

5.17.2021

Management Presentation

Darren Jamison
President & Chief Executive 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. Factors that could cause actual results to differ from those projected include, but are not limited to: the impact of the COVID-19 pandemic on our business, results of operations and financial condition; failure to sustain or grow profitability or generate positive cash flows; failure to effectively introduce and market new products; delays in product introductions; significant competition; inability to further penetrate our current customer base, expand our user base and increase the frequency of use of our products by our customers; inability to achieve or maintain satisfactory pricing and margins; manufacturing difficulties; product defects or failures; potential adverse regulatory actions, and general market, political, economic and business conditions.

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 periodic 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 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.

The Sustainability Opportunity

The cost of energy is counted in more than dollars

Change is Coming In order to build a sustainable future, businesses need to act now. Utility power grids are becoming increasingly unreliable in the face of severe weather, with outages and energy costs on the rise.

**Smart for the Planet.
Smart for Business.** Governments, agencies and consumers are demanding cuts in global emissions to net-zero, meaning massive reductions in greenhouse gas emissions will be required by every part of the economy.



Smarter Energy for a Cleaner Future

The New Capstone Green Energy

Capstone Green Energy is a smart energy solutions provider that will help you lower your carbon footprint, increase cost efficiencies and build better resiliency for your business. Capstone, working as an Energy as a Service provider, is committed to enhancing your business model and helping you achieve your environmental goals.

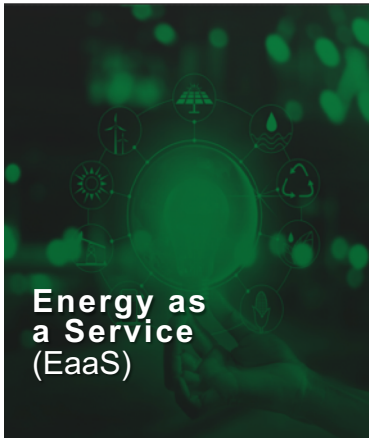
Capstone acts as a trusted long-term partner that's with you every step of the way to design and deliver a comprehensive package for each customer, with projects that range from 30kW to 30MW. From microturbines to microgrid solutions to strategic energy management, Capstone helps you build and maintain a smart energy infrastructure.

As a trusted partner, we don't try to fit clients into an off the-rack clean energy solution. Instead, we develop a custom-tailored, highly efficient system to address each client's unique business requirements. Then we monitor and optimize the system performance, and back it all up leveraging our 20-year all-inclusive service agreement. At Capstone Green Energy, our mission is to work collaboratively with our clients to provide them with smarter energy for a cleaner future.



— DARREN R. JAMISON
President & CEO
Capstone Green Energy

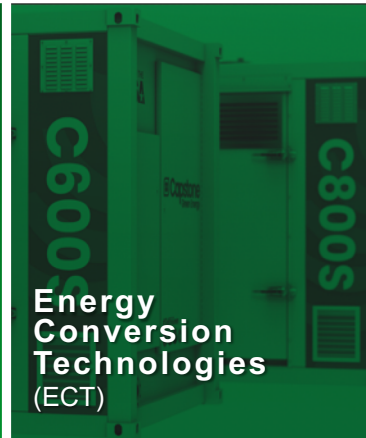
Comprehensive Business Solutions



Energy as a Service (EaaS)

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

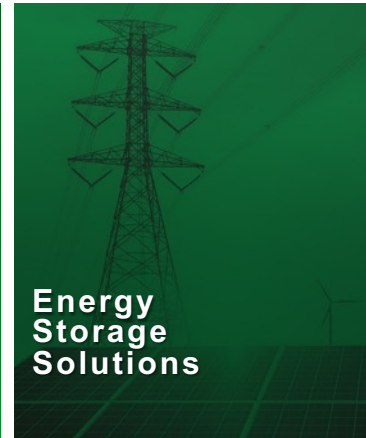
- Long-term rental contracts
- Long-term service contracts (FPP)
- Installation services
- Service and spare parts
- Leasing, PPAs and project financing
- DSS subscription fees



Energy Conversion Technologies (ECT)

Energy Conversion Technologies include products such as Capstone's microturbine technology that can operate on a wide range of fuels. These products produce high-efficiency CHP and CCHP, generating electricity and multiple forms of thermal energy.

