

02.13.2023

Third Quarter Fiscal Year 2023

Ended December 31, 2022

Earnings Conference Call/Webcast

**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 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, 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; working capital limitations; and departures and other changes in management and other key employees. 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.

Q3 FY23 Earnings Call Agenda Topics

- Current Business Environment
- Energy-as-a-Service Update
- Q3 Financial Results
- Capstone Market Update
 - EV Charging Growth
- Analyst Q&A Session
- Appendix Materials



Current Business Environment

DARREN JAMISON
Chief Executive Officer

Current Business Environment

Capstone overall financial goals remain unchanged, and we are focused on growing revenue and reaching positive Adjusted EBITDA on a sustainable basis. EaaS is a pivotal factor in achieving this goal in conjunction with our ongoing price increases and cost control initiatives.

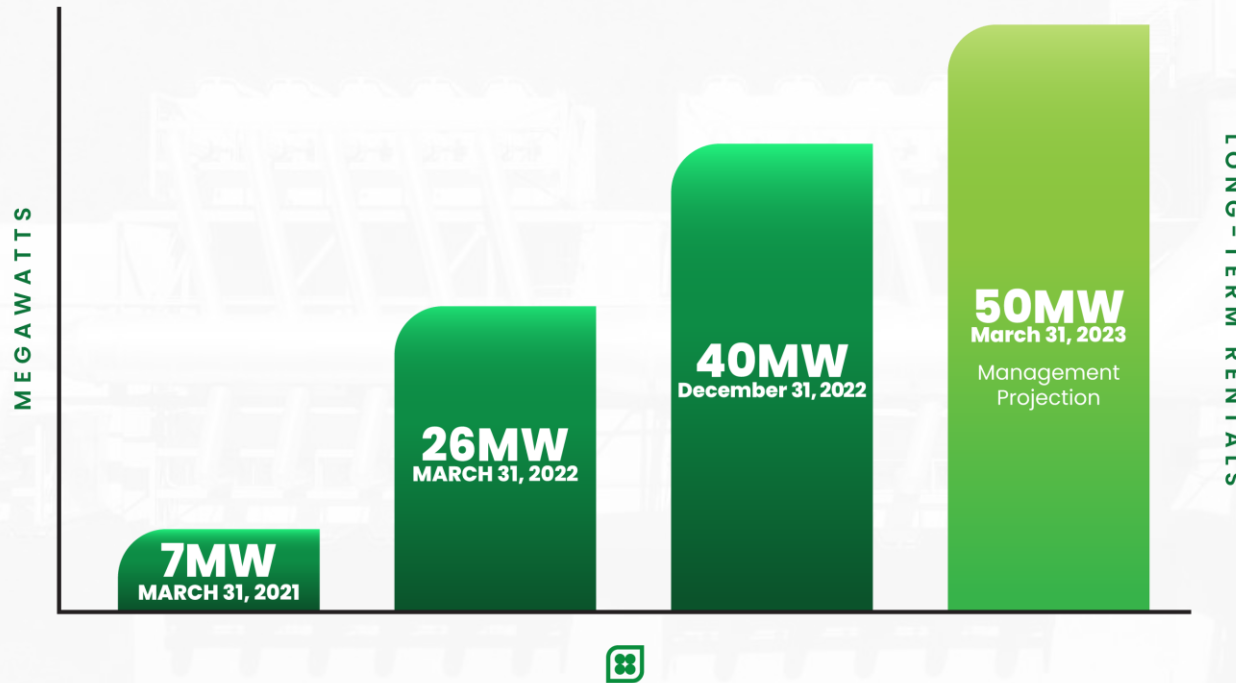
Current Business Environment:

- Revenue was \$1.0 million less compared to the same period last year, year-to-date revenue is up 9.5%. This revenue growth can be attributed to our Energy as a Service (EaaS) business which has grown 18% and continues to outperform.
- For the nine months, adjusted EBITDA increased 57% to negative \$3.5 million compared to negative \$8.1 million for the same period last year, driven by continued momentum in our high-margin EaaS business and the push and pull of our cost reduction efforts being offset by ongoing supply chain expenses, freight and expediting charges.
- Capstone projects a confluence of positive events over the next 12 months with new price increases taking effect, the Inflation Reduction Act (IRA) taking hold, and new markets like EV charging gaining increasing momentum.
- Our progress since implementing this major strategic shift is demonstrated in our results as we have effectively marched towards our goal of 50 MW and beyond.

