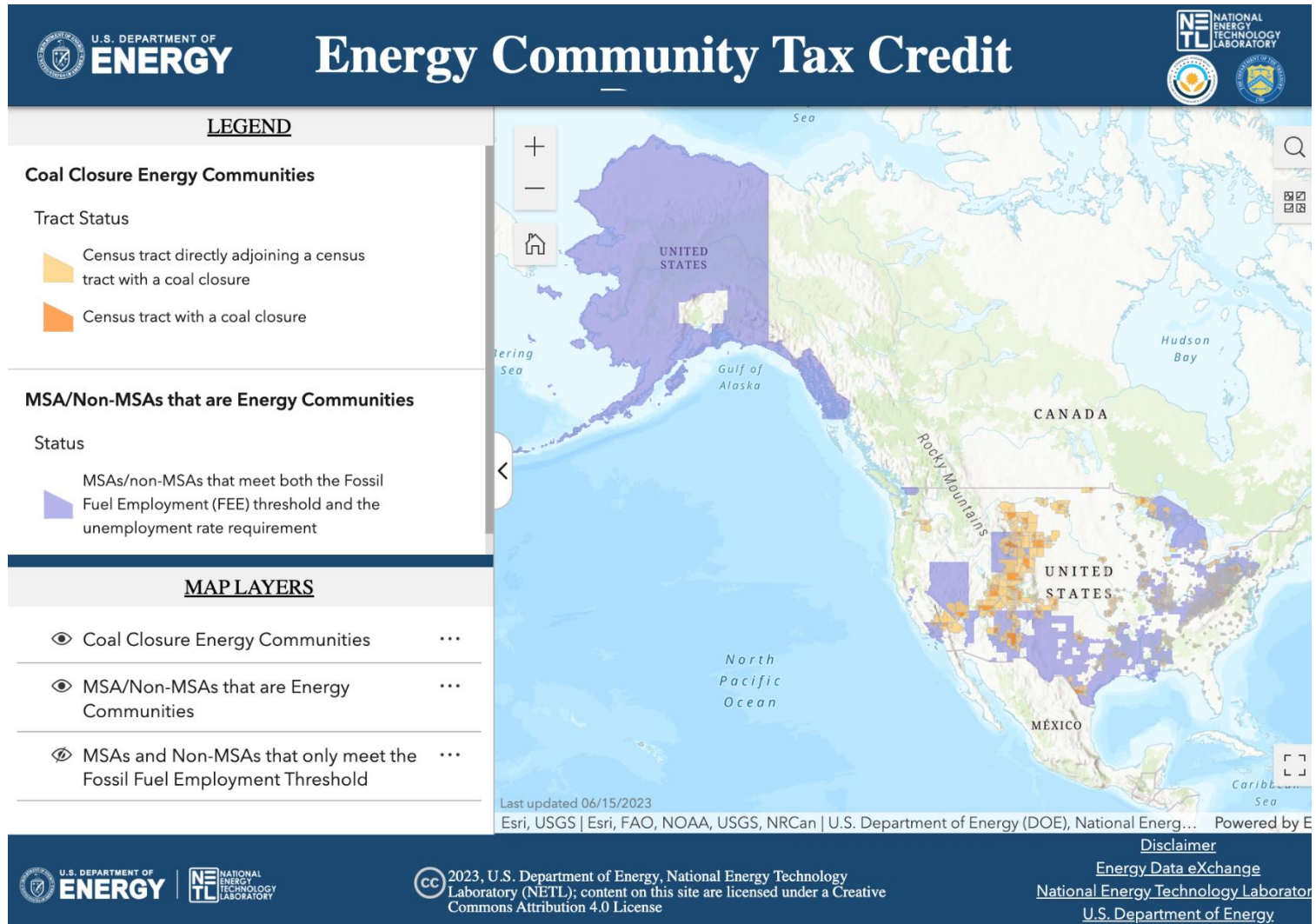
	Stub Period, Year End March 24	FY March 25	FY March26	FY March 27
Net Income	\$ (2,143)	\$ 2,776	\$ 7,319	\$ 10,740
Interest Credit Facility	1,509	4,286	4,702	4,702
Depreciation / Amortization	1,311	3,169	3,566	4,136
Non-Cash Compensation	512	1,471	1,766	2,119
Restructuring	3,005	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 4,194</b>	<b>\$ 11,702</b>	<b>\$ 17,353</b>	<b>\$ 21,697</b>

For a discussion on Non-GAAP Financial Measures, please refer to the Safe Harbor on slide 2



# Energy Community Tax Credit Map

## U.S. Areas That May Qualify for Energy Community ITC Bonus





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

[www.capstonegreenenergy.com](http://www.capstonegreenenergy.com)



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**Thank you for your time!**