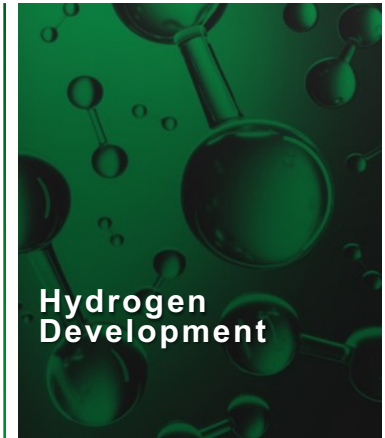
- Capstone Microturbine (65kW-5MW)
- Hybrid Solutions (5kW-50kW)
- Baker Hughes Turbine (5MW-16MW)
- B+K ClinX (30kW – 200kW)



Energy Storage Solutions

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

- Lithium-Ion BESS
- Thermal Storage
- Microgrid Controls
- Microgrid Monitoring



Hydrogen Development

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

- Capstone Microturbines
- Baker Hughes Turbines

Aligning With Customers & Stakeholders

Sustainability is a driving force behind today's buyer decision-making.

What will they say about your business?



Younger buyers are increasingly more eco-aware and concerned with the environmental impact of their purchases. Gen Z, which comprises $\frac{1}{3}$ of the world's population, is willing to pay **50-100% more for sustainable products** compared to older generations.



According to a Nielsen study, **73% of consumers say they would likely change a behavior to reduce their impact on the environment**, and that eco-aware mindsets and behavior adaptation has only increased in recent years.



Sustainability also feeds into customer loyalty. Sustainable and ethical business practices are the **second-highest reason most consumers return to a brand**. This is second only to product quality.

ACCORDING TO A
CGS 2019 STUDY

2/3

of respondents (across all ages and genders) consider sustainability when making purchasing decisions

1/2

are willing to pay more for sustainable products

70%

said sustainability is at least somewhat important to them when making a purchase



The Power Is In Your Hands



Global Solution Provider

Capstone designs and implements solutions for well-known clients around the globe.



Long-Term Partnership

Capstone is a long-term partner that helps you be ready for the future today.

There's no one solution to the problem, which is why a partner like Capstone Green Energy can guide customers through the design, implementation and management process through the utilization of technology and experience. Capstone is here to help customers have a positive impact on the environment and meet power, reliability and efficiency needs.

DID YOU KNOW?

1 MILLION TONS OF CARBON IS COMPARABLE TO THE ANNUAL CO₂ OUTPUT OF ABOUT **120,423 U.S. HOMES** RUNNING ON ELECTRICITY.

To date, Capstone has shipped over **10,000 units** to **83 countries** and estimates that in FY21, it saved customers over **\$219 million** in annual energy costs and approximately **397,000 tons of carbon**.

Total savings over the last three years are estimated at:

\$700M

IN FINANCIAL SAVINGS

1M Tons

OF CARBON SAVINGS



Revenue Growth Strategy

New Direct Sales Team, Strategic Partnerships, Rentals, OEM's.

New Non-Distributor Business

New Target Pricing Programs National and Key Accounts.

Target Pricing Program

New Geographic Distribution Partners in Eastern Europe, Africa & the Middle East.

Distributor Business Growth

New RNG & Hydrogen Product Released with a goal of Operating on 100% Hydrogen.

New RNG & Hydrogen Products

New Digital Marketing, Website Update, Customized Campaigns, Unique IndyCar Branding Strategy.

New Marketing Strategy

New Parts Supplier with Better Build Quality. Improving Reliability, Lower Warranty and Higher FPP Margins.