EaaS Long-Term Rental Fleet Growth

16MW 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



Third Quarter Financial Results

Scott Robinson
Chief Financial Officer

Q3 FY23 vs. Q2 FY23 Financial Results

<i>(In millions)</i>	Q3 FY23	Q2 FY23
Microturbine Product and Accessories	\$10.0	\$10.6
Parts, Service & Rental	\$9.6	\$10.2
Total Revenue	\$19.6	\$20.8
Gross Margin	\$2.7	\$2.2
Gross Margin Percent	14%	11%
R&D Expenses	\$0.6	\$0.6
SG&A Expenses	\$5.4	\$5.1
Total Operating Expenses	\$6.0	\$5.7
Net Loss	\$(5.2)	\$(4.9)
Adjusted EBITDA **	\$(1.7)	\$(2.2)

** Non-GAAP financial measure. See Appendix, Slide 25

Q3 FY23 vs. Q3 FY22 Financial Results

<i>(In millions)</i>	Q3 FY23	Q3 FY22
Microturbine Product and Accessories	\$10.0	\$12.3
Parts, Service & Rental	\$9.6	\$8.3
Total Revenue	\$19.6	\$20.6
Gross Margin	\$2.7	\$2.2
Gross Margin Percent	14%	11%
R&D Expenses	\$0.6	\$0.8
SG&A Expenses	\$5.4	\$5.2
Total Operating Expenses	\$6.0	\$6.0
Net Loss	\$(5.2)	\$(5.1)
Adjusted EBITDA **	\$(1.7)	\$(3.0)

** Non-GAAP financial measure. See Appendix, Slide 25

YTD FY23 vs. YTD FY22 Financial Results

<i>(In millions)</i>	YTD FY23	YTD FY22
Microturbine Product and Accessories	\$29.8	\$29.2
Parts, Service & Rental	\$29.2	\$24.7
Total Revenue	\$59.0	\$53.9
Gross Margin	\$9.6	\$7.6
Gross Margin Percent	16%	14%
R&D Expenses	\$1.7	\$2.6
SG&A Expenses	\$15.5	\$17.1
Total Operating Expenses	\$17.2	\$19.7
Net Loss	\$(12.2)	\$(13.3)
Adjusted EBITDA **	\$(3.4)	\$(8.1)

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

** Non-GAAP financial measure. See Appendix, Slide 25

Select Balance Sheet & Cash Flow Items

<i>(In millions)</i>	December 31, 2022	September 30, 2022
Cash & Cash Equivalents	\$16.6	\$23.8
Cash Provided by (Used in) Operating Activities for the Three Months Ended	(\$4.9)	\$0.9
Accounts Receivable, Net of Allowances	\$15.2	\$19.3
Total Inventories	\$28.6	\$24.1
Accounts Payable & Accrued Expenses	\$26.1	\$24.3





Capstone Market Update

Darren Jamison



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

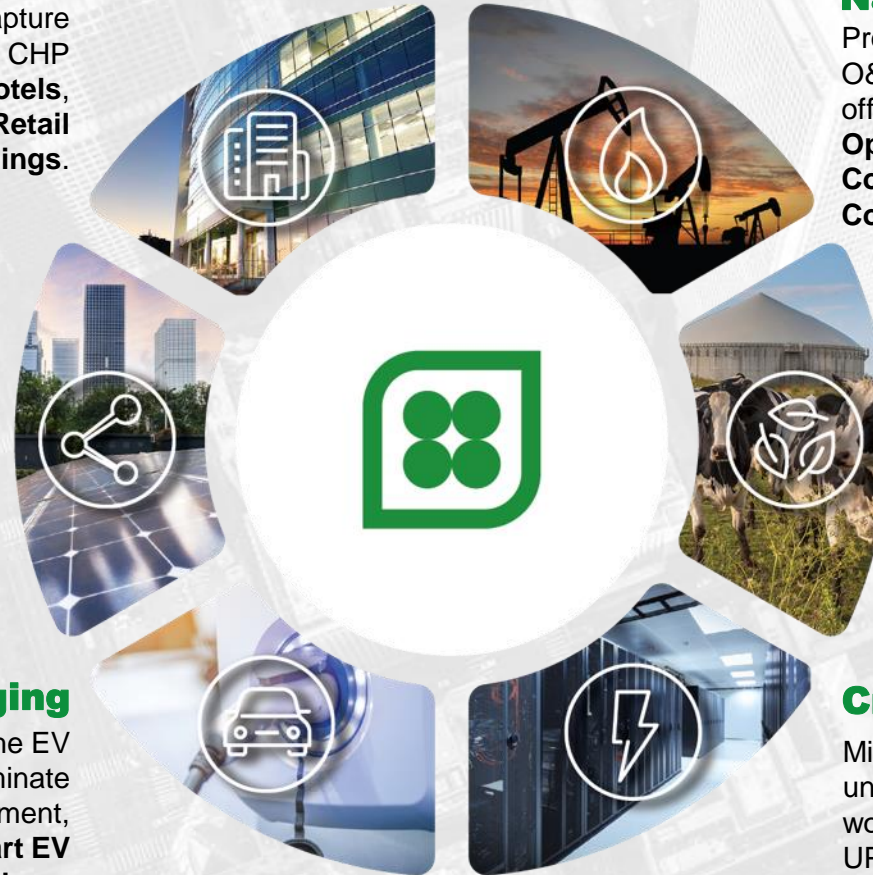
Produce on-site power for all phases of O&G production in both onshore & offshore applications for **Drilling Operations, Flare Gas Reduction, Gas Compression, Mining & Water Conversion.**

