Capstone Green Energy

08.11.2022

First Quarter Fiscal Year 2023 Ended June 30, 2022

Earnings Conference/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.

Q1 FY23 Earnings Call Agenda Topics

- First Quarter Financial Highlights
- Positive Adjusted EBITDA Plan
- Energy-as-a-Service Update
- Q1 Financial Results
- CGRN Company Overview
- Analyst Q&A

First Quarter Financial Highlights

DARREN JAMISON
Chief Executive Officer

First Quarter Financial Highlights

Highlights of Q1 Fiscal 2023 vs. Q4 Fiscal 2022:

- **Revenues** of **$18.7 million, up 18%** from $15.8 million in revenue during in the fourth quarter ended March 31, 2022, and up 16% from revenues of $16.1 million in the year-ago quarter.

- **Margins** for **Q1 FY23 were 25%** compared to 6% in Q4 FY22 on the growth of the Energy-as-a-Service (EaaS) long-term rental services and May price increases.

- Capstone is seeing greater than anticipated customer demand across industries for its **Energy-as-a-Service (EaaS)** long-term rental services – which had 7 MW under contract in March 2021; 26 MW under contract in March 2022; and as of July 15, 2022 contracts in excess of 34 MW; representing nearly **31% growth** in the **last 100 days**.

- Gross product bookings in Q1 FY23 were $12.4 million, down slightly from $12.7 million in Q4 FY22. The product Book-to-Bill Ratio dropped to 1.4:1 in Q1 from 1.7:1 in Q4 as a result of lower product shipments in Q4. Ending product **Backlog** at the end of **Q1** was **$24.8 million** compared to $25.3 million on March 31, 2022.

- **Adjusted EBITDA** for the Q1 FY23 was **positive $0.4 million** compared to an Adjusted EBITDA loss of $4.7 million in Q4 FY22 and a loss of $2.3 million at the year-ago quarter.

Q1 FY23 vs. Q4 FY22 Financial Results

(In millions)	Q1 FY23	Q4 FY22
Microturbine Product and Accessories	$9.0	$8.0
Parts, Service & Rental	$9.7	$7.8
Total Revenue	$18.7	$15.8
Gross Margin	$4.7	$1.0
Gross Margin Percent	**25%**	**6%**
R&D Expenses	$0.5	$0.7
SG&A Expenses	$4.9	$5.9
Total Operating Expenses	$5.4	$6.6
Net Loss	$(2.1)	$(6.9)
Adjusted EBITDA **	$0.4	$(4.7)

** Non-GAAP financial measure. See Appendix, Slide 37

Positive Adjusted EBITDA Plan

DARREN JAMISON
Chief Executive 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 a EaaS Model – DONE

- Decreased Executive Staff from 10 to 6
- Reduce the Capstone Direct Sales Team by approximately 50% - Move assets into Distribution where possible
- Utilize a 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%
- Increase existing FPP contracts 5% for CPI and increase pricing on new FPP contracts 5%
- Increase spare parts pricing to offset inflation factors and focus on supply chain integrity

3 Increase DSS From 3% to 5% – DONE

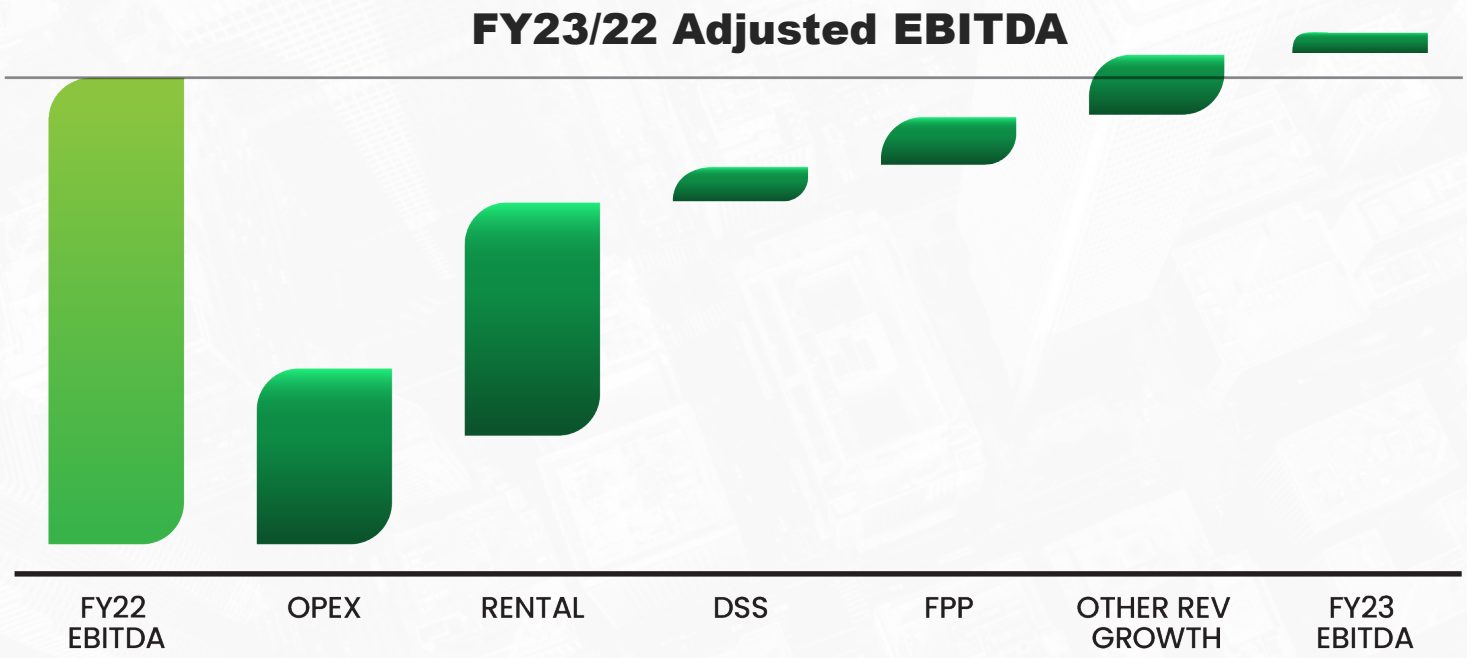
- Increase DSS Fee from 3% to 5% to generate approximately $1M in additional revenue and margin
- Increase minimum DSS Fee from $10,000 to $20,000 with a maximum of $500,000