Improved Customer Satisfaction



Hydrogen – New Products

HYDROGEN



Capstone now offers renewable power with the use of up to 20% Hydrogen in our product line of microturbines as a fuel source. Today we have successfully operated on a blend of natural gas and hydrogen with a newly patented injector.

HYDROGEN



New Patent 10,184,664, is for a multiple-fuel capable, pre-mixed, low emission injector for high flame speed fuel combustion for Hydrogen and Renewable Natural Gas (RNG). Plan is to eventually release a commercial 100% hydrogen fuel capable microturbine.

A grayscale photograph of an industrial facility, likely a power plant or refinery. The image shows large buildings, complex piping systems, and several large industrial units in the foreground. The units are labeled 'C-10000' and 'C-10005'. The overall scene is industrial and technical.

FINANCIAL REVIEW

ERIC HENCKEN
Chief Financial Officer



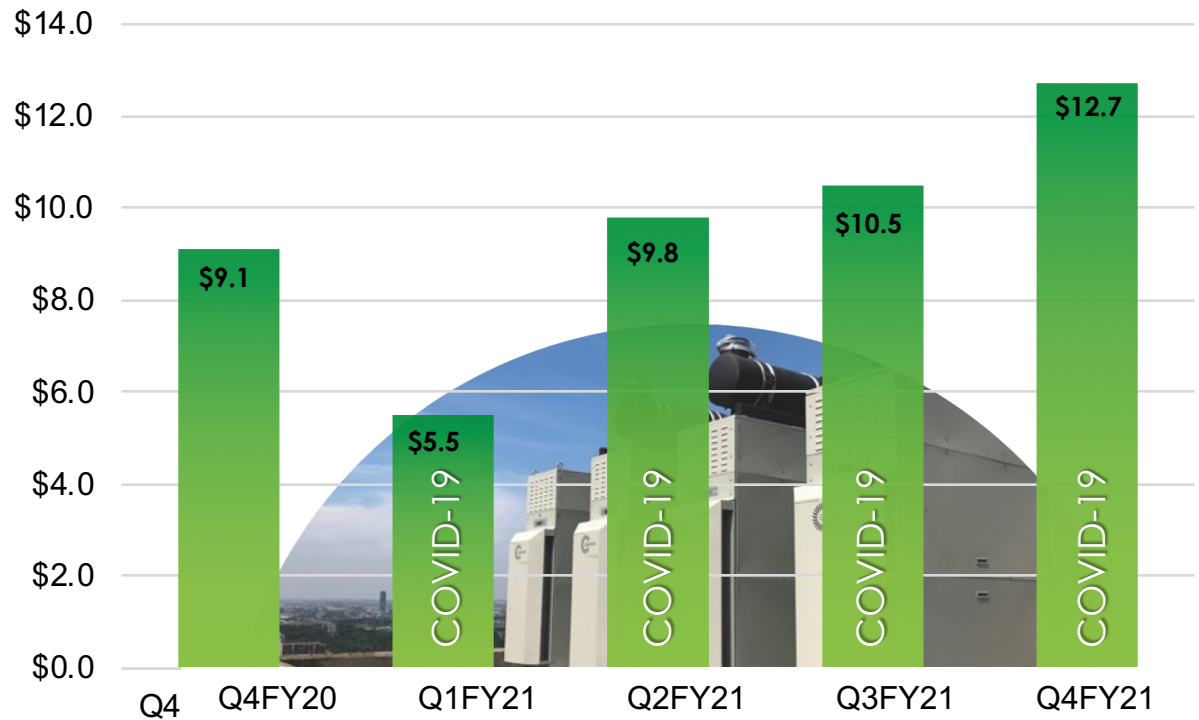
Capstone Gross Product Bookings

21%

Q/Q Bookings
Growth

40%

Y/Y Bookings
Growth



CAPSTONE GROSS BOOKINGS



As-If Pro forma P&L Information

<i>(in millions)</i>	As-if	FY14 (A)	\$ Δ	% Δ
Product Revenue	\$ 84.0	\$ 108.8	\$ (24.8)	(23%)
Accessories, Parts & Service Revenue	50.0	24.3	25.7	106%
Revenue	134.0	133.1	0.9	1%
Direct Materials	76.0	83.4	(7.4)	(9%)
Warranty	1.0	3.9	(2.9)	(74%)
Royalties	1.0	2.9	(1.9)	(66%)
Manufacturing & Service costs	19.0	21.3	(2.3)	(11%)
Cost of Goods Sold	97.0	111.5	(14.5)	(13%)
Gross Margin	37.0	21.6	15.4	71%
Gross Margin %	28%	16%		
Product Development	5.0	9.0	(4.0)	(44%)
Selling, G&A	26.0	27.9	(1.9)	(7%)
Total Operating Expenses	31.0	36.9	(5.9)	(16%)
Operating Income (Loss)	6.0	(15.3)	21.3	139%
Adjusted EBITDA **	11.0	(10.8)	21.8	202%

Assumptions in As-If Pro Forma

- As-if we reach historical revenue highs with recent P&L structure
- Assumes business approaches \$130M in total revenue with approximately 65% product and 35% energy as a service (EaaS)
- Gross margins levels reach targets with an approximate 50% blended margin on the EaaS business
- Rental Fleet built to 50 MWs with a 75% assumed average utilization rate
- Operating expenses increasing from current \$25m-\$26m levels with 10 additional headcount for Direct Solutions Sales team.
- R&D spend increases from most recent levels with new hydrogen products and C65 Signature Series

** See Non-GAAP reconciliation on slide 16

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.

Select Balance Sheet Results

(In millions)	March 31, 2021 **	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Cash & Cash Equivalents	\$49.5	\$32.0	\$16.8	\$16.2	\$15.1