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.**

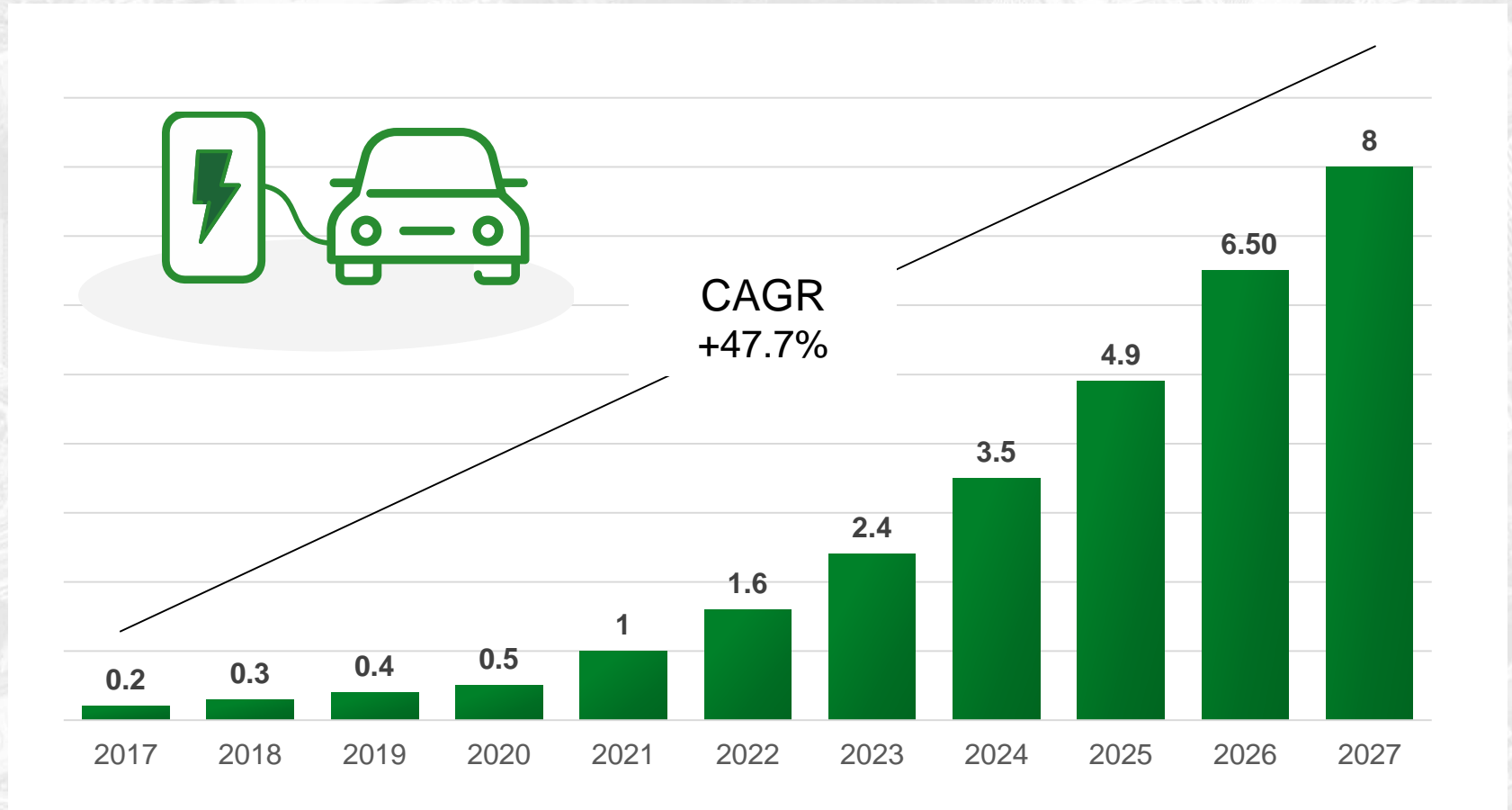
Critical Power Supply

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



Electric Vehicle Infrastructure

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



Source: Statista Mobility Market Outlook

Capstone Renewable EV Charging Trailer

Scalable Stationary and Portable EV Charging Solutions

Using natural gas, renewable natural gas or renewable biogas to power the EV charging infrastructure eliminates strain on the grid and the environment, especially when paired with smart **EV charging** solutions.