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

- 7 MW under contract in March 2021
- 26 MW under contract in March 2022
- 34 MW under contract today, representing nearly 31% growth in the last 100 days.

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

FY23/FY22 Adjusted EBITDA Waterfall



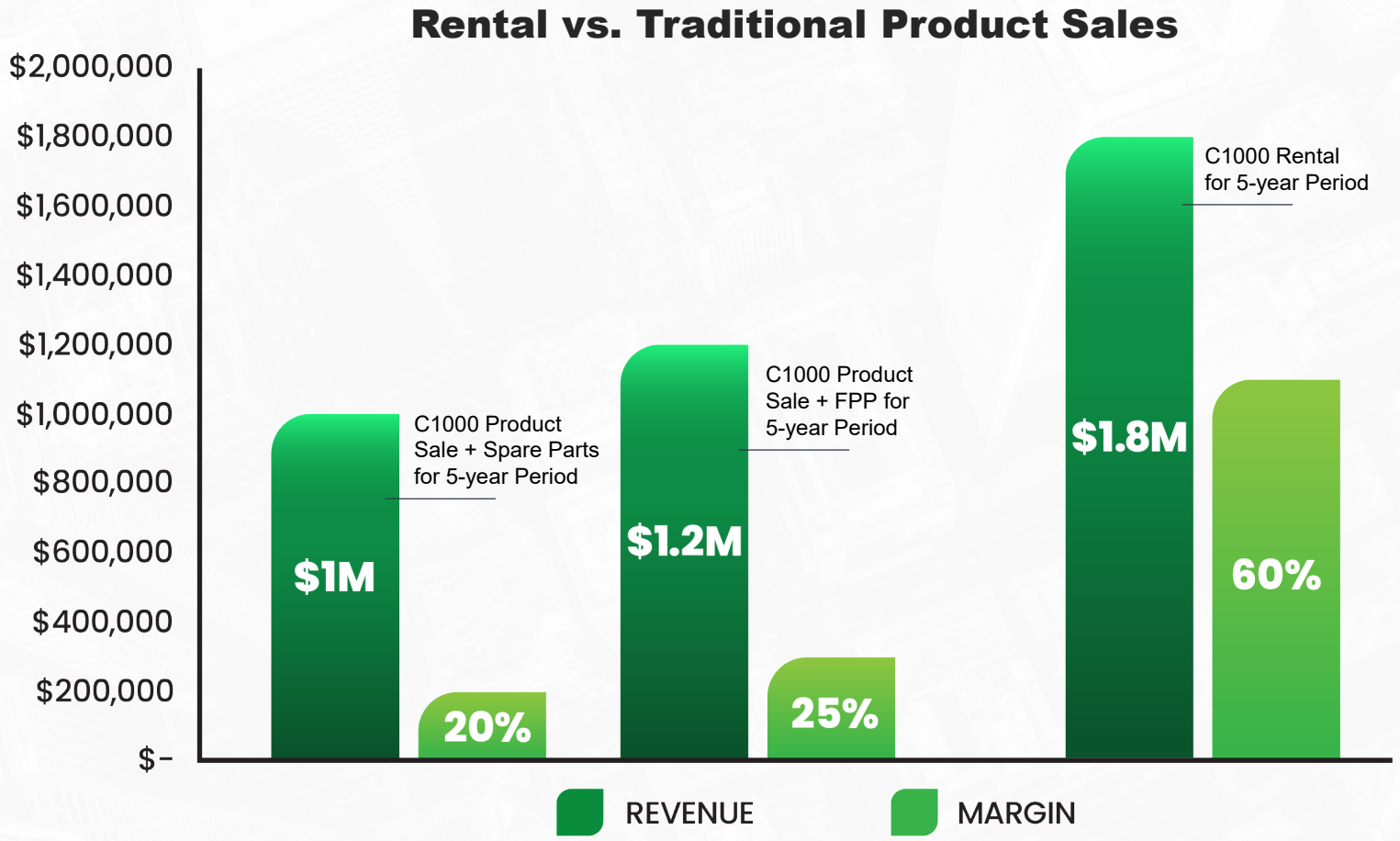
- Managements Goal is Adjusted Positive EBITDA for FY23 and Beyond

Energy as a Service (EaaS) Update

DARREN JAMISON
Chief Executive Officer

EaaS Rental Fleet Business Case

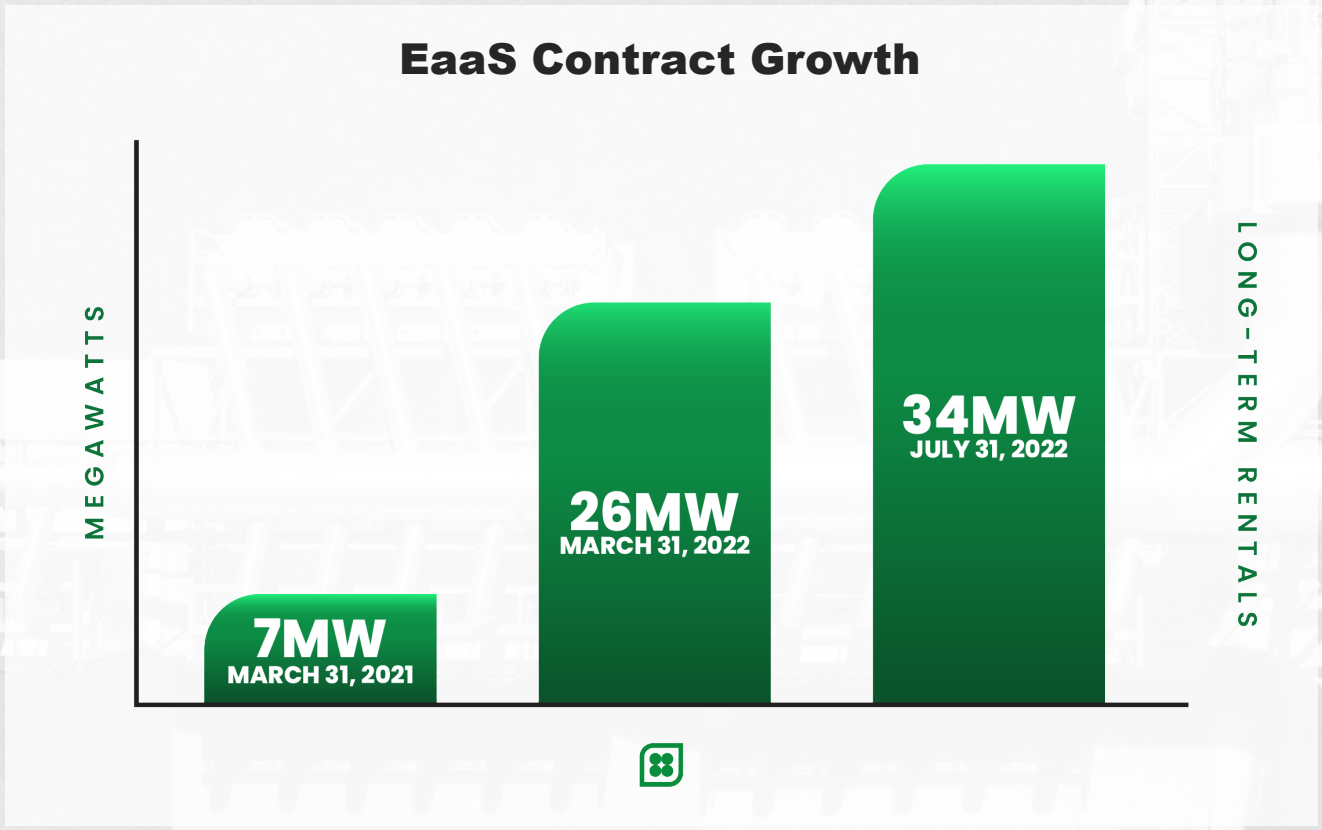
Hypothetical Example for Capstone Owned Rental Units



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



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

Financial Review

Scott Robinson
Chief Financial Officer

Q1 FY23 vs. Q4 FY22 Financial Results

(In millions)	Q1 FY23	Q4 FY22
Microturbine Product and Accessories	$9.2	$8.0
Parts, Service & Rental	$9.5	$7.8
Total Revenue	$18.7	$15.8
Gross Margin	$4.7	$1.0
Gross Margin Percent	**25%**	**6%**
R&D Expenses	$0.5	$0.7
SG&A Expenses	$4.9	$5.9
Total Operating Expenses	$5.4	$6.6
Net Loss	$(2.1)	$(6.9)
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** Non-GAAP financial measure. See Appendix, Slide 37

Q1 FY23 vs. Q1 FY22 Financial Results

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Total Revenue	$18.7	$16.1
Gross Margin	$4.7	$2.6
Gross Margin Percent	**25%**	**17%**
R&D Expenses	$0.5	$0.9
SG&A Expenses	$4.9	$5.3
Total Operating Expenses	$5.4	$6.2
Net Loss	$(2.1)	$(2.2)
Adjusted EBITDA **	$0.4	$(2.3)

** Non-GAAP financial measure. See Appendix, Slide 37

Select Balance Sheet & Cash Flow Items

(In millions)	June 30, 2022	March 31, 2022
Cash & Cash Equivalents	$16.9	$22.6
Cash Provided by (Used in) Operating Activities for the Three Months Ended	$(3.4)	$(4.5)
Accounts Receivable, Net of Allowances	$25.2	$25.9
Total Inventories	$20.6	$20.1
Accounts Payable & Accrued Expenses	$22.2	$25.1

CGRN Company Overview

DARREN JAMISON
Chief Executive Officer

Capstone Green Energy Business

Capstone is Focused on Sustaining and Achieving its Strategic Business Goals as We Continue to Work To Grow Our EaaS Business and Expand Our Total Addressable Markets (TAM).

Our Goals Include:

- Global Distribution and Direct Solutions Sales team focused on growing top line revenue and the EaaS business
- Expanding the long-term EaaS rental fleet to 50 MW and beyond
- Broadening our diverse energy products and service offerings to provide custom tailored green energy solutions
- 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

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**.

Current U.S. Policy Changes

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

Infrastructure Investment and Jobs Act:

- **$1.2 trillion**, including $65 billion for grid infrastructure and $50 billion for cyber/climate resilience
  - **$6 billion** cost share program for grid reliability RD&D and $5 billion grant program for utilities, states and tribes to bolster grid against extreme weather, wildfire and disaster
  - **$7.5 billion** to set up national EV charging system
  - **$7 billion** in the supply chain for batteries
  - **$8 billion** for at least four clean hydrogen hubs
  - On November 5, it was passed 228–206 by the House, and ten days later was signed into law by President Biden.

Pending Inflation Reduction Act 2022

The New Package if Passed, 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 manufacturing products that is a component of the facility was 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.

Solutions For a Low Carbon World

Decarbonization Solutions For a Cleaner Future

Microgrids For Primary Power

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

Hydrogen Systems

- Capstone Microturbines
- Baker Hughes Turbines
- PowerTap Hydrogen

Plant Efficiency and Resiliency

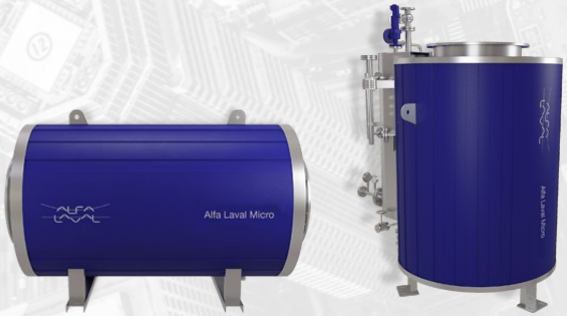
- Capstone Microturbines
- Baker Hughes Turbines
- Alpha Laval
- Waste2ES

Capstone Green Energy Product Offerings

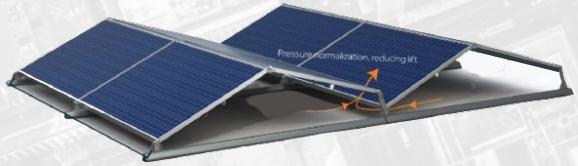
MICROTURBINE SYSTEMS FROM 65KW – 5MW

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

Key Takeaways – 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 electrification
- Rising share of renewables introduces 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 huge market growth forecast
- Combined heat and power or 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 20+ years

Analyst Q&A Session

Darren Jamison & 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

GLOBAL RAIS®
Energy & Storage Solutions

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 SINCE2010

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 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.

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110.7 kwh

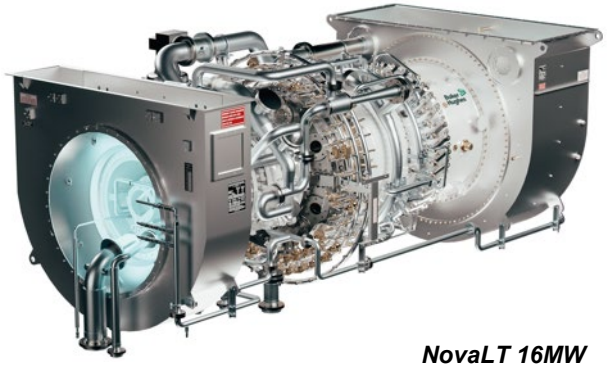
ENERGY

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/NO 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 DISTRUTOR W/ 2.49 MMBTU

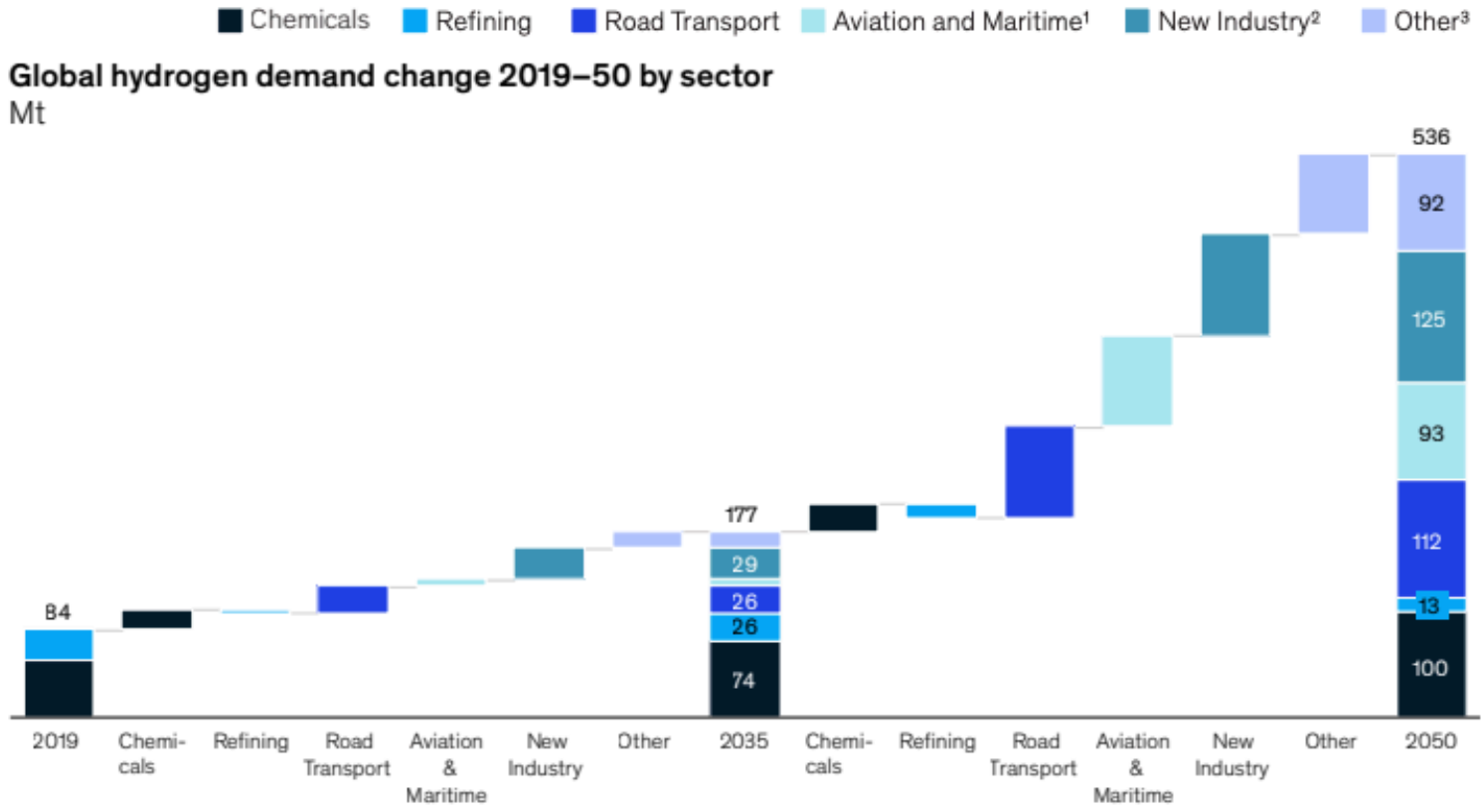
VS

CAIN

$90,700 COST TO DISTRUTOR W/ 2.43 MMBTU

Hydrogen Demand Growth Projection

Buildings & Electricity Generation To Add 92 Mt of H2 Demand by 2050

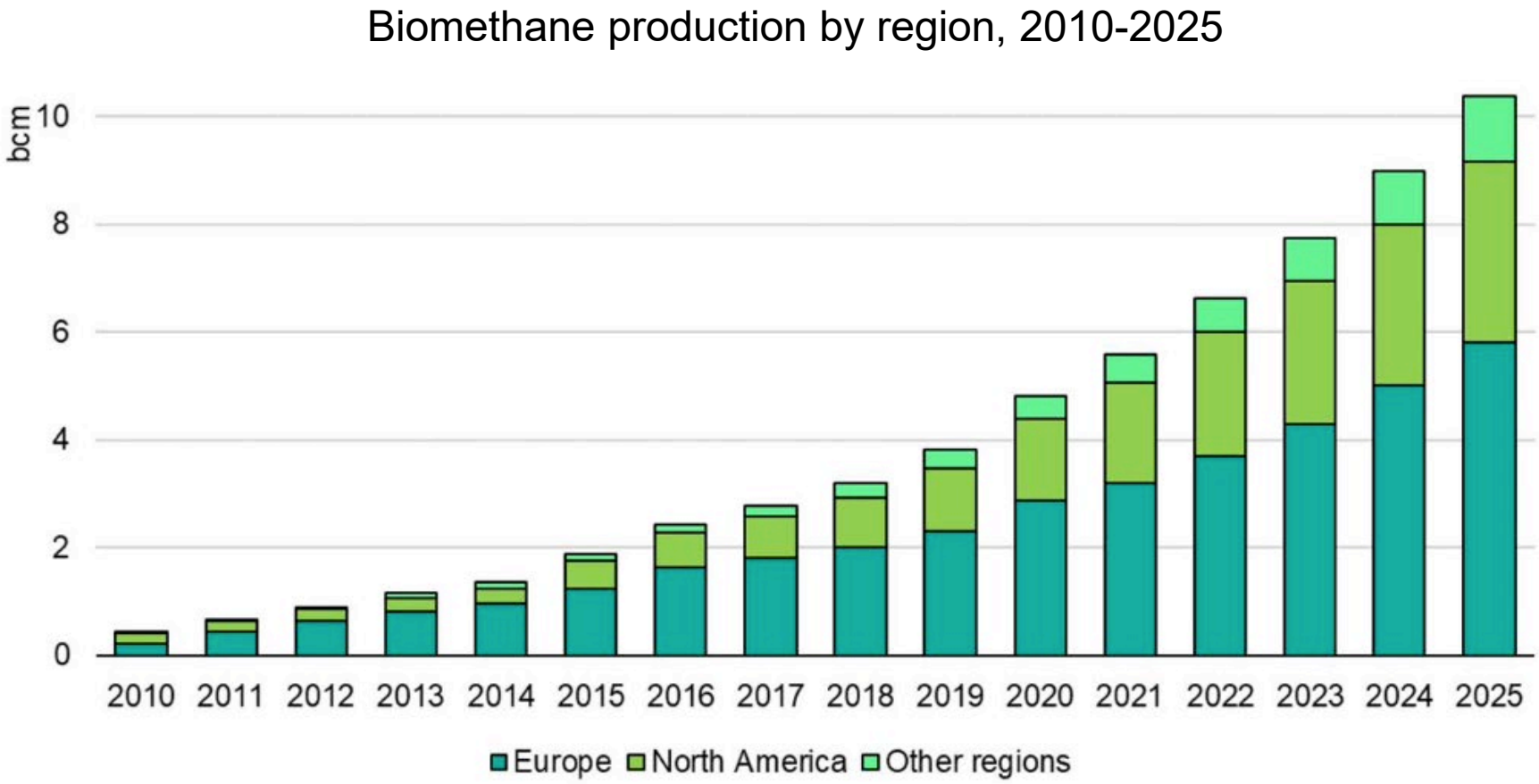


1. Aviation and maritime include direct use of hydrogen and hydrogen-derived synfuels including kerosene, diesel, methanol, gasoline, and ammonia. The category also includes some hydrogen-derived synfuels in road transport
2. New industry includes all new uses of hydrogen in industrial processes, eg, iron and steel production, whereas chemicals and refining are traditional hydrogen uses
3. Other includes buildings and electricity generation

Source: McKinsey Energy Insights Global Energy Perspective 2022

Global Biomethane Production Forecast

Biomethane Production to Double, Reaching 10 bcm by 2025

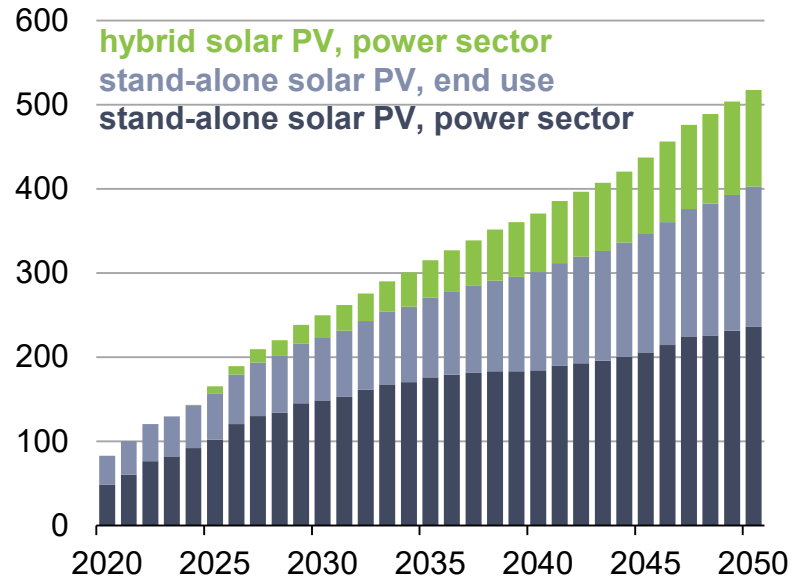


Source: IEA Gas Market Report Q3-2022

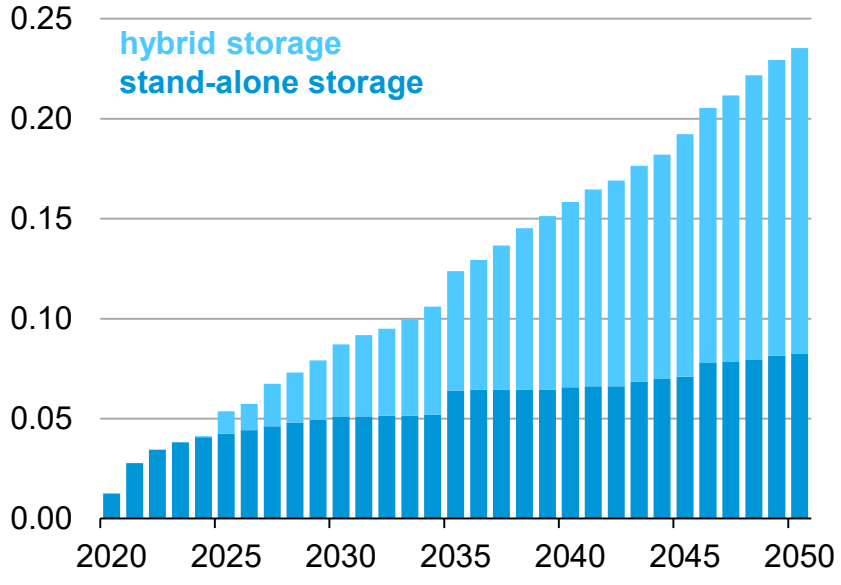
Hybrid vs Stand-Alone PV & Storage

Energy Storage Projects Grow as Need for Ability To Move Variable Renewable Generation From High Supply/Low Demand Periods to Low Supply/High Demand Periods

U.S. solar PV generating capacity, all sectors
AEO2021 Reference case
gigawatts



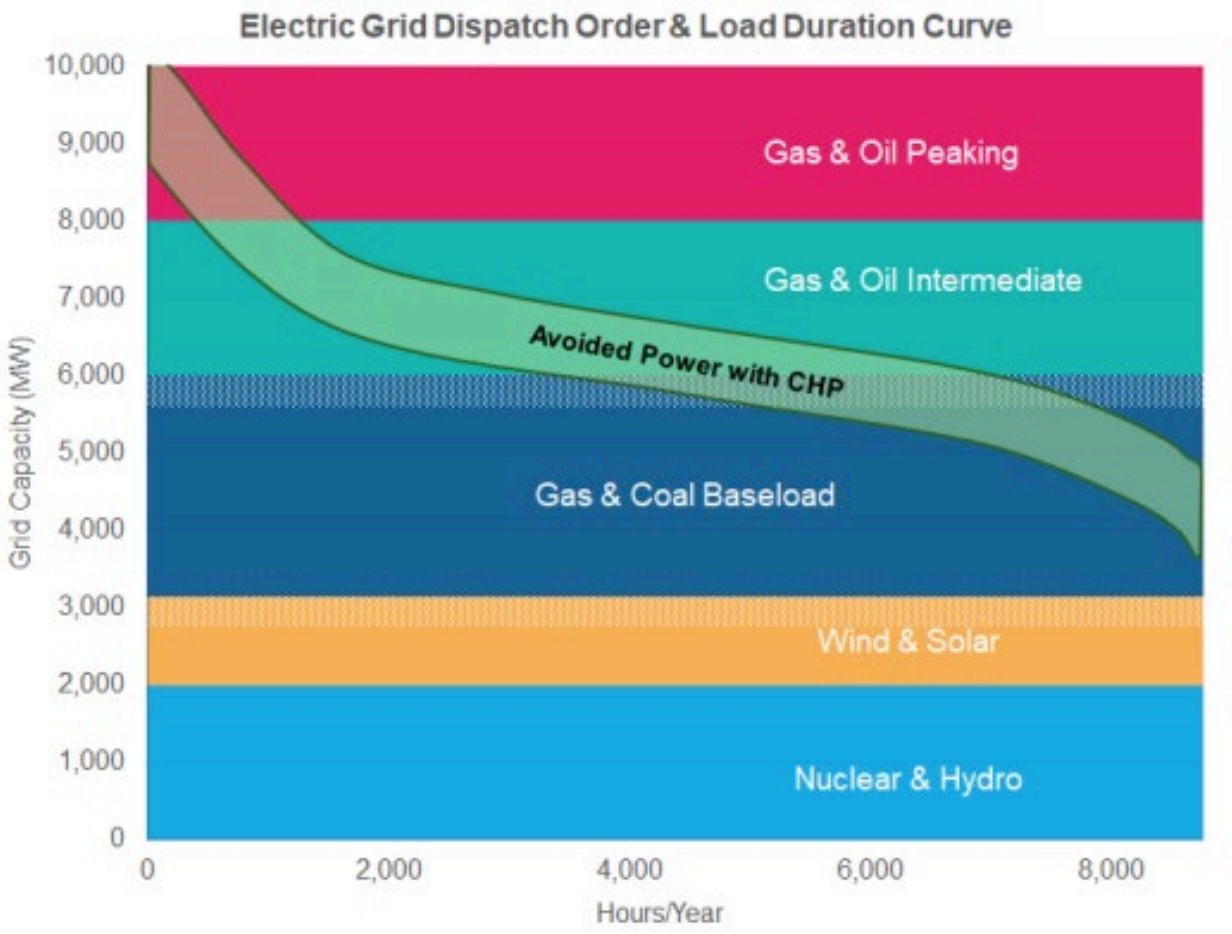
U.S. storage energy capacity, power sector
AEO2021 Reference case
billion kilowatt hours



Source: EIA, Annual Energy Outlook 2021

CHP Avoids Grid Emissions

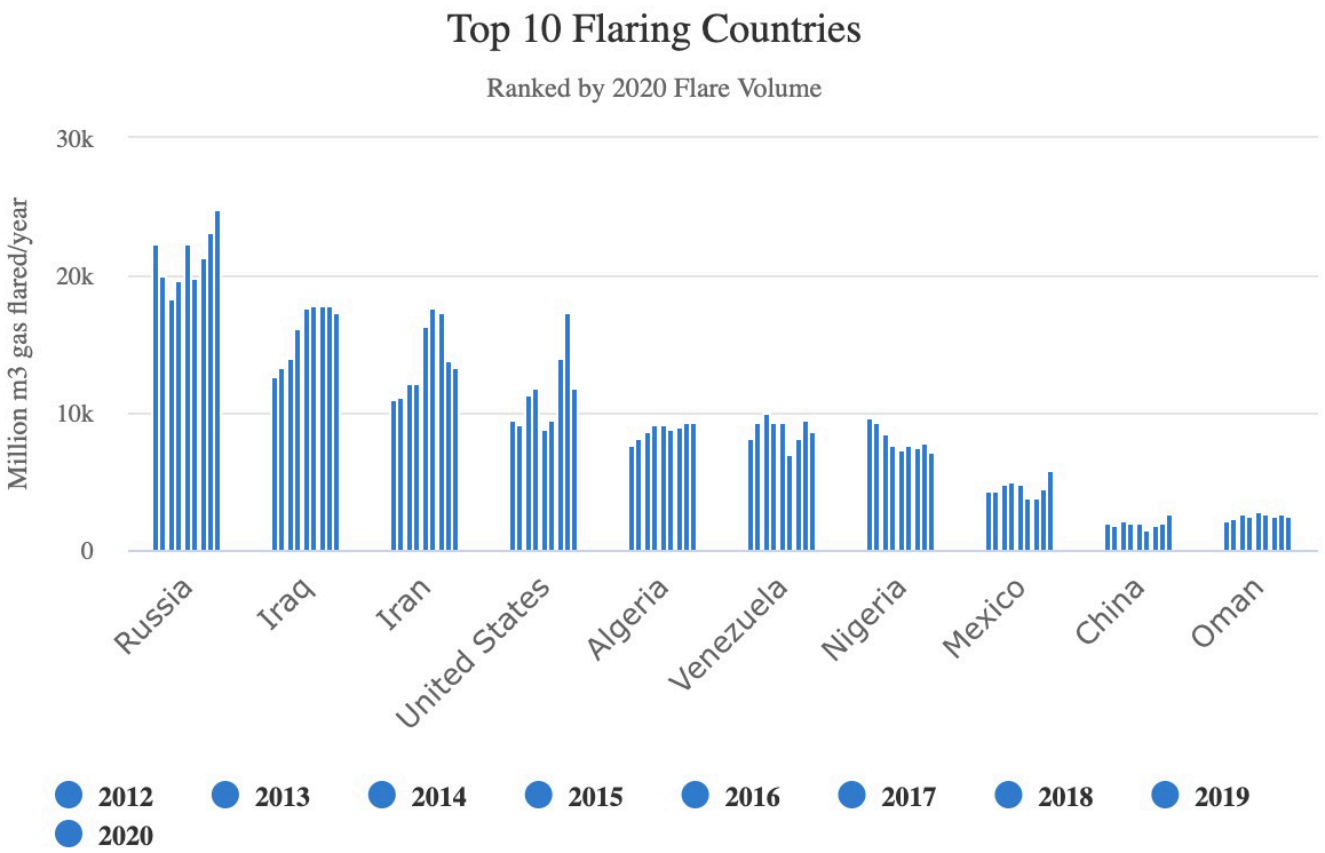
CHP Offsets Generation From Marginal Electric Grid Resources, Which Are Higher Emitting Fossil Fuel Generators. CHP With Renewable or Low Carbon Fuels Would Further Reduce Emissions



Source: ICF, CHP Potential for Carbon Emissions Reductions, 2020.

Gas Flare Reduction Opportunity

Flaring Declined 5% In 2020, Primarily in the U.S., Due to Oil Production Declines & New Infrastructure To Use Gas That Would Otherwise Be Flared



30 Country & Oil Industry Members of GGFR.

Source: World Bank, GGFR

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)	Three Months Ended June 30,	
	2022	2021
Net loss, as reported	$ (2,059)	$ (2,182)
Interest expense	1,362	1,235
Provision for income taxes	2	8
Depreciation and amortization	695	386
EBITDA	—	(553)
Gain on debt extinguishment	—	(1,950)
Additional PPP loan forgiveness	—	(660)
Stock-based compensation and other expense	432	870
Adjusted EBITDA	$ 432.	$ (2,293)

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.

Capstone Green Energy

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