Cash Provided by (Used in) Operating Activities for the three months ended	**	\$(3.3)	\$1.9	\$(1.9)	\$(4.0)
Accounts Receivable, Net of Allowances	**	\$19.1	\$13.5	\$14.7	\$16.2
Total Inventories	**	\$13.1	\$15.5	\$19.2	\$22.7
Accounts Payable & Accrued Expenses	**	\$14.6	\$10.9	\$10.8	\$15.0

** Certain preliminary unaudited financial results were released on April 12, 2021.
Full financial results for Fiscal 2021 Q4 are planned to be released in June.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Net Income (Loss) to Adjusted EBITDA (in millions)

	As-if	FY14
Net income (loss)	\$ 6.0	\$ (16.3)
Provision for income taxes	-	0.2
Interest expense	-	0.8
Depreciation and amortization	3.0	2.3
Stock-based compensation expense	2.0	2.2
Adjusted EBITDA	\$ 11.0	\$ (10.8)

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA which is a non-GAAP measure. This non-GAAP 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 these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with the same information that management uses to understand the Company's economic performance year-over-year. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or other measures prepared in accordance with GAAP.

Adjusted EBITDA is defined as net income (loss) less the provision for income taxes, interest expense, depreciation and amortization expense, and stock-based compensation expense. Stock-based compensation expense includes expense related to stock issued to employees and directors. 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 or any other measure derived in accordance with GAAP.

While management believes that the non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies.

Business Catalyst Thesis

Capstone Green Energy (CGRN)

- Capstone's strategic business plan should create a larger TAM.
- Capstone will continue to expand the Energy as a Service (EaaS) business.
- New deployments will improve cash flow and Q/Q predictability.
- Revenue strategy in place and Book-to-Bill growing Q/Q and Y/Y.
- Pandemic and vendor part quality constraints are improving.
- Direct sales solution team should drive larger future deployments.
- Internal sales team poised to leverage existing larger client base.
- Achieving positive cash flow will relieve concerns about future capital.
- Capstone is graduating from survival capital to growth capital.
- A strong balance sheet reduces customers perception of risk.

Wood Mackenzie

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

Navigant Research

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





**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 as with Capstone Green Energy, the power is in their hands.

DARREN R. JAMISON
President & CEO