- Allows customers to charge bus and truck fleets without additional grid infrastructure or cost
- Enables faster deployment of electric vehicle fleets
- Portable and scalable solution
- Avoid expensive utility demand charges
- Pipeline natural gas is readily available in most areas or customers can use a virtual natural gas pipeline
- Units can be rented with Capstone EaaS to avoid expensive capital expenditures.



A grayscale photograph of an industrial facility, likely a power plant or refinery. The image shows large buildings, complex piping systems, and various pieces of machinery. The scene is somewhat hazy, suggesting an overcast day or a misty atmosphere. The overall tone is industrial and technical.

Analyst Q&A Session

Darren Jamison & Scott Robinson



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 'C10000S' model number visible on their sides. The background shows a large, dark industrial building with a corrugated metal roof. The overall atmosphere is industrial and technical.

Appendix



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.

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



Capstone Green Energy Product Offerings



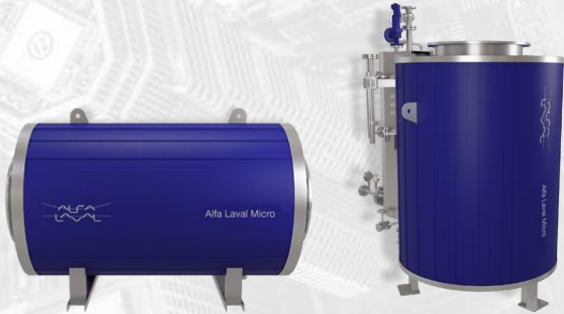
MICROTURBINE SYSTEMS FROM 65KW - 5MW



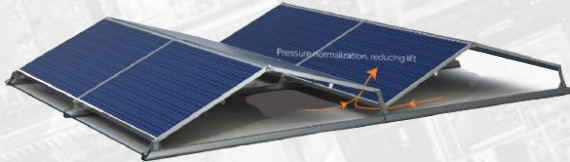
BAKER HUGHES TURBINES FROM 5MW-16MW



KORE POWER BATTERY STORAGE SYSTEMS



ALFA LAVAL HEAT RECOVERY CHP SYSTEMS



SOLAR PV SOLUTIONS



POWERTAP HYDROGEN GENERATION & FUELING SYSTEMS

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)



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 the 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

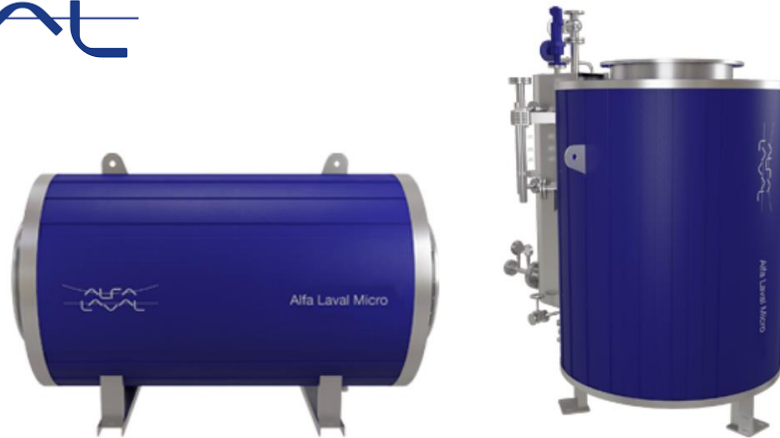
OF CONTINUOUS
RUN W/O
PLANNED
INSPECTIONS

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 December 31,		Nine Months Ended December 31	
	2022	2021	2022	2021
Net loss, as reported	\$ (5,214)	\$ (5,146)	\$ (12,191)	\$ (13,322)
Interest expense	1,900	1,287	4,618	3,800
Provision for income taxes	0	0	6	10
Depreciation and amortization	852	493	2,378	1,337
EBITDA	\$ (2,462)	\$ (3,366)	\$ (5,189)	\$ (8,175)
Gain on debt extinguishment	—	—	—	(1,950)
Additional PPP Loan forgiveness	—	—	—	(660)
Stock-based compensation and other expense	232	335	617	1,985
Debt compliance cost / legal settlements	499	0	1,089	750
Adjusted EBITDA	\$ (1,731)	\$ (3,031)	\$ (3,483)	\$ (8,050)

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. Debt compliance costs/legal settlements include costs associated with our debt restructuring and legal settlements